



- RMG export earnings in Jan-Mar of FY23: **\$12.25bn**
- Share of woven garment: **45.45%**
- Share of knitwear: **46.75%**
- **74%** of RMG shipments went to **9** countries in Jan-Mar
- Main destinations: US, Germany, UK, Spain, France, Italy, Netherlands, Canada and Belgium
- RMG export in Jul-Mar of FY23: **\$35.25bn**
- Total RMG export in FY22: **\$42.61bn**
- RMG's contribution to GDP in FY22: **9.25%**

Some challenges ahead for garment sector: BB

STAR BUSINESS REPORT

The garment sector may face some challenges in the days ahead due to persistent global trade tensions and economic slowdowns in export destinations, according to Bangladesh Bank.

Garment exports maintained decent growth during the outgoing fiscal year of 2022-23, as per the central bank's quarterly review of the sector for January-March 2023 released yesterday.

Bangladesh earned \$12,255.75 million from garment exports in the January-March period of 2023, which was 0.77 per cent higher than the commerce ministry's target for the quarter and 6.32 per cent higher than that in the corresponding period of the previous year.

However, this was 3.67 per cent lower than that of the previous quarter owing

to sluggish growth of the world economy. Bangladesh's overall garment export earnings stood at \$42,613.15 million in fiscal year 2021-22, which was 35.47 per cent higher than that in the previous fiscal year.

In fiscal year 2021-22, the sector contributed 9.25 per cent of the gross domestic product (GDP).

Woven garments and knitwear contributed 40.10 per cent and 44.95 per cent respectively of the total garment export earnings during the quarter under review.

The main destinations of Bangladesh's garment exports are the US, UK, Netherlands, Germany, Spain, France, Italy, Canada and Belgium.

During the quarter, total export earnings from these nine countries stood at \$9,123.67 million.

Of this amount, 92.20 per cent, or

\$8,412.46 million, was earned from garment exports (woven 45.45 per cent and knitwear 46.75 per cent).

However, the earnings were a decrease of 6.74 per cent and 0.11 per cent compared to that of the previous quarter and that of the corresponding quarter of the preceding fiscal year respectively.

The garment sector of Bangladesh was making a fairly good turnaround in the post Covid-19 period.

However, the start of the Russian-Ukraine war in late February of last year and its resultant supply chain disruptions, high global inflation and tight monetary policy of the Federal Reserve have created some challenges in recent months.

"However, to face different corresponding challenges and to accelerate the export growth of RMG, we should focus on inter-apparel diversification, increase productivity,

efficiency and product innovation," the review said.

At the same time, Bangladesh should prioritise exploring new global markets. Moreover, emphasis should be given on skills development of the garment workers for facing potential challenges and harnessing available benefits of this sector, it said.

The government and Bangladesh Bank have taken a number of measures, especially for facilitating production and export of the garment sector.

For instance, the central bank has formed a refinance fund worth Tk 50 billion, from which entrepreneurs can take loans through banks at 6 per cent interest rate, said the review.

Bangladesh Bank has expanded the tenure of loan facilities for entrepreneurs from 1 year to 3 years under this refinance scheme, it added.

Monzurur Rahman re-elected Pubali Bank chairman

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Monzurur Rahman has been re-elected as chairman of Pubali Bank Limited.

Rahman has 56 years' experience in banking, insurance and tea business, said a press release.

He is the chairman of Rema Tea Company Limited.

He was an independent director of LafargeHolcim Bangladesh Limited and an

elected member of the executive committee of the Bangladesh Association of Publicly Listed Companies.

Rahman is a graduate from Calcutta University.

Smart Bangladesh Summit and Expo from Friday

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A two-day "Smart Bangladesh Summit and Expo" will begin at the International Convention City Bashundhara on Friday to showcase the latest technology and share knowledge about current digital advancements.

JCI Bangladesh, a leading youth leadership development organisation, is organising the expo in association with a2i (Aspire to Innovate) of the ICT Division.

There will be a total of six special sessions at the event, where experts and speakers from the country and beyond will be present.

The invited guests and panellists will highlight every possible aspect of "Smart Bangladesh" through the exchange of their experiences, knowledge and opinions, according to a statement.

Apart from this, the Smart Expo will display all the latest technological advancements for visitors.

A Futuristic Expo will be organised based on what Smart Bangladesh will look like in the future.

A press conference was held in Dhaka to announce the details of the summit and expo yesterday.

Euro zone consumers hopeful on inflation

REUTERS, Frankfurt

Euro zone consumers lowered their inflation expectations, a fresh European Central Bank survey showed on Tuesday, a relief for policymakers after an unexpected surge a month earlier, even if underlying price growth is still likely to be stubborn.

The ECB has raised interest rates by a combined 375 basis points over the past year to arrest runaway price growth and it could still take until 2025 for inflation to slow back to its 2 per cent target as rapid wage growth and robust demand for services keep pressure on prices.

HSBC, KGDCL in deal over bill collection

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The Hongkong and Shanghai Banking Corporation Limited and Karnaphuli Gas Distribution Company Limited (KGDCL) in Chattogram, Bangladesh have recently signed an agreement over bill collection solutions for the latter's consumers.

Gerard Haughey, country head of wholesale banking at HSBC Bangladesh, and Md Rafiqul Islam, managing director of the gas company, signed the agreement at the latter's head office in the port city, said a press release.

The solution will improve visibility and control over industrial and commercial customers' gas bills.



Gerard Haughey, country head of wholesale banking at HSBC Bangladesh, and Md Rafiqul Islam, managing director of Karnaphuli Gas Distribution Company, exchanged signed documents of an agreement on bill collection solutions at the latter's head office in Chattogram recently.

PHOTO: HSBC BANGLADESH

Banks told to clear

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ongoing US dollar shortage was the reason for their inability to repay the amount, he said the seven banks were capable enough to repay the amount given their financial health.

As such, he hoped the banks would settle their dues soon.

Bashar then said local banks had made payments to the tune of \$402.18 million to foreign airlines from January till now.

On June 4, the International Air Transport Association (IATA), a trade association of some 300 airlines or 83 per cent of the total air traffic, said Bangladesh was the second worst in the world in terms of blocking funds of carriers after Nigeria.

Bangladesh is withholding \$214 million of airlines' funds, it said, warning that this could result in carriers not serving Bangladesh.

"Airlines cannot continue to offer services in markets where they are unable to repatriate the revenues arising from their commercial

activities in those markets," said Willie Walsh, director general of the IATA.

The IATA said the global aviation industry's blocked funds increased by 47 per cent to \$2.27 billion in April 2023 from \$1.55 billion in April 2022.

The top five countries account for 68 per cent of the blocked funds with Nigeria owing \$812.2 million, Bangladesh \$214.1 million, Algeria \$196.3 million, Pakistan \$188.2 million, and Lebanon \$141.2 million.

Turkish Airlines used to fly to Dhaka twice a day but it has been operating one flight a day for a year now since it cannot repatriate \$24 million it earned here from ticket sales and by moving freight.

Officials of the carrier said they have reduced selling tickets in Dhaka and are urging flyers to buy tickets online and outside Bangladesh.

A senior official of Turkish Airlines said they have been forced to reduce the number of flights from Dhaka to

minimise losses.

"From Bangladesh, we are not selling tickets of low fares. We are selling these tickets online from outside Bangladesh or through our agents. We are discouraging Bangladeshis from buying tickets from Dhaka as it will be expensive," the official added.

Enamul Huque, managing director & head of client coverage, corporate, commercial & institutional banking at Standard Chartered Bangladesh (SCB), said in 2023, SCB has already supported the repatriation of a substantial part of the remittable amount in the airlines sector, given its higher market share in the industry.

"The total amount remitted till date is multiple times greater than the current outstanding. We are hoping to make further remittances following Bangladesh Foreign Exchange Dealers' Association guidelines, as soon as the foreign currency becomes available," he said.

Lay's starts producing potato chips

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in the booming potato chips market, bringing a delightful snacking experience to consumers, it said.

Lay's has set a target of procuring 10,000 tonnes of high quality chip-grade potatoes for its plant, thanks to ties with more than 1,200 local farmers with a reliable market through a buy-back arrangement.

"Upskilling the value chain to strive for quality as a differentiator will be key to PepsiCo's potato volume ramp-up journey. This state-of-the-art facility will also serve as a hub of employment, creating a multitude of direct and indirect job opportunities," said PepsiCo in the statement.

"The positive impact of this plant reaches far beyond its walls, as it will foster a ripple effect throughout the entire go-to-market structure."

Highlighting the plant's goals and commitment to Bangladesh, Pranav Mehta, country manager of foods at PepsiCo, said, "Lay's is a globally loved brand known to create magical moments of togetherness."

"The response for Lay's has been no different in Bangladesh and this encouraged us to launch 'Lay's Make In Bangladesh' initiative with our

trusted partner, Transcom."

The initiative will not only bring joy to millions of consumers who can enjoy Lay's products made right here in Bangladesh but also instil a sense of pride among farmers and the entire workforce who will witness their hard work transform into delicious and globally recognised snacks starting at an affordable price of Tk 10, reaching a larger audience, Mehta said.

"The plant embodies our vision for a brighter future, where we actively contribute to the growth and prosperity of Bangladesh through a sustainable agriculture business model."

Talking about the initiative, Ahmed ElSheikh said, "The plant stands as a shining example of Lay's commitment to local empowerment, community development, and long-term partnerships in pursuit of a brighter future."

"As we unfold this new chapter with Transcom, our partnership will further ensure the region's strong growth and prosperity. We are proud of this historic milestone in Bangladesh where PepsiCo will be able to engage and work closely with a strong farming community."

"We are optimistic that the latest technology and know-how around potato cultivation will help the farmers and local communities flourish hand in hand."

Talking on the sidelines of the launch, Simeen Rahman said, "We have been a trusted partner for PepsiCo in the region for over two decades and are proud to stand by them in yet another milestone in their journey in Bangladesh."

"Today is a historic day for the people of Bangladesh as Lay's, a globally loved brand, will now be locally produced. This will usher in a new opportunity of enhancing income avenues for farmers, agro firms, transporters, cold storages and contractual workforce, bolstering the entire ecosystem and driving economic growth in the region."

"We are confident that PepsiCo's commitment to the market will reciprocate with accelerated growth for the company and brand Lay's."

Lay's chips will be available in four flavours, namely "American Style Cream and Onion", "Spanish Tomato Tango", "Classic Salted", and "Thai Style Spicy Chicken" in Tk 10, Tk 15, Tk 25, Tk 50, and Tk 75 packs.

Observers appointed

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"The four life insurance companies are not in good shape, so they are unable to settle many policyholders' claims. As a result, customers' interests are not being protected," Idra Chairman Mohammad Jainul Bari told The Daily Star.

"Observers have been appointed so that the companies can overcome their current predicaments. The main goal is to bring good governance to the companies."

The four companies were under observation, which resulted in the appointment of the observers, said Jahangir Alam, a spokesperson of the Idra.

The Idra has the authority to settle claims by seizing and selling properties of errant companies, said Md Main Uddin, a professor in the banking and insurance department at the University of Dhaka.

"If needed, the Idra can sell the personal properties of board members to clear customer's debt. However, how much of this can be implemented in the context of Bangladesh remains to be seen."

The Daily Star called and sent SMS to top officials of the four companies. Only one responded.

"I joined the company in October 2020. I came and saw that there are many claim settlements

pending," said Amzad Hossain Khan Chowdhury, chief executive officer of Golden Life Insurance, yesterday.

"We don't have cash. But we have assets. Now about Tk 24 crore worth claim settlements are pending."

Some of the top officials of the Idra knew about the problems of the companies, said the CEO of an insurance company on condition of anonymity.

"When observers were required, they were not appointed. How will the companies settle the insurance claims since they don't have the money? And now what will the observers do?" he asked.