

Falling exports in May add to German woes

AFP, Frankfurt

German exports dipped in May after a small rebound in April, official data showed Tuesday, adding to a gloomier outlook for Europe's biggest economy.

Germany shipped goods worth 130.5 billion euros (\$142 billion) in May, according to data published by federal statistics agency Destatis, down 0.1 per cent compared with April.

Imports rose by 1.7 per cent to 116.1 billion euros in May, narrowing the trade surplus to 14.4 billion euros.

"Trade is no longer the strong resilient growth driver of the German economy it used to be," said ING bank economist Carsten Brzeski.

"Sluggish exports are no longer an exception but rather the new normal."

The weaker demand for "made in Germany" goods was led by a 3.6 per cent fall in exports to the United States, Germany's biggest export destination.

Shipments to European Union countries dropped by 1.5 per cent, but those to China ticked up by 1.6 per cent.

Most imports to Germany once again came from China, and were up 2.7 per cent on the month before.

The German economy has been hit by a series of weak data in recent weeks, dampening hopes of a swift recovery after the energy crisis and high inflation tipped the country into a recession at the turn of the year.

Leading economic institutes expect the German economy to shrink by 0.2 to 0.4 per cent in 2023.

"The ongoing weakening of export order books, the expected slowdown of the US economy, high inflation and high uncertainty will leave clear marks on German exports," said Brzeski.



A worker is seen separating piles of green chili for sale at a market in Khulna city. Green chili was selling for Tk 500 per kilogramme at retail on Saturday, but the price has quickly cooled since then amid imports from India. The cooking ingredient is now available for as low as Tk 200 per kilogramme in Dhaka.

PHOTO: HABIBUR RAHMAN

Green chili import thru Hili suspended on fear of losses

KONGKON KARMAKER, Dinaipur

Imports of green chili through Hili land port in Dinaipur have been suspended as importers fear incurring losses in face of falling prices in local markets.

No green chili was imported through the port on Monday and Tuesday, according to port officials.

Around 27.16 tonnes of green chili were imported from India through Hili land port on June 26. Later, trade activities at the port were shut for six days during the holiday centring Eid-ul-Azha.

And although the port reopened on Monday, no green chili was imported as of 3:00pm on Tuesday, the officials said.

Talking with The Daily Star, importers said that over the past few days, the price of green chili shot up in India while the reverse took place in Bangladesh.

So, importers suspended imports in fear of losses in such an unstable market, they added.

Green chili retailed for between Tk 250 and Tk 280 per kilogramme (kg) at local markets on Tuesday.

Anwar Hossain, one of 11 importers that collectively brought the 27.166 tonnes of green chili, said they would suffer significant losses if they continue importing green chili at this time.

Around 27.16 tonnes of green chili were imported from India through Hili land port on June 26. Later, trade activities at the port were shut for six days during the holiday centring Eid-ul-Azha

In Indian markets, green chili is currently available for Rs 110 to Rs 120 per kg.

So, including transport, duty and other charges, the import cost stands at around Tk 180 to Tk 190 per kg, he said.

However, the price of green chili dropped largely in domestic markets, he said, adding that they would incur losses of at least Tk 50 per kg by continuing imports in such a situation.

Bablu Rahman, another importer, said they sold the roughly 27 tonnes of imported green chili at Tk 200 per kg to different traders across the country.

"We were preparing to import more from India after the port opened on Monday, but later changed the decision as the price situation in the country became quite normal," he added.

According to customs officials, the 11 importers were permitted to bring around 4,200 tonnes of green chili through the port.

Sohrab Hossain, public relations officer of Hili port, said that no green chili was imported through the port from Monday.

However, Hossain added that he is yet to hear an official reason for the suspension.

During a visit to different markets in Dinaipur town, this correspondent found that green chili was being sold at about Tk 250 per kg.

On Saturday, green chili was selling at local markets for Tk 500 per kg. After a day, its price dropped by Tk 100 to Tk 120 per kg. On Monday, green chili was available at Tk 280 per kg, traders said.

StanChart wins Asiamoney's 'Best Int'l Bank in Bangladesh' award

STAR BUSINESS DESK

Standard Chartered won the "Best International Bank in Bangladesh 2023" title at the Asiamoney Best Bank Awards for the bank's commitment to accelerating sustainable solutions, revolutionising customer experience through digitalisation, driving inclusion across communities and powering continuous innovation.

This achievement is the bank's seventh consecutive win in this category at the Asiamoney Awards, said a press release.

"This award is a recognition of our dedication to making a difference, building a cashless economy, using technology to accelerate trade and investment, leveraging sustainable finance to help businesses grow, and powering community investments that are transforming the lives of char farmers and empowering the next generation to learn, earn and grow," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

In the award citation, Asiamoney commended the bank for its progress towards its net-zero ambitions for supporting and financing low-carbon efforts and activities that are transforming the nation's agricultural and entrepreneurial landscape.

Asiamoney, a quarterly publication, focused on content related to business and finance, where it contains in-depth reports and banking awards in up to eight markets in Asia.

The aim of the Asiamoney Best Bank Awards is to identify which banks in each market have excelled across a range of core banking activities over the past 12 months.

METALS FOR CHIPS EU concerned over China export controls

REUTERS, Brussels

The European Commission expressed concern on Tuesday over China's planned curbs on exports of strategic metals widely used in the semiconductor industry and doubt that the move was related to security.

China said the control on exports of gallium and germanium products from August 1 was aimed at protecting national security.

"The Commission is concerned that these export restrictions are unrelated to the need to protect global peace and also stability and the implementation of China's non-proliferation obligations arising from international treaties," a Commission spokesperson told a daily briefing.

The EU executive, which is assessing the potential impact on global supply chains and European industry, said it called on China to limit export restrictions to "clear security considerations" in line with World Trade Organization rules.

Falling exports of four major sectors

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"Besides, the consumption in our main markets is falling owing to the impact of the Russia-Ukraine war," he said, adding that prices of all types of shrimp declined.

Economies worldwide are suffering because of the war.

And since shrimp is not an essential item, its shipment has declined in Europe, the main market for black tiger shrimps, Amin said.

Shrimps accounted for three-fifths of export receipts from frozen and live fish in FY23.

The fall in export earnings of jute and jute goods was high as well in FY23.

Exporters in the segment brought

home more than \$1 billion for the second consecutive year until FY22. However, receipts declined 19 per cent to \$912 million in the last financial year.

Md Abul Hossain, chairman of the Bangladesh Jute Mills Association (BJMA), said a number of factors such as the anti-dumping duty imposed by India on jute goods from Bangladesh and high prices of raw jute in 2020-21 affected the shipment of the products made from the natural fibre.

"Many buyers switched to alternatives of jute yarn such as cotton waste and synthetic fibre when the prices of raw jute shot up over Tk 6,000 per maund in Bangladesh."

Last week, several exporters blamed the falling shipment of jute yarn and twine for the lower demand among carpet makers in Turkey and other countries as the consumption of floor coverings has declined in the advanced economies because of high inflation and recession worries fuelled by the raging war.

Export earnings from jute yarn and twine recorded the sharpest fall among other sub-sectors in the jute industry.

Jute yarn and twine export, which accounted for more than half of earnings, dipped 29 per cent to \$497 million in the July-June period of FY23.

Among agricultural products, only

three items – tea, tobacco and spices – posted growth in export earnings. Receipts from the rest, including dry foods, suffered a decline.

Md Parvez Saiful Islam, chief operating officer of Square Food & Beverage Ltd, said the ban on the shipment of aromatic rice had negatively affected the overall export earnings from agricultural products.

"Almost 30 per cent of our export earnings used to come from the shipment of aromatic rice. We saw a dent in earnings as aromatic rice was absent in our export basket."

Mohammad Mansur, general secretary of the Bangladesh Fruits, Vegetables and Allied Products

Exporters' Association, said vegetable export declined due to the higher air freight costs and the increased prices of locally grown fresh produce.

"Owing to higher production costs, we can't offer farm produce at competitive prices."

EPB data showed that leather and leather footwear export declined in FY23 and exporters earlier blamed lower orders from Europe for the slide.

Footwear is the largest contributor to the export earnings generated by the leather sector. But, in the last fiscal year, Bangladesh shipped leather footwear worth \$703 million, down 6.9 per cent from a year earlier.

Leather exports declined 18.45 per cent to \$123 million.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue, said the decline of exports in the non-garment sector is alarming for the economy.

"If the trend persists, it may impact employment since manufacturers may cut jobs to tackle the challenges."

He said the export of a number of items has dropped as the US dollar crisis has brought down the imports of raw materials and raised the cost of production.

The economist suggested the commerce and labour and employment ministries monitor the situation.

Non-traditional

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One of the most non-traditional export items is headgear, such as caps, shipments of which grew significantly by 22.71 per cent to \$447.43 million, as per EPB data.

Also, exports of paper and paper products grew by 118.33 per cent year-on-year to \$229.47 million.

Likewise, shipments of plastic products and cement, salt and stones registered positive growth.

AHM Ahsan, vice-chairman of the EPB, said that as usual, the garment sector accounted for more than 84 per cent of the country's exports last fiscal year.

Some non-traditional sectors contributed a lot as well, whereas a few promising sectors like leather and leather goods, jute and jute goods, and frozen food could not perform well.

On the other hand, shipments of manmade yarn and fabrics, cotton waste, non-leather footwear, prayer caps, paper and paper goods performed well.

This symbolises that diversification of exportable products is taking place, Ahsan added.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said

increasing exports of cotton and cotton products as well as yarn made from manmade fibre is a very positive sign for the country's export earnings.

This is because the growth in exports of these items indicates that local entrepreneurs are investing in these sectors.

"But we want more investment in those areas so we can be more competitive and efficient, and thereby ensure quality," Hassan added.

MA Razzaque, research director of the Policy Research Institute, said exports of manmade fibre and cotton waste may grow as many have invested in these sectors.

However, exports of some very non-traditional items are mainly casual, and the survival rate of those products as regular export items is rare, Razzaque said, citing a finding in his own research.

These extremely non-traditional export items are sometimes shipped on a test basis, he added.

Razzaque also said that while the export market survivability of new non-traditional items is a challenge, the export opportunities of those products will expand as China is retreating from manufacturing them.

Banks told not to sell dollar

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"Banks are allowed to charge a maximum of Tk 1 as a spread over its five days rolling weighted average buying rate/cost in case of import bill settlements and interbank selling, but not exceeding Tk 109 per US dollar," the Bafeda said.

As per the agreement between the two platforms, banks are allowed to mobilise the greenback from remitters by offering a maximum of Tk 108.5 per US dollar apart from the 2.5 per cent incentive given by the government.

Besides, lenders can offer a maximum of Tk 107.5 for each US dollar while purchasing the greenback from exporters.

Selim RF Hussain, chairman of the ABB, said the Bafeda had not mentioned the highest selling rate of the US dollar for importers in the previous circular, which is why there was a miscommunication.

The exchange rate for importers has decreased and is now at the expected level after the issuance of the circular.

Ministry of Commerce of the Government of Bangladesh has introduced the largest public sector **Women Entrepreneurs Networking Platform (WENP)**. With 25,000+ women entrepreneurs from all 64 districts and ranging from conglomerate owners to grassroots farmers, this platform holds immense potential for collaboration and the creation of highly efficient supply chains.

WENP opts to enable the women entrepreneurs to gain competitiveness by ensuring access to market, finance, technology, skills, services, information, and other business development services and resources.

Join WENP today to connect, collaborate, and unlock new opportunities in the world of women entrepreneurship.

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