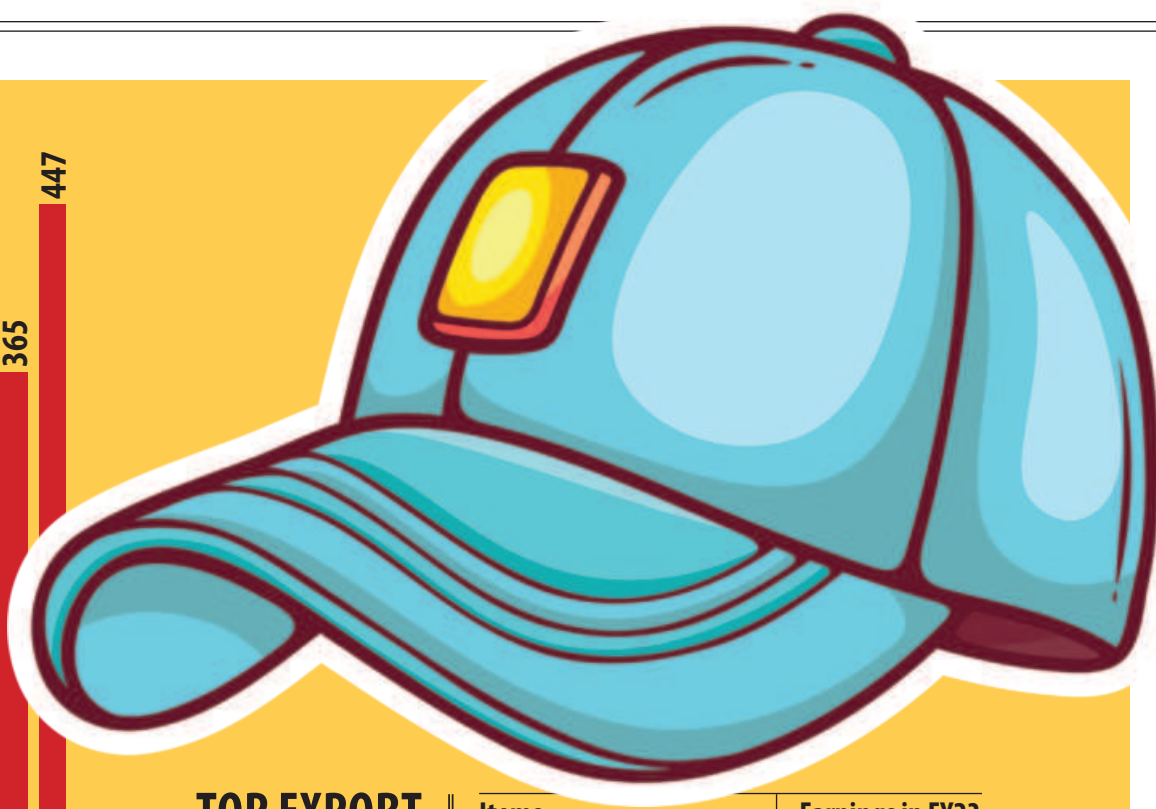
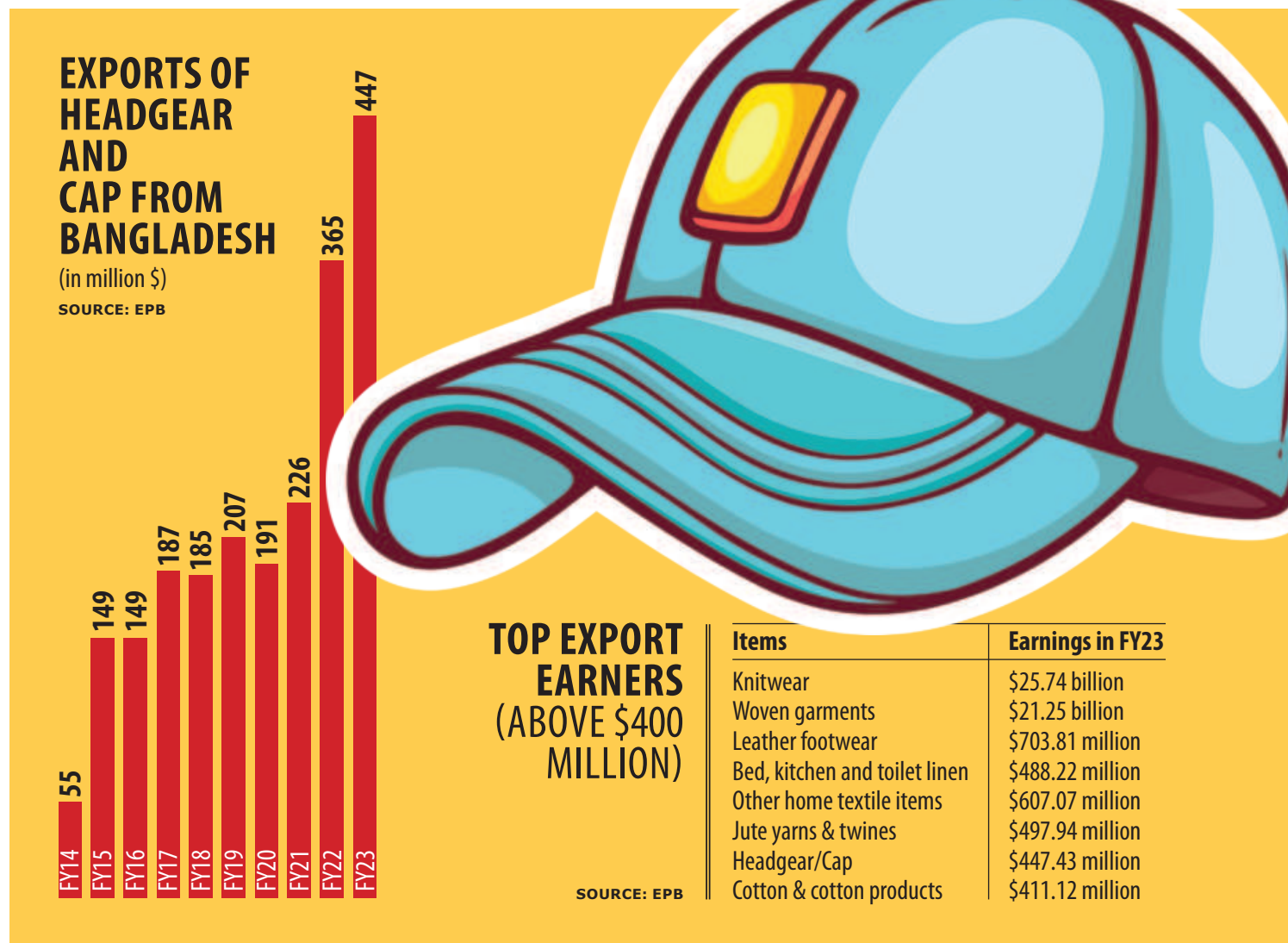
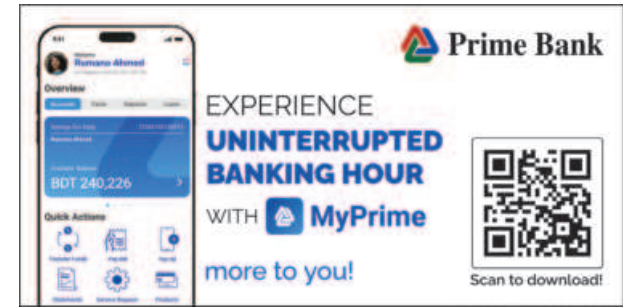


Star BUSINESS



TOP EXPORT EARNERS (ABOVE \$400 MILLION)

Items	Earnings in FY23
Knitwear	\$25.74 billion
Woven garments	\$21.25 billion
Leather footwear	\$703.81 million
Bed, kitchen and toilet linen	\$488.22 million
Other home textile items	\$607.07 million
Jute yarns & twines	\$497.94 million
Headgear/Cap	\$447.43 million
Cotton & cotton products	\$411.12 million

SOURCE: EPB

Finalising study for EPA with Japan underway

REEFAYET ULLAH MIRDHA

Bangladesh and Japan yesterday outlined areas of focus for a joint study that would act as a principal guideline for signing an economic partnership agreement (EPA) to increase bilateral trade and investment between the two countries.

Both sides discussed tariff and duty structures, trade in goods and services, investment, mutual recognition of certifications and the current market situation, said Noor Md Mahbul Haq, additional secretary of the commerce ministry.

The discussions were undertaken by senior government officials of both countries at a hotel in Dhaka to prepare the study for launching formal negotiations on signing an EPA, he added.

Haq, who is engaged in the discussions, informed

READ MORE ON B3

Banks raising interest rates

STAR BUSINESS REPORT

Banks in Bangladesh are raising the interest rate on deposits gradually in order to lure depositors and improve their liquidity situation amid a lack of appetite among savers because of the stubbornly high inflation.

Interest rates offered by banks vary. However, the weighted average rate on deposits offered by banks increased to 4.41 per cent, the highest in one year, in May.

A month ago, the weighted average interest rate on deposits was 4.38 per cent, according to the Bangladesh Bank data.

"Public sector borrowing and demand of loans from the private sector have increased and banks have to take deposits at a higher cost as there is a liquidity stress," said Mohammad Ali, managing director of Pubali Bank Ltd.

He said the availability of liquidity has reduced in the banking system owing to higher borrowing by the government to finance its expenditure.

"The overall interest rate on deposits is expected to increase further because of persistently higher inflation."

READ MORE ON B3

Rising headgear, cap export gives diversification a leg-up

JAGARAN CHAKMA

Bangladesh bagged \$447.43 million by exporting headgear products such as hats and caps in the last financial year, a positive development for a country that relies heavily on a handful of products to earn foreign currencies.

Data from the Export Promotion Bureau (EPB) showed that the receipts were up 22.71 per cent in 2022-23 from a year earlier as Bangladesh has emerged as one of the key suppliers of headgear items in the growing segment of the global market.

Headgear items include headbands, hats, beanies, and caps, and in Bangladesh, their manufacturing began nearly two decades ago and is completely export-oriented.

The shipment, however, accelerated in recent years rising from just \$55 million in 2013-14 to nearly \$450 million in 2022-23.

"It is amazing to see how much the headgear export from Bangladesh has advanced," said Nazmus Shakib, a former senior official of a cap

manufacturer.

According to the Bangladesh Exports Processing Zones Authority (Bepza), there are five headgear-making factories in EPZs. Of them, Actor Sporting Ltd and Dhakarea Ltd are located in the Dhaka EPZ and Young An Hat (BD) Ltd, Young

in the western economies as retailers and brands target the winter season to boost sales.

"The headgear segment is a significant addition to Bangladesh's export basket."

Nearly 85 per cent of Bangladesh's export earnings come from shipping apparel items. Other notable export-earning sectors include leather and jute.

And less than 10 items brought home earnings of more than \$400 million in FY23, EPB data showed.

Bangladesh ships headgear products largely to the United States and Europe, the

two largest markets for the country. Industry people say manufacturers can produce world-class headgear products at competitive prices thanks to cheap labour and the availability of a skilled workforce.

Nazma Binte Alamgir, executive director for public relations at the Bepza, said investors from many countries, including China (Hong Kong) and South Korea are

READ MORE ON B2

An International (BD) Ltd, and Wink Company Ltd are based in the Chittagong EPZ.

Shafiu Azam, general manager of Actor Sporting, said there are a few headgear manufacturers in Bangladesh and they are largely based in the export processing zones. All manufacturers are from Hong Kong and South Korea.

He said the demand is seasonal and orders for headgear items are placed towards the end of summer

STOCKS	
DSEX ▼	CASPI ▼
0.10%	0.06%
6,331.03	18,709.92

COMMODITIES	
Gold ▲	Oil ▼
\$1,960.85 (per ounce)	\$78.77 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.04%	▼ 0.05%	▲ 0.64%	▲ 2.29%
66,355.71	32,682.51	3,286.16	3,231.52

Local handset making plunges

MAHMUDUL HASAN

The grim scenario of the mobile manufacturing industry in Bangladesh continues to persist as local production plunged by half in the first six months of 2023, primarily due to the expanding grey market.

Local manufacturers produced 96 lakh handsets from January to June this year, down 48 per cent from 1.85 crore units in the same period a year earlier, according to the latest data of Bangladesh Telecommunication Regulatory Commission (BTRC).

According to the Mobile Phone Industry Owners' Association of Bangladesh, smartphone sales plunged by 42 per cent to 33 lakh in the first half of the current year compared to the same period of 2022.

Meanwhile, feature phone sales plummeted by 40 per cent year-on-year to 46 lakh.

Industry people said import costs have increased due to the taka's sharp depreciation against the US dollar. Moreover, there is a shortage of the greenback, making it challenging to open letters of credit.

At the same time, the government has substantially increased the VAT on local manufacturing. All these factors together increased the price



of locally manufactured phones.

Also, a section of unscrupulous businesspeople swarmed the market with phones imported through unauthorised channels.

And as they do not pay taxes for these devices, their devices are cheaper and thereby lure customers suffering from economic woes.

"The key factor in the downturn of the market is the expansion of the grey market," Rizwanul Haque,

vice-president of the Mobile Phone Industry Owners' Association of Bangladesh, told The Daily Star.

He said they witnessed some sales during the last two months as it is peak season for handset sales. However, the sales were not substantial.

Handset purchases have become more infrequent in recent times as people only buy them when

READ MORE ON B3

Alliance Finance PLC has successfully completed 15-Year Syndicated Loan of BDT 1.94 billion under IPFF II Project

Co-Funded By: THE WORLD BANK

Implemented By: Bangladesh Bank

Arranged For: Fiber@Home

Arranger: alliance finance

Facility & Security Agent: midlandbank

Participants: midlandbank, alliance finance, LankaBangla FINANCE, UCB, Eastern Bank Ltd., IDLC

This is a matter of record only