

Vessel with 8.5-metre draft anchors at Mongla

OUR CORRESPONDENT, *Bagerhat*

A vessel of 8.5-metre draft anchored at the Mogla port yesterday, the highest draft recorded by the country's second biggest port.

The previous record was set by the arrival of a container ship of 8-metre draft on March 27 of this year.

Draft is defined as the distance between the ship's keel and the waterline of the vessel.

MV Maersk Nusantara anchored at jetty number 9 yesterday, said Captain Md Asaduzzaman, a member of Mongla Port Authority.

The Singapore-flagged vessel was carrying 7,357 tonnes or 489 twenty-foot equivalent units (TEUs) of goods which are expected to be unloaded at the port.

The vessel is also set to be loaded with 367 TEUs of goods before it is scheduled to depart.

The capacity of the port has been increased several times and the Padma Bridge has played a vital role in transforming Mongla into a world-class port, said Asaduzzaman.



The Singapore-flagged MV Maersk Nusantara is seen anchored at jetty number 9 of Mongla port yesterday.

PHOTO: STAR

Dollar scales 4-week peak

REUTERS, *London*

The dollar scaled a four-week peak against major peers on Thursday after upbeat labour market data a day earlier, while sterling edged lower ahead of an expected rate hike from the Bank of England.

Data out on Wednesday showed US private payrolls rose more than expected in July, while plans by the US Treasury to increase the size of government bond auctions in the third quarter pushed longer-dated US Treasury yields higher and boosted the dollar.

"In a world where the US continues to perform and avoids a hard landing while the rest of the world is struggling, it's an environment which is going to keep the dollar elevated," Barclays FX strategist Lefteris Farmakis said.

The dollar index, which measures the currency against six major peers, rose as high as 102.84, the highest level in four weeks. It was last up 0.1 percent at 102.68, extending Wednesday's 0.5 percent gain.

Aristopharma to make medicines for Square

STAR BUSINESS REPORT

Leading local drugmaker Aristopharma has signed a contract manufacturing deal with market leader Square Pharmaceuticals PLC to produce some products for the latter.

Aristopharma will manufacture some injectable items, tablets and dry syrups for the listed pharmaceuticals company, officials of the two firms told The Daily Star.

The board of directors of Square Pharmaceuticals gave go-ahead to the contract manufacturing agreement on July 12 this year to meet increased demand of its existing products and to introduce new products.

Square Pharmaceuticals shared the information through a posting on the website of the Dhaka Stock Exchange (DSE) yesterday.

Aristopharma is a non-listed company that started its operations in 1986 and has a state-of-the-art manufacturing plant in Dhaka's Shampur-Kadamtali.

Yesterday, stock prices of Square Pharmaceuticals remained almost the same as the previous day and traded at Tk 209 at the DSE.

During July of 2022 to March of 2023, Square's sales grew 10 per cent year-on-year to Tk 4,814 crore.

MetLife invests Tk 257.5cr in Runner bond

STAR BUSINESS REPORT

MetLife Bangladesh has invested Tk 257.5 crore in a sustainability bond issued by Runner Automobiles Ltd.

A sustainability bond is a fixed-income instrument designed to support specific climate-related or environmental projects.

Runner plans to raise Tk 267 crore from the bond to facilitate access to credit for customers wishing to purchase three-wheelers with low emissions, including electric powered ones.

The funds will also be used to construct a 4MW rooftop solar plant for a manufacturing facility of Runner.

This initiative is expected to enable around 7,000 people become owners of three-wheelers, leading to income-generating prospects through taxi services and for vehicle maintenance companies.

The Runner bond is guaranteed by GurantCo, which is a part of Private Infrastructure Development Group. Green Delta Capital Limited is the arranger and advisor and DBH the trustee.

This investment will contribute to the growth of Bangladesh's bond market, MetLife said in a press release yesterday.

With the funding, MetLife's overall investments in the country's financial sectors will reach over Tk 17,000 crore, it said.

Bangladesh remittance fair in New York next month

STAR BUSINESS DESK

In a bid to increase remittance flow from the USA, a show titled "Bangladesh Remittance Fair" will be organised at Hilton Midtown Hotel in New York next month.

Muktadhara New York and USA-Bangladesh Business Links, in association with the Greater New York Chamber of Commerce will organise the event, said a press release.

The exhibition will be organised alongside the "Bangladeshi Immigrant Day and Trade Fair-2023" to be held on September 22-23.

Biswajit Saha, founder of the Muktadhara New York, said a number of banks, mobile financial services, remittance related app services, money exchange houses and remittance channel partners will participate in the event.

Top 300 remittance senders will be invited to the event, and the best 10 will be given remittance awards, he added.

Top three money exchange companies/remittance channel partners will also be awarded.

India's services growth at 13-year high

REUTERS, *Bengaluru*

India's dominant services sector expanded at its fastest pace in 13 years last month as demand increased significantly despite elevated inflationary pressures, a business survey showed on Thursday.

S&P Global's India services purchasing managers' index rose to 62.3 in July from June's 58.5, confounding expectations in a Reuters poll for a dip to 58.0. It was the highest index reading since June 2010 and has remained above the 50-mark that separates growth from expansion for two years.

"The resilience of the service sector underscores its vital role in fuelling India's economy, with the PMI results for July so far pointing to a notable contribution from the sector to overall GDP for the second fiscal quarter," noted Pollyanna De Lima, economics associate director at S&P Global Market Intelligence.

India's economy is expected to grow 6.2 percent in the July-September quarter, according to the latest Reuters survey.

Overall demand remained strong. While the new business sub-index showed demand had risen since August 2021, the pace of growth was the highest since June 2010.

International demand also gathered steam, rising significantly in July and was the second-strongest since the series started in September 2014.



ASM Feroz Alam, vice-chairman of Mercantile Bank, and Mati Ul Hasan, additional managing director, hand over power tillers to farmers of Kalaiya, Daspara, Najirpur, Madanpura and Kalisuri union of Bauphal upazila in Patuakhali yesterday as part of CSR activities of the bank.

PHOTO: MERCANTILE BANK

Bangladesh's share in global RMG trade

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of skilled workforce and skilled managers, improved productivity, ensured faster delivery of goods, enhanced quality, and introduced green initiatives.

The garment sector as defied major domestic and global crises such as the elimination of the quota system, the financial crisis of 2007-08, the Tazreen Fashions fire, the Rana Plaza building collapse and political crisis.

"It has been possible because of the commitment of entrepreneurs," he said. Bangladesh's reputation as a predictable supplier received a major boost during the peak of the coronavirus pandemic as the country kept factories open for most of the time whereas many competitors had kept their industries closed for a longer period.

Anwar-ul Alam Chowdhury Parvez, a former president of the BGMEA, said the growth of global population over the last 20 years also helped lift Bangladesh's export receipts.

"Similarly, a higher cost of raw materials brought better prices."

FUTURE LOOKS EVEN BRIGHTER
Exporters are gearing up to grab

more market share on the bank of diversified products and markets. They are putting more money in new projects, marketing, fashion, and design.

Bangladesh is expected to raise its market share to 10 percent by 2025 as the shipment is on the rise despite the disruptions caused by post-Covid-19 challenges and the ongoing Russia-Ukraine war.

Local exporters are betting on Asian markets such as Japan, India, South Korea and Australia where exports are rising phenomenally and there is more room to grow.

With the trade row in place, not only American buyers but also European and Japan retailers and brands have started reducing sourcing from China.

Bangladesh has also started producing high-end garment items like a jacket worth \$100 apiece. This was almost impossible a few years ago.

Although Bangladesh will have to go a long way before outracing China in the global apparel trade, local exporters have overtaken their competitors in the second-biggest economy in the world and are set to repeat the same success in other markets as well.

Last year, Bangladesh's garment export to the US surged 53 percent to nearly \$10 billion.

However, in the January-April period of 2023, the shipment to the US declined by nearly 17 percent against China's more than 30 percent owing to the impacts of higher consumer prices. This indicates that Bangladesh's sales in the world's largest economy will grow despite facing a 15.62 percent duty.

The BGMEA has set a target to generate export earnings worth \$100 billion and lift market share to 14 percent by 2030 on the back of the growth in Asian markets and the increasing use of man-made fibre-based garment items, which fetch almost double prices compared to cotton-made products.

Kutubuddin Ahmed, chairman of Envy Legacy, said the cotton price has played a major role for the higher export growth from Bangladesh.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, said green initiative is one of the major reasons for the spike in shipment growth.

Bangladesh's export-GDP ratio

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Among the LDCs, Bangladesh ranks 30th, gaining just one step from that in 2010.

Djibouti tops the list with 142.3 percent followed by Cambodia, Lao People's Democratic Republic, Mozambique, Zambia and Guinea. Those with the lowest shares include Timor-Leste, Tuvalu, Burundi, Yemen, Haiti and Nepal.

Analysts blame a lack of diversification of export products alongside destinations for the low ratio.

Mentionable, Bangladesh is scheduled to make the United Nations status graduation from a least developed to a developing nation in 2026.

"It is not a good sign for the economy," said Prof Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue.

It is true that Bangladesh's global trade has increased, he said.

"But the country's exports didn't increase at the pace of the country's GDP's growth rate. So, the ratio of export to GDP has declined," he said.

"Trade is important for economic growth," said Zahid Hussain, a former lead economist at the World Bank's Dhaka office.

The export basket is also tiny as garments account for 85 percent of the overall export earnings, he said.

ADB mobilises \$261m

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institution based in Bangladesh, it said.

The remaining \$68 million is being provided by sponsors as equity contributions, the ADB said, adding that it assisted in project structuring, negotiation, tender execution, and provided support for commercial award and financial closure.

"We worked with the public authorities in Bangladesh to prepare, market and attract private sector partners to design, build, finance, operate and maintain this expressway," said Cleo Kawawaki, head of ADB Office of Markets Development and PPP.

But policies that make local sales more profitable than export, structural impediments and compliance issues regarding export of agricultural produce are major barriers to increasing exports, he added.

"And this is not a new issue. We are talking about this a lot. But actions are moving at a snail's pace," said Hussain.

"Bangladesh's domestic market is limited and it is not as big as the economies such as India. So, reliance on only the domestic market will not help the nation achieve its aspiration of economic development," he said.

"The country's export growth has been decreasing over the years, which is not congenial to our economy," said Selim Raihan, a professor of economics at the University of Dhaka.

"The export sector has immense importance when it comes to tackling upcoming challenges for LDC graduation...(the drop in ratio) is a concern for us on whether we are on the right track for graduation," he said.

Echoing the others, Masrur Reaz, chairman of the Policy Exchange of Bangladesh, said the overall increase in export volume was encouraging.

"But the decreasing ratio indicates that our export growth is gradually falling behind our economy's expansion," he said.

This indicates a decreased role of export in the economy and that the

level of international openness and globalisation is decreasing, he said.

"This would be of great concern as exports helped Bangladesh reap the benefits of global markets, create quality jobs and income and boost macroeconomic stability by strengthening balance of payments," said Reaz.

"In the coming years, we will need to have this rebound as the economic growth, jobs and income required to graduate to upper middle income will certainly require Bangladesh to exploit the power of international markets," he added.

Due to the low ratio, Bangladesh recently witnessed fluctuations in its foreign currency reserves and currency devaluations, prompting the country to seek a loan of International Monetary Fund, he said.

The lack of diversification in case of both export products and their destinations was the main reason for this situation. Still, dependency on garments has been increasing over the last decade, he said.

Bangladesh has some of the highest potentials for increasing its export-GDP ratio among the LDC countries given the size of its economy, he opined.

Bangladesh needs to focus on increasing competitiveness and go beyond the garment sectors, especially in IT, with proper planning, he said.

establish the pathway for both types of payment mechanisms in Bangladesh for future private sector investments in infrastructure," she added.

The ADB is currently advising the government on the Joydebpur-Mymensingh Expressway PPP project, which will improve connectivity to 10 special economic zones.

The Rampura-Amulia-Demra Expressway will be designed, constructed, financed, operated, and maintained during a 25-year concession period by a consortium comprising China Communications Construction Company Limited and China Road and Bridge Corporation.