DHAKA MONDAY AUGUST 7, 2023, SRABAN 23, 1430 BS ● starbusiness@thedailystar.net

Star BUSINESS

Govt wants to form insurer for public employees

STAR BUSINESS REPORT

The government is pondering over whether to set up an "independent" insurance company under Bangladesh Karmachari Kallyan Board (BKKB) to provide insurance to government employees.

On August 3, the Ministry of Public Administration sent a letter to all secretaries, divisional and deputy commissioners and upazila nirbahi officers to share opinions on the formation of the company by August 17.

Currently there are two state-run insurance companies for all citizens -- Jiban Bima Corporation which deals with life insurance and Sadharan Bima Corporation, which deals with non-life insurance.

Two state-run insurance companies already exist and insurance coverage for government employees can be ensured through those two, said Prof Md Main Uddin, a former chairman of the Department of Banking and Insurance at the University of Dhaka.

There are two state-run insurance companies for all citizens -- Jiban Bima Corporation and Sadharan Bima Corporation

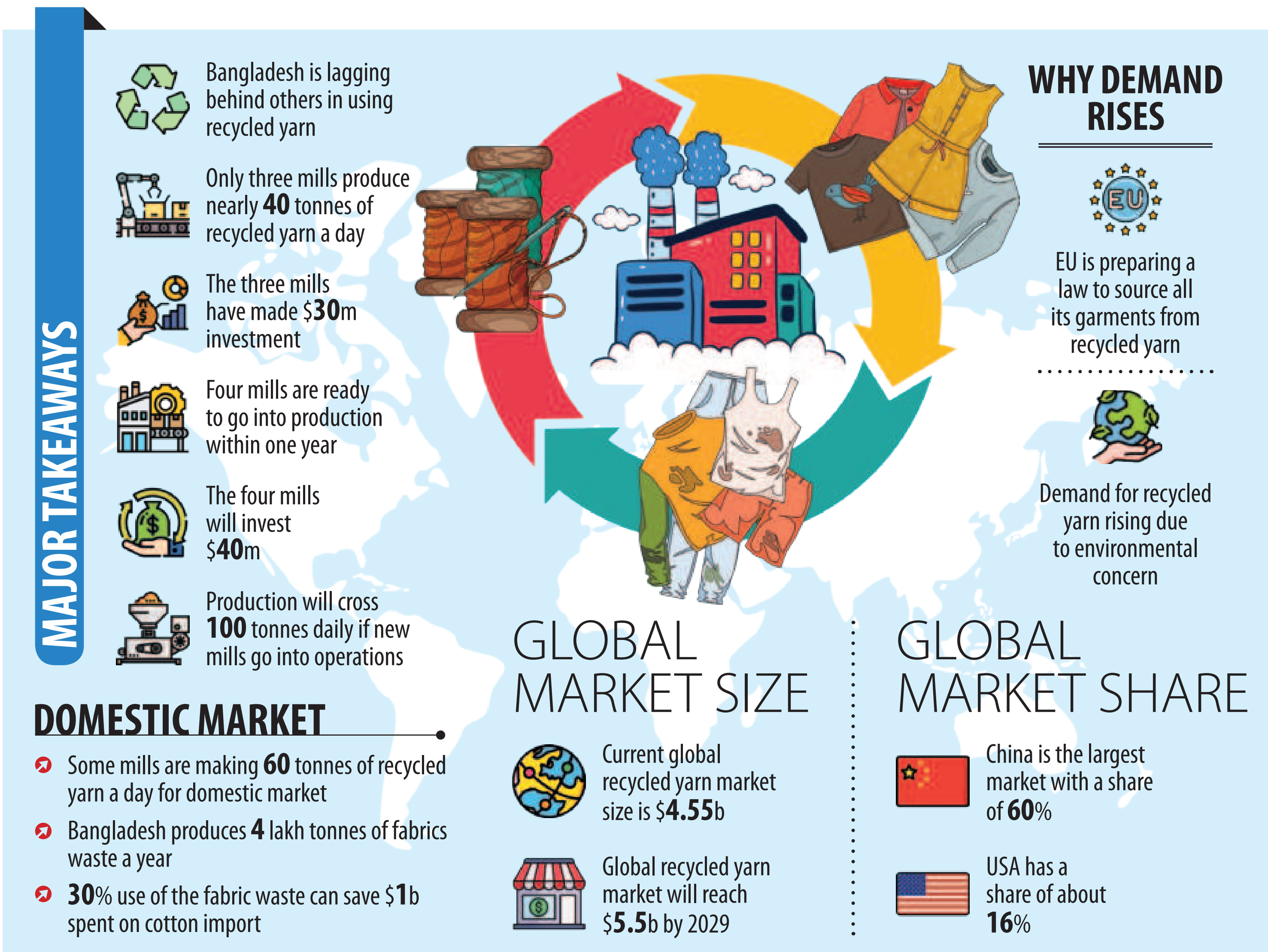
There is no justification for the formation of another insurance company only for government officials and employees, he said. There are many insurers in the country and most of them are not performing well, he added.

The proposal for forming the company was placed at a BKKB meeting on February 15 and relevant rationales were approved in principle, says the letter.

The board meeting also approved a proposal to appoint insurance experts or entities as consultants for the company.

On April 11, the BKKB sent a letter to the senior secretary to the Ministry of Public Administration seeking approval of the Ministry of Public Administration to form an "independent" insurance company under the BKKB and to appoint consultants and determine the scope of the consultant's work.

This is what prompted the public administration ministry to seek the opinions.



Bangladesh yet to savour recycled yarn market

Lack of tech knowhow, skilled manpower slowing investment

REFAYET ULLAH MIRDHA

Bangladesh is still lagging behind competitors in the production of recycled yarn although the market for such yarn is swelling, especially in tune with new environmental laws being formulated by the European Union (EU).

Recycled yarn is manufactured from worn-out or scrap textiles, furniture and clothing or other materials like plastic bottles.

Though much of the recycling processes are patented, the basic concept involves creating pulp or fibres and turning those into yarn. Sometimes virgin cotton is also added to the mix.

Use of apparel made from recycled yarn has been growing globally as consumers' behaviour is changing centring the need for protecting the environment and slowing down climate change.

This has been further propagated by fast fashion -- the inexpensive clothing produced rapidly by mass-market retailers in response to the latest trends -- which inevitably leads to substantial carbon emissions and consumption of water.

Prompted by consumer behaviour, the EU has already moved towards formulating a new due diligence law for the sourcing of garments made from recycled yarn.

The trade bloc has already announced that by 2030, all of its garment items would have to be sourced from recycled yarn.

As a part of the new rules, Swedish retail giant H&M has a target to have 24 percent of its apparel sourced from recycled or sustainable materials by 2025.

Globally, annual sales of recycled yarn are projected to grow from $4,553.4 million in 2023 to $5,500.7 million by 2029 at a compound annual growth rate of 3.2 percent, according to QY, a California-based global research organisation.

China accounts for about 60 percent of the trade followed by the US with a share of about 16 percent, it said.

Currently, there are only three local mills in Bangladesh manufacturing recycled yarn for export. Set up with an investment of around $30 million, they can produce nearly 40 tonnes of recycled yarn per day.

Another 60 tonnes of recycled yarn are produced by some mills but those are used for products meant for the domestic market, such as mattresses and curtains, according to industry insiders.

There are also some mills producing fibres for export.

While cotton yarn can cost $3 to $3.5 per kilogramme in the international market, recycled yarn can fetch as much as $1.5 to $2.5.

Four more projects are under construction with an investment of $40 million and are set to come into production within the next one year. They are expected to take the daily output of exportable recycled yarn to 100 tonnes, they said.

Setting up a full-fledged factory requires an investment of around $10 million. This along with a lack of technological knowhow and skilled manpower are major factors behind investment coming about at a very slow pace, they added.

This also prompts domestic textile mills to mainly focus on cotton yarn.

"I have been producing a very little amount of virgin cotton-mixed recycled yarn for the requirement in my garment factories," said AK Azad, chairman and chief executive officer of Ha-Meem Group, a leading garment exporter.

A dedicated recycled yarn mill of the group at Maona in Gazipur will go into production within

READ MORE ON B3

2023 won't fare well for apparel trade: BGMEA

STAR BUSINESS REPORT

The rest of the year 2023 will not fare well in terms of apparel trade measured in dollar values, said a top official of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday.

The projection is that the global trade of apparel will drastically fall in 2023, said BGMEA President Faruque Hassan in an analysis posted for the BGMEA members.

APPAREL EXPORT BY VARIOUS COUNTRIES
(Value in billion $)

Country	2020	2021	2022
China	141.59	176.08	182.42
Bangladesh	28.07	34.2	45.35
Vietnam	28.6	31.2	35.27
Turkey	15.35	18.73	19.91
India	12.97	16.15	17.71
Indonesia	7.55	9.32	10.08
Cambodia	7.55	8.13	9.11
USA	4.84	6.14	7.16

SOURCE: WTO

As per the performance report of the months that have elapsed in 2023, sourcing by major markets has drastically gone down, he said.

Particularly, garment import by the US and European Union from around the world has declined by 22.92 percent and 8.84 percent respectively during the January-May period of 2023, he added.

"Bangladesh is also witnessing a slowdown in apparel export in the past few months," said Hassan.

"The global economic growth, and retail and trade outlook show a depressive picture, meaning that the slowdown in demand and order may continue the rest of the year," Hassan said in the WhatsApp message for the BGMEA members.

As per data of World Trade Organization (WTO), apparel trade worldwide has increased by 7.26 percent year-over-year in 2022 to reach $576 billion from $537 billion in 2021.

Bangladesh retains its position as the world's

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STOCKS

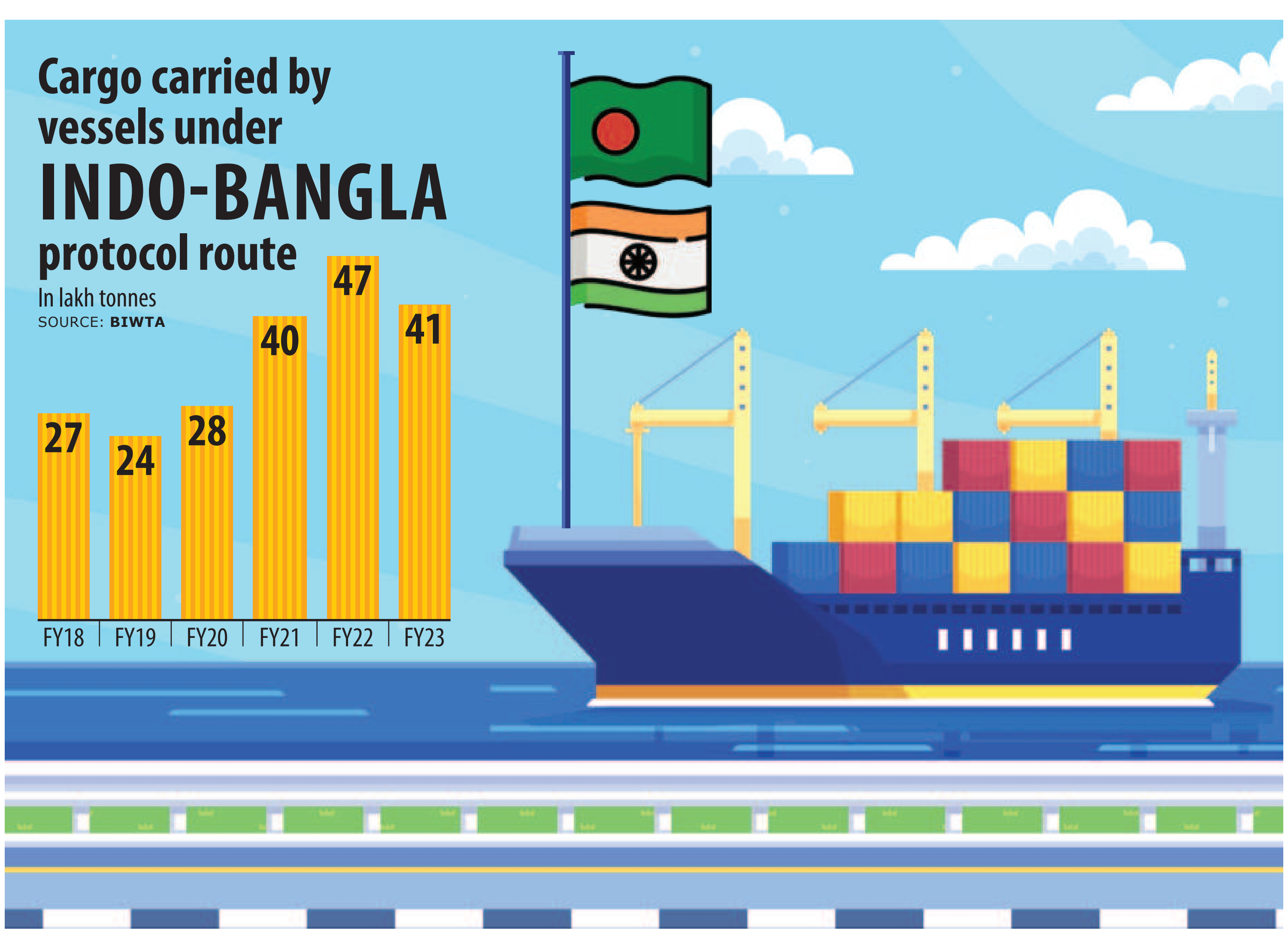
DSEX ▼	CASPI ▼
0.22%	0.13%
6,315.81	18,665.09

COMMODITIES AS OF FRIDAY

Gold ▲	Oil ▲
$1,942.8 (per ounce)	$82.70 (per barrel)

ASIAN MARKETS FRIDAY CLOSINGS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.74%	▲ 0.10%	▼ 0.35%	▲ 0.23%
65,721.25	32,192.75	3,292.39	3,288.08



Cargo movement on Indo-Bangla water routes falls

STAR BUSINESS REPORT

Local vessels transported a lower number of cargoes between India and Bangladesh in the fiscal year 2022-23 than the previous year because of a decline in imports, particularly fly ash and raw materials of cement mills.

Cargoes carried by the vessels of Bangladesh and India between the two neighbouring nations declined 13 percent year-on-year to 41 lakh tonnes in FY23, down from the previous year's 47 lakh tonnes, the highest on the record, shows data of the Bangladesh Inland Water Transport Authority (BIWTA).

This was the first time in four years that the cargo movement through waterways under the Protocol on Inland Water Transit & Trade between Bangladesh and India (PIWT&T) fell.

Convenience and relatively lower cost than road encouraged many businesses to prefer waterways to transport their goods, mainly imports from India, importers and carrier operators said earlier.

Operators said most of the cargoes transported through waterways are imports and raw materials for the cement and the steel factories -- fly ash, iron ore -- while food grains are some other major items.

"Our raw materials imports have declined because of the negative growth of the overall cement industry in the last one year. Public construction projects have slowed along with the demand for construction in the private sector," said Md Alamgir Kabir, president of Bangladesh Cement Manufacturers Association.

READ MORE ON B3

Chinese firm looking to set up router factory

STAR BUSINESS REPORT

The KFL Group of China has shown keen interest in investing about Tk 100 crore to establish a router manufacturing plant in Bangladesh.

A delegation of the Chinese digital technology company expressed their eagerness in this regard during a courtesy meeting with Mustafa Jabbar, the posts and telecommunications minister, at the secretariat in Dhaka yesterday.

"They want to start manufacturing in three months. But I think it would take a few months more as they have to build the facility first," Jabbar told The Daily Star.

"Still, this is a very positive news for the country as we want to accelerate the policy of 'made in Bangladesh'," he added.

READ MORE ON B3

Exim Bank launches Bangla QR transaction

STAR BUSINESS DESK

Exim Bank recently launched a bill payment service through Bangla QR with the aim to help create cashless Bangladesh.

Mohammad Feroz Hossain, managing director and CEO of the bank, inaugurated the service at the bank's head office in Dhaka, said a press release.

As a result of launching the service, the bank's customers will now be able to pay bills directly from their accounts by scanning the Bangla QR code on their mobile phones at any store or outlet with Bangla QR through its modernised mobile banking app "Exim Aiser".

Shah Md Abdul Bari, additional managing director of the bank, Md Zoshim Uddin Bhuiyan and Maksuda Khanam, deputy managing directors, and senior executives of the bank's head office, including the head of information technology division, were present.

Mohammad Feroz Hossain, managing director of Exim Bank, cuts a ribbon to inaugurate a bill payment service through Bangla-QR at the bank's head office in Dhaka recently. PHOTO: EXIM BANK

New chairman for Mercantile Exchange House (UK)

STAR BUSINESS DESK

M Amanullah, sponsor director of Mercantile Bank, has been elected as chairman of Mercantile Exchange House (UK) Ltd in the bank's 426th board meeting held recently.

Amanullah was the chairman of the bank and contributed heavily towards the efficiency and optimisation of Mercantile Bank during his tenure playing different roles as the chairman of various committees of the bank.

He is the founder of the Aman Group of Companies and one of the directors of Daily Amader Shomoy, said a press release.

He is a commercially important person and the founder chairman of Gulshan North Club.

PHOTO: NATIONAL BANK

Md Mehmood Husain, managing director of National Bank, attends the bank's "Half-Yearly Business Review Meeting" for Chattogram region's branch managers at the lender's Chattogram office yesterday.

National Bank holds business review meeting

STAR BUSINESS DESK

National Bank Ltd organised a "Half-Yearly Business Review Meeting" for Chattogram region's branch managers at the bank's Chattogram region office in the port city yesterday.

Md Mehmood Husain, managing director and CEO of the bank, attended the daylong meeting, said a press release. Husain provided guidance to the branch managers of the bank's Chattogram region on the recovery of overdue loans, deposit mobilisation, loan disbursement, supervision and ensuring the highest level of customer service.

Among others, Syed Rois Uddin, deputy managing director of the bank, Sheikh Akhter Uddin Ahmed, head of human resources and senior executive vice-president, Probir Kumar Bhowmick, regional head and senior vice-president, along with senior officials of the lender's head office and managers of all branches of Chattogram region were present.

China's economic losses from disasters surge

REUTERS, *Beijing*

China's direct economic losses from natural disasters surged to 41.18 billion yuan ($5.74 billion) in July, more than in January to June combined, driven by severe weather as two powerful typhoons hit the country in one month.

The impact of floods, while common in China in summer, has grown more pronounced this year, affecting over 7 million people nationwide in July, when Beijing was struck by the worst rains in 140 years after the capital's hottest June on record.

August, when rainfall usually peaks and summer temperatures soar, is set for further economic impact from floods and heatwaves. Rainfall in northeastern provinces could be as much as 50% higher than normal in August, China's national forecaster have warned.

July losses from Typhoon Talim, which landed in southern China in the middle of the month, were 2.61 billion yuan, while losses from the more destructive Doksuri, the remnants of which are still being felt in northeastern China, reached 14.74 billion yuan as of the end of July, the Ministry of Emergency Management said in a statement late on Friday.

Overall losses, compounded by damage from floods in southwest and northwest China, far exceeded the 38.23 billion yuan in the first half of 2023, and pose an unexpected drag on quarterly growth in the world's second-largest economy, which is already in want of stimulus.

In the northern province of Hebei, over 1.2 million people had been evacuated as of Wednesday due to flooding caused by residual rains from Doksuri.

BGIC declares 12% cash dividend

STAR BUSINESS DESK

Bangladesh General Insurance Company (BGIC) Ltd announced a 12 percent cash dividend for the year 2022.

This was disclosed at the insurer's 38th annual general meeting, which was held virtually last week, said a press release.

Towhid Samad, chairman of the insurer, presided over the meeting, where Ahmed Saifuddin Chowdhury, managing director and CEO of the company, along with a large number of shareholders were present.

Salim Bhuiyan, vice-chairman of the company, Mustafa Zaman Abbasi, independent director, Md Shakil Rizvi, public director, Arunangshu Dutta, M Manjur Mahmud, nominated directors, AZ Chowdhury, financial consultant, and Saifuddin Ahmed, assistant managing director and company secretary, joined the meeting.

Towhid Samad, chairman of Bangladesh General Insurance Company, presides over the insurer's 38th annual general meeting, which was held virtually last week. PHOTO: BANGLADESH GENERAL INSURANCE COMPANY

Mohammad Ali, managing director of Pubali Bank, attends the bank's "2nd Managers' Conference-2023" for Dhaka North, Dhaka Central, Dhaka South, Gazipur and Narayanganj regions at the lender's head office in Dhaka recently. Among others, Mohammad Esha, Ahmed Enayet Manzur, Md Shahnewaz Khan and Mohammad Anisuzzaman, deputy managing directors of the bank, along with general managers, deputy general managers, branch managers and sub-branch managers were present. PHOTO: PUBALI BANK

Two measures of global corporate health flash red

REUTERS, *London*

Two measures of corporate and economic health were flashing red on Friday as shipping group Maersk reported a fall in global demand for sea containers and advertising giant WPP said clients in the US tech sector were slashing their marketing spend.

AP Moller-Maersk lowered its estimate for global container trade this year as companies reduce inventories and higher interest rates and recession risks in Europe and the United States drag on global economic growth.

The company, one of the world's biggest container shippers, said it expects container volumes to fall by as much as 4 percent. It had previously forecast a decline of no more than 2.5 percent.

Maersk controls about one-sixth of global container trade, transporting goods for retailers and consumer companies such as Walmart, Nike and Unilever.

WPP, the world's largest advertising group, warned that US tech clients had pulled back spending in the second quarter, which Chief Executive Mark Read said took the company by surprise.

"Spend will pick up after a period of time, but I think we are nervous for the rest of the year because we can't get total clarity on when that's going to happen," he told Reuters.

The retreat in spending led WPP to follow rival Interpublic - which last month also blamed tech clients cutting marketing budgets - in lowering its growth forecast for this year, to 1.5-3.0 percent from 3-5 percent.

That was a stark contrast from February, when WPP, which owns the Ogilvy, Grey and GroupM agencies, reckoned clients would spend on marketing through any downturn to prop up sales and justify price rises.

Analysts said the news reflected caution among companies wrestling with higher borrowing costs and consumers tightening their own budgets amid a cost-of-living crisis.

Marketing spending is often the first to get cut when companies are worried about a strain on cash.

"Corporations are in wait-and-see mode when it comes to splashing the cash and handing margin over, at a time when demand is very tough to profile," said Sophie Lund-Yates, lead equity analyst at Hargreaves Lansdown.

Surging US crude exports

FROM PAGE B4

The widening exports illustrate the increasing influence of crude from the US, the world's biggest oil producer, in the global market. It further cements the role of US supplies in balancing the market, especially as outlets for sanctioned Russian crude are limited.

US crude exports have averaged 4.08 million barrels per day so far in 2023, up from an average of 3.53 million bpd in 2022, according to the Energy Information Administration.

Out of the 61 dated Brent assessments to July 27 that have included WTI Midland, the US grade has been among the most competitive in all but one, while it's been the single most competitive alone on half of those days, said Joel Hanley, global director, crude and fuel oil markets at S&P Global. This means WTI Midland is effectively setting the price for the benchmark.

Other physical crude grades are feeling the pressure as a result of the US supplies. The price difference for Forties crude cargoes loading in the North Sea to dated Brent averaged a discount of 2.9 cents a barrel in July, down from a premium of 12.4 cents in June and 24.5 cents in May, according to data on Refinitiv Eikon.

"As Midland becomes more and more important in the dated Brent assessment, it has a knock-on effect on other grades having to price themselves lower to compete with WTI Midland," said Rohit Rathod, market analyst at energy researcher Vortexa.

The pressure exerted from the WTI Midland exports is even extending to Asian markets for Middle Eastern crude.

Murban crude from the United Arab Emirates is close in density to WTI Midland, but with more sulphur, and is used by traders to compare the economics of shipping WTI to the east.

The premium of Murban futures to Dubai quotes averaged $1.90 a barrel, steady from the previous month, while that for cash Dubai gained 43 cents to $1.57 a barrel during the month, according to Reuters calculations using market trade data. A near-record volume of WTI Midland is set to be shipped east in August.

"There is more and more WTI production flooding the global markets," said Adi Imsirovic, director at Surrey Clean Energy, who formerly headed global oil trading at Gazprom Marketing and Trading.

Unlike crude from producers in the Organization of the Petroleum Exporting Countries (OPEC), who are currently reducing output to support prices, "WTI is freely traded, without destination and output restrictions, and WTI value has become a key to the global pricing," he said.

Pakistan's economic woes

FROM PAGE B4

The political chaos started in April last year, when Imran Khan was dismissed as prime minister by a vote of no-confidence.

His attempts to parlay popular public support into a movement to force an early election saw him arrested in May, leading to violence that only ended with a massive crackdown on his party and its supporters.

He was convicted of graft on Saturday and sentenced to three years in jail. The textile and clothing sector employs around 40 percent of the country's 20 million-strong industrial workforce.

The main export markets are the US, EU, the UK, Turkey, and the UAE, supplying cotton fabrics, knitwear, bed linen, towels, and ready-made garments to global brands such as Zara, H&M, Adidas, John Lewis, Target and Macy's.

But many factories have closed in recent months -- at least temporarily -- or are no longer running at full capacity.

"Perhaps 25 to 30 percent of all textile factories have closed. It is estimated that perhaps 700,000 jobs have been lost in the last year or year and a half," said Zaman.

Babar felt this keenly, having looked for work at other factories -- but they were also laying off employees. "They said they were no longer receiving orders from abroad," she said.

After devastating floods in the summer of 2022, cotton production in Pakistan fell to an all-time low.

The textile industry was unable to compensate by buying from abroad because of a freeze on imports imposed by the government to preserve its forex reserves.

Thousands of containers filled with raw materials and machinery essential for the country's industries were held up for months in the southern port of Karachi.

Textile companies also saw the cost of capital rise significantly, contending with interest rates of more than 20 percent as the central bank sought to curb record-breaking inflation.

Pakistan finally managed to consolidate its foreign exchange reserves with the approval in mid-July of a $3 billion loan from the International Monetary Fund (IMF) and additional assistance from China, Saudi Arabia and the United Arab Emirates.

"But that's not a solution, it's just getting deeper and deeper into debt," said Kamran Arshad, managing director of Ghazi Fabrics International.

"The only way forward is enhancing Pakistan's exports and creating an environment that is investor-friendly that would incentivise industrial production and activity," he added.

PHOTO: HABIBUR RAHMAN

Workers at a farm in Joyrabad village in Abhaynagar upazila of Jashore are seen cutting down stalks of jute, which will later undergo retting to produce the eponymous golden fibre. Farmers spend up to Tk 30,000 to cultivate, cut and process each bigha of jute, which is selling for as much as Tk 2,500 per maund (37 kilogrammes).

BB raises farm loan disbursement target for FY24

Banks asked to disburse 50pc through own network

STAR BUSINESS REPORT

Bangladesh Bank yesterday gave lenders in the country a higher farm loan disbursement target for fiscal year (FY) 2023-24 in an effort to ensure that farmers get enough funds to invest in increasing food production.

As such, banks will have to collectively provide Tk 35,000 crore as agricultural loans in FY24, up nearly 14 percent year-on-year.

However, growers will be required to pay higher interest on loans this fiscal year as the central bank removed the cap on interest rates and introduced a corridor.

So, borrowers of agricultural credit will need to bear 9.13 percent interest on loans, up from 8 percent the previous year.

Bangladesh Bank issued the new farm loan disbursement target after the lenders gave out Tk 32,829 crore in FY23, which was higher than the target of Tk 30,811 crore the previous year.

AKM Sajedur Rahman Khan, deputy governor of Bangladesh Bank, said if any bank fails to achieve the farm loan disbursement target, then the undisbursed portion of funds will return to the Agriculture Development Common Fund.

Banks will have to collectively provide Tk 35,000 crore as agricultural loans in FY24, up nearly 14 percent year-on-year

Khan yesterday announced the target for FY24 through an event at the Bangladesh Bank headquarters in Dhaka.

As a part of the policy, banks will have to attain half of their farm credit disbursement target through their own network instead of NGOs or micro finance institutions (MFIs).

Previously, banks were required to disburse 30 percent through their own networks, central bank officials said.

In the last fiscal year, banks disbursed Tk 32,829 crore as farm loans, of which Tk 19,526 crore was disbursed through their own networks, they added.

When banks will fully disburse farm loans through their own networks, farmers will be able to avail the credit at 9.13 percent interest.

However, many farmers do not get the benefit as most banks give out farm loans through MFIs that charge much higher interest, bankers said.

As such, the interest rate goes up to 27 percent, they added.

Banks will have to disburse at least 13 percent of the targeted loans to the aquaculture sector and 15 percent to the livestock sector, as per the new agricultural credit programme.

In its policy, the central bank also asked lenders to disburse loans for rooftop gardening, vannamei shrimp, crab and eel farming.

Additionally, the banking regulator asked banks to give new farmers priority when lending.

In the last fiscal year, a total of 36.18 lakh farmers received farm loans and roughly half of them were women, who received a total of Tk 12,752 crore as agricultural loans, according to Bangladesh Bank.

Indian firms want to invest in healthcare, education, energy

DIPLOMATIC CORRESPONDENT

Indian companies are showing keen interest to invest in Bangladesh's healthcare, education and energy sectors, with the country's market size becoming bigger and the connectivity between the two neighbours stronger.

Sajal Dutta, chairman and managing director of West Bengal's Desun Hospital, said they are looking for land in four places -- Dhaka, Chattogram, Sylhet and Khulna -- for establishing specialised hospitals of cardiac, cancer, neuro and gastro care.

"Our target is to establish the hospitals in five years with an investment of Tk 1,000 crore," he said at a press conference organised by the Indian Chamber of Commerce (ICC) at Hotel Pan Pacific Sonargaon Dhaka yesterday.

ICC Director General Dr Rajeev Singh led a delegation of 85 Indian companies to Dhaka for the two-day India-Bangladesh Business Leaders' Meet, where the Indian and Bangladeshi businesses are discussing business opportunities.

According to data of the Indian government, some 2.5 million Bangladeshis go to India for healthcare every year.

And as per an ICC handout, the healthcare market in Bangladesh is projected to be $14 billion this year, making it a huge opportunity for the Indian healthcare sector.

Sajal Dutta said India provides high quality healthcare and Bangladesh has a high demand for this service. On the other hand, many Indian students study medicine in Bangladesh. So, there is huge scope for collaboration between the two countries in this sector.

Prashant Sharma, managing director at the Charnock Hospital in Kolkata, said Bangladesh can focus on nursing education as the profession is of high demand globally.

With this backdrop, the Indian education entrepreneurs said India provides high quality education, for which there is high demand in Bangladesh.

In particular, India can provide quality education in IT, agriculture and technical education, they said.

They also said there appears to a lack of on-campus job placement programmes in Bangladesh and so, Indian educational institutions can have collaborations with their Bangladeshi counterparts to this end.

Dr B Abdul Rafeeq, director of corporate affairs at the Punjab-based Guru Kashi University, said they have a long-term investment plan for education in Bangladesh.

Sajal Dutta, chairman and managing director of West Bengal's Desun Hospital, said they are looking for land in four places -- Dhaka, Chattogram, Sylhet and Khulna -- for establishing specialised hospitals of cardiac, cancer, neuro and gastro care

"We have opportunities to invest if Bangladesh's government cooperates and coordinates with us. We want to establish a group of institutions and universities in the country," he told reporters.

According to the ICC, the size of the higher education market of Bangladesh is $4.6 billion.

An official of Indian public sector hydropower company NHPC Ltd said Bangladesh has huge demand for power, and given the climate change aspect, hydropower will be an important component in energy production.

Bhutan and India's Northeast can also be an important source of hydropower, he said, adding that the company is already producing hydropower in Nepal that can be eventually imported to Bangladesh.

Additionally, both the India and Bangladesh delegations discussed the business potentials of trading agricultural products between the two countries.

However, they said there are still tariff and non-tariff barriers that need to be removed to ensure smooth business in this regard.

Abdul Matlub Ahmad, president of the India-Bangladesh Chamber of Commerce and Industry, also spoke.

During a separate event at the same venue -- the BIMSTEC Energy Conference -- Indian High Commissioner to Bangladesh Pranay Verma said, apart from transport connectivity, energy connectivity needs to be strengthened in the region as its future depends on these two sectors.

Net trade in the BIMSTEC region is $3 trillion, but the intra-trade is only worth $75 billion, he said while stressing that the sub-regional body needs to be made efficient by facilitating trade.

More rate hikes may be needed to lower inflation

Fed official says

AFP, *Washington*

A US central bank official said Saturday that more interest rate hikes "will likely be needed" to bring inflation down further, shortly after policymakers lifted rates to the highest level since 2001.

Federal Reserve governor Michelle Bowman's prepared remarks to an event in Colorado also came after a mixed employment report on Friday showing that hiring in the United States has slowed but wage gains remained robust.

Bowman said she supported the policy-setting Federal Open Market Committee's (FOMC) decision for a rate hike in July given "strong economic data and still elevated inflation."

"I also expect that additional rate increases will likely be needed to get inflation on a path down to the FOMC's two percent target," she added in her remarks.

Chinese firm

FROM PAGE B1

According to him, the router will be of IPv6 version and can connect to the internet from broadband and mobile connections.

IPv6 (Internet Protocol version 6) is the latest version of the Internet Protocol, designed to succeed IPv4 (Internet Protocol version 4).

IPv6 was developed to address the limitations of IPv4, primarily the exhaustion of available IPv4 addresses due to the rapid growth of the internet and increasing number of connected devices.

However, Jabbar emphasised the importance of manufacturing high-quality and cost-effective routers in the country.

2023 won't fare well for apparel

FROM PAGE B1

second-largest clothing exporting country after China and the country's share rose to 7.87 percent (as per the BGMEA whereas the WTO puts it at 7.9 percent) in 2022 from 6.37 percent (WTO 6.40 percent) in 2021.

Since 2016 Bangladesh has been maintaining a share of over 6 percent in the world apparel market and for the first time the share crossed the 7 percent mark last year.

During 2022, Bangladesh's apparel export to the world increased by 32.60 percent year-over-year to $45.35 billion from $34.20 billion, said Hassan.

Meanwhile, China's apparel export to the world grew by 3.60 percent year-over-year to $182.42 billion from $176.08 billion. However, China's share in the global trade fell to 31.67 percent in 2022 from 32.79 percent in 2021.

Vietnam ranked as the third largest exporter in the global apparel market with a 6.12 percent share followed by Turkey with a 3.46 percent share.

In 2022, Vietnam's apparel export to the world grew by 13.05 percent to $35.27 billion from $31.20 billion in 2021.

Turkey's clothing export to the world also reached $19.91 billion in 2022 from $18.73 billion in 2021, meaning a 6.27 percent growth.

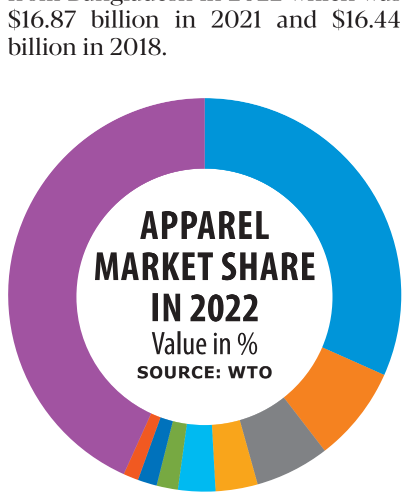
In 2022, the difference in the market share occupied by Bangladesh and Vietnam has widened, said Hassan.

Europe is one of the significant apparel importers in the world as well as for Bangladesh, he said.

During the past five years, the value of the EU's apparel import from Bangladesh has grown by 9.42 percent, whereas their import from the world has shown an average annual growth of 4.31 percent.

In 2022, the EU's apparel imports from the world grew by 20.97 percent year-on-year. The EU's apparel imports from the world reached $103.09 billion in 2022 from $85.23 billion in 2021, which was $90.53 billion in 2018.

As per the data, the EU imported $22.89 billion worth of apparel from Bangladesh in 2022 which was $16.87 billion in 2021 and $16.44 billion in 2018.



China	31.67
Bangladesh	7.87
Vietnam	6.12
Turkey	3.46
India	3.07
Indonesia	1.75
Cambodia	1.58
USA	1.24
Others	43.24

With a 22.20 percent share in value terms, Bangladesh remains the second largest apparel import source for the EU after China.

In terms of quantity (measured in kilogrammes), the EU's clothing import from Bangladesh also increased by 21.20 percent year-on-year to $1.32 billion in 2022 from $1.09 billion in 2021.

China, being the top apparel import source for the EU and having a 29.24 percent share, registered a 17.01 percent year-on-year growth in 2022.

The EU's imports from China reached $30.14 billion in 2022 from $25.76 billion in 2021, which was $27.20 billion in 2018.

However, in terms of quantity, Bangladesh's share (28.90 percent) has crossed the share of China (28.46 percent) in 2022 and gained the top position for the very first time in the EU.

"In value terms we also hope to be the top apparel sourcing country for the EU by the end of 2023," he said.

Value-wise in 2018 the share of Bangladesh in EU's total apparel import was 18.16 percent, which climbed to 22.20 percent in 2022. In contrast, China's share has declined to 29.24 percent in 2022 from 30.15 percent in 2018.

With a 11.62 percent share, Turkey ranked as the third largest apparel import source for the EU which posted a 10.09 percent year-on-year growth in 2022.

The EU imported $11.98 billion worth of clothing from Turkey in 2022 which was $10.89 billion in 2021 and $9.92 billion in 2018.

In 2022, the EU's cumulative unit price of import from Bangladesh increased by 11.95 percent year-on-year to $17.27 from $15.42.

Therefore, both value and quantity-wise EU's import from Bangladesh saw 35.69 percent and 21.20 percent growths respectively leading this per unit price surge in 2022. It also proves that value addition is happening in Bangladesh.

China is slowly but gradually losing its global share, which is being gained by a few countries, including Bangladesh, Hassan said.

"We need to continue our efforts in enhancing efficiency, product development capability and invest in reducing carbon emission," he said, adding that it was not overoptimistic to hope for reaching 12 percent of the global apparel market share by 2030.

Bangladesh yet to savour

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the next six months to produce 40 tonnes of denim yarn per day, Azad told The Daily Star over the phone.

Currently, many mills are producing yarn from recycled materials, said Md Zahurul Islam, managing director of Bhaluka-based recycled yarn producing mill Saraz Fibre-Tech Ltd.

However, their composition is mixed, such as, 30 percent virgin cotton and 70 percent wastage of garment, which is locally known as "jhoot".

The value addition in the manufacture of recycled yarn can reach almost "300 percent" as otherwise the materials would have ended up in landfills, Islam said.

Annually, Bangladesh produces 4 lakh tonnes of textile wastage, of which 5 percent is locally recycled.

A major portion of the remaining wastage is exported or turned into fibre and a few tonnes end up in landfills.

If 30 percent of the waste could be recycled, it could save on the import of $1 billion of virgin cotton, according to local millers.

Recently the prices of yarn made from recycled materials declined because of a fall in demand from international retailers and brands amid the Russia-Ukraine war, said Md Abdur Rouf, executive director of Bhaluka-based Simco Spinning and Textile Ltd.

A 7.5 percent VAT on procurement and 15 percent VAT on sale of such yarn has been hindering investment in this sector, said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association.

The government should formulate policy in this regard soon, he added.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has already started engaging in collaborations with research teams of different EU countries to develop recycled yarn, said BGMEA President Faruque Hassan.

Future business will depend on this type of yarn and by 2030, Bangladesh will hopefully be a hub for recycled yarn, he added.

Cargo movement

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Import of fly ash declined too for increased use of slag as mills are gradually moving toward vertical roller mills, said Alamgir, also a vice-chairman of MI Cement Factory Ltd.

Data of the BIWTA showed that cargo carried by Bangladeshis and Indian vessels dropped in the last fiscal year with local vessels carrying 92 percent of total goods under the Indo-Bangla protocol routes.

The number of trips by vessels dropped also, according to data.

"We used to get a voyage a month. Now we have to wait for up to two months to get a trip," said Nazmul Hossain Hamdu, managing director of Sohag Trading Company, which carries goods under the Indo-Bangla protocol routes.

He blamed the shortage of dollars in the banks.

"Imports declined as businesses could not open the letters of credit owing to dollar crunch," Hamdu said, adding that the fall in voyages affected shipping businesses.

K Saiful Alam Miru, proprietor of Nexus Corporation, another carrier, said local vessels mainly carry cargoes imported from India.

"We load most of the goods from Kolkata and Haldia," he said. "Our export through waterways is negligible."

Farm mechanisation is forging ahead in Bangladesh with solar irrigation pumps emerging as a cheap alternative to their electric and diesel-powered counterparts. The photo was taken from Shibganj upazila in Bogura recently.

PHOTO: MOSTAFA SHABUJ

Solar irrigation pumps: a saviour amid drought

MOSTAFA SHABUJ

Farmers in Bangladesh have been left displeased with lower rainfall during the monsoon season this year as they were unable to plant Aman paddy on time due to a lack of natural irrigation.

As such, farmers are now facing additional charges for growing the crop as they are having to spend extra on electricity and diesel to power their irrigation pumps.

However, the situation is different at farms where solar irrigation pumps (SIPs) are available as they were able to sow the crop 15-20 days ago while keeping costs lower than farms using electric or diesel pumps.

Besides, it goes without saying that those who planted paddy at the right time will surely get better yields, according to agriculture officials.

As per data of the Sustainable and Renewable Energy Development Authority (SREDA), solar power contributes 80.4 percent, or about 960 megawatts (MW), of the renewable energy in Bangladesh.

And of the 1,194 MWs of renewable energy produced each year, some 2,877 SIPs across the country account for 52.29 MWs so far.

The Infrastructure Development Company Ltd has installed 1,523 SIPs, generating 42 MWs, while the Barind Multipurpose Development Authority set up 792 units.

According to the Department of Agricultural Extension in Gaibandha, the target area for cultivating Aman paddy in the district is 1.27 lakh hectares.

But as of August 2, just 31,780 hectares of land had been brought under cultivation.

According to the Bogura DAE, they aim to cultivate Aman paddy on 1.83 lakh hectares this season.

Local farmers had planted the crop on a total of 72,450 hectares as of August 2, with most of the land being used now under irrigation.

Millat Hossain, a farmer of Palashi village in Bogura's Shibganj upazila, planted paddy using SIPs on two bighas of land.

"Farmers in our village cultivated Aman with solar power around 15-20 days ago. We didn't have to wait for rainwater. The two-bigha land is being irrigated for the entire season for just Tk 800 to Tk 1000," Millat said.

Ruhul Amin, an owner of a solar powered pump in Sultanpur village of Bogura Sadar Upazila, said Aman paddy has been cultivated on 25 bighas of land using his irrigation system.

"As there was less rain this time, I am charging Tk 1,200 per bigha being irrigated this season," he added.

On the other hand, Abdur Rauf, the owner of a deep tube-well in Rajos village under Gobindganj upazila of Gaibandha, said people like him are charging Tk 1,000 to irrigate each bigha of land just thrice during the season.

Abdul Baki, a farmer of Daridah village in Shibganj upazila of Bogura, said the soil has dried up due to the lack of rain, meaning that it takes a lot of water to cultivate one bigha of land.

"To irrigate and sow one bigha, we have to spend Tk 600-700 for watering the first time. But for the whole season, we will need more than Tk 1,000 extra for irrigation," he added.

According to the Bogura DAE, there are 79 SIPs in the district, of which 60 are operational.

And with these 60 pumps, a total of 285 hectares of Aman paddy has been cultivated.

Similarly, the Gailbandha DAE said the 33 SIPs were used to cultivate 30 hectares of paddy so far.

"Farmers have time till August 20 for early Aman cultivation," said Md Matlebur Rahman, deputy director of the Bogura DAE.

"But when seedlings cross 30 days of age, the yield will definitely decrease according to the variety, which is why farmers are cultivating the crop using irrigation as soon as possible," he added.

Matlebur also said that SIPs are a boon for farmers.

"If there is a solar pump, there is no need to wait for rain. Crops can be grown at the right time at a low cost. Besides, the pumps are environment-friendly," he added.

Md Abu Zafar Sujan, area manager of Salek Solar Power Ltd in Bogura, said the government wants to get 10 percent of the country's demand for electricity from renewable sources by 2030.

"But due to the rising cost of solar pumps, many power companies are not able to install them even when contracted by the government for this purpose," he added.

According to the International Water Management institute, renewable energy contributed only 3.6 percent of Bangladesh's total installed electricity capacity in 2022.

Off grid SIPs contributed about 8 percent, or 50.4 MWs, of the total installed solar capacity that year.

Till mid-2022, there were 2,716 SIPs in the country, primarily in the boro-dominated northwest region.

The SIP sector in Bangladesh is currently at a nascent stage. However, there are ambitious targets for SIPs in Bangladesh.

In parity with its revised NDC targets, the government has unconditionally set a target of 176 MW of solar irrigation and an additional 164 MW conditional upon external support as a part of its emission mitigation actions.

Power of innovation in modern business

SALEKEEN IBRAHIM

Since the start of human civilization, our world has thrived on innovation. Innovation is an ever-evolving concept, constantly changing as new ideas take shape. It solves problems and drives progress, moving our world forward generation after generation.

Forbes offers insight into the evolution of innovation, pointing out that innovation is more than just cutting-edge technology and slick design, but also finding solutions to some of the world's most pressing problems.

According to an article from Harvard Business Review, innovation has been defined as the "creation and delivery of new customer value in the marketplace." To articulate in a simple way, innovation is a product, service, business model, or strategy that is both unique and useful.

Innovations do not have to be major breakthroughs in technology or new business models; they can be as simple as upgrades to a company's customer service or features added to an existing product.

The power of innovation is a crucial element for business success. So, there are many reasons why entrepreneurs should strive for innovation and install those in business.

Innovation helps businesses stay ahead of the competition by continually improving products, services, and processes. When we introduce innovative ideas and solutions, we set ourselves apart from competitors and become more appealing to customers. This can lead to increased market share and profitability. At the end of the day, sustainable bottom-line matters for any business.

Innovation is essential for adapting to the ever-evolving business landscape. By embracing new technologies, trends, and customer preferences, we can effectively respond to changes in the market and meet the rising needs of customers.

By finding innovative ways to streamline processes, eliminate waste and reduce system loss, businesses can become more efficient in their day-to-day operations. This can result in cost savings and improved productivity, allowing businesses to allocate resources more effectively and focus on strategic initiatives. Innovation drives business growth by unlocking new opportunities. Through innovative ideas, we can develop new products, explore new markets, or create unique business models that yield higher profits and market share.

By constantly seeking ways to improve and expand our offerings, we position our business for long-term success. Leveraging innovation is the most significant key for long-term sustainability of any business.

Companies that embrace innovation and provide the right environment for their employees to innovate have a better chance of attracting and retaining top talent. Creative individuals seek out organisations that encourage and reward innovation, as it provides them with opportunities to contribute their unique ideas. By fostering an innovative culture, we can attract and retain talented employees who will help drive our business forward.

Innovation allows businesses to tackle challenges and solve problems in creative and efficient ways. By encouraging employees to think outside the box, you can find innovative solutions to complex issues, improve internal processes, and optimise resource allocation.

Innovation brings fresh perspectives, fosters creativity and encourages the development of new and improved solutions to problems. By embracing innovation, businesses can find effective ways to tackle challenges, meet customer needs, and stay ahead in a competitive marketplace.

The power of innovation in business cannot be underestimated. It fuels growth, helps companies stay competitive, attracts top talent, and enables effective problem-solving.

By making innovation a top priority, businesses can build a culture of continuous improvement and secure their position in the competitive market.

The writer is a senior banker

Pakistan's economic woes leave textile industry in tatters

AFP, *Lahore*

Factory worker Lubna Babar was made redundant at the beginning of the year, a victim of a crisis in the Pakistan textile industry that has seen it lose ground to more nimble Asian competitors.

"When you lose your job, your life comes to a close," the 43-year-old from Lahore told AFP.

"We've been working in factories for years... the day you get sacked, the story ends there."

Pakistan's industrial manufacturing sector -- like elsewhere in the world -- has suffered from the slowdown in global consumption and the rise in energy costs following the outbreak of war in Ukraine.

But the difficulties of the textile sector, which accounts for 60 percent of Pakistan's exports, are compounded by the critical state of the economy and months of political chaos.

In Pakistan, the industry was buoyed at the tail end of the coronavirus pandemic, when it was freed of restrictions earlier than regional rivals India and Bangladesh and benefited from government financial aid, including slashed energy rates.

In 2022-2023, however, textile exports fell by 15 percent to $16.5 billion.

"Two years ago, we were on a very high growth trajectory... we were confident that our exports this year would go to $25 billion," said Hamid Zaman, managing director of Sarena Textile Industries.

"Unfortunately, when you have political instability and things are not clear, and the policies of the government are reversed, this whole thing has gone into a tailspin," he told AFP.

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An oil well site is seen in Texas. US crude exports have averaged 4.08 million barrels per day so far in 2023, up from an average of 3.53 million in 2022, according to the Energy Information Administration.

PHOTO: REUTERS/FILE

Surging US crude exports pushing down Asian prices

REUTERS, *Singapore*

Surging US crude exports in 2023 are pushing down oil prices in Europe and Asia, proving a key source of supply as producers cut output and sanctions on Russian crude disrupt trade flows.

The introduction in June of US crude grade WTI Midland to set the price of the dated Brent benchmark assessed by S&P Global Commodity Insights has not only spurred the rising exports but also helped to cap Brent and the European, African, Brazilian and Asian oil that are priced off the benchmark, traders and analysts said.

US crude exports are also easing the loss of supply after Saudi Arabia deepened output cuts from July, above what major producers agreed to in June.

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