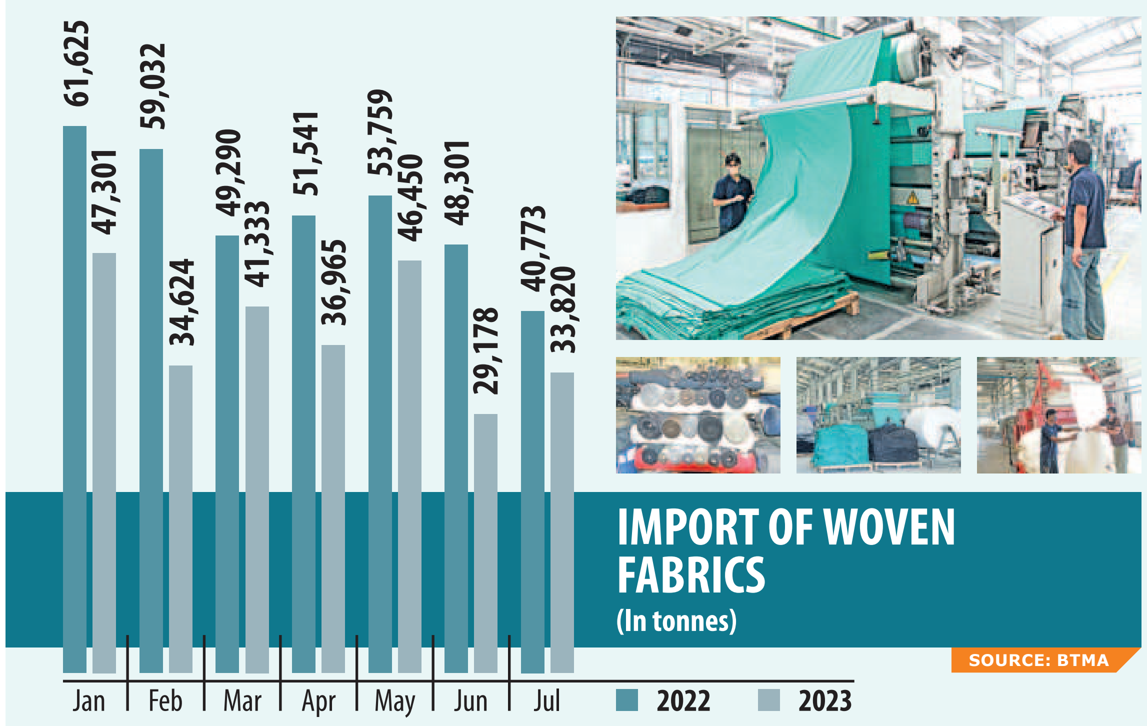
DHAKA THURSDAY SEPTEMBER 7, 2023, BHADRA 23, 1430 BS ● starbusiness@thedailystar.net

Star BUSINESS



KEY POINTS

- Import of woven fabrics declining
- Use of domestic woven fabrics going up
- Shorter lead time major reason for rising use of local fabrics
- Local spinners can supply 90% raw materials for knitwear

INVESTMENT

- Investment in primary textile sector is nearly $25b
- Primary textile sector needs more investment

CHALLENGES

- Inadequate gas supply to industrial units
- Most mills run at 50% to 60% capacity due to low gas pressure
- Weavers need to raise production capacity to meet demand

Garment makers reducing reliance on imported fabrics

REFAYET ULLAH MIRDHA

The import of woven fabrics declined by 25.97 percent in the first seven months of this calendar year, compared to the same period last year, as garment makers have brought down their reliance on imported products because of an increase in local production.

Another reason is that international clothing retailers and brands now demand a significantly shorter lead time to catch business in tune with the recovery in the global supply chain from the severe fallouts of the pandemic and Russia-Ukraine war, and so local sourcing of materials is more efficient.

International retailers and brands are hungry for new fashion items as they want to establish 12 sales seasons instead of the six or eight of the pre-pandemic times owing to fierce competition in the business.

As a result, they want quick shipment of goods and in many cases, they seek the goods through expensive air shipments instead of the normal delivery route over sea.

Following such a change in the business behaviour of international retailers and brands, the local garment suppliers, textile millers, weavers, spinners and knitters have also changed their production and procurement behaviour to match up.

The local garment suppliers started procuring fabrics from local sources instead of imported fabrics to comply with demands for a shorter lead time.

Currently, international retailers and brands demand a lead time of 45 days to 60 days as opposed to the previous 90 days and 120 days for the delivery of goods.

It is almost impossible to maintain such a lead time if the garment is made from imported fabrics as it takes at least 30 days to import the fabrics from other countries, mainly from China, to Bangladesh.

If the lead time takes any longer, there is a possibility of the work orders being cancelled.

As a result, the local garment exporters, especially the woven garment manufacturers, have started procuring the fabrics they require from the local markets to reduce the lead time.

For this, import of woven fabrics stood at 2,69,671 tonnes between January and July of this year whereas it was 3,64,321 tonnes in the corresponding period last year, according to Bangladesh Textile Mills Association (BTMA).

In terms of the value, it was a decrease of 16.08 percent to Tk 19,860.83 crore, the BTMA data also showed.

The increase in the local sourcing of woven fabrics also indicates that more value addition is taking place in the domestic garment sector.

Abdullah Al Mahmud (Mahin), chairman and managing director of Mahin Group, which is a supplier of woven fabrics, said he has been receiving an increasing number of work orders over

READ MORE ON B2

Govt may sign MoU with Russia on food import

REFAYET ULLAH MIRDHA

Bangladesh may sign a memorandum of understanding (MoU) with Russia soon to import some food items as those were offered at competitive prices, said Senior Commerce Secretary Tapan Kanti Ghosh yesterday.

Russia sent a letter to the commerce ministry recently expressing intent to sell wheat, lentil, sunflower seeds and chickpeas.

Moreover, Russian Ambassador to Bangladesh Alexander Vikentyevich Mantytskiy also met Ghosh at his secretariat office in Dhaka a few days ago to make the offer.

Of the items, the food ministry has been importing wheat from Russia and the commerce ministry is not planning on availing it, Ghosh told The Daily Star over the phone.

However, the commerce ministry will discuss the Russian offer with private sector importers and officials of other ministries concerned as it is open for all, he said.

Ghosh also said he would discuss the issue with the Russian Foreign Minister Sergey Lavrov during his visit to Dhaka today and have dinner with the Russian foreign secretary.

"If we agree with the Russian proposal, an MoU may be signed soon between the two countries for importing those food items from Russia," said Ghosh without mentioning any exact date.

However, Ghosh said Bangladesh was interested in importing the sunflower seeds and chickpeas through state-owned Trading Corporation of Bangladesh.

STOCKS

DSEX ▲	CASPI ▲
0.29% 6,316.98	0.19% 18,666.98

COMMODITIES

Gold ▲	Oil ▼
$1,927.06 (per ounce)	$86.27 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.15% 65,880.52	▲ 0.62% 33,241.0	▼ 0.12% 3,222.88	▲ 0.21% 3,160.84

Empty liquefied petroleum gas (LPG) cylinders being loaded onto a truck in Chattogram city's Fishery Ghat to be refilled in factories around the port city and sent back to residents some 80 kilometres west in Hatia. Mainly used for cooking, the LPG is availed in this manner by people living in habitable sandbars around the Bay of Bengal. The photo was taken recently.

PHOTO: RAJIB RAIHAN

Jewellery industry still depends on informal sources

MD MEHEDI HASAN *and* SUKANTA HALDER

The jewellery industry has apparently remained largely dependent on unauthorised channels for sourcing gold although there is no direct government bar on importing the precious metal.

Industry insiders said the taxes on legally importing gold were high, which was the main reason companies felt more comfortable sourcing gold from unauthorised channels.

Companies source gold by taking advantage of the National Board of Revenue's (NBR's) baggage rules and through other informal avenues, they added.

In 2018, the government framed a policy on gold to boost its import, prevent smuggling and ensure greater transparency in its trade.

A year later, Bangladesh Bank (BB) awarded licences to 18 companies and a bank to import gold.

Industry insiders say the taxes on legally imported gold are high, which is the main reason companies feel more comfortable sourcing gold through unauthorised channels.

Between 2020 and 2021, the banking regulator approved the import of 306.76 kilogrammes of gold bars to 12 companies, including Diamond World Ltd, LaxmiJewellers Ltd, BDEXgold and Rotno Gold Corner, showed central bank data.

But till now, eight of those companies have imported only 133.37 kg of gold bars despite the huge demand for gold in the local market.

Of them, Diamond World, one of largest jewellery companies, imported 63.5 kg, Riya Jewelers imported 30.45 kg, Aroosa Gold Corporation imported 14 kg, Jarwa House Pvt Ltd imported 11.66 kg and Golden World Jewelers imported 7.82 kg, showed the BB data.

The yearly demand for gold in the local market stood between 20 tonnes and 40 tonnes, according to Gold Policy-2018.

About 80 percent of the demand is still met by smuggled gold, as per industry insiders, causing huge revenue losses for the government every year.

The tax on gold import needs to be reduced, otherwise imports through legal channels will not increase, opined Dewan Aminul Islam Shahin, vice-president of Bangladesh Jeweller's Association (Bajus).

READ MORE ON B3

Export of paper, paper products jumps 85%

MD ASADUZ ZAMAN

The export of paper and paper products from Bangladesh rose 85 percent year-on-year in the first two months of fiscal 2023-24 as the country is grabbing a bigger share of the global market in face of reduced competition.

Export earnings from the sector amounted to $39.79 million in the July-August period of the current fiscal year, according to data of the Export Promotion Bureau.

However, manufacturers are struggling to keep up with the heightened demand as the country's ongoing foreign currency crisis is preventing them from opening letters of credit for raw materials.

The US and countries in Europe, the Middle East and Africa are major export destinations for locally produced paper and paper products, according to the Bangladesh Paper Mills Association (BPMA).

China, India and Japan were among major suppliers in the sector but many of their paper mills have shut down over environmental concerns, enabling Bangladesh to grab a bigger share, said BPMA Secretary Nawsherul Alam.

"Buyers are always looking for high-quality products at affordable prices, and Bangladesh has done well in the varieties of paper products," he added.

Export-oriented paper products include toilet paper, napkins, diapers and so on.

Industry insiders say shipments started increasing rapidly after the government gave a 10 percent cash incentive on export receipts from the sector in 2016.

READ MORE ON B3

Prime Bank inks deal with Star Tech

STAR BUSINESS DESK

Prime Bank signed an agreement with Star Tech Ltd, a computer and tech retailer in the country, at the former's head office in Dhaka recently.

Under this agreement, the bank's credit cardholders will enjoy equal monthly instalment facility of up to 12 months at zero percent interest.

Moreover, new credit cardholders will enjoy discounts of up to 15 percent on online purchases from the tech retail company. Nazeem A Choudhury, deputy managing director of the bank, and Sheikh Shohel Akhter, assistant general manager (finance and accounts) of the tech retailer, signed the deal, said a press release.

Masudul Haque Bhuiyan, head of cards and alternative delivery channel of the bank, and Aminul Karim Khan, manager of human resources department of the tech retailer, along with other high officials of both organisations were present.

Nazeem A Choudhury, deputy managing director of Prime Bank, and Sheikh Shohel Akhter, assistant general manager (finance and accounts) of Star Tech, exchange signed documents of an agreement at the former's head office in Dhaka recently.
PHOTO: PRIME BANK

India seeks more natural gas

REUTERS, *Singapore*

India is seeking additional volumes of natural gas and has asked utilities to expedite completion of power plant maintenance, as part of emergency steps to stop electricity outages, according to a government note seen by Reuters.

The move follows extension of an emergency law that forces power plants running on imported coal to maximise output, as record power demand in August due to unusually dry weather, and a sharp decline in hydro and wind energy output resulted in the country's widest electricity shortage in 16 months.

"States may ensure that all gas based power plants with whom they have power purchase agreements must be brought into use, during high demand days and non-solar hours," the power ministry note dated September 5 said.

Record power demand due to unusually dry weather and a sharp decline in hydro and wind energy output resulted in a huge electricity shortage

"All efforts to be made to bring back the units under forced outage as quickly as possible," it said, adding states should try to expedite commissioning of new renewable and thermal power plants.

The move could boost demand for natural gas, and push India to seek more LNG cargoes on the spot market. India's LNG imports have fallen for three consecutive financial years ended March 2023, government data shows.

"Additional arrangement for gas, for running gas based stations, from GAIL with tenders for advanced procurement for generation has been planned, during upcoming high power demand months," the ministry said.

India's power demand has been growing rapidly after the pandemic, with strong economic growth boosting demand from factories and the summer heat increasing household consumption.

Coal accounted for over 73 percent of India's power generation during the year ended March 2023, while renewable energy sources including wind and solar make up over 11 percent of total generation.

Naveedul Islam Khan, country director of Hemas Consumer Brands, and actress Nusrat Imroz Tisha exchange signed documents of an agreement at a hotel in Dhaka recently.
PHOTO: HEMAS CONSUMER BRANDS

Tisha becomes brand ambassador of coconut oil brand Kolombo

STAR BUSINESS DESK

Hemas Consumer Brands recently signed an agreement with actress Nusrat Imroz Tisha to make her brand ambassador of the company's newly launched coconut oil brand "Kolombo".

Naveedul Islam Khan, country director of the consumer brand company, and actress Tisha, signed the deal to this end at a hotel in Dhaka, said a press release.

"I am very delighted to represent 'Kolombo'. I am sure that by ensuring and maintaining its quality, this brand will definitely win the hearts of the consumers within a short period of time," said the actress.

"Nusrat Imroz Tisha is a very popular and talented actress of the country who is loved by everyone. We strongly believe that her association will help the brand "Kolombo" connect better with the consumers," said Khan.

Keyed up by the success of "Kumarika", a coconut oil brand, the company launched "Kolombo" in the local markets.

AB Bank signs MoU with Trinamul Nari Uddokta Society

STAR BUSINESS DESK

AB Bank Ltd signed an agreement with Trinamul Nari Uddokta Society at the bank's head office in Dhaka on Tuesday.

Under this agreement, the bank will provide training to the women entrepreneurs and provide them loan facilities on easy terms and conditions.

Iftekhar Enam Awal, head of corporate and SME of the bank, and Himangshu Mitra, chief executive officer of the society, inked the deal, said a press release.

Tarique Afzal, president and managing director of the bank, and other senior officials of both the organisations were present.

Iftekhar Enam Awal, head of corporate and SME of AB Bank, and Himangshu Mitra, chief executive officer of Trinamul Nari Uddokta Society, sign an agreement at the bank's head office in Dhaka on Tuesday.
PHOTO: AB BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (SEP 6, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 72	-2.22 ↓	0
Coarse rice (kg)	Tk 48-Tk 50	-2 ↓	-4.85 ↓
Loose flour (kg)	Tk 45-Tk 50	-6.86 ↓	-4.04 ↓
Lentil (kg)	Tk 95-Tk 100	2.63 ↑	-7.14 ↓
Soybean (litre)	Tk 155-Tk 160	-3.08 ↓	-8.7 ↓
Potato (kg)	Tk 42-Tk 45	14.47 ↑	61.11 ↑
Onion (kg)	Tk 80-Tk 90	36 ↑	100 ↑
Egg (4 pcs)	Tk 50-Tk 53	5.1 ↑	28.75 ↑

SOURCE: TCB

Asian markets drop as oil spike fuels inflation worry

AFP, *Hong Kong*

Most Asian markets fell Wednesday as a jump in oil prices to 10-month highs rekindled worries of another US Federal Reserve interest rate hike.

The selling came after US traders returned from a long weekend to spark a sell-off after Saudi Arabia and Russia said they would extend crude output cuts to the end of the year.

The news, which surprised some owing to the length of time, sent both main oil contracts to levels not seen since November, with Brent above $90 for the first time this year. They were marginally higher Wednesday.

The price spike hit hopes the Fed's monetary tightening drive was over following a string of data indicating more than a year of rate hikes had managed to bring inflation down from four-decade highs and softened the labour market.

Observers said higher energy costs would complicate the central bank's work as they accounted for a large part of the surge in prices in the wake of Russia's invasion of Ukraine.

"Rising oil prices are officially the new inflation stoker," said Stephen Innes at SPI Asset Management. "Everyone notices that this rally feels different, suggesting that 'Oil', the Great Inflationary Dragon, is not yet slain." Meanwhile, US monetary policymakers offered differing outlooks on the way forward.

Fed Governor Christopher Waller said decision-makers had room to stand back to assess the impact of past tightening, telling CNBC: "There was nothing that is saying we need to do anything imminent anytime soon." But Cleveland Fed boss Loretta Mester said she could "well imagine, from what I see so far, that we might have to go a bit higher".

Rates are already at a two-decade high, and some analysts warn that further increases could risk tipping the world's top economy into recession.

People take pictures of the Beijing Stock Exchange.
PHOTO: AFP/FILE

Rupee weakens for third day

REUTERS, *Mumbai*

The Indian rupee weakened for a third straight session on Wednesday as elevated US Treasury yields and rising global crude oil prices weighed on the local unit.

The rupee closed at 83.1325 against the US dollar, down 0.11 percent from its close of 83.04 on Tuesday. During the session, the currency dropped to 83.18, its lowest level in more than 10 months.

The rupee could take a breather tomorrow, a foreign exchange trader at a foreign bank said.

Expectations that the Reserve Bank of India (RBI) may step in to defend the rupee around the 83.20-25 levels and a slight reversal in crude prices could support the local unit, the trader added.

Garment makers reducing

FROM PAGE B1

the last six months. He also pointed to shorter lead times and rising competition as another factor.

Citing the example of a major Spanish brand, Mahin said it wants deliveries within a maximum of two weeks. As a result, local garment makers buy the fabrics from the local markets instead of importing it, he said.

The forecast is that there is pressure from a lot of work orders up to October and production capacity in his mill may go up to 80 percent to meet the demand, he said.

In case of knitwear, local spinners for many years have been able to supply more than 90 percent of the raw materials. So, they have been able to enjoy a shorter lead time for a long time.

AK Azad, chairman and chief executive officer of Ha-Meem Group, said the demand for non-denim fabrics produced locally has been rising mainly to maintain the lead time because the business was shifting from China to Bangladesh.

International retailers and brands want delivery of goods at the earliest, he said.

Monsoor Ahmed, chief executive officer of the BTMA, said sourcing of fabrics from the domestic markets reduced lead time significantly.

More importantly, garment makers can also buy fabrics through deferred payments and frequently seek replacements for the fabrics in case of quality issues, which would not have been possible in case of imported fabrics, he said.

Bangladeshi knitwear items have been performing strongly for many years because of the local availability of raw materials, said Md Fazlul Hoque, managing director of Plummy Fashions Ltd.

They are beating the odds of not having the geographical proximity with major export destinations and not even having direct shipping lines, he said.

In case of woven items, the same may happen soon, he said.

"We are reducing dependence on imported fabrics," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Many composite mills can supply garments even with 30 days of lead time as they have raw materials on hand. But such cases are rare, he added.

BTMA President Mohammad Ali Khokon said the demand for locally-made woven fabrics has been increasing but a clearer picture would be available after the next quarter.

Digital literacy, awareness

FROM PAGE B4

According to him, bKash is not just a digital payment provider but a catalyst for change in Bangladesh's financial landscape.

"We are on a mission to empower people with digital financial solutions while ensuring that the transition is smooth and beneficial for all," said Ali.

Currently, bKash is running a campaign to inspire the resilience of the Bangladeshi people. The campaign titled "Amader bKash Thekay Ke" portrays the unstoppable spirit of people towards success, he said.

The campaign symbolically depicts people's indomitable strength that advancement is not limited to any particular person, rather it is for institutions, society, and the nation, he said.

"The economic development of Bangladesh and the journey of bKash in the past 12 years are tied to the same thread. Through this campaign, bKash salutes the indomitable spirit of the people through 'Amader bKash Thekay Ke' campaign," he said.

Research conducted by the Bangladesh Institute of Development Studies (BIDS) has shown that bKash has contributed to improving child nutrition, he said.

It has enabled allowing fathers or earning members to send money instantly to the northern parts of Bangladesh, compared to the previous weekly or monthly remittance cycles, he said.

"Ultimately, bKash's primary objective is to ensure that customers feel the smoothest possible experience. We also evaluate the broader impact of our services on people's lives," he said.

Saudi, Russia extend

FROM PAGE B4

distributed Sunday, noting that "although persistently poor economic data from China has continued to weigh on sentiment, there is little doubt that fundamentals are tightening."

Justin Alexander, director of the consultancy Khalij Economics, said: "The additional cuts do appear to have boosted prices and the supply is looking tight in Q4 despite rising output from Iran and some other countries.

"However, the effort has come at a cost to the kingdom, with the reduction of its supply by 10 percent (on top of the 10 percent in cuts coming from the October and April Opec+ meetings)." Saudi daily production is at approximately nine million bpd, far below its reported daily capacity of 12 million bpd.

In August, oil firm Saudi Aramco announced profits of $30.08 billion for the second quarter of 2023, a fall of 38 percent from the same period last year when prices surged after Russia invaded Ukraine.

The decline "mainly reflected the impact of lower crude oil prices and weakening refining and chemicals margins", the firm, the jewel of the Saudi economy, said at the time.

Aramco chief executive Amin Nasser told reporters that despite recent cuts the firm had adequate supplies to meet customers' needs.

Nasser also said the firm's "mid to long-term view remains unchanged", predicting global demand to jump on the back of a broader economic recovery and highlighting demand from China that he described as "stronger than expected".

Saudi Arabia owns 90 percent of Aramco's shares and is depending on its revenue for Crown Prince Mohammed bin Salman's sweeping economic and social reform programme known as Vision 2030, which aims to shift the economy away from fossil fuels.

A fish landing station complete with an auction area, packaging and storage facilities was set up in the Mahipur area under Kalapara upazila of Patuakhali some two years back. However, the facility remains unused till date for a lack of adequate space considering the number of fishers and traders in the area. The pictures were taken recently.

PHOTO: SOHRAB HOSSAIN

Mahipur fish landing station lies idle

Traders unwilling to set up shop amid lack of space

SOHRAB HOSSAIN, *Patuakhali*

A fish landing station in the Mahipur area under the Kalapara upazila of Patuakhali remains unused although two years have passed since the facility was built at a cost of Tk 13 crore.

Having taken up the initiative in 2012, the Bangladesh Fisheries Development Corporation (BDFC) established two fish landing sites in Patuakhali so that catches in the seaside region could be harvested, processed, preserved and marketed in a healthy manner.

Fisheries and Livestock Minister SH Rezaul Karim inaugurated both sites on September 20, 2021.

But although the site in Alipur on the south bank of the Shibbaria river is now bustling with activity, the one on the north bank in Mahipur lies lifeless.

This is mainly due to poor coordination between local fishers, traders and the BDFC.

It turns out the Mahipur fish landing station has the capacity to house just 45 traders at a time although there are 82 listed in the area.

More importantly, the pontoons at the site can accommodate just 20 trawlers despite the 82 registered traders owning more than 2,000 trawlers collectively.

Apart from those issues, there are a further 200 wholesalers and 800 workers who also need a space to work.

Consequently, fishers in Mahipur do not want to carry out commercial activities at the site.

Local traders and officials said that the government was losing out on revenue of at least Tk 5 crore each year due to the facility being inactive.

The project had faced difficulties from the onset, with land acquisition taking four years. The BDFC finally broke ground on the Mahipur fish landing station in 2016, constructing a platform and gangway to unload fish from trawlers.

Additionally, an auction area, packaging site, storage room, ice mill, generator room, office buildings, sewage facilities and a 7,000-square foot truck stand were set up.

"The government constructed the fish landing station for the convenience of traders but the facility remains of no use as it was not built according to plan," said Monir Hossain, a fish trader in Mahipur.

Bangladesh Fisheries Development Corporation established two fish landing sites in Patuakhali so that catches in the seaside region could be harvested, processed, preserved and marketed in a healthy manner.

He explained that traders and fishers like him were part of a local community that refused to use the fish landing station unless sufficient space was ensured for all. "I will not go there even if I have to leave the business," Hossain exclaimed.

Raju Ahmed Raja, general secretary of the Mahipur Fishery Owners Association, said issues surrounding the lack of space could have been avoided had the BDFC consulted them before building the site.

"If they increase the space, then we will all go," Raja added.

Patuakhali District Fisheries Officer Kamrul Islam echoed those sentiments, saying BDFC officials should have sought their opinion before constructing the station.

"In order to make it operational, the scale of the fish landing station should be increased so that all traders can be accommodated," he added.

Shakil Ahmed, manager of the Mahipur fish landing station, said there were fewer traders and fishers when a feasibility study was conducted in 2009.

"How to expand its scope is now under consideration. The chairman of BFDC will come here very soon and take necessary steps after discussing with the stakeholders," he added.

Russia to step up support for sagging rouble

AFP, *Moscow*

Russia's central bank announced Wednesday it plans to sharply step up support for the rouble, which has weakened considerably after 18 months of Western sanctions following Moscow's military intervention in Ukraine.

The Bank of Russia said that between September 14 and 22 it would sell each day 21.4 billion roubles ($218.5 million) of foreign currency on the market, about 10 times the current volume it is selling on a daily basis.

The central bank tied the move to an upcoming payment of foreign currency bonds issued by the government, known as eurobonds.

"Holders of eurobonds will be paid by the Finance Ministry in roubles in accordance with the established procedure, and therefore a portion of these bondholders may create additional demand for foreign currency," the Bank of Russia said.

The Russian government instituted the payment of these bonds in roubles instead of the foreign currency they are formally denominated in following the imposition of Western sanctions.

The additional volume by the central bank "will help respond to possible additional demand for foreign currency and reduce volatility on the market during this period." While the value of the rouble recovered after a fall after the start of Russia's military campaign in Ukraine thanks to measures taken by the authorities, it has been sliding for the past year.

It fell precipitously at the start of August, breaking the 100 rouble to the dollar level for the first time since in the immediate wake of the start of the military campaign.

US services sector gains steam

REUTERS

The US services sector unexpectedly gained steam in August, with new orders firming and businesses paying higher prices for inputs -- potential signs of still-elevated inflation pressures.

The Institute for Supply Management (ISM) said on Wednesday its non-manufacturing PMI rose to 54.5 last month, the highest reading since February and up from 52.7 in July. A reading above 50 indicates growth in the services industry, which accounts for more than two-thirds of the economy.

Economists polled by Reuters had forecast the non-manufacturing PMI would decrease to 52.5, and no economist anticipated a higher reading than 53.9.

Federal Reserve officials have raised the central bank's policy rate by 5.25 percentage points over the last year and a half to bring down too-high inflation, and in recent months have welcomed signs that higher borrowing costs are beginning to bite.

Inflation by the Fed's preferred measure, the personal consumption expenditures (PCE) price index, rose 3.3 percent in July from a year earlier, down from a peak of 7 percent last summer, data published last week showed.

Dollar steady, fragile yen draws warning

REUTERS, *Singapore*

The dollar held near a six-month peak on Wednesday as jitters over China and global growth weighed on risk appetite, while the yen was close to a10-month low, drawing the strongest warning since mid-August from Japan's top currency diplomat.

The yen strengthened 0.19 percent to 147.42 per dollar in Asian hours, but was near 147.82, the lowest since November 4 it touched earlier in the session. The Asian currency has hovered around the key 145 per dollar level for the past few weeks, leading traders to keep a wary eye on signs of intervention by Tokyo.

"We won't rule out any options if speculative moves persist," Japan's top currency diplomat Masato Kanda told reporters on Wednesday.

Kanda, Japan's vice-minister of finance for international affairs, has been the central figure in the country's efforts to stem the sharp decline of the yen since last year.

"The comments are a warning that intervention is on the radar," said Chris Weston, head of research at Pepper stone. However, he said the comments are unlikely to stall the yen's descent. Japan intervened in currency markets last year in September when the dollar rose past 145 yen, prompting the Ministry of Finance to buy the yen and push the pair back to around 140 yen.

"We are probably going to see more of such verbal intervention if yen moves are deemed to be one-sided and excessive," said Christopher Wong, a currency strategist at OCBC in Singapore.

Against a basket of currencies, the dollar was at104.69, not far off the six-month high of 104.90 touched overnight. Economic data from China and Europe on Tuesday fanned some fears of slowing global growth, pushing investors to scramble for the dollar.

"Dollar strength remains the dominant play," OCBC's Wong said. Interest rates staying higher for longer and relative US growth resilience are factors that continue to underpin support for the dollar, according to Wong.

PHOTO: AFP

Pounds and US dollars' coins and banknotes are seen in the photo.

Jewellery industry still depends

FROM PAGE B1

Reponul Hasan, owner of Jewellery House, which imported 1.50 kg of gold bars, expounded on the high taxbrought on by legal imports.

"We have to pay Tk 2,000 as tax, five percent as customs duties and five percent advance income tax (AIT) for each bhori of imported gold. There is also the cost of insurance," he told The Daily Star.

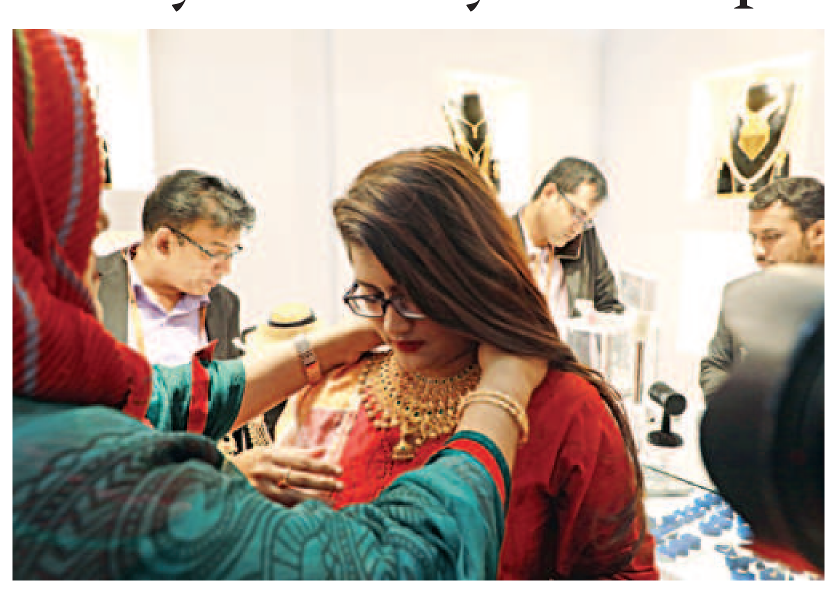
On the other hand, there are no such costs when sourcing gold from unofficial channels.

Moreover, another barrier was that banks were now uninterested in opening letters of credit (LC) for gold imports due to the forex reserve crisis, added Hasan.

In August last year, BB indirectly discouraged gold import keeping a 100 percent margin on LC opening for gold.

A senior official of the central bank told The Daily Star that the banking regulator discouraged banks from importing the luxury metal in light of the present forex crisis.

A gold importer, seeking anonymity, said they were keener on collecting gold by making use of the NBR's baggage rules.



"When Bangladeshi expatriates come to the country, they can bring gold as per the baggage rules of the NBR and we collect this gold from them," the importer said.

Earlier, a passenger could bring up to 234 grammes of gold paying duties under the NBR's baggage rules. However, if the amount was limited to 100 grammes, no duty had to be paid.

However, under a new Baggage Rule-2023 introduced last fiscal year, a passenger can bring a maximum of 116 grammes of gold and must pay Tk 40,000 in taxes for it. This is double that for the previous maximum amount.

Currently, the price of each bhori (11.664 grammes) of 22-carat gold is Tk 1,01,244 according to Bajus.

Industry insiders said the price would decrease if there was greater transparency in the sector.

AB Mirza Azizul Islam, former adviser to a caretaker government, told The Daily Star that jewellers found it easier to source gold from informal avenues compared to legal channels. Hence, legal imports of gold had not increased.

He said the government would have to take strict measures to stop gold smuggling.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the purpose of allowing gold imports was to develop an industry through formal channels.

It is objectively positive and that is why the government announced the gold policy, he added.

However, a barrier to the policy's implementation is the fact that the government has not taken appropriate steps to curb the illegal arrival of gold. As such, it is difficult to achieve the goals of the gold policy, he added.

German factory orders plummet

AFP, *Frankfurt*

German factory orders fell more than expected in July, official data showed Wednesday, in the latest setback for Europe's largest economy as it grapples with an industrial slowdown.

New orders, closely watched as a sign of future economic activity, plummeted by 11.7 percent compared with the previous month, federal statistics agency Destatis said.

The steep fall was mainly down to the comparison with June, Destatis said, when the indicator leapt by a surprising 7.6 percent on the back of several large orders including a major one in the aerospace sector.

Export of paper, paper products

FROM PAGE B1

Bangladesh has around 100 paper mills with a combined annual output of more than 15 lakh tonnes.

Of them, some groups of industries are largely contributing to the sector with new varieties of products.

Bashundhara, a local pioneer in the industry, is the biggest exporter among 20 mills that ship writing paper, facial tissue, toilet paper and packaging materials to about 40 countries.

Abdul Jabbar Khan, managing director of Asia Paper Mills Ltd, said Bangladesh is capitalising on the supply dearth created by reduced production at other sourcing destinations such as Japan and China.

Besides, private manufacturers in the country are dominating the overall sector as the government has failed to adopt modern technologies to make high-quality paper and paper products, he added.

MM Nurun Nabi, executive director of Partex Paper Mills Ltd, said Bangladesh is doing very well in the competitive international market for various paper products.

"But the production of writing paper is still being stalled due to difficulties in getting raw materials, such as pulps, amid the supply crunch for the US greenback," he added.

Echoing the same, Mohammad Sharafath Ali, deputy general manager of sales and marketing of Amber Super Paper Ltd, said they have had to shut down exports ever since the pandemic period.

"Due to struggles in opening letters of credit, we could not continue importing raw materials from Indonesia, which halted our total production and export process," he added.

The company produces writing paper, printing paper and so on.

"Everyone is facing the same problem but some major industrial groups could possibly be continuing their paper product shipments, contributing to the overall export basket," he added.

Licences of 14 ISPs cancelled

STAR BUSINESS REPORT

Bangladesh Telecommunication Regulatory Commission (BTRC) recently cancelled the licences of 14 internet service providers (ISPs) after they failed to renew their licences within the specified time.

The telecom regulator directed the ISPs to surrender their licences to the commission within 10 days, according to the BTRC documents.

The ISPs are Bornil Network System Ltd, IT Next Technology, Cyber Communication, New Generation Internet Services Ltd, Asian City Online (BD) Ltd, Apon Enterprise, Sparking World, Reign ICT, Segun Bagicha Safenet Online, Speed Online, Vestel Cable TV Networks Ltd, Web Solution, Chandpur Net and Airnet Communication.

The regulator declared all activities of these ISPs illegal and punishable under the Bangladesh Telecommunication Act 2001.

It also warned all concerned not to enter into any deal or engage in financial transactions with these ISPs.

Earlier in May, the BTRC cancelled the licences of 228 ISPs after they failed to convert their licences in accordance with guidelines.

According to the regulatory and licencing guidelines for the ISPs in Bangladesh published in December 2020, existing ISP licensees had to convert their licences to four new categories by December 2021.

In July 2022, the regulator directed the international internet gateway service providers to disconnect bandwidth connections of 286 ISPs after they failed to convert their licences in accordance with guidelines.

India's palm oil imports set to jump

REUTERS, *Mumbai*

India's palm oil imports are set to jump 26 percent to a record high in the 2022/23 year ending on October 31, as a recovery in consumption and competitive prices prompt refiners to increase purchases, the country's top palm oil buyer told Reuters on Wednesday.

Higher purchases by the world's biggest importer of palm oil could help to lower inventories in top producing Indonesia and Malaysia and support benchmark futures.

"Refiners are increasing their purchases for the upcoming festivals. We could see imports of around 1.8 million metric tons in the next two months," said Sanjeev Asthana, chief executive officer at Patanjali Foods Ltd.

Higher purchases by the world's biggest importer of palm oil could help to lower inventories in top producing Indonesia and Malaysia and support benchmark futures.

If India imports 1.8 million tons in the next two months, the total shipments for the 2022/23 marketing year ending on October 31 would be 10 million tons, surpassing the previous high of 9.5 million tons made in 2014/15, he said.

In the first 10 months of 2022/23, India imported 14 million tons of edible oils, consisting of 8.2 million tons of palm oil, 3.2 million tons of soyoil and 2.5 million tons of sunflower oil, dealers estimate.

India's edible oil consumption has been subdued in the past three years, with record-high prices weighing on 2022 use and Covid-19 on the previous two years, he said.

"We are expecting a growth 2 percent-4 percent in this year's consumption," he said.

India fulfils more than two-third of its edible oil requirement through imports.

A consumption revival would also see higher sunflower oil imports in the current year, raising the total imports of edible oils by 18 percent to a record 16.5 million tons, said Rajesh Patel, managing partner at GGN Research, an edible oil trader and broker.

Sunflower oil imports could jump 44 percent from a year earlier to a record 2.8 million tons as the oil was cheaper than soyoil, he said. Soyoil imports could fall 11 percent from last year's record high of 4.1 million tons to 3.7 million tons this year, he added.

Digital literacy is not universal, so bKash has taken on the task of teaching many individuals how to use these digital services, an official of the MFS provider said. PHOTO: COLLECTED

Digital literacy, awareness main focus

bKash chief marketing officer tells The Daily Star

MAHMUDUL HASAN

The primary role of bKash involves continuous efforts to promote digital literacy and educate individuals about the benefits of digital financial products. And with this, bKash plays a significant role in the digitalisation of Bangladesh.

"As a pioneer and market leader in the mobile financial service (MFS) industry, we always put digital literacy at the forefront of our agenda," said Mir Nawbut Ali, chief marketing officer of bKash Limited, in an interview with The Daily Star recently.

Digital literacy is not universal, so bKash has taken on the task of teaching many individuals how to use these digital services, he said.

The goal is to assure them that digital transactions are not only convenient but also simpler than traditional methods, he added.

He said they have become one of the most widely used digital payment methods in Bangladesh, serving millions on a range of needs, from mobile top-ups to remittance and various purchase payments.

In the world of the MFS, there is a unique niche that sits at the intersection of traditional banking and fast moving consumer goods (FMCG) companies, he said.

It is a space where companies like bKash operate, dealing with customers much like FMCG giants do, he said.

Drawing an interesting analogy, Ali likened their role to that of companies like Unilever.

"Unilever introduced handwash products in Bangladesh. To habituate people with such hygiene products, it has to run massive awareness campaigns," he said.

"Just as Unilever had educated people about the importance of handwashing after using the toilet, bKash has a similar responsibility for pioneering MFS among educated people over digital payment services," he said.

"Our mission isn't just to provide a product; it's also about teaching people the value and benefits of using it. This responsibility comes with a hefty price tag, as it involves extensive awareness campaigns and educational efforts," he said.

When it comes to marketing financial products, bKash takes a different approach, he said.

Before launching a product, bKash dives deep into understanding customer behaviour such as their likes and dislikes and the implications of the product, he said.

"The goal is to know everything about customers, and this comprehensive approach allows us to work closely with various industries, a rare opportunity in the business world," he said.

The marketing campaigns are designed by bKash in a strategic way such that it is not limited to the publicity of products and services, rather enlightening and gaining the confidence of the customers on the use of MFS, he said.

According to him, one of the challenges they've encountered is enabling the transition of people from long-standing practices.

"For example, traditionally electricity bills are paid with cash and the customers receive receipts in paper. So, we had to assure that digital receipt is available in bKash payment," he said.

Changing these ingrained habits is a gradual process, and bKash is doing it with utmost care and patience, he said.

Behind the scenes, bKash puts strong emphasis on research and meticulous planning before introducing any new product or feature to their app, he said.

"This approach helps us avoid faulty products and provides a seamless experience for users," Ali said.

Ali started his career with New Zealand Dairy as a sales executive in 1997. He also worked for British American Tobacco, Grameenphone, Bakcell in Azerbaijan, Airtel and Marico Bangladesh in key marketing roles.

He joined bKash in 2017 as chief marketing officer and bKash became the best brand of Bangladesh for four consecutive years from 2019 to 2022 under his stewardship.

He said one of the remarkable aspects of bKash's services was how they manage to provide customers with a consistent experience despite the complexity of the backend processes.

READ MORE ON B2

EU hits tech titans with tougher market restraints

AFP, *Brussels*

The European Union on Wednesday unveiled the list of digital giants -- including Apple, Facebook owner Meta and TikTok parent ByteDance -- that will face tough new curbs on how they do business.

Brussels is working through a dense legislative agenda to build tougher regulation of big tech, arguing it needs to protect European consumers online and to encourage competition in an industry dominated by US giants.

The latest announcement is a milestone in the application of the Digital Markets Act (DMA), which will force the largest firms to change their ways under a checklist of dos and don'ts and, regulators hope, create a fairer market.

Observers say the law could open a new battlefront between digital titans and the European Union as some companies consider launching legal challenges.

The European Commission, the EU's powerful antitrust body, named 22 "core platform" services belonging to five US tech behemoths identified as "gatekeepers" -- Google parent Alphabet, Amazon, Apple, Meta, Microsoft -- and China's ByteDance.

The services included Apple's App Store; Meta's Facebook, Instagram and WhatsApp; Google's YouTube video platform and Chrome browser, as well as Apple's Safari.

Others included operating systems run by Apple, Microsoft and Google as well as Alphabet's Google Maps, Play and Shopping. They must fully comply with the DMA by March 6, 2024.

The "gatekeeper" status applies when a service has more than 45 million monthly active users and more than 10,000 yearly active business users established in the EU.

Apple on Wednesday said it was "very concerned about the privacy and data security risks the DMA poses for our users" and said it would seek to "mitigate these impacts".

There will be fines of up to 10 percent of a firm's global revenues for breaking some of the most serious competition rules, and even up to 20 percent for repeat offenders.

One major change under the DMA is the rule that forces interoperability between messaging apps, making it easier for users to share links and images.

"With today's designation we are finally reining in the economic power of six gatekeepers, giving more choice to consumers and creating new opportunities for smaller innovative tech companies," said the EU's top tech enforcer, industry commissioner Thierry Breton.

Apple and Microsoft argued parts of their businesses should not be classified as a "core" service, and the commission said it launched probes to assess Apple's claims regarding iMessage, and Microsoft for Bing, Edge and its advertising platform.

A Microsoft spokesperson welcomed the decision to launch an investigation into the three services which the company said, "operate as challengers in the market".

Meanwhile, Apple said it looked "forward to explaining to the commission why iMessage is outside the scope of the DMA".

The EU has led the way globally for taking on big tech.

The DMA, alongside its sister law, the Digital Services Act (DSA), gives the commission sharper teeth against tech behemoths that critics say have for too long been given free rein to act to the detriment of users.

Saudi, Russia extend oil output cuts

AFP, *Riyadh*

Saudi Arabia and Russia said on Tuesday they would extend voluntary oil cuts until the end of the year, sending the price of Brent crude to a 10-month high.

The Saudi production cut of one million barrels per day which first took effect in July will continue "for another three months until the end of December 2023", the kingdom's energy ministry said in a statement.

Russia's export cut of 300,000 bpd will continue for the same period, Deputy Prime Minister Alexander Novak said in a separate statement.

Brent crude rose above $90 per barrel on the news for the first time since November, while West Texas Intermediate, the main US futures contract, jumped 1.9 percent to $87.16.

Riyadh, the world's biggest crude exporter, first announced its cut after a June meeting of the 23-nation Opec+ alliance, which also includes Russia.

A statement in early August revealing the cut would last through September included a warning that it could be "deepened", but Tuesday's announcement has kept it at the same level for now.

That decision "will be reviewed monthly to consider deepening the cut or increasing production", the energy ministry statement said.

The unilateral Saudi cut followed a decision in April by several Opec+ members to slash production voluntarily by more than one million bpd -- a surprise move that briefly buttressed prices but failed to bring about lasting recovery.

Brent crude rose above $90 per barrel for the first time since November, while West Texas Intermediate jumped 1.9 percent to $87.16.

Last October, Opec+ agreed to reduce output by two million barrels per day.

That decision riled the United States, which at the time accused Saudi Arabia, a security partner, of siding with Russia in the war in Ukraine.

Oil prices increased in July, the first month the Saudi-only cut took effect, clearing the $80 per barrel threshold analysts often say Riyadh needs to balance its budget, though the various production cuts could push that threshold higher.

Brent crude traded at $88 per barrel at the end of August, Riyadh-based firm Jadwa Investment said in a

READ MORE ON B2

An employee refuels his car at a fuel station in Riyadh. Saudi Arabia, the world's biggest crude exporter, first announced its cut after a June meeting of the 23-nation Opec+ alliance. PHOTO: AFP/FILE