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BUSINESS



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BATBC to build Tk 151cr warehouse

STAR BUSINESS REPORT

British American Tobacco Bangladesh (BATBC) has decided to invest nearly Tk 151 crore to construct a warehouse and set up ancillary facilities in its Savar factory.

The tobacco company, in existence for the last 112 years in the country, is going to invest Tk 150.8 crore to enhance its capacity and improve productivity.

The investment will be funded from internal sources and bank financing based on the cash flow of the company, said the BATBC in a disclosure that was posted in the Dhaka Stock Exchange website yesterday.

The multinational tobacco producer will construct a bonded warehouse of factory specification building standards for the storage of wrapping material, leaf and finished goods at a cost of Tk 103 crore.

Another Tk 24.5 crore will be spent for the electrical, fire detection

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and protection system, air conditioning and ventilation system and IT and security system for the bonded warehouse, it said.

It will also construct ancillary facilities at a cost of Tk 21.4 crore at the site for employee wellbeing, such as a mosque, canteen and training centre, and for factory services such as a waste management yard, fire station and equipment storage.

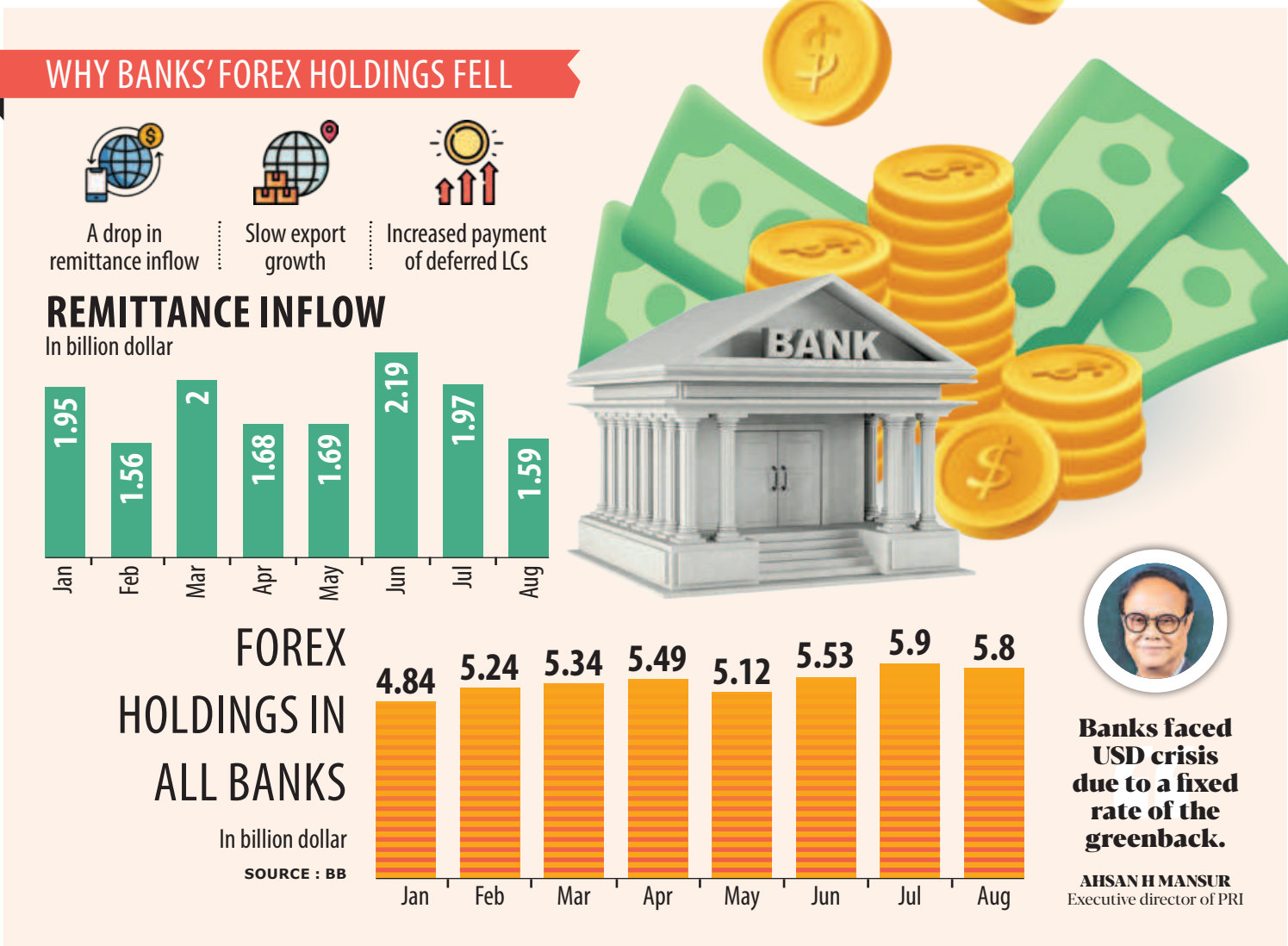
The rest Tk 1.90 crore will be spent behind the construction of a concrete road and underground drainage system, the company said.

The company got listed in 1977. Its paid-up capital is Tk 540 crore. Shares of the company remained the same at Tk 518 yesterday.

The BATBC's gross revenue was Tk 21,229 crore in the first half of 2023.

During the period, its profits amounted to Tk 949 crore.

It was Tk 913 crore in the same period of the previous year, according to the financial report of the company.



Will Bangladesh benefit from trade in rouble?

MD MEHEDI HASAN

Russia has included Bangladesh on its list of friendly and neutral countries, a development that would allow its local banks and brokers to settle trade transactions in the rouble.

The move is expected to provide a fillip to both countries, which are looking to cut their over-reliance on the US dollar.

Russia has been gradually reducing its dollar holdings since the imposition of Western sanctions following Moscow's annexation of Crimea in 2014, and has sought to partially decouple from the Western financial system, according to a Reuters article.

The switch accelerated since the outbreak of Russia-Ukraine war in February last year after the western economies slapped sanctions against Moscow.

The sanctions include freezing of a sizable volume of foreign currency reserves held by Russia and the removal of major Russian banks from SWIFT, an international payment system used by thousands of financial institutions.

Amid fast-depletion of the foreign currency reserves, Bangladesh has also been seeking to carry out international trade transactions in currencies other than

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Forex holdings in banks fall in August

MD MEHEDI HASAN

Commercial banks witnessed a drop in foreign currencies last month from that in the preceding month mainly due to a sharp fall year-on-year in the inflow of remittance and a relatively small growth in export earnings.

The gross foreign currency balance with the banks stood at \$5.80 billion in August, down from \$5.90 billion in July, as per the latest data of Bangladesh Bank.

However, the amount recorded in August was up 16 percent year-on-year.

The lowest figure recorded since fiscal year 2021-22 was in October last year, when the balance stood at \$4.50 billion.

Last month, migrant workers sent home \$1.59 billion, down 21.5 percent year-on-year, in what has been the sharpest drop since April 2020, showed the BB data.

Meanwhile, exporters earned \$4.7 billion, registering a 3.8 percent year-on-year growth.

Industry insiders said the foreign currency balance of banks generally falls when remittance earnings fall and import payments increase.

The foreign currency balance of commercial banks is not a part of the country's foreign exchange reserve, they pointed out.

The country's forex reserves stood at \$21.45 billion on September 21, owing to the demand for the US dollar being higher compared to the inflow.

The reserves stood at a historical high of \$48 billion in August 2021. However, due to escalating import payments resulting from high commodity prices amid the Russia-Ukraine war, the reserves have been declining since May 2022.

The sharp fall of remittance earnings was the major reason behind the decline in foreign currency with commercial banks, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Another reason is that deferred payments of letters of credit are growing, he said.

A chief executive of a private commercial bank seeking anonymity told The Daily Star that the drop in foreign currencies was nothing new as most of the banks were facing a crisis of the US dollar for the exchange rate

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The lowest figure recorded since fiscal year 2021-22 was \$4.50 billion in October last year

US wants govt action against counterfeit apparel exports

STAR BUSINESS REPORT

The United States has urged Bangladesh to take action to address the export of counterfeit clothing items from the second-largest garment supplier to the world's largest economy.

The concerns were raised and discussed during the seventh round of the Trade and Investment Cooperation Forum Agreement (Ticfa) between Bangladesh and the US in Dhaka on September 20, according to a statement of the United States Trade Representative (USTR).

Earlier, the USTR identified Bangladesh as one of the top five sources for counterfeit clothing items globally, a discredit that stakeholders have identified as a matter of concern.

After the meeting, Senior Commerce Secretary Tapan Kanti Ghosh, who led the host side, told reporters that the visiting delegation requested Bangladesh to update the laws on intellectual property rights so that counterfeit goods are not exported to the US from the country.

The Bangladesh side said intellectual property

The concerns were raised and discussed during the Ticfa meeting between Bangladesh and the US in Dhaka on September 20

rights are highly protected during trade. Still, if the affected American company lodges a complaint, the government will take necessary action, he said.

The statement also called for labour reforms, as well as reforms for the policies impacting the investment climate, digital trade, intellectual property protection and enforcement, and bilateral cooperation in the agricultural sector.

The US conveyed to Bangladesh that supporting workers' rights, including freedom of association and collective bargaining, is a top priority for the Biden-Harris administration.

The US emphasised the importance of combatting violence against workers and union organisers, as well as anti-union discrimination and other unfair labour practices.

The statement noted the ongoing review of potential amendments to the Bangladesh Labour Act and encouraged Bangladesh to extend freedom of association and collective bargaining to economic zones and export processing zones.

The US also recognised that Bangladesh had undertaken some steps to address hurdles workers

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STOCKS			
DSEX ▼		CASPI ▼	
0.45%		0.36%	
6,280.93		18,595.49	

COMMODITIES			
Gold ▲		Oil ▲	
\$1,925.42		\$90.36	
(per ounce)		(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.33%	▼ 0.52%	▲ 0.06%	▲ 1.55%	
66,009.15	32,402.41	3,204.82	3,132.43	



Fishermen make use of empty wharves on the Karnaphuli river to spread out and repair their nets while taking up residence for days at a time in between unloading their catch at an adjoining fish landing station and taking preparations to go out to sea again. The photo was taken from Shah Amanat Bridge in Chattogram on Saturday.

PHOTO: RAJIB RAIHAN

Minori, Emerald, Jamuna join hands to produce rice bran oil

STAR BUSINESS REPORT

Emerald Oil and Minori Bangladesh joined hands with Jamuna Edible Oil Industries to produce and sell rice bran oil in the local and Japanese markets.

Emerald Oil and Jamuna Edible Oil will share the necessary working capital for the production process, which will be done at Jamuna's factory. They will also share the profits.

Minori Bangladesh, an owner of Emerald Oil, will lend working capital in favour of Emerald Oil and provide technical know-how on exporting to Japan.

Under the agreement, the production of rice bran oil of the companies will rise to 160 tonnes per day. Their sales will grow to Tk 900 crore annually.

As a result, the profits of the two companies will be Tk 60 crore annually.

Emerald Oil's annual profit will increase by Tk 30 crore as per the agreed profit-sharing ratio with Jamuna Edible Oil Industries.

Yesterday, Emerald Oil's board of directors approved the partnership. After the board meeting, an agreement signing ceremony was held at the capital's Dhaka Regency Hotel & Resort.

Miya Mamun, chairman of Minori Bangladesh, Md Afzal Hossain, managing director of Emerald Oil, and Md Lutfar Rahman, managing director of Jamuna Edible Oil, signed the agreement on behalf of their respective companies.

At present, Emerald Oil is producing around 56-60 tonnes of rice bran oil per day. It will rise to 160 when Jamuna's production will be added, said Md Afzal Hossain, managing director of Emerald Oil.

"We are targeting to sell products on the local market and export to Japan. Minori's inclusion in Emerald Oil will help us sell to Japan," Hossain added.

Miya Mamun of Minori said it normally targeted agro-processing companies to enhance production. Considering the potential of the products, it bought a stake in Emerald Oil.

Minori observed that Jamuna Edible Oil has the potential to produce large quantities of rice bran oil, which was the reason they opted for the partnership.

"We will lend a fund to Emerald Oil at a low interest rate for investment in the working capital of Jamuna Edible. The banking rate is too high, which is not supportive of the agro-processing industry."