



Currently, renewables account for 2 percent of Bangladesh's installed power generation capacity. The country has a target to raise it to 30 percent by 2030. PHOTO: STAR/FILE

## Finance ship recycling industry Industries secretary urges development partners

### STAR BUSINESS REPORT

Industries Secretary Zakia Sultana has urged Norway, Japan and other development partners of the country to finance the ship recycling industry in Bangladesh.

Bangladesh is one of the major ship recycling hubs in the world, with 108 ship recycling yards. Of them, about 50 are operational, she said.

Sultana said this while speaking as the chief guest at a workshop titled "Inception workshop on IMO-Norway SENSREC Project Phase III" at the Pan Pacific Sonargaon hotel in the capital yesterday.

The event was jointly organised by the Ministry of Industries and the International Maritime Organization.

She said about 70 percent of the country's overall iron demand was met by the ship recycling industry.

The sector generates revenue of more than \$800 million, contributing around \$100 to \$120 million to government revenue.

Bangladesh's annual ship recycling capacity is more than 10 million metric tonnes. The average annual growth of the country's ship recycling industry is about 14 percent, she added.

About 50,000 people are directly dependent on this industry and about 150,000 people are indirectly dependent. More than 300 re-rolling steel mills depend on this industry, she informed.

An analysis of ship recycling data over the past few years shows that 227 ships were recycled in 2014.

## 100MW solar power plant gets nod

### STAR BUSINESS REPORT

The government has approved a proposal to set up a 100-megawatt solar-based power plant in Mymensingh's Gouripur upazila.

A consortium of Chinese Xizi Clean Energy Equipment Manufacturing Co Ltd and local firms Cassiopea Fashion Ltd and Cassiopea Apparels Ltd will build the plant.

The nod came at a meeting of the cabinet committee on purchase in the secretariat.

Bangladesh Power Development Board will buy electricity at around \$0.10 per kilowatt-hour for 20 years.

After a huge criticism about the country's low-level of electricity production from renewable resources, the government has started approving a good number of solar plants.

In September, the purchase committee approved three solar projects to be set up in Dinajpur, Bandarban and Feni, with the

combined capacity of 370MW.

Currently, renewables account for two percent of Bangladesh's installed power generation capacity. The country has a target to raise it to 30 percent by 2030.

**A consortium of Chinese Xizi Clean Energy Equipment Manufacturing Co Ltd and local firms Cassiopea Fashion Ltd and Cassiopea Apparels Ltd will build the plant**

At yesterday's meeting, the 55MW gas-based rental power plant in Ashuganj received a five-year extension under the policy of "No Electricity No Pay".

The sponsor company -- Precision Energy Ltd -- will get Tk 1,205 crore from the government as production cost for the next five years. Per unit electricity will cost \$0.057.

According to the meeting minutes, Switzerland's TotalEnergies Gas & Power Ltd will supply next month's consignment of liquefied natural gas to be sourced from the global spot market. The super-chilled fuel will be priced at \$16.34 per million British thermal unit.

The cabinet committee also gave its nod to several more purchase proposals.

The food ministry will import 50,000 tonnes of wheat from UAE's Grainflower DMCC at a cost of Tk 162.95 crore while the Trading Corporation of Bangladesh (TCB) will spend Tk 140.99 crore to import 1.10 crore litres of soybean oil from India.

The TCB will import around 10,000 tonnes lentils at a cost of Tk 150 crore from India and will purchase around 15,000 tonnes lentils from the local market at Tk 150 crore.

Bangladesh Chemical Industries Corporation will procure 90,000 tonnes urea fertiliser at a total cost of Tk 3,784 crore.

## PENSION SCHEME NBR offers tax rebate

### STAR BUSINESS REPORT

The policyholders of the Universal Pension Scheme (UPS) will enjoy tax rebate on the premiums they would deposit in a year.

Moreover, people subscribing to the state-backed scheme will not have to pay any taxes on their claims upon maturity, according to a notification by the National Board of Revenue (NBR) this week.

"We have taken the decisions in order to make the Universal Pension Scheme popular. Because, universal pension scheme will act as a major social security for people," said Bapan Chandra Das, second secretary tax legal at the NBR.

In August, the government rolled out the much-anticipated UPS with an aim to bring all citizens aged above 18 under the coverage.

All citizens aged between 18 and 50 years on the basis of their national identity cards, including expatriate Bangladeshis, will qualify for the benefit.

Previously, only employees of government, semi-government or autonomous organisations in Bangladesh receive pension benefits.

Under special consideration, citizens aged over 50 years will also be able to take part in the pension scheme.

Through the new law, the government aims to bring private sector employees under the pension scheme.

## Bangladesh Sustainability Alliance launched

### STAR BUSINESS DESK

A platform styled "Bangladesh Sustainability Alliance (BSA)" has recently been launched to address the sustainable development agenda on a broader scale by reducing plastic pollution and promoting circularity.

The BSA has been founded by BRAC, Pran-RFL Group, Standard Chartered Bangladesh, Unilever Bangladesh Ltd, Bangladesh Petrochemical Company Ltd (BPCL), Marico Bangladesh Ltd, InterContinental Dhaka and PepsiCo Bangladesh.

Launched through a ceremony at InterContinental Dhaka on Monday, this alliance will work on implementing programmes, initiatives and actions that will offer practical solutions, said a press release.

"We need to get all kinds of industries to join this coalition and not just the big multinational companies," said Saber Hossain Chowdhury, special envoy to the prime minister for climate change, as the event's chief guest.

"You can be the trailblazers but who will follow the trail? We need all kinds of engagements, from the big corporations to the SMEs," he added.

## Bankers asked

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At a previous meeting on October 22, both the associations decided to let banks offer a 2.5 percent higher purchase rate at their own expense when availing US dollars from remitters.

They were, however, asked to maintain proper records for verification by the banking regulator.

"The dollar rate should not go past Tk 115," said a chief executive of a private bank after the meeting.

Besides, remitters get a 2.5 percent incentive from the government on the amount of money they send through banks, he said.

The development comes at a time when Bangladesh's foreign exchange market has been suffering from volatility and taka is losing its value to foreign currencies, namely the US dollar, as inflow continues to lag behind the overall outflow for imports and other payments.

Taka lost nearly 30 percent in value over the last one and a half years.

Inflow of remittance, a major source of foreign currency for Bangladesh, declined 4.3 percent year-on-year to \$6.8 billion in the July-October period of the current fiscal year of 2023-24, showed Bangladesh Bank data.

## Forex reserves fall

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gross reserves stood at \$25.21 billion, said BB spokesperson Md Mezbaul Haque.

The new figure of forex reserves comes after netting the payments and receipts, he said.

The latest data shows that Bangladesh's capacity to clear import bills declined below four months, which is higher than the IMF's benchmark of minimum reserves of three-month import cover.

Haque said the amount of forex reserve may increase in the coming

weeks as multilateral lenders are expected to clear some instalments.

He said IMF may release second instalment of its \$4.7 billion of loans the next month.

The country's foreign exchange reserve has been falling gradually as the inflows from exports, remittances, and trade and short-term credits have been lower than the outflows to meet international payment obligations including import bills.

On November 1 last year, Bangladesh's foreign exchange reserve was \$35.7 billion.

as well as foreign investments in the country."

At the event, Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry, said due to the political unrest, the transport fare has increased by Tk 18,000 to Tk 36,000 on the Dhaka Chattogram highway.

"This pressure falls on entrepreneurs. A country's economy is devastated by strikes and blockades. That is why we do not want any hartals and blockades in the country. We will have to come out of this culture."

## Businesses harassed

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Mujib Export Trophy" for the highest export earnings of \$223.55 million in the 2020-21 fiscal year at the Osmani Memorial Auditorium in Dhaka.

Incumbent FBCCI President Mahbubul Alam also provided his support, saying the National Board of Revenue should move away from the penalty culture.

"If you find any anomaly, you should review it," Alam said.

Another issue that Azad pointed out was the lack of investment in economic zones. The government has already opened 10 economic zones, but there is little investment despite the infrastructure being ready.

"We have also taken land there. We are already uncomfortable about the existing investments. How will we start our future investments? How will employment be generated?" Azad questioned.

"If the government will not save us from this kind of oppression, business activities cannot be expanded."

Alam added that the cost of business was increasing day by day due to various obstacles.

## Apparel shipment

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continue through the end of the year on a range of items and experiences, but at a slower pace."

In mid-October, Kleinhenz said clothing and clothing accessory sales were down 0.8 percent month-over-month seasonally adjusted, but up 0.8 percent unadjusted year-on-year.

AK Azad, chairman and chief executive officer of Ha-Meem Group, a top garment exporter to the US, says the shipment of garment items to the country will not rebound until June next year.

"This is because the demand has fallen in the US and retailers and brands could not sell their old stocks."

He said the inflow of work orders for the next season has been low and buyers are offering reduced prices to local suppliers.

"The additional cost of doing business is becoming a burden for businesses," he said.

Speaking as chief guest, Commerce Minister Tipu Munshi said diversification of the nation's export basket was necessary instead of relying only on the garment industry.

"If it is possible, it will not be a herculean task to earn \$100 billion by 2030," he said.

The government yesterday awarded 73 exporters with the National Export Trophy based on their shipment volumes in the 2020-21 fiscal year.

The awards were presented in 32 categories to 73 businesses. Of them, 28 were in the gold category, 25 were silver and 19 were bronze.

Munshi presented the trophies at the awards programme jointly organised by the commerce ministry and the Export Promotion Bureau.

Tapan Kanti Ghosh, senior secretary to the commerce ministry, chaired the event while Uzma Chowdhury, director (corporate finance) of Pran-RFL Group, also spoke.

EPB Vice-Chairman AHM Ahsan delivered the welcome address.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the export to the US fell not only in value but also in volume.

"The sales are falling because of higher inflation and higher bank interest rates. Consumers are still prioritising basic commodities over non-essential items like value-added garments."

According to the BGMEA chief, local garment suppliers usually cater to a lot of orders in October and November, but this year the work flows have not been too high because of labour and political unrest in recent months.

"However, Bangladesh is performing well in new markets such as Japan, South Korea, India and the UK as well as in some EU markets."

## RMG work orders

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demand was not being created among the retailers and brands.

With just around one and a half months to go before this year ends, the upcoming spring and summer seasons will begin around April and by that time political stability is expected to be restored while labour unrest dissipated.

This is owing to the next general election due to be held in January next year and for wage rates of garment workers having been hiked recently.

Bangladesh will remain a very important sourcing destination for H&M, the single largest sourcing company for locally made garment items, said Ziaur Rahman, regional country manager for Bangladesh, Pakistan and Ethiopia of the Swedish retail giant.

Bangladesh has also been receiving a fair share of the garment work orders which are being diverted from Myanmar for different reasons, he said.

H&M will pay higher prices for garment items sourced from Bangladesh in tune with the wage hike, assured Rahman.

However, he declined to state the exact percentage at which the price would be increased.

Stability is important, he said while visiting a 15th Bangladesh Denim Expo opening at International Convention City, Bashundhara in Dhaka yesterday to showcase denim items, machinery and accessories.

If the brands are here, the business will also take place, said Ismail Kabasakal, sales manager of Yilmak Makina San, a Turkish manufacturer of textile washing, dyeing and dryer machines.

Of all the sales that his company makes, some 70 percent takes place in Bangladesh, he said.

This year business was not as good as that in the past year as Bangladesh faced some political and economic problems but the year 2024 may be

good, he hoped.

Amy, sales manager of Zhejiang Kafute Textile Company Ltd, a Chinese denim fabrics seller, echoed Rahman and Kabasakal.

Ultimately Bangladesh is still in the minds of the buyers as their sourcing destination, Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), told The Daily Star at the venue.

However, recently the inflow of work orders has slowed down because of political and labour unrest, he said.

The retailers and brands are holding back on placing the work orders as they are observing the situation, he said.

They are expected to come with the full volume of work orders after the general election next year as political stability will also be restored, said Hassan.

Since the wage rates have been hiked, the labour unrest is expected to dissipate soon, he said.

Bangladesh is the second largest apparel exporting country but in case of denim, it is the largest, coming ahead of China, both to the European Union and US, said Commerce Minister Tipu Munshi while inaugurating the two-day exposition.

"Denim and denim related products account for about one fourth of Bangladesh's total apparel export. So, to attain the \$100 billion apparel export target, the country has to double its denim export by 2030," said Siddiqur Rahman, the former BGMEA president.

A total of 80 exhibitors from 12 countries are participating in the fair, said Mostafiz Uddin, founder and managing director of Bangladesh Apparel Exchange, which organised the event.

About 5,000 visitors from home and abroad have registered to attend the fair. SM Mannan Kochi, senior vice president of the BGMEA, also spoke.