

# star BUSINESS

## RED SEA CRISIS Exporters fear delays, surge in cost

DWAIPAYAN BARUA, Ctg

Bangladeshi exporters are apprehending prolonged delays in shipments and a surge in transport costs following recent attacks on commercial vessels on the Red Sea, one of the busiest and most vital shipping routes for global commerce.

A container vessel chartered by Orient Overseas Container Line (OOCL) was hit in a drone attack launched by Iran-backed Huthis, who control much of Yemen but are not recognised internationally, earlier this month.

They fired a missile at Maersk Gibraltar on December 14 and attacked Hapag Lloyd's Al Jasrah and Mediterranean Shipping Company's (MSC) Palatium III on the very next day.

The Huthis said they were targeting vessels to pressure Israel over its devastating war with Palestinian Hamas militants in the Gaza Strip, reports the AFP.

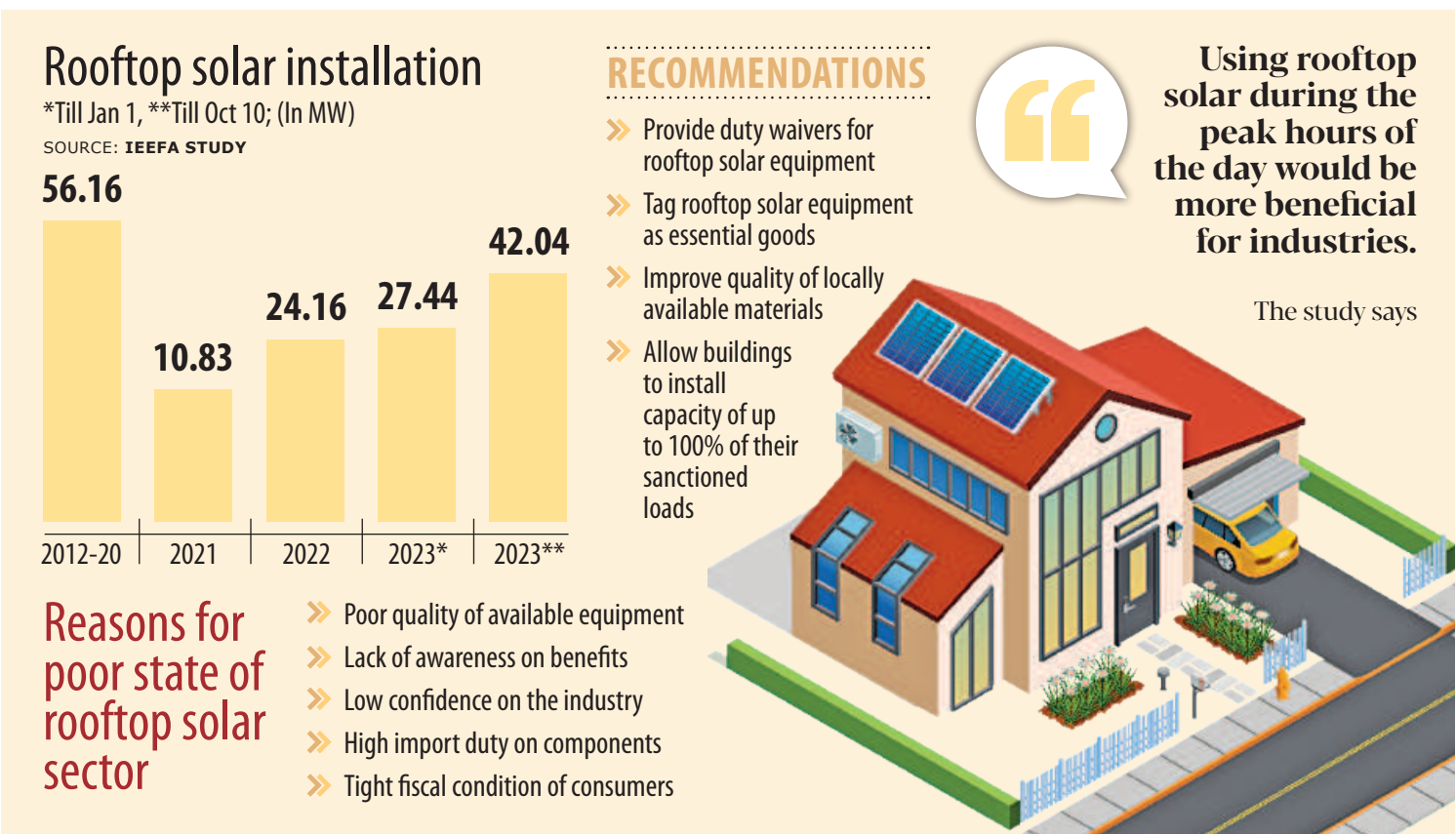
The attacks have prompted the major shipping lines to suspend travel across the Red Sea and adjoining Suez Canal, which basically connects Africa and Asia, and divert to a much longer route, around Africa's Cape of Good Hope.

It is yet another setback for global supply chains and a matter of concern for Bangladesh's exports, mainly garments, which are bound for European destinations and the US East Coast over this route.

Around 12 percent of the global trade of all goods, including 30 percent of the world's shipping container volume, transit through this route.

According to shipping executives as well as exporters in Bangladesh, around 80 percent of the country's export-laden containers, which are sent

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## Rooftop solar power promises \$1b savings a year

ASIFUR RAHMAN

A 2,000-megawatt new rooftop solar capacity could help Bangladesh save between \$476 million and \$1 billion annually, according to a study of the Institute for Energy Economics and Financial Analysis (IEEFA).

"While the economic benefits of rooftop solar are clear, its slow progress shows the sector is held back by lack of awareness, low confidence, perceived risks, high import duties, and tight fiscal conditions," it said.

Currently, the installed rooftop solar capacity stands at 160.63 MW.

The study calculated the levelised cost of energy (LCOE) from 1 MW rooftop solar without a battery storage facility at Tk 5 (\$0.046) per kilowatt-hour (kWh) against the electricity tariffs of Tk 9.9 (\$0.09) and Tk 10.55 (\$0.096) for industrial and commercial buildings, respectively.

The institute has considered a tariff of Tk 18.68 per kWh for furnace oil-based plants and Tk 39.4 for diesel-fired units. This

could yield annual savings of \$476 million for the former and \$1 billion for the latter, according to Shafiqul Alam, the lead analyst of the study.

The IEEFA assumes that a rooftop solar will produce

This means a rooftop solar capacity of 2,000MW could have helped utilities reduce load-shedding or fossil fuel-based power generation.

It could have helped contribute to the economy by supporting

be more beneficial for industries," the study said.

Ohio-based IEEFA said low-quality rooftop solar installations while obtaining new grid connections in the past negatively affected the confidence of building owners. As a result, the sector is still in a nascent stage.

Most stakeholders don't see the upfront cost of rooftop solar as a significant obstacle since the system cost continues to fall, it said.

The report said higher electricity tariffs are not only attractive to industrial and commercial buildings to install rooftop solar systems but also better than the rates that triggered 9 gigawatts of such capacity addition in Vietnam in 2020.

In Vietnam, the feed-in tariff was \$0.0838 per kWh in 2020, triggering massive rooftop solar capacity addition, according to the study.

The existing tariffs in Bangladesh are better than that of Vietnam as local industries

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## Address LC concerns before Ramadan Businesses urge govt

STAR BUSINESS REPORT

Businesses in Bangladesh are still facing many difficulties in opening letters of credit (LCs) to import daily essentials, creating the scope for potential price hikes ahead of Ramadan, according to businesspeople.

So, the government should immediately form a separate fund for importers of essential goods so that they do not face any trouble in opening LCs and thereby help keep the domestic market stable.

"We are already talking about the difficulties in opening LCs with the government," said Mahhubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

"It is important for relevant ministries to coordinate their efforts to ensure price stability," he added.

Alam made these comments while addressing a discussion on "Stocks, imports, supply and price

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## Bangladesh now top knitwear supplier to EU

STAR BUSINESS REPORT

Bangladesh has become the top knitwear exporter in the European Union for the first time, overtaking China, thanks to the duty facility available under the bloc's generous Everything but Arms (EBA) scheme.

It comes as the EU's import from Bangladesh exceeded the share of any other country in January-September of 2023, both in US dollar terms and in volume, according to data from the Eurostat.

During the nine months, the bloc's knitwear import from Bangladesh was \$9 billion against \$8.96 billion from China.

In terms of weight, the EU's import from Bangladesh was 571 million kilograms and it was 442 million kgs from China, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in a press release citing the data from the statistical office of the European Union.

According to Hassan, one of the reasons for Bangladesh's stellar performance in the EU in knitwear has been the recent investments in high value-added items, especially activewear.

"I think our industry will be able to make a significant shift in the area of non-cotton-based athleisure items."

Athleisure items refer to casual, comfortable clothes designed to be suitable both for exercise and everyday wear.

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## Household income doubles in 6 years, so does spending

STAR BUSINESS REPORT

The monthly household average income in Bangladesh more than doubled to Tk 32,422 last year from six years ago, data from the Household Income and Expenditure Survey (HIES) 2022 showed.

Similarly, the monthly expenditure of households rose almost at the same pace: it was Tk 31,500 last year, compared to Tk 15,715 in 2016, an increase of 100.44 percent.

The government's statistical agency published the final report of the survey on Thursday. The Bangladesh Bureau of Statistics (BBS) has completed the seventeenth round of the HIES from January to December 2022.

For the households in the rural areas, the monthly income rose 95.27 percent to Tk 26,163 in 2022 from Tk 13,398 in 2016. It went up to Tk 45,757 from Tk 22,600 for the households in urban areas.

HIES data showed that per

### AT A GLANCE

- Per capita income rose 93% to Tk 7,614 in six years
- Share of agriculture as a source of income for households increased to 16.6% in 2022

### GINI COEFFICIENT (In 2022)

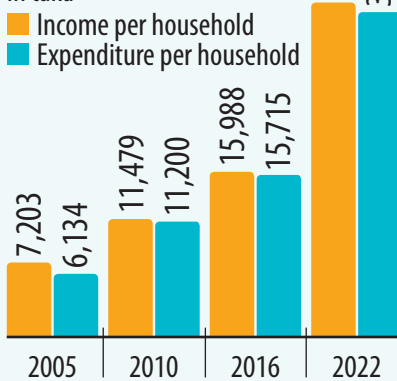
- National level: **0.499**
- Rural areas: **0.446**
- Urban areas: **0.539**

SOURCE: HOUSEHOLD INCOME AND EXPENDITURE SURVEY 2022

### Income and spending go in tandem

(Monthly)

In taka



was below the national average. It was up 86.78 percent than in 2016 when it stood at Tk 3,261.

The earnings stood at Tk 10,951 in cities and towns last year, an increase of 90.38 percent from Tk 5,752 in 2016.

The share of agriculture as a source of income for households at the national level increased to 16.6 percent in 2022 from 15.9 percent in 2016.

According to HIES data, the concentration of earnings in higher income groups is gradually increasing, pointing to the deepening disparity.

In 2022, the income Gini coefficient was 0.499 at the national level, 0.446 in rural areas and 0.539 in urban areas. It was 0.482 at the national level, 0.454 in rural areas, and 0.498 in urban areas in 2016.

The Gini index, or Gini coefficient, measures income distribution across a population. The coefficient ranges from 0 to 1, with 0 representing perfect equality and 1 representing perfect inequality.

urban areas, earners in villages were getting less than the national average while it was higher for urban dwellers. The pace of increase was also faster for the latter.

In villages, per capita income rose to Tk 6,091 in 2022, which

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আনোয়ারা শাখায় আপনাকে স্বাগতম

শ্রুতি ডাউনলোড  
১৯ ডিসেম্বর ২০২৩

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নিয়ে আমরা এখন  
হযরত শাহ মোহাম্মদ  
আউলিয়া (র.) এর  
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