

BEF, BRAC to focus on responsible business conduct

STAR BUSINESS REPORT

Bangladesh Employers' Federation (BEF) and BRAC inked a memorandum of understanding yesterday on imparting training on human rights due diligence and responsible business conduct in major industrial sectors in Bangladesh.

Under the agreement, both organisations will work collaboratively in utilising their resources and comprehensive training programmes for the various industrial sectors to address the post LDC graduation challenges.

Farooq Ahmed, secretary general of the BEF, and SK Jenefa K Jabbar, director of social compliance and safeguarding at BRAC, signed the deal at the BEF's Gulshan office.

The trainings are specifically designed to meet the unique requirements of various industrial sectors, including that of garment and textile, leather and leather goods, footwear, other manufacturing, agro-processing, and IT and information technology enabled services.

The programmes will emphasise the adoption of international labour standards, labour laws and environmental regulations, fostering a culture of respect, fairness, and sustainability within businesses, according to the organisers.

Being at the threshold of making the graduation from a least developed country (LDC), Bangladesh must ensure equitable economic growth and protection of human rights, said Ardashir Kabir, president of the BEF.



The civil aviation and tourism ministry was the top performer in ADP execution as it spent 27.06 percent of its budget.

PHOTO: STAR/FILE

July-Nov ADP spending lowest in 8 years

MD ASADUZ ZAMAN

Around 17.06 percent of the government's annual development programme (ADP) for the current fiscal year of 2023-24 was implemented in the first five months, the lowest in the past eight years.

The government managed to spend Tk 46,857 crore from its ADP budget in the July-November period of fiscal year 2023-24, according to data from the Implementation Monitoring and Evaluation Division (IMED).

It was 18.41 percent or Tk 47,122 crore in the same period of fiscal year 2022-23.

As for the reasons, IMED Secretary Abul Kashem Md Mohiuddin cited ongoing austerity measures and slowdown in government activities for the upcoming January 7 national elections.

"The ADP implementation usually loses pace before national elections as the top government officials get engaged in election activities...money disbursement also slows down," he said.

Mohiuddin explained that due to a slowdown in money disbursement, the spending might seem to be low but

development activities had not stopped.

Between July and November this year, the implementing entities spent Tk 27,291 crore from the government's portion of the ADP, down 1.76 percent year-on-year.

Meanwhile, spending from foreign loans stood at Tk 18,023 crore, which was an increase considering the fact that in the previous year it was Tk 17,749 crore.

Spending by state-owned enterprises came down to Tk 1,544 crore in FY24 whereas it was Tk 1,924 crore in FY23.

Though there has been no directive on restricting expenses in the health and education sectors, development expenditure in the segments has remained the lowest.

"We have already talked with a newly appointed health secretary about the sluggish progress. Hopefully, we will see progress soon," said the IMED secretary.

Among the 15 highest allocation recipients in the ADP, the shipping ministry performed the worst in implementation, with its spending standing at Tk 661.99 crore, which accounts for only 6.66 percent of its allocation.

In this regard, the IMED secretary said, "We have to look into it."

The secondary and higher education division came in second, spending only 9.85 percent of its allocation.

The Ministry of Civil Aviation and Tourism was the top performer as it spent 27.06 percent of its budget.

The railway ministry followed suit, with its expenditure standing at 26.96 percent, followed by the agriculture ministry with a 25.56 percent spending.

"We have strengthened our monitoring so that the ADP implementation increases as much as expected...After holding the election, the implementation will gain pace," hoped Mohiuddin.

The upcoming election may be a reason for the slow implementation, Muntaseer Kamal, research fellow of the Centre for Policy Dialogue, told The Daily Star.

"But the government's ADP implementation rate is traditionally slow at the start of the fiscal year," he said.

Meanwhile, the ongoing limits on imports may also be another reason, he said.

However, the higher spending from foreign loan is a positive aspect as it has increased both in amount and rate year-on-year, he added.

Gold price rises again in local market

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Jewellers in Bangladesh yesterday decided to increase the price of gold by Tk 1,167 per bhoori (11.664 grams), according to the Bangladesh Jeweller's Association (Bajus).

The standing committee on pricing and price monitoring of Bajus took the decision in a meeting citing the rise in pure gold prices, said a statement from the association.

Effective today, each bhoori of 22-carat gold will cost Tk 109,292, up from Tk 108,125 previously.

The cost of silver has also increased, with good quality 22-carat silver now priced at Tk 2,100 per bhoori while it was Tk 1,715 per bhoori till Monday.

Gold prices hit a new milestone on November 29, when Bajus set the price per bhoori at more than Tk 1.09 lakh, with prices having crossed the Tk 1 lakh mark in July for the first time.

Even though Bangladesh does not import a significant quantity of gold, the prices are almost always linked with international fluctuations along with volatility in the domestic market.

With an annual demand of 20 to 40 tonnes, 80 percent of the country's demand for gold is met through smuggling.

In August last year, Bangladesh Bank made it mandatory to keep a 100 percent margin on letters of credit for gold with a view to discouraging imports and save foreign currency.

The country's foreign currency reserve has declined by about 25 percent in the past 18 months.

STOCKS		
DSEX ▼	CASPI ▼	
0.09%	0.14%	
6,251.16	18,548.22	

COMMODITIES		
Gold ▲	Oil ▼	
\$2,023.11	\$71.52	
(per ounce)	(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.24%	▼ 0.64%	▼ 0.11%	▼ 0.40%	
71,315.09	32,758.98	3,113.23	2,930.80	

Trust Bank holds annual risk conference

STAR BUSINESS DESK

Trust Bank Limited organised an "Annual Risk Conference-2023", which was held virtually on Sunday.

Humaira Azam, managing director and CEO of the bank, attended the conference as chief guest, the bank said in a press release.

Ahsan Zaman Chowdhury, deputy managing director and chief business officer of the bank, Akhlasur Rahman Bhuiyan, deputy managing director and chief risk officer, Hasna Hena Chowdhury, deputy managing director and chief operating officer, and Salina Aktar Lipi, head of RMD, along with all senior officials of the bank joined the event.



Humaira Azam, managing director and CEO of Trust Bank Ltd, poses for photographs with the participants of an "Annual Risk Conference-2023", which was held virtually on Sunday.

PHOTO: TRUST BANK

Exporters fear delays

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off to ports in the EU, US East Coast and Canada, cross the Suez Canal.

Exports of Bangladesh which are bound for these destinations are first sent to transshipment ports in Colombo, Singapore and Malaysia and then carried by mother vessels using this route, said Captain Giasuddin Chowdhury, country head of the OOCL.

It takes anywhere from 16 days to 25 days to travel from the transshipment ports to the European destinations, he told The Daily Star.

The diversion will increase this time by another 10 days to 14 days, he said.

The additional time will translate to a rise in transport costs for the additional fuel burnt, said Bangladesh Shipping Agents Association Chairman Syed Mohammad Arif.

Shipping executives assume that charges for such container freight, which currently ranges from \$1,000 to \$1,200 per TEU (twenty-foot equivalent unit), would go up by \$500 to \$600.

Lead time of export shipments will definitely be affected, said Syed Nazrul Islam, first vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

If ships avoid the Red Sea passage, shipments of the country's garment

products to the Europe and US East Coast will face much delays, he said.

However, a senior executive at a foreign shipping line said since the foreign buyers usually bear the transport cost and the exporters may not be affected immediately.

Responding to this claim, the BGMEA leader said if the crisis prolongs, the buyers would definitely bargain for cheaper rates or discounts for their future orders in order to make adjustments with the additional cost.

He hoped for immediate improvement of the crisis, saying that otherwise gloomy days await the country's garment sector.

Address LC concerns

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situation of daily essential commodities during the upcoming holy month of Ramadan".

The event was organised by the FBCCI at its office in Dhaka yesterday.

Alam also said the recent overnight price hike of onion by Tk 100 to Tk 150 per kilogramme was the result of an artificial crisis.

"We are not with those who are unethical. We do not want to hear anyone call businesspeople dishonest," he added.

Syed Md Bashir Uddin, president of the Moulibazar Baboshayee Samity, an association of traders, said there will be no crisis in the upcoming

Ramadan if importers of essential items keep supply in order.

"Care should be taken so that importers cannot reduce supply in the name of crisis," he added.

Sirajul Islam, president of the Bangladesh Fresh Fruit Importers Association, said the duty on dates was recently increased by several fold.

"It also happened that a few days after I met the concerned officer of Chattogram Customs, the customs duty was increased further," he added.

Golam Mawla, president of the Bangladesh Wholesale Edible Oil Traders Association, alleged that steps are being taken to completely remove loose oil from the market on

the pretext of food safety.

He urged for increasing supervision of edible oil refining companies to solve this problem.

Md Helal Uddin, president of the Bangladesh Shop Owners Association, said government data on local production of essential goods does not reflect the actual market situation.

"Ministries at times overstate local production to convince the government that the country is self-sufficient in terms of certain products," he said.

"In doing so, misinformation is often given and so, this problem has to be solved," Uddin added.

Rooftop solar power promises

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would be able to save more if they use solar systems.

As the power sector grapples with a hefty revenue shortfall, the tariffs will likely increase after the national elections in 2024.

A comparative analysis shows that industries and commercial buildings for sanctioned loads of up to 5 MWs in Bangladesh pay 7.4 percent and 14.56 percent more, respectively than Vietnam's feed in tariff of 2020.

While these tariffs are favourable for industries and commercial buildings, another round of adjustment in tariffs will make rooftop solar even more attractive, the report added.

The government issued the first directive about rooftop solar in 2010, which mandated new buildings and industries install rooftop solar systems to secure grid connections. In 2018, it formulated net metering guidelines and revised them in 2019 to allow industries and buildings to connect to the grid via two-way metres.

The regulation made the selected category of buildings eligible to install solar capacity of up to 70 percent of their sanctioned loads, helping reduce electricity bills. The IEEEFA recommended allowing it up to 100 percent.

In April 2020, Bangladesh Bank added rooftop solar with net metering in its green refinancing scheme to distribute low-cost funds. It also included rooftop solar in the sustainable finance taxonomy to encourage financial institutions to extend loans to boost the sector.

However, the government raised the overall import duty on solar inverters from 11 percent to 37 percent in 2021, and imposed another 1 percent duty on imported

solar panels to incentivise local manufacturers.

Only a few companies in Bangladesh assemble solar modules and their main accessories need to be imported. "Inverters produced in the country are of inferior quality," the report said.

The quality of solar accessories also deters the uptake of rooftop solar projects.

Solar home systems implemented between 2003 and 2018 helped transform the lives of 2 crore off-grid people, spurring economic activity in rural areas. But of late, cheap and poor-quality accessories available

The report said that the available refinancing scheme of \$36.4 million of the central bank and the finance facility of Infrastructure Development Company Ltd are not enough for a rapid expansion of the sector. A new combined capacity of 1,000MW rooftop systems presents a debt financing opportunity of \$510 million.

Although the BB's green refinancing scheme is the least cost financing vehicle, all eligible rooftop solar projects will not receive it since the fund is limited and they have to compete with 69 other environment-friendly projects.



in the market have affected the performance of solar home systems, the report observed.

It recommended reducing the import cost, saying that such duties make rooftop solar costly.

The study identified some other obstacles behind the slow progress of rooftop solar installation, including the awareness level of consumers, financiers' risk averseness, service providers' risks, lack of business models for utilities, fiscal conditions, and capacity level of major stakeholders.

In Bangladesh, the utility-scale solar projects enjoy a complete duty waiver. But the report said the sector needs waiver on prevailing import duties on solar panels and four accessories, ranging from 11.2 percent to 58.6 percent, at least for a limited period.

The IEEEFA describes rooftop solar as low-hanging fruit for the country amid obstacles facing utility-scale renewable energy projects, including in the areas of acquiring large quantities of land and obtaining numerous government approvals.

Bangladesh now top knitwear supplier

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The EU's clothing sourcing in volume from Bangladesh exceeded that of China for the first time in 2022, he said.

Last year, the bloc's clothing import from Bangladesh reached 1.33 billion kgs against 1.31 billion kgs from China. In terms of value, however, the clothing import was \$7.3 billion less than China's.

As the country's position in EU markets continues to be stronger, 2023 sets a significant landmark for the knitwear sector.

"Such performance reveals our competitive capability over others," Hassan said, attributing the EU's EBA scheme as one of the key factors for the growth and investment in the

local garment sector.

The EBA scheme removes tariffs and quotas for all imports of goods (except arms and ammunition), coming into the EU from least-developed countries.

Bangladesh also tops in the EU and the US in a few other areas in the garment sector.

For example, the country has been the leader in the EU in denim sourcing since 2014, with Turkey in second and Pakistan in third.

In 2020, the country overtook Mexico to become the largest denim exporter to the US. Pakistan came third in the largest market in the world.

Bangladesh emerged as the top cotton apparel supplier in the

US in January-June this year. As Vietnam's exports rebounded, the country fell behind the Southeast Asian nation marginally in January-October.

The cotton apparel market in the US was worth \$47.50 billion in 2022, giving Bangladesh a share of 14.55 percent in the year.

"While we are promoting non-cotton apparel these days, the importance of retaining and enhancing our share in cotton apparel cannot be overstated, especially in selected cotton categories like denim and dresses for women," said the BGMEA chief.

He thinks by the end of 2024, Bangladesh will regain the top spot in cotton apparel in the US.