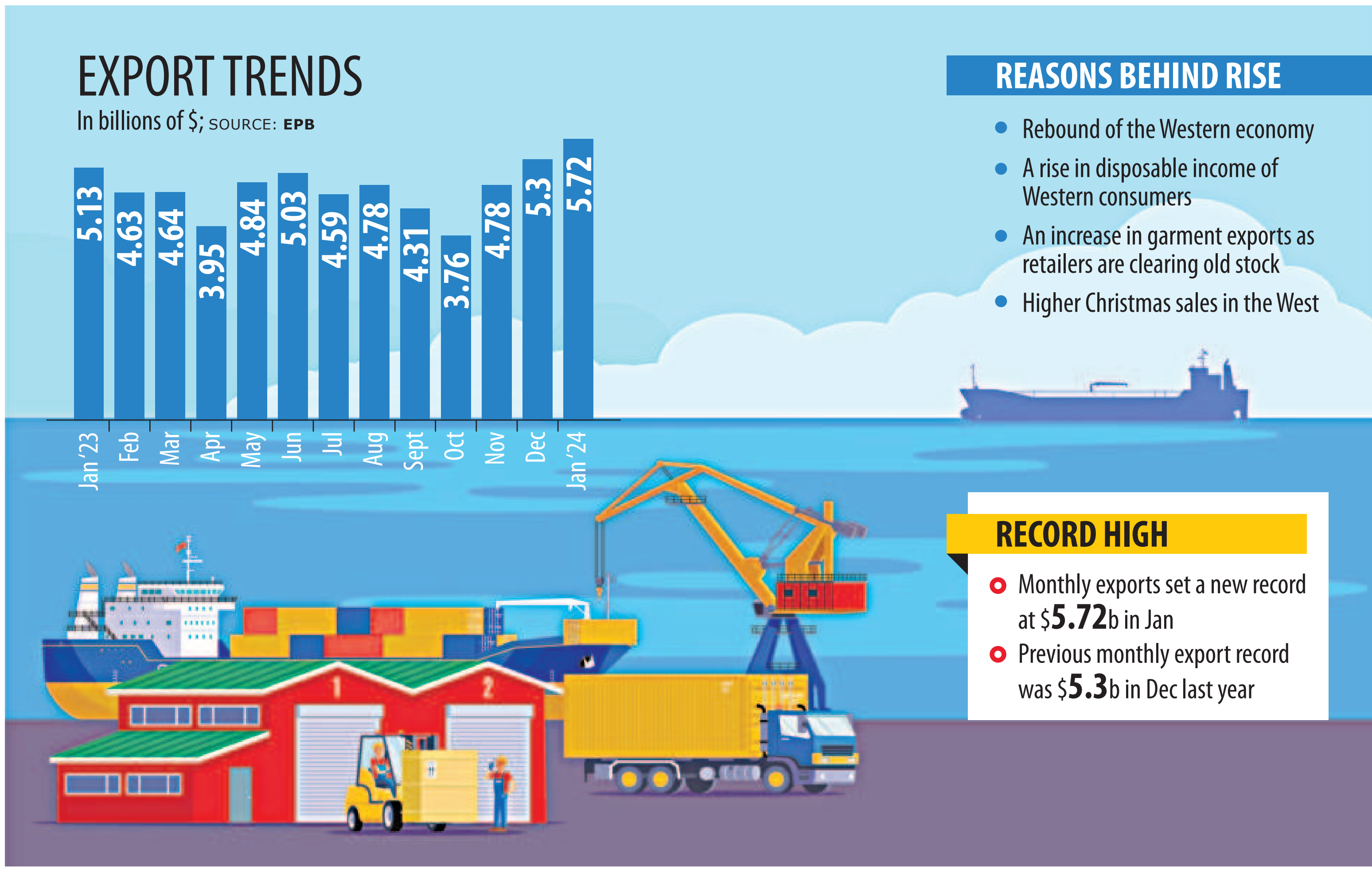
Star BUSINESS

IT exports from Bangladesh dropped 4.4 percent in the first five months of the current fiscal year as demand has fallen

Story on B4

Exports hit record $5.7b in January



REFAYET ULLAH MIRDHA

The merchandise exports rebounded strongly in January as manufacturers shipped goods worth $5.72 billion, the highest in a single month, which, coupled with a rise in remittances and a fall in imports, could ease pressure on the economy.

The previous single month high was recorded in December last year when exporters sold products to the tune of $5.30 billion, data from the Export Promotion Bureau (EPB) showed yesterday.

In a positive development, the remittance flow rose to a seven-month high in the first month of the year. Imports fell 22.41 percent in November, the latest for which data from the central bank was available.

Higher imports against lower-than-expected exports and remittances have been behind the current economic crisis of Bangladesh as foreign currency reserves have depleted, the taka has taken an unprecedented plunge and inflation has hovered around a record level.

January's export receipts were up 11.45 percent year-on-year, riding on the higher sales of garment items, which account for 85 percent of national shipments.

Suppliers say the export of garment items rose in the western world as inflationary pressure fell due to the intervention by the European and US governments.

The disposable income of consumers has improved, sending sales during festivals such as Christmas, higher towards the end of 2023 than in 2022, they say.

This shows an improvement following a sharp fall in income in 2021 and 2022 because of the severe fallout of the Covid-19 pandemic and the Russia-Ukraine war. The sales of consumer goods like garments fell and the stock of unsold apparel items piled up in those years.

Sales recovered in the last quarter of 2023 and the old inventory declined, raising the shipment of garments to the western markets.

"Exporters produced more items as the normalcy was restored in January following the announcement of the new wage structure for apparel workers," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

He says the outlook is bright as the deep uncertainty involving the general elections is over and international clothing retailers and brands have started making fresh inquiries.

According to the BGMEA chief, the unit price of garment items sourced from Bangladesh has inched up riding on the gradual shift to high-value products from basic and medium ranged apparel.

In another development, the emerging market is showing immense potential as the shipment of garment items to new destinations is on the rise and reached nearly $9 billion last year.

Bangladesh considers the destinations except the US, the UK, the EU and Canada as emerging markets.

Hassan, however, warns that the lowering of cash incentives on export receipts may discourage the exporters from exploring new markets.

The government has cut the export subsidy for almost all sectors to reduce the pressures on Bangladesh's coffers and bring down the rates gradually since the country can't provide such subsidies once it becomes a developing nation.

Speaking to The Daily Star, Senior Commerce Secretary Tapan Kanti Ghosh said higher sales during Christmas helped ship a higher amount of goods.

READ MORE ON B3

Economy rebounding

Says finance minister

REJAUL KARIM BYRON

The country's overall macroeconomic situation is improving on the back of rising exports and remittances, Finance Minister Abul Hassan Mahmood Ali said yesterday.

"The overall economic situation is looking up. Things are looking up," he told The Daily Star.

He made the comments after a meeting with a number of secretaries and the Bangladesh Bank governor on the economic situation at his office at the secretariat.

Exports rebounded strongly in January this year posting an 11.45 percent year-on-year jump to hit $5.72 billion thanks to a higher shipment of garments and other merchandises, according to data from the Export Promotion Bureau.

The shipment grew 2.52 percent year-on-year to $33.26 billion in the July-January period of the financial year.

Similarly, migrant workers sent home $2.1 billion in January, the highest in seven months, thanks to the outflow of a record number of workers who went abroad for jobs in 2023.

"It is not the case that everything will be fixed overnight. But the steps we have taken so far have started to yield results," the finance minister said.

The economy is going through one of its worst periods of history owing to external and internal factors.

Amid higher outflows of US dollars through an elevated level of imports against lower-than-expected exports and remittance receipts, Bangladesh's foreign currency reserves have seen a significant fall in the past two years.

The drying up of the reserves contributed to a 30 percent fall in the value of the local currency against the American greenback, making imports costlier, one of the key factors behind the persistently higher level of inflation.

BB Governor Abdur Rouf Talukder presented before the finance minister details about the central bank's steps regarding the economic situation, a source said.

The governor said thanks to the central bank measures, the reserves have remained stable and it would see an upward trend after June, according to the source.

Asked about the reserve situation, the finance minister said: "The reserves are also looking up. Inward remittances are going up and this is good."

Tapan Kanti Ghosh, senior secretary of the commerce ministry, said export and remittances are both increasing, which will give a much-needed boost to the reserves.

The reserves stood at $19.94 billion on January 31. It was $24.75 billion in June last year and $40.7 billion in August 2021.

The finance minister also said the prices of essential commodities are also falling.

He, however, added that bringing reforms might take time.

Finance Secretary Khairuzzaman Mozumder said the overall economy is becoming stable. "So, inflation will decrease."

A finance ministry official said a decision has been taken at the meeting that the ongoing measures aimed at keeping the economy stable would continue.

National Board of Revenue Chairman Abu Hena Md Rahmatul Muneem said it would cut duties on imported essential commodities in Ramadan with a view to keeping the prices at a tolerable level during the fasting month.

The meeting also decided to strengthen efforts to send more skilled workers abroad.

Financial Institutions Division Secretary Sheikh Mohammad Salim Ullah also spoke.

Abul Hassan Mahmood Ali

Finance minister expects ...

- Reserves to go up
- Exports to climb
- Remittance to rebound

He, however, thinks ...

- Nothing will be fixed overnight
- Reforms will take time

Factory closed, but share price rises 422% in six months

STAR BUSINESS REPORT

The Dhaka Stock Exchange yesterday found the share price of a company rose over 400 percent in the last six months although the company did not even care to keep its factory open.

The premier bourse normally asks a company to share with it the reasons in case of an unusual price hike of its stock.

The Dhaka bourse did the same in case of a 422 percent or five times price hike of the share of Khulna Printing & Packaging Ltd.

The DSE sent queries to the company asking if there is any price sensitive information which may have caused its share price to jump to Tk 51.7 from Tk 9.9 in a gap of only half a year.

But Khulna Printing did not respond to the query sent by the DSE for the first time on November 7 last year.

Even, the company did not say a single word in reply to the next two queries of the Dhaka bourse sent respectively on November 26 last year and January 31 this year.

Yesterday, the DSE found the factory closed when it went to visit and inspect the production unit of Khulna Printing, which did not announce any dividend for its shareholders after 2019-20 fiscal year because of continued losses.

As of now, Khulna Printing's accumulated loss stands at Tk 86 crore.

Govt may review decision on export incentive cuts

Finance minister says

STAR BUSINESS REPORT

Finance Minister Abul Hassan Mahmood Ali yesterday assured garment exporters that the government may review its decision to cut export incentives considering the move's impact on the apparel industry.

The assurance was made after garment makers met with Mahmood at his office citing that the cut in the incentive for exports would hurt their competitiveness in the global market.

Earlier, the government provided cash subsidies ranging from 1 to 20 percent to exporters of various products including garments, the main export item, to enable manufacturers to compete better globally.

By the end of January this year, the authorities reduced the incentives to 0.5 percent to 15 percent and said the new rates will be applicable on shipments made between January 1 and June 30 this year.

Incentives for exporting the top five garment items that account for 56 percent of the country's annual apparel shipments have been withdrawn as well.

Before the notification on January 31, garment suppliers could enjoy a 4 percent incentive for using local fabrics alongside another 2 percent if the shipment is made within the eurozone.

Additionally, exporters would get a 4 percent incentive on shipments to emerging markets, which exclude the EU, US, UK and Canada and the UK.

Meanwhile, the average incentive is 1 percent across all markets.

As such, garment makers and exporters have alleged that their export subsidies have been slashed by nearly 80 percent, making it significantly difficult to stay competitive in the global market.

Against this backdrop, the finance minister assured the decision would be reviewed if found necessary through meetings with various stakeholders.

Ali gave this assurance after hearing the complaints of textile millers and garment exporters at his office in Dhaka yesterday.

Garment makers say the cut in the incentive for exports would hurt their competitiveness in the global market. PHOTO: STAR/FILE

READ MORE ON B3

Magura Group's paper companies to merge for better business

STAR BUSINESS REPORT

Two listed paper companies of Magura Group are being merged with its two other companies to enhance their performance and product quality, explained the group yesterday.

Bringing them under the same management will ensure organisational efficiency, pooling of efficient human resources for growth, reduction in overheads and optimal utilisation of various resources, it said in a Dhaka Stock Exchange website disclosure.

Quality paper products such as offset, industrial grade and biodegradable ones have been targeted for production for export, it said.

This will increase turnover, create job opportunities and earn substantial foreign currency for the government exchequer, maximising yields for shareholders, it said.

Last month Bangladesh Monospool Paper Manufacturing Company Limited announced of its decision to issue 2.37 crore ordinary shares for the Pearl Paper and Board Mills Limited while the Magura Group Paper Processing and Packaging 1.83 crore ordinary shares for Magura Paper Mills Ltd.

The paper industry is very competitive where survival is very tough without high efficiency, said a top official of Bangladesh Monospool Paper Manufacturing Company Limited.

So, the group is trying to give a boost to the businesses through the mergers, he said.