

Star BUSINESS

Investors at Bangabandhu Shilpa Nagar are not only facing an acute gas crisis, but also struggling with virtually zero water supply to industrial units



Story on B4

Home textile exports hit by currency volatility, gas crisis

REFAYET ULLAH MIRDHA

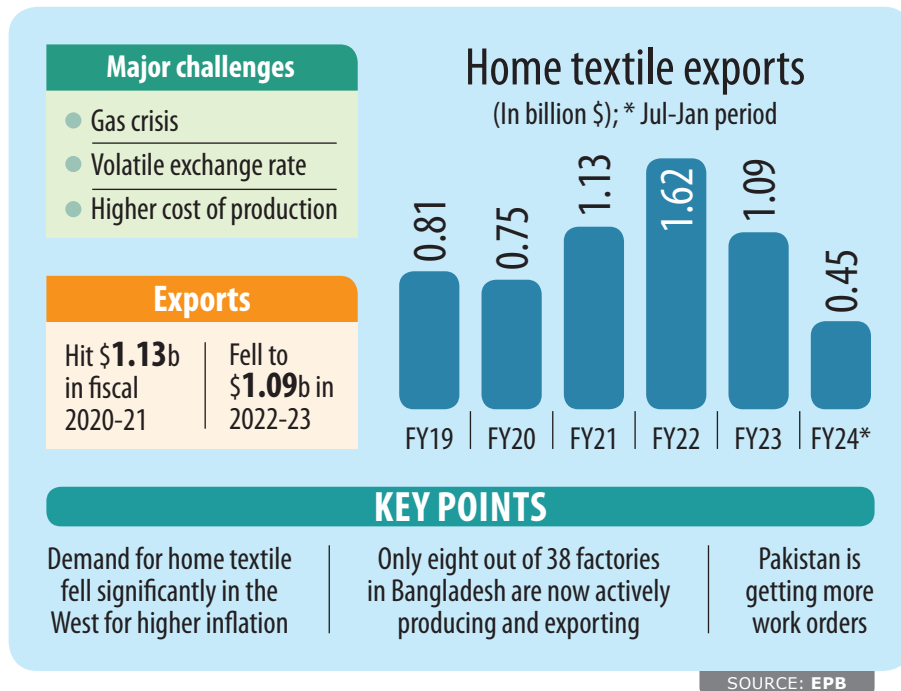
The highly promising home textile sector of Bangladesh is losing its lustre in the export market as the lingering gas crisis, the volatile exchange rate and the higher production cost are forcing many factories to go out of business.

Home textile export crossed the \$1-billion mark in the fiscal year of 2020-21, registering a whopping 49.17 percent year-over-year growth, data from the Export Promotion Bureau (EPB) showed.

The momentum continued into the following year as the shipment of home textiles, mainly bed sheets, terry towels and curtains, rose 43.28 percent to \$1.62 billion.

The trend reversed in the last fiscal year as suppliers were hit by the gas crisis – driven by a lower local production and a cut in the imports of liquefied natural gas owing to a fast depletion of foreign currency reserves – and a significant fall in the value of the taka against the US dollar.

Therefore, the export declined 32.47 percent to \$1.09 billion in 2022-23 and the downward trend persisted in the first seven months of the current financial



year. The shipment fell 34.37 percent to \$454.74 million between July and January of 2023-24.

The demand fall has been the major reason for the business slowdown in the export destinations. Consequently, the number of home textile mills fell significantly, millers say.

Currently, only eight mills are actively manufacturing and

exporting products, down from 38 a few years ago.

The latest blow for the sector stems from the instability in the foreign exchange market. The taka has weakened by about 30 percent against the US dollar in the past two years, making exports cheaper and imports costlier.

Industry people say home textile is mostly a seasonal business. But the positive aspect was international retailers and brands used to place orders for two to three years before the current crisis emerged.

But millers did not book orders for a lengthy period after the government raised the gas price from Tk 16 to Tk 30 per unit in February last year. The move has raised their cost of production immediately and to a large extent.

Home textile production requires a lot of gas to run steam boilers and carry out the dyeing process.

The perils did not end there since industries face uncertainty because any further increase in the price of energy can't be ruled out as the government is under continuous pressure to cut back on its subsidy expenditure to lessen pressure on its coffers.

Consequently, international retailers and brands have started flocking to a ready market in Pakistan to source home textile. The country is strong when it comes to supplying home textile because of its own cotton whereas Bangladesh has to rely on external markets to meet almost the entire demand for the raw material used to make yarn.

The Pakistani currency has also weakened against the dollar: the rupee is trading at 278-279 per USD, which allows home textile makers to sell the items at lower prices.

Khorshed Alam, chairman of Little Group, a textile miller, said the profit margin was 3 percent before the hiking of the gas price. But the production cost outpaced the profit by 5 percent after the gas price rose significantly.

"As a result, home textile millers did not book new orders. This has led to a production fall by 50 percent all of a sudden."

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Govt set to give Tangail sari GI status

AKANDA MUHAMMAD JAHD

The industries ministry is going to award Tangail sari the geographical indication (GI) status following a public outcry in Bangladesh, a week after India granted the same recognition to 'Tangail Saree of Bengal'.

The application seeking the GI status for Tangail sari has been accepted for publication in the form of a journal, according to Zakia Sultana, senior secretary of the industries ministry.

A gazette will be published about two months after the publication of the journal.

She added that if there is any objection, it can be raised within that timeframe. In that case, the



Poland saves the day for Bangladesh's garment shipment to Russia



TAKEAWAYS

- A portion of RMG products is now shipped to Russia through Poland
- SWIFT ban on Russian banks forced Bangladeshi exporters to use Poland as export destination
- Poland eventually turned into a \$2b RMG destination for exporters in FY22
- Exporters enjoy zero-duty benefit in Poland as it is an EU member
- Poland and Russia are good markets for thick sweaters because of cold weather

REFAYET ULLAH MIRDHA

Bangladesh shipped apparel goods worth \$650 million to Russia in the financial year of 2020-21 and was tipped soon to be crossing the \$1-billion mark in the promising market.

The momentum seemed to have run out of steam after the Russia-Ukraine war broke out in February 2022, as suppliers were finding it difficult to deliver goods to the country since it has been sanctioned by the western powers.

The disruption came after the West banned major banks in Russia from using the Society for Worldwide Interbank Financial Telecommunications (SWIFT), which allows financial institutions to send and receive electronic payments internationally.

The interruption, however, did not prolong as exporters soon found out alternative routes instead of direct shipping to Russia. Even in many cases, they receive payments in the Chinese yuan.

Among the alternative third-party countries, Poland has emerged as a key destination to keep supplying apparel items to Russia.

Exporters say they have picked Poland to send goods to Russia and receive payments in the US dollar.

Thus, Poland, which imported apparel products worth only a few million dollars from Bangladesh a few years ago, has emerged as one of the key export destinations for the country, albeit on paper.

Suppliers say major Polish importers are buying goods in large quantities from

Bangladesh to re-export to Russia.

Whatever the reason is, higher garment exports to Poland have appeared as a boon for Bangladesh at a time when the country's largest export-earning sector is facing a slowdown due to an elevated level of inflation in the West.

Garment exports to Poland grew 19.14 percent year-on-year to \$884.45 million in the July-December of the current fiscal year of 2023-24, according to data from the Export Promotion Bureau (EPB).

On the back of a zero-duty benefit under the European Union's Everything but Arms (EBA) scheme, the garment shipment to Poland went past the \$1-billion mark for the first time in 2020-21 to bring home \$1.38 billion in the year finally.


A new record was set in the following year when shipment hit \$2 billion. Although the garment export to Poland declined 13.66 percent to \$1.73 billion in 2022-23, it was largely because of higher inflationary pressure.

On the other hand, garment exports to Russia declined 26.96 percent to \$426.39 million in FY23 owing to the war-related restrictions. It, however, rose 29.01 percent to \$233.04 million in July-December of FY24.

Poland and Russia import a lot of knitwear and sweater items from Bangladesh because of their year-round cold weather. The prices of the exported goods are also higher than other garment items.

Rajiv Chowdhury, managing director of Young 4 Ever Textiles Ltd, said Poland, which has a population of 3.75 crore,

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THE INTERNAL AUDITOR

Employment Type: Full-time | **Job Location:** Dhaka | **Reporting to:** Chairperson, Board Audit Committee
Job Grade: Deputy Managing Director/Additional Managing Director and shall be a part of the Senior Management Team

KEY RESPONSIBILITIES

- Implements and communicates the Board Audit Committee's mission, goals and strategies and ensures that the Board Audit Committee is fully apprised of all governance related issues.
- Work with the Board Audit Committee and Management Committee to periodically identify focus areas for operational and financial reviews-taking a risk-based approach.
- Appoints and supervises the Manager Internal Audit and the Internal Audit Group, which will report directly to the Internal Auditor.
- Supervises, the Manager Internal Audit the preparation and execution of the risk based annual internal audit plan
- Liaises with the External Auditor on the annual statutory audit plan and the production of the Management Letter.
- Drafts the terms of reference of any outsourced special reviews and coordinates the reviews' operation
- Escalate the deficiencies identified through internal audits, the external audits and any outsourced special reviews, with the Management Committee; identifies potential solutions and works with the Management Committee to get those implemented.
- Leads the design and promotes the use of innovative tools and technology to drive continuous coverage of company risks
- Liaise with external auditors, professional bodies and regulatory agencies as and when required.
- Demonstrates critical, strategic mindset and leads and supports change
- Validates that management has effective policies and procedures and adheres to those policies and procedures as well as effective controls designed to mitigate identified risks
- Provide assurance to the Audit Committee on the effectiveness of the control environment operating in the organization for managing identified risks
- Build the capabilities to cover the audit of the various operations of the Bank including the systems used by the Bank.
- Responsible for development, retention and employee relations issues; fosters an inclusive work environment
- Assess the requirement of the learning/coaching at various levels / various departments and design the relevant learning contents and have a mechanism to deliver the training

KEY QUALIFICATIONS

- Master/Bachelor's degree from a reputed university with a satisfactory academic track record
- Minimum 20 years of experience in a commercial banking environment with a proven record in understanding the role of internal and external audit and the governance challenges along with audit function methodologies and execution processes.
- Has a proven record in managing risk based operational reviews
- Has a strong grasp of the use of technology in the operations of a commercial bank and associated risks and benefits.
- A clear understanding of relevant laws and regulations in Bangladesh as well as a good knowledge of industry best practices
- Excellent interpersonal, communication and collaboration skills to work with cross functional teams

BRAC Bank is a values-driven organization and believes in protecting all its stakeholders, including the coworkers and the community we work in, from all forms of harassment, abuse, neglect, exploitation, and discrimination. As an equal opportunity enabler, BRAC Bank encourages applications from any gender-diverse individuals and persons living with disability. We consider personal persuasion as a disqualification of candidature. We do not charge any fee at any stage of the recruitment process.

If you are interested in taking up the challenge, please send your resume at career@bracbank.com

Only short-listed candidates will be communicated for the next stage as per the recruitment process. BRAC Bank reserves the right to accept or reject any application without assigning any reason whatsoever.

Application Deadline: February 15, 2024

N.B.: Please be informed that BRAC Bank PLC. published a job advertisement for the position of Head of Audit in The Daily Star on January 28, 2024. The job role has been realigned as The Internal Auditor. Based on the change, this is the revised job advertisement for the position. Please accept our sincere apologies for the inconveniences.