

Eleven to be awarded for developing textile sector

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Eleven organisations, including 10 trade bodies, will be awarded for their role in developing the textile sector, expanding textile education and increasing exports.

The recipients are the Bangladesh Garments Manufacturers and Exporters Association, the Bangladesh Knitwear Manufacturers and Exporters Association, the Bangladesh Textile Mills Association, the Bangladesh Specialised Textile Mills and Powerloom Industries Association, the Bangladesh Cotton Association, the Bangladesh Garment Buying House Association, the Bangladesh Terry Towel and Linen Manufacturers and Exporters Association, the Bangladesh Textile University, the Bangladesh Garment Accessories and Packaging Manufacturers and Exporters Association, the Bangladesh Embroidery Manufacturers and Exporters Association, and Bangladesh Tanti Samiti.

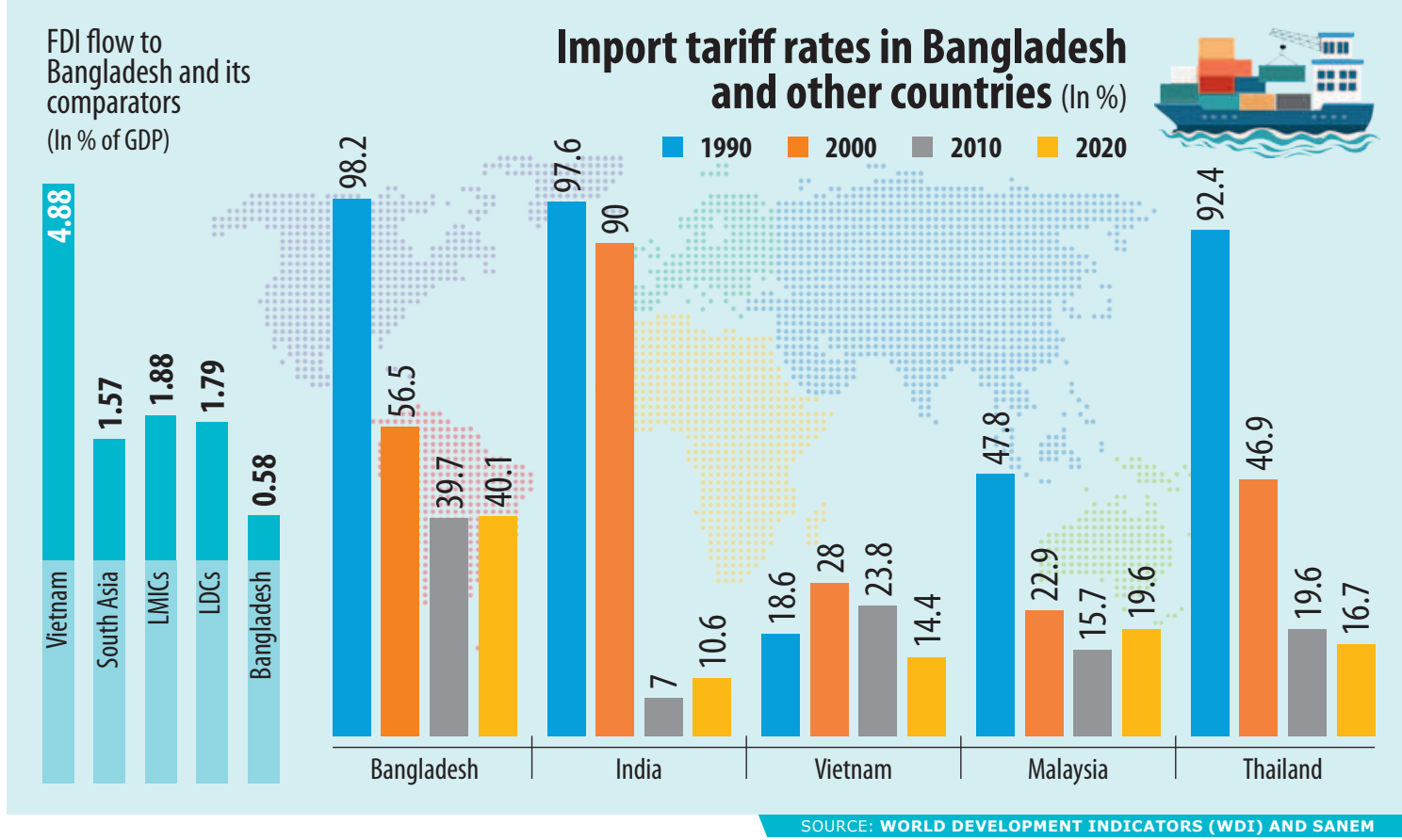
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Jahangir Kabir Nanak, minister for textiles and jute, shared the information on the occasion of National Textile Day at a press conference at his office at the secretariat on Sunday, according to a press release.

"The textile sector is an integral part of the country's economy, society and culture and it is also playing an important role in the country's socio-economic development, poverty alleviation, women's empowerment and employment generation."

Inconsistent policies, rules barriers to export diversification



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Inconsistent policies and regulations create uncertainty for exporters and make it difficult for them to plan and invest for the long term, standing in the way of export diversification for Bangladesh, according to experts. "Bangladesh needs a broad base export policy, addressing all bottlenecks and high tariff issues for export diversification," said Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem).

He made the observation at a session on "Challenges of export diversification and structural transformation in Bangladesh" at the 7th edition of the Sanem Annual Economists' Conference (SAEC) at the BRAC Centre Inn in the capital on Sunday.

According to Raihan, the overall import tariff line in Bangladesh is 40 percent, which is much higher than in India, Malaysia, and Vietnam.

"Besides, volatile and artificially maintained exchange

rates created a bottleneck for export diversification during the last few years."

Syed Akhtar Mahmood, a former lead private sector specialist at the World Bank Group, said in 1995 the economy and the export volume of Bangladesh and Vietnam were almost the same, and in some cases, Bangladesh was ahead of Vietnam.

"But, during the last 30 years, Vietnam has improved a lot while Bangladesh has remained almost the same."

Vietnam has performed well thanks to its policies and support conducive to foreign direct investments, he said, blaming a lack of necessary policy reforms for Bangladesh's failure to attract an expected level of FDIs.

According to him, around \$100 billion of Vietnam's exports come from the electronics sector, which almost accounts for 70 percent of the country's total earnings from the external sector.

"Bangladesh had the same potential. But it did not happen

due to a lack of timely policy support."

Bangladeshi exporters shipped goods worth \$55.56 billion in the last fiscal year of 2022-23, which ended in June.

Mahmood also blamed a lack of timely rules and regulatory reforms for Bangladesh's failure to diversify exports, which are dominated by garments.

Syed Nasim Manzur, managing director of Apex Footwear Limited, said the leather and agriculture sectors have the same potential like the ready-made garments to increase the export volume if the former is granted an identical facility and importance.

He said export diversification is developed through relations, connectivity, and value chain management.

"We need supply chain management and innovative ideas with proper implementation in order to increase product diversification for the export market. It will happen only if policy reforms are put in place."

Zaidi Sattar, chairman of the

Policy Research Institute, alleged the anti-export policy and the high tariff on the import of raw materials are preventing the export sector from tapping its true potential.

There are about 1,500 non-garment products in Bangladesh that are not getting facilities like the garment sector despite having an immense potential to contribute to the export sector, he said.

Sattar said the government is keen to diversify exports but there is no particular policy support.

Zahid Hussain, a former lead economist of the World Bank's Dhaka Office, who chaired the session, said exporters face various trade barriers and protectionist measures in international markets, which limit their access to new markets and increase the cost of doing business.

"Export diversification is needed for poverty reduction and employment generation and the government can play the due role to this effect."

MetLife settled Tk 2,981cr insurance claims in 2023

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Leading insurer MetLife Bangladesh settled Tk 2,981 crore insurance claims in 2023.

In 2022, the policyholders of the company received Tk 2,548 crore from their insurance policies. In the past six years to 2023, MetLife Bangladesh cumulatively settled claims of over Tk 10,500 crore, according to a press release.

"Over the years, we have relentlessly worked to improve our efficiency in settling claims quickly and more conveniently," said Ala Ahmad, chief executive officer of the life insurer. "I believe that our efforts will further strengthen the confidence in Bangladesh's insurance sector."

Customers can submit all kinds of claims online and have them settled within 3 to 5 working days, Ahmad said.

Oil extends losses

REUTERS, London

Oil prices fell on Monday, extending losses on market views that higher than expected inflation could delay cuts to high interest rates that have been capping growth in global fuel demand.

Brent crude futures fell 46 cents, or 0.6 percent, to \$81.16 a barrel by 1210 GMT. US West Texas Intermediate crude futures (WTI) were down 40 cents, or 0.5 percent, at \$76.09.

The dip extended losses registered last week, when Brent lost about 2 percent and WTI fell more than 3 percent on signs that the US Federal Reserve is in no rush to cut interest rates.

"With inflation stubbornly hovering well above the Fed's 2 percent target and the US economy showing a resilience few had predicted, the markets moved to price in a scenario where interest rates remain high for longer," said ActivTrades senior analyst Ricardo Evangelista.

Oil prices have been trading between \$70 and \$90 a barrel since November as rising US supply and concern over weak Chinese demand offset Opec+ supply cuts despite two wars raging in Ukraine and Gaza.

STOCKS	
DSEX ▼	CASPI ▼
0.22%	0.40%
6,259.63	17,932.11

COMMODITIES	
Gold ▼	Oil ▼
\$2,032.85	\$75.98
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.48%	▲ 0.35%	▼ 0.43%	▼ 0.93%
72,790.13	39,233.71	3,171.12	2,977.02

Wheat import rebounds

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tonnes of wheat in FY23, down 3.4 percent from the 40.12 lakh tonnes the previous year.

Imports began to regain pace as ample global production reduced supply concerns and saw wheat prices reduce.

The annual average price of US Hard Red Winter wheat, a benchmark for wheat prices, declined 21 percent year-on-year to \$340.4 per tonne in 2023, according to the Pink Sheet, a compilation of commodities prices by the World Bank.

The global average price of US Soft Red Winter wheat dipped 32 percent to \$257 per tonne.

Saha said landed prices of imported wheat became tolerable.

Taslim Shahriar, deputy general manager at Meghna Group of Industries, said the price of wheat was low in the global market and domestic consumption had risen.

"This is because the price of rice, a substitute for wheat, has risen."

The grain is now imported from Russia, Ukraine, Argentina, Brazil, and Uruguay.

Md Aminul Islam, managing director of Nabil Group, one of the largest importers of wheat, said problems in opening LCs eased in the first half of FY24.

"So, all of us could open LCs to import wheat," he said, adding that the global supply chain disruption

due to the Russia-Ukraine war had normalised, leading to a decline in prices.

Going forward, Saha said business might remain dull in the second half of the fiscal year as consumption reduces because of Ramadan and the summer season.

Shahriar said consumption of wheat-based foods rises in the winter months and falls in summer.

Overall imports are projected to reach 45.36 lakh tonnes in FY24, according to the October-December issue of the Bangladesh Food Situation Report by the food ministry.

Likewise, the US Department of Agriculture, in its December issue of the Grain and Feed update on Bangladesh, predicted that the country's public and private agencies might import 60 lakh tonnes of wheat in the July-June period of the marketing year 2023-24 on the assumption that international prices would be stable and there will be no supply chain disruptions.

The US agency said Bangladesh's food, seed and industrial consumption might increase 5 percent year-on-year to 68 lakh tonnes in FY24.

It expected higher imports and higher domestic and industrial consumption of flour and refined flour this fiscal year.

World Bank suggests unified exchange rate

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was present in the meeting said the multilateral bank suggested launching a unified exchange rate and more contractionary monetary policy amid escalated inflation and a deeper foreign exchange crisis.

In Bangladesh, multiple exchange rates persist.

But parallel exchange rates are associated with higher inflation, impede private sector development and foreign investment, and lead to lower growth.

At present, the exchange rate is different for remitters, exporters and importers in Bangladesh.

The multiple exchange rates are blamed as one of the major factors for the fast depletion of the forex reserves. This might be because remitters prefer hundi cartels to transfer money to their beneficiaries at home since informal platforms offer better rates than official platforms while exporters may feel tempted to defer the transfer of export proceeds since the taka is said to decline further.

In Bangladesh, a one-percent deviation between the formal and informal exchange rate shifts 3.6 percent of remittances from the formal to the informal financial sector, the WB said May last year.

Unrealised export proceeds -- the difference between export shipments and realised export proceeds -- increased to \$9.6 billion, which amounted to 2.1 percent

of GDP in FY23, according to the International Monetary Fund (IMF).

Owing to higher import payments against the lower-than-expected export and remittance receipts, the reserves fell to \$20.19 billion on February 20 from about \$40.7 billion in August 2021, forcing the local currency to lose its value by about 28 percent against the US dollar in the past two years.

The WB team suggested further tightening of the monetary policy to rein in inflation. Consumer prices are showing no signs of cooling although the BB has opted for a contractionary monetary policy since May 2022.

Last month, it raised the policy rate by 25 basis points to 8 percent to make funds costlier, the eighth straight increase in less than two years.

The latest move comes as Bangladesh's annual average inflation crept up to 9.59 percent last month, way above the central bank's revised target of 7.5 percent for the financial year ending in June.

In the meeting, the central bank presented all the measures that have been taken to restore normalcy in the economy and expressed their hopes that the economy would rebound after June.

The current level of reserves can cover four months' import payments and this level will be maintained in the upcoming months, the BB told the WB.

The ongoing reform programmes related to the exchange rate and the monetary policy will continue, it said.

The central bank has unveiled a roadmap for the reform of the banking sector.

Speaking to the media after the meeting between the WB and the finance ministry, Finance Secretary Md Khairuzzaman Mozumder said the macroeconomic situation and the reform programme were discussed.

"The World Bank said that Bangladesh's policy is on the right track. They also highlighted the challenge stemming from higher inflation."

The ministry informed the visiting team about the steps that the government has taken.

Inflation surged initially because of the lingering impacts of the coronavirus pandemic and fresh disruptions caused by the Russia-Ukraine war. Later, it was fueled by the depreciation of the local currency and market mismanagement.

To stem foreign exchange reserve losses and help restore external balance, the central bank allowed the taka to weaken by close to 20 percent in 2022-23. The pass-through of a sharp depreciation of the local currency accounted for half of the inflation surge seen in Bangladesh in the last financial year, said the IMF in December.

Thanks to the government's measures,

Bangladesh an inspiration

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segment is not only discussed in Southeast Asia and South Asia, but also often discussed in the western world, said Santanu Dutta Gupta, USGBC Faculty and Associate Director - Market Development from Green Building Council Institute (GBCI). Gupta came to Dhaka to hand over a LEED certificate to SM Sourcing at an event at its office in the capital's Dhanmondi.

The USGBC senior official also said the prime minister's office of Vietnam, one of Bangladesh's direct competitor nations in the global garment trade, called him to inquire about Bangladesh's achievement in the green garment segment.

Becoming the global champion in green garment factories has brightened the image of the country and the sector, with international

clothing retailers and brands placing high volumes of work orders, costing other countries business.

Since then, Gupta has been working to set up green garment factories in Vietnam, and now Vietnam is also developing a good number of green garment factories, he said at the certificate handover ceremony.

Gupta also said obtaining 106 out of 110 points is a unique instance in the world and itself is a statement. He stressed that the spirit should be maintained.

Mirza Shams Mahmud Shakti, chief executive officer of SM Sourcing, located at Konabari in Gazipur, said the company was formed in 2013 through a buying house. In 2017, he started setting up a factory.

He now has three projects and employs 5,000 workers, 900 of whom work at SM Sourcing.

