DHAKA THURSDAY MARCH 7, 2024, FALGUN 23, 1430 BS ● starbusiness@thedailystar.net

Star BUSINESS

About 47 percent of factories that were deemed at risk of industrial accidents by Bida are yet to implement necessary corrective measures

Story on B4

Inflation fell in February

MD ASADUZ ZAMAN

The overall inflation in Bangladesh slid 19 basis points to 9.67 percent in February thanks to a fall in the prices of both food and non-food items, according to sources at the planning ministry.

The Consumer Price Index (CPI) grew 9.86 percent in January. The Bangladesh Bureau of Statistics has not published the inflation data for February yet.

Despite the drop, consumer prices have stayed above the government's target for the current financial year, which ends in June.

Food inflation dipped 12 basis points to 9.44 percent. It was 9.56 percent in January. Similarly, non-food inflation declined nine basis points to 9.33 percent.

The government has targeted to limit the average inflation to 7.5 percent in 2023-24. The CPI surged to a 12-year high of 9.02 percent in the previous financial year, both for external and internal factors.

"Although inflation went down in February, it is persisting at a higher level," said Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development.

In rural areas, general inflation stood at 9.48 percent in February, down from 9.70 percent while urban inflation slowed to 9.88 percent from 9.99 percent.

In Bangladesh, the inflation surge was initially triggered by supply chain disruptions due to the Covid-19 pandemic and the Russia-Ukraine conflict.

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Customers visit a stall at an exposition on yarn, fabric and denim products at the International Convention City Bashundhara in Dhaka yesterday. More than 400 companies from 15 countries have set up 550 booths to showcase textile and garment items at the event. PHOTO: SK ENAMUL HAQ

US to look into 'unhealthy competition' in garment pricing

Will hold hearing on March 11

REFAYET ULLAH MIRDHA

The United States International Trade Commission (USITC) is going to hold a hearing involving Bangladesh to see whether a recent rise in prices of garment items sourced from the country had anything to do with unhealthy competition.

The USITC found out that the prices the US paid for each unit of Bangladeshi garments had recently exceeded the average of the prices paid by America for garments sourced from different countries.

This prompted the agency to open an investigation to find out whether any anti-competitive incident took place.

The USITC is an independent, nonpartisan, quasi-judicial federal agency that fulfils a range of trade-related mandates, according to its website.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), is going to virtually attend the hearing on March 11.

The prices rose mainly due to adjustments brought about by American clothing retailers and brands to compensate for an increase in raw material and shipping costs during and after the pandemic, he said.

The price per unit had been rising at a moderate pace since 2017 while that offered by China has declined, the BGMEA chief added. The unit price offered by Bangladesh is currently $3.23, compared to $1.86 and $2.95 for China and Pakistan respectively, he said.

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Sugar prices edge up as traders tighten supply

MOHAMMAD SUMAN *and* SUKANTA HALDER

Sugar prices have gone up at both the wholesale and retail levels amid hoarding by traders on speculation of reduced supply after the fire incident at S Alam Refinery, one of the largest raw sugar importers and refiners in Bangladesh.

Refiners, including S Alam Refinery, however, said they have enough stock and a good amount of raw sugar is on the way, which will be enough to meet increased demand for the sweetener during Ramadan.

Meanwhile, the Trading Corporation of Bangladesh (TCB) has increased its sales price of sugar by 43 percent, or Tk 30 per kilogramme (kg), in an effort to contain subsidy bills.

From today, the state agency will sell the sweetener at Tk 100 per kg along with soybean oil, lentil, dates and rice at subsidised rates to one crore families who were given cards earlier.

Humayun Kabir, spokesperson of the TCB, told the Daily Star that the amount of subsidies for sugar has increased as the sweetener is being bought at higher prices.

This is because the price of sugar has been spiralling in the international market while import costs have risen for the devaluation of taka.

"So, we have taken the decision to increase the sales price of sugar," he added.

Sugar is currently being sold at Tk 140 to Tk 150 per kg at retail in Dhaka.

Following the fire at the factory in Chattogram on Monday, sugar prices rose by Tk 100 per maund (37 kgs) at wholesale in Chattogram and Dhaka.

At retail, the price of sugar has edged up by as much as Tk 3 per kg, traders said.

Alauddin Ali, a wholesaler at Khatunganj, one of the largest wholesale markets for essential commodities in Chattogram, said sugar sold for Tk 5,030 per maund on Wednesday, up from Tk 4,930 the previous day.

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Bangladesh's growing prowess in RMG makes Chinese investors upbeat

REFAYET ULLAH MIRDHA

Chinese textile and garment entrepreneurs are bullish about Bangladesh as the country cements its position as a top supplier of apparel items, evidenced from a healthy flow of orders from international clothing retailers and brands.

On the back of higher demand for fabrics, yarns, chemicals, dyes, and capital machinery used in the textile and garment sectors, China has turned into the largest supplier for Bangladesh.

Bangladesh imports nearly $20 billion worth of goods, including fabrics, from China, said industry people.

The reliance on the second-biggest economy in the world is growing since local weavers can only meet 40 percent of the requirement for woven fabrics. The remaining 60 percent is met through imports, mainly from China and India.

Owing to a brighter outlook of Bangladesh and the rising cost of production in China amid a dearth of skilled workers, Chinese investors are flocking to the country and investing in the textile and garment sectors.

At the same time, Chinese fabric sellers are targeting export-oriented garment factories which have been receiving an increased volume of orders from global retailers and brands.

A good number of Chinese textile and garment manufacturers are taking part in the 21st Dhaka International Yarn and Fabric Show 2024 and the 6th Denim Bangladesh 2024 International Expo at the International Convention City in the capital's Bashundhara.

CEMS Global and CCPIT-TEXT of China have jointly organised the exhibitions, where 410 companies from 15 countries have set up 550 booths to showcase textile and garment items. The event will continue until March 9.

"2023 was not good for business given higher inflation in Europe and the US. Now, a lot of orders are coming to Bangladesh and orders are expected to increase further in the near future," said Yong Zhang, general manager of Jinlite, an outerwear manufacturer, which has a factory in the Mongla Export Processing Zone.

Zhang set up the factory in 2018 with a 100 percent Chinese investment to meet demand for outerwear, rainwear, activewear and jackets in Europe and the US. Currently, the factory exports garment items worth more than $20 million annually.

Melody Zhou, sales manager at Top One Down & Feather Co Ltd, said their factory is witnessing a spike in demand for high-end jackets made from duck feathers.

She was the first to introduce the products in Bangladesh and the response from customers has been high.

"Bangladesh has a lot of garment factories and the business opportunity is high."

Aileen, a Chinese entrepreneur who has been selling viscose in Bangladesh, for the last nine years, agrees.

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STOCKS

DSEX ▲	CASPI ▲
0.57%	0.28%
6,166.13	17,645.32

COMMODITIES

Gold ▼	Oil ▲
$2,125.52	$78.50
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.38%	▼ 0.01%	▲ 0.69%	▼ 0.26%
73,955.92	40,090.78	3,128.49	3,039.93

Reserves may fall below $21b after ACU payment

STAR BUSINESS REPORT

Bangladesh's foreign exchange reserves are likely to fall below $21 billion next week after the Bangladesh Bank clears import bills of around $1.35 billion with the Asian Clearing Union (ACU), said a senior central bank official.

The import payments are scheduled to be cleared on Thursday through ACU, an arrangement for settling payments for intra-regional transactions among eight countries, including India.

However, he said it would take an additional one or two days to adjust the forex reserves after the ACU payment.

The country's gross forex reserve stands at above $21 billion now as per calculations based on the International Monetary Fund's Balance of Payment Manual 6.

It is likely to fall to the $20 billion mark after the payment, as per the central bank official.

The gross reserve stood at $20.57 billion as of February 28.

The gross reserve has continued to rise in recent times due to a currency swap initiated by the central bank. The banking regulator mobilised more than $500 million from the banks in

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Trade with Myanmar thru Teknaf comes to a halt

MOKAMMEL SHUVO

The bilateral trade between Bangladesh and Myanmar through the Teknaf land port came to a complete halt on Sunday due to the escalation of the fighting in Rakhine state between the government forces in the Southeast Asian nation and the rebel Arakan Army.

This may send the prices of essentials, including onions and gingers, higher ahead of Ramadan in Bangladesh since a portion of the items are imported from Myanmar to meet domestic demand, local business people warn.

No vessels from Myanmar have docked at the port since Sunday, said Jasim Uddin Chowdhury, general manager of the privately run land port.

The last vessels, which carried dry fish, coconut, and ginger, arrived on Saturday, he added.

Water vessels are used to import items from Myanmar through the port.

The trade with the neighbouring country is carried out under a bilateral agreement using bank drafts instead of letters of credit.

The import from Myanmar had been decreasing since November after the Arakan Army launched attacks against the Myanmar military forces in Rakhine, which borders with Naikhongchhari upazila in Bandarban and Ukhiya and Teknaf upazilas in Cox's Bazar, Jasim said.

Before that, 15 to 22 vessels with goods such as chilled fish, pickles, dried fish, rice, dried coconuts, onions, gingers, and wood from the country used to dock at the port every day, he said.

Since November, the number of vessels had dropped to five to seven. The imports have remained suspended now, he added.

Shawkot Ali, owner of Chowdhury Traders, a Teknaf port-based importer, said the price of some essentials, including onions and gingers, might rise ahead of Ramadan since the import of the items from Myanmar has almost stopped.

He said the businessmen who import goods from Myanmar are now in a difficult situation as the two banks

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