



Presence of customers has been sparse in kitchen markets in Dhaka, as many city dwellers are yet to return from their ancestral homes to their place of work. Many had taken a two-day leave from work following the three-day Eid-ul-Azha holiday starting last Sunday to incorporate the subsequent weekend into a seven-day trip away from the capital. The photo was taken at Karwan Bazar yesterday. PHOTO: PALASH KHAN

# Govt plans forming dedicated leather industry authority

## STAR BUSINESS REPORT

The government has taken an initiative to establish a dedicated authority for the development and management of the leather industry, Bangladesh's second-largest sector in terms of export earnings, with a focus on public and private enterprises.

As a part of this, the Ministry of Industries published a draft of "Bangladesh Leather Industry Management Authority Act 2024" on its website on June 13 to avail feedback from stakeholders.

The move comes in response to demands from businesses for the creation of a dedicated authority under the Prime Minister's Office to diversify the country's export portfolio.

Prime Minister Sheikh Hasina had informed of the plans while inaugurating the Bangladesh Leather Footwear and

Leathergoods International Sourcing Show in October last year.

Leather was once among Bangladesh's three main export items.

However, rising local value addition, poor compliance with international standards and a shift of buyers to other countries have led to leather exports declining by more than half over the past decade.

In fiscal year 2022-23, leather exports amounted to \$123.44 million, down sharply from \$397.54 million in FY14, according to data from the Export Promotion Bureau.

Bangladesh produces 400 million square feet of leather annually while there are 165 footwear and leather factories in the country, according to industry insiders.

According to the draft, the authority will be comprised of a chairman and three members while its main office will

be in the Savar Tannery Industrial Estate. The chairman will bear the rank of an additional secretary while the members of joint secretary, it said.

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However, the draft also mentions that the authority will operate under an eight-member board, chaired by a secretary or senior secretary of the Ministry of Industries.

The members will include the chairpersons of the Bangladesh Small and Cottage Industries Corporation, Bangladesh Finished Leather, Leather

goods and Footwear Exporters' Association and Bangladesh Tanners Association.

It will also include the director of the Institute of Leather Engineering and Technology under the University of Dhaka and representatives from the Ministry of Environment, Forest and Climate Change and the Ministry of Commerce.

Businesses have been demanding the formation of the authority for a long time, said Shaheen Ahamed, chairman of the Bangladesh Tanners Association, adding: "It would be great if it is under the Prime Minister's Office."

"...the problems of our sector will be identified very quickly, and it will be possible to solve those promptly. We have some observations...We will present them very soon," said Ahamed, also managing director of Anjuman Trading Corporation.

# Piled-up import containers congest Ctg port

## Slow container delivery from the port creates the problem

DWAIPAYAN BARUA, Ctg

Despite observing an eight-hour closure in the whole Eid-ul-Azha holidays, Chattogram port was hit by a stockpile of import containers, as very few businesses show up to take the delivery in the last one week.

The operational activities of the port start feeling the pinch when 80 percent of its storage capacity gets occupied and this is actually what happened to the Chattogram port this time, port officials and users said.

The Chattogram port has a storage capacity of 53,518 TEUs (twenty-foot equivalent units) of import, export and empty containers and its designated import yards can store at best 44,018 TEUs import laden containers.

At 8am yesterday, the import yards were choked with 40,038 TEUs of containers, exceeding 91 percent of the capacity.

But only seven days ago on June 15, the figure stood at its normal level of 26,007 TEUs.

Port data showed 3,700 TEUs of import containers on an average were unloaded from ships every day in the last seven days.

Container delivery was slow during the holidays but unloading of import containers from ships went on in full swing, except facing a drop on Eid day, said Bangladesh Shipping Agents Association Chairman Syed Md Arif.

The port usually sees delivery of over 4,500 TEUs of import containers on any working day whereas businesses took delivery of 2,239 TEUs on June 15 and only 389 TEUs on June 16.

Not a single import container was released in the next two days for Eid-ul-Azha holiday.

Delivery began again on June 19 with the release of 1,000 TEUs, which increased to 4,578 TEUs the next day.

But, again, delivery slowed to a great extent in the next two days for the beginning of the weekend on June 21.

To avoid such congestion, the Chattogram Port Authority (CPA) sat with the stakeholders and sent letters to different business associations, including Chittagong Chamber of Commerce, the Federation of Bangladesh Chambers of Commerce and Industry and Bangladesh Garment Manufacturers and Exporters Association, much ahead of the festival requesting all to keep taking delivery of the containers during Eid holidays and during the following weekend.

STOCKS		THURSDAY CLOSINGS
DSEX ▲	CASPI ▲	
1.60%	1.22%	
5,244.12	14,786.82	

  

COMMODITIES		AS OF FRIDAY
Gold ▼	Oil ▼	
\$2,320.79	\$80.60	
(per ounce)	(per barrel)	

# Voices grow in China against EU's protectionism

ANN/CHINA DAILY

China will take all necessary measures to firmly defend the legitimate rights of its companies, said the Ministry of Commerce on Thursday, in the wake of the European Union's unfounded actions to slap hefty tariffs on Chinese-made electric cars.

Brussels' protectionist actions are in utter disregard for the cooperation of Chinese firms extended during the probe, and discourage governments and industries of EU member states, besides straining ties between the bloc and the world's second-largest economy, officials and executives said.

The European Commission has demanded a substantial amount of information regarding development plans, technological processes and product formulations of Chinese EV and battery companies, said He Yadong, a spokesman for the ministry, at a news conference.

The scope, scale and quantity of information requested by the EC are unprecedented and far exceed the requirements of an antisubsidy investigation, He said.

Despite that, consequent to Brussels' decision to launch the probe, the Chinese government has engaged in extensive communications with the EU and its member states, including Germany and France, in multiple forms, like face-to-face meetings, official talks and written correspondences over 80 times, the ministry said.

Beijing has actively sought avenues for open communication and constructive engagement with Brussels, fully demonstrating its sincerity and willingness to seek win-win solutions, said Xu Hongcai, deputy director of the China Association of Policy Science's Economic Policy Committee.

Though Chinese enterprises cooperated with the EU's probe to the extent possible and provided information as required, Brussels still decided to impose punitive tariffs, He said.

From next month, the EU will impose additional tariffs on Chinese-made EVs, ranging from 17.4 percent for BYD to 38.1 percent for SAIC, on top of the standard 10 percent car duty, unless Beijing agrees to an effective solution to so-called subsidies that the EU claims are distorting its markets.

The EU's move to impose hefty tariffs on Chinese EVs is a blatant protectionist measure and a politically motivated decision, said Jian Junbo, deputy director of the Center for China-Europe Relations at Fudan University's Institute of International Studies.

The basis and procedures for this decision do not align with the World Trade Organization's rules, and its consequences could prove detrimental to the stable and healthy development of China-EU relations, Jian said, adding that the EU's protectionist measures run counter to the global trend of globalization and ultimately hinder the innovation and global competitiveness of European EV manufacturers.

The European automobile industry, however, has not submitted any applications to the European Commission requesting the investigations. On the contrary, European car manufacturers such as BMW, Mercedes-Benz and Volkswagen have expressed their opposition to Brussels' actions.

Oliver Zipse, CEO of BMW, said in a statement that the adoption of protectionist measures like tariffs could trigger a cycle of retaliation, leading to a breakdown of cooperative trade relations.

On Monday, Beijing opened an

antisubsidy investigation into pork imports from the EU and is also reviewing applications seeking an antisubsidy probe into the bloc's dairy products.

In addition, an antidumping investigation launched in January into brandy imported from the EU is moving forward. Governments of various EU member states also voiced their concerns that protectionist moves of the EC may cripple fair global competition.

"The European Commission's punitive tariffs hit German companies and their top products," German Transport Minister Volker Wissing said on the social media platform X. "Cars must become cheaper through more competition, open markets and significantly better business conditions in the EU, not through trade war and market isolation."

**City Bank gets**

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"By leveraging the trade finance facilities, we will be able to enhance the capabilities of our import and export-based companies. We look forward to working closely with the OPEC Fund to achieve these goals," he said.

The OPEC Fund for International Development is the only globally mandated multilateral development finance institution that provides financing from member countries to non-member countries exclusively, added the press release.

Since its inception in 1976, the organisation has been working in cooperation with developing country partners and the international development community to stimulate economic growth and social progress in low and middle-income countries.

# Refrigerator sales decline despite Eid

## NBR sets new rules

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He attributed the fall to a rise in the price of products due to the dollar price hike. The US currency has gained by 35 percent against the taka in the past two years.

"People are prioritising essentials due to inflationary pressures. Therefore, the sales of luxury items are low," Chowdhury said.

"We could not achieve the target as sales did not grow as per our expectations on the occasion of Eid," said Md Nurul Afsar, deputy managing director of Electro Mart Ltd.

He opined that inflation was the main reason for the slowdown.

Muhammad Nafees Imtiaz, brand manager of Rangs eMart, said sales were slightly affected by ongoing inflationary pressures. "The quantity of sales declined despite revenue increasing due to the price hike of the products."

He said their target customer segment is the affluent class, who realised that prices would go up from July as the government plans to increase VAT on refrigerators from 5 percent to 7.5 percent as part of its new budgetary measures.

So, they bought refrigerators and freezers before the new rate comes into effect, he said. "Consequently, sales slightly improved at the last moment despite the situation being unsatisfactory over the prior months."

He added that the company's sales grew by around 15 to 20 percent compared to Eid-ul-Azha last year.

Transcom Digital's Ranjan said there is no possibility of the sales scenario improving until inflation is curbed.

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However, the revenue board has included some criteria enabling small and medium enterprises (SMEs) alongside logistics operators to avail the status.

One criterion for the SMEs says they must have conducted 20 annual shipments on an average over the past three years whereas another for logistics operators say they must have run operations in Bangladesh for the past four years.

According to the new rules, all companies will have to ensure at least 70 percent of transactions through formal channels like banks and mobile financial services.

Interested companies must have operations of at least five years and clean records in duty, VAT and income tax payments.

Companies that have been fined more than 1 percent of the total

goods or service price on revenue-related cases and have not paid all due revenues are ineligible.

Welcoming the move, M Masrur Reaz, chairman of Policy Exchange Bangladesh, said it would help the country be more competitive in global trade.

"This is a timely initiative of inclusion of the logistics operators as it will speed up the trade facilities," he said.

Besides, compliant firms will get benefits fast, he added.

However, Reaz drew attention to comparatively small traders and sought to ensure their accessibility to the status.

"As the NBR has tightened the rules for companies to get the status, we have to take notice of whether compliant firms with good records are being deprived," according to Reaz.

**BRAC Bank thrives on SMEs**

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"This has been a major reform in the banking sector."

He also welcomed the central bank's recent reforms, freeing the interest rate and making the exchange rate almost market-based.

The central bank introduced a contractionary monetary policy, and the government has presented a budget whose size has not increased in line with historical trends.

"Amid the high inflationary environment, the moves have been appropriate. They, however, could be initiated earlier," Hussain said.

"Inflation has stayed at an elevated level for a long time, adversely impacting people's purchasing power. Inflation will have to be brought down at any cost."

Hussain said businesspeople benefited from the lending rate cap unveiled in April 2020 because the actual lending rate was zero owing to higher inflation.

In certain cases, it overheated the economy, fuelled inflation, and caused capital flight, he said, adding that since loans could be availed at cheaper rates, funds were laundered.

The CEO of BRAC Bank said raising the cost of funds is the right approach to combat inflation, but the asset and liability management should be strong.

"Banks have responsibilities, and they should have a proper strategy to fix the deposit and lending rates."

BRAC Bank is a member of the Global Alliance for Banking on Values (GABV), an international network of frontrunner organisations and leaders in the banking industry that use finance to serve people and the planet. It is the only active member from Bangladesh.

"It will be difficult to tackle the impacts of climate change without sustainable finance," Hussain added.