

# star BUSINESS

## Remittance collection disrupted

MD MEHEDI HASAN

The internet blackout for five days has affected remittance collection through banks and mobile financial services (MFS), which may put pressure on the country's foreign exchange reserves.

Bankers and officials of MFS providers said their remittance collection remained suspended from midnight of July 18, when the internet shutdown was imposed, to July 23, when broadband services were partially reinstated.

After the partial resumption of broadband internet services, overall remittance mobilisation by banks and MFS was lower than that on a regular day, they added.

Around \$80 million to \$100 million in remittances are sent to Bangladesh on a regular day, as per industry insiders.

The reserves stood at \$21.78 billion as of June 30, according to calculations based on the International Monetary Fund's Balance of Payment Manual 6.

"We were unable to collect inward remittance for five days amid the internet shutdown but the remittance flow became normal when broadband internet was made available," said Selim RF Hussain, managing director of BRAC Bank.

Hussain, also the chairman of the Association of Bankers, Bangladesh, told The Daily Star that overall remittance collection of July was likely to be low due to the overall situation but a better understanding can be availed next week.

A chief executive officer of a private bank said that liaison offices of the banks and MFS providers received remittance but were unable to send it to the local banks due to the internet outage.

However, some banks failed to collect remittance for the availability of banking services on a limited scale following the partial resumption of broadband internet.

Mercantile Bank faced difficulties in collecting remittance despite the resumption of broadband internet.

Its additional managing director, Mati Ul Hasan, said the bank faced problems collecting remittance as it could not access SWIFT due to slow internet connections.



There was a thin presence of visitors around the sea beach of Cox's Bazar yesterday as most tourists cancelled their bookings amidst the ongoing curfew. The situation is no different in other popular tourist spots like Tangar Haor, Kuakata and Jaflong, with service providers and operators incurring huge losses.

PHOTO: MOKAMMEL SHUVO

## RMG exporters in a race against time to offset losses

REFAYET ULLAH MIRDHA

Local apparel exporters are in a frantic race to recover the losses they incurred during the latest spell of violence centring the quota reform movement and nationwide curfew, with international retailers and brands pressuring them to ensure timely delivery of goods.

Following the shutdown of factories and mills for four days, apparel exporters are planning to keep their production units open on Friday and pay overtime bills to meet lead times as they believe increasing productivity can offset a portion of losses.

Due to the situation over the past week, suppliers had to cancel hundreds of pre-scheduled meetings and factory inspections. They also could not communicate with foreign buyers due to an internet blackout, which began on July 18 and persisted until July 23.

The disruption in production, delivery and shipment took place at a time when the sector is struggling to recover its international trade.

Bangladesh's garment shipments fell 5.2 percent to \$33.04 billion in the July-May period of the last fiscal year compared to the same period a year prior, according to data from the Bangladesh Bank.

International buyers are also piling pressure on apparel exporters to ship goods quickly as they have to fill their stores with new designs ahead of Christmas, the biggest retail sales extravaganza in the Western world.

The months of July, August and September are the peak time for the shipment of goods to be sold during Christmas.

"Buyers do not want to hear about any crisis. They want on-time delivery of goods," said a garment exporter who ships T-shirts and polo shirts to the US and Canada.

The global apparel supply chain has been

struggling to recover from the severe fallout of the Covid-19 pandemic, the Russia-Ukraine war, and historic inflationary pressure on Western consumers.

It was dealt another blow this year in the form of the Red Sea crisis, which triggered commercial vessel operators to nearly double shipping charges.

The shipment of goods from Bangladesh to Europe is taking at least a month more than in previous times due to the crisis, which has forced commercial vessel operators to forgo the traditional route through the Suez Canal and navigate an additional 3,500 kilometres



around the Cape of Good Hope in Africa.

As such, in many cases, international clothing retailers and brands are asking for expensive air shipments so goods can reach stores timely.

If a kilogramme of garment is sent to Europe through waterways, it costs around 10 cents or less. But if the same shipment is sent through air from Dhaka airport, it costs more than \$4.

An apparel exporter, asking not to be named, said: "I have planned to keep my factory open on Friday so I can ship goods timely and avoid work order cancellations and expensive air shipment."

However, another exporter said it would be

difficult to cater to the work orders because of a raw material shortage, which happened because goods could not be transported to factories over the past week.

Faruque Hassan, managing director of Giant Group, said his American buyers could not place work orders during the past week. So, he sent two of his officers to the US so that he does not lose business.

It will take more than one month to overcome the losses of one week, he lamented, adding that port, customs and transport services should be expedited so the business can run smoothly.

"My buyers are yet to seek discounts or cancel orders, but I am sure that I have to make a lot of air shipments to meet deadlines," said another major exporter, seeking anonymity.

Overtime is the main measure to recover losses, he said, adding that customers are not willing to accept any delays in shipment as they need goods quickly to prepare for Christmas.

Mohammad Ali Khokon, president of Bangladesh Textile Mills Association, said the primary textile sector, which includes spinning, weaving, dyeing and finishing activities, lost \$58.8 million over the last six days because of shutdown and internet blackout, which is about \$9.8 million per day.

Although buyers are not cancelling work orders or seeking discounts, they are putting a pause on work orders or delaying them, which is creating a stockpile of yarn and fabrics in mills.

Khokon also sought a government waiver from extra port charges during the shutdown.

SM Mannan Kochi, president of the Bangladesh Garment Manufacturers and Exporters Association, said he would sit in a meeting in a day or two with the international buyers and request them to not cancel work orders or seek discounts.

## Tourism jolted by curfew

JAGARAN CHAKMA, MOKAMMEL SHUVO and SOHRAB HOSSAIN

Zahra Mayeesha, a 26-year-old private job holder, was preparing to return to Dhaka from a two-day vacation to Sreemangal with her husband on July 16.

However, due to the violence stemming from the quota reform protests, the couple decided to delay their journey back to Dhaka, hoping to leave after another day or two.

Those plans also fell through after the government imposed a nationwide curfew on July 20.

They had budgeted around Tk 18,000 for the two-day stay. As they were unable to return, their costs for hotel fare and food skyrocketed.

Further adding to their woes was the internet blackout starting on July 18, which forced the couple to go all over town hunting down an ATM that would dispense cash.

In the end, Zahra and her husband managed to book a flight to Dhaka on July 24.

The trip cost them around four times what they had estimated, with total expenses ultimately reaching around Tk 75,000.

The newlyweds were among a plethora of tourists who had found themselves stranded in various parts of Bangladesh over the past week.

Furthermore, most trips that had been planned by tourists over the past week were cancelled due to the volatile situation.



PHOTO: SOHRAB HOSSAIN

## Current account deficit narrows

STAR BUSINESS REPORT

Bangladesh's current account deficit dropped by half year-on-year to stand at \$5.98 billion in the 11 months till the end of May of fiscal year 2023-24 as imports fell in tune with Bangladesh Bank's (BB) measures amidst a US dollar crisis.

Data made public by the central bank showed that the current account deficit was \$12.02 billion during the same period a year ago.

The current account records a nation's transactions with the rest of the world—specifically net trade in goods and services, net earnings on cross border investments, and net transfer payments, reads investopedia.com.

The current account may be positive (a surplus) or negative (a deficit); positive means the country is a net exporter and negative means it is a net importer of goods and services, it adds.

The downturn in exports continued in May and overall earnings declined 5.9 percent year-on-year to \$37.34 billion in the July-May period of fiscal year (FY) 2023-24.

Meanwhile, import payments declined 12.6 percent year-on-year to \$57.56 billion.

As a result, the overall trade deficit stood at \$20.2 billion.

Bangladesh's current account turned negative in April of FY24 after the BB corrected export data and published new figures which showed that shipments had dropped instead of rising.

Zahid Hussain, a former lead economist at the World Bank's Dhaka office, said the deficit in current account increased further in May. It means that there is pressure on the country's external account, he said.

In July-May of FY24, Bangladesh suffered a \$5.88 billion deficit in its

corrections to the export data.

The BB data showed that the financial account stood at \$2.08 billion during the July-May period of FY24, down from \$5.51 billion in the same period of last fiscal year.

Hussain said Bangladesh received a good amount of foreign aid recently. As a result,

the financial account showed a surplus.

"This might not continue in the upcoming days," he said.

"There is a lot of uncertainty regarding the economic situation in the coming days. This may adversely impact the country's exports and imports," he added.

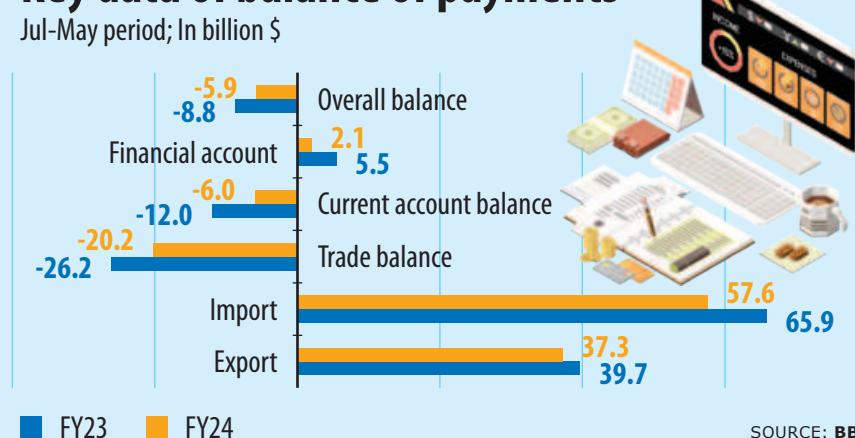
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### Key data of balance of payments

Jul-May period; In billion \$



## Stocks bounce back after a dip

STAR BUSINESS REPORT

Stocks in Bangladesh bounced back yesterday after falling by a large margin on the previous day.

The major index of Dhaka Stock Exchange (DSE), the DSE, rose 1.17 percent from that on the day prior to settle at 5,413.64.

The market had been on a losing streak and it plunged another 95 points or 1.75 percent on Wednesday, when the bourse opened after an additional three days of general holidays.

The other two indexes of the DSE showcased a similar trend, with the Sharif-based DSES edging up 1.18 percent to 1,183.37 while the blue-chip DS30 growing 1.27 percent to 1,932.

Chittagong Stock Exchange also saw a rising trend as the Caspi, the main index of the premier bourse of the port city, went up 56.34 points, or 0.37 percent, to close at 15,415.37.

It is really tough to pinpoint the factors responsible for any day's rise, because such fluctuations are a part of the inner workings of the stock market, said an investor based in Dhaka.

After days of curfew and internet blackout, normalcy is gradually returning to the market with the restoration of broadband internet services, which helped investors regain confidence, he said.

The day's turnover, meaning the total value of shares changing hands at the DSE, stood at Tk 497 crore, a 212 percent rise from the previous day.

Block trades, meaning high volume transactions of privately negotiated securities outside the open market, contributed 4.4 percent to the overall turnover.

## Port storage rent may be waived for unrest

STAFF CORRESPONDENT, Ctg

The government may consider waiving storage rent incurred for imported goods which could not be received and subsequently had to be left at ports for the unrest and curfew in the last few days, assured State Minister for Shipping Khalid Mahmud Chowdhury yesterday.

The government had waived Tk 500 crore in similar charges during the pandemic shutdown, he said.

Importers need to submit proper documents to be eligible for the waiver, Chowdhury said, adding, "There is nothing to be worried about in this regard."

He made the comments at a ceremony organised by Chittagong Port Authority (CPA) making the distribution of food items among jetties workers and financially insolvent people at a jetties of the Chattogram port.

Cargo and container delivery from the port yards gradually came to a halt on July 17 for violence centring the quota reform movement, which was followed by an internet blackout and curfew.

A lack of facilities to conduct goods assessment in the absence of internet and the nationwide curfew created a container congestion at the port.