British-Irish firm to invest $36m in Bepza EZ

STAR BUSINESS REPORT

British-Irish company Deltaport Ltd will invest $36 million to set up a garment factory in the economic zone of Bangladesh Export Processing Zones Authority (Bepza) at Mirsarai in Chattogram.

The company has set a target to annually produce 20 million pieces of protective clothes, workwear, various garments, PPE, hospital gowns, masks, bed sheets, curtains and other items.

The factory will create employment for 5,980 Bangladeshi nationals.

Deltaport Ltd is a sister concern of Eastport Ltd, a garment manufacturing company of the Cumilla EPZ that has been operating since 2013.

According to a press release, Md Ashraful Kabir, member (investment promotion) of Bepza and Junaid Iqbal Umerani, representing Deltaport, signed the agreement at the Bepza Complex in Dhaka recently.

Major General Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, Mohammad Faruque Alam, member (engineering), and ANM Foyzul Haque, member (finance), were also present.

Digital ID must for opening business accounts

STAR BUSINESS REPORT

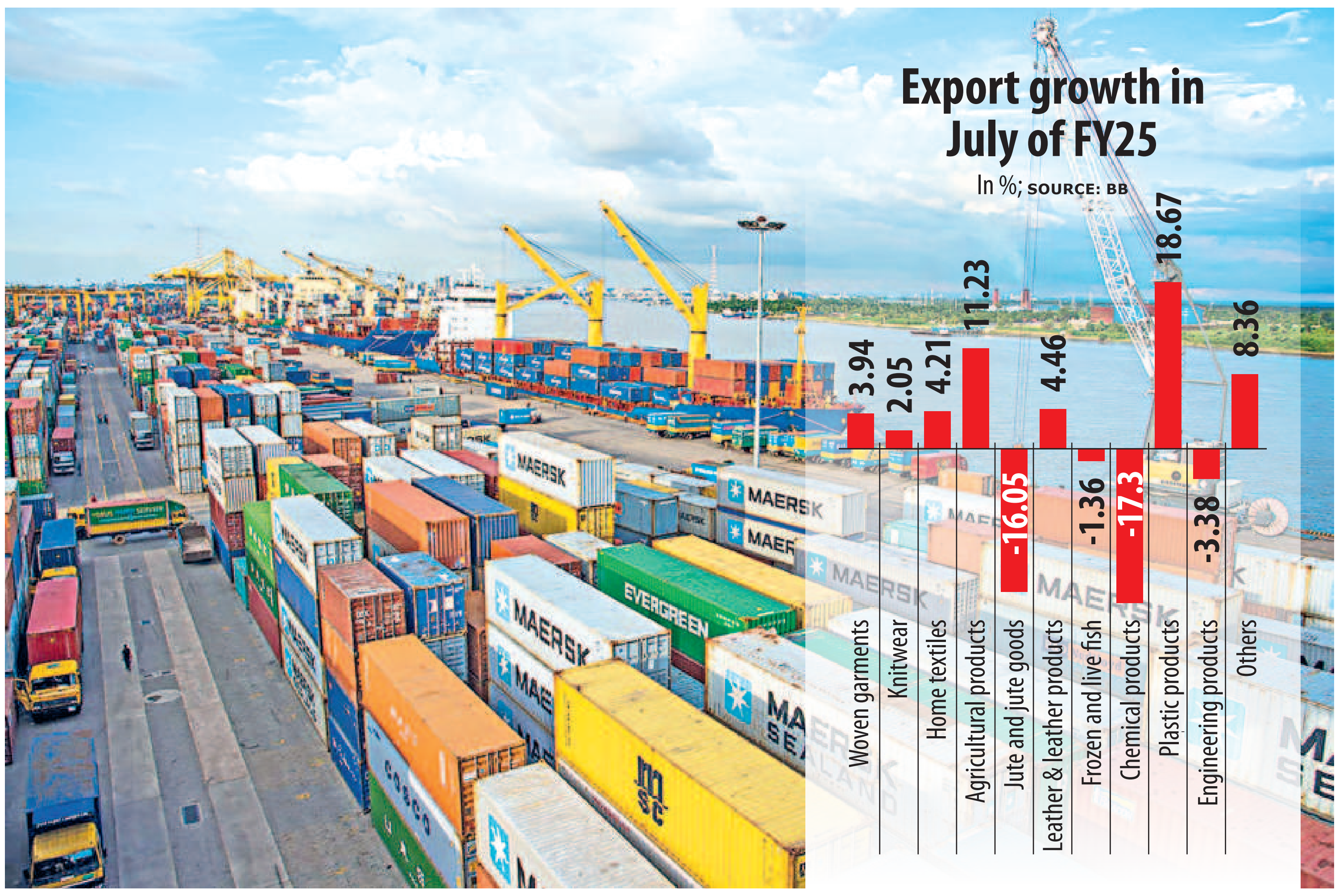
The commerce ministry yesterday asked Bangladesh Bank to ensure that banks seek digital business identification (DBID) numbers when opening business accounts for companies engaged in e-commerce.

A DBID number is a unique identifier for digital and technology-based businesses that are officially registered.

Enabling instant registration, validation and verification, the DBID platform was introduced by the commerce ministry to consolidate activities in Bangladesh's e-commerce sector, where the presence of digital businesses is scattered.

It also seeks to create a trustworthy environment between buyers and sellers following a series of e-commerce scams that unfolded in 2021 and 2022.

In a letter signed by Md Sayed Ali, deputy secretary to Central Digital Commerce Cell, the ministry said the DBID prerequisite was aimed at ensuring that small digital businesses get access to finance even if entrepreneurs do not have a trade licence.



Exports rose 2.9% in July

STAR BUSINESS REPORT

Exports grew 2.9 percent in July, the first month of fiscal year 2024-25, driven by higher shipments of winter clothes for the Western markets.

Woven and knitwear apparel, which accounted for 83 percent of total export earnings, led the gains, according to the National Board of Revenue data compiled by the Bangladesh Bank.

Exports of woven garments rose 3.94 percent year-on-year to $1.39 billion in July while knitwear, the main item in the export basket, edged up 2 percent to $1.72 billion.

"This is not significant. July is generally the last month of shipment for winter clothes. The growth might be due to the impact of that," said Md Fazlul Hoque, managing director of Plummy Fashions Ltd, a green composite knitwear maker and exporter.

The uptick in shipments comes after Bangladesh clocked a 4.34 percent year-on-year decline in exports in FY24 owing to falling earnings from the readymade garments sector.

The world's second-biggest clothing producer fetched $44.47 billion in FY24, according to data published by the central bank.

Hoque, also a former president of the Bangladesh Knitwear Manufacturers and Exporters Association, said exports may drop in August as production suffered due to multiple factors. These include the ouster of the Sheikh Hasina-led Awami League government in a mass uprising, supply chain disruptions caused by devastating floods in eastern regions, and unrest in the Ashulia industrial belt.

"So, it appears that the first quarter of this fiscal will be very challenging," he said.

The export data published by the central bank also showed that home textiles, agricultural items and leather and leather products recovered from a downturn.

Eleash Mridha, managing director of Pran Group, said a combination of factors led to the recovery of agricultural exports.

Exports of woven garments rose 3.94 percent year-on-year to $1.39 billion in July while knitwear exports edged up 2 percent to $1.72 billion

"Our biscuit and spice exports have soared. We have been able to increase sales to the Asean region," he said.

Exporters also got a breather as the Red Sea crisis, which hindered the shipment of goods, eased and freight costs dropped.

"In my opinion, export growth will continue. Presently, there is congestion at ports. An end to the congestion will buoy exports," Mridha said.

However, exporters of jute and jute goods as well as frozen and live fish continued to suffer from downbeat shipments.

The BB said the export of chemical products got the maximum hit followed by jute and jute goods, engineering products, and frozen and live fish in July this year compared to the year prior, casting doubts over the attainment of export targets for FY25.

The interim government has targeted 12.4 percent year-on-year growth in exports to $50 billion in the current fiscal year.

Khondaker Golam Moazzem, a research director at the Centre for Policy Dialogue, said the slow growth of exports in July signalled that the export target is ambitious.

"Global factors are more responsible for export slowdown than domestic factors. We make garments for the low-income segment. And high inflation in the USA and Europe has worsened the purchasing power of consumers there," he said.

"As a result of this, demand for our products is sluggish. Against these circumstances, it will be difficult to achieve high growth in exports."

Besides, there remains uncertainty over the smooth operation of industrial activities in the short term because of the weak law and order situation and workers' unrest.

For a while, orders from international buyers may continue to be shifted away from Bangladesh since uncertainty persists over a sound political settlement and stability, Moazzem said.

Hence, it will be tough to ensure double-digit growth in exports this fiscal year, he said.

Moazzem said the Middle East has emerged as a potential market for apparel, adding that exporters should focus on ways to increase shipments to China and India.

FICCI wants separate office to handle IP issues

STAR BUSINESS REPORT

The Foreign Investors' Chamber of Commerce and Industry (FICCI) has proposed the establishment of a separate office to handle issues related to ensuring intellectual property (IP) rights, including copyright, trademark, patent design and geographical indication.

A FICCI delegation, led by its President Zaved Akhtar, made the suggestion during a meeting with Adilur Rahman Khan, adviser to the industries ministry, at the latter's office in Dhaka yesterday.

The meeting centred on collaborative approaches to tackle industrial challenges in Bangladesh.

During the discussion, both sides explored strategies for short and mid-term solutions aimed at boosting industrial growth in the country. Key topics included IP rights and other pressing industrial issues.

The industries adviser praised FICCI for its proactive stance in addressing sectoral issues.

He also highlighted the importance of private sector involvement to optimise the use of state-owned industrial parks and called for strong cooperation to foster the growth of Bangladesh's industrial sector, FICCI said in a press release.

The meeting was attended by Zakia Sultana, senior secretary of the industries ministry, alongside other high-ranking ministry officials and FICCI Board Directors Md Mahbub Ur Rahman, Faisal Ahmed Chowdhury and Sumitava Basu.

FICCI, the trade body for multinational companies in Bangladesh, has been working as the country's development frontier by creating significant footprints in economic growth, it added.

Why Bangladesh's mobile data slower than Myanmar's

MUSTAFA MAHMUD HUSSAIN

Bangladesh has one of the slowest mobile data speeds in the region, lower than neighbouring Myanmar, with prices higher than neighbouring India and Pakistan or even developed nations like Italy and France.

So why has the "Digital Bangladesh" initiative not yet delivered on its promises? Why is a country with so much potential lagging behind? In this article, we will analyse the root causes of these issues.

Digital struggles due to corruption: Corruption and inefficiency have derailed the Digital Bangladesh Vision, and if left unaddressed, they will continue to delay the country's progress in the digital era. Mismanagement of funds intended for crucial infrastructure projects and not efficient utilisation of SOF funds has stalled the growth of a true digital ecosystem, leaving Bangladesh behind in the digital race.

Imbalance in the internet value chain: Mobile network operators in the country do not own key layers of the internet value chain, such as submarine cables, international terrestrial cables, access to international internet gateways, the national telecommunications transmission network and towercos.

These critical layers are controlled by other entities. This imbalance in ownership adds costs and limits competition, further driving up data prices for consumers and restricting innovation.

Low tower fiberisation: Another key issue is that only 20 percent of the mobile towers are connected to fibre. Both 4G and 5G networks require a robust and well-developed fibre infrastructure to deliver high-speed data. Without significant fibre network expansion, the country will continue to struggle to provide reliable mobile data services.

Tower infrastructure challenges and impact on mobile service: The mobile phone industry faces significant challenges due to delays and inefficiencies in the installation of new towers. Slow site acquisition processes, legal disputes and bureaucratic hurdles have severely limited the rollout of essential infrastructure. The lack of proper tower coverage directly impacts data speeds and service reliability, further exacerbating the country's already slow mobile internet speeds.

DWDM technology barriers by BTRC: The BTRC has not permitted the use of Dense Wavelength Division Multiplexing (DWDM) technology by mobile operators. DWDM allows multiple data streams to travel over the same fibre, increasing the efficiency and capacity of their existing networks. By not allowing mobile operators to adopt DWDM technology, the BTRC is creating an additional bottleneck in the country's digital infrastructure development.

Smartphone adoption and regulatory challenges: The slow pace of smartphone adoption remains a significant barrier to achieving Bangladesh's digital ambitions and a successful 5G rollout. To accelerate adoption, the BTRC should introduce regulations for network-locked handsets and offer accessible financing options.

Active infrastructure sharing: One solution to the infrastructure gap is active infrastructure sharing. This would allow telecom operators to share network components such as radio access network equipment and fibre backbones, reducing the costs of building individual networks and speeding up deployment.

The BTRC's eroded independence and political influence: Since a 2010 amendment, the BTRC has lost much of its regulatory independence. This shift, coupled with political interference and external pressures, has created an uneven playing field, favouring certain stakeholders and hindering industry growth. Restoring the BTRC's autonomy and removing political influences are essential for fair regulation and fostering competition in the telecom sector.

High data prices and slow internet speeds do not just inconvenience consumers, they limit access to education, hinder business and block opportunities in the global digital economy. By addressing these challenges, Bangladesh can improve its mobile data speeds and reduce costs, ensuring that its digital future is accessible to all. It is time for both the government and telecom regulator to step up, reduce inefficiencies, and work together to deliver fast and affordable mobile internet for all. Only then will Bangladesh truly embrace its bright future.

The author is a telecom policy analyst

EU launches WTO challenge against China dairy probe

AFP, *Brussels*

The EU on Monday launched a WTO challenge against a Chinese anti-subsidy investigation into imports of European dairy product, in an escalating trade row between Beijing and Brussels.

Beijing announced its probe in August after the European Union unveiled a plan to hit Chinese electric vehicles with hefty tariffs.

"Today, the (European) Commission launched a consultation request at the World Trade Organization, challenging China's initiation of an anti-subsidy investigation against imports of certain dairy products from the EU," the EU's executive arm said.

"The EU's action was prompted by an emerging pattern of China initiating trade defence measures, based on questionable allegations and insufficient evidence, within a short period of time," it said.

The Chinese investigation covers a range of items from fresh cheese and curd to blue cheese, including some milk and cream.

The Chinese probe takes aim at subsidies provided to the EU's 27 member states under the Common Agricultural Policy, but also national subsidy plans in Ireland, Austria, Belgium, Italy, Croatia, Finland, Romania and the Czech Republic.

"The commission is following through on its commitment to firmly defend the interests of the EU dairy industry and the Common Agricultural Policy against abusive proceedings," Brussels said in a statement.

India's business growth at 9-month low as demand eases

REUTERS, *Bengaluru*

Growth in India's business activity slowed to a nine-month low in September amid a slight cooling in demand and an uptick in costs, according to a survey that also showed services sector jobs rose at the fastest pace in two years.

HSBC's flash India Composite Purchasing Managers' Index, compiled by S&P Global, slipped to 59.3 this month from August's final reading of 60.7.

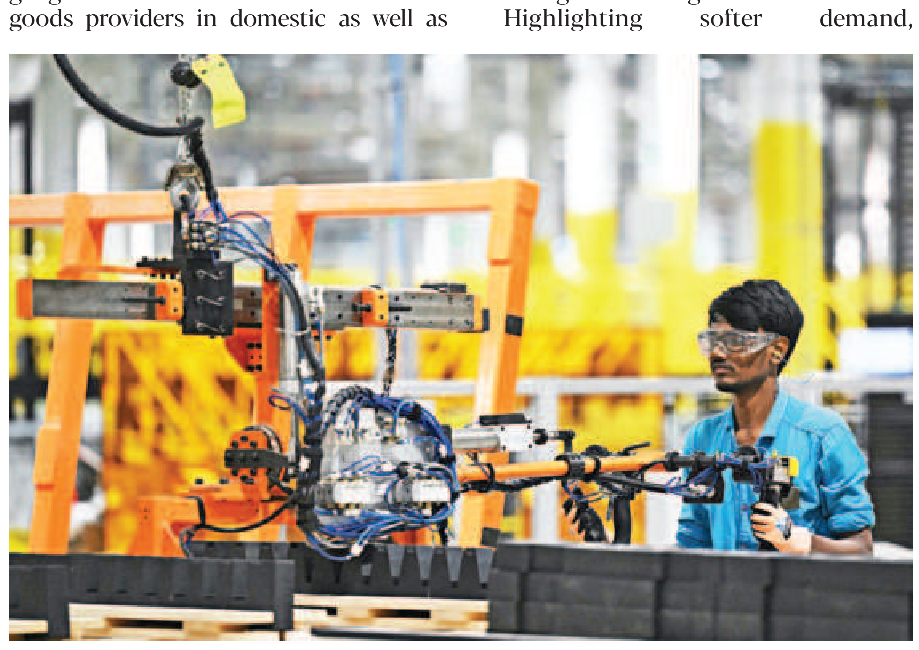
However, overall activity remained strong, taking the expansionary streak - the 50-mark separating expansion from contraction - to over three years.

"The flash composite PMI in India rose at a slightly slower pace in September, marking the slowest growth observed in 2024," noted Pranjul Bhandari, chief India economist at HSBC.

"Both the manufacturing and service sectors exhibited similar trends during the month. Nevertheless, the pace of growth remained well above the long-term average."

The dominant services industry's index fell to 58.9 this month from 60.9 in August, its lowest since November, while the manufacturing one cooled to an eight-month low of 56.7 from 57.5.

Overall growth was hurt by a softer rise in new business and orders - key gauges for demand - for both services and goods providers in domestic as well as overseas markets. The pace of expansion in manufacturing output was largely unchanged from August.



A worker operates a machine at the First Solar manufacturing facility in Sriperumbudur, Kanchipuram, India. Manufacturing jobs increased for a seventh consecutive month, albeit at a slightly easier pace than in August. PHOTO: AFP/FILE

Highlighting softer demand, companies refrained from fully passing on a slight acceleration in input costs to customers as prices charged were muted compared to last month. Firms noted higher raw materials and electricity prices.

"Input cost inflation rose at a slightly quicker pace in September. Rates of increase in output charges slowed in both sectors, with manufacturers experiencing a larger slowdown, implying a bigger reduction in their margins," added Bhandari.

That is likely to keep the Reserve Bank of India on edge as uncertainty over the inflation outlook has increased despite registering below its medium-term target of 4 percent for a second month in August. The next policy meeting will be Oct. 7-9.

However, firms continued to hire additional staff this month as the business outlook for the coming 12 months was upbeat, driven by expectations of securing new business.

The rise in employment in the services sector was the sharpest since August 2022 and manufacturing jobs increased for a seventh consecutive month, albeit at a slightly easier pace than in August.