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Star BUSINESS

Are rising exports, remittance the cure?

SOHEL PARVEZ

December has brought some good news! Remittance hit a record high, taking the total for the 2024 calendar year to $26.87 billion. Exports surged too, pushing the final annual figure to $50 billion.

These two numbers of exports and remittances, the major pillars of Bangladesh's struggling economy, provide some respite for the time being, alleviating pressure on the country's external accounts to some extent.

This may also help contain volatility in the forex market, a key source of instability in the economy amidst a surge in imports after the relaxation of Covid restrictions and Russia's invasion of Ukraine in early 2022.

The question now is would the gain in exports and buoyancy in remittances break the cycle of sluggishness plaguing the economy?

The developments may help contain volatility in the forex market, a key source of instability in the economy amidst a surge in imports

Will this renewed vitality prevail and give a new lease of life to the hundreds of export and domestic market-oriented factories surrounding the capital Dhaka, port city Chattogram and other parts of the country?

When it comes to identifying the acceleration pedal in export growth, much of the answer lies on ensuring law and order and political stability, as the spike in shipments shows buyers' reliance on the country's capacity and competitiveness.

It will also depend largely on import payments, said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD).

"Definitely, increased inflow of remittance and export will contribute to import payments. But overall flow is still not enough, which is why we see the devaluation of the taka against the dollar," he said.

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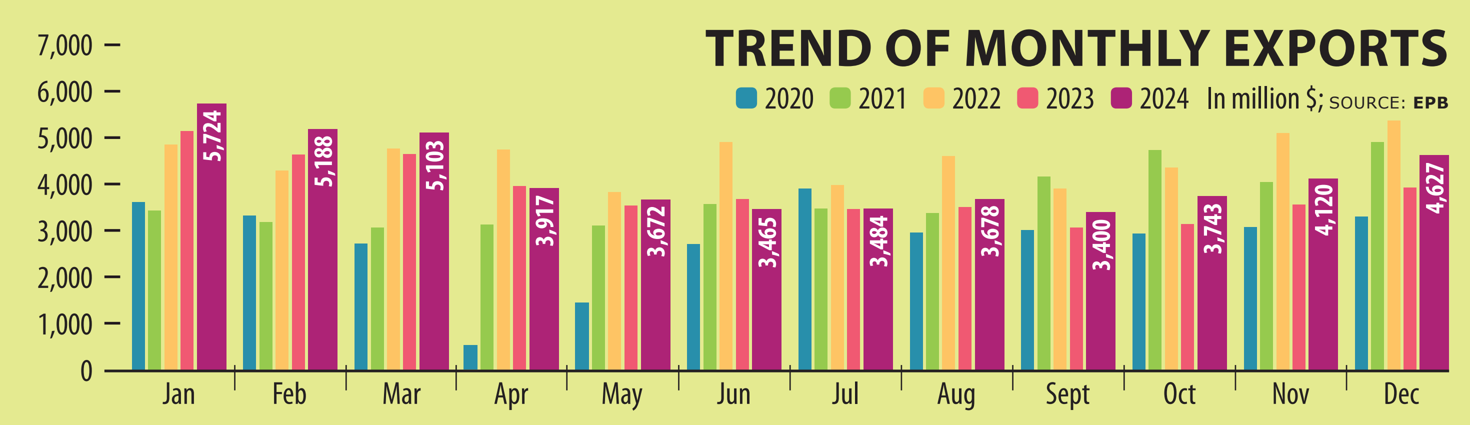
Exports hit $50b in 2024

EXPORT GROWTH OF MAJOR SECTORS

In %; year-on-year data

	Frozen, live fish	Agricultural products	Chemicals	Plastic items	Leather, leather goods
December'24	19.2	14.4	-4.48	7.14	24.19
FY25 (Jul-Dec)	13	9.3	6.48	29.72	10.44

	Jute, jute goods	RMG	Home textile	Non-leather footwear	Engineering products
December'24	1.14	17.45	20.47	32.67	9.25
FY25 (Jul-Dec)	-8.11	13.28	7.85	39.1	6.31



STAR BUSINESS REPORT

Bangladesh's exports hit $50 billion in 2024, buoyed by a sharp December spike, providing the much-anticipated breather for an economy facing multiple headwinds, including external account pressures.

Exports grew 8.3 percent year-on-year in the past year, according to data from the Export Promotion Bureau (EPB) released yesterday -- just a day after cheering record-high remittances of $26.9 billion in 2024.

Of the total $50 billion, exporters earned $4.62 billion in December alone, an 18 percent increase compared to the same month in the previous year.

The growth is largely attributed to the strong performance of the readymade garment (RMG) industry -- the backbone of the country's economy.

December's export receipts were the highest since March 2024, when the country earned over $5 billion.

In the first six months of the current fiscal year 2024-25, exports rose by 12.84 percent to $24.53 billion.

During the July-December period, garment shipments, the top export earner, increased by 13.28 percent to $19.88 billion.

Of the total garment exports in July-December, $10.83 billion came from knitwear exports -- a 13.01 percent year-over-year increase.

Exports from the woven segment contributed $9.05 billion -- up 13.60 percent year-over-year.

Leather and leather goods exports grew 10.44 percent to $577.29 million in the last six months. Cotton and cotton product exports increased 16.32 percent to $319.06 million.

According to EPB data, home textile exports increased 7.85 percent to $410.81 million in July-December, while non-leather footwear exports surged 39.10 percent to $273.89 million.

Frozen and live fish exports grew 13.01 percent to $245.71 million and agricultural product shipments increased 9.31 percent to $595.51 million, data showed.

Plastic goods shipments went up 29.72 percent to $157.94 million in July-December.

However, some traditional export items, such as jute and jute goods, saw a decline in merchandise shipment during the July-December period. Jute and jute goods exports fell 8.11 percent to $417.39 million.

"As you've seen, our textile and apparel sectors are enjoying positive growth despite political and financial challenges," said David Hasanat, chairman of apparel exporter Viyellatex Group.

Hasanat, also the president of Bangladesh Independent Power Producers' Association, said, "Our remittance flows are increasing significantly and I believe they will continue to grow in the coming year."

"If we can ensure political stability, businesses will see great momentum from mid-2025," he added.

Shams Mahmud, managing director of Shasha Denims Ltd, another big exporter, said that overall garment exports have increased, driven by large factories with strong financial positions and reliable energy supplies.

"However, SMEs (small and medium enterprises) are struggling. So, the export growth doesn't necessarily indicate strong performance across the industry. Smaller factories are not doing well, and this could cause problems in the long run," he said.

Faruque Hassan, a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), termed the rebound in exports as a very positive sign.

According to Hassan, there is a bright outlook for Bangladeshi businesses in the near future as inflationary pressures in major Western markets like Europe and the US have started to ease.

Bangladesh's garment exports are poised for growth in the near future due to increased exports to new markets and higher exports of value-added garment items such as suits, lingerie, and jackets, Hassan further said.

Besides, the unit price of Bangladeshi garments has increased over the past few years.

The former BGMEA chief said the growth, achieved even amid repeated flooding, labour unrest, inflationary pressures and nationwide movements, shows the strong confidence that international clothing retailers and brands have in Bangladesh.

The leather industry has also experienced significant growth, with exports increasing by over 30 percent in the first half of the year, according to Nasir Khan, chairman and managing director of Jennys Shoes.

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ADB attaches 20 conditions to another $600m budget support

REJAUL KARIM BYRON *and* AM JAHID

The Asian Development Bank (ADB) has outlined 20 conditions for Bangladesh to access $600 million in the second tranche of a loan for the implementation of its "Strengthening Economic Management and Governance Program".

This is in tune with the disbursement of the first tranche of $600 million last month, following the fulfilment of other preconditions.

Bangladesh must meet the new conditions between December 2024 and March 2026 to secure the loan.

Japan International Cooperation Agency, and the Organization of the Petroleum Exporting Countries are expected to contribute $350 million under the same programme, according to the ADB documents.

The conditions centre on reforms in tax administration, state-owned enterprises (SOEs), foreign investment, public-private partnerships, and Bangladesh Investment Development Authority.

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Particular emphasis is placed on modernising the National Board of Revenue (NBR) to enhance efficiency and tax compliance.

Among the key requirements, the NBR's income tax and VAT wings must jointly run audits on at least 15 high-risk and high revenue generating entities.

They must also run audits on at least 20 percent of income tax and VAT returns that are submitted using an automated compliance risk management system.

Additionally, the NBR must expand the effective tax net and implement a comprehensive taxpayer outreach and support strategy.

The tax regulator is also tasked with establishing a "Risk Management and Tax Intelligence Wing" and developing an integrated database and analytics platform.

This will facilitate the "whole of NBR" digital transformation initiative aimed at improving transparency and efficiency of the tax administration.

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STOCKS

DSEX ▼	CASPI ▲
0.35%	0.28%
5,199.62	14,552.30

COMMODITIES

Gold ▲	Oil ▲
$2,643.37 (per ounce)	$74.92 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.83%	▼ 0.96%	▲ 0.35%	▼ 2.66%
79,943.71	39,894.54	3,800.81	3,262.56

LC margin for car imports lowered as reserves improve

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has lowered the cash margin for opening letters of credit (LCs) to import cars as the country's foreign exchange inflow and dollar stocks show improvement.

Now, banks will be able to import fully electric and hybrid cars, which generally pollute less than conventional vehicles, by keeping an LC margin based on the bank-client relationship.

However, the commercial lenders will have to maintain a 50 percent cash margin to import other autos like sedans, sport utility vehicles (SUVs), and multi-purpose vehicles (MPVs), according to a central bank circular issued on Thursday.

The new rules will take effect from February 1 of this year.

In the face of fast-depleting reserves, banks were instructed in July 2022 to maintain a 100 percent cash margin for importing all types of motorcars.

In yesterday's circular, the central bank said that the use of fully electric and hybrid vehicles is being prioritised worldwide, considering their fuel efficiency and environmental friendliness.

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Thailand sees growing influx of patients from Bangladesh

JAGARAN CHAKMA

Bangladeshi patients searching for better healthcare than that available at home are increasingly travelling to Thailand instead of India as the neighbouring country is limiting visa issuances for Bangladeshi nationals.

Besides, the compassionate attitudes shown by hospital staff in Thailand coupled with its easy e-visa application process are propelling the influx of patients from Bangladesh to the east Asian nation.

A study on the "healthcare quality of Bangladesh and outbound medical travel to Thailand" showed that local patients have a positive perception about medical services in Thailand, making it a preferred choice for seeking treatment.

The study was conducted by Muhammad Mahboob Ali, a professor of economics at the University of Dhaka, and Dr Anita Medhekar, a senior lecturer in economics at Central Queensland University in Australia.

They said the main driver behind peoples' preference towards Thailand for medical tourism is their belief that the country offers comparatively higher quality treatment facilities.

According to agencies that facilitate visas as well as those that arrange appointments at foreign hospitals, the number of Bangladeshis seeking medical visas for Thailand increased by roughly 40 percent over the past two-three months.

For 42-year-old Sabina Akter, who is battling kidney disease, hope was momentarily extinguished when her visa to India was denied. Yet, her determination to seek life-saving care led her to an alternative destination in Bangkok.

Akter said she was fully supported by Thai Medicure, an authorised referral partner for some of the top hospitals of Thailand, in obtaining a visa and scheduling a doctor's consultation.

Akter informed that she had travelled to Bangkok, the capital of Thailand, to receive treatment advice from a kidney disease specialist at Samitivej Sukhumvit Hospital.

And although treatment costs in the country were a little higher than that of even the best private hospitals in Bangladesh, Akter noted that the staff's diligence and quality of care provided are worth it.

As such, patients like Akter are discovering that medical facilities like Samitivej Sukhumvit Hospital and Bumrungrad International Hospital in Bangkok offer not only advanced treatment, but also compassion and efficiency.

The same was echoed by one Labiba, whose relative had recently travelled to Bangkok for medical care after failing to obtain a visa for India.

Based on their experience, Labiba said that although treatment costs in

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Max dollar spread Tk 1: BB

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The Bangladesh Bank (BB) yesterday asked banks to keep a maximum of Tk 1 as a spread between the buying and selling rates of the US dollar.

This directive was issued as some commercial lenders charged higher rates when selling the greenback, taking advantage of the local forex market volatility.

The BB said that unusual spreads between buying and selling foreign currency result in discriminatory currency arrangements and multiple currency practices.

It said that each bank must apply a uniform spot rate irrespective of the transaction size for all buying transactions on a business day.

"Similarly, a uniform spot rate shall also be maintained for all selling transactions on a business day," it added.

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