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Exports to Canada drop

Industrial accidents, Canadian devaluation blamed

Monira Munni

The country's exports to Canada dropped by 15.40 per cent during the first half of current fiscal year following some industrial accidents, coupled with devaluation of

devaluation of Canadian currency against US dollar and a declining demand in the country have impinged on Canada's imports.

In the clothing segment, woven export fell by 11.31 per cent with earnings at \$

Shahidullah Azim, Managing Director of Classic Fashion Concept Ltd, told the FE.

Moreover, they were also under pressure for compensation. This also resulted in a decline in orders, he added.

Md Atiqul Islam, president

Knitwear Manufacturers and Exporters Association, (BKMEA) said the confrontational political situation, especially during the last three months of 2013, had badly affected the sector as orders declined during the period.

However, Shubhashish Bose, vice chairman of the Export Promotion Bureau, said, Bangladesh's export to Canada did not decline in terms of volume but in terms of value during the period.

Earnings declined following the price cut of cotton and yarn in the international market, he said explaining that product prices depend on those of raw materials.

Khondaker Golam Moazzem, additional director of the Center for Policy Dialogue (CPD) said the Canadian dollar lost its value against the greenback in September-to-December period, making Canadian import costlier not only for Bangladesh, but also for other countries.

But, local currency was slightly in strong position compared to those of India, Vietnam and Indonesia, main competitors of Bangladesh-made apparel products.

"Bangladeshi exporters might not get the same advantage as taken by the competitor countries in this respect," he added.

Moreover, the recent slow-down in Canadian economy has also affected the consumers' purchasing capacity and resulted in a slow demand, he added.

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Canadian currency against US dollar.

The country fetched \$471.26 million from Canada during the July-December period of fiscal year 2014-15, compared to \$543.86 million in the same period of FY 2013-14, according to official data.

Apparel products are the main items being exported to the Canadian market. Shipment of garment items was valued at \$425.88 million, marking a 14.60 per cent negative growth in the same period.

Exporters attributed the recent tragic industrial accidents and last year's political turmoil to the decline.

But a trade analyst said

243.54 million, and knit products witnessed 18.63 per cent negative growth during the first half, according to data.

Bangladesh's apparel export to Canada, the sixth largest market for locally-made garment products, reached \$1.0 billion in 2013-14 fiscal year from \$595.55 million in fiscal 2009-10.

Bangladesh-made garment products witnessed an impressive growth in the Canadian market in the last couple of years.

"Canadian buyers are in a wait-and-watch situation due to Rana Plaza building collapse as some buyers sourced from the factories located in the building," Md

of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said, Bangladesh is losing its competitiveness because local currency is stronger against US dollar compared to that of other competitor countries like India and Vietnam.

Buyers prefer sourcing from the destinations that offer a competitive price, he said.

Moreover, buyers are reluctant while some of them have already stopped placing orders in shared or rented buildings, especially after the Rana Plaza incident, which affected the apparel exports.

Fazlul Hoque, former president of the Bangladesh



Commerce Minister Tofail Ahmed exchanging views with BKMEA President AKM Selim Osman, BGMEA President Md Atiqul Islam and former first vice president of BKMEA Mohammad Hatem at his office on Thursday on various troubles, including VAT, being faced by the country's readymade garment industry.

Government releases 3rd instalment of cash incentives for exporters

FE Report

The government has released the third instalment of cash incentives amounting to Tk 8.75 billion for disbursement among some selected export earning sectors for fiscal year (FY), 2014-15.

The Ministry of Finance advised the Chief Accounts Officer of the Finance Division on Wednesday to release the fund in favour of the Bangladesh Bank to start disbursement of the cash incentives for a period from January to March of this year.

The local exporters have been advised to seek cash incentives by applying to the central bank through respective banks. The major exporters will receive the cash incentives against their exports during the period.

Of the Tk 8.75 billion cash incentives, the jute and jute products sub-sector will get Tk 1.375 billion in the second instalment while the other sectors will receive the rest Tk 7.375 billion.

The 14 export earning sectors are -- apparel manufacturing industries, frozen foods and fish, leather products, finished leather, agro-based products, agro-processing industry, sugarcane

waste, bone paste, potato, meat, poultry, hatchery egg, ship and bicycle.

Under the cash incentive programme, potato, halal meat and agro-products will get 20 per cent cash incentive.

The small and medium garment factories will get additional 5.0 per cent subsidy, while 2.0 per cent will be provided for new products and new market expansion except the USA, Canada and the EU.

The export-oriented textiles sector will get 5.0 per cent alternative cash incentives instead of customs bond and duty-drawback facility.

The products, which are made of elephant grass (hogla), paddy straw (khor) and sugarcane bark (akher chobra), will get cash incentive at the rate between 15 per cent and 20 per cent.

Exporters of bone dust and leather goods will get 15 per cent incentive, while pet bottle, flakes, finished jute goods, frozen foods and products of light engineering sector will get 10 per cent incentive.

Among the other sectors, jute yarn will get 7.5 per cent and ship export will get 5.0 per cent cash subsidy.

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