

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.31%	▲ 0.33%	\$1,570.20	\$60.69	▲ 0.55%	▲ 0.13%	▲ 0.17%	▼ 2.75%	83.95	91.72	109.17	11.98	
4,528.20	8,365.38	(per ounce)	(per barrel)	41,613.19	23,827.18	3,240.02	2,976.53	BUY TK	84.95	95.52	112.97	12.59
				Friday Closings				STANDARD CHARTERED BANK				
								SELL TK				

Star BUSINESS

DHAKA MONDAY JANUARY 27, 2020, MAGH 13, 1426 BS starbusiness@thedailystar.net

'No prior notice from India'

Says commerce minister on the distressing onion episode in an interview with Star

REFAYET ULLAH MIRDHA

When misfortune strikes, it comes in waves, it is often said. And this perfectly sums up Tipu Munshi's brief tenure as the commerce minister thus far.

Sworn in at the beginning of January last year, he was flying under the radar until September, when export data for the month of August was released. Export receipts came crashing down and is yet to pick up from there.

A week later came the news of India slapping a high minimum export price for onion, Bangladesh's major source for the key cooking ingredient. And then on September 29 the country was hit with the news that India will put an indefinite ban on onion exports, sending the tuber's price on the other side of the border spiralling to as high as Tk 280 a kg.

These two events define Tipu Munshi's time as the commerce minister. Was he just unlucky? Or, did he lack the foresight to avoid them? He, however, maintains that the events were out of his hands.

"India did not give us any prior notice that they would stop exports," Munshi told The Daily Star at his office in the secretariat last week.

Had the neighbouring country not taken the drastic step, he insists, that the onion price in Bangladesh would have stayed the same -- which would have given him a better first-year report card.

"Of the everyday commodities, only onion prices have increased -- and it is because of



Tipu Munshi

India. We have 80 per cent dependency on exports for onion."

And yet, alternative arrangements did not come fast enough, fanning the onion prices further.

"Since our local production is not sufficient and India cut off supply all on a sudden, it took us some time to look for alternative markets and strike a deal. We had to bring onion by sea from Egypt, Turkey, China, which took us up to 45 days."

Onion prices now hover around Tk 100, which is still higher than its normal price of Tk 40, before India put export restrictions.

"But, freshly harvested local onions are coming to the market and we are also importing from other countries, so the prices have come down a bit. We are hopeful

that the prices will come down further in the days ahead."

Probed about the recent media reports that the neighbouring country has offered onion to Bangladesh, Munshi acknowledged the development.

"India have imported onion from Turkey but they no longer want to use it. They are thinking of reselling it and have intimated us whether we want to take them or not. But this is not possible at the government level."

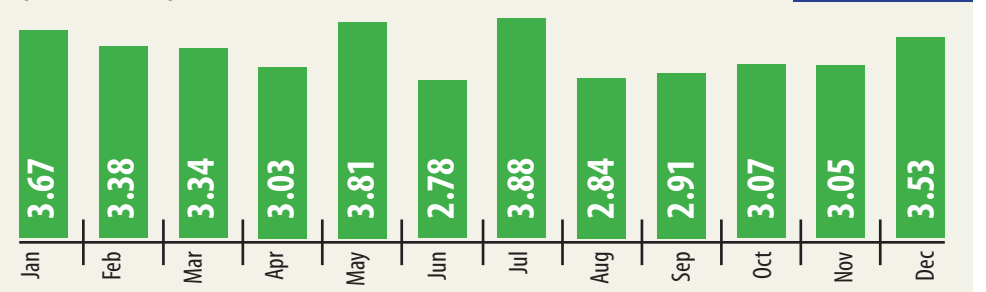
Instead, the government has informed the business community via the country's apex trade body that they can import that batch of onion from India if they like.

Asked what steps he is taking to prevent such a frenetic scenario in future, he said all hands are on deck in boosting local production of onion.

"Perhaps it will take us about two years. We are hopeful that if our farmers get the right

EXPORT EARNINGS IN 2019

(in billion \$)



price they will be able to cover the 25 per cent shortfall that we have now. Efforts are on way on that front."

Another tricky situation lies ahead of him: the Muslim holy month of Ramadan, when the commodity prices invariably spiral despite the government's best intentions. Ramadan is scheduled to begin on April 23 this year.

Munshi is defiant that such a situation

will not arise this time as he is taking enough preparations.

"We are fully prepared to face Ramadan."

Other than heightened market monitoring, the government will sell 5-6 commodities that see escalating prices during Ramadan -- such as onion, oil, chickpea and sugar -- via the Trading Corporation of Bangladesh.

"We will supply those products five times more than what we did before," he said, adding that the plan is to do it all round the year in that scale, but the government is starting with Ramadan.

Asked if the government would be shutting out the private sector players from commodity trade, he said: "TCB won't be controlling more than 15 per cent of the market. The rest is still open for private sector players -- let them handle it."

Previously, TCB's share was 3-4 per cent.

"And all standards say, if the supply can be raised by even 10 per cent by intervention, then the price will come down and stabilise."

And beyond Ramadan, he plans to assess the market all year round and plan accordingly to check sudden commodity price hikes.

Other than keeping an eye on the goings-on in the local market, the commerce minister Munshi also has to expand Bangladeshi manufacturers and growers' market abroad.

READ MORE ON B3

AT A GLANCE

- Born on Aug 25, 1950 in Gopalganj
- Studied at Government Titumir College
- Played pivotal role in 1969 mass uprising
- BGMEA president from 2005-2006
- Son passed away; now has two daughters
- Current director of STS Group
- Current managing director of Sepal Group
- Contested from Rangpur, where he grew up
- Elected MP for third time on Dec 30, 2018
- Became minister of commerce on Jan 7, 2019

Govt rests easy as NBR collections rise

Receipts up 7.3pc in first half of fiscal

STAR BUSINESS REPORT

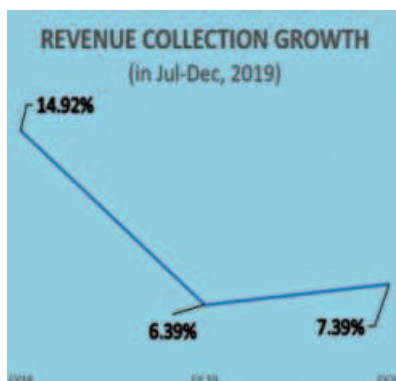
Revenue collection edged up in first half of the fiscal year, spurred by improving receipts of value-added tax (VAT) and customs tariffs -- much to the relief of the government that is distressed about the slowing receipts.

The National Board of Revenue (NBR) logged in Tk 105,161 crore for the months of July and December of last year, up 7.3 per cent year-on-year, according to provisional data.

At this time in 2018, the NBR's collection growth was 6.4 per cent.

It is a somewhat heartening development for the government that is chasing a towering target of Tk 325,600 crore this fiscal year.

The first half collections missed the periodic target by Tk 31,507 crore, meaning the government will



Taxmen will have to collect a staggering Tk 220,440 crore in the second half of the fiscal year -- a seemingly impossible mission.

In the first half of the fiscal year, collection of VAT, the biggest source of revenue, increased 7 per cent year-on-year to Tk 41,090 crore.

This suggests the VAT and Supplementary Duty Act 2012, which took effect from July 1 with promises of raising collections substantially, is yet to bear much fruit.

Customs officials could snap the downturn in collection recorded until November of this fiscal year: tariff receipts rose 2 per cent year-on-year to Tk 31,423 crore in July-December period.

And income tax receipts stood at Tk 32,646 crore in the first half of the current fiscal year, up 14 per cent year-on-year.

have to increase its borrowing from the banking sector to finance its budgetary plans.

Already, the government's borrowing from the banking sector exceeded its total target of Tk 47,365 crore, according to data from the Bangladesh Bank.

Lubricant consumption rises but prices stay high

Local production can only bring down prices

JAGARAN CHAKMA

The market for various petroleum products has expanded at an average rate of about 6 per cent in the last eight years following a rise in the number of vehicles and power plants in service.

But, the end users are yet to enjoy the benefits that usually accompany a competitive market, such as product diversity and lower costs, due to a lack of local production.

"The industrial sector will be benefitted when engine oils are blended in the country as only then will prices come down. Lube processing is not a high tech industry," said Amirul Haque, managing director of Premier Cement.

Petroleum products are materials derived from crude oil and processed at oil refineries to make motor oil, engine oil, engine lubricants and a host of other products.

Consumers of petroleum products in the industrial sector use imported engine oils or locally blended ones as there are no available alternatives.

Only when the products are processed in Bangladesh can consumers compare prices and enjoy benefits, said Tapan Sengupta, deputy managing director of BSRM.

If the multinational companies form joint ventures with local companies to blend petroleum products in Bangladesh, then the bulk users would be greatly benefited, he added.

About 20 per cent tax is imposed on the import of finished lubricants, while the tax for base oil import is only 10 per cent.

"So this system is not encouraging for companies who want to blend the lubricant locally," said Md Shahin Alom, deputy general manager for sales and marketing at MJL Bangladesh, which blends competitive grade lubricant named 'Omera' brand alongside Mobil.

In 2019, the market size for petroleum products reached Tk 3,616 crore, with total demand standing at 1.60 lakh tonnes.

The demand for the products will continue to rise in line with the increasing population as it is an essential part of maintaining or operating any kind of machinery, according to market insiders.

In anticipation of the growing engine oil market, Pertamina Lubricant, an Indonesian state-owned oil and gas company, launched their Bangladesh operations last week.

Consumers can benefit from market saturation as it leads to lower costs and better quality, said Zeeshan Saif, chief marketing officer of Pertamina, whose products are being marketed through their local partner Intraco CNG.

The demand for lubricants will continue to rise for the next 15 years at least, with rental power plants and the industrial sector together accounting for about 40 per cent of total consumption, said Alom of MJL Bangladesh.

With the number of power plants operating in the country having jumped to 133 in the last nine years, electricity production has increased nearly four and a half times, according to data from the Bangladesh Power Development Board.

The Bangladesh oil market is consolidated by the top five players -- MJL Bangladesh (Mobil), Navana Petroleum (Caltex/Chevron), Trade Services International (Total), Rahimafrooz (BP) and Ranks Petroleum (Royal Dutch Shell PLC).

LUBRICANT MARKET

- Annual consumption 1.60 lakh tonnes
- Annual sales Tk 3,616 crore

BREAKDOWN (in tonnes)

- Vehicles 80,000
- Industries 65,000
- Agricultural 10,000
- Water vessels 5,000

BRAND SHARES (in %)

- Mobil 27
- BP 12
- Total 11
- Shell 3
- Castrol 3
- Caltex 3
- SERVO 1
- Others 40

They account for about 50 per cent of the total market share while the remaining half is split up between other brands, according to industry insiders.

Mobil leads the charts with 27 per cent market share; it is followed by British Petroleum (BP), whose market share is 12 per cent. French multinational Total control 11 per cent of the market, while Shell, Castrol and Caltex enjoy 3 per cent each. SERVO sits at the bottom with one per cent of the total market share, industry insiders said.

Despite the growing market for engine oils, consumers are yet to experience any benefits seeing as the Original Equipment Manufacturers (OEM) say that the oils used in their machinery must meet certain requirements -- and the local producers are unable to meet them.

Consumers should follow OEM guidelines if they want their engines to last, said Ruhul Huq, director of Trade Service International and distributor of TOTAL.

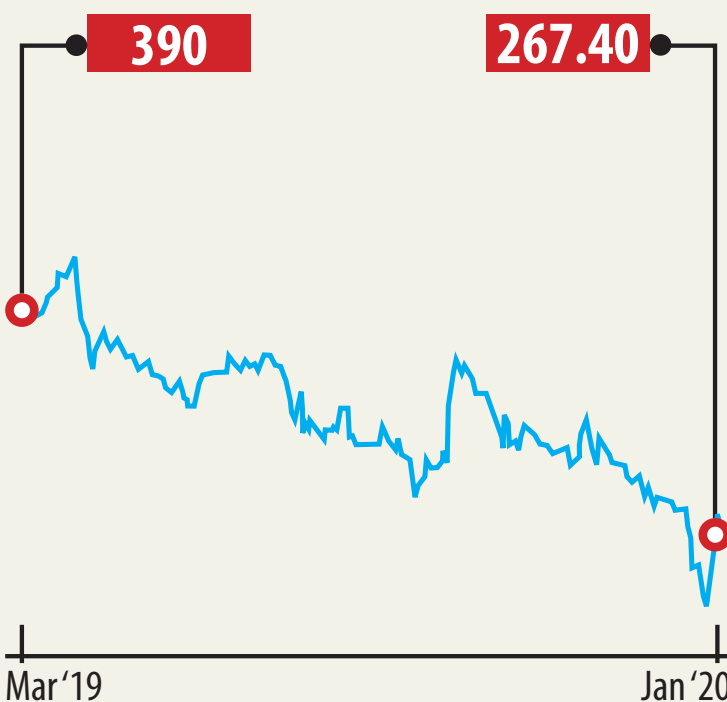
However, consumers will ultimately be benefited by increased competition in the market, he added.

GP AT A GLANCE

Active customers	7.65cr as of Dec 2019	Market share:	46.18%	Internet connections:	4.06cr as of Sep 2019
Internet market share:	41.26%	Total revenue:	Tk 10,749cr in first nine months of 2019	Net profit:	Tk 2,531.81cr in first nine months of 2019

Timeline of BTRC's tussle with GP

- 2015 BTRC starts the process of auditing GP's accounts
- 2019 Mar: First audit claims Tk 11,539.15cr
- Apr 2: BTRC seeks Tk 12,579.95cr
- Jul 4: BTRC slashes 30% bandwidth
- Jul 17: Bandwidth restriction withdrawn
- Jul 22: BTRC stops approval for new package and equipment import
- Aug 26: GP seeks injunction against BTRC's claim of Tk 12,579.95cr
- Sep 5: BTRC issues show-cause notice over revoking licence
- Sept 5: GP goes to HC against the move
- Oct 16: Govt decides to appoint administrator in GP
- Oct 17: HC issues two-month injunction on the BTRC move
- Nov 24: SC asks GP to pay Tk 2,000cr to BTRC within three months
- Jan 26: GP files review petition to pay Tk 575cr in 12 instalments





Selim RF Hussain, CEO of Brac Bank, attends an event at the bank's head office in Dhaka recently to celebrate the opening of the bank's 300th agent banking outlet. The bank's agent banking service is now available in 61 districts.

BRAC BANK

EU plans more protectionist antitrust rules, data sharing in policy shake-up

REUTERS, Brussels

The EU plans to adopt more protectionist antitrust rules and encourage businesses to share data as part of an industrial policy overhaul aimed at giving European companies a sharper edge in global markets, a strategy document seen by Reuters shows.

Drafted by the European Commission and set to be unveiled in March, the strategy also includes the more aggressive use of trade defence instruments against companies deemed to be benefiting unfairly from foreign subsidies.

"Our vision is not about shielding

uncompetitive industries or encouraging protectionist policies ... At the same time, the EU cannot be complacent about third countries or companies undermining fair competition in the single market on global markets," the document said.

"This strategy sets the contours of a new and assertive industrial policy what will enable the EU to remain a global economic power," it added.

Numerous EU countries and companies have called for Brussels to adopt a more ambitious and strategic industrial policy, complaining that others are able to take advantage of Europe's open markets without being subjected to the same rules.

That argument was cited by German conglomerate Siemens and French rival Alstom in their failed bid to gain EU antitrust approval to create a European rail champion last year.

Under the new policy blueprint, the Commission will evaluate and review EU competition rules to ensure that they are fit for purpose and contribute to a strong European industry at home and in the world.

In light of the growing data economy, the new policy envisions setting up a legal framework to facilitate the use, access to and sharing of data in a push to get companies to embrace artificial intelligence and blockchain technology.

India, Brazil sign 15 accords across range of sectors

REUTERS

India and Brazil have signed 15 accords aimed at forging closer ties between the two emerging market giants across a range of sectors, especially defense, both countries' leaders tweeted on Saturday.

Indian Prime Minister Narendra Modi and Brazilian President Jair Bolsonaro took to social media to hail the closer cooperation and agreements struck during Bolsonaro's official visit to India.

"Several agreements signed in infrastructure, justice, science and technology, agriculture, oil exploration,

mining, health, culture and tourism," Bolsonaro tweeted, adding: "The world's confidence in Brazil is back!"

For his part, Modi tweeted: "India and Brazil are focusing on expanding cooperation in the defence sector," adding that the two countries share "immense synergies" on several key issues such as the environment and fighting terrorism. Separately, Brazil's foreign minister Ernesto Arajou tweeted that the 15 accords signed by the two countries represent a move "against the structures of globalist thought". "Brazil is rising to be a great among the greats," he tweeted.

US Treasury chief Mnuchin says optimistic about US-UK trade deal

REUTERS, London

US Treasury Secretary Steven Mnuchin said that he was optimistic the United States and Britain, soon to be out of the European Union, would strike a trade deal this year and that he had discussed it with Britain's finance minister on Saturday.

US President Donald Trump is keen for progress on trade talks before November's presidential election, while in Britain the prospect of a deal has been touted by Brexit supporters as a way to offset the impact of leaving the EU and to exert leverage over the bloc in trade talks between London and Brussels.

"I'm quite optimistic. I think the prime minister and the president have a very good relationship," Mnuchin told an audience at the Chatham House think tank in London.

Mnuchin said he had a breakfast meeting with his British counterpart minister Sajid Javid on Saturday, having also spoken to him this week at the World Economic Forum in Davos.

"We're focused on trying to get this done this year because we think it's important to both of us," he said.

After the United States recently concluded the initial phase of a trade agreement with China, deals with Britain and the European Union were now the priority, Mnuchin said.

While Mnuchin conceded that Britain may need to finalize some issues with the EU before it could discuss them with Washington, he didn't see this leading to a delay.

"I think a lot of the issues can be dealt with simultaneously and again we look forward to continuing a great trade relationship, and, if anything, I think there will be significantly more trade between the US and the UK," he said.

Asked by a reporter if Britain's plan to implement a digital services tax on US technology giants such as Facebook and Google could hinder the trade negotiations, Mnuchin said that he discussed the issue on Saturday with Javid.



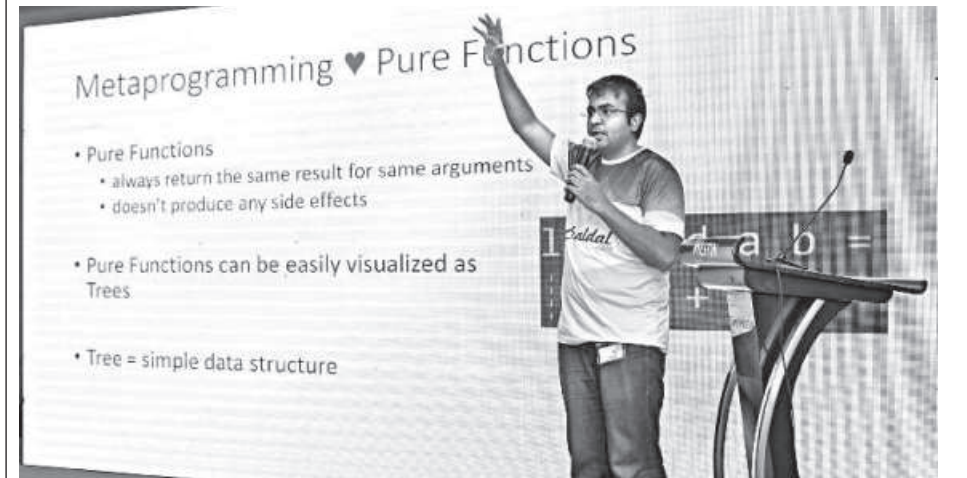
Brazil's President Jair Bolsonaro shakes hands with India's Prime Minister Narendra Modi during his ceremonial reception at the forecourt of India's Rashtrapati Bhavan Presidential Palace in New Delhi on Saturday.

REUTERS



Md Nurun Newaz Salim, chairman of NCC Bank, attends the bank's annual business conference for 2020 at Grand Sultan Tea Resort and Golf at Sreemangal in Moulvibazar yesterday.

NCC BANK



Tejas Viswanath, chief technology officer of Chaldal.com, speaks at the Dhaka Tech Summit at the Westin Dhaka recently. The online grocery start-up and a local social app start-up Kotla Technologies jointly organised the event where top software programmers of the country took part.

CHALDAL.COM

Walmart testing higher minimum wage for some employees

REUTERS

Walmart Inc is testing a higher starting wage for certain newly created jobs in about 500 US stores, as it looks to improve in-store experience for customers amid intense competition.

The company would offer team associates, a role it recently created, a starting wage of \$12 an hour, Walmart spokeswoman Jami Lamontagne said.

That compares with Walmart's minimum wage of \$11 at its more than 5,000 stores across the United States.

The team associates would be cross-trained in several functions and will have more responsibility, Lamontagne said.

The big-box retailer last raised its entry-level wages for US hourly employees to \$11 in early 2018 and trails rivals, including Costco Wholesale Corp, Amazon Inc and Target Corp on the minimum wage front.

Ericsson hit by higher 5G costs and weaker US market

REUTERS, Stockholm

Sweden's Ericsson warned it faced higher costs this year as it rolls out new 5G networks and was also hit by a temporary slowdown in its US market, sending its shares 7 percent lower on Friday.

After a number of lean years, Ericsson has been boosted by the roll-out of 5G, particularly in the United States, and analysts hope it can benefit from a U.S. campaign to shut out Chinese rival Huawei from supplying 5G equipment.

But while the new technology has helped sales, it has increased costs. Ericsson has also opted to take on major new clients to gain market share, betting a hit on margins in the short term will help to deliver longer-term profitability.

It recently bought the antenna and filter business of Germany's Kathrein to boost its 5G portfolio and said costs and investments related to the deal would weigh on margins in 2020.

Increased investments in digitalization and more spending on compliance - after a \$1 billion payment to resolve probes by U.S. authorities into corruption - are also expected to mean somewhat higher operating costs in 2020.

In October, rival Nokia shocked investors by slashing its profit outlook

for 2019 and 2020 and pausing dividend payments to allow for heavier investments in 5G, leading its shares to drop by a fifth. However, Ericsson CEO Borje Ekholm said the Swedish firm was on track to deliver its 2020 targets of an adjusted operating margin of over 10 per cent and sales of 230-240 billion Swedish crowns.

The company also hiked its dividend by 50 per cent to 1.50 crowns per share, which Christer Gardell, managing partner at Ericsson's top shareholder Cevian Capital, said showed its confidence in the future.

"We are convinced that Borje Ekholm will surpass the targets and show the doubters that they are wrong", Gardell told Reuters.

Ericsson is fighting Nokia and Huawei to take the lead in the roll out of 5G networks, which are expected to host critical functions from driverless vehicles to smart electric grids and military communications. That has led the United States to blacklist Huawei and launch a worldwide campaign to try to persuade allies to ban it from their 5G networks, alleging its equipment could be used by Beijing for spying - which Huawei denies.

Britain is expected soon to make a final decision on whether to allow Huawei equipment in its 5G mobile networks, while Germany may also rule on the matter during the spring.

North America has been the biggest market for 5G so far, boosting Ericsson's sales, but the company said demand slowed in the fourth quarter as the proposed merger between Sprint and T-Mobile hit their spending.

"It was a significant impact in a small part of the market which means the quarter came out negative in North America," Ekholm said. "But in general demand is very strong there."

While the United States is an early 5G adopter, China is expected to start its roll out this year.

Ericsson, which has targeted market share in China, said it was still too early to assess possible volumes and price levels for deploying 5G there.

"We expect that the initial challenging margins will shift to positive margins over the lifespan of the contracts," it said.

Western Europe is expected to lag behind, but by 2025 the GSMA telecoms industry lobby group estimates operators globally will have spent \$1 trillion building up 5G networks, offering a huge jackpot for the leading suppliers.

Ericsson's adjusted fourth-quarter operating earnings rose to 5.7 billion crowns (\$600.2 million) from 2.6 billion a year earlier, but were down from 7.4 billion the previous quarter. Analysts in a Refinitiv poll had forecast 6.9 billion crowns.



Tarique Afzal, managing director of AB Bank, and Zakir Hossain, executive director of BURO Bangladesh, attend a deal signing ceremony in Dhaka yesterday for disbursement of Tk 150 crore agricultural and rural credit at 9 per cent interest rate under a linkage partnership between the bank and the micro finance institution.

AB BANK

বাংলাদেশ টেলিকমিউনিকেশন কোম্পানি লিমিটেড
প্রকল্প পরিচালকের কার্যালয়
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মহাশালা উপগ্রহ ভূকেন্দ্র ভবন, কাড়াইল, বনালী, ঢাকা
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International Tender Notice Corrigendum
IGW International Tender Notice Corrigendum-4
No: 14.33.0000.310.07.008.19-38 Date: 26-01-2020

1	Tender package name	"Supply, Installation, Testing and Commissioning of NFV Enabled IP Based IGW Operator Switch (IOS) Exchange in BTCL on Turn-key Basis".
2	Invitation Ref. No. & date	14.33.0000.310.07.008.19-09, Date-11-12-2019
3	Tender closing date and time	16-02-2020 at 12:00 hrs (BST).
4	Tender opening date and time	16-02-2020 at 12:10 hrs (BST).

Quazi Nizam Uddin
Project Director
Tel: +880-2-9872787

Government of the People's Republic of Bangladesh
Office of the Superintending Engineer, RHD
Chattogram Road Circle, Rahmatganj, Chattogram
Fax/Phone: 031-611163
E-mail: sechic@rhd.gov.bd

Memo No. 235 Date: 26.01.2020

Re-Tender Notice

This is to notify for all concerned that e-Tenders are invited and published on 26/01/2020 in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for procurement of works for the following tenders. Interested persons/firms can see details by visiting the website www.eprocure.gov.bd

Sl	Previous tender ID	Present tender ID	Tender Reference No.	Name of work	Date & time
01	394390	417338	e-GP/SE/CTG/CRD/PMP Bridge/06/2019-2020 (Re-Ten)	Construction of 34.880m (1x33.540m) long P.C. Girder Bridge (Wagga Bridge) at 39th (P) km (Chainage 38km+575.00m) on Chattogram-Kaptai Regional Highway (R-164) under Chattogram Road Division during the year 2019-2020.	Last selling: 10.02.2020, 16.00 Closing: 11.02.2020, 12.00

Subarna Sarkar ID No. 700146 Sub-Assistant Engineer, RHD Chattogram Road Circle, Chattogram	Jamal Uddin ID No. 400445 Assistant Engineer (A.C.), RHD Chattogram Road Circle, Chattogram	Md. Hafizur Rahman ID No. 005059 Superintending Engineer (C.C.), RHD Chattogram Road Circle, Chattogram GD-188
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Al-Arafah unveils new logo



Abdus Samad Labu, chairman of Al-Arafah Islamic Bank, poses while unveiling a new logo of the bank at the Hotel Purbani in Dhaka yesterday.

STAR BUSINESS DESK

Al-Arafah Islamic Bank unveiled its new logo at Hotel Purbani International yesterday as part of a rebranding campaign to improve services and celebrate 25 years of operations.

Abdus Samad Labu, chairman, was the chief guest while Farman R Chowdhury, CEO, presided over the ceremony, says a press release.

"We are working to make Islamic banking more attractive for future generations," said Labu.

Chowdhury said the rebranding with the slogan "Shariah based always" would be carried out in its 182 branches and 169 ATM booths.

Vice Chairman Mohammad Abdus Salam alongside directors attended the event.

Wuhan: A central Chinese hub for transport and industry

AFP, Wuhan

The central Chinese city of Wuhan has been locked down after being identified as the epicentre of a new SARS-like virus, which has infected nearly 2,000 people and killed 56 in China.

Here's what you need to know about the city of 11 million people: Industrial powerhouse Wuhan is the capital city of the province of Hubei, central China's industrial heartland.

It is a huge centre of industry, including iron and steel manufacturing.

According to UNESCO, 50 percent of the world's long-span bridges and 60 percent of China's high-speed railways were designed by Wuhan designers.

As a traditional industrial hub it has attracted large numbers of migrants seeking work -- according to Wuhan's mayor Zhou Xianwang, five million of the city's population are migrants.

Central China hub The city is a crucial hub in the middle of China.

It is an important transport interchange -- with three major rail stations, ferry ports and an airport. It is also a key stop for Yangtze river cruises.

Several countries have consulates in the city, including the US and France -- both of which are working to evacuate their nationals from Wuhan due to the



A woman wearing a protective facemask returns from a market in Wuhan yesterday.

virus.

Roughly 160 Japanese companies, including in the auto and electronics industries, have offices in the city, according to the Japanese Chamber of Commerce in Wuhan.

It is also a centre for sporting and cultural events.

The state Military Games were held there last October, for which China

built an athletes' village to host around 10,000 participating soldiers, coaches and officials. The city is home of tennis championships including the China Open.

The Women's Olympics football qualifiers were due to be held in Wuhan in February, before being relocated to the eastern city of Nanjing because of the virus.

Benapole customs observes International Customs Day

OUR CORRESPONDENT, Benapole

Benapole Customs House undertook different programmes yesterday celebrating International Customs Day including hoisting the national flag, bringing out a procession and holding a seminar.

Ten businesspersons were awarded crests and certificates at the seminar for their contribution to revenue generation.

Import and export between Bangladesh and India through the Benapole port were suspended yesterday due to it being Republic Day, a national holiday in India. The trade resumes today.

Farhad Hossain, state minister for public administration, was chief guest at the inauguration of the programmes.

Lawmaker Sk Afil Uddin, the National Board of Revenue member Meftah Uddin Khan, Deputy Commissioner of Jashore Mohammad Shafiq Arif, District Superintendent of Police Mohammad Ashraf Hossain, Benapole Customs Commissioner Mohammad Belal Hossain Chowdhury and additional commissioner Syed Neyamul Islam were present.

Asia gold demand tepid

REUTERS, Bengaluru/Mumbai

Physical gold demand was subdued in major Asian hubs this week on account of the Lunar New Year holidays, with growing fears the coronavirus outbreak in China could further dampen activity.

China, the world's biggest gold consumer, is ramping up measures to contain a virus that has killed 26 people, suspending public transport in 10 cities, shutting temples over the Lunar New Year and even closing the Forbidden City and part of the Great Wall.

"With China going into the Lunar New Year and the disease, it (the gold market) is quiet," said Ronald Leung, chief dealer at Lee Cheong Gold Dealers in Hong Kong.

International spot gold prices have risen about 0.1 per cent so far this week, mostly holding above the key \$1,550 per ounce level.

Premium of \$2-\$5 an ounce were charged over benchmark rates in China, versus \$5-\$6 in the previous week. "I think the virus situation definitely has a bad effect on the gold premium. (However,) the negative impact may not be as big as some might have expected," said Samson Li, a Hong Kong-based precious metals analyst at Refinitiv GFMS.

In Hong Kong, gold was sold at anywhere between a premium of up to \$0.1 an ounce to on par with the benchmark, versus premiums of \$0.40-\$0.60 last week.

In India, dealers offered discounts of up to \$11 an ounce over official domestic prices, which includes a 12.5 per cent import tax and 3 per cent sales tax, unchanged from the last week.

"Retail demand is weak. The market is trading at a discount, but still jewellers are reluctant to make big purchases," Hyderabad based Chanda Venkatesh, managing director of CapsGold, a bullion merchant said.

Indian gold futures were around 40,000 rupees (\$563) per 10 grams on Friday, close to a record high of 41,293 rupees.

"Wedding season demand could start picking up in coming weeks if prices correct a bit," said Daman Prakash Rathod, a director at MNC Bullion, a wholesaler in Chennai.

Dealers were also waiting for the budget before making large purchases, a Mumbai-based dealer with a bullion importing bank said.

India had raised import tax on gold in the previous budget. The next budget will be presented on Feb. 1.

Premiums in Singapore fell to \$0.5-\$0.6, from \$0.60-\$0.80 last week, one trade source said. Gold in Japan was sold at a premium of about \$0.50 an ounce.

Bangladesh's rise in global apparel business

FROM PAGE B4

After a journey of four decades, Bangladesh now is the second largest apparel exporter grabbing 6.4 percent of the global market and creating jobs for 4.4 million of its people, especially women.

Bangladesh is also the second largest apparel supplier to the EU and third largest to the US.

Bangladesh boasts more than 100 green garment factories certified by the US Green Building Council, while another 500 buildings are on way to receive such certifications.

The country exported goods worth \$40.53 billion to 202 countries in fiscal 2018-19. Garment products accounted for 84 percent of the earnings, bringing in \$34.13 billion.

'No prior notice from India'

FROM PAGE B1

But Bangladesh exporters are not faring well. Export earnings fell 5.84 per cent year-on-year to \$19.3 billion in the first six months of the fiscal year -- mainly because of lower shipment of apparel items.

The receipts between July and December were also 12.77 per cent lower than the half-yearly target of \$22.12 billion, according to data from the Export Promotion Bureau.

"Basically our export is garment, which accounts for 84 per cent of the shipments. And there is a downward tendency in the international garment market. Hopefully, it will pick up in this quarter."

Asked why he is so confident about exports picking up this quarter, he said: "Export of our value-added items has declined, which is why exports fell. But we got news that new value-added work orders are being placed to Bangladesh again."

Besides, the government is working towards breaking into new markets.

"Now 15 per cent of our exports go to new markets. If we could send 10 per cent more then we could have overcome this current unstable situation," he said, adding that the new markets in sight are Brazil, Eurasian

and ASEAN CIS countries, and Russia.

The Russian market is shut out at present for problems surrounding settlement of financial transactions.

"Bangladesh Bank is trying to find a workaround. Our new ambassador is going to take care of these things. A delegation of businesspeople will go to Russia. Considering all these things, we are very hopeful that this market will be in our hands."

And the government is also thinking of giving incentives to garment exporters -- to boost export earnings figures.

Garment exporters have sought Tk 5 extra for each dollar of their retained export earnings -- a demand that has been met with contempt by various quarters. But Munshi, who is in garment trade, can see where the apparel exporters are coming from.

"Whether garment exporters are given more incentives or not is the finance ministry's decision. But I, as the commerce minister and a businessman, think the government should save this trade, as it covers 84 per cent of exports."

The government has a target to hit \$60 billion in exports by 2021, which will not be possible if the current downward trend continues.

"So sometimes we have to help."

In 1984-85, when Munshi started out in garment business, there was a project called XPL under which the government gave extra for every dollar.

"Had we not gotten that facility, our garment sector would not have come to this stage today. I started with 95 workers and because I got a helping hand then, today I have 6,000 workers."

This is the position of everyone. The time has now come again for the government to consider some form of support to cross these problems."

The garment exporters' demand will cost the government Tk 3,900 crore.

"This is not too big an amount but can save this sector of 45 lakh workers."

The decision lies with the prime minister and the finance minister. "But I think it will be given -- this is just my personal feeling."

Finance Minister AHM Mustafa Kamal has dispatched finance ministry officials to Vietnam, Sri Lanka, Thailand and India -- all Bangladesh's competitors in global apparel trade -- to probe whether the governments are providing such facilities to their garment exporters to give them a leg up.

India's rice exports fall sharply as sanctions delay payments from Iran



Workers walk through paddy fields on the outskirts of the western Indian city of Ahmedabad, India.

REUTERS, New Delhi

Reluctance among Indian traders to ship premium basmati rice to Iran as U.S. sanctions hobble its ability to pay has contributed to a sharp drop in overall exports from the world's biggest supplier of the grain, trade and government sources said.

Rice shipments from India slipped by more than a quarter to 5.5 million tonnes between April and November

2019 -- the first eight months of the fiscal year -- from 7.5 million tonnes in the year-ago period, the sources said. In terms of value, exports dropped 19 per cent to \$3.8 billion from \$4.7 billion.

The grain is India's biggest foreign exchange earning farm commodity, with shipments worth \$7.75 billion in the 2018/19 fiscal year.

Basmati rice exports to Iran, New Delhi's top buyer of the aromatic

grain, dropped to 600,000 tonnes in the eight months from 900,000 tonnes a year earlier, but traders, worried about delayed payments, have not signed any new contracts with Tehran in the past five days, the sources said.

Shipments are not expected to significantly pick up, with buyers in Iran owing a record 20 billion rupees (\$281.41 million) to India as U.S.-imposed sanctions make it hard to pay for imported commodities, they added.

"We are in a precarious situation," Nathi Ram Gupta, president of the All India Rice Exporters Association, told Reuters. "We have urged the Indian government to step in to ensure that our dues are cleared by Iran."

Reuters was unable to contact traders in Iran for comment.

Iranian buyers paid some of the money they owed in November, the sources said, encouraging Indian traders to sign new contracts and ultimately pushing dues to an all-time high.

Of the 4.4 million tonnes of basmati rice shipped by India in the 2018/19 fiscal year, Iran accounted for 1.4 million tonnes.

Divided EU leaders to hammer out budget at February summit

AFP, Brussels

European Union leaders meet next month in Brussels to try to agree a first post-Brexit long-term budget, with divisions over proposed cuts that could undermine defence and climate change ambitions.

European Council President Charles Michel on Saturday invited the heads of state and government of the bloc's 27 member nations to an exceptional summit on February 20. Any further delay might jeopardise both current programmes and policies and the launch of new ones, he said.

"I am fully aware that these negotiations are among the most difficult ones we have to face," he added.

"But I am also convinced that with common sense and determination we can strike a deal that will benefit all Europeans." Member states are divided on the bloc's 2021-2027 long-term budget.

The talks have been complicated by the January 31 departure of Britain, which was the EU's second-biggest economy and a major net contributor.

European Commission chief Ursula von der Leyen expressed concern in December about "severe cuts" in the proposed long-term budget plan from Finland, which holds the bloc's rotating presidency, referring to their call for austerity.

Von der Leyen on December 11 launched the bloc's new "Green Deal", a key element of which will be a law committing member states to building a carbon-neutral economy by 2050.

"Some say the cost of this transition is too high: let us never forget what the cost of non-action would be. It is rising by the year," she told the European Parliament.

Member states have been negotiating since mid-2018 on the basis of a Commission proposal calling for a multi-year budget of 1.134 trillion euros (\$1.4-trillion).

But the Finnish proposal slashes that to 1.087 trillion euros and, crucially, nearly halves the size of a Macron-backed European defence fund.

"I will not support a draft budget that does not live up to our ambition on this point," Macron told reporters after a NATO Summit early December.

"On these new policies of defence, research, artificial intelligence (...), we need an ambitious budget, otherwise we are not coherent," he added.

The Finnish proposal is intended to break the logjam, with net contributors such as Germany, Netherlands and other northern countries insisting on cutbacks.

But outnumbered eastern EU states have rejected the proposed cuts, worried about the special funds that have spurred their development since they joined the bloc.

The EU Cohesion Fund aims to raise the economies in the EU's traditionally poorer southern and eastern countries to the higher western levels.

Farming subsidies, which with development funds account for the biggest share of the budget, are also slated for big cuts.



Saifuzzaman Chowdhury, land minister; Bazal Ahmed, vice chairman of United Commercial Bank; and Mohammed Shawkat Jamil, managing director, pose at the bank's annual business conference 2020 at Radisson Blu Dhaka Water Garden yesterday.

Bangladesh's rise in global apparel business

REFAYET ULLAH MIRDHA

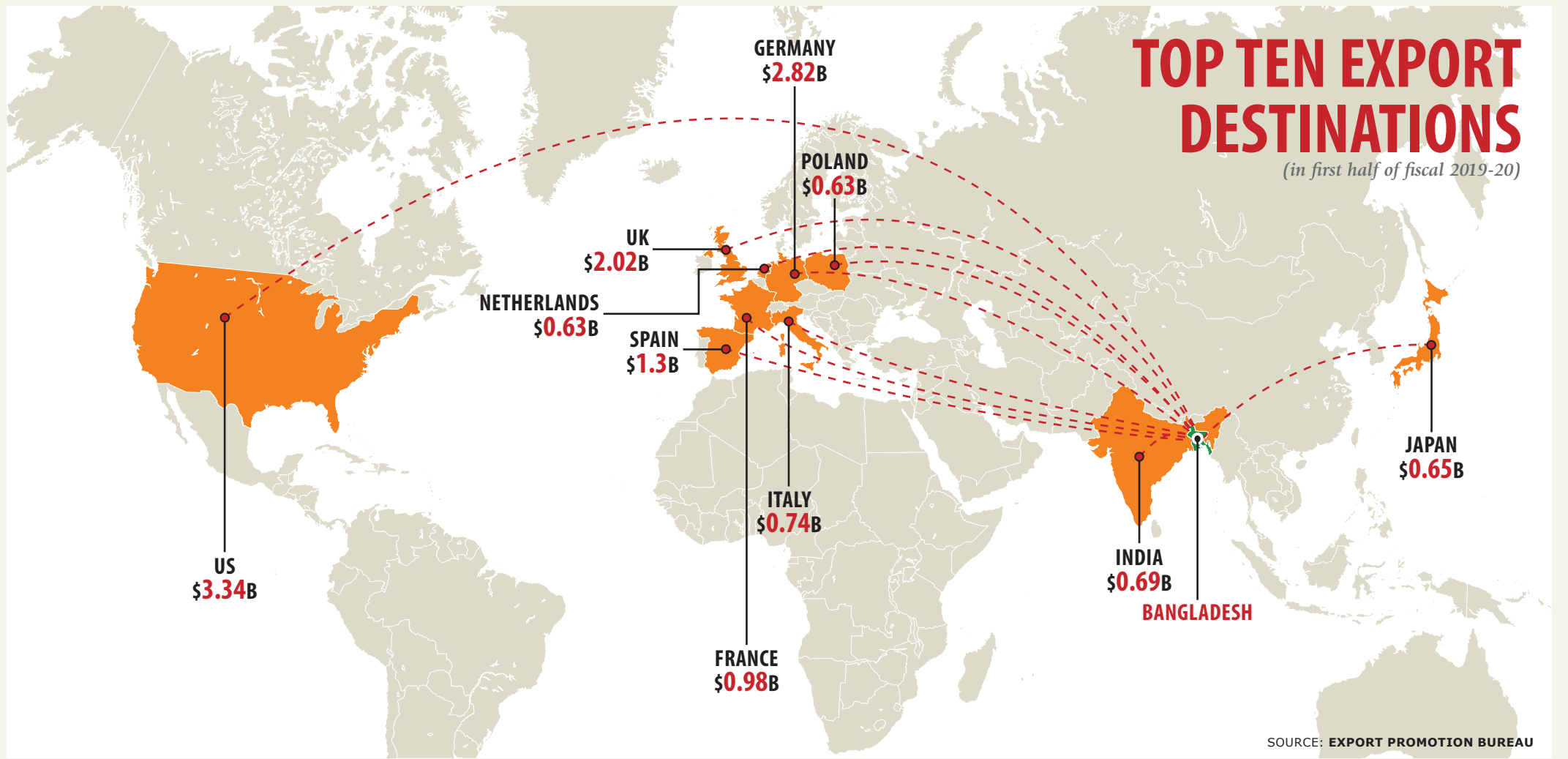
Just after the Independence War of 1971, Bangladesh had to put up a fresh fight to get rid of the scars that the nine-month battle left on its economy.

Like on the domestic front, the country started a modest journey in overseas trade: it logged \$348 million by exporting 25 products to 68 countries in fiscal 1972-73, according to the commerce ministry.

Of the products, only three -- jute, leather and tea -- were prominent, with jute alone fetching 90 percent of the total export earnings.

But the situation took a turn for the better in late 1970s when a band of educated youths began to try their luck in readymade garment shipment. They even had set up factories on the premises of their home or in shared buildings to rope in buyers and subsequently started to find their feet in the global apparel business.

READ MORE ON B3



DELICACIES DRYING UP?



PARTHA CHAKRABORTY



Fish are dried in Dublar Char recently. Catches south of the Sundarbans have reportedly declined, which fishermen attribute as an after-effect of cyclone Bulbul last November, severe cold and sudden rains. With October-March being the drying season, traders hope to recoup investments within the next two months.

Ctg customs seizes illegally imported cigarette, chocolate

STAFF CORRESPONDENT, Ctg

Chattogram Custom House yesterday seized two containers of cigarettes and chocolates, which were imported under false declaration.

The containers were supposed to have mushrooms and sweetcorn, Nur-A-Hasna Sanjida Anushua, assistant commissioner of customs, told The Daily Star.

The tax rate hovers between 43 per cent to 50 per cent for sweetcorn and mushrooms, which can go as high as 120 per cent to 550 per cent in case of chocolate and cigarette, customs officials said.

The value of seized goods will be determined in a day

or two after the completion of inventory, she said.

Chattogram based trader Bangla Vina Enterprise declared in its import documents that it was bringing 17 tonnes of Mushrooms from Malaysia. The container arrived at Chattogram port in the beginning of the year.

Another container of Dhaka-based Samit Trading International reached the Chattogram port with 10.5 tonnes of sweetcorn from Singapore last Saturday.

The containers were opened yesterday. According to rules, if the quality of the cigarettes is found to be perfect, the consignment will be sold to Bangladesh Tourism Corporation. Otherwise it will be destroyed and other goods will be sold in auction.



COLLECTED

Nur-A-Hasna Sanjida Anushua, assistant commissioner of customs, poses with the seized chocolates and cigarettes, which were imported under false declaration, in Chattogram port yesterday.

World Bank sees headwinds ahead for Bangladesh

REJAUL KARIM BYRON

The World Bank yesterday praised the progress Bangladesh achieved in recent years but apprehends a struggle ahead for the low tax revenue and banking sector's poor condition.

"While Bangladesh is poised to maintain its current level of growth in the medium term, key structural reforms are needed to sustain productivity growth," said the Washington-based multilateral lender in its review of Bangladesh's performance under the country partnership framework (CPF).

The WB prepares a CPF for five years for member countries. It prepared one for Bangladesh in fiscal 2015-16 in which it set some targets in sectors such as energy, transport, social protection, education, job creation, health, and climate and environment management.

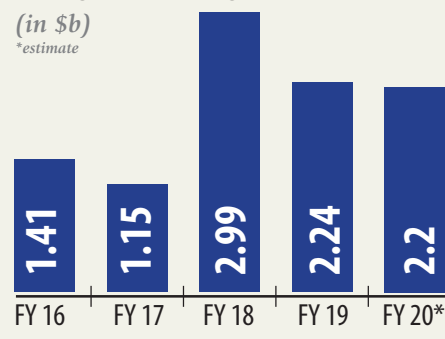
The country has made remarkable progress in improving the wellbeing of its citizens.

The national poverty rate fell from 48.9 to 24.3 per cent between 2000 and 2016, while the extreme poverty rate declined from 34.3 to 12.9 per cent.

Rural poverty fell substantially, driven by gains in non-agricultural income. Progress is also seen in non-monetary indicators of wellbeing. The average life expectancy increased to 72.5 years.

Economic growth has been robust, exceeding 7 per cent since 2016, well above the 3.9 to 4.7 percent average for developing countries in recent years, according to the WB. Exports and remittance have been buoyant.

WORLD BANK'S AID TO BANGLADESH IN PAST FIVE YEARS



Agriculture had bumper harvests. Propelled by a solid economic performance, gross national income per capita increased from \$1,188 in fiscal 2014-15 to \$1,944 in fiscal 2018-19. Overall inflation has ranged between 5.4 and 6.4 per cent since 2015 and declined in 2019 as decelerating food prices offset a rise in non-food inflation.

The expansion of monetary aggregates has been limited as private sector credit growth slowed and banking liquidity has been impacted by the central bank's recent sell-off of dollars to defend the taka.

"With easing of loan classification standards and reopening of classified loan rescheduling facility on easier terms, vulnerabilities in the banking system and capital markets persists." Accelerating exports and slowing imports have narrowed the current account deficit. The

country's budget deficit increased since fiscal 2017-18 but remained below the target of 5 per cent of GDP in fiscal year 2018-19.

However, according to the finance ministry's existing data, the budget deficit crossed the target of 5 per cent of GDP last fiscal year.

"Low tax revenue collection continues to be a major challenge as policy and administrative reforms have stalled and, in some cases, been reversed."

Public debt is expected to increase slightly to 32.8 per cent of GDP. The risk of both external and total public debt distress remains low.

Domestic demand growth is strong. Private investment is set to gain momentum given the reduced risk of political uncertainty following the 2018 elections and expected reforms to lower the cost of doing business.

Tariff escalation by the US against China may provide a boost to exports in the short run if Bangladesh can capture some of the trade diversion.

However, the recession in European and US export markets and appreciation of Bangladesh's real exchange rate would adversely impact export demand and remittance.

The elevated global economic risk calls for accelerated structural reforms to increase potential output and build fiscal and external buffers.

An immediate challenge is to address banking sector vulnerabilities, revenue shortfalls and appreciation of the real effective exchange rate.

At the same time, there is a need to prepare for tighter external financing conditions in the near to medium term.

Given that garment occupies 84 per cent of total export Bangladesh's export base is narrow, posing a structural economic weakness.

Diversification of export base is critical to buffer impacts from both external and internal shocks, and to sustain relatively high growth and accelerate job creation.

Overall volume of foreign direct investment (FDI) is still limited, with Bangladesh trailing competitors such as Vietnam, where FDI averaged 6 per cent of GDP in the last five years compared to 0.7 percent in Bangladesh.

Additionally, reforms are necessary to improve infrastructure, improve access to credit, address the high interest rates, boost human capital, and make business regulation less onerous and more predictable.

The WB Group has already given Bangladesh \$10.06 billion under the CPF for five years from fiscal 2015-16. It will provide \$2.2 billion in the current fiscal year.

Earlier, the WB gave Bangladesh \$8.38 billion from fiscal 2010-11 to 2014-15 under the CPF.

The International Finance Corporation (IFC), a sister concern of the WB, already provided Bangladesh with \$1.8 billion in the last four years. The amount was \$783 million from fiscal 2010-11 to 2014-15.

The WB's another concern, Multilateral Investment Guarantee Agency, gave the country \$474 million in the last four years.

Under the CPF, the lender will provide \$12.26 billion from fiscals 2015-16 to 2019-20.

The WBG now proposes extending the tenure of the partnership framework for one more year to June 2021 to align with the government's eighth Five-Year Plan.

BANGLADESH'S MACROECONOMIC TREND

	2015	2016	2017	2018	2019*	2020**	2021**
Real GDP growth at constant market prices	6.6	7.1	7.3	7.9	8.1	7.2	7.3
Real GDP growth at constant factor prices	6.5	7.2	7.2	7.9	8.3	7.2	7.3
Inflation	6.4	5.9	5.4	5.8	5.5	5.9	5.7
Current Account Balance (% of GDP)	1.5	1.9	-0.5	-3.5	-1.7	-2	-2.2
Net FDI (% of GDP)	0.9	0.6	0.7	0.6	0.8	0.8	0.8
Fiscal balance (% of GDP)	-3.7	-3.7	-3.4	-4.7	-4.4	-4.8	-4.7
Debt (% of GDP)	31.8	31.5	30.8	31.9	32.8	33.9	34.8
Primary balance (% of GDP)	-1.7	-1.8	-1.6	-2.8	-2.5	-2.6	-2.5