Cotton Day observed in Dhaka

STAR BUSINESS DESK

The Cotton USA organised a seminar and fashion show in Dhaka on Monday to celebrate the third edition of the Cotton Day.

More than 100 spinning mills, garment manufacturers, cotton merchants and traders attended the seminar at a local hotel, according to a statement.

The Cotton Council International (CCI), the export promotion arm of the National Cotton Council of America, introduced the Cotton Day in Bangladesh in 2016.

The non-profit trade association promotes US cotton fibre and manufactured cotton products around the globe with its Cotton USA trademark.

An eight-member delegation from the Cotton USA arrived in Dhaka on Sunday to meet Bangladeshi spinning and garment industry and promote the use of US cotton.

The team consisted of Raymond Faus, president of the American Cotton Shippers Association (ACSA); Tim North of the ACSA; Carlos Garcia of the America's Cotton Marketing Cooperatives; John Lindamood and Steve Wilbur, of the American Cotton Producers; Tim Barry, vice-president of the Intercontinental Commodity Exchange Futures; Marc Lewkowitz, president of the SUPIMA; and William Bettendorf, director of the CCI for South Asia.

Speaking at the event, Marcia Bernicat, US ambassador to Bangladesh, said the US is the number one consumer of Bangladesh's exports, especially from the country's dynamic readymade garment sector, according to the statement.

She praised leading apparel and garment producers in Bangladesh for choosing top-quality US cotton to make products that are in demand throughout the world.

COTTON USA

Marcia Bernicat, US ambassador to Bangladesh, along with a Cotton USA executive delegation, which includes Raymond Faus, president of American Cotton Shippers Association, poses for a photograph on the third "Cotton Day" at Radisson Blu Dhaka Water Garden on Monday.

S Korea minister warns of fallout of US-China trade war

AFP, *Seoul*

South Korea's finance minister warned that an all-out trade war between the US and China would have grim implications for the country, as he lowered this year's growth outlook Wednesday.

The world's 11th largest economy is expected to grow 2.9 percent this year, lower than an earlier estimate of three percent, Kim Dong-yeon said, citing slowing demand at home and abroad as well as rising unemployment.

The latest estimate is also lower than last year's figures, when the export-reliant economy expanded 3.1 percent, and comes as the South's top two trading partners China and the US engage in a bitter spat that has seen them impose hefty tariffs on billions of dollars of goods.

"The economic situation down the road does not seem to be bright," Kim told reporters.

"The situation may get worse if anxiety in the international financial markets spreads due to the US-China trade dispute... and market and corporate sentiment does not improve," he said.

Overseas shipments account for more than half of the South's economy, with more than a quarter of exports shipped to China and about 12 percent to the US.

Kim vowed to "closely monitor international trade situations including the US-China trade row" and announced measures to encourage job creation and spur domestic spending.

US President Donald Trump has taken a confrontational "America First" stance on trade policy, imposing steep tariffs on steel and aluminum, which angered allies and prompted swift retaliation, as well as 25 percent duties on $34 billion of Chinese goods, with more on the way.

China has matched US tariffs dollar-for-dollar and threatened to take further measures, while US exports face retaliatory border taxes from Canada, Mexico and the European Union.

The International Monetary Fund said this week the growing trade confrontation is the "greatest near-term threat to global growth" and in the worst case could cut a half point off world GDP.

Junk shares reign over Dhaka bourse

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Turnover, another important indicator of the market, also increased 9.86 percent to Tk 863.53 crore, with 17.12 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 137 advanced and 169 declined, with 35 securities closing unchanged on the premier bourse.

KDS Accessories dominated the turnover chart with its transaction of 31.14 lakh shares worth Tk 32.39 crore, followed by Aman Feed, Bashundhara Paper Mills, BBS Cables and Peninsula Chittagong.

Among the major sectors engineering gained 1.09 percent, followed by textile (1.02 percent), pharmaceuticals (0.81 percent), telecom (0.79 percent) and food and allied (0.45 percent).

Conversely, bank and mutual funds declined 0.66 percent and 0.63 percent respectively.

United Airways was the day's best performer, followed by KDS Accessories, ACI Formulations, Bengal Windsor Thermoplastics and Imam Button.

Bangladesh Industrial Finance Company was the biggest loser, shedding 10 percent, followed by Global Insurance, Sonar Bangla Insurance, SK Trims and Dacca Dyeing.

Chittagong stocks marginally rose yesterday with the bourse's benchmark index, CSCX, increasing 2.95 points, or 0.10 percent, to finish the day at 9,908.29.

Losers beat gainers as 113 advanced and 122 declined, while 18 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 2.85 crore shares and mutual fund units worth Tk 60.46 crore.

STAR

Analysts take part in a programme to celebrate the 39th founding anniversary of the Centre on Integrated Rural Development for Asia and the Pacific (Cirdap) on its premises in Dhaka yesterday. Story on B1

Project underway to facilitate trade: Tofail

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Ahmed yesterday held the first meeting of the "Bangladesh Regional Connectivity Project" for creating those trade facilities for faster ease of doing business by reducing the steps in business processes.

Under the project, modern facilities would be installed in the trade facilitating offices while infrastructures of the sea and land ports will be developed, the minister said in the meeting.

A total of $87 million would be spent for developing the land ports of the country. Of the amount, World Bank will provide $75 million and the government will spend $12 million, according to Ahmed.

The government will also develop the office of the NBR to speed up the processes of revenue collection and for quick release of trade related documents.

A total of $74.10 million will be spent for modernising the offices of the NBR. Of the amount, the WB will give $67 million and the government will spend $7.10 million, according to a meeting source.

A total of $8.6 million will be spent for the improvement of the commerce ministry. Of the amount, the WB will give $8 million and the government will give $0.60 million. The tenure of the project will come to an end in December 2021.

Bangladesh ratified the World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA) in October 2016, committing to introducing online trade facilities or paperless trade procedures to reduce the cost of doing business and reduce steps in business procedures.

The agreement will mainly boost digitisation of custom clearance and documentation both in export and import business.

The TFA contains provisions for expediting the movement and release and clearance of products, including goods in transit.

It sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.

According to a 2015 study carried out by the WTO economists, the full implementation of the TFA would reduce members' trade costs by an average of 14.3 percent, with the developing countries having the most to gain.

The deal also has the ability to reduce the time to import goods by over a day and a half while also bringing down the time to export by almost two days, representing a reduction of 47 percent and 91 percent respectively over the current average.

The TFA has the potential to increase global merchandise exports by up to $1 trillion.

One of the major commitments of the TFA is the introduction of paperless business worldwide, which is expected to slash the cost of doing business by 10-15 percent.

The cost of doing business, particularly in the LDCs, is higher as importers and exporters have to pay extra money as bribe in customs, transportation and to process other documents.

Developing countries will benefit significantly from the TFA, capturing more than half of the available gains, according to the WTO.

Not dead yet: Home of Brent crude gets new lease of life

REUTERS, *London*

Oil giant BP's Eastern Trough Area Project off the coast of Scotland wasn't supposed to be viable beyond 2018. But government and industry working together have given ETAP a new lease of life that is being closely watched by countries and companies eyeing other ageing projects around the world.

When ETAP was launched 20 years ago today, some experts predicted the UK sector of the North Sea would cease most production by 2030.

Government efforts to keep producers in the basin, home to the Brent crude that underpins the price benchmark, gained urgency with the 2014 oil price crash. Cheaper oil also forced the industry to upgrade technology and find more efficiencies. From original plans to stop production at ETAP, BP decided to invest $1 billion in 2015.

"One has to take stock of the potential going forward and make an intervention that allows for the right investment to extend life," Ariel Flores, BP's North Sea Chief, told Reuters. "We've done that on ETAP."

ETAP's example shows how efforts to extend the production in the North Sea are succeeding, providing lessons for producers in other fields near exhaustion such as those in the Gulf of Mexico and southeast Asia.

ETAP produces around 37,000 barrels per day of oil now against as much as 217,000 bpd in 2000. But BP production in the entirety of the North Sea is set to double in 2020 to 200,000 bpd from 2014 as fields such as Clair Ridge west of Shetland islands come on line, Flores said. "There are a number of fields in the central North Sea area waiting for final investment decisions (FIDs). And for some of those, the potential host is ETAP," Flores said.

Long-established oil giants such as BP, Royal Dutch Shell and Total as well as smaller, nimbler North Sea-focused producers such as Enquest and Premier Oil are all finding business opportunities in the area.

The region has also seen something of a changing of the guard in recent years. Shell, BP, OMV, and Engie have sold fields and infrastructure to smaller players, many of which are backed by private equity or specialize in squeezing more life out of mature assets, such as Chrysaor, Siccar Point and Neptune.

Chrysaor acquired around half of Shell's North Sea portfolio last year and is now one of the largest operators in the basin, boosting reserves by drilling wells around ageing fields, such as the Armada field.

"Six years ago you went to the US raising money and everyone was talking about fiscal instability, decommissioning, a basin in decline, and that has completely changed," Chrysaor CEO Phil Kirk told Reuters. "Now people talk about opportunity, about a change in the ownership of the basin."

Oil and gas companies invested billions in the North Sea in the late 2000s to meet surging demand from Asia but the subsequent oil price rally masked huge inefficiencies and waste.

When the bottom fell out in 2014 as shale producers in the United States competed with OPEC for market share, output had already dwindled to around 1 million barrels per day from a peak of 2.6 million in 1999. Investments were drying up and many operators were focused on plugging wells and dismantling fields. That's where the UK government stepped in.

Scottish oil and gas magnate Ian Wood was commissioned in 2013 to look at how government could stem the outflow from an industry that provides 300,000 jobs in the region.

The 2014 Wood report led to the creation of the independent Oil and Gas Authority (OGA) and a regulatory overhaul, including scrapping a 50 percent petroleum revenue tax and, starting in November, allowing the transfer of the tax history of an asset to the buyer who can then offset tax on decommissioning.

DSE delists two firms

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He said the CSE was investigating some companies, including Rahima Food Corporation, and if the probe team gives the go-ahead then these companies would be delisted.

KAM Majedur Rahman, managing director of the DSE, said if the delisted companies apply for trading in the over-the-counter market, the premier bourse will look into it.

Market insiders said though some people would lose money because of the delisting of the two companies, the decision would turn out to be good for the capital market as people would be cautious about junk shares.

Modern Dyeing & Screen Printing was listed on the DSE in 1988. It has Tk 1.36 crore as paid-up capital. Its share price soared 8.25 percent to Tk 326.90 yesterday.

Rahima Food Corporation was listed on the bourse in 1997. It has Tk 20 crore as paid-up capital and its share price declined 2.3 percent to Tk 174.30 on the day.

STAR

Analysts take part in a roundtable on agent banking at The Daily Star Centre in Dhaka yesterday. Story on B1

Use ICT as a tool to cut poverty: analysts

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The digital centres have also started delivering agent banking services and transacted $40 million so far, as part of ensuring financial inclusion of rural people, Rahman added on his keynote speech.

"We are now working to develop electronic channels for farmers to market their products and make those easily available to urban consumers, which will also be a massive development in bringing an end to the presence of brokers," he said. Skills needed to be increased through the use of ICT and for that relevant channels needed to be digitised, said Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development.

If the government fails to adopt ICT, rural people would continue to become more marginalized, said Shoeb Ahmed Masud, a director of the Bangladesh Association of Software and Information Services. "We should not accept the digital divide by only giving all the benefits of the digitisation to urban areas," he said.

Questions are now rising over inclusiveness although the country's economy continued to grow at over 7 percent, said Professor Md Abu Eusuf, chairman of the Department of Development Studies at Dhaka University, in another session styled "Rising Bangladesh". In the first session Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, gave a keynote speech on "The Bangladesh Development Narrative an Impressive Track Record".

He said Bangladesh was able to reduce the percentage of the population living below the national poverty line from 56 percent in the early 1990s to about 22 percent in 2018.

Though the country has achieved tremendous economic growth, disparity in earnings is raising concerns, he said, adding, "We need to work to reduce the income disparity."

Moderating the session, former Bangladesh Bank governor Salehuddin Ahmed said the country needs a participatory development attitude to reduce the disparity.

Md Mashiur Rahman Ranga, state minister for local government and rural development and co-operatives, inaugurated the two-day celebrations.

Cirdap will organise two more sessions today on "Food Waste to Wealth" and "Sustainable/Smart Rural Village