

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
Flat	0.13%	\$1,489.20	\$58.55	0.77%	0.33%	0.45%	0.32%	BUY TK	83.50	92.69	100.65	0.77
5,187.20	9,633.67	(per ounce)	(per barrel)	36,690.50	20,516.56	3,184.69	2,768.68	SELL TK	84.50	96.39	104.45	0.81

এসআইবিএল
সুপার ডিপিএস
বিশেষ সঞ্চয় কিম
প্রাকৃতিক মুদাফা

৩ বছর	৫ বছর	১০ বছর
৯.২৫%	৯.৫০%	১০%

ইসলামী শীল্ডিং এর সুযোগ
সীল্ডিং সীল্ডিং পরিসীমা

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Star BUSINESS

DHAKA THURSDAY AUGUST 8, 2019, SRABAN 24, 1426 BS starbusiness@thedailystar.net

Floods damage Tk 1,152cr crop

SOHEL PARVEZ

The flood has caused crop losses amounting to about Tk 1,152 crore of tens of thousands farmers, mainly in the northern region, according to an estimate of the Department of Agricultural Extension (DAE).

The inundation damaged crops on 1.09 lakh hectares affecting more than 6.51 lakh farmers in 31 districts, said officials.

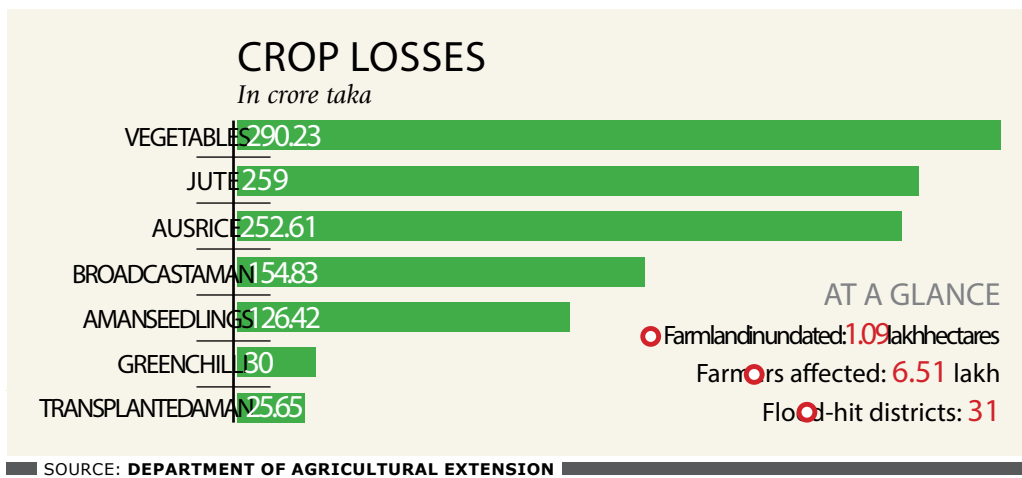
Vegetable growers suffered the biggest losses from the flood that began early last month resulting from heavy rains, followed by jute and aus paddy producers.

The DAE estimates that the inundation destroyed summer vegetables on 9,841 hectares area and almost mature aus paddy on 25,851 hectares.

Farmers had planted aus on 11.49 lakh hectares this year, which is less than the targeted area.

Overall yield of the summer crop is likely to be 22 lakh tonnes because of decreased acreage for growers' switch to jute, maize and vegetable for higher returns to recover the lower return from winter crop boro and crop damage for flood, said the US Department of Agriculture (USDA) in its July issue of Grain and Feed Update on Bangladesh.

The USDA said the monsoon season in



Bangladesh officially started on June 17 and heavy rains began on July 9 across the country, including the upstream neighbour of Nepal and the two Indian states of Assam and Meghalaya.

"The massive rains triggered widespread flooding and landslides and affected the livelihood of 6 million people," it said, adding that aus rice, transplanted aman rice seedbeds, jute, vegetables, sugarcane, banana and chili were the most damaged crops.

Bangladesh is the seventh most vulnerable country with regard to the adverse effects of climate change, said the US agency.

The USDA lowered its forecast on Bangladesh's rice output for the 2019-20 season -- which runs from May to April -- to 3.52 crore tonnes from 3.53 crore tonnes.

Apart from aus paddy, farmers had to count losses of sown aman on 29,635 hectares and seedlings of

transplanted aman 11,875 hectares.

Aman is the second rice crop after boro and seedlings production of the autumn crop has been on along with transplantation.

To help farmers get seedlings, the DAE has taken an initiative to produce seedlings on 75 acres of government-owned land and 530 acres of farmer-owned lands by providing them with production cost, said Md Abdul Mueyed, director of the DAE's field services wing.

It is also helping growers to make 2,500 floating seedbeds of aman so that they can transplant, he added.

Besides food producers, many growers, who cultivated the cash crop jute this year, incurred losses due to flood.

Jute on 22,039 hectares area was damaged, according to the DAE.

The DAE has taken a Tk 80 crore scheme to encourage cultivation of mustard, maize and wheat in the coming winter, Mueyed said.

"Priority will be given to the flood-affected regions," he added.

Don't deposit funds with weak banks

Energy ministry asks BPC, Petrobangla

AKM ZAMIR UDDIN

The energy ministry has asked Bangladesh Petroleum Corporation (BPC) and Petrobangla not to deposit their funds with weak financial institutions in the hope of getting higher returns in the form of interest.

"Institutions with good CAMELS ratings will have to be selected to deposit fund as per instruction given by the finance division," according to a letter sent by the ministry to the two state-owned organisations.

"Capital of BPC and Petrobangla will be at risk, if fund is deposited with the financially weak banks and NBFIs," the letter said.

The CAMELS rating is an internationally recognised rating system that indicates the actual financial health of banks and non-banking financial institutions (NBFIs).

The energy ministry has given the instruction at a time when a good number of NBFIs have failed to repay depositors' money despite the maturity of funds.

READ MORE ON B3

TCB can now import basic commodities

No need to wait for govt permission

STAR BUSINESS REPORT

The Trading Corporation of Bangladesh (TCB) can now import basic commodities on an emergency basis, without waiting for any permission from the higher authorities of the government, after it was exempted from the public procurement rules until May 2021.

The decision came in a meeting yesterday of the cabinet committee on economic affairs chaired by Finance Minister AHM Mustafa Kamal.

In the event of a sudden price hike of

basic commodities in the market, the TCB has to intervene to cool down the market.

But because of the delays in getting the permission to import the commodities, the state-run agency fails to arrest the price spiral, Kamal said.

But now, thanks to being excused from the public procurement rules, the TCB can now import essential commodities like edible oil, onion, garlic, ginger and lentils on an emergency basis and sell those directly in the market.

READ MORE ON B3

dbi CERAMICS
DISPLAY CENTRE
Nasir Trade Centre
(2nd Floor)
89 Bir Uttam C.S. Duttal Road
(Sonergan Road)
Dhaka 1205, Bangladesh
Hotline: 01713 656565

BTCL offers unlimited landline calls for Tk 150

STAR BUSINESS REPORT

Landline provider Bangladesh Telecommunications Company Limited (BTCL) has offered unlimited calls within its network for only Tk 150 per month as the struggling state-run company fights for a turnaround.

BTCL has also removed the monthly fee, said a statement yesterday.

The monthly fee for connections in the Dhaka, Chattogram and Khulna metropolitan city areas is Tk 160, in district level Tk 120 and Tk 80 for the rest.

To make calls to other network the charge will be Tk 0.52 per minute and the new rate will be effective from August 16.

Currently there are about 5.50 lakh active landline connections of BTCL.

READ MORE ON B3

Govt sets export target at \$54b

STAR BUSINESS REPORT

The government yesterday set the export target for the current fiscal year at \$54 billion, up 15.20 percent than that a year ago.

Of the amount, merchandise export target has been fixed at \$45.50 billion, which is 12.25 percent higher than the achievement of last fiscal year.

Meanwhile exports from services sector has been set at \$8.50 billion, a 34.10 percent year-on-year rise from that attained last fiscal year.

Md Mofizul Islam, senior secretary to the commerce ministry, announced the target after a meeting with businesspeople and leaders of trade bodies and business chambers at his secretariat office in Dhaka.

The target for the new fiscal year has been fixed on the achievements of the immediate past fiscal year.

World economic outlooks, government policy supports, changes in the dollar exchange rate, market and product diversification, supply side capacity, improvement of safety standards in garment factories and effects of the US-China trade war have been taken into consideration during fixing of the target, Islam said.

Last fiscal year receipts from merchandise shipment amounted to \$40.53 billion and services sector \$6.33 billion.

Overall exports had registered a 14.30 percent growth, 10.55 percent in goods shipments and 46.06 percent in services sector.

As usually, the highest export target has been fixed for the garment sector in the current fiscal year. This year the garment export target has been fixed at \$38.20 billion, which is 11.91

percent higher than the achievement of last fiscal year.

Of the amount, \$18.85 billion has been targeted from knitwear and \$19.35 billion from the woven sector. Last year Bangladesh exported garment items worth \$34.13 billion, registering a 11.49 percent year-on-year growth.

With exports not diversifying at the expected pace, the contribution of garment items in national exports claimed a larger share last fiscal year.



Garment products now account for 84 percent of total exports.

The contribution of garment sector (knitwear and woven) increased to over 84 percent from more than 82 percent last fiscal year.

Diversification in exports is slow despite government initiatives on providing cash incentives to different sectors with potential.

Last fiscal year the garment sector even exceeded the annual target by 4.42 percent. The target was set at \$32.68 billion, according to data from the Ministry of Commerce.

READ MORE ON B3

Private sector to be deprived of required finance

IBFB says about 2019-20's monetary policy

STAR BUSINESS DESK

The lowering of the private sector credit growth target for fiscal 2019-20 will affect the industrial production and employment generation, the International Business Forum of Bangladesh (IBF-B) commented on the latest Monetary Policy Statement yesterday.

The government has set the private sector credit growth target at 13.2 percent for the July to December period of 2019-20 and 14.8 percent for the full year against 16.5 percent growth target set for 2018-19.

Achieving 8.20 percent GDP growth in the ongoing fiscal year will be difficult with such a reduction in the private sector credit growth target, the IBFB said in a statement.

Moreover, the targeted loan from savings certificates will shrink the deposit base of banks and leave an impact on loan for the private sector, it said.

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Md Arfan Ali, president and managing director of Bank Asia, launches the bank's three new retail schemes—Aanchal for women, Nirvabana for senior citizens and Vramon for travellers—at the bank's corporate office in Dhaka on Tuesday.

Tesla considers raising prices in China from September

REUTERS, Beijing

US electric vehicle maker Tesla Inc is considering lifting its prices in China from September amid yuan-related uncertainty, two people familiar with the matter said. The people declined to be named as the plan has not been made public. They did not offer detail on the price change.

China allowed the yuan to weaken past the 7-per-dollar level on Monday for the first time in more than a decade, after which the US government labeled China a currency manipulator, raising the stakes in the trade dispute between the two countries.

China firmly opposes the currency manipulator label saying it has not used and will not use the yuan to cope with the US trade frictions.

The sharp drop in the yuan comes days after US President Donald Trump stunned financial markets by vowing to impose 10 percent tariffs on the remaining \$300 billion of Chinese imports from Sept. 1, abruptly breaking a brief ceasefire in a trade war that has disrupted global supply chains and slowed growth.

Tesla currently imports all the cars it sells in China, but it is in the process of building a factory in Shanghai that will manufacture Model 3 cars in the initial phase and help it minimize the impact of the trade war and tariffs.

If enacted, this would be the first case of a planned price adjustment by an importer since the yuan fell this week and points to the growing pressure that importers are facing.

India central bank makes fourth rate cut this year, revises growth forecast

AFP, Mumbai

India's central bank on Wednesday cut interest rates for the fourth time this year and slashed growth forecasts as New Delhi battles a sluggish economy and high unemployment.

The Reserve Bank of India (RBI) said the benchmark repo rate -- the level at which it lends to commercial banks -- would be reduced by 35 basis points to 5.40 percent, taking rates to their lowest level since 2010.

"The monetary policy committee was of the view that a 25 basis point rate cut was inadequate due to evolving global economic conditions while a 50 basis point cut would be excessive," RBI governor Shaktikanta Das told reporters.

"Hence, 35 basis points was viewed as a balanced level of cut due to the current circumstances." All 36 economists surveyed by Bloomberg News had predicted the central bank would cut rates by 25 basis points.

The Reserve Bank also revised down its growth projection for 2019-20 from 7.0 percent to 6.9 percent, noting that the global economy has been losing pace.

"Domestic economic activity continues to be weak, with the global slowdown and escalating trade tensions posing downside risks," it added in a statement.



Reserve Bank of India governor Shaktikanta Das (R) speaks during a press conference at RBI headquarters in Mumbai yesterday.

A fall in domestic demand lowered India's growth rate in the last quarter to 5.8 percent, with unemployment at its highest since the 1970s.

Indian carmakers including Mahindra & Mahindra have halted production and reported falling sales as consumer demand fell throughout 2019.

The cut to borrowing costs comes as central banks around the world adopt a more dovish tone on monetary policy amid the global slowdown.

This is the fourth reduction this

year under governor Shaktikanta Das, an ally of Prime Minister Narendra Modi who was appointed in December after his predecessor quit following a spat with the government over alleged interference.

Modi -- who won a second landslide victory in recent national elections -- faces a massive challenge to create enough jobs for the 1.2 million Indians who join the labour market each month.

The new government that took charge in May faced twin blows when data showed economic

expansion falling to a five-year-low and rising unemployment.

The growth figures had come in at 5.8 percent in the fourth quarter. It meant India had lost its place as the world's fastest-growing major economy to China, which is currently on a 6.4 percent-growth trajectory.

Meanwhile, Finance Minister Nirmala Sitharaman's budget announcements in July created panic with a new tax proposal for the super-rich that also targeted trusts used by a large number of foreign funds.

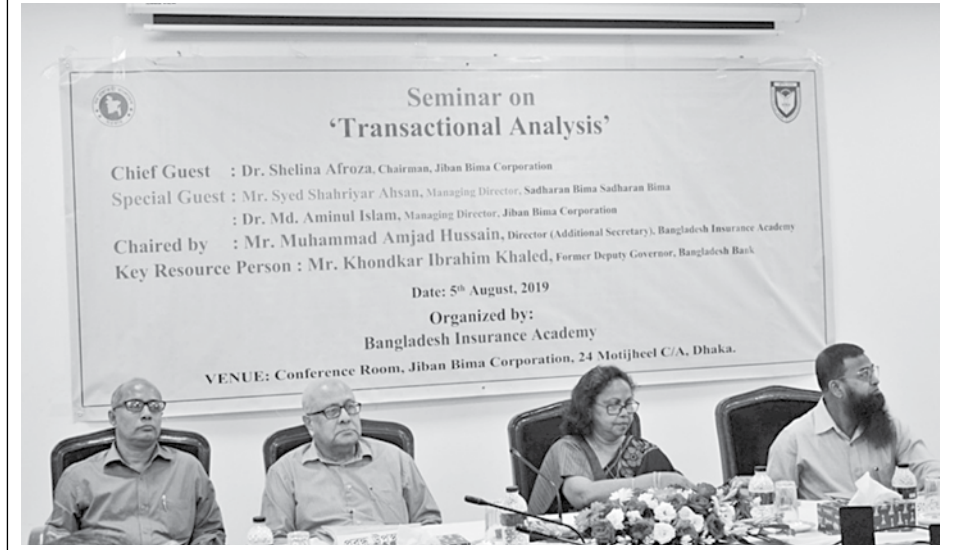
Economists said further cuts could be on the cards.

"RBI has moved its stance to accommodative and inflation is under control. RBI will cut interest rates by 50 basis points incrementally throughout 2019 after this rate cut," Elara Capital economist Garima Kapoor told AFP.

India's inflation rose to an eight-month high of 3.18 percent in June but was within the RBI's target of four percent.

Capital Economics' Shilan Shah warned further policy loosening could be a misstep, and "lead to higher inflation and interest rates in the future".

"The extent of the slowdown is open to debate. Soft surveys show that spare capacity remains limited, while bank lending growth is close to a five-year high," Shah said.



Khondkar Ibrahim Khaled, former deputy governor of Bangladesh Bank; Muhammad Amjad Hussain, director of Bangladesh Insurance Academy, and Shelina Afroza, chairman of Jiban Bima Corporation, attend a seminar on "Transactional Analysis" organised by the academy at the corporation's conference hall in Dhaka on Monday.

Cathay Pacific reports profit but warns of HK protests impact

AFP, Hong Kong

Hong Kong's flagship airline Cathay Pacific warned Wednesday that increasingly violent protests in the financial hub had hit booking demand.

Announcing interim results that showed the airline in the black after huge losses in the first half of last year, chairman John Slosar warned of further impact to the business in response to both the unrest and global trade tensions. "Geopolitical and trade tensions are expected to continue to affect the global economy and, in turn, demand for air travel and air freight," he said.

"The protests in Hong Kong reduced inbound passenger traffic in July and are

adversely impacting forward bookings." The previously troubled airline reported first-half earnings of 1.35 billion HKD (\$172 million), compared with a loss of 263 million HKD in the same period last year.

Despite the uncertainty, Slosar said he still expects to achieve even better results in the second half of the year, as is usual in the aviation industry. Images of clashes between masked protesters and police firing tear gas in the streets of Hong Kong have made continued global headlines, with no end in sight to the unrest.

On Monday, more than 160 flights at the city's airport were listed as cancelled as a general strike caused transport chaos in the city.



Khورشed Anwar, head of retail and SME banking at Eastern Bank Ltd, and Mark Nosworthy, CEO of Bproperty.com Ltd, sign the documents of an agreement in Dhaka recently for providing quality home loan services to the latter's customers.

Samsung seeks alternatives to Japanese suppliers in trade row

AFP, Seoul

South Korean tech giant Samsung Electronics, the world's biggest smartphone and memory chip maker, is seeking alternatives to Japanese suppliers for some key materials, it said Wednesday with Seoul and Tokyo embroiled in a bitter trade dispute.

The row has seen the Japanese government impose restrictions on chemical exports crucial to chipmaking and last week Seoul and Tokyo removed each other from their "white lists" of trusted trading partners.

Two of the Japanese chemicals targeted, hydrogen fluoride gas and photoresists, are essential to making memory chips, while the third chemical, fluorinated polyimide, is used for high-spec TV screens and smartphone displays, including hotly-anticipated folding models from Samsung.

Tokyo's move has also raised international concern about the effect on global supply chains and possible price hikes for consumers worldwide.

A Samsung spokesperson told AFP the firm was "seeking ways to diversify" supplies of materials and components where it relied heavily on Japanese imports.

Analysts have warned the restrictions -- and reduction in the availability of the materials -- would "significantly impede" chip producers.

Japan holds a 60-70 percent share of the global hydrogen fluoride market, according to Taipei-based market



A visitor looks at a Samsung Galaxy S10 smartphone at its showroom in Seoul on August 2.

New Zealand interest rates slashed to record low

AFP, Wellington

New Zealand's central bank slashed interest rates to a record low of 1 percent Wednesday, warning that the economy faced rising headwinds.

It did not rule out a further reduction later in the year, saying stimulus was necessary to meet employment and inflation targets.

The surprise cut in the Official Cash Rate (OCR) to 1 percent from a previous low of 1.5 percent set in May had an immediate impact on the housing market with mortgage rates falling while the New Zealand dollar dropped to US\$0.63 cents.

Many analysts had tipped a 25 basis point cut.

The Reserve Bank of New Zealand said employment was close to its maximum sustainable level, inflation was below the 2 percent mid-point of the target range and "growth headwinds are rising".

"In the absence of additional monetary stimulus, employment and inflation would likely ease relative to our targets," the central bank said in a statement.

The bigger-than-expected cut "does not rule out any further action" later in the

year, Bank governor Adrian Orr said.

Prime Minister Jacinda Ardern said the decision brought New Zealand's official cash rate in line with neighbouring Australia, adding it was positive news for home owners. "We are in an environment where unemployment is low, we see wages are increasing, and this cut will ultimately mean New Zealanders should face lower interest rates," she said.

The bank noted a number of central banks around the world were easing monetary policy in the face of a weakening global economy.

"Global long-term interest rates have declined to historically low levels, consistent with low expected inflation and growth rates into the future," the bank said. "In New Zealand, low interest rates and increased government spending will support a pick-up in demand over the coming year." New Zealand's four major banks immediately lowered home loan and saving rates.

ASB Bank reduced its floating mortgage rate by half-a-percent and forecast a further cut in the official cash rate by 25 basis points later in the year.

China to remove import quotas for soybean, rapeseed, palm oils

REUTERS, Shanghai

China plans to remove soybean oil, rapeseed oil and palm oil from its import tariff quota management, its commerce ministry said.

The news comes after the ministry said on Tuesday Chinese companies had stopped buying US agriculture products in response to US President Donald Trump's decision last week to impose tariffs on another \$300 billion of Chinese imports, sharply escalating a tit-for-tat trade dispute between US and China. The commodities were removed from a draft tariff quota management list posted on the official website of the commerce ministry.



Mahtab Uddin Ahmed, CEO of Robi, and Zia Choudhury, country director for CARE Bangladesh, attend a ceremony marking the signing of a memorandum of understanding at the former's corporate office in Dhaka recently. The non-profit organisation will provide smartphones and seed-capital to 100 girls in Kurigram to enable them to retail talktime, data packs and SIM cards and provide mobile financial and other value-added services on behalf of the telecom operator.

StanChart-Prothom Alo programming contest begins



Matiur Rahman, editor and publisher of Prothom Alo, and Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, exchange the signed documents of a memorandum of understanding at the latter's head office in Dhaka on Tuesday.

STAR BUSINESS DESK

Standard Chartered Bangladesh and Prothom Alo has recently announced the launch of the second edition of Standard Chartered Prothom Alo Inter School and College Programming Contest 2019. The computer programming competition aims to provide a national platform to the youth, particularly school and college students, to help them into becoming problem-solvers capable of applying skills to real life problems, the bank

said in a statement yesterday. This year there will be a series of school activations and district-level computer programming workshops, culminating in two major regional contests, the winners of which will compete in the finals in Dhaka. There will also be an online qualification round for the rest of the country. The winning teams from the final contest will have the opportunity to participate in a three-day programming boot camp, where they will

connect with leading ICT practitioners from around the world.

"It was inspiring to see talented youth from across the country and from a wide range of socio-economic backgrounds, showcasing their coding skills and competing on level footing last year," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

"There was even a team that had learned coding without access to computers - we are delighted to note that we will be able to support five schools with a donation of three laptops each," he added. "Their achievements last year just goes to show the immense potential of our youth, which is what I hope this initiative will continue to nurture."

Matiur Rahman, editor of Prothom Alo, mentioned that the Bangla daily always tries to help the youth in developing the skills they required for the 21st century.

"Coding skill is a necessary element for today and this contest and workshops will help our young kids be at par with the world," he said.

In 2018, the initiative reached rural, semi-rural and urban communities through a series of activations and contests, giving talented youths an opportunity to showcase their coding skills.

The initiative included programming workshops at 60 schools around Bangladesh reaching around 15,000 students and eight district level workshops reaching around 3,000 students from rural and semi-rural communities.

There were also one online practice programming contest with 1,157 participants, two preliminary programming contests with 437 teams, a final contest with 122 participating teams and a three-day coding boot camp with 50 top participants.

Bangladeshi duo to take part in WorldSkills Competition 2019

STAR BUSINESS DESK

Two Bangladeshi youths are going to participate in WorldSkills Competition 2019, scheduled to be held on August 22-27 in Kazan, Russia.

Of the duo, Tanjim Tabassum Islam will contest in confectionery and patisserie trade while Nafisa Sadaf Achol in fashion designing. They were selected through a nationwide Rising Star Competition last year.

Md Faruque Hossain, chairman of National Skills Development Authority (NSDA) under the Prime Minister's Office (PMO), shared the information at a press briefing at the NSDA in Dhaka yesterday. Sajjadul Hassan, secretary to the PMO, also spoke.

The NSDA has already completed all necessary preparations in this regard.

Shafiqul Azam reappointed Modhumoti Bank MD



STAR BUSINESS DESK

Md Shafiqul Azam has recently been reappointed managing director and chief executive officer of Modhumoti Bank.

He has been serving in these capacities since 2016, says a press release.

Azam started his career as a probationary officer at AB Bank in 1991.

He also served as deputy managing director of Shahjalal Islami Bank and additional managing director of Modhumoti Bank.

He completed his postgraduation in marketing from the University of Dhaka.

FedEx cuts ties with Amazon in sign of new rivalry

AFP, Washington

FedEx said Wednesday it would stop ground deliveries for Amazon in the latest sign of competition between the two firms.

The move comes two months after the package delivery giant announced it was ending express service with Amazon as it moves to work with others in the online retail sector.

"This change is consistent with our strategy to focus on the broader e-commerce market, which the recent announcements related to our FedEx ground network have us positioned extraordinarily well to do," a FedEx statement said.

Amazon has also been bolstering its own logistics network and earlier this year offered employees \$10,000 to quit their jobs to create their own delivery enterprise.

In June, FedEx said Amazon accounted for less than 1.3 percent of its total revenue for 2018 and announced it was building out a network "to serve thousands of retailers in the e-commerce space."

SoftBank Group triples net profit in first quarter

AFP, Tokyo

Japan's SoftBank Group said Wednesday its first-quarter net profit more than tripled thanks to exceptional gains related to the sale of shares in Chinese e-commerce giant Alibaba.

The company announced net profit of 1.12 trillion yen (\$10.5 billion) for the three months to June, up 257.6 percent compared to the same period a year before.

"It is the first time our quarterly net profit surpassed one trillion yen," CEO Masayoshi Son told reporters.

"It's a remarkable performance," he said.

SoftBank Group said the growth was boosted by delayed gains from its 2016 sales of shares in Alibaba, which had an impact on income of 857 billion yen.

Sales rose 2.8 percent to 2.34 trillion yen while operating profit dipped 3.7 percent to 690 billion yen.

Under tycoon Son, SoftBank, which started as a software firm, has morphed into an investment firm, ploughing funds into a broad range of companies and projects outside its core business.

Last month, the company said it would team up with tech firms including Apple and Microsoft in a new \$108-billion investment fund to

accelerate the "AI revolution".

Talking about the new fund, Son said on Wednesday, "I have the same feeling as when I went to mountains as a child for an adventure, searching for excitement." "Maybe it's funny to say this but I feel like I'm in the middle of my youth, even though I'm physically old."

The new fund is the long-mooted successor to its mammoth Saudi-backed Vision Fund, which has taken stakes in leading tech start-ups from Uber to WeWork.

The announcement of Vision Fund 2 made no mention of Saudi Arabia among the investors, but Son revealed they're in discussions with Riyadh.



Rokia A Rahman, a director of MIDAS Financing Ltd, poses with entrepreneurs of the "Women Entrepreneurs of Bangladesh" at a presentation on the "Financial Services of MIDAS Financing Ltd" on August 4 marking "SME Day", aiming to build a strong and effective network while familiarising the entrepreneurs on financial services and deposit schemes provided by MIDAS Financing. The company observes the first Monday of each month as "SME Day". Mustafizur Rahman, managing director of the company, was present.

BTCL offers unlimited landline calls for Tk 150

FROM PAGE B1

The decision to make the state-owned landphone company lucrative to subscribers came in a meeting presided over by Telecom Minister Mustafa Jabbar at his office.

"We want to make the government-owned company's business viable and that's why service needs to be improved," Jabbar said.

BTCL has turned in profits in the first few years after being turned into an independent company in 2008. But after that it has only been downhill for the state-run company as mobile phones took over.

Private sector to be deprived of required finance

FROM PAGE B1

Bangladesh Bank's plan to open market operation activities at an interest rate-based monetary policy instead of the current monetary aggregate-based policy will have a direct impact on interest rates, according to the statement.

The finance minister has recently declared that BB is going to issue policy to cap the interest rate of 6 percent on deposit and 9 percent on bank loan, which contradicts with the declared monetary policy, the forum said.

However, the banking regulator proposes bringing the informal economic activities into formal sector through introducing ICT-based transaction, which is a good initiative, the IBFB said.

China rare earths group supports counter-measures against US 'bullying'

REUTERS, Beijing

China's rare earths association said it would support Chinese counter-measures in the escalating trade row with the United States, which it accused on Wednesday of "bullying".

The Association of China Rare Earth Industry issued a statement after a special working meeting on Monday to discuss the "guidance" given by Chinese President Xi Jinping during a visit to a rare earth plant in Jiangxi in May.

Xi's visit stoked fears China would use its dominance over production of rare earths, a group of 17 chemical

elements prized for their use in consumer electronics and military equipment, in the escalating trade war, although no restrictions on supplies have so far been announced.

US President Donald Trump said last week he would impose further tariffs on another \$300 billion of Chinese goods, although a previous lists avoided rare earths, for which the United States relies heavily on China.

The Chinese association rarely comments on the trade war and made no mention of export restrictions, but said all attendees at the meeting agreed that U.S. tariffs on Chinese

goods were aimed at suppressing China's development and amounted to unilateralism, protectionism and "trade bullying behavior."

"We express our firm opposition," it said, adding that Chinese rare earth companies should actively expand overseas markets, as well as the domestic market.

"The cost of tariffs imposed by the United States should be borne by the US market and consumers," the association said.

China customs is due to report its July rare earth export data on Thursday.

Govt sets export target at \$54b

FROM PAGE B1

Apart from garment items, the leather and leather goods sector has been considered as one of the most important sectors having potential in the current fiscal year. The commerce ministry set the export target at \$1.09 billion from receipts of \$1.01 billion last fiscal year.

Leather and leather goods was the second highest earning sector after garments. Only leather and leather

goods sector could exceed the one billion US dollar-mark after garment items last fiscal year. Replying to queries of journalists, Islam said the government has been providing incentives to some sectors like leather, footwear, plastic goods and light engineering to encourage product diversification. The government has already taken a project to diversify the export basket, he said.

While Mohammad Ali Khokon,

president of Bangladesh Textile Mills Association, was talking about the problems and prospects of the primary textile sector, Islam said the ministry would hold a separate meeting with businesspeople to know of their comments for taking future course of action.

If the current trend of export continues, it is very much possible to achieve the export target of \$60 billion by the end of 2021, said Islam.

Investors seek safety in bonds on fears over economic outlook

AFP, London

Money poured into the world's bond markets on Wednesday as investors shunned riskier investments such as stocks for the relative safety of government debt.

Gold, another safe-haven favourite, rose to levels last seen six years ago.

Official rate cuts from three central banks, including a surprisingly aggressive one by the Reserve Bank of New Zealand, served as a stark warning that a worsening US-China trade conflict is shaking confidence in global growth.

As bond prices surge, their yield or returns to investors fall, with benchmark 10-year government paper in the US and elsewhere dropping to multi-year lows.

Markets now believe that the world's key central banks will cut interest rates further to stave off, or at least alleviate, any coming slowdown, analysts said.

Crucially, the hefty cut by remote New Zealand may be a precursor to deeper US Federal Reserve easing, suggested Ipek Ozkardeska, Senior Market Analyst at London Capital Group. "The surprise rate action from the RBNZ can only spur expectations of a similar size cut from the Federal Reserve," she said.

US Treasury yields showed a fall of 0.12 percentage points on the day, outcome among developed economies only by New Zealand yields following the rate cut.

Ten-year yields elsewhere eased by 0.06 points or more. "Rates falling everywhere," observed analysts at Moneycorp.

Don't deposit funds with weak banks

FROM PAGE B1

Such failure has created panic among individuals, the government and private entities.

The central bank has recently taken a decision to liquidate People's Leasing and Financial Services (PLFS), an NBF, due to the deterioration of its financial health and severe liquidity crunch. A significant amount of government and corporate funds has been stuck with PLFS.

The Farmers Bank, which has recently been named Padma Bank, also faced severe cash crunch and failed to pay back the depositors' money last year because of financial scam. Besides, the majority of banks are now offering high interest rate to attract depositors to mitigate their liquidity crunch.

In many cases, some banks and NBFs lure the government, semi-government organisations and corporations to keep their deposit with them, promising high interest rate, the letter said.

The ministry asked its wings not to be attracted by that kind of offer and keep their funds with institutions which have strong financial base.



Air Marshal (ret'd) Muhammad Enamul Bari, chairman of Biman Bangladesh Airlines, and Aziz Al Kaiser, chairman of City Bank, exchange the signed documents of a deal at the former's head office in Dhaka recently to launch a co-branded credit card, The Biman Bangladesh American Express Credit Card. Farhat Hassan Jamil, CEO of the airline, and Mashrur Arefin, CEO of the bank, were present.

TCB can now import basic commodities

FROM PAGE B1

In another move, the cabinet committee on purchase approved the import of 4.5 lakh tonnes of muriate of potash fertiliser from Belarusian Potash Company for \$291.65 per tonne.

The same committee also approved a proposal to import of 25,000 tonnes of urea fertiliser from Qatar for \$293.50 per tonne.

The economic affairs committee also approved a proposal to import a vehicle-mounted data interceptor at a cost of Tk 200 crore for the public safety division of the ministry of home affairs.

The government will purchase the interceptor in direct purchase method as the machinery is very important for people's safety, the minister said.

One interceptor was purchased earlier and now the government has taken a move to purchase another.

The interceptor is needed to arrest the spread of rumours and fake news by a section of the society, the minister said.

Investment in health gives 10 times more return

A top official of Bill & Melinda Gates Foundation tells The Daily Star

SAJJADUR RAHMAN

BANGLADESH should increase its investment in social sectors such as health, education and nutrition to build a healthy population and enjoy demographic dividend, said a senior official of the Bill & Melinda Gates Foundation.

"Investment in health gives 10 times more return and that's a conservative number," Mark Suzman, chief strategy officer and president of the foundation's global policy and advocacy, told The Daily Star in an interview in Dhaka recently.

Ten was the lower number and the foundation-commissioned study says the return on health is between 10 and 17 times.

"That return takes place over 25 years. And if you look over the cycle of the economy, the benefits are indisputable," he said, adding that the higher allocation for education and health in fiscal 2019-20's budget was encouraging.

The foundation strongly believes the basic investment on health start before pregnancy, and Bangladesh still has a very extensive stunting problem.

"Stunting is extremely damaging to you because if you don't get full proper nutrition in the first two years of life and particularly in the first six months, your brain will never fully recover and develop into what it would have been otherwise."

"That's a huge tax on future generations and the future workforce. So, we believe it's critically important that those investments be prioritised now and then naturally the demographic dividend actually comes into being."

Set up in 2000, the Bill & Melinda Gates Foundation is a private foundation founded by the Microsoft founder and his wife and is the largest transparently operated private foundation in the world.

Based in Seattle, the foundation's total grant payments since inception was \$50 billion. Last year, the total direct grantee support was \$5 billion, up from \$4.7 billion a year earlier according to the charitable organisation's website.

Historically, it has focused on global health and health-related issues. It also focuses on



Mark Suzman

areas that could have catalytic effect on poverty, such as agricultural development, access to sanitation and financial inclusion.

It has been working extensively in Bangladesh for more than a decade. The areas include nutrition, agriculture research, health and financial inclusion.

"What we are doing are aligned with the priorities of the government."

Over the last 10 years, it has provided about \$250 million directly and another \$100 million indirectly to Bangladesh. It works through 60 to 70 partners.

It has been a long-term supporter of the International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR,B).

It has a partnership with the Bangladeshi Rice Research Institute (BRRI) to help it develop more robust hybrid rice seeds that are both more drought- and flood-resistant and are often with improved food fortification.

"The ICDDR,B and the BRRI are the

examples of models that we would love to be replicating in some other countries."

In Bangladesh, it also finances a lot of the big international agencies such as the Global Alliance for Food Security and the GAVI Alliance and the Global Fund to Fight HIV, TB and malaria.

It primarily provides grants as well as a combination of financial and technical support. "It is a two-way partnership; we learn a lot from what our partners here are doing, which often can be relevant for our work in other countries."

It has been partnering with Brac for well over a decade in multiple areas.

"We have been increasing our work steadily," said Suzman, who joined the foundation in 2007 as the director of global development policy, advocacy, and special initiatives.

In 2012, he was appointed president of global policy, advocacy and country programmes, and in 2016 he was given an

additional title: the foundation's first chief strategy officer.

Bangladesh has made impressive progress over the last decade in bringing down child and maternal mortality and overall poverty rates, said Suzman, a South African national.

The child mortality numbers are a big contributing factor and Bangladesh has an excellent track record in vaccine delivery.

"But even when you have progress like that, there's still more to be done."

The foundation is a big financial supporter of the GAVI, a global vaccine alliance through which Bangladesh procures most of the standard vaccines at a much lower price.

But Bangladesh's graduation into the lower middle-income bracket means it might lose the eligibility to the discounted GAVI rates.

"Bangladesh will now have to start paying a little bit more for vaccines because you're a wealthier country. It's a similar problem that a country like Vietnam is having right now."

During the visit, Suzman met with the principal coordinator of the government on Sustainable Development Goals and the planning minister to see how the foundation's interventions can contribute to areas such as health, agriculture and nutrition, where there

Bangladesh is one of the biggest victims of the changing climate and hosted the Global Commission on Adaptation meeting in Dhaka last month.

The purpose of the meeting was to determine how to help the adaptation process of countries like Bangladesh that actually contributed relatively little to climate change but are disproportionately affected by the results.

"And one of the discussions I was having with the foreign minister was how we can combine our voices and the voice of the government of Bangladesh at the upcoming UN General Assembly where there is going to be a big climate summit to focus on these kinds of issues, which we feel not enough attention has been paid to."

Unlike the Millennium Development Goals, the SDGs will have to be implemented by the respective countries.

For Bangladesh, it will need \$1 trillion to meet the goals, and the financing challenge is a very real one.

Financing should come from three sources: the government, the private sector and international aid agencies, donors and philanthropies like the Gates Foundation.

The biggest pool and the most important is the domestic resources of the country itself and how it is mobilised.

Bangladesh has made some improvements but by international comparisons, it still has a relatively low percentage of the GDP captured as a sort of tax and governmental revenue.

"You're not going to be successful if that doesn't increase significantly over the next decade."

The private sector can think about how it can contribute to achieving the SDGs through businesses directly and through corporate social responsibility indirectly.

Bangladesh has put in place an SDG tracker to measure the progress in real time and check accountability.

"That's exactly the kind of model we think other countries should be following," said Suzman, who holds a doctorate in international relations from Oxford University and earned his bachelor's degree from Harvard University.



is potential for improvement.

Bangladesh did very well and very badly in the World Bank's recent Human Capital Index, he said.

The country is one of the best performers in South and East Asia and performs better than India. It showed significant improvements in investment in education and health, the two main contributing factors to human capital.

On gender equity, he said there has been important progress but it is not as much as it should have been.

The Gates Foundation has also some activities in the area of climate change.

Tens of thousands losing jobs as India's auto crisis deepens

REUTERS, New Delhi

SLUMPING sales of cars and motorcycles are triggering massive job cuts in India's auto sector, with many companies forced to shut down factories for days and axe shifts, multiple sources said.

The cull has been so extensive that one senior industry source told Reuters that initial estimates suggest that automakers, parts manufacturers and dealers have laid off about 350,000 workers since April.

Within this previously unreported figure, car and motorcycle makers have laid off 15,000 and component manufacturers 100,000, with the remaining job losses at dealers, many of which have closed, the industry source said.

Reuters was able to identify at least five companies that have recently cut or plan to cut hundreds of jobs, mainly from their temporary labour force.

The downturn - regarded by industry executives as the worst suffered by the Indian auto industry - is posing a big challenge for Prime Minister Narendra Modi's government as it begins its second term at a time when India's jobless numbers are climbing.

To revive the sector, auto executives plan to demand tax cuts and easier access to financing for both dealers and consumers at a meeting with officials from India's finance ministry scheduled for Wednesday, the senior industry source said.

The industry's plight was highlighted by the Automotive Component Manufacturers Association of India (ACMA), with the trade body's director general, Vinnie Mehta, saying the sector was experiencing a "recessionary phase".

The malaise has been spreading across much of the industry, both in terms of vehicle type and components as well as geographically in India's manufacturing hubs.

For example, Japanese motorcycle maker Yamaha Motor and auto components makers including France's Valeo and Subros have laid off about 1,700 temporary workers in India after a slump in sales, sources told Reuters.

Subros, which is part-owned by Japan's Denso Corp and Suzuki Motor Corp, has laid off 800 workers. Indian parts maker Vee Gee Kaushiko has cut 500 people while Yamaha and Valeo last month reduced their workforces by 200 each, said several sources aware of the cuts.

Meanwhile, automotive supplier Wheels India could cut its temporary workforce by as much as 800 and has started realigning its shifts, two of the sources said.

The layoffs come as carmakers including Honda Motor Co, Tata Motors and Mahindra & Mahindra have implemented brief suspensions to production in recent weeks in the face of slow demand, separate sources said.

The auto sector, which contributes more than 7 percent of India's GDP, is facing one of its worst downturns.

Passenger vehicle sales have dropped for nine straight months through July, with some automakers suffering year-on-year declines of more than 30 percent in recent months.

Manpower is the only variable factor for companies and more workers will face the axe, said ACMA's Mehta.

Yamaha, Subros, Vee Gee Kaushiko and Wheels India did not respond to requests for comment.

China warns India of 'reverse sanctions' if Huawei is blocked

REUTERS, New Delhi

CHINA has told India not to block its Huawei Technologies from doing business in the country, warning there could be consequences for Indian firms operating in China, sources with knowledge of the matter said.

India is due to hold trials for installing a next-generation 5G cellular network in the next few months, but has not yet taken a call on whether it would invite the Chinese telecoms equipment maker to take part, telecoms minister Ravi Shankar Prasad has said.

Huawei, the world's biggest maker of such gear, is at the centre of a geopolitical tug-of-war between China and the United States. US President Donald Trump's administration put the company on a blacklist in May, citing national security concerns. It has asked its allies not to use Huawei equipment, which it says China could exploit for spying.

Two sources privy to internal discussions in New Delhi said India's ambassador in Beijing, Vikram Misri, was called to the Chinese foreign ministry on July 10 to hear China's concerns about the US campaign to keep Huawei out of 5G mobile infrastructure worldwide.

During the meeting, Chinese officials said there could be "reverse sanctions" on Indian firms engaged in business in China should India block Huawei because of pressure from Washington, one of the sources said, citing a readout of the ambassador's meeting.

In response to Reuters' questions, China's foreign ministry said Beijing hoped India would make an independent decision on 5G bidders.

"Huawei has carried out operations in India for a long time, and has made contributions to the development of Indian society and the



Attendees visit a Huawei exhibition stand during the Consumer Electronics Expo in Beijing on August 2.

economy that is clear to all," spokeswoman Hua Chunying said in a statement.

"On the issue of Chinese enterprises participating in the construction of India's 5G, we hope the Indian side makes an independent and objective decision, and provides a fair, just and non-discriminatory commercial environment for Chinese enterprises' investment and operations, to realize mutual benefit."

The Indian foreign ministry did not respond

to a request for comment.

Responding to the Reuters story, US Congressman Jim Banks, an Indiana Republican, slammed the Chinese Communist Party, saying in a tweet that it was "strong-arming" countries into "surveillance and espionage."

"China is now blackmailing India into using #Huawei for its 5G infrastructure - they know no bounds! The #CCP moves to strong-arming countries into exposing themselves to surveillance and espionage."



A worker adjusts the windscreen wipers of a parked car at a Maruti Suzuki stockyard on the outskirts of the western Indian city of Ahmedabad.

Trump dismisses fears of long-lasting trade war

REUTERS, Washington/Beijing/Shanghai

US President Donald Trump dismissed fears of a protracted trade war with China on Tuesday despite a warning from Beijing that labeling it a currency manipulator would have severe consequences for the global financial order.

Trump, who announced last week he would slap a 10 percent tariff on a further \$300 billion in Chinese imports starting on Sept. 1, tweeted that "massive amounts of money from China and other parts of the world" were pouring into the US economy.

He also pledged to stand with American farmers in the face of Chinese retaliation. China

has halted US agricultural purchases and raised the possibility of additional tariffs on US farm products.

US farmers, a key political constituency for Trump, have been among the hardest hit in the trade war. Shipments of soybeans, the most valuable US farm export, to top buyer China sank to a 16-year low in 2018.

While Trump played down the prospect that the trade dispute could be drawn out, St. Louis Federal Reserve Bank President James Bullard said the US central bank may be stuck with a volatile global trade environment for years.

"I think of trade regime uncertainty as simply being high in the current environment," Bullard

said at a National Economists Club luncheon. "I do not expect this uncertainty to dissipate in the quarters and years ahead."

The US Treasury Department said on Monday it had determined for the first time since 1994 that Beijing was manipulating its currency.

It acted after China decided to let the yuan fall below the key seven-per-dollar level for the first time in more than a decade, rattling financial markets and dimming hopes for an end to a trade war that has dragged into a second year.

US stocks strengthened on Tuesday afternoon, with the S&P ending up 1.3 percent a day after dropping 3 percent. The Nasdaq surged 1.4 percent.