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|----------|----------|-------------|--------------|---------------|-----------|-----------|----------|---------------|--------|--------|-------|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | CNY |
| ▼ 0.26% | ▼ 0.01% | \$1,973.40 | \$45.61 | ▲ 0.59% | ▲ 1.88% | ▼ 0.05% | ▼ 1.15% | BUY TK 83.95 | 98.02 | 108.87 | 11.84 |
| 4,533.05 | 7,800.59 | (per ounce) | (per barrel) | 38,407.01 | 22,750.24 | 2,544.15 | 3,340.29 | SELL TK 84.95 | 101.82 | 112.67 | 12.45 |



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BUSINESS

DHAKA WEDNESDAY AUGUST 12, 2020, SRABAN 28, 1427 BS ● starbusiness@thedailystar.net

Decent GDP growth amid extraordinary circumstances

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

In the end, the final data from state-run Bangladesh Bureau of Statistics (BBS) shows the economy grew at a respectable 5.2 per cent last fiscal year, when large swathes of the global economy plunged into recession for the outbreak of coronavirus from Wuhan, China.

The Washington-based multilateral lenders -- the World Bank and the International Monetary Fund -- forecasted that the economy would grow between 1.6 per cent and 3.8 per cent in fiscal 2019-20 for the pandemic-whiplash, while the Asian Development Bank said the Bangladesh economy would expand at 4.5 per cent.

But, the economic locomotive of Bangladesh appears to have outpaced all projections.

Finance Minister AHM Mustafa Kamal credited the GDP growth rate to the uninterrupted economic activity before the onslaught of the coronavirus.

"Our economy was growing normally in the first seven months of the fiscal year and the growth during the period was added to the economy," he told The Daily Star over the phone last night.

All the broader sectors -- agriculture, industry and service -- expanded, albeit at a slower pace,



FIROZ AHMED

Bangladesh posted 5.2 per cent GDP growth for fiscal 2019-20, which is rather high for a year that coincided with a pandemic. Unlike in other countries, citizens did not strictly follow stay-at-home orders, with cars out in full droves during general shutdown and keeping the wheels of the economy chugging along. The photo was taken in the first week of May in capital's commercial hub, Motijheel.

showed data from BBS.

"We had projected 8.2 per cent growth but we achieved 5.2 per cent. A lot of difference has been caused by the pandemic," he said.

This, however, is the lowest GDP growth rate in 11 years.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, remains sceptical about the BBS figures that were released yesterday.

"It is very difficult to construct a credible narrative of fiscal 2019-20's GDP growth based on the details provided by the BBS. It appears that the BBS has not used all available data in preparing the preliminary estimates."

However, this time the preliminary estimates could have benefitted from the availability of data on the key GDP components for the whole year, unlike in previous years when they had to be based on data covering the first 6-7 months.

In fiscal 2019-20, the industrial sector bore the most brunt among the broader sectors as the pandemic forced the government to close factories to tame the rogue virus.

It slowed by half from the previous fiscal year to expand at 6.48 per cent. The service sector

grew 5.32 per cent, in contrast to 6.78 per cent a year earlier.

The agriculture sector's growth slowed to 3.11 per cent, 81 basis

points less than in fiscal 2018-19, according to constant prices data of the BBS.

Constant prices enable measurement of the actual change in output regardless of inflation.

Within the agriculture sector, the agriculture and forestry sub-sector slid 1.07 percentage points to end the year at 2.08 per cent. The fishing sub-sector grew at 6.10 per cent, sliding 11 basis points.

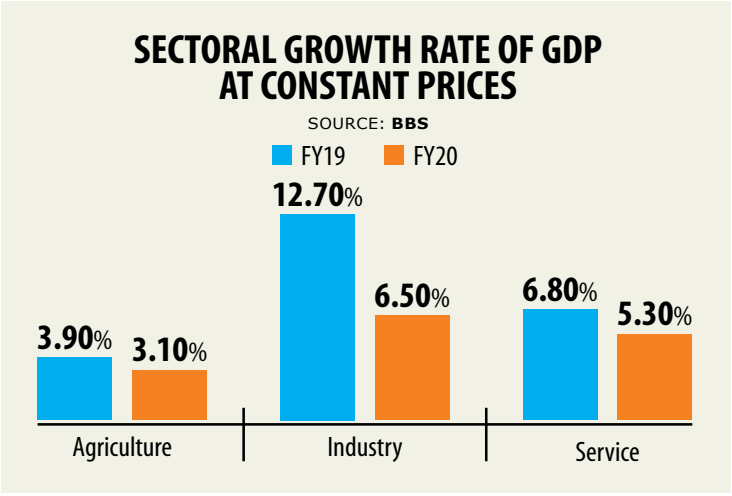
The manufacturing sector gave up 8.36 per cent to end the fiscal year at 5.84 per cent, which was 14.20 per cent earlier.

Large and medium-sized industries grew 5.47 per cent because of the collapse in demand at home and abroad. Small industries lost 3.37 per cent to grow at 7.78 per cent.

The electricity, gas and water supply sub-sector fell to 6.16 per cent from 9.58 per cent in the previous year.

Within the service sector, wholesale and retail trade expanded 5.02 per cent, down from 8.14 per cent.

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Chinese firm to invest \$300m to set up plasma fractionation plant

STAR BUSINESS REPORT

The good news on the economic front has started to roll in once again, with the latest being China-based Oryx Biotech's announcement to invest \$300 million to set up a plasma fractionation plant in Bangladesh.

The company yesterday inked the tripartite agreement with Summit Technopolis, a company of Summit Group, and the Bangladesh Hi-Tech Park Authority (BHTPA) for the country's first biotech investment at a programme at the ICT Division in Dhaka.

Oryx will set up the plasma fractionation plant on 25 acres of land and building provided by Summit Technopolis to produce plasma derivatives, also known as life-saving therapeutics and other related products.

With a need for plasma in the potential

treatment of the COVID-19, this is a timely investment for Bangladesh's healthcare research and service sectors, Summit Group said in a press release.

It is expected that about 2,000 high-valued science graduates will be employed to produce therapeutics such as albumin, immunoglobulin and coagulation factor VIII.

The plasma fractionation project will open a new horizon in Bangladesh's development, said Muhammed Aziz Khan, founder chairman of Summit Group.

Oryx will now invest \$10 million, said Zunaid Ahmed Palak, state minister for ICT, in a press release.

The plant would have a capacity to process 1,200 tonnes of plasma annually and will be connected with 20 plasma collection centres.

Patients from all over the world rely on plasma protein therapies to treat rare,



chronic diseases, said Oryx Biotech on its website.

Plasma often is referred to as the gift of life because it is the essential starting material needed to manufacture therapies that help thousands of people worldwide with rare, chronic diseases to live healthier, productive and fulfilling lives.

SummitTechnopolisistheconcessionaire for developing infrastructure for a hi-tech industry comprising of information

technology, IT-enabled services, bio-tech, non-polluting manufacturing assembly lines and precision engineering companies on 91 acres area in the Bangabandhu Hi-Tech City in Kaliakoir.

Spanning more than 355 acres, the Bangabandhu Hi-Tech City is the first and largest high-tech park in Bangladesh. So far, 37 companies have been allocated land and five companies have already started production.

Nasrul Hamid, state minister for power and energy; NM Zeaul Alam, senior secretary of the ICT Division; Hosne Ara Begum, managing director of BHTPA; and Kazi Shakil, chairman of Oryx Biotech, were present.

The ceremony was virtually attended by Khan; Summit Group Vice-chairmen Jafer Ummeed Khan, Latif Khan and Farid Khan; and directors Ayesha Aziz Khan, Azeeza Aziz Khan, Fadijah Khan and Salman Khan.

SOHEL PARVEZ

The recent nationwide closure of all economic activities for two-and-a-half months has doubled extreme poverty in Bangladesh, raising the number of the country's ultra-poor from 10.5 per cent of the population to 20.5 per cent as of June, according to the Planning Commission (PC).

Similarly, the commission, operating under the guidance of the planning ministry, estimated that the incidence of poverty increased from 20.5 per cent to 29.4 per cent as a considerable number of people lost their income due to the coronavirus fallout.

"There were already many poor people in the past and the pandemic has only worsened their situation," said Shamsul Alam, a member of the PC's General Economics Division, yesterday.

The depth of poverty has increased because of income shrinkages as many working in the informal sector lost their jobs, he added.

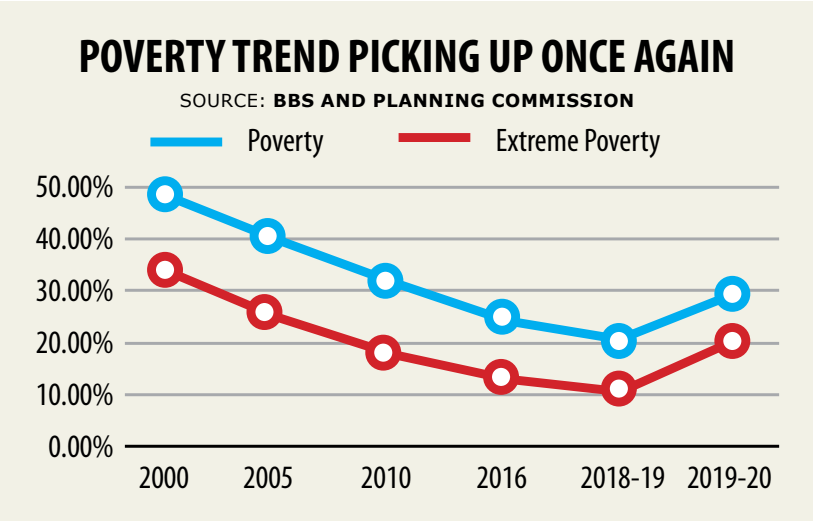
The PC's estimates were made following forecasts on the ongoing crisis from several independent think-tanks such as the Centre for Policy Dialogue (CPD) and the South Asian Network on Economic Modelling (SANEM).

CPD forecasts showed that the poverty rate would increase to 35 per cent by the end of this year, leading to further inequality.

Meanwhile, SANEM said that the overall poverty in the country would double to 40.9 per cent as a large number of the less impoverished became 'new poor' following the economic downturn brought about by the coronavirus outbreak in Bangladesh in March.

The poverty rate did not go up as much as the research organisations expected because there was a collective effort to ensure that market activities continue, Alam said.

"The markets were not completely closed. That is why the increase in poverty was not as much as had been



feared. Thanks to the restrictions on public movement, the economic loss was less than what we thought it would be."

The economy started recovering from July after activities resumed in

full swing.

"The pressure of poverty is reducing owing to the increased flow of remittance and the gradual reopening of the economy," Alam said, adding that the return of migrant workers was also

considered while making the estimate.

The PC is targeting to bring down the incidence of poverty by nearly half to 15.5 per cent and extreme poverty to 7 per cent by 2025.

However, the pandemic has already slowed the country's completion of its first two Sustainable Development Goals by 2030. The percentage of poor people had declined gradually over the last three decades.

However, the pace of poverty reduction slowed after 2010 even though Bangladesh has recorded more than 6.5 per cent economic growth annually during this period, showed data from the Bangladesh Bureau of Statistics (BBS).

The coronavirus outbreak has thwarted Bangladesh's gains in this regard, almost sending the country back to the 2010 poverty level, when 31.5 per cent of the population was classified as poor.

Although the government has provided support for the poor, many of them remain unfed or half-fed

amid the ongoing pandemic, Alam said.

About 40 per cent of the country's poor and 35 per cent of the economically vulnerable were forced to reduce their food consumption following the coronavirus outbreak in March, according to a study by the BRAC Institute for Governance and Development (BIGD) and Power and Participation Research Centre (PPRC) in April this year.

Alam pointed out the increase in the prices of staple foods such as rice after Eid-ul-Azha and recommended that import duties be cut to expedite inward shipments and control prices.

Importers have to pay more than 60 per cent in taxes to bring rice from abroad.

The prices of both the medium and coarse grains, which is consumed by a majority of the population, has seen an upward trend since the beginning of August, shows data from the Department of Agricultural Marketing.

READ MORE ON B3

TJMaxx yet to clear dues of Bangladeshi suppliers

REFAYET ULLAH MIRDHA

News of garment work order cancellations and holdups and deferred payments became commonplace when pandemic struck.

But over time, the brands and retailers came to an understanding with their suppliers, with some reinstating orders or paying what it owes.

One retailer that has fallen foul of ethics is TJMaxx, one of the largest clothing retailers in the US.

It has not been paying its Bangladeshi suppliers their dues, although its parent company paid a substantial amount of dividend to its shareholders during the pandemic.



The TJX Companies, the parent company of TJ Maxx and Marshalls that also got US government credit for COVID-19, distributed \$480 million to its shareholders recently.

TJMaxx has been sourcing garment items from few Bangladeshi factories and it has cancelled work orders with them using the proverbial excuse of a drop in sales and closure of stores during the pandemic.

It pushed to reopen stores amidst the pandemic in May, which led to reopening of 85 per cent of its stores by mid-June. It even had more sales in May than last year.

"So far, two local suppliers said that TJMaxx cancelled work orders with them because of the pandemic," said Faisal Samad, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The company cancelled work orders of 12,000 units of garment items worth \$ 85,950 and held up payment for 17,700 units of garment work orders worth \$125,000 with another local supplier.

"We don't have information on how many of these cancelled goods been reinstated," Faisal Samad told The Daily Star over the phone yesterday.

Samad, however, said more local suppliers may supply goods to the TJMaxx, but so far, the BGMEA has the information on two suppliers.

A senior official of one of the suppliers seeking anonymity said recently the TJMaxx has reinstated the cancelled work orders as the amount was not too high. The Daily Star could not contact the other supplier.

TJMaxx's net sales in the first quarter of its 2021 financial year stood at \$4.4 billion. Stores were closed for half of the quarter for the pandemic, according to a press release of TJMaxx.

"The company is confident that it currently has sufficient liquidity for the remainder of the year," it said in the press release.

"Although it's still early and the retail environment remains uncertain, we have been encouraged with the very strong sales we have seen with our initial reopening," said Ernie Herrman, chief executive officer and president of The TJX Companies.

And yet, the company is not paying its suppliers in Bangladesh.

Contacted, Erika Tower, vice-president of global communications of TJX, said: "We appreciate your interest. That said, at TJX we take a quiet approach and wouldn't have anything to add to your story. We hope you understand."

Meanwhile, Samad said 45 per cent of the cancelled work orders have been reinstated with the reopening their stores in the Western world.

"Now we are also receiving new work orders and we are getting them ready to ship from November to catch the Christmas season," Samad added.