STOCKS	Week-on-week
DSEX	CSCX
▲ 1.65%	▲ 1.44%
4,873.18	8,384.94

COMMODITIES	As of Friday
Gold ▲	Oil ▲
$1,961.60	$45.81
(per ounce)	(per barrel)

ASIAN MARKETS			Friday Closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.90%	▼ 1.41%	▲ 0.79%	▲ 1.60%
39,467.31	22,828.65	2,539.63	3,403.81

CURRENCIES — As on Thursday, STANDARD CHARTERED BANK

	USD	EUR	GBP	CNY
BUY TK	83.95	98.27	109.94	11.99
SELL TK	84.95	102.07	113.74	12.60

Star BUSINESS

DHAKA SUNDAY AUGUST 30, 2020, *BHADRA 15, 1427 BS* ● starbusiness@thedailystar.net

MISLEADING, EXAGGERATED, DATED

Garment sector stakeholders lambast BILS study

REFAYET ULLAH MIRDHA

The findings of the Bangladesh Institute of Labour Studies (BILS) on job losses and shuttering of garment factories for the coronavirus pandemic have been trashed by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Department of Inspection for Factories and Establishments (DIFE).

At a press conference in National Press Club on Thursday, BILS said the layoffs and shuttering involved some 1,915 garment factories while some 324,684 workers lost their jobs between April and July.

Moreover, some 60 per cent of the workers were apprehending losing their jobs as a fallout of the coronavirus, the report stated.

The BILS higher-ups said the study was carried out with information provided by DIFE, BGMEA and the Industrial Police.

However, both DIFE and BGMEA said the number of layoffs and shuttering was not as high as was presented in the study.

In a press statement yesterday, BGMEA categorically disagreed with the findings.

"It would not be an exaggeration if the study report is termed as the default of morality," the statement read.

Some 300 small and medium factories, most of which work on subcontracts, had shut down during the study period, said Rezwan Selim, a director of BGMEA who handles labour issues and factory shutdowns.

These small BGMEA-member factories could not avail government soft loans at 2 per cent service charge as they could not fulfil a lot of the terms and conditions, he said.

About 48,000 workers have lost their jobs in and around Dhaka and they are from the subcontracting factories that were not receiving work orders from their mother factories.

"The BILS figures are too high and misleading," he said, adding that the factories, by and large, are running at 70 per cent capacity now as the buyers are coming back.

He went on to cite recent export figures to further his point about the inaccuracy of the BILS figures.

Between 1 and 22 August, garment export from Bangladesh increased 45.8 per cent year-on-year to $2.4 billion.

"If the job terminations and shuttering of factories had been as high as BILS mentioned, the export figures would not have risen by such a margin," he added.

The study's findings were inconsistent with what was in reality, said Shibnath Roy, inspector general of DIFE.

About 26,000 workers were terminated during this pandemic, according to DIFE.

A few factories did shut down and some workers had been laid off at the beginning of April but the figures are not as high as BILS stated, he said.

Moreover, some small and medium factories either shut down or went for layoffs for a brief period in April and May, he said.

Though the government instructed a general shutdown from 26 March, it was not applicable on factories with production ongoing based on work orders at hand.

Officially, DIFE never instructed the factory owners to shut down or go for layoffs during the pandemic, Roy said.

"The situation in the garment sector is quite peaceful now because the number of incidents of labour unrest is very few, almost zero."

The international retailers are coming back and the factories are running quite well.

READ MORE ON B3

PALASH KHAN

Laid off amidst the coronavirus pandemic, job seekers wait outside a factory in Ulail, Savar hoping for vacancy announcements. The photo was taken recently.

Bangladesh still among top sourcing destinations

Less than stellar pandemic response failed to take shine off among Western buyers

REFAYET ULLAH MIRDHA

Bangladesh remains one of the top sourcing destinations after China for international clothing retailers and brands even during the coronavirus pandemic because of its competitive prices, according to a new report by leading supply chain compliance solutions provider QIMA.

After Vietnam, India and Bangladesh, alternative sourcing options of choice are still largely countries in Asia, including Taiwan, which enjoyed overwhelming preference as a sourcing market among US-based respondents.

The survey named "Evolution of Sourcing in 2020" was conducted in July 2020 by Hong Kong-based QIMA.

It is said to be drawn on input from more than 200 businesses around the world across a variety of consumer product segments and built on previous QIMA research.

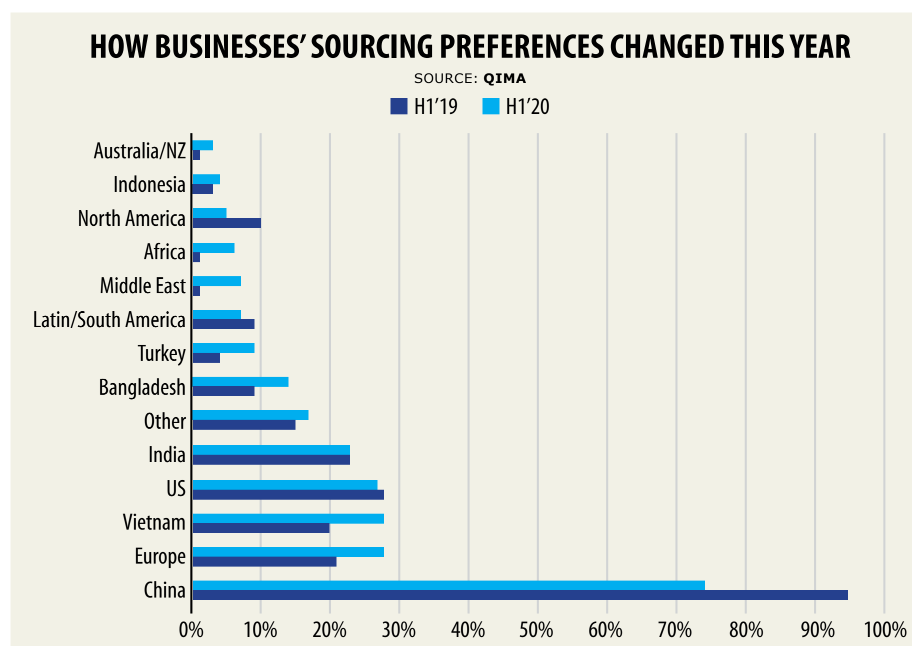
The report analyses the evolution of global sourcing in response to the ongoing Covid-19 pandemic, US-China trade tensions and other disruptions to global supply chains.

It says China is down, but not out.

Although China still takes the crown for global sourcing, its dominance is noticeably less dramatic compared to previous years, especially in industries such as textile and apparel, where supplier portfolio diversification has been a priority for a while now, the QIMA report said.

Nevertheless, 75 per cent of the respondents globally named China among their top three sourcing geographies, with 55 per cent reporting that Chinese suppliers accounted for over half the buying volumes in the first half of the year.

READ MORE ON B3



Australian biotech firm to set API plant at BSMSN for $30m

JAGARAN CHAKMA

Australian biotechnology company HA TECH will invest up to $80 million, or roughly Tk 700 crore, to establish a large-scale active pharmaceutical ingredient (API) manufacturing facility in Bangladesh that could help the country meet its growing demand.

"We aim to fulfil the demand for quality APIs in Bangladesh," Abdullah Al Mahmud, executive chairman of HA TECH, told The Daily Star.

Initially, the Sydney-based company, which produces APIs mainly for cardiovascular, diabetic, ulcer and oncology applications, will invest $30 million to develop the facility.

But within the next five years, the total investment could reach $80 million if the company wants to increase the product range.

KEY DETAILS OF PLANNED INVESTMENT

HA TECH

- Aiming to go operation by next year
- Initial investment: $**30**m
- Total investment: $**80**m
- Total land: **10** acres
- Tentative jobs: **500**
- Total API import in Bangladesh: $**1.25**b/year
- Domestic production ≈ only **5**% of annual demand
- Value addition of pharma sector: **60**%

There are about 10 local companies, including Eskayef, Square, Beacon and Beximco, that produce API materials on a limited scale, according to SM Shafiuzzaman, secretary general of Bangladesh Association of Pharmaceutical Industries (BAPI), a collective of about 250 local drug markers.

Local production can at best meet 5 or 6 per cent of the annual demand from the pharmaceutical sector, which has only grown in stature with the onset of the coronavirus pandemic, according to Monjurul Alam, director for global business development at Beacon Pharmaceuticals.

Subsequently, Bangladesh spends about $1.3 billion each year to import APIs from the US, Taiwan, Italy, Germany, Spain, Switzerland, France and the UK.

READ MORE ON B2

Prime Bank to get on agent banking bandwagon this year

MD FAZLUR RAHMAN

Prime Bank

Prime Bank plans to step into the agent banking arena this year as part of its push to widen footprint and cut reliance on branches, said its top executive.

The bank received the agent banking licence from the central bank recently, Rahel Ahmed, its chief executive officer, told The Daily Star last week. "We would go for the implementation this year."

With this, Prime Bank joins a growing number of lenders who are putting less emphasis on branch-led banking and embracing agent banking as part of their move to reach the rural areas and cut costs.

Prime Bank has not opened any new branches in the last four years and has no plans to open any in the future either, Ahmed said.

The central bank introduced agent banking in 2013 to provide a safe alternative delivery channel of banking services to the underprivileged, under-served population who generally live in the remote locations that are beyond the reach of the traditional banking network.

It has so far issued licences to 27 banks for operating agent banking activities. Of them, 22 are in operation.

Bank Asia has been a pioneer in popularising the model, followed by Dutch-Bangla Bank.

Agent banking has allowed banks to expand businesses and accelerate financial inclusion using agents as intermediaries, according to the central bank.

It has now gone beyond the basic banking services such as cash deposits, cash withdrawal, and receipt of remittances. Rather, banks have started giving out small loans through these outlets.

The method is gaining popularity as a cost-effective delivery channel as well as a convenient way of getting banking services, the Bangladesh Bank said in its quarterly report for the January-March period.

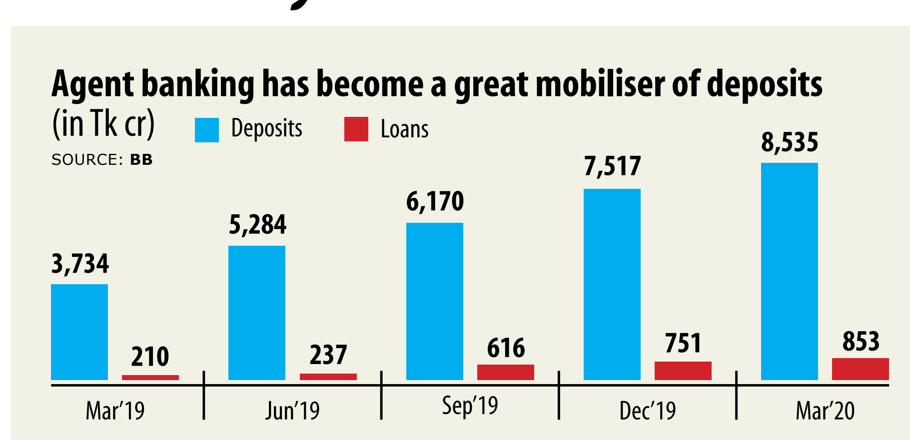
Deposits soared 129 per cent year-on-year to Tk 8,535 crore at the end of March, the latest for which data is available. Loan disbursement grew 306 per cent to Tk 853 crore.

As of March, the total number of accounts, which could be opened with deposits ranging from Tk 10 to Tk 100, under the programme stood at 2.13 crore and aggregate deposits Tk 2,385 crore.

There are outlets 11,875 under 8,260 agents in the country.

About 65 lakh accounts were opened through the outlets, out of which 29.6 lakh are owned by women, BB data showed.

READ MORE ON B3



ADB adjusts financing plan to speed up Bangladesh's economic recovery

REJAUL KARIM BYRON

The Asian Development Bank has redesigned its financing plan in Bangladesh for the next three years in the wake of the coronavirus pandemic to help the country spring back from the economic whiplash faster.

Bangladesh is one of the worst-hit countries from the coronavirus-induced pandemic, which brought the economy to a standstill and wiped out livelihoods of millions of people.

The Manila-based multilateral lender has committed $5.28 billion under the Country Operations Business Plan (COBP) for 2021 to 2023, which was unveiled last week.

"Responding to the COVID-19 pandemic, financing priorities of the COBP have been adjusted to include policy-based loan covering social protection, economic recovery, and medium-term health programmes," it said.

ADB would lend $2.39 billion in 2021. For example, it would give $500 million to mitigate the medium-and long-term economic and social impact of the pandemic.

Some $200 million would come for the Agriculture Productivity Improvement Project and $300 million for the Second Skills for Employment Project (Phase 1).

To jumpstart economic recovery after the pandemic-induced slowdown, social protection initiatives, public expenditure and fiscal management were added as key areas of assistance.

It would be ready to lend $200 million for the small and medium-sized enterprises development programme (additional financing) and $100 million for the second microenterprise development project as they are included in the list of standby projects.

READ MORE ON B2

US consumer spending rises strongly

REUTERS, *Washington*

US consumer spending increased more than expected in July, boosting expectations for a sharp rebound in economic growth in the third quarter, though momentum is likely to ebb as the COVID-19 pandemic lingers and money from the government runs out.

The report from the Commerce Department on Friday also showed a rise in personal income after two straight monthly declines, but a chunk of the increase was from unemployment benefits, which were bolstered by a weekly $600 supplement from the government that expired on July 31. Both consumer spending and income remain well below their pre-pandemic levels.

"The consumer is back spending at the shops and malls in July, but many of their purchases reflected pent-up demand following the pandemic lockdown," said Chris Rupkey, chief economist at MUFG in New York. "The expenditures needed to fuel the economy's recovery in August are a big question mark given the hit to personal income nationwide with the loss of those $600 weekly unemployment benefit checks."

Consumer spending, which accounts for more than two-thirds of US economic activity, rose 1.9 per cent last month, after jumping 6.2 per cent in June. Economists polled by Reuters had forecast consumer spending would gain 1.5 per cent in July. July's increase left consumer spending about 4.6 per cent percent below its February level.

Consumers boosted purchases of goods like new motor vehicles. They also lifted spending on healthcare, dining out and hotel and motel accommodation. While spending on goods has rebounded above its pre-pandemic level, outlays on services are about 9.7 per cent from recovery as consumers remain wary of exposure to the coronavirus.

That is a bad omen for the services-based economy, which fell into recession in February. Though new COVID-19 infections have subsided after a broad resurgence through the summer, many hot spots remain, especially at college campuses that have reopened for in-person learning.

The economy suffered its deepest contraction in at least 73 years in the second quarter, with consumer spending at the forefront of the decline in gross domestic product. While economists are anticipating a sharp rebound in GDP in the third quarter, led by consumer spending, they are cutting estimates for the fourth quarter.

Stocks on Wall Street were trading higher while the dollar was down against a basket of currencies. Prices of US Treasuries rose.

Americans in low-wage jobs have borne the brunt of the economic downturn. Though President Donald Trump extended the jobless benefit supplement, the payout was cut to $300 per week and funding for the program is expected to be depleted by September.

A handful of states are offering the extra unemployment benefit. Economists estimate the loss of the $600 could cut $50 billion from retail sales in August. At least 27 million people are on unemployment benefits.

A survey on Friday from the University of Michigan showed a modest gain in consumer sentiment this month. According to the survey, half of all consumers expected the economy to improve in the year ahead, but many of them viewed the overall economic conditions as unfavourable.

In July, income rose 0.4 per cent, in part as the reopening of more businesses lifted wages. Income fell 1.0 per cent in June. It remains 5 per cent below February's level. Wages gained 1.3 per cent.

Unemployment assistance paid out $1.364 trillion last month, down from $1,470 in June. Economists expect the reduced unemployment benefits supplement will cut income by about $70 billion in August.

With the saving rate at a lofty 17.8 per cent, some believe consumer spending will remain supported for the rest of the third quarter. But others say worries about the economy and the virus' persistence could make consumers reluctant to dip into savings. The saving rate slipped from 19.2 per cent in June.

"It's important to note that the pace of decline in the savings rate has slowed markedly," said Lydia Boussour, a senior US economist at Oxford Economics in New York. "Beyond the mechanical third-quarter rebound, more timely figures confirm that the demand recovery has lost some momentum."

Prospects for third-quarter GDP growth were boosted by another report from the Commerce Department on Friday showing retail inventories rebounding 1.2 per cent in July after declining for several months. That could offset a drag from rising imports, which led to the goods trade deficit widening 11.7 per cent to $79.3 billion in July. Imports increased 11.8 per cent, matching the gain in exports.

July's solid increase in spending boosted monthly consumer prices, though overall inflation remained muted. The Federal Reserve on Thursday rolled out a sweeping rewrite of its mandate, putting new weight on the labour market and less on worries about too-high inflation.

The personal consumption expenditures (PCE) price index excluding the volatile food and energy components rose 0.3 per cent in July, matching June's advance. In the 12 months through July, the so-called core PCE price index climbed 1.3 per cent after increasing 1.1 per cent in June. The core PCE index is the preferred inflation measure for the Fed's 2 per cent target, which is now a flexible average.

REUTERS/FILE

Shoppers stand in line wearing face masks outside the Louis Vuitton store during the outbreak of the coronavirus disease, in Beverly Hills, California.

Ample monsoon rains push India's summer crop plantings to record

REUTERS, *New Delhi*

Plentiful monsoon rains spurred Indian farmers to plant summer crops across a record swathe of farmland 7% bigger than last year, promising a bumper harvest in Asia's third-biggest economy, despite the rapid spread of coronavirus.

Farm ministry data shows growers sowed 108.2 million hectares (267.4 million acres) with crops such as rice, corn, cotton, soybeans and sugarcane.

Planting began on June 1, when monsoon rains typically hit India, where nearly half of farmland does not receive irrigation. "We're confident that food production will cross the target of 298.32 million tonnes in the 2020-21 crop year," said Farm Minister Narendra Singh Tomar, praising farmers for the record acreage.

Such a harvest would outstrip the previous year's record output of 295.67 million tonnes. Between Friday and June 1, farmers planted a greater acreage of every single summer crop than last year, the data showed.

Rice, the main food crop of the world's second-most populous nation, was planted across 38.9 million hectares (96.1 million acres), up from 35.4 million hectares (87.4 million acres) in the year-earlier period.

Oilseeds were planted across 19.3 million hectares (47.6 million acres), up from 17 million hectares (42 million acres). Sowing of soybean, the main summer oilseed crop, stood at 12 million hectares (29.6 million acres), versus 11.3 million hectares (27.9 million acres).

Sugar cane planting was marginally higher, at 5.2 million hectares (12.8 million acres). Protein-rich pulses, a staple of the Indian diet, were planted across 13.4 million hectares (33.1 million acres), up from last year's 12.9 million hectares (31.9 million acres).

Corn acreage of 8 million hectares (19.8 million acres) exceeded last year's 7.9 million hectares (19.5 million acres).

The area planted with cotton totalled 12.8 million hectares (31.6 million acres) against 12.5 million hectares (30.9 million acres). The farm ministry could revise its preliminary planting figures, however, as more data flows in from Indian states.

After a spell of patchy rain in the last two weeks of July, India received rainfall in August that was 24% above the average, a trend weather officials see as likely to run until the end of the month.

India has the most virus infections in Asia, ranking third globally after Brazil and the United States. A record daily high of 77,266 new infections on Thursday took India's tally to 3.3 million, with a toll of 61,529 deaths. Every day since Aug. 7, it has posted the highest daily increase worldwide.

REUTERS/FILE

Farmers plant saplings in a rice field on the outskirts of Ahmedabad, India.

Walmart ad revenue could quickly jump if TikTok bid succeeds

REUTERS, *New York*

Walmart Inc could turn into an online advertising leader if its plan to acquire popular short-form video app TikTok goes through, analysts said on Friday.

The proposed purchase, in partnership with Microsoft Corp, would allow the world's largest retailer to quickly compete with Amazon.com Inc, Facebook Inc and Alphabet Inc's Google for eyeballs on social media, reaching customers across virtual and physical sales channels.

TikTok is up for sale as the Chinese-owned company is under fire from the Trump administration as a potential national security risk due to the vast amount of private data the app is compiling on US consumers.

Walmart, which pitched its ad business to large consumer goods companies and advertising firms for the first time last year, said on Thursday it was "confident" it could meet US TikTok users' expectations and satisfy US regulators' concerns.

TikTok owner ByteDance aims to ink a deal by Sept. 15, people familiar with the matter told Reuters on Thursday.

"Walmart is going to see a very quick rise in ad spend" if its bid succeeds, said Scott Smigler, president of e-commerce marketing agency Exclusive Concepts.

"From a brand standpoint, it's a no brainer because of the reach Walmart has and the huge shift we're seeing right now from offline to online (spending). ... For all of our brands and retailers that are eligible, we're going to want them on Walmart for sure."

Last week, Walmart posted its biggest-ever quarterly growth in online sales, as the unprecedented spike in demand seen by big-box retailers at the peak of the coronavirus lockdowns has remained strong even as restrictions ease.

Walmart does not break out revenue from sponsored ads for products sold on its website. But online ads yield much higher margins than product sales, and ad revenue is growing as the retailer boosts investments in the area.

It has been more important than ever for Walmart to find new ways to win market share from its closest e-commerce rival Amazon.com, a fast-growing ad platform, as customers increasingly shop online.

Amazon reported $4.2 billion in advertising and other revenue for the most recent quarter, nearly double what it brought in for the same period two years prior. That amount is up 41% from the year-ago period.

Retailers including Target Corp and grocers such as Tesco Plc have aggressively wooed big advertisers to their websites to drive sales through pop-up banners and search-bar keywords.

In July, Bentonville, Arkansas-based Walmart rolled out new features for its in-house advertising platform Walmart Media Group. Walmart has seized many opportunities to scoop up online brands like Bonobos, which it purchased for $310 million in 2017, and Art.com, which it bought for an undisclosed amount in 2018.

In 2010, Walmart announced its new video-on-demand service with its acquisition of Vudu, which also offers a free ad-supported streaming option.

REUTERS/FILE

The logo of a Walmart Superstore is seen during the outbreak of the coronavirus disease in Rosemead, California, US.

Sterling above $1.33 first time in 2020

REUTERS, *London*

Sterling rose above $1.33 for the first time in 2020 and touched an eight-month high versus the U.S. dollar purely on the greenback's weakness in the aftermath of Federal Reserve Chairman Jerome Powell's speech at Jackson Hole.

In his address, Powell steered expectations of lower interest rates for longer as the central bank gets ready to accept an inflation above target after so many years of it undershooting 2%.

Against the euro, the pound remained relatively steady, with most traders staying on the sidelines and not taking a clear directional view on the British currency in thin August trading.

"It's this intermediate period when everyone is waiting to see how things develop," said Esther Maria Reichelt, a forex analyst at Commerzbank.

Renewed weakness in the British pound is not out of the woods, analysts say, as a mix of Brexit uncertainty, coronavirus fears and dismal economic data could well mean a return to a continuous decline in sterling.

British business confidence has ticked up but remains far below usual levels as the economy struggles to cope with social distancing and employers are preparing to cut jobs, a survey showed on Friday.

"At the moment we're concentrating a bit more on the Fed and the dollar, but it will come that there's interest in sterling again," said Andreas Koenig, head of global FX at Amundi, adding that its fate will be determined by whether Britain manages to successfully agree on a future trade deal with the EU.

ADB adjusts financing plan to speed up Bangladesh's economic recovery

FROM PAGE B1

The standby list includes a pipeline of bankable projects that respond to the country's needs and growing absorptive capacity, to be financed depending on the availability of additional lending resources.

"Strong government demand, sector absorptive capacity and project readiness continue to be key criteria in selecting programmes and projects, which may be processed earlier, depending on their readiness, regardless of their status as firm or standby," ADB said.

Bangladesh as a developing member country is eligible for regular ordinary capital resources (OCR) lending and concessional OCR lending (COL). The indicative resources available for commitment during 2021 comprise $2.6 billion for regular OCR lending and $2.7 billion for COL.

The development bank would be ready to provide another $5.2 billion for standby projects during the three years.

ADB has a financing plan of $1.7 billion for 2022 and $1.9 billion for 2033.

The new COBP is aligned with the country partnership strategy 2016–2020 that ends this year and consistent with the guiding principles of the 8th five-year plan (under preparation) and its core themes of promoting prosperity and fostering inclusiveness, and ADB's Strategy 2030.

COBP includes projects in agriculture, natural resources, and rural development; education; health; energy; finance; transport; and water supply and other urban infrastructure and services sectors.

The agriculture, natural resources and rural development sector would receive $650 million as the ADB said food security and investments in rural livelihoods will be thrust areas because of the pandemic.

The agricultural productivity improvement project in 2021 will increase farm productivity by market access. The Flood and Riverbank Erosion Risk Management Investment Programme (Phase 2) will be prioritised in 2020.

The education sector would get $1 billion as the lender moves from financing traditional primary and secondary education to next-generation digital education.

Secondary education has been reintroduced as a key area of assistance. Tertiary education and skills development will be linked with employment creation.

The Covid-19 Response Emergency Assistance (health) was added in 2020 to strengthen medical infrastructure in response to the pandemic. It gives $100 million for the health sector.

The energy sector would get $750 million during the plan period and the focus will be on renewable energy, rural electrification, energy efficiency, facilitating uninterrupted power supply, reforms and private investment.

Bangladesh would receive $850 million for finance and public sector management. Money and capital markets were added to include the issuance of local currency bonds.

Microenterprise development was replaced by small and medium-sized enterprise finance and leasing. Revenue administration improvement was dropped as a key area of public sector management assistance, ADB said.

The transport sector would receive $1.8 billion. Priority will be given to improve access to markets by reducing transport and logistics costs, focusing on developing corridors to promote trade, ease congestion and improve safety.

The South Asia Subregional Economic Cooperation (Sasec) Tongi–Akhaura Dual Gauge Project, the Sasec Dhaka–Sylhet Corridor Road Project, and the SASEC Trade Facilitation Sector Development Project were moved to 2021.

The SASEC Dhaka–Northwest Corridor Road Project (Phase 2) (tranche 3) was moved to 2022, and it Phase 3 (tranche 1) to 2023.

The country would get $768 million for the water and urban infrastructure sector. Increased support will be provided for climate-resilient green and liveable towns, including secondary and coastal ones.

Sector shares for the total pipeline, including standby projects, are 11.7 per cent for agriculture, natural resources, and rural development, 11 per cent for education, 1.8 per cent for health, 9.5 per cent for energy, 13.1 per cent for finance and public sector management, 37.6 per cent for transport and 15.3 per cent for water and other urban infrastructure and services.

ADB said it continues to support gender inclusion, climate resilience, balanced regional development and private sector participation.

"Projects in the plan will also help the country attain several Sustainable Development Goals."

Australian biotech firm to set API plant at BSMSN for $30m

FROM PAGE B1

Development works for HA TECH's upcoming state-of-the-art good manufacturing practice (GMP) facility spanning 10 acres on at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) will begin in January, said Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority (BEZA).

HA TECH and BEZA signed the land lease agreement on 25 August.

The facility is expected to go into full operation by sometime next year.

Securing more foreign direct investment (FDI) for the country's Tk 22,000 crore-pharmaceutical industry, particularly API manufacturing, is crucial for propping up the sector, Chowdhury said.

About 98 per cent of the annual domestic demand for pharmaceutical products is met by BAPI members. After meeting the local demand, the products are shipped to 144 different countries.

Pharmaceutical shipments rose 4.5 per cent year-on-year to $136 million in fiscal 2019-20 following improvements in product quality and policy support.

The National Board of Revenue recently declared that imports of API products, pharmaceutical raw materials and reagents would be exempt of VAT until 2025 in a bid to boost the sector.

However, the tax authority also imposed a condition on API producers that require them to spend at least 1 per cent of their annual turnover on research and development projects for them to avail the benefit. The minimum value-addition should be 60 per cent.

"Our pharmaceutical sector will contribute to export diversification. Therefore, BEZA always welcomes API manufacturers at economic zones and is ready to roll out the red carpet, if needed," he added.

There is a huge potential to invest in API manufacturing in Bangladesh, said Beacon Pharma's Alam.

The reason being, the pharmaceutical sector is expected to grow 15 per cent year-on-year to reach $5.1 billion by 2023, propelled by investments from local companies that seek to grab a bigger share of the global market, according to an estimate.

Mahmud though is buoyant that HA TECH's facility will become a manufacturing hub for a range of finished pharmaceutical products as well. This includes nucleic acid drugs that use oligonucleotide, which is one of the newest segments of innovative medicine.

LAFARGEHOLCIM BANGLADESH

Azizul Haque, regional sales manager of LafargeHolcim Bangladesh, hands over a motorcycle to Humayun Kabir Khan, owner of Khan Enterprise in Rajshahi and one of the high performing retailers of the company, at a programme recently. The company awarded 163 motorbikes among its retailers.

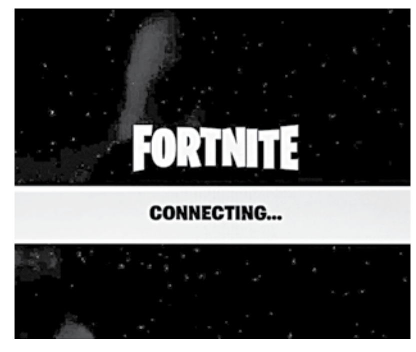
Apple terminates 'Fortnite' creator's App Store account as lawsuit proceeds

REUTERS

Apple Inc said on Friday it had terminated "Fortnite" creator Epic Games' account on its App Store amid a legal battle over the iPhone maker's in-app payment guidelines and accusations they constitute a monopoly.

Apple said its move will not affect Epic Games' Unreal Engine, a software tool relied on by hundreds of other app makers. But the move means iPhone users will not be able to download "Fortnite" or other Epic titles through the Apple App Store. Players who have already downloaded Epic's games will still be able to play but will no longer be able to make in-app purchases with Apple's payment system.

On Monday, a federal court ruled that Apple could block Epic's titles



from its store but could not take action that would harm Unreal Engine while Epic's antitrust lawsuit against the iPhone maker plays out.

Apple pulled Epic after the popular games creator implemented a feature to let iPhone users make in-app purchases directly, rather than using Apple's in-app purchase system, which charges commissions of 30%.

Apple had said it would allow "Fortnite" back into the store if Epic removed the direct payment feature. But Epic refused on Thursday, saying complying with Apple's request would be "to collude with Apple to maintain their monopoly over in-app payments on iOS." Epic's decision all but assured its account would be terminated, the step Apple took Friday.

"The court recommended that Epic comply with the App Store guidelines while their case moves forward, guidelines they've followed for the past decade until they created this," Apple said in a statement.

"Instead they repeatedly submit Fortnite updates designed to violate the guidelines of the App Store. This is not fair to all other developers on the App Store and is putting customers in the middle of their fight."

Canada's GDP likely to climb in July

REUTERS, *Ottawa*

Canada's real GDP is likely to climb 3 per cent in July, edging economic activity closer to pre-pandemic levels, Statistics Canada said in a flash estimate on Friday, as data continued to paint a picture of a sharp fall followed by a strong rebound.

Canada's second-quarter annualized growth tumbled a record 38.7 per cent even as June real GDP surged a record 6.5 per cent, beating analyst expectations for growth of 5.6 per cent. Economic activity still remains about 9 per cent below pre-pandemic levels, StatsCan said.

The better-than-expected economic growth in June builds on strong data across a number of indicators, buoyed by the reopening of more businesses from COVID-19 closures.

"For now it's definitely a V-shaped" recovery, said Derek Holt, head of capital markets economics at Scotiabank.

"When I hear people tamping down the strength of the data, we have to put that in the context of how all the data has surprised to the upside," he added. "Few people expected this magnitude of a rebound to begin with." Indeed, economists expect a "mammoth" increase in Canada's third-quarter economic activity, predicting a rebound nearly twice that of the United States, reflecting Canada's more stringent COVID-19 response and strong fiscal stimulus.

Canada's budget deficit is forecast to top C$343.2 billion ($261.8 billion) this fiscal year, the largest shortfall since World War Two, amid billions in COVID-19 aid spending.

The government said on Friday that the deficit for April to June topped C$120.4 billion, as emergency transfers more than doubled program expenses in the quarter. Canada has paid out C$71.3 billion in emergency wages to people who lost their jobs.

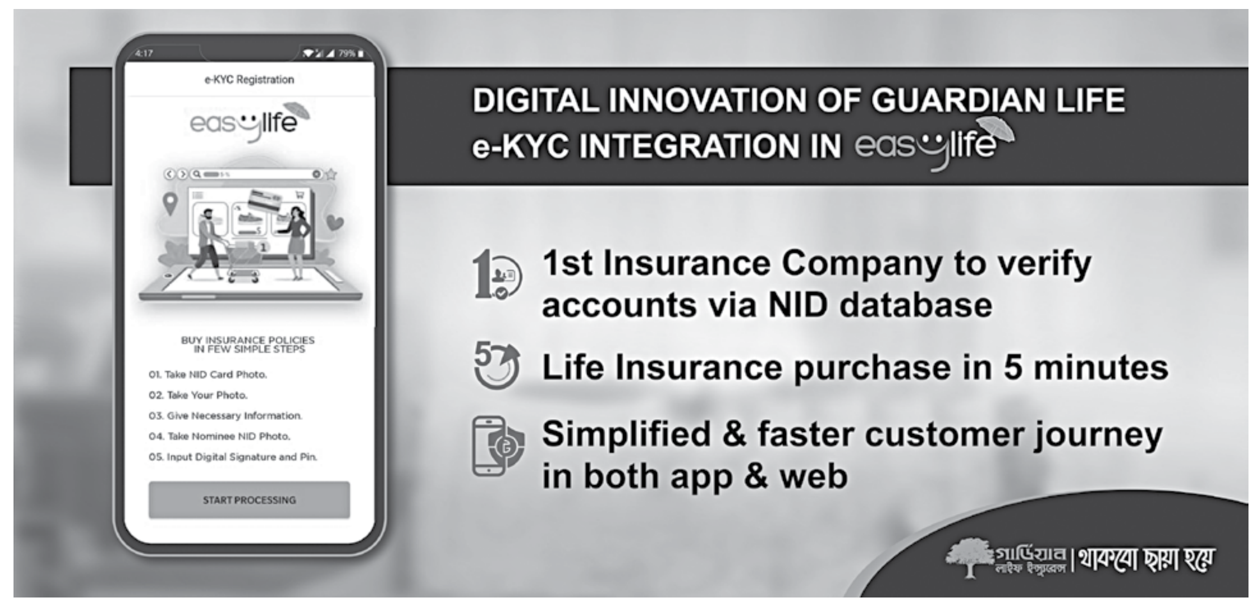
That stimulus helped boost household disposable income by almost 11 per cent in the second quarter, with the household savings rate climbing 28.2 per cent, StatsCan said.

Still, Bank of Canada Governor Tiff Macklem warned Thursday that while the rebound from the depths of the crisis has been "impressive," the road ahead will be long and bumpy.

The central bank has repeatedly said it expects Canada's economic recovery to have a rapid "reopening" phase followed by a slower "recuperation" phase.

June indicators beat expectations, while the July data has so far been less impressive. Canada added slightly more jobs than expected in July, though most were part-time and the gain was well below June's record increase. Inflation, meanwhile, fell back in July compared with June and came in below analyst expectations.

Spending growth plateaued in July and has slowed into August, according to the RBC Economics COVID Consumer Spending Tracker.



Guardian Life has implemented e-KYC (Electronic Know Your Customer) solution within its EasyLife app and EasyLife website through a programme, which will allow customers to buy life insurance in just 5 minutes. M Mosharraf Hossain, chairman (in charge) of Insurance Development and Regulatory Authority; Sponsors and Patrons of Guardian Life Tapan Chowdhury, Syed Nasim Manzur, Sameer Ahmad and Syed Afzal Hasan Uddin, Directors Syed Akthar Hasan Uddin, David James Howard Griffiths and CEO MM Monirul Alam took part in the digital launch of the e-KYC on August 26.

Bangladesh still among top sourcing destinations

FROM PAGE B1

Vietnam continues with its upward trend, luring in Western buyers as an alternative to China.

Consistently ranking among China's regional competitors, Vietnam continues to reap the most benefits of the continued mass exodus of Western buyers from China, with 40 per cent of the EU respondents and almost as many US brands included Vietnam among their top sourcing regions.

This is in tune with Western brands not venturing too far from China.

The US and the EU brands are exploring sourcing options closer to home but are more likely to near-shore rather than re-shore.

For US-based companies, sourcing destinations closer to their home country continue to grow steadily, with the popularity of Latin and South America almost doubling compared with last year.

Meanwhile, the EU brands are increasingly turning to Turkey as a near-shoring destination as the latter was named among the top three sourcing regions by 30 per cent of EU respondents.

Diversification is on the top of the mind for global brands, but there are some noticeable nuances between regions.

The US brands are by far most likely to diversify sourcing, with 95 per cent of US-based respondents reporting plans to the effect, likely due to the pandemic and worsening geopolitical tensions between Washington and Beijing.

On the other hand, European buyers are not as ready to walk away from China, with only about half of the EU-based respondents reporting plans to seek suppliers elsewhere.

While China remains a key sourcing region, named among the top three sourcing geographies by three-quarters of respondents globally, its dominance is less dramatic compared to the findings of QIMA sourcing surveys of previous years.

In 2018-2019, more than 95 per cent of the respondents had listed China among their top 31 sourcing destinations.

The increasing share of the other in-demand sourcing regions in Asia, particularly Vietnam, India and Bangladesh, as well as home regions, is another way in which the long-term trend towards sourcing diversification is making itself known.

Among the "other" sourcing countries, Taiwan emerged an indisputable leader, reported by 6 per cent of respondents among their top three sourcing grounds, notably overwhelmingly among respondents headquartered in the US.

The other notable entries included, in descending order of popularity, Thailand, Cambodia, Malaysia, South Korea, South Africa, Japan and Pakistan.

Comparing the latest survey data against the findings of QIMA sourcing surveys conducted in 2019 and 2018 provides a glimpse into the evolution of the top three sourcing regions as indicated by the US and EU buyers.

Despite the continued importance of China for buyers based on both sides of the Atlantic, its popularity has been inching downward, even among EU-based buyers, which have been less affected by the fallout of the US-China trade war in recent years.

Vietnam consistently remains among China's regional competitors reaping the most benefits of the continued exodus of Western buyers from China.

Some 40 per cent of EU respondents and almost as many US-based ones included Vietnam among their top sourcing regions.

Re-shoring and near-shoring have remained on the rise for US-based companies, with the growing popularity of the home region, and increased sourcing from Latin and South America.

In the rankings of top sourcing countries, the latter region almost doubled in popularity in the first six months of 2020 compared to the same period in 2019.

Meanwhile, respondents headquartered in the EU do not appear to be stepping up full-fledged re-shoring but are increasingly turning to Turkey as a near-shoring destination.

Some 30 per cent of the EU respondents named Turkey among their top three sourcing regions.

While reliance on China has decreased across the board, it remains a top-priority sourcing region for promotional products while toy businesses were more likely to view Chinese suppliers as a priority, compared to 2019.

In addition to Vietnam, traditionally a footwear powerhouse, brands and retailers continued to view Bangladesh as an important sourcing market for footwear.

Textile and apparel businesses have continued diversifying their supplier portfolio, with an ever-lowering reliance on China and a more even distribution between overseas sourcing in Asia and near-shoring.

While near-shoring remains more popular than re-shoring, textile and apparel companies were more likely to buy from US and EU-based suppliers in 2020 compared to last year.

Outside of being a go-to sourcing market for textiles, India is increasingly viewed as an important sourcing region by buyers from different industries.

"Work orders are coming back gradually. The inflow of work orders is better in August than in June and July," said Mohammad Abdus Salam, acting president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), over the phone.

But most of the work orders are leftover orders of April and May when the retailers and brands cancelled the work orders, he said.

Salam, however, said it was difficult to pinpoint what would happen in the near future because the rate of unemployment and inflation was increasing in the Western world. "So we are cautiously optimistic," he said.

Between 1 and 22 August, garment export from Bangladesh increased 45.8 per cent year-on-year to $2.4 billion, according to data from BGMEA.

Germany set to revise up its 2020 GDP forecast

REUTERS, *Berlin*

The German government is set to revise upward its economic growth forecast for this year to a decline of less than 6 per cent from a previous estimate of -6.3 per cent, a coalition source told Reuters on Friday.

Economy Minister Peter Altmaier is scheduled to present the revised outlook early next week, the source added.

An Economy Minister spokeswoman said the new forecasts were still being finalised and that Altmaier will unveil them on Tuesday. She declined to give further details.

The German economy contracted by a record 9.7 per cent in the second quarter as consumer spending, company investments and exports all collapsed at the height of the COVID-19 pandemic. But recent economic data has fanned hopes that Europe's largest economy is set for a strong recovery.

Business morale improved more than expected in August as both manufacturing and services picked up steam. Export demand, especially from China, rebounded for a second month running in June, and a recent Ifo institute survey showed that manufacturers expect expansion over the coming three months.

The outlook for Germany's economy this year is also brighter than for most other G7 countries except the United States.

An upward revision to Germany's economic forecast will have an impact on its tax revenues estimate, due on Sept. 10, and its budget, which is to be presented by the end of September.

MISLEADING, EXAGGERATED, DATED

FROM PAGE B1

In fact, this month DIFE did not receive any complaint from any worker or union about terminations or factory shutdowns, Roy added.

Some 26 member factories reported shutting down while no factory reported layoffs, said Mohammad Hatem, vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association.

"The BILS data is too high," he added.

Amirul Haque Amin, the vice-chairman of BILS, admitted that the study had a lot of limitations.

The report's findings are at least two months old.

"By this time, the situation in the garment sector improved a lot as there was almost no labour unrest for payment and termination. We should have updated the number of job losses and factory shutdowns," Amin told The Daily Star over the phone.

Moreover, international retailers are now coming back with a lot of work orders while many are reissuing cancelled work orders to the local suppliers.

"The report should have contained the latest updates so that no confusion was created among the people," he said, adding that many of the sector's positive facts have not been reflected.

That the study had limitations and should have incorporated the latest updates were agreed upon by the BILS Director Nazma Yesmin. She assured providing the latest information to the media soon to avert any confusion.

Edible oil prices on the rise in port city

FROM PAGE B4

According to the World Bank's commodity price data, the monthly average price of soybean oil reached $821 per tonne in the international market in July from $752 in the previous month.

The monthly average price of palm oil increased to $694 a tonne in July from $652 in June.

The prices of soybean oil have now reached $830-$840 per tonne in the global market, while palm oil prices range from $720 to $750 a tonne, according to Saha.

WALTON

Officials of Walton and Opticum pose after signing a deal at Walton's corporate office in Dhaka recently to export Walton televisions made in Bangladesh to Poland through Opticum. Walton plans to export 1 lakh units of televisions to the European market by next year.

Prime Bank to get on agent banking bandwagon this year

FROM PAGE B1

The year-on-year growth of agents, outlets, and accounts in the first quarter stood at 69.8, 51.5 and 123.5 per cent respectively.

Deposit, loans disbursed and inward remittance had a growth of 128.6 per cent, 220.3 per cent and 172 per cent respectively.

A staggering 87 per cent of the agents and 88 per cent of the outlets are located in the rural area in an indication that banks are contributing significantly to promote financial inclusion.

Gender-wise, female accounts constitute 45 per cent of the total accounts, male accounts 54 per cent and the remainder 1 per cent are held by institutions, the BB publication showed.

Of the deposits, 77 per cent are collected in rural areas. Sixty-six per cent of deposits come from male customers.

More than 70 per cent of loans were disbursed in the rural area. Of them, 69.4 per cent went to male customers, 5.8 per cent to female customers and 24.9 per cent to small enterprises.

Dutch-Bangla Bank has the highest number of outlets with 4,030 outlets, which is 33.9 per cent of the total outlets as of March, followed by Bank Asia at 29.8 per cent.

Bank Asia has the highest number of accounts at 24.6 lakh accounts, or 37.8 per cent of the total. It also disbursed the highest amount of loan of about Tk 276 crore, or 41 per cent of the total disbursement as of March.

Islami Bank Bangladesh had the highest amount of deposit with Tk 2,159 crore and Dutch-Bangla Bank distributed the highest amount of inward remittance of Tk 7,526 crore. The central bank expects that more loans will be disbursed in future when more banks start disbursing loans through agent outlets.

"Thus, agent banking has a noteworthy impact on financial inclusion and potential to fill the market gap," the BB quarterly report said.

Clothing brands sense opportunity in mandatory face mask use

MAHMUDUL HASAN

Coronavirus is here to stay and face mask, whose use was mostly confined to medical institutions, have become a non-negotiable part of people's everyday dress code -- a reality that has tempted clothing brands in Bangladesh to have a crack at giving an aesthetic spin to the humble piece of protective gear against airborne disease.

ZINA TASREEN

Face masks on display at Yellow's sprawling store at Jamuna Future Park.

Lifestyle giant Yellow was the first clothing brand in Bangladesh to take face masks to the realm of fashion in early April, anticipating people's wish to turn mask wear into a fashion statement.

Now, it sells an array of face masks in different categories -- essential, fashion, embroidery, technical and denim—for men, women and children -- at its 15 stores.

"Since many people use masks, we have given importance to fashion as well as safety," said Hadi SA Chowdhury, head of retail operations of Yellow, which is owned by Beximco Group, one of the corporate titans.

Its printed double layer mask is made with cotton fabric and its innovative shape means it can be used as a mask and also as a scarf.

The brand has brought out embroidered woven fashion mask hena exclusively to cater to women. Made of cotton fabric for a firm and comfortable fit, the mask has a soft inner layer (non-dyed) next to the skin to avoid irritation and it is washable.

"Our masks are for non-medical use. Most of them can be washable and reusable."

So far, Yellow, which will soon manufacture four-layer N95 mask and a three-layer surgical mask, has sold 2.5 lakh units of face masks, according to Chowdhury.

It has been a week that another retail clothing behemoth Aarong started selling masks from a third-party supplier.

"The response is tremendous. More than 50 per cent of the masks were sold in seven days," said Mohammad Ashraful Alam, chief executive officer of Aarong.

To cater to the demand, Aarong will launch a face mask production line in a factory of Ayesha Abed Foundation, which serves as one of the top supply hubs of the brand, from next week.

"Our mask will be fashionable so that they match our clothing items," he said, adding that masks will be made following the guidelines of the World Health Organisation and the Directorate General of Health Services.

The brand is bringing out six types of face masks and for men, women and children.

Sara, a lifestyle brand of apparel exporter Snowtex, began selling masks from the middle of April.

"We are overwhelmed with the customer's response and once we bring out the product it gets sold out very quickly," said SM Khaled, managing director of Snowtex and Sara.

So far, it has sold about 2 lakh units.

The brand, which has five stores in the capital, invested heavily on research so that the quality of face masks improves.

"Now our masks provide 72 per cent protection level against airborne viruses. It will soon cross 90 per cent."

Ensuring both breathability and protection at the same time is the main challenge in manufacturing face masks, according to Khaled.

Sara makes embroidered and printed masks for fashionable persons. The brand's masks for non-medical use are priced at Tk 40-50 and the ornate ones at about Tk 200.

Sultana Nasreen Shumi, the owner of upscale boutique Azaaraz in Gulshan, has started giving a complementary mask to customers with every dress ordered.

"I do not sell masks at shops. But I am giving out a mask with each of my products out of responsibility," she said.

Azaaraz makes face masks matching its outfits.

"If an outfit is red, I make a red mask. And if the dress is embroidered, I embroider the mask too."

She said a lot of the people have come out of their homes following the easing of restrictions but they are not wearing masks because they do not have beautiful ones.

This prompted her to figure out how to create fashionable masks such that people wear it.

Although Azaaraz does not sell masks directly, she selectively accepts some orders from clients.

"Even I got some orders for masks for brides and grooms," Shumi said, emphasising safety in addition to gorgeousness and fashion.

Edible oil prices on the rise in port city

DWAIPAYAN BARUA, *from Chattogram*

The prices of edible oil both at the wholesale and retail markets in the port city have been on the rise for the last three weeks, putting an extra burden on consumers already distraught by the spiralling prices of other food items including vegetables.

Traders pinned the price hike on an upward trend in the global markets.

Prices of soybean oil at Khatunganj wholesale hub in the port city gradually rose by Tk 150 per maund (37.3 kilograms) in the last three weeks to Tk 3,150 now.

The wholesale prices of palm oil have been steady for the last few days, seesawing between Tk 2,620 and Tk 2,630 per maund. But wholesalers hinted that the prices may shoot up as international markets have been on an upward trajectory of late.

"The prices of edible oil rose in the local market in line with the global market trends," said Shahedul Islam, a wholesale trader.

Meanwhile, refiners have raised the retail prices of different brands of edible oil by Tk 3 to Tk 4 during the same period, retailers said.

The retailers were found selling each five-litre container of Rupchanda-branded soybean oil at Tk 510 to Tk 515 against Tk 495 three weeks ago.

The same five-litre container of Teer brand was selling at Tk 495, up from Tk 475, while the price of Pushti brand rose to Tk 485 from Tk 470.

"We cannot but charge higher since the refiners have raised the prices in the middle of this month," said Rumi Ghosh, a retailer at Karnaphuli CDA Market.

She claimed the distributors of the branded edible oil suggested that the prices might rise further over the next few days.

"We have raised the prices on 20 August on the ground of a price spiral in the global market," said Biswajit Saha, a director of City Group, one of the main importers and refiners.

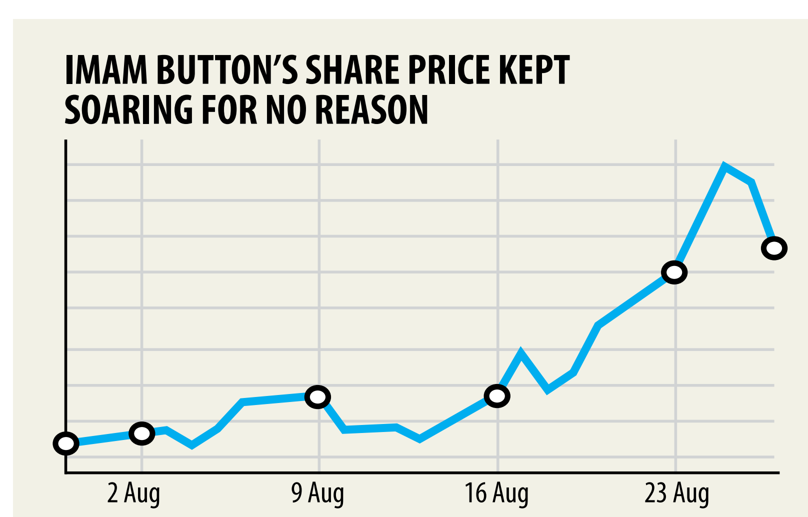
He, however, refuted the possibility of a further price rise anytime soon.

READ MORE ON B3

Gamblers messing around with Imam Button stocks

STAR BUSINESS REPORT

In a quizzical development, the stock price of Imam Button almost doubled in a few weeks though the Chattogram-based button producer has been incurring losses for a decade and stopped production indefinitely in April.



In reply to an enquiry of the Dhaka Stock Exchange, the company on Thursday said it had been unable to log enough revenues and profits since 2011.

As the stock prices of the company rose a whopping 82 per cent within a few weeks, DSE had sent it a notice asking whether there were any reasons behind the price hike.

The company said it had been unable to utilise its production capacity to the fullest due to insufficient sales order, according to a posting on the DSE website on Thursday. On top of that, sales orders have totally crashed thanks to the global coronavirus pandemic.

After the web posting, stocks of Imam Button plunged 10 per cent to close at Tk 33.30 on the Dhaka bourse on Thursday.

When the price of a company, which remained in the junk category for over a decade, jumps more than 80 per cent within a few weeks, it is assumed that gambling might be in play, said an official of a merchant bank, asking not to be named.

"Someone was playing from behind, which was barred by the announcement of production halt," he said, adding that the company has always been used by gamblers.

The earnings per share of the company, which was established in 1996, ran into a total of Tk 0.5 in the negative in the first three quarters of the 2019-20 financial year.

The EPS was Tk 0.29 in the negative during the same period in the previous year.

The company's net asset value is plunging every year: in 2015 it was Tk 9.3, which came down to Tk 5.8 in 2018.

Sponsors and directors hold 29.3 per cent shares of the company, institutional investors 9 per cent and general investors the rest, according to DSE.

Imam Button could not be reached for comment.

Bicycle shops on Amar Chand Road in Sadar Ghat area of Chattogram city say sales have gone up since the emergence of the novel coronavirus in the country with people increasingly avoiding public transport to maintain social distancing. Most of the bicycles being sold are priced in the range of Tk 3,000 to Tk 35,000. The photo was taken earlier this month.

PHOTO: RAJIB RAIHAN