US Senate Republicans prepare new infrastructure offer

REUTERS, *Washington*

US Senate Republicans plan to unveil a counteroffer to President Joe Biden's $1.7 trillion infrastructure proposal on Thursday, though one of their leaders said on Tuesday the two sides remain far apart.

Senator Shelley Moore Capito, leading a six-member Republican negotiating team, told reporters the group could also seek another meeting with Biden in an 11th-hour bid to reach a bipartisan deal to revitalize America's roads, bridges and other facilities.

The No. 3 Senate Republican, John Barrasso, sounded a pessimistic note, telling reporters: "We are now very far apart. We were pretty close when we met with President Biden in the White House."

It was not clear what the updated Republican package would contain. The group initially proposed a $568 billion, five-year framework

Capito said the proposal has been recalibrated along the same eight-year horizon as Biden's plan. Such a change could increase its size to around $1 trillion.

Republicans, who met with Biden on May 13, have been disappointed by recent talks with administration officials including Transportation Secretary Pete Buttigieg, Commerce Secretary Gina Raimondo and others.

REUTERS/FILE

Senator Shelley Capito looks on during a news conference to introduce the Republican infrastructure plan, at the US Capitol in Washington, US.

"I think that we've got good momentum, but we'll see what their reaction is," said Capito, top Republican on the Senate Environment and Public Works Committee.

"The president will not be surprised at the more outlined and specific offer that he's going to receive, and it will absolutely be in line with parameters that he suggested in those areas," Senator Roger Wicker, top Republican on the Senate Commerce Committee, told reporters without elaborating.

The sides are still struggling to agree on a basic definition of infrastructure and have made little progress on how to pay for the package.

If talks stall, Biden and his fellow Democrats in Congress could decide to move forward at the end of the month without Republicans. Biden in March signed sweeping Covid-19 relief legislation passed in Congress without Republican support.

White House Press Secretary Jen Psaki told reporters the administration is concerned about Republican opposition to altering a 2017 tax law, signed by former President Donald Trump, to increase taxes on the wealthy and companies.

"We are waiting to hear back from Republicans on how they would propose to pay for" the infrastructure legislation if they oppose raising taxes, Psaki told reporters.

Democrats narrowly control both chambers of Congress. House of Representatives Democrats have identified July 4 as their target date for passing infrastructure legislation.

Senate Majority Leader Chuck Schumer told reporters his plan is to "work on an infrastructure bill in July."

Biden's proposal includes traditional infrastructure projects on roads and bridges but also seeks to rechart the direction of the US economy with an additional focus on fighting climate change and boosting social programs.

Republicans want an approach limited to roads, bridges, airports, waterways and broadband access.

Republicans rejected a White House move last week that pared down Biden's proposal to $1.7 trillion from an original $2.25 trillion.

Britain's M&S expects profit recovery after 88pc slump

REUTERS, *London*

British retailer Marks & Spencer forecast a rebound in profit this year after an 88 per cent slump in 2020-21 that reflected a collapse in clothing sales due to the Covid-19 pandemic but warned investors not to expect a dividend this year.

Chief Executive Steve Rowe said the results masked progress made in the 137-year-old group's latest turnaround plan, while trading in the early weeks of its new financial year had been encouraging.

Shares in M&S were up 7.3 per cent at 167.4 pence at 0934 GMT. They were changing hands for 236 pence in May 2019.

Rowe, along with chairman Archie Norman, has focused on transforming the company's culture, improving clothing and food products and value to broaden its appeal, while closing stores and investing heavily in technology and e-commerce, including a joint venture with Ocado.

"By going further and faster in our transformation during this period of disruption...we have now moved beyond fixing the basics to forge a reshaped M&S that is ready for the next phase," he told reporters.

"We now have a clear line of sight on the path to make M&S special again," he said.

With online penetration of its clothing and home business expected to grow to up to 50 per cent, Rowe said M&S would accelerate the re-shaping of its store estate.

M&S currently has 254 full line stores, selling clothing and homeware and food. It is now targeting a fully modernised core of about 180 stores.

The group made a pretax profit before one-off items of 50.3 million pounds ($71.2 million) in the year to April 3, down from 403.1 million pounds in 2019-20.

Like-for-like clothing and homeware sales plunged 31.5 per cent, damaged by multiple coronavirus lockdowns which shuttered stores. Clothing and homeware sales in stores crashed 56.2 per cent, partly offset by online growth of 53.9 per cent.

In food, where space remained open during the crisis, like-for-like sales rose 1.3 per cent.

On a statutory basis M&S sank to a pretax loss of 209.4 million pounds, versus a profit of 67.2 million pounds in 2019-20.

All UK clothing retailers have been hit hard by the pandemic. Last month Primark which does not trade online, reported a drop in annual profit of 90 per cent. Next, which has a huge online business, has shown greater resilience but its full-year profit still fell 53 per cent.

M&S said trading for the first six weeks of the 2021-22 financial year had been ahead of the comparable period two years ago and its central expectations.

It forecast underlying pretax profit to recover to 300-350 million pounds in 2021-22 and a further reduction in net debt.

An exceptional move in mutual fund sector

FROM PAGE B1

Most fund managers extended the tenures of their funds without availing the opinion of their unit holders.

However, the VIPB swam against the tide by arranging an online vote for taking approval from unit holders on whether they wanted to liquidate the fund or transform it into an open-end fund.

The VIPB got 99 per cent of the votes in favour of transforming the fund into an open-end one, according to a special meeting on the issue on May 25.

Closed-end mutual funds are traded at the bourses on the basis of demand and supply, whereas, open-end mutual funds are traded on the basis of net asset value of funds.

Tenure extension of mutual funds impacted investor confidence so fund managers should liquidate their funds, said Abu Ahmed, a stock market analyst.

Transformation of closed-end mutual funds into open-end funds give a chance to investors to get back their funds at the net asset value, he said.

"This is quite better," he said.

The stock market regulator should set a ranking of the funds so that general investors can choose the best from among all the open-end funds, Ahmed added.

About the fund's transformation, Shahidul Islam, managing director of the VIPB, said he himself wanted to liquidate or transform the fund into an open-end one, for which he did not take the step to extend its tenure.

"As we raised the fund for 10 years so we wanted to value our commitment," he said, adding that now investors could take back their money.

Open-end funds make up a majority of the mutual fund industry all over the world because it can accommodate many investors.

"So, we can attract more people to our fund now along with giving the chance on taking back the fund," he said.

"We believe on our efforts and performances to attract investors so we prefer to transform into an open-end fund," he added.

Units of the Southeast fund, which amounted to Tk 99 crore, traded at Tk 13.10.

The fund's net asset value was Tk 13.89 per unit on the basis of current market prices.

Quality testing of imported bitumen made mandatory

FROM PAGE B1

But the entity was able to cater to a very small quantity of the demand, he said.

For this, the RHD, the local government engineering department, city corporations and other organisations have to depend on imports.

Currently, around 90 per cent of the annual demand of 5 lakh tonnes of bitumen used to build roads and highways is met through imports.

Recently, Bashundhara Group has set up the country's first dedicated bitumen plant at the cost of around $143.7 million and started commercial production in December 2020.

The plant can produce 9 lakh tonnes of bitumen a year.

The factory was established on a 65-acre plot at Pangaon in Keraniganj, and would produce around 2.75 lakh tonnes initially.

According to the data from the National Board of Revenue, more than 40 companies import bitumen from countries such as the United Arab Emirates, Bahrain, Iraq, and Sri Lanka.

During the July to April period of the current fiscal year, 42 companies imported 19,661 tonnes of bitumen, with around 80 per cent coming from the UAE. However, the country does not have any bitumen plant.

The value of the imported bitumen was shown to be around Tk 1,110 crore, brought under 346 consignments.

In the 2019-20 fiscal year, Bangladesh imported around 3.8 lakh tonnes of bitumen.

Mir Nasir Hossain, a bitumen importer and former president of the Federation of Bangladesh Chambers of Commerce and Industry, said the mandatory testing means more time would be needed to unload consignments.

"I don't think the quality test at customs should be made mandatory because the project implementing agencies will test it again before use," he said, adding that it would be a hassle for importers.

IMF expects to approve $1.6b in financing for Egypt

REUTERS, *Washington*

The International Monetary Fund on Tuesday said it expects to provide an additional $1.6 billion in financing to Egypt after its executive board approves the funding in coming weeks.

The IMF said its staff reached agreement with Egyptian authorities about the additional funding after a second and final review of Egypts economic program and a $5.2 billion 12-month stand-by arrangement.

"Egypts economy has shown resilience, with the impact of the Covid-19 crisis mitigated by the authorities swift, and balanced policy response," the IMF said in a statement. It said Egypt's fiscal and monetary policies should continue to support the economic recovery, and called for additional efforts on the country's economic reforms.

The IMF said it was forecasting economic growth of 2.8 per cent in fiscal year 2020/2021, and 5.2 per cent in FY2021/22.

The IMF said Egypt met all its structural benchmarks, including steps to reform fiscal transparency and governance, social protection and improve the business environment. But more efforts were needed to encourage exports by further reducing trade impediments and building a greener economy.

FTA with Malaysia back on the table

FROM PAGE B4

There are two other multilateral FTAs which have been signed but are pending ratification, namely a Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and most recently a Regional Comprehensive Economic Partnership (RCEP), Hashim said.

Former BMCCI president Syed Moazzem Hossain said the discussion on an FTA with Malaysia was yet to make progress even though the initiative was taken in 2010 because the National Board of Revenue (NBR) opined that the government would lose out on import duties.

"I guarantee that I will go for this FTA," said Munshi, adding that signing of FTAs was needed to increase trade ahead of the United Nations status graduation.

Although Bangladesh has been lobbying many developing and developed countries over the last three decades to sign FTAs, no such deal has yet been signed other than a preferential trade agreement (PTA) with Bhutan in December last year.

BMCCI President Raquib Mohammad Fakhrul moderated the discussion where a member of the Bangladesh Trade & Tariff Commission, Mostafa Abid Khan, presented the keynote paper.

Green power plans go sideways

FROM PAGE B1

There are cases where foreign companies had signed contracts with Bangladesh to set up solar power plants only to cancel them later for not getting land or for the government's reluctance to accept the prices they offered, said Badrul Imam, honorary professor of the geology department of the University of Dhaka.

"Land is a major issue. But we need to go for renewable energy, and solar has the highest potential," he said on April 20.

He suggested the government find ponds, lakes or rooftops that can be used for solar plants.

Hasan Mehedi, chief facilitator of the Coastal Livelihood and Environmental Action Network, said the government helped in land acquisition for the fossil fuel plants, but not for the solar power plants.

"The government needs to have a policy for this."

The equipment for solar plants should be tax-free, Mehedi said. "Some items enjoy the tax-free facility. But if we want to promote renewable energy, we need to do it for all equipment."

Also, the price is an issue. For example, foreign companies fix a price, but the government does not agree with it.

The government needs to provide subsidies to encourage the expansion of renewable energy, he said.

Presently, all those involved in solar power plants are foreigners. So, the most crucial task now is to transfer knowledge and build local capacity, said Prof Imam, adding that Bangladesh needed to acquire technological knowledge.

As of now, the potential for hydroelectricity is largely unknown. The government plans to carry out a feasibility study on offshore energy.

"It should be done at the soonest. The negotiation to import hydropower from Nepal and Bhutan needs to be expedited," the geologist said.

Sreda Chairman Mohammad Alauddin said resources were a real issue when it came to renewable energy. Infrastructure Development Company Ltd provides some grants for solar home systems, but the support was limited.

"The developed countries are not keeping their commitments on finance. Had we had that, we could accelerate our efforts of producing renewable energy."

Alauddin demanded the developed countries share technological knowledge on renewable energy as incentives to green growth.

In Bangladesh, there are nearly 2,000 units of solar irrigation systems, which run only four months a year. If they are connected to the grid, it can generate power all year round, he said.

MFS interoperability by December

FROM PAGE B1

The interoperability will be ensured through two platforms: the Interoperable Digital Transaction Platform (IDTP) and the National Payment Switch Bangladesh (NPSB).

The IDTP, a government initiative that makes all accounts of banks, MFS and payment system providers interoperable, will be governed and operated by the central bank.

The government will invest Tk 56 crore in setting up the IDTP.

The NPSB will also be used to ensure interoperability among MFS providers and banks, which will ultimately help people transfer funds smoothly.

Set up in 2012, the NPSB is an electronic platform that works to attain interoperability among banks for card-based and online retail transactions.

At present, the NPSB is processing the transactions carried out on interbank automated teller machines, point of sales, and internet banking.

The interoperability will eliminate the charging of fees for sending money. As a result, users will not count any fee in transferring funds within the same carrier and from one carrier to another.

This will put pressure on some MFS providers, which now impose a charge on their clients while sending money, the central banker said.

After the interoperability comes into force, MFS providers will have to stop charging.

In October last year, the central bank had moved to make financial services interoperable. It asked all banks to complete their preparations by March 2021 so that interoperability could go live in the first quarter.

The central bank later backtracked, citing a technical glitch.

"The same will not happen this time as the central bank has taken the preparation to remove all of the potential barriers that may emerge," the central banker said.

Atiur Rahman, a former central bank governor, welcomed the move, saying interoperability would positively impact the entire financial sector.

"This will help banks understand clients' nature by analysing data of interbank MFS transactions," he said.

Lenders can roll out new loans or deposit products targeting different segments of the clients, said Rahman, who played a crucial role in introducing MFS in Bangladesh.

"Although MFS-related data is still available, managing the data will be easier once interoperability is introduced."

Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, which pioneered MFS in Bangladesh, said MFS would be more convenient for users when the central bank made the service interoperable. "In addition, the reliance on some MFS providers will decline."

For instance, an account-holder of Rocket, the MFS brand of DBBL, cannot send money to a remote part of the country where the provider has no agents, he said.

"Clients will not face such situations thanks to the upcoming interoperable service," Shirin said.

Tanvir A Mishuk, co-founder and managing director of Nagad, said interoperability would push society towards using less cash.

Shamsuddin Haider Dalim, head of corporate communication and public relations of bKash, said MFS providers had taken the necessary steps to join the central bank initiative.

Betel leaf export to EU resumes after 6 years

FROM PAGE B1

The ban caused Bangladesh to lose the opportunity of exporting betel leaf to 29 countries, reducing import earnings to $1.90 million (2019-2020) from $29.48 million (2013-2014).

Addressing yesterday's programme as chief guest, Razzaque said the recent developments gave hope and were very crucial and that the ministry would continue ensuring unhindered export of betel leaves.

He said the export resumption would enable Bangladesh to earn around $50 million per year.

"Considering the fact that we earn $40 to 45 billion from overall exports, $50 million is very little. But together we export $900 million worth of agricultural products, which is very significant," he said.

Razzaque said there was a lot of potential for agricultural product export and efforts were underway to increase shipments to developed countries, including Europe.

"Work has already started to implement a good agricultural practice policy in the country. Non-toxic vegetables are being produced all over the country through integrated pest management. Accredited labs are issuing certifications," he added.

The event was organised by the Department of Agricultural Extension (DAE), Bangladesh Fruits Vegetables and Allied Products Exporters Association and Business Promotion Council of the Ministry of Commerce.

Shamsul Alam, additional director of Plant Quarantine Wing of the DAE, and the association's adviser Manjurul Islam presented a paper highlighting the context of safe and quality betel production and export.

Bepza economic zone eyes $10b investment

FROM PAGE B1

Paban Chowdhury, executive chairman of the Beza, said the land was almost ready for setting up factories. "The Bepza economic zone will be the biggest economic zone in the country."

Of the 539 plots planned at the zone, 140 will be initially up for grabs, and they will be ready for investment by September, Islam said. The size of the plot will be 3,600 square metres each.

The rest of the plots would be available at different stages within 2023.

The economic zone will consist of industrial plots, standard factory building area, water treatment plants, central effluent treatment plants, transfer stations, power hubs, incinerator, central warehouses, container depot, mega kitchen, hospitals and daycare facilities.

The plots are equipped with adequate road facility, utility services such as water, gas, electricity, telephone, and effluent collection network.

The Bepza is also developing facilities such as investors' residence and club.

"Investors will be able to ship products directly from the zone as all required services provided by stakeholders such as banks, customs, and ports would be available inside the zone," Islam said.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said there was no doubt that the establishment of the economic zone by the Bepza would create jobs and boost exports.

He suggested the Bepza allocate plots to real investors so that factories could go into production immediately. It should not allot plots to traditional product manufacturers to ensure export diversification, he said.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, however, said there was no need for any separate zone for the Bepza as there might be a coordination gap between the two agencies.

Islam said the shipment from the factories in the EPZs might hit $8 billion in the current fiscal year. The EPZs have alleviated poverty through employment generation and setting up of backward and forward linkage industries and created new business scopes in the surrounding areas of the estates.

The Bepza would allocate a maximum of 15 per cent of plots at the new zone to the apparel industry, down from about 33 per cent in existing zones.