

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.22%	▲ 0.19%	\$1,876.64	\$72.69	▲ 0.33%	▼ 0.03%	▼ 0.14%	▼ 0.58%	BUY TK 83.95	101.10	117.62	12.92
6,066.64	10,594.42	(per ounce)	(per barrel)	52,474.76	28,948.73	3,157.97	3,589.75	SELL TK 84.95	104.90	121.42	13.58



Star BUSINESS

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Private sector in a sorry state

Record bid for sukuk depicts weak credit demand in the market

AKM ZAMIR UDDIN

Bangladesh's private sector has long been in stagnation because of the coronavirus pandemic, and this was again on display during the auction for sukuk last week.

The government earlier said it would mobilise Tk 4,000 crore from the second and final round of the auction of the Shariah-based tool.

But investors placed bids for a

record Tk 32,726-crore on June 9, in a sign of the weak credit demand in the private sector.

No auction of treasury bills and bonds have observed such massive bids. The final round has broken all previous records of auctions of government securities, said several officials of the Bangladesh Bank (BB), who have direct knowledge about the auction of government securities.

On December 28, the first sukuk

auction in the country's history took place. Banks and individuals placed bids worth Tk 15,153 crore against the targeted amount of Tk 4,000 crore.

Through the two rounds, the government raised Tk 8,000 crore to implement a safe water supply project, which is expected to be implemented by June 30, 2025.

A sukuk is an Islamic financial certificate, similar to a treasury bond and structured to generate

returns in compliance with Islamic finance principles.

As the economy is facing a protracted slowdown, banks are exploring various options to invest their idle funds to maximise profits amid the lower credit demand.

Banks flocked to T-bills and bonds since the second quarter of last year after the pandemic hit the country, bringing the economy to its knees.

In September last year, banks and other investors placed bids amounting to Tk 10,735 crore at an auction of a two-year T-bond. The government borrowed Tk 2,000 crore at the time.

The bid amount is the largest for government securities in the last four years, according to data from BB.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the higher bid for sukuk auction was not a good sign for the economy.

Excess liquidity in the banking sector has been on the increase since the second quarter of 2020 amid business slowdown, he said.

Businesses have adopted a slow-go policy when it comes to expanding their operations, bringing owes for the banks, Mansur said, adding that banks are cautious in lending in some cases.

Excess liquidity at banks stood at Tk 201,546 crore as of April, up 77 per cent year-on-year, data from the BB showed.

BGMEA green efforts win US accolade

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has been awarded the prestigious "USGBC Leadership Award" by the United States Green Building Council (USGBC) for its strides in making the local apparel industry eco-friendly.

"This is the first USGBC leadership award for any organisation in the world," said Faruque Hassan, president of the BGMEA, at a virtual press conference held from the association's office in Gulshan, Dhaka.

Bangladesh has the highest number of green garment factories in the world. Currently, there are 143 Leadership in Energy and Environmental Design (LEED) certified apparel manufacturers in the country.

Of them, 41 are platinum-rated, 89 gold-rated, and the rest are silver and only LEED-certified.

Another 500 garment factories are set to be certified by the USGBC, Hassan said.

Bangladesh is also home to nine of the top 10 LEED-certified buildings, indicating the country's progress in protecting the environment during its manufacturing process.

LEED IN BANGLADESH RMG INDUSTRY

- 9 out of the world's top 10 green garment factories are in Bangladesh
- 39 out of the world's top 100 green industrial projects are in Bangladesh
- 500 more factories are in the process of getting LEED certification

Global management consulting firm McKinsey & Company, in its latest report, lauded Bangladesh's garment sector as a frontrunner in ensuring transparency regarding factory safety and value-chain responsibility, said Hassan.

The report highlighted the sector's advancement in tackling the challenges standing in the way of growth, particularly in diversifying customers and products, improving supplier and workforce performance, and strengthening compliance and sustainability.

"It praises our manufacturers who are the frontrunners in entrepreneurship and strategic management, have

made investments in productivity improvement, digitalisation, automation, and sustainability, and operate as per international best practices," he added.

More than 1,500 local companies are accredited by the Global Organic Textile Standard, the second-highest in any country.

EXCESS LIQUIDITY: BANKS LOOKING FOR ALTERNATIVE INVESTMENT OPTIONS

SUKUK

- Profit rate of sukuk: 4.69%
- Tenure of maturity: 5yrs
- Total bid amount: Tk 15,153 cr on Dec 28, 2020
- Total bid amount: Tk 32,726 cr on Jun 9
- Govt mobilised Tk 8,000 cr from two auctions

APRIL 2021 SCENARIO

- Excess liquidity in banks: Tk 201,546 cr
- Private sector credit growth: 8.29%

FIVE-YEAR T-BOND MAY 2021

- Interest rate: 4.03%
- Govt borrowed Tk 2,000 cr
- Total bid amount: Tk 8,607 cr

JUNE 2020

- Interest rate: 8.05%
- Govt borrowed Tk 559 cr
- Total bid amount: Tk 4,658 cr

JUNE 2019

- Interest rate: 8.10%
- Govt borrowed: Tk 687 cr
- Total bid amount: Tk 1,941 cr



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FBCCI calls for task force to simplify tax rules

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has urged the government to form a high-powered task force to simplify the tax system and make it business-friendly.

FBCCI President Md Jashim Uddin made this appeal in a letter to Finance Minister AHM Mustafa Kamal last week, citing that it is important to address the problems faced by service sectors to facilitate trade and commerce.

The FBCCI welcomed the move to support several industrial sectors but added that there are some inconsistencies related to income tax, value-added tax and customs rules.

"So, a task force is necessary to address this inconsistency. Once these are eliminated, tax rules will be business friendly," Jashim said.

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Ensure people's participation in budget: expert



STAFF CORRESPONDENT, Chattogram

The budget will never turn meaningful unless people are involved in its formulation and implementation, said Salehuddin Ahmed, a former governor of Bangladesh Bank, yesterday.

"The budget has no public participation. Economists have been called in to discuss the budget but their advice has not been followed," he said.

"The budget was raised and passed in parliament within a very short time without any questions being raised by members of parliament," he added.

"The budget discussion should start from January and it should provide an opportunity on analysing how much should be allocated to which sector and why it should be done," Ahmed said.

The biggest failure of this budget is not bringing up new poverty. The government forgets the new poverty. The budget needs to pay more attention to the people falling behind and small businesspeople, he added.

Ahmed was addressing a webinar, "What should be the pattern of a National Budget:"

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MD ABU TALHA SARKER

From airlines, tourism and manufacturing to export, import and event management -- all businesses have witnessed the devastating and far-reaching effects of the novel coronavirus.

The pandemic also did not spare the cricket accessories business, which had been growing at a healthy clip because of the popularity of the game in the country.

Tarek Aziz Khan, a former national cricketer, entered the accessories business in 2011. He started with a retail showroom in Mirpur and gradually expanded in and out of Dhaka.

In the pre-pandemic period, the former right-arm medium-fast bowler had owned eight retail outlets. As losses grew because of the crisis-induced economic slowdown, he shut five showrooms in Dhaka.

"How is it possible to run the business for a long time without any income? I had to spend a huge amount for rent, wages and other expenditures," he said.

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Cricket accessories business fights for survival



PRABIR DAS

Students are the main buyers of sports items, but because of the indefinite closure of educational institutions, they don't come out of their houses much and play cricket.

Restaurant owners demand VAT cut



STAR BUSINESS REPORT

Restaurant owners have demanded that the government reduce the value-added tax (VAT) proposed in the fiscal 2021-22 budget as payable by all restaurants, be it of a lower category, moderate or fine dining.

Organising a press conference at their Purana Paltan office yesterday, Bangladesh Restaurant Owners Association (Broa) expressed their opinions on the budget and informed of various crises of the sector.

"The proposed budget for 2021-22 FY mentioned to pay 15 per cent VAT for AC and 5 per cent for non-AC restaurants," said Broa Secretary General Imran Hasan.

"However, we demand highest 3-5 per cent VAT for lower and moderate



STAR/FILE

Bangladesh has around 60,000 restaurants and around 30 lakh people are employed in the sector, industry people say.

category restaurants and street food, and 7.5 per cent VAT for fine dining restaurants," he said.

"Earlier, the non-AC restaurants had to pay 7.5 per cent VAT. The AC

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Stock market cap hits record high

Overinflated insurance stocks still a concern, experts say

AHSAN HABIB

The stock market has risen to new heights with market capitalisation hitting a high point last week while overvalued shares still remaining a concern.

Market capitalisation at Dhaka Stock Exchange (DSE) reached a record high of Tk 509,937 crore on Thursday. Similarly, the DSE's daily average turnover rose by around 19 per cent to Tk 2,438 crore for the week, which is the second highest since peaking in 2010, as per market data.

However, tensions remain over some insurance stocks that saw their values grow significantly, if not tripling, in the last few months, according to market analysts.

The big news is that people are coming out to invest now, but they need to invest in fundamental stocks, they said. Among all sectors, textiles rose the highest by 10.2 per cent last week.

"Thanks to the market's prolonged bearish trend, textile stocks were at a lucrative level. So, investors are thinking that the sector will give a good return after the pandemic," said



a top official of an asset management company. "What is more, cotton prices rose in the last few months so those who have a good stock of the material will see good profits," he added.

Cotton was being traded at an average of \$0.60 per kilogramme during the June-December period in 2020 while it later ranged between \$0.95 and \$1.7 in March this year, according to data from Bangladesh Textiles Mills Association.

The banking sector did, however,

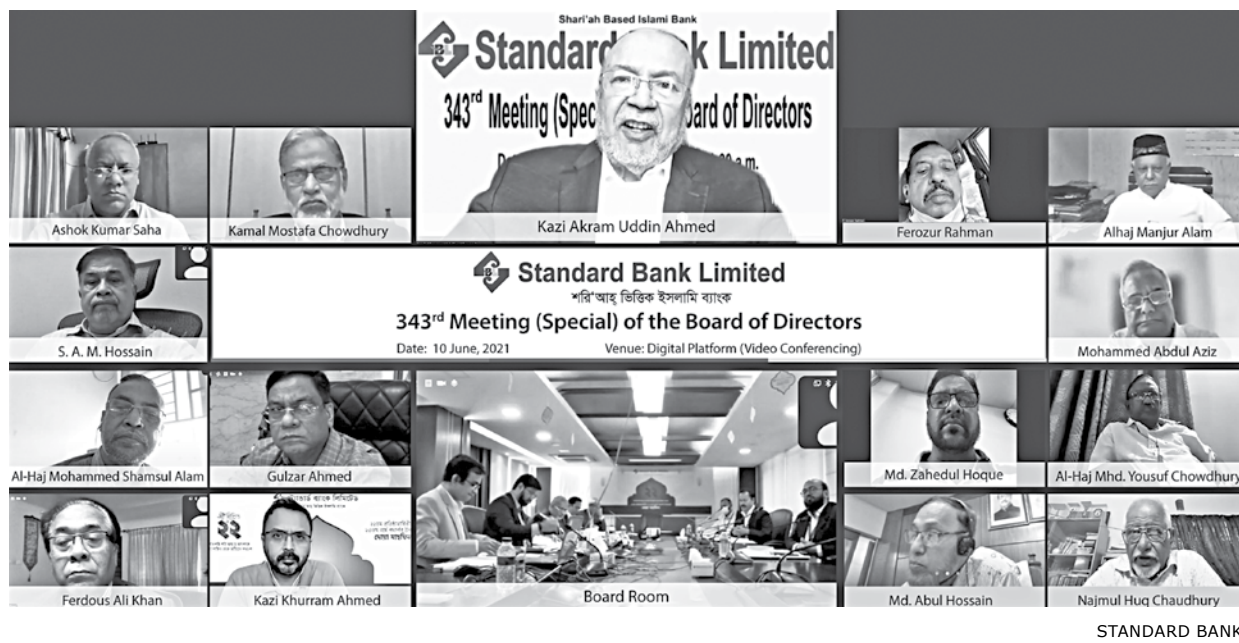
witness a correction of 5 per cent after a week-long rising trend.

"But this is normal," he said.

Investor participation is currently very high so turnover, an important indicator of the market, is hovering at the Tk 2,500 crore level.

"The market is going good but some stocks that rose abnormally are the only cause for concern," said Sharif Anwar Hossain, president of DSE Broker's Association (DBA).

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Kazi Akram Uddin Ahmed, chairman of Standard Bank's Board of Directors, virtually presided over its 343rd board meeting (special) in Dhaka recently. Vice Chairman Ashok Kumar Saha, Managing Director and CEO Khondoker Rashed Maqsood, Additional Managing Director Md Touhidul Alam Khan, and Deputy Managing Director Mohammad Rafiqul Islam were present.



Eastland Insurance Company Chairman Mahbubur Rahman virtually presided over its 34th annual general meeting in Dhaka recently. The company approved 7 per cent cash and 3 per cent stock dividends for 2020. Executive Vice Chairman Ghulam Rahman and Chief Executive Officer Arun Kumar Saha were present.

IDLC Investments wins FinanceAsia 'Best Investment Bank' title

STAR BUSINESS REPORT
IDLC Investments has recently been accorded a "Best Investment Bank in Bangladesh" title at FinanceAsia Country Awards 2021.
Operational for over two decades, the non-banking financial institution was issue manager for Bangladesh's "biggest" IPO and "only" listed company in engineering construction during the Covid-19 pandemic, says a press release.
It also completed a merger and acquisition in the power sector and acted as trustee of a "first-ever" Basel III-compliant contingent convertible perpetual bond.
"Our trendsetting initiatives, strong performance in the market along with compliance and setting examples of best practices have been repeatedly recognised in the local and international arena," said Managing Director Md Moniruzzaman.

Fed meeting looms for stocks as inflation worries collide with 'Goldilocks' markets

REUTERS, New York
Investors will be zeroing in on the Federal Reserve's monetary policy meeting next week as a "Goldilocks" market environment that has helped lift stocks to record highs and tamed a bond selloff is tested by rising inflation.
Stocks have climbed steadily in recent weeks and now stand at fresh records, extending a rally that has seen the S&P 500 gain 13 per cent this year and nearly 90 per cent from its March 2020 low.
US government bonds have also rallied after their first-quarter selloff, with the benchmark 10-year Treasury yield, which moves inversely to prices, recently at 1.46 per cent, some 30 basis points below its first quarter highs.
Some of those gains have been predicated on the Fed's assurances that rising inflation will not last long enough to warrant a sooner-than-expected end to easy-money policies. Signals that the Fed is growing less confident in those assumptions could unsettle stocks, which have benefited from quantitative easing, and hurt bonds, as rising prices erode the value of longer-dated debt.
Investors are going to be looking for signs that the Fed might believe that inflation is more permanent," said Michael Arone, chief investment

strategist for State Street Global Advisors.
The Fed has maintained that it has the tools to deal with accelerating inflation. The central bank may open discussion at the Tuesday-Wednesday meeting about when to begin unwinding its \$120 billion per month purchases of government bonds, though most analysts don't expect a decision before the Fed's annual Jackson Hole, Wyoming, conference in August.
For now, it appears some investors are coming around to the Fed's way of thinking on inflation. Stocks on Thursday brushed off data showing that consumer prices rose in May at their fastest annual pace in 13 years, as the S&P 500 hit a new record.
By contrast, a much higher-than-expected inflation number last month caused a selloff in stocks.
Strong inflation numbers aside, recent data has offered snapshots of an economy that is strengthening but does not appear to be close to overheating. Employment, for instance, remains about 7.6 million jobs below its February 2020 peak while the latest monthly report fell short of economists' estimates.
"We are making progress, but the economy is not completely on fire and a runaway train where the Fed has to take action," said Chris Galipeau, senior market strategist at Putnam

Investments.
"That puts us in the 'Goldilocks' scenario." Still, others worry that markets have grown too complacent on inflation and other risks that could derail the current rally, from potential higher taxes to peaking economic growth rates.
Analysts at BofA Global Research on Friday outlined a number of reasons that inflation may be more sustained than many expect, including second-tier indicators such as the National Federation of Independent Businesses survey of small businesses showing price pressures are filtering to customers. The list of excuses for transitory inflation is getting long. The risk of higher, more persistent inflation is growing, BofA's analysts wrote.
More broadly, bullish sentiment among individual investors has been above its historical average of 38 per cent for 25 of the last 30 weeks, according to the American Association of Individual Investors.
Bearish sentiment, meanwhile, is below its historical average of 30.5 per cent for the 18th consecutive week.
At current levels, pessimism remains unusually low, the AAI said on its website. Historically, below-average readings for bearish sentiment have been followed by below-average six- and 12-month returns for the S&P 500 index.

G7 leaders agreed to keep the money taps open



G7 leaders sit around a table at the top of the G7 meeting in Carbis Bay, Cornwall, Britain on June 11.

REUTERS, Carbis Bay, England
Leaders of the Group of Seven rich nations were in broad agreement about the need to continue supporting their economies with fiscal stimulus after the ravages of the Covid-19 pandemic, a source familiar with the discussions said on Friday.
The backing for more stimulus was shared by all leaders including Angela Merkel of Germany which has traditionally opposed heavy borrowing to spur growth, a position it has relaxed in the face of the Covid-19 crisis.
The administration of US President Joe Biden has been pushing its allies to keep on spending with Treasury Secretary Janet Yellen urging her G7 colleagues in February to "go big". "There was broad consensus across the table on continued support for fiscal expansion at this stage," the source said, adding that Biden, British Prime Minister Boris Johnson and Italy's Mario Draghi expressed particular support.
The International Monetary Fund has repeatedly urged Group of Seven countries and others to continue fiscal support measures.
The source said the G7 leaders believed

there should be long-term policies for ensuring the health of public finances in the future, echoing the position of their finance ministers who met earlier this month in London.
Draghi, president of the European Central Bank from 2011 to 2019, said the rich major Western economies needed some sort of "long-term fiscal anchor" to reassure investors and avoid a rise in market interest rates that could hurt the recovery, the source said.
The leaders believed a post-lockdown rise in inflation in many countries would prove temporary, the source said.
"There was a bit of discussion on inflation but the feeling was that it was temporary," the source said.
G7 leaders stressed the importance of taking action to reduce unemployment such as retraining and offering support for younger workers, a proposal supported by Canada's Justin Trudeau, the source said.
At the opening of the meeting, Johnson said the leaders needed to be careful not to "repeat the mistakes of the last great crisis, the last big economic recession of 2008 when the recovery was not uniform across all parts of society."



Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, formally inaugurated a couple of new client service centres in Uttara and Mirpur recently. Sabbir Ahmed, head of retail banking, and Lutful Habib, head of distribution, were also present.

Digital transactions - the new normal

FROM PAGE B4
About 45 per cent of it was channelled through bKash, 29 per cent through Rocket, and the rest by other MFS providers.
Besides, the stimulus packages for the beneficiaries in other sectors such as education, fisheries and livestock, agriculture and sports were also disbursed through the MFS providers.
The MFS has also become a favourite platform for migrant workers because of its swift transaction mode and faster transfer of funds to beneficiaries. In the first four months of 2020, bKash alone channelled an inward flow of Tk 138 crore from our migrant workers.
All these stories indicate that the pace for digitalisation has triggered momentum in keeping the wheel of livelihood and the economy moving despite the cruel and traumatic onslaught of the pandemic. With lockdowns, quarantines, social distancing and the fear of virus transmission through the use of cash, there has been a boom in e-commerce. Consumer behaviour is fast changing with remarkable digital adoption. The usage of digital payments and transactions is skyrocketing.
There remain a plethora of challenges as well.
The biggest issue would be the security of transactions. MFS usage must be monitored properly so that these are not abused by unscrupulous elements because, despite all precautions, fraudulent practices can take place.
A few months ago, the government's stipend money sent to the primary school students failed to benefit the recipients because of some fraudulent practices by

unscrupulous people.
The success of MFS will also depend on the availability of proper devices and supportive contents. A vast majority of our rural population or the lower-income group, the biggest segment of MFS users, cannot afford smartphones. The government can play a catalytic role by providing subsidised phones, cutting taxes, and encouraging the inclusion of as many utility services as possible.
It is a matter of genuine concern that the government is likely to hike the corporate tax of MFS up to 40 per cent from the existing 32.5 per cent. This may be a significant blow for the budding MFS industry, where providers need to make a massive investment in technological innovations to ensure customer-centricity. None of them has made a mentionable profit yet.
The implementation of the proposed corporate tax would be detrimental to the progress made by the government in the field of digital transactions and financial inclusion.
It is now well-accepted that MFS has been acting like a life jacket, giving us a sense of assurance in cruising through the pandemic challenges. The consumers' reliance on MFS has strengthened a lot and would continue to grow as they realise the comfort, safety and convenience of using MFS. As digital transactions will become the new normal, it would also help narrow down the digital divide sooner than expected.
The author is an analyst. He can be reached at mohicrs@gmail.com.

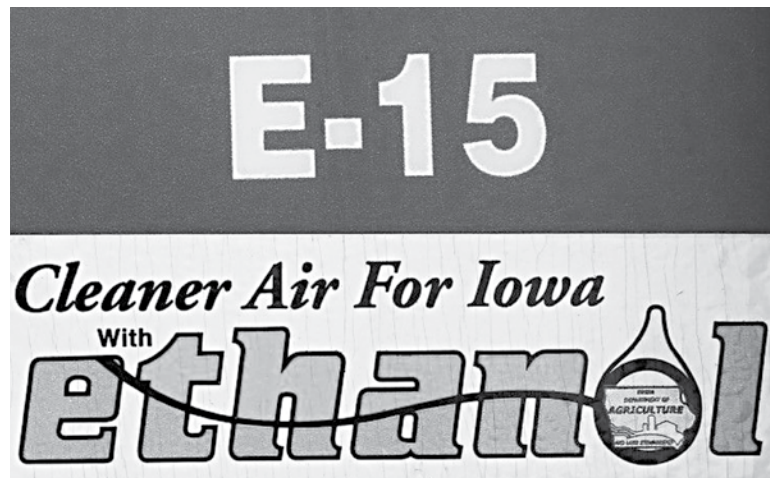
Biden considers giving refiners relief from US biofuel laws

REUTERS, New York
President Joe Biden's administration, under pressure from labor unions and US senators including from his home state of Delaware, is considering ways to provide relief to US oil refiners from biofuel blending mandates, three sources familiar with the matter said.
The issue pits two of the administration's important political constituencies against each other: blue-collar refinery workers and farmers who depend on biofuel mandates to prop up a massive market for corn.
It could prompt an about-face for the administration, which had been rolling back former President Donald Trump's dramatic expansion of waivers for US refiners from the Renewable Fuel Standard.
The law requires them to blend billions of gallons of ethanol and other biofuels into their fuel each year or buy credits from those that do.
The credits, known as RINs, are currently at their highest price in the program's 13-year history, and refiners have said the policy threatens to bankrupt fuel makers already slammed by sinking demand during the pandemic.
Biofuel advocates counter that fuel makers should have invested in biofuel blending facilities years ago and can pass through added costs

for buying credits.
Renewable fuel credits traded down 15 per cent on Friday morning after the news. Credits traded at \$1.70 each, down from \$2.00 on Thursday, traders said. Prices later traded at \$1.85 each.
Democratic senators Chris Coons and Tom Carper of Delaware have held at least two discussions in recent weeks with Michael Regan, head of the US Environmental Protection Agency, to discuss providing relief for refiners, according to the three sources.
Coons and Carper were seeking

to help the state's lone refinery, a plant in Delaware City with a capacity of about 180,000 barrels per day. Their requests added to a chorus of pleas from other states hosting refineries, including Pennsylvania, Texas and Louisiana.
In the meetings, Regan and the senators discussed options like a nationwide general waiver exempting the refining industry from some obligations, lowering the amount of renewable fuel refiners must blend in the future, creating a price cap on compliance credits, and issuing an emergency

declaration, two of the sources said.
Nick Conger, an EPA spokesperson, confirmed Regan had met with the senators but did not comment further on the discussions or confirm whether the agency was looking at ways to provide relief to refiners.
Coons did not respond to a request for comment.
A spokesperson for Carper said the senator has spoken to Regan a number of times about the high costs for RINs. Seth Harris, deputy assistant to the president on labor and economic issues, has also met with union representatives to hear their grievances about biofuel mandates, the two sources said.
Harris did not respond to a request for comment.
Merchant refiners like PBF Energy, which operates the Delaware City plant, say biofuel laws could shut down plants and kill thousands of union jobs.
The company recently shut most of its refinery in New Jersey, the latest in a series of shutdowns along the US East Coast. The region, which faces higher refining costs because of its distance from US oil fields, has seen fuel production capacity drop about 40 per cent since 2000.
Federal data shows that only eight refineries remain out of the 17 that were operating on the US East Coast in 2000.



A sign at a gas pump selling E15, a gasoline with 15 percent of ethanol, is seen in Mason City, Iowa, United States.

Shwapno promoting US food, beverages

STAR BUSINESS DESK

Retail chain Shwapno and the United States Department of Agriculture (USDA) have announced a joint "Taste of America" promotional campaign highlighting and reaching consumers over 100 US food and beverage items, including canola oil, dried fruits, nuts, cereals and chocolates.

Earl R Miller, US ambassador to Bangladesh, Arif Dowla, managing director of ACI Group, and Sabbir Hasan Nasir, executive director of Shwapno, launched the initiative at 10 Shwapno retail outlets throughout Bangladesh on June 10, says a press release.

"I am excited to see US products become increasingly available in Bangladesh and confident consumers will find US food items to be flavourful and of the best quality," said Miller.

"Shwapno retail outlets were established in 2008 and since then we have grown to more than 175 outlets. Shwapno was recognised as the 'Best



Earl R Miller, US ambassador to Bangladesh, Arif Dowla, managing director of ACI Group, and Sabbir Hasan Nasir, executive director of Shwapno, launched the initiative at 10 Shwapno retail outlets.

COLLECTED

Retail Brand' in Bangladesh in 2016-2020," said Dowla.

"We focus on quality and we are determined to bring value to

Bangladesh's consumers. We know US products are high-quality, so we are happy to feature US products in our stores," he said.

Push to end pandemic benefits may not be panacea for US labour shortage

REUTERS, Washington

The 25 US states calling an early halt to pandemic-related federal unemployment benefits have recovered more of the jobs lost during the crisis than other states, possibly limiting how much of a dent ending the weekly \$300 payments will make in the national battle to fill record job vacancies.

Republicans have taken aim at the enhanced benefits, which were first approved by Congress in a massive relief package last year and later extended, arguing they discourage people from returning to work and are no longer needed given the easing pandemic.

Four Republican-led states are ending the payments as of Saturday, with 21 others following suit through early July.

"Business owners ... are struggling not because of Covid-19 but because of labor shortages resulting from these excessive federal unemployment programs," Missouri Governor Mike Parson said last month as he announced a June 12 cut-off to the payments in his state.

Payments to sole proprietors and contractors typically not eligible for unemployment insurance also will end.

But in Missouri, as in the other states

pulling the plug early on the benefits, the margin to boost local labor supply may be thinning.

The state already has clawed back about 90% of the jobs it lost last year as the spread of the coronavirus devastated the US economy.

As of April, when its payroll jobs topped 2.94 million, there were only 16,000 more unemployed Missourians than before the pandemic, and about 93,000 collecting pandemic unemployment benefits.

That pool includes solo contractors and gig workers on benefits for the first time during the crisis, and it is unclear how many will shift to conventional payroll jobs or resume old ones.

Overall, US Bureau of Labor Statistics data for April, the latest available, showed the 25 states planning to cancel benefits early have recovered about 80 per cent of the jobs they lost during the crisis, versus a 66 per cent recovery rate in the rest of the nation.

About 2.4 million more people in the states stopping the benefits early are either unemployed or no longer looking for work than before the pandemic, versus about 7.5 million payroll jobs still missing nationwide, and 9.3 million open jobs in April.



Tahmina Ahmed
New AMD for Shun Shing Group Hong Kong

STAR BUSINESS DESK

Seven Rings Cement's mother organisation Shun Shing Group Hong Kong recently witnessed the appointment of a new additional managing director (AMD) for its Bangladesh operation.

The appointee, Tahmina Ahmed, has been serving the company as a board director since 2007, says a press release.

Shun Shing Group has been in business in Bangladesh for the last three decades.

BGMEA green efforts win US accolade

FROM PAGE B1

As the leading export industry in Bangladesh, the garment sector has the responsibility to keep the wheel of the economy spinning.

"But while we do it, we cannot stay indifferent to the negative externalities of growth, especially when it comes to the environment," Hassan said.

According to the entrepreneur, one of the most scientific ways of keeping the balance of growth and sustainability is green factories. Green factories attach the highest importance to energy use, water use, indoor environmental quality, material selection and its effects on the site.

These buildings have cleaner air circulation, more access to daylight, less pollution, harm-free chemical paints and finishing, which create a healthier working environment.

"The improved quality of environment not only reduces the prevalence of asthma and respiratory allergies but also encourages workers and boosts the retention rate and productivity," Hassan said.

The BGMEA has joined an initiative led by the Global Fashion Agenda to capture and reuse textile waste in Bangladesh and achieve a long-term, scalable transition to a

circular fashion system.

It published its own "Sustainability Reporting" based on the guideline of the Global Reporting Initiative.

Forty-seven member factories have brought out Sustainability Development Goals (SDGs) reports in partnership with the SDGs coordinator of the Prime Minister's Office and the United Nations Development Programme.

The association regularly carries out policy advocacy to secure low-cost finance and tax benefits for green factories, which are entitled to a 2 per cent rebate on corporate tax.

"We believe the industry will be more encouraged, and the green transformation will speed up if the rebate on corporate tax is enhanced further," Hassan said.

Thanks to the advocacy of the BGMEA, the central bank has unveiled several low-cost finance schemes for green factories like the Green Transformation Fund and the Technology Upgradation Fund.

"These initiatives have helped factories to go for green investment. The factories can better avail these benefits if the stringent procedures can be simplified, and the financing policies become more investment-friendly," he added.

Ensure people's participation in budget: expert

FROM PAGE B1

Towards a Decent Society" organised by Bangladesh Economic Association (BEA).

The webinar is the 12th edition of a "BEA 13-series webinar on decent society" based on research book "Society-Economy-State on the big screen: In search of a decent Bangladesh rising from the catastrophe of the virus" written by Prof Abul Barkat.

The 716 page book consists of 12 chapters and has a welcome remark by Noam Chomsky, a linguist, philosopher and social critic.

"The book mentions 24 new sources of earning of government revenue. The government will be able to earn Tk 6,44,000 crore from these sectors," said BEA General Secretary Jamaluddin Ahmed.

"In particular, Tk 168,100 crore should be earned through the recovery of black money in the country and Tk 75,000 crore smuggled abroad should be brought back," he added.

He said the book also contains 323

specific recommendations and 39 proposals for the government to implement a budget of Tk 17 lakh crore.

In order to establish a decent social system, the budget has to be formulated and implemented on the basis of the spirit of the Liberation War, said Prof Towfic Ahmad Chowdhury, director general of the Bangladesh Academy for Securities Market.

The allocation must be increased keeping in mind the largest group in the population. More allocation has to be distributed among the poor people and income tax should be increased without increasing VAT, he said.

"Dr Barkat has mentioned in his book what will be the economic, social and political basis of a country. He has also made specific proposals on how the budget of about Tk 17 lakh crore will be implemented and where the government's money will come from," he said.

The webinar was moderated by BEA Executive Member Nesar Ahmed.

US regulators urge financial firms to quickly ditch Libor rate benchmarks

REUTERS, Washington

US financial regulators urged market participants on Friday to accelerate their efforts to detach financial products from Libor interest rate benchmarks, while casting doubt on new benchmarks built to compete with their preferred replacement.

Federal Reserve Vice Chair Randal Quarles emphasized there is "no path forward" for Libor, which is being scrapped after numerous banks were fined for manipulating it, and that firms have no reason to delay moving derivatives and other market contracts to the new Secured Overnight Financing Rate.

"The deniers and laggards are engaging in magical thinking," Quarles said during a meeting of the Financial Stability Oversight Council, a regulatory panel. "Libor is over."

A host of senior US officials, including Treasury Secretary Janet Yellen and Fed Chair Jerome



REUTERS/FILE

Financial Stability Board chair and Federal Reserve Vice Chairman for Supervision Randal Quarles addresses the Economic Club of New York in New York City, US on October 18, 2018.

Powell, echoed that message, as regulators worry that financial firms are moving away too slowly from the previous benchmark, which is

"well behind" where they should be in the transition. Regulators have struggled for months to convince market participants to abandon Libor, and have relied on increasingly severe rhetoric to convince them that the benchmark will no longer be an option in the near future.

At the same time, regulators had harsh words for competing benchmarks, like the Bloomberg Short-Term Bank Yield Index (BSBY). They warned that, like Libor, those benchmarks are built on relatively few transactions, which could make them unreliable or subject to manipulation.

Securities and Exchange Commission Chairman Gary Gensler said BSBY is built around less than \$10 billion in transactions per day when it is meant to serve as a foundation for trillions of dollars in transactions.

"When a benchmark is mismatched like that, there's a heck of an economic incentive to manipulate it," he warned.

Private sector in a sorry state

FROM PAGE B1

Private sector credit growth stood at 8.29 per cent in April against the central bank's target of 14.80 per cent for the outgoing fiscal year.

"The financial indicators have given a message that the economy is still facing hurdles," said Mansur, also a former official of the International Monetary Fund.

Heads of the treasury departments of two banks say that they have been facing difficulties in disbursing funds among the clients since April last year due to the lower credit demand.

The demand for loans had improved a bit in the first quarter of 2021, but the situation has started worsening since April when the second wave hit the country, they said.

Against this backdrop, banks are trying to invest their funds in various government tools, including T-bills, bonds and sukuk.

The profit rate on sukuk is 4.69 per cent, much higher than 4.03 per cent for the five-year T-bond.

"This is one of the main reasons behind the large bidding amounts for sukuk," said a treasury official of a bank.

The maturity period of sukuk is five years. Investment in the Shariah-based tool is risk-free as the profit rate will not change in the secondary market.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said that banks were now feeling uncomfortable lending as loans might become sour due to the slowdown.

"So, it is quite normal that banks will try to invest their fund in the government tools, which is completely risk-free," he said.

Salehuddin Ahmed, a former governor of the central bank, said banks were now investing in government tools to reduce excess liquidity.

Sukuk is expected to help the government manage its deficit financing at a time when it is struggling to raise revenues from the domestic source.

FBCCI calls for task force to simplify tax rules

FROM PAGE B1

The country's apex trade body suggested that the task force should be formed with representation from the FBCCI, Bangladesh Trade and Tariff Commission, and National Board of Revenue to make direct and indirect tax rules easy for businesses.

"The panel should be formed on a permanent basis so that it can work throughout the year. This will be good for improving the ease of doing business in the country," he added.

Cricket accessories business fights for survival

FROM PAGE B1

The businesses resumed in June last year after the first lockdown in April and May, but sales are yet to pick up as cricketing activities have not started in full swing.

The business was again hit with lockdown in April this year after the government shut down all economic activities, albeit for a shorter period, because of the second wave of infections. Recently, sporting events have started without spectators.

Khan is running the rest of the outlets with the help of depressed incomes from a jersey manufacturing factory.

"I couldn't tell right now how long I would be able to survive under the current circumstances," Khan said.

Fahim Muntasir Sumit, another former national cricketer, signed up for the cricket accessories business after quitting the game.

He launched his journey as a businessman in 2017 in a rented shop at the Cooperative Twin Tower Super Market in Gulistan. Three years later, he set up a manufacturing plant, the first of its kind in Bangladesh, to produce bats that are used in age-level games.

He set up the factory in Thakurgaon on a small scale with the help of local and foreign employees. There were five to six foreign employees who were all Indians.

Sumit, who is also involved in age-level coaching, sponsors Bangladesh Cricket Board's Under-17 Cricket Team. The players of the team are all using bats made at his factory.

that professional cricketers are playing with locally made bats," he said.

Sumit had planned to make bats for the senior players and started importing willow, the wood material used to make professional bats, from England. But the pandemic halted the plan.

All of his foreign employees went to their country last year and they have not returned yet due to the second wave of Covid-19. Khan and Sumit's plight represents the overall scenario of the cricket accessories business.

Traders are witnessing a thin presence of customers but in order to keep their stores open, they had to spend hugely on the rent of shops and wages.

Many have taken loans with banks, non-banking financial institutions, and cooperatives. Some were forced to wind up operations after being loss-ridden and debt-ridden.

"The shops are open, but we cannot earn enough to pay the wages to employees. There are rents and other expenses as well," said MR Shamim Patwari, president of the Bangladesh Sports Accessories Merchant Manufacturers & Importers Association.

"In such a situation, many traders have been forced to close their businesses and many employees lost their jobs."

Students are the main buyers of sports items, but because of the indefinite closure of educational institutions, they don't come out of their houses much and play cricket.

returned to action fully. It is increasingly becoming difficult for the businessmen to survive," Patwari said.

According to traders, Bangladesh has an annual market of Tk 1,000 crore to Tk 1,200 crore for sports accessories, including bats, pads, gloves, taps, helmets, jerseys, and gym equipment. The market for cricket bats is Tk 150-200 crore alone.

The turning point for the accessories business was 2000, when the International Cricket Council gave Bangladesh Test status.

The Bangladesh Premier League (BPL), a T20 cricket tournament, and new domestic tournaments sent cricket's popularity to new heights. The accessories business also grew. There are 8,000-10,000 shops that sell sports kits across the country. They directly employ 50,000 to 55,000 people.

There are 500-700 shops in Dhaka city, most of which are located in Gulistan. The Cooperative Twin Tower Sports Market and the Railway Supermarket in Gulistan are the two largest markets for sports accessories, and they supply products all over the country.

Around 90 per cent of cricket accessories come to Bangladesh from India and a small quantity from Pakistan.

Two types of bats, namely tennis bats and game bats, are used in cricket.

The demand for tennis bats used by kids is higher than the game bats because of lower prices. Professional players use game bats.

Tennis bat manufacturing factories have sprung up in Jatrabari, Old Dhaka, Kishoreganj, Barisal, Patuakhali, Thakurgaon, Habiganj, Chudadanga, and Gazipur in the last few years, meeting the local demand.

Shah Sports used to import all of the country's sports accessories since the Pakistan era. The newcomers in the segment, such as Khawaja Sports, Dhaka Sports and New Dhaka Sports, broke the lone domination of Shah Sports after the demise of its owner.

Mahedy Hasan, branch manager of Shah Sports at Maulana Bhashani National Hockey Stadium Market, said it sourced accessories from local agents to keep the business running.

Traders say the number of imported bats has dipped significantly for many factors, including Covid-19.

Mahmudul Haque Ringku, the owner of Active Sports, said the volume of imports had become easier than in the past before the pandemic.

Mohammad Shaheen, owner of Sumaiya Sports in Gulistan, said small traders brought in accessories collectively without depending on importers.

Bangladesh mainly imports sports accessories from SS Sports in India through Khawaja Sports.

Patwary said there were 100 importers in Bangladesh. But their number was on the wane for the diversification of the sourcing.

Restaurant owners demand VAT cut

FROM PAGE B1

However, Broa proposed a 15 per cent VAT for five and four-star category hotels and restaurants and a 2 per cent VAT for canteens or cafeterias of educational institutions, hostels and industrial factories. The VAT on restaurants' rent can be fixed at a maximum 3 per cent, the association leader said.

The restaurant owners also claimed that young locals from ward councillor offices were extorting restaurants accusing them of not using electronic fiscal devices (EFD) provided by the National Board of Revenue.

"The authority should set up EFD machines in all restaurants," said Hasan.

Their other demands include formulating a policy for online food delivery services and setting the highest 10 per cent as their commission, and providing stimulus loans at 4 per cent interest or monthly food assistance for the sector's workers. They also sought declaring the sector as an industry and ensuring vaccination of their staff within September this year. The country has around 60,000 restaurants and around 30 lakh people are employed in the sector, according to Broa.

Stock market cap hits record high

FROM PAGE B1

Investors need to be careful and invest in fundamental stocks so that they do not face any trouble of investing in overvalued stocks. "To save their own money, investors will have to analyse and take the right decisions," Hossain added.

Institutional investors are pouring money into the stock market due to the interest rates being low in the banking sector. People also have more confidence in the new commission, which was encouraging them to buy stocks.

When the market rises, many people get back their confidence. "So, some general investors are also coming to the market now seeing the rise in the index," said a broker.

The DSEX, the DSE's benchmark index, rose to 6,066.64 points at the end of last week. The index crossed and has been hovering at the 6,000 level since 2017, showed the DSE data.

Peanut brings smile to char farmers in Pabna, Sirajganj



AHMED HUMAYN KABIR TOPU

Peanut cultivation has become popular as by spending about Tk 4,500, farmers can easily earn Tk 15,000 to Tk 20,000 from one bigha of land. Also, peanut processing factories provide job opportunities for around 1,000 ultra-poor women in the region.

AHMED HUMAYN KABIR TOPU, Pabna
Md Aiyub Khan, a farmer of Kollanpur char in Pabna's Bera upazila, cultivated 10 bighas of land to produce 100 maunds of peanut, the only crop that can be grown on sandbanks.

"The land is not fertile enough to cultivate other crops. So, I cultivated peanuts expecting bumper production. I have already harvested five bighas but the Jamuna river is swelling up now and I am worried about whether I will be able to harvest the rest," he said.

Md Manik Miah, a peanut farmer and trader based in the Nagarbari wholesale market, said farmers of the sandbar areas cultivate peanuts on the barren soil to earn a profit.

"Spending about Tk 4,500, farmers can easily earn Tk 15,000 to Tk 20,000 from one bigha, so peanut cultivation has brought smiles among the shoal farmers," he told The Daily Star.

Manik cultivated peanuts on two bighas of land in the upazila's Roghunathpur village last year.

This year though, he cultivated five bighas expecting to get a bumper production but he is

worried about his harvest getting washed away with sudden floods. Agriculture officials of Pabna and Sirajganj say farmers in the areas cultivate peanut on the vast sandbanks as their main money-earning crop.

A total of 2,100 hectares of unused shoals in Pabna was brought under cultivation this season with a production target of 4,500 tonnes of peanut, said Md Abdul Kader,

DISTRICTS IN FOCUS

deputy director of the Department of Agricultural Extension (DAE) office in Pabna.

Md Abu Hanif, deputy director of the DAE office in Sirajganj, said 5,160 hectares of sandbar was brought under peanut cultivation in the district to produce 12,000 tonnes of the crop, of which 77 per cent has already been harvested.

The shoals on the Jamuna river contain the appropriate portion of sand for peanut cultivation.

"As such, farmers have rushed to cultivate peanuts over the past few years due to the bumper profit. So the area used for peanut cultivation has also increased," Hanif said.

At least 20 peanut processing factories have been established across the Nakalia, Nagarbari and Bandherhat points of Bera upazila. They collectively process about 80,000 to one lakh maunds of raw peanuts every year due to

These peanut processing factories provide job opportunities for around 1,000 ultra-poor women in the region.

"Over 50 to 60 workers, most of whom are ultra-poor women, are working in my processing factory. They process 25 to 30 maunds of raw peanuts per day to earn Tk 180-Tk 200," said Md Labu Miah, also a wholesale trader.

"We use to supply peanuts across the country from the Nagarbari wholesale market but the recurring lockdowns across the country over the past year has led to poor demand that worries traders," he added.

"Due to the lockdown and alarming Covid situation, we are unable to sell last year's stock while the new crop is coming into the market. So, we are worried about getting our cash back," said Md Azizul Haque, a wholesale trader.

In 2020, Haque gathered a stock of over 500 maunds of peanuts buying each maund at Tk 2,800. Half of the stock has remained unsold.

However, at least five to eight trucks loaded with processed peanuts are being sent across the country every week, Haque added.

Digital transactions – the new normal



MOHIUDDIN BABAR

The Covid-19 pandemic has turned out to be a global issue of shared human vulnerability. Except for a few islands in the south Pacific, no country has been spared from the invisible virus. The woes continue to batter the economy and threaten sustainability.

While scientists have succeeded in developing a vaccine, governments in most countries are still battling this biological turbulence by enforcing lockdowns, social distancing, closure of educational institutions, tourism and travel. They are in a dilemma in chalking out a balance between economy and health.

While tomorrow looks uncertain, the pandemic has brought us to a turning point wherein we need to redesign our policies in economic, social, educational, and administrative areas. We need to redefine and reactivate our policies and practices in all fields with due stress on protection, inclusivity and sustainability. That is a massive job that needs colossal resources, prudential thinking, a global approach and stronger faith in science and technology.

Although the Covid-19 is a health crisis, it has a direct arterial impact on the economy. The catastrophe has caused a profound drop in growth, a rise in unemployment, widened inequality and increased poverty. The economic decline can adversely impact the health sector. When money circulation goes downhill, there will be lower tax returns. Moreover, as announced by several governments, the weight of the stimulus packages will be heavier to have a recovery in the balance sheet.

However, technological developments over the last few decades have saved humans and the economy from being totally crushed. Notably, there has been unprecedented development in digital technology, which enables people to access information and facilities even from a remote location.

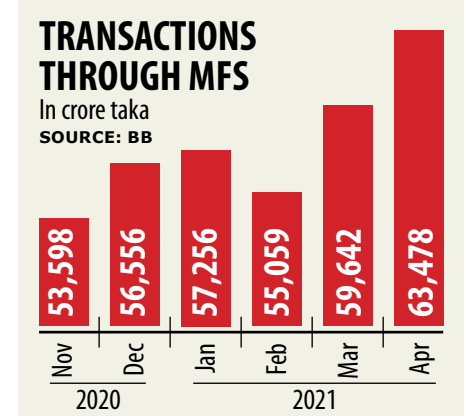
The pandemic has further accelerated the digitalisation of the economies. As all deterrent measures like lockdowns and social distancing were in place, digital

OPINION

transactions have become a daily necessity. The World Bank estimates that globally about 1.7 billion adults still do not have any bank account. However, digital payments through a mobile device are getting popular, and hopefully, it would soon help widen the aspect of financial inclusion.

In Bangladesh, there are 59 scheduled banks with more than 10,000 branches. Yet 40 per cent of the population is still unbanked – a situation has given rise to the mobile financial service (MFS).

Set up by Brac Bank, bKash has shown the MFS way in Bangladesh. Since its operation in the middle of 2011, it has made such a strong impact in the financial ecosystem that even global institutions such as the International Finance Corporation, the Bill & Melinda Gates Foundation, and Alibaba have become shareholders. Today, bKash owns the majority of the market share, followed by Bangladesh Bank-regulated services like Rocket and Upay.



The usefulness of MFS was best felt during the pandemic. To comply with the new health standards and restrictions and ensure personal safety, more and more people opted for financial transactions through mobile phones. On the back of its wide network, bKash has acquired a huge number of users. Since March 2020, it has added 14,420,370 new customers. Other MFS providers have also had significant customer acquisition.

This financial technology has been highly beneficial in reaching out to the government's initial stimulus package of Tk 5,000 crore to the workers of export-oriented garments industries last year.

READ MORE ON B2

Foreign firms shocked by China's anti-sanctions law

AFP, Beijing

China's quick rollout of a law against foreign sanctions has left European and American companies shocked and facing "irreconcilable" compliance issues, two top business groups said Friday, despite Beijing saying the move would unlikely impact investment.

The law came into effect on Thursday, adding to China's toolbox as it builds its defences against US and EU pressure over trade and human rights.

The move also came just a week after US President Joe Biden expanded a blacklist of Chinese companies in which Americans are not allowed to invest -- allowing Beijing to now hit back at those who formulate or comply with foreign sanctions.

"European companies in China are shocked by the lack of transparency and speed of this process," European Chamber president Joerg Wuttke told AFP, referring to the passing of the new law.

With the fresh rules prohibiting organisations from implementing what Beijing deems discriminatory and restrictive measures, "foreign firms remain very much stuck between a rock and a hard place," he said.

American Chamber of Commerce chairman Greg Gilligan cautioned that the new law "presents potentially irreconcilable compliance problems for foreign companies".

Rushing through a new law without an opportunity for public comment severely jeopardises foreign investor confidence in China's legal system as well, he added.

But Chinese foreign ministry spokesman Wang Wenbin told a regular press briefing on Friday he did not see a definite link between the new law and foreign investment. "If anything, the enactment of the anti-foreign sanctions law provides a predictable legal environment... for foreign companies operating in China," he said.

Wuttke, however, warned that the action was not conducive to attracting investment, or in reassuring companies that "already feel they may be used as sacrificial pawns in a game of political chess".



Chinese foreign ministry spokesman Wang Wenbin told a regular press briefing he did not see a definite link between the new law and foreign investment.

UK PM stands firm on post-Brexit trade, calls for pragmatism

REUTERS, Arbis Bay, England

British Prime Minister Boris Johnson stood firm in his position on post-Brexit trade with Northern Ireland in talks with French, German and European Union leaders on Saturday, urging "pragmatism and compromise" to find a solution.

His spokesman told reporters other issues were raised in the talks with the leaders and rejected the idea that President Emmanuel Macron had demanded Britain stick to its divorce deal with the EU if it wanted a reset in relations with France.

Johnson, who is hosting a meeting of the G7 - the world's most advanced economies - in southwestern England this weekend, is keen to downplay a row with the EU over their divorce agreement and put the focus on global issues.

But the spokesman said the so-called Northern Ireland protocol, part of the Brexit deal which covers trade with the British province, had been raised in talks with Macron, German Chancellor Angela Merkel and EU leaders on Saturday.

"It's important to stress again, with Macron and Merkel a number of issues were raised ... The PM (prime minister) in all cases



REUTERS/FILE

Britain's Prime Minister Boris Johnson reacts as he meets with European Commission President Ursula von der Leyen and European Council President Charles Michel during the G7 summit in Carbis Bay, Cornwall, Britain on June 12.

(expressed) confidence in the UK's position as regards to the Northern Ireland protocol and the desire for pragmatism and compromise on all sides," the spokesman said.

Asked about Macron's proposal for a reset in relations if Britain showed it would abide by the Brexit deal it

signed, he added: "That's not how I would characterise the meeting this morning. The prime minister and President Macron agreed on the need to deepen the bilateral relationship between the UK and France ... there was no dependence placed on that linked to the protocol."

US Trade Representative Tai to hold talks in Britain next week

REUTERS, Washington

US Trade Representative Katherine Tai will travel to Britain on Wednesday and hold talks with British trade minister Elizabeth Truss after participating in a US-European Union summit and holding several bilateral meetings, her office said.

Tai first disclosed her trip to Brussels - her first overseas trip - during a town hall hosted by the AFL-CIO trade federation on Thursday, but the UK stop was previously not known.

The US trade czar's office released details late on Friday, saying Tai would arrive in Brussels on Sunday for the US-EU summit and bilateral meetings with counterparts, including EU trade commissioner Valdis Dombrovskis.

"The summit will underscore our commitment to a strong Transatlantic partnership based on shared interests and values," USTR said in a statement. It will focus on the global economy, the Covid-19 pandemic, climate change, digital and trade cooperation and other foreign policy concerns, USTR said.

On Wednesday, Tai will travel to London and hold



REUTERS/FILE

US Trade Representative Katherine Tai testifies before the Senate Finance Committee on Capitol Hill in Washington, US on May 12.

G7 leaders will endorse 15pc global minimum corporate tax

White House says

REUTERS

G7 leaders meeting in Britain will endorse US President Joe Biden's proposal for global minimum tax of at least 15 per cent on corporations, White House national security adviser Jake Sullivan said on Twitter on Friday.

The US Treasury in May proposed a global minimum corporate tax of at least 15 per cent to try to end a downward spiral of corporate tax rates.

"America is rallying the world to make big multinational corporations pay their fair share so we can invest in our middle class at home," Mr Sullivan tweeted.

By supporting the move, major economies are aiming to discourage multinationals from shifting profits - and tax revenues - to low-tax countries regardless of where their sales are made. Current global tax rules date back to the 1920s and struggle with multinational tech giants that sell services remotely and attribute much of their profits to intellectual property held in low-tax jurisdictions.

US tech giants such as Facebook and Amazon could benefit from the agreement to create a global minimum 15 per cent corporate tax rate if the final deal also scraps increasingly popular digital services taxes, according to industry lobbyists.

The decision had been expected after G7 finance officials backed a tax rate of at least 15 per cent during a meeting on June 5. The US Treasury has said the G7's endorsement will provide momentum for advancing negotiations towards a broader G20 finance meeting in July in Italy.

US Treasury Secretary Janet Yellen and her counterparts from Germany, Indonesia, Mexico, and South Africa backed the move in a column published on Wednesday by the Washington Post.

bilateral meetings with British trade secretary Elizabeth Truss before returning to the United States, USTR said.

US allies have been anxious to start talks with Tai after years of tariffs and tensions during the Trump administration. The White House has said it will put new trade deals on hold until it has reviewed Trump's trade policies. Britain and the United States had started talks on a bilateral free trade deal under Trump, but failed to reach an accord before Biden took office.

Prospects for reaching a US-UK deal are slim ahead of the expiration of congressional "trade promotion authority" this summer, sources said.

UK ambassador Karen Pierce told Reuters that US officials were supportive of a free trade deal with Britain, but the timing was unclear given other US domestic priorities.

Britain is working with the European Union to resolve a nearly 17-year-old trade dispute over aircraft subsidies before July 11, when currently suspended tariffs will go back into effect.