G7 pledges cooperation on carbon leakage as EU border tariff looms

REUTERS, *Brussels*

The Group of Seven leaders on Sunday pledged to work together to tackle carbon leakage, weeks before the European Union is due to propose a world-first plan to impose CO2 emission costs on imports of certain polluting goods.

As large emitters such as the EU wrestle with how to meet targets to cut CO2 emissions drastically and quickly, concerns are rising about so-called carbon leakage - the risk that tough climate policies could cause companies to relocate to regions where they can continue to pollute cheaply.

"We ... acknowledge the risk of carbon leakage, and will work collaboratively to address this risk and to align our trading practices with our commitments under the Paris agreement," G7 leaders said on Sunday in a joint communique.

The leaders said policies to put a price on CO2 will help them decarbonise their economies.

They steered clear, however, of mentioning carbon border fees - an idea set to take centre stage next month, when the EU will propose its long-awaited plan to force importers to pay for their emissions.

A draft of the EU policy would require importers of iron and steel, aluminium, cement, fertilisers, and electricity to buy digital certificates to get their goods over the EU border. Each certificate would represent a tonne of CO2 emissions embedded in the goods.

"Carbon pricing matters. We need to address carbon leakage to create (a) global level playing field," European Council President Charles Michel said in a tweet after the G7 meeting.

Brussels says the policy is needed to put EU firms on an equal footing with competitors in countries with weaker climate policies.

However, it has stoked opposition from countries including Russia, for whom it could make access to the EU market more expensive for certain goods.

It could also hit some G7 members. The draft proposal would apply to some goods Britain and the US sell into Europe, including steel and fertilisers. Brussels has said countries with sufficiently ambitious climate policies may be able to dodge the fee.

REUTERS/FILE

Canada's Prime Minister Justin Trudeau, Britain's Prime Minister Boris Johnson, France's President Emmanuel Macron and US President Joe Biden attend a working session during G7 summit in Carbis Bay, Cornwall, Britain on June 12.

Oil hits multi-year highs in third weekly gain on demand recovery

REUTERS, *New York*

Oil prices reached fresh multi-year highs on Friday, closing out a third straight week of gains on an improved outlook for worldwide demand as rising Covid-19 vaccination rates help lift pandemic curbs.

Brent crude futures settled at $72.69 a barrel, rising 17 cents after reaching their highest since May 2019. For the week, Brent was up 1 per cent.

US West Texas Intermediate (WTI) crude futures settled at $70.91 a barrel, up 62 cents, settling at their highest since October 2018. WTI was up 1.9 per cent on the week.

"Demand is coming back faster than supply and we're going to need more supply to meet that demand," said Phil Flynn, senior analyst at Price Futures Group in Chicago.

The International Energy Agency (IEA) said in its monthly report that the Organization of the Petroleum Exporting Countries and allies, known as OPEC+, would need to boost output to meet demand set to recover to pre-pandemic levels by the end of 2022.

"OPEC+ needs to open the taps to keep the world oil markets adequately supplied," the Paris-based energy watchdog said.

It said that rising demand and countries' short-term policies were at odds with the IEA's call to end new oil, gas and coal funding.

"In 2022 there is scope for the 24-member OPEC+ group, led by Saudi Arabia and Russia, to ramp up crude supply by 1.4 million barrels per day (bpd) above its July 2021-March 2022 target," the IEA said.

US investment bank Goldman Sachs said it expects Brent crude prices to reach $80 per barrel this summer as vaccine rollouts boost global economic activity.

"The rollout of the vaccine in North America as well as Europe is helping to restore demand at the same time that OPEC+ has reigned in production," helping propel oil prices, said Andy Lipow of Lipow Oil Associates in Houston.

Data showing road traffic returning to pre-Covid-19 levels in North America and most of Europe was encouraging, ANZ Research analysts said in a note.

"Even the jet fuel market is showing signs of improvement, with flights in Europe rising 17% over the past two weeks, according to Eurocontrol," ANZ analysts said.

In an indication of future supply, US oil rigs rose by six to 365 this week to their highest since April 2020, energy services firm Baker Hughes Co said in its weekly report. [RIG/U] It was the biggest weekly increase of oil rigs in a month.

G7 agrees to end new govt support for coal power by end of 2021

REUTERS, *Carbis Bay, England*

The Group of Seven nations on Sunday pledged to rapidly scale up technologies and policies that accelerate the transition away from unabated coal capacity, including ending new government support for coal power by the end of this year. The countries, in a communique following their summit in Britain, confirmed pledges to increase climate finance contributions as part of efforts to reduce emissions that contribute to climate change and help a move toward cleaner energy, although climate groups said firm cash promises and other details were missing.

BB tightens rules to restore discipline in import financing

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Clients will not get any fresh PIF facility if their previous loan remains outstanding. But if clients face any unexpected adversity, banks can offer the facility with approval from the board. Lenders have been barred from stating the PIF as term loans even if they reschedule the credit.

Banks will have to set up a PIF monitoring unit to recover the loans. A skilled team who has strong knowledge of foreign exchange rules must be appointed for the cell.

The internal audit department of banks will carry out an audit every three months to monitor the loan status under the lending facility. If required, audits should be conducted on an emergency basis at any time, the BB notice said.

Development spending will barely impact youths

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In the analysis of the proposed ADP for 22 ministries for the next fiscal year, she said inadequate skill formation due to disruptions in learning activities, rising poverty and inequality, lack of nutrition, unwanted pregnancies and mental health issues will create a lasting impact on the socio-economic development of the country.

So, allocations needed to be increased for youth education, healthcare and job creation amid the ongoing Covid-19 pandemic, speakers said, while calling upon the government to take steps to ensure easier access to stimulus packages for youths involved in the SME sector.

Addressing the programme, Sanem Research Director Prof Sayema Haque Bidisha said that youths had been affected by the ongoing pandemic through two main channels, namely education and employment.

On the one hand, the pandemic has exacerbated the digital divide and inequality in access to education. But, on the other hand, the pandemic has created several challenges for fresh graduates and new entrants to the labour force who are looking for decent employment.

The government must focus on making the national budget more youth-centric to reap the benefits of Bangladesh's demographic dividend, Bidisha said.

ActionAid Bangladesh Country Director Farah Kabir urged the government to focus on the youth and use their potential to drive economic prosperity within the country.

She also stressed the need to facilitate data collection and sharing between research organisations and policymakers to identify the worst-affected groups of the population and extend support to lift them out of their socioeconomic miseries.

Farzeen Ferdous Alam, chairman of Oggro Ventures, said some good initiatives were taken in the previous budget, but they had not been implemented appropriately.

Selim Raihan, executive director of the Sanem, said the budget allocation for the youth was severely inadequate.

"There remains a lack of special initiatives to solve the numerous crises faced by the young people during this time. Besides, there is a lack of supervision and evaluation in this regard," Raihan said.

Nahim Razzaq, a lawmaker, reiterated the concerns of the research team and panellists regarding the gaps in policies to address the challenges facing the young population.

Md Hasanul Islam, additional secretary of the Secondary and Higher Education Division; Mohammad Ismail, additional secretary of the social welfare ministry; Nashid Rizwana Monir, deputy secretary of the expatriates' welfare and overseas employment ministry; and Sabina Yeasmin, senior assistant secretary of the Technical and Madrasah Education Division, also spoke.

Bitcoin falls 5.71pc to $35,210

REUTERS

Bitcoin dropped 5.71 per cent to $35,210 at 0600 GMT on Saturday, losing $2,131.11 from its previous close.

Bitcoin, the world's biggest and best-known cryptocurrency, is down 45.7 per cent from its 2021 high of $64,895.22 on April 14.

Ether, the coin linked to the ethereum blockchain network, dropped 2.54 per cent to $2,293.26 on Saturday, losing $59.84 from its previous close.

Review vaccination roadmap for faster economic recovery: experts

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The BGMEA leader also sought for incentives for non-cotton garment factories so that they can flourish and create more employment opportunities.

Citing that different development projects are being taken for political reasons, Hassan emphasised the need to allocate enough funds for the ongoing mega projects to complete them in a timely manner without taking on any new projects considering the low revenue amid the pandemic

RAPID Chairman Mohammad Abdur Razzaque said the proposed budget failed to properly address two particular sectors -- health and social security -- as these require more importance in this pandemic situation.

Citing that the roadmap in the proposed budget to vaccinate 80 per cent of the population in four years needs to be reviewed, Razzaque said, adding that steps should be taken to locally produce vaccines.

In his keynote speech, RAPID Executive Director M Abu Eusuf said the allocation for the health sector in the proposed budget does not reflect the 8th five-year plan that mentioned an allocation of 2 per cent of the GDP for the sector. He went on to say that the allocation for social protection has been increased but there are concerns that about 40 per cent of the social safety net budget is spent on pension payments for retired government employees, interest subsidies and agricultural subsidies.

The Tk 7,300 crore kept aside in the proposed budget as funds to combat the coronavirus outbreak could be spent on the new poor and the pandemic-hit informal sector workers, he added.

Although different organisations have conducted studies on the new poor, he urged the Bangladesh Bureau of Statistics (BBS) to find out actually how many people become poor due to the pandemic.

Planning Minister MA Mannan said there is confusion about the actual figure of new poor as it varies from study to study.

"But whatever the number is, they are not forgotten," he said, adding that the government would surely take the necessary steps to help them.

Stocks fall amid profit booking

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At the DSE, 159 companies' stocks rose, 192 fell and 21 remained the same.

The Bangladesh Industrial Finance Company topped the gainers' list, rising 10 per cent, followed by Paper Processing & Packaging Company, Bangladesh Monospool Paper Manufacturing and Shurwid Industries.

After returning to the main market from the Over the Counter (OTC), Paper Processing and Bangladesh Monospool Paper took place on the top gainers' list.

Beximco traded the most with Tk 218 crore followed by Orion Pharmaceuticals, Fortune Shoes, Green Delta Insurance, and LankaBangla Finance.

Dhaka Insurance shed the most, dropping 11.49 per cent followed by GBB Power, Global Insurance, Bangladesh General Insurance, and National Feed Mills.

The Chittagong Stock Exchange (CSE) also fell yesterday. The CASPI, the general index of the port city bourse, dropped 56 points, or 0.32 per cent, to 17,528.

Among 322 traded stocks, 144 advanced, 156 dropped and 22 remained the same.

Banks face IT audits

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Accelerated digitalisation and remote working arrangements have increased the financial sector's exposure to cyber-risks and could lead to more complex cyberattacks that trigger higher losses, it said.

Initially, state-owned banks in Bangladesh will be audited, with Rupali Bank set to be the first.

"After completing the audit programme in state-owned banks, the agency will verify the strength of private banks," Barkatullah said.

Brac Bank will be the first lender among private banks to undergo an IT audit, which will take a maximum of five days to complete for each lender.

In February last year, the agency carried out an IT audit on Sonali Bank on a pilot basis.

"The piloting helped us make the decision," Barkatullah added.

The audit team will scrutinise all IT infrastructures, ranging from core banking solutions to hardware, to detect loopholes that may become potential threats for the lenders.

The agency will also verify whether the banks follow the government's information security manual.

Zunaid Ahmed Palak, state minister for ICT, said the government decided to conduct an IT audit to bring all the banks under official guidelines by pointing out their cyber-security flaws.

The audit will identify the banks' cyber-security flaws and make recommendations for the necessary measures to solve them.

The team will submit a full report to the Digital Security Agency on the companies that will implement their recommendations within a stipulated timeframe.

"This will reduce the risks of the banking sector and make it safer," Palak added.

Ali Reza Iftekhar, chairman of the Association of Bankers Bangladesh, welcomed the government's decision.

"All kinds of cooperation will be extended in this regard. However, the details on how the IT audit process will start and the terms and conditions have not been finalised," he added.

This is a good initiative by the ICT Division to keep the financial institutions safe from cybercrime, according to IT expert Tanvir Hassan Zoha.

"But the question is whether the Digital Security Agency and the Computer Incident Response Team have enough skilled workforce to conduct such an audit," he said.

There are just 70 people in the two agencies, while the number of banks and non-bank financial institutions stands at 95.

"How can they audit all these organisations?" added Zoha, also the managing director of Backdoor Private Ltd.

He questioned how the ICT Division could complete these audits without assistance from the Bangladesh Bank, which lays down the laws and guidelines for the local lenders.

The BB has asked banks to introduce a Security Operations Centre (SOC) to keep them safe from digital threats.

"If a SOC system is introduced in all banks, it will be possible to prevent cyberattacks," Zoha said.

Ring Shine to resume partial production

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restructured the company's board in January this year with an aim to change its non-performing status.

The stock market regulator also allowed Ring Shine to utilise its Tk 40 crore IPO funds, which was banned previously. The company raised funds worth Tk 150 crore from investors in 2019 to set up denim manufacturing units and repay bank loans but the regulator froze its bank accounts in February last year due to various irregularities.

Now, its new board of directors is trying to resume full production after primarily deciding to start with 25 per cent of the production capacity.

After the board was restructured, investors have been hopeful of the company's return to profitability, which has been reflected in its stock price.

Over the past one-and-a-half months, the company's stocks soared to Tk 11 while it was Tk 4.80 earlier, DSE data showed.

BSCIC launches one-stop service

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The initiative will help entrepreneurs get their desired services within the shortest possible time, said Md Mushtaq Hasan, chairman of BSCIC.

"This will attract new domestic and foreign investments in BSCIC industrial cities and will accelerate eco-friendly industrialisation in the country."

Kamal Ahmed Majumder, state minister for industries, and Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, were also present at the event.

Price hike of essentials weighs on 90pc people

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He made the comments while presenting a keynote paper at a webinar on "Consumer rights in the face of rising prices of goods and services" jointly organised by the Consumers Association of Bangladesh (CAB) and VoktaKantho, an online news portal of the CAB, yesterday.

Addressing the webinar, Prof M Shamsul Alam, energy adviser to the CAB, said it was becoming impossible to control the market due to the inconsistency of price increase.

He pointed out the inconsistency in the income between government employees and marginalised producers. "The market can be controlled when income inequality is removed," he said.

MM Akash, a professor of the economics department at the University of Dhaka, said the interest of both consumers and producers had to be protected.

He demanded a permanent wage commission to restore consistency between market price and wage.

The domestic market depends on the purchasing capacity of people, but their buying power was not increasing, he said.

Ratan said except for 23 per cent of the very rich, wealthy and upper-middle-class, the remaining 77 per cent of the people were affected by the increasing cost of living.

He called for a balanced price-fixing to save the market from the curse of inflation by breaking the monopoly and syndicates.

According to the labour leader, although there were many types of jobs and professions, the wage board had been fixed by the labour ministry for only 43 sectors.

There is a provision to revise the wage every five years, but it has not been done since 2013, he said.

Ratan recommended strengthening the Bangladesh Agriculture Development Corporation to make farm inputs quickly and cheaply, empowering the Trading Corporation of Bangladesh, and introducing a rationing system.

He also suggested monitoring the market, taking steps to rationalise transport fares, making education affordable for all, and controlling the market of healthcare and medicines.

Malay Bhoumik, a professor of the management department of Rajshahi University, backed rolling out a rationing system.

Ghulam Rahman, president of the CAB, Jyotirmoy Barua, a lawyer at the Supreme Court, and Kazi Abdul Hannan, editor of VoktaKantho, also spoke.

Facebook gets VAT registration

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However, internet companies were unwilling to set up representative offices. They were also not interested in paying VAT to the NBR through agents or sharing data on sales containing information about customers on the ground of privacy breaches and security risks.

Last year, the NBR decided to allow tech giants to get direct VAT registration without opening local offices to bring them under the tax network.

However, progress had been slow over the last one year owing to technical and legal complexity, according to officials.

Facebook's local sales agent Httpool Bangladesh Ltd has been paying VAT against ad sales since July last year, said Sarker.

As of April this year, the NBR has received Tk 9.40 crore from Httpool Bangladesh, according to the field office of the VAT.

Besides, many companies also make payments to Facebook through banks and other payment systems, which also cut the VAT at the source.

"We are expecting to see streaming service provider Netflix and technology company Microsoft getting registration soon," Sarker said.

With 4.1 crore users, Bangladesh has the 10th largest Facebook population in the world, according to German database company Statista.

More than 3 lakh stores run operations based on Facebook, with over 1,000 running their business through only the social media platform, which accounts for around 80 per cent of all social media users in Bangladesh, industry people said in December.

Although there is no specific figure of the F-commerce market size, it may range from Tk 300 crore to Tk 350 crore per year.