

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.48%	▲ 0.36%	\$1,858.71	\$74.45	▼ 0.51%	▼ 0.51%	▼ 1.11%	▼ 1.07%	BUY TK 83.95	100.72	117.34	12.87
6,051.73	10,551.06	(per ounce)	(per barrel)	52,501.98	29,291.01	3,139.57	3,518.33	SELL TK 84.95	104.52	121.14	13.53

City



Star BUSINESS

DHAKA THURSDAY JUNE 17, 2021, ASHAR 3, 1428 BS • starbusiness@thedailystar.net

Bogged down by waterlogging

Chattogram city traders suffer as projects to solve the perennial crisis miss deadline



Waterlogging is a daily nuisance for traders in many areas of Chaktai-Khatunganj, the wholesale hub of essential commodities in Chattogram city, during the monsoon and tides. Delays in keeping canals freely flowing and sluice gate construction by Chattogram Development Authority are primarily to blame.

PHOTO: STAR/FILE

MOHAMMAD SUMAN, Cig

As the monsoon begins, traders in Khatunganj, the country's largest wholesale hub for essential commodities, are fearing recurrence of the menace of waterlogging and subsequent losses as two projects involving nearly Tk 8,000 crore aimed at solving the problem of inundation in

the port city are only halfway through.

According to the Khatunganj Trade and Industries Association, traders incur huge losses during tidal waves and heavy rains as water enters the ground floor of shops and warehouses when the area becomes waterlogged.

Flash floods destroy huge consignments of essential commodities, including onion, garlic, rice, lentil, sugar, and spices, due to the poor maintenance of the Chaktai canal, a major waterbody that helps the water level recede in the area.

In March, a government study found that traders in Khatunganj incurred losses of more than Tk 514 crore in 2020 only for the waterlogging problem.

"Every year, we have to face huge losses. We want an end to

the chronic problem," said Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry.

The government has already taken initiatives but could not implement them within the stipulated time, he said.

"The authorities should emphasise on solving the crisis to save the major commercial hub."

The Executive Committee of the National Economic Council approved two projects in August 2017 to help the city get rid of the crisis.

The canal re-excavation, expansion, renovation and development to ease waterlogging in Chattogram city project involves Tk 5,616 crore and the construction of a road along the Karnaphuli river from Kalurghat bridge to Chaktai canal involves Tk 2,310 crore.

READ MORE ON B2

Cotton waste recycling can save \$500m a year: study

STAR BUSINESS REPORT

Bangladesh can save \$500 million a year by recycling the cotton waste as garment factories and textile millers produce a huge volume of leftovers of the key raw material, according to a study.

The findings of the study, carried out by the Circular Fashion Partnership, were revealed at a virtual discussion yesterday. Policy-makers and fashion industry executives were present at the event hosted by the platform, a project that promotes recycled materials in fashion.

If 100 per cent of cotton waste is recycled in Bangladesh, imports could decrease by around 15 per cent, therefore saving half a billion US Dollar that would have been spent on cotton imports, the report said, according to a press release of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

In 2019, garment and fabrics mills produced about 577,000 tonnes of waste, almost half of which was 100 per cent pure cotton waste.

It is estimated that factories could sell the cotton waste to the recycling market for up to \$100 million.

The Circular Fashion Partnership is a cross-sectorial project led by the Global Fashion Agenda, in partnership with Reverse Resources and the BGMEA.

It aims to support the development of the textile recycling industry in Bangladesh by capturing and directing post-production fashion waste back into the production of new fashion products.

Bangladesh heavily relies on imports for textile fibre. It imported 1.63 million tonnes of staple cotton fibre worth about \$3.5 billion in 2019.

Speaking at the event, Faruque Hassan, president of the BGMEA, said, "The sustenance of the planet is now at risk, and we cannot stay indifferent. We have to shift the linear economic model to circular."

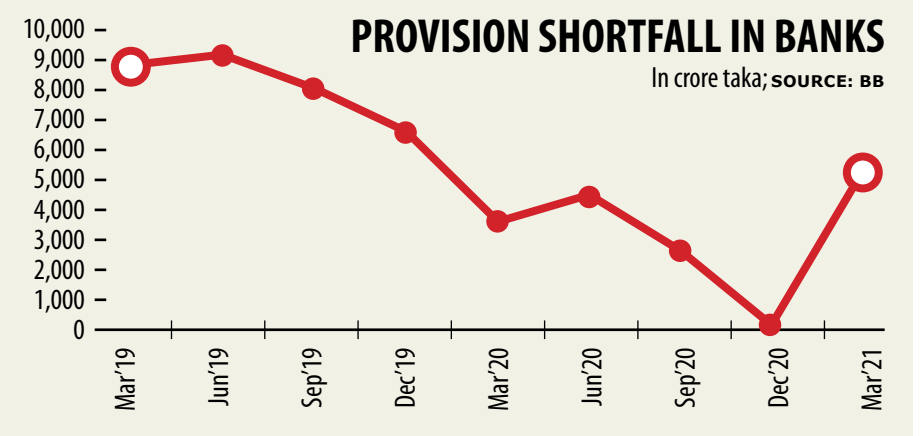
"This is the future, and we are committed to closing the loop while achieving our strategic growth targets," he said.

Federica Marchionni, chief executive officer of the Global Fashion Agenda, said: "In order for fashion to continue to prosper within planetary boundaries, we need to embrace the opportunities of a circular economy urgently."

READ MORE ON B3

Banks' provision shortfall widens

Surging bad loans to blame



AKM ZAMIR UDDIN

The provision base of the banks in Bangladesh deteriorated heavily in the first quarter of 2021 because of the surging bad loans, highlighting the worsening health of the banking industry.

The shortfall ballooned more than 42 times to Tk 5,228 crore in March compared to Tk 123 crore three months ago, data from Bangladesh Bank showed.

The deficit was up 45 per cent year-on-year. Experts say banks should have strengthened their provision base last year

to avoid the widening of the shortfall.

A provision shortfall occurs when a financial obligation exceeds the amount of cash available. It can be temporary, arising out of a unique set of circumstances, or persistent, indicating poor financial management practices.

Banks have to earmark 0.50 per cent to 5 per cent of their operating profit as a provision against general category loans, 20 per cent against classified loans of substandard category, and 50 per cent against classified loans of doubtful category.

READ MORE ON B3

BSRM profit soars 197pc in Jul-Mar

STAR BUSINESS REPORT

Profit of BSRM Ltd soared 197 per cent year-on-year to Tk 273 crore in the first nine months of the 2020-21 fiscal year powered by higher sales, lower finance and operating costs.

The Chattogram-based steel maker's sales rose 4.4 per cent year-on-year to Tk 4,216 crore in the July-March period.

At the same time, its net finance costs dropped 63 per cent to Tk 69 crore from Tk 191 crore.

BSRM, one of the biggest steel makers of Bangladesh, reduced its operating costs during the period by 12.5 per cent to Tk 119 crore.

READ MORE ON B2

Second wave derails recovery: MCCI

STAR BUSINESS REPORT

The second wave of coronavirus infections and subsequent lockdowns have derailed Bangladesh's economic recovery from the coronavirus pandemic, said the Metropolitan Chamber of Commerce and Industry (MCCI) yesterday.

Just when the country was hoping to move at full speed towards recovery from the fallout of the pandemic, it had to go for lockdowns once again to contain the spread of the deadly virus.

"This brought back disruptions in the lives and livelihoods for the people with the resultant uncertainty for the economy," said the chamber in its recent quarterly review.

Amidst the global lockdowns, economic stagnation and a local 66-day public holiday, the government's stimulus packages supported various businesses while the vaccination campaign beginning



earlier this year partially addressed fears, it said.

Exports and remittances have done well. The latter aided the rural economy by sustaining consumption demand, which has multiplier effects, especially on the small and medium industry, said the chamber.

The inflation rate is under control, and foreign currency reserve in a satisfactory position, it said.

READ MORE ON B3

Banking hour 10am to 3.30pm until Jul 15

STAR BUSINESS REPORT

Bangladesh Bank has instructed banks to keep their doors open from 10:00am to 3:30pm for customers until July 15.

The central bank took the decision yesterday as the government has extended the ongoing nationwide restriction on public movement and transport to curb Covid-19 infections. However, the bank branches will remain open until 5:00pm to complete their regular activities, according to Bangladesh Bank.

Banks have been following an alternative duty roster for their employees since April 14 as per the instructions of the banking regulator and the government.

Nestle opens Tk 150cr infant formula plant



STAR BUSINESS REPORT

Nestle Bangladesh yesterday started processing, filling and packaging the company's infant formula at its Tk 150 crore factory in Sreepur, Gazipur.

The state-of-the-art plant with an annual production capacity of 6,000 tonnes will create around 1,000 direct and indirect jobs.

At the primary stage, Lactogen 2 and Lactogen 3 will be processed there. Later, Lactogen 1 and Nan would be processed.

Some 34 factories in the world have this kind of plant and Nestle Bangladesh joins this league with this plant.

Industries Minister Nurul Majid Mahmud Humayun inaugurated the plant through an online programme where Md Sirazul Islam, executive chairman of Bangladesh Investment Development Authority (BIDA), was also present.

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CREDIT RATING

	Long Term	Short Term	Year
Current Rating	AA ₂	ST-2	2020
Previous Rating	AA ₂	ST-2	2019
Previous Rating	AA ₂	ST-2	2018
Date of Rating	27 May, 2021		
Rating Based on	Audited financials up to December 31, 2020 and other relevant quantitative as well as qualitative information up to the date of rating declaration		
Validity of Rating	30 June, 2022		
Outlook	Stable		

Rated by: Credit Rating Agency of Bangladesh (CRAB)

Rating AA₂:
Commercial Banks rated AA₂ have very strong capacity to meet their financial commitments. AA₂ is judged to be of very high quality and is subject to very low credit risk.

Rating ST-2:
Commercial Banks rated ST-2 are considered to have strong capacity for timely repayment. Commercial banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of fund.

jamunabankbd.com JAMUNA BANK

US retail sales fall as spending shifts back to services

REUTERS, Washington

US retail sales dropped more than expected in May, with spending rotating back to services from goods as vaccinations allow Americans to travel and engage in other activities that had been restricted by the Covid-19 pandemic.

Other data on Tuesday showed an acceleration in producer prices last month as supply chains struggle to meet demand that is being unleashed by the reopening of the economy. In addition to vaccinations, demand is also being fired up by trillions of dollars from the government and record-low interest rates.

"Activity decelerated likely on a shift from goods spending to services," said Rubeela Farooqi, chief US economist

at High Frequency Economics in White Plains, New York. "Despite the slowdown, sales are rising at a strong pace in the second quarter."

Retail sales fell 1.3 per cent last month, the Commerce Department said. Data for April was revised higher to show sales increasing 0.9 per cent instead of being unchanged as previously reported. Economists polled by Reuters had forecast retail sales declining 0.8 per cent.

Retail sales surged 28.1 per cent on a year-on-year basis.

During the pandemic, demand shifted to goods like electronics and motor vehicles as millions of people worked from home, switched to online classes and avoided public transportation.

More than half of eligible

Americans have been fully vaccinated, boosting demand for air travel, hotel accommodation, dining out and entertainment among other activities.

Restaurants and bars are the only services category included in the retail sales report. May's decline in retail sales was also due to a drop in receipts at auto dealerships. This reflected tight motor vehicles supply as a global semiconductor shortage hampers motor vehicle production.

Receipts at auto dealerships fell 3.7 per cent. Sales at electronics and appliance stores dropped 3.4 per cent, while receipts at furniture stores fell 2.1 per cent. There were also decreases in sales at sporting goods, hobby, musical instrument and book stores.

Sales at building material stores tumbled 5.9 per cent. Online retail sales slipped 0.8 per cent. Sales at clothing stores rose 3.0 per cent. Consumers also increased spending at restaurants and bars, leading to a 1.8 per cent rise in receipts. Sales at restaurants and bars are 70.6 per cent higher compared to May 2020.

Excluding automobiles, gasoline, building materials and food services, retail sales fell 0.7 per cent last month after a revised 0.4 per cent decrease in April. These so-called core retail sales correspond most closely with the consumer spending component of gross domestic product.

They were previously estimated to have dropped 1.5 per cent in April. Retail sales account for the goods component of consumer spending, with services such as healthcare, education, travel and hotel accommodation making up the other portion.



People shop for clothes at a Target retail chain in Westbury, New York, US.

Shocked by Covid deaths, young Indians rush for life insurance

REUTERS, New Delhi

Like many other twenty-somethings in India, Beverly Coutinho kept postponing buying a life insurance policy, until a surge in Covid-19 cases and deaths made her confront her own mortality.

"I saw people my own age dying, which prompted me to get life insurance immediately," says Ms Coutinho, a 24-year-old senior executive at a public relations agency in Mumbai. "I wouldn't want my family to be in situation where they have to scramble for funds if something happens to me."

The official count puts the number of deaths due to Covid-19 at 380,000, the third highest after the United States

and Brazil, though experts say India's numbers are grossly underestimated due to the low levels of testing for the virus and more people have probably died in India than anywhere else in the world.

When a devastating second wave of the pandemic peaked in India during April and May, the numbers of people aged between 25 and 35 buying term insurance was 30 per cent higher than in the previous three months combined, said PolicyBazaar, India's largest online insurance aggregator.

Term insurance purchases via online insurance aggregator InsuranceDekho's website rose 70 per cent in May compared with March.

Insurers did not reveal how many plans they sold citing business

confidentiality, but many said it was in the "high thousands".

"The current pandemic has led to higher awareness around the need for financial protection and the inadequacy of the current insurance coverage," Niraj Shah, chief financial officer of HDFC Life Insurance, said.

Mr Shah's firm said it had seen more demand for protection products by the under-35 age group since the pandemic first struck India, around 15 months ago.

Industry executives say enquiries about insurance plans have rocketed despite the second wave of infections subsiding, probably due to strong prospects of a third wave given the slow start India made to the mammoth task of vaccinating its people.

Financial, industrial stocks lift European shares to near record high

REUTERS

Gains in financial and industrial stocks lifted European shares on Wednesday, though the main equity index held off record highs on nervousness that the US Federal Reserve could flag later in the day when it plans to start unwinding its stimulus.

The pan-European STOXX 600 was up 0.2 per cent by 0745 GMT. If gains hold until the end of the day, the index will mark its longest gaining streak in three-and-a-half years.

The benchmark index has now risen for five straight weeks as investors bet a steady vaccination programme would jumpstart regional economic growth, but a recent rise in inflation has sparked concerns of a sooner-than-expected tightening in global monetary policy.

After dovish signals from the European Central Bank last week, the US Federal Reserve on Wednesday is expected to at least flag the pending start of talks about when and how to exit from crisis-era policies put in place at the onset of the Covid-19 pandemic.

Second wave derails recovery: MCCI

FROM PAGE B1

The exchange rate has long remained stable while the current account and balance of payments are also in a positive trajectory, said the MCCI.

However, some key economic indicators appear less-promising than projected earlier, it said.

"The fiscal framework continues to be weak in view of poor achievements, more specifically, both in terms of revenue mobilisation and public expenditure."

The unemployment situation and low investment are also challenges. A significant increase in public and private investment is necessary to maintain competitiveness and generate further growth, it said.

Under these circumstances, just after the quarter under review, the country was unexpectedly hit by the second wave with a gradual increase in daily positivity rates, it added.

The global economy has fallen into a recession again, which will have an indirect impact. "Therefore, performances of export, import, and remittances may not increase as expected," the review added.

Banks' provision shortfall widens

FROM PAGE B1

It has to set aside 100 per cent against classified loans of bad or loss category.

The provision situation may erode further as default loans may escalate in the coming days because of the ongoing business slowdown.

Between January and March, the shortfall increased due to the lacklustre performance of 11 banks, which faced a combined deficit of Tk 12,650 crore.

The banks are Agrani, BASIC, Janata, Rupali, Bangladesh Commerce, Dhaka, Mutual Trust, National, Social Islami, Standard and Bangladesh Krishi.

Some banks fared well during the quarter, preventing the shortfall from soaring further.

Some of the 11 banks have been facing a shortfall for years due to a lack of corporate governance.

The shortfall of the state-run banks stood at Tk 10,727 crore, which resulted from a wide range of financial scams. Janata Bank alone had a shortfall of Tk 5,255 crore, central bank data showed.

Md Abdus Salam Azad, managing director of Janata Bank, said his bank had recently secured a regulatory forbearance from Bangladesh Bank to keep the required provision in place.

"So, we are in a balanced position, and there is no reason to feel discomfort at this moment," he said.

The provision shortfall narrowed throughout 2020 when borrowers were granted moratorium support from the central bank due to the economic hardship brought on by the coronavirus pandemic.

The payment holiday had barred banks from downgrading the credit status of their borrowers even if they failed to pay instalments regularly. As a result, defaulted loans did not increase on paper, allowing lenders to put aside a lower amount of funds to cover bad loans.

The central bank withdrew the moratorium partially in March, which pushed up both the non-performing loans (NPLs) and the provision shortfall.

NPLs stood at Tk 95,085 crore in March, up 7.1 per cent from three months earlier and 2.8 per cent year-on-year.

Salehuddin Ahmed, a former governor of the central bank, said that the escalation of the provision shortfall indicated that the banking sector had been in trouble.

"Still, the government is yet to take any measure to address the issue," he said.

Corporate governance in many banks have weakened in recent times due to financial irregularities, Ahmed said.

The shortfall usually sent a negative signal to the global community, tarnishing the banking sector's image, he said.

"The weak banks should be merged with stronger ones."

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the financial condition of the banking industry might worsen further in the days to come.

"Provision will become a key factor during the difficult period. Experts have been urging banks for long to strengthen the provision base to the absorb shock."

"But some banks did not take the issue seriously. They should take steps immediately."

Cotton waste recycling can save \$500m a year: study

FROM PAGE B1

A circular economy is a systemic approach to economic development designed to benefit businesses, society, and the environment.

"Using the Reverse Resources technology platform, we have been able to map participants' textile waste to grasp its scale and quantify the economic opportunity of closing the loop," Marchionni said.

Nin Castle, chief project officer of Reverse Resources, said Bangladesh produced

arguably the most recyclable textile waste of any apparel producing country.

With the emergence of new and improved versions of existing recycling technologies, Bangladesh has a huge opportunity to scale its local recycling capacity and reduce its dependency on virgin raw materials.

"If a recycling industry is fostered now, it will enable the country not only to enjoy the obvious benefits of cost and carbon footprint reduction but also gain a massive competitive edge," Castle said.

Improve business climate to utilise trade ties

FROM PAGE B4

Providing equal treatment for foreign investors in the local vaccination programme will be in line with the government's policy to promote a business-friendly environment, said the South Korean ambassador.

Salman F Rahman, the prime minister's private industry and investment adviser;

Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority;

Md Sirazul Islam, executive chairman of Bangladesh Investment Development Authority; Sultana Afroz, CEO of Public Private Partnership Authority; and Md Nazrul Islam, executive chairman of Bangladesh Export Processing Zones Authority, also participated in the event.

EU offers to help diversify exports

FROM PAGE B4

Harry Verweij, the ambassador of Netherlands to Bangladesh, said Bangladesh's graduation from an LDC brings both opportunities and challenges.

"So, ensuring decent work for all locals has become a necessity for Bangladesh to solidify relations with the EU and Team Europe could help towards this end," he added.

Verweij went on to say that the Netherlands would soon launch an injury insurance scheme for garment workers in Bangladesh that could have a rippling impact in improving labour rights.

KM Abdus Salam, secretary of the labour and employment ministry, and Tuomo Poutiainen, country director of the International Labour Organisation, also spoke at the event.

Government of the People's Republic of Bangladesh
Office of the Project Director
Bangladesh Railway, Kamalapur, Dhaka-1217.

Invitation for Re-Tender (International)

1. Ministry/Division	: Ministry of Railways
2. Agency	: Bangladesh Railway
3. Procuring Entity Name	: Project Director, Name of Project: Construction of 3rd and 4th Dual Gauge Lines in Dhaka-Tongi section and Doubling of Dual Gauge line in Tongi-Joydebpur section including Signalling works.
4. Procuring Entity Code	: Not used at Present
5. Procuring Entity District	: Dhaka
6. Invitation for	: Design, Supply, Installation and Testing-Commissioning of Computer Based Interlocked Signaling system at 7 (Seven) stations including interlocking of selected level crossings and installation of optical fiber cable based telecommunication system for block operation and CTC interface work (Turnkey Works) in connection with construction of 3rd and 4th Dual Gauge Track in Dhaka-Tongi section and Doubling of Dual Gauge Track in Tongi-Joydebpur section.
7. Invitation References No.	: PD/DTJDLP/RE-TENDER/WD2-1568
8. Date	: 12.06.2021
KEY INFORMATION:	
9. Procurement Method	: Open Tender Method (International) (One Stage Two Envelope Method)
FUNDING INFORMATION:	
10. Budget and Source of Fund	: Indian Line of Credit -1 (LOC-1) and GOB.
11. Development Partners	: Government of India through Exim Bank, India.
PARTICULAR INFORMATION:	
12. Project / Programme code	: 224089200
13. Project Name	: Construction of 3rd and 4th Dual Gauge Lines in Dhaka-Tongi section and Doubling of Dual Gauge line in Tongi-Joydebpur section including Signalling works of Bangladesh Railway.
14. Proposed Tender Package No.	: WD2
15. Proposed Tender Package Name	: Design, Supply, Installation and Testing-Commissioning of Computer Based Interlocked Signaling system at 7 (Seven) stations including interlocking of selected level crossings and installation of optical fiber cable based telecommunication system for block operation and CTC interface work (Turnkey Works) in connection with construction of 3rd and 4th Dual Gauge Track in Dhaka-Tongi section and Doubling of Dual Gauge Track in Tongi-Joydebpur section.
16. Tender Publication Date	: 17.06.2021
17. Tender Document Last selling Date	: 16.08.2021 (during office hours).
18. Tender Closing Date and Time	: 17.08.2021 Up to 12.00hrs BST
19. Tender Opening Date and Time	: 17.08.2021 At 12.30hrs BST
20. Name & Address of the Office(s)	: Address
Selling of Tender Document (Principal)	: Office of the Project Director, Outer Circular Road, Kamalapur, Dhaka-1217, Bangladesh.
Selling of Document (Others)	: Office of the Divisional Signal & Telecommunication Engineer (DSTE), Bangladesh Railway, Kamalapur, Dhaka, Bangladesh.
Receiving of Tender Document	: Office of the Project Director, Outer Circular Road, Kamalapur, Dhaka-1217, Bangladesh.
Opening of Tender Document	: Office of the Project Director, Outer Circular Road, Kamalapur, Dhaka-1217, Bangladesh.
21. Place/Date/Time of Pre-Tender Meeting	: Conference Room 'Meghna' (5 th Floor), Railbhaban, 16 Abdul Gani Road Dhaka. Date & Time : 17.07.2021 at 11:00 hrs BST. (Physical / Video Conferencing)
INFORMATION FOR TENDERER:	
22. Eligibility of Tenderer	: Only Indian Firm (s) or Joint Venture of Indian Firms having qualifying criteria stated in the tender document.
23. Brief Description of Works	: Design, Supply, Installation and Testing-Commissioning of Computer Based Interlocked Signaling system at 7 (Seven) stations (Dhaka, Tejgaon, Dhaka Biman Bandar, Tongi, Dhirasram and Joydebpur) <ul style="list-style-type: none"> Interlocking of selected level crossings and Installation of Optical Fiber Cable based Telecommunication system for block operation and CTC interface work.
24. Brief Description of Related Services	: a) Construction of Railway Signalling Equipment building. b) Provision of related arrangement for uninterrupted train operation service during execution of the work c) Service during Warranty and Maintenance Support
25. Price of Tender Document (Tk.)	: BDT. 20,000.00 (BDT Twenty Thousand) in cash (Non-refundable)
26. Package No	Identification of Package : Location Tender Security Completion Time in week/Months
WD2	Design, Supply, Installation and Testing-Commissioning of Computer Based Interlocked Signaling system at 7 (Seven) stations including interlocking of selected level crossings and installation of optical fiber cable based telecommunication system for block operation and CTC interface work (Turnkey Works) in connection with construction of 3rd and 4th Dual Gauge Track in Dhaka-Tongi section and Doubling of Dual Gauge Track in Tongi-Joydebpur section. : Dhaka and Gazipur Districts USD 510000.00 (USD Point Five Million Ten Thousand) 30(Thirty) months
EMPLOYER DETAILS:	
27. Name of Official Inviting Application	: Md. Afzal Hossain
28. Designation of Official Inviting Application	: Project Director, Construction of 3rd and 4th Dual Gauge Lines in Dhaka-Tongi section and Doubling of Dual Gauge line in Tongi-Joydebpur section including Signalling works Project.
29. Address of Official Inviting Tender	: Office of the Project Director, Outer Circular Road, Kamalapur, Dhaka-1217, Bangladesh.
30. Contacts details of Official Inviting Tender	: Cell phone: +88 01711506113 E-mail: pd.3rd4th@railway.gov.bd
31. The procuring Entity reserves the right to reject all the tenders or annul the Tender proceedings.	

(Md. Afzal Hossain)
12.6.2021
Project Director

Construction of 3rd and 4th Dual Gauge Lines in Dhaka-Tongi section and Doubling of Dual Gauge line in Tongi-Joydebpur section Project.
Cell phone: +88 01711506113
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GD- 1221

Make a 2-year survival plan for businesses

Experts urge government



STAR BUSINESS REPORT

The government should prepare a two years' survival plan for businesses, outlining different recovery guidelines, to safeguard the country's trade and economy amidst the pandemic, said businesses yesterday.

For instance, the government should withdraw the proposed advance income tax and value added tax on imports, said Syed Ershad Ahmed, president of the American Chamber of Commerce in Bangladesh.

In the recent budget, the government proposed a 2.25 per cent reduction in corporate tax whereas it should be at least 5 per cent as the businesses are suffering now, he said.

Ahmed also said the country has only five million tax identification number (TIN) holders, among whom 50 per cent pay tax while the rest are irregular.

So, the tax net should also be widened for more revenue generation, he said, adding that the government should also come up with a major plan in education.

He expressed disappointment on the imposition of VAT on educational institutions, saying in such a critical time it would ultimately be a burden for students' families. Ahmed also suggested that the same persons should not formulate tax policies and collect taxes.

Ahmed was addressing a post-budget webinar on "tax and tariff implications on trade and commerce" organised by the Bangladesh German Chamber of Commerce and Industry (BGCCI).



People are seen coming out of a shopping mall before Eid-ul-Fitr this year. As the economy is gradually recovering from the pandemic-induced losses, the government will have to outline specific guidelines for businesses in the recovery plan, businesspeople say.

STAR/FILE

Shahed Akhter, executive director of the BGCCI, moderated the discussion.

Corporate tax was reduced by some 7.5 percentage points over the last four years, pointed out Mosharrar Hossain Bhuiyan, Bangladesh's ambassador to Germany, suggesting strengthening implementation of allocations in social safety net programmes.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), demanded 10 years' tax holiday for investments on manmade fibres, reasoning that the country needed a lot of this investment to meet global demand.

Mohammed Humayun Kabir, chief executive officer of Shinepukur Ceramics, said the parliament holds no wide discussion on the supplementary budget to know the difference between the allocation and revised spending.

Sometimes the gap is big and so the discussion is important to know whether money is being spent on the same old things, he added.

Without a massive reform in fiscal management, the private sector investment to GDP ratio might not improve, he said.

For many years, this ratio has remained stagnant at 23 per cent although the budget proposed increasing it to 25 per cent.

However, with fiscal reforms, reaching 32 per cent to 35 per cent is possible, he said.

In a keynote paper, Mashaque Ahmed, CEO of Ahmed Mashaque and Co, said the challenges faced by individuals related with refunds and dealings with banks should be raised through a common platform for availing proper solutions.

Hindrances, such as hidden taxes, should be removed to ensure a business-friendly tax policies, he said.

Saad Omar, secretary general of Switzerland Bangladesh Chamber of Commerce and Industry, and Thomas Hoffmann, president of the BGCCI, also spoke.

Improve business climate to utilise trade ties

Says South Korean Ambassador Lee Jang-keun

DIPLOMATIC CORRESPONDENT

South Korea wants to help foster a more business-friendly environment in Bangladesh in order to realise the full potential of bilateral trade ties, according to Lee Jang-keun, South Korean ambassador to Bangladesh.

The conditions to improve Bangladesh's business environment include addressing the challenges faced by companies doing business with other countries, particularly in tax and tariff policy, repatriation of profit, and streamlining administrative procedures, he said.

Jang-keun made these comments at a virtual discussion on "Bangladesh and Republic of Korea: Trade and Investment Opportunities", organised by the Bangladesh embassy in Seoul yesterday.

South Korea has played a key role in building Bangladesh's garments sector



Lee Jang-keun

into the world's second largest apparel exporter, he said while highlighting the importance of furthering commercial ties in various other sectors, such as biopharmaceuticals and ICT.

A Samsung R&D Institute has been operating in Dhaka since 2011, employing about 460 of the country's young software developers. A dedicated export processing zone for South Korea recently inaugurated a 100-acre hi-tech park.

Jang-keun pointed out that despite growth in the overall trade volume, bilateral trade has remained at a standstill for the past decade at around \$1.7 billion.

He also hoped that all foreign investors and businesspeople currently residing in Bangladesh would soon be made eligible for Covid-19 inoculations when the vaccine supply becomes stable.

READ MORE ON B3

EU offers to help diversify exports

DIPLOMATIC CORRESPONDENT

The European Union (EU) has offered to help Bangladesh diversify its export basket, promote decent work, and upskill workers amid the ongoing global economic downturn caused by Covid-19.

"We seek to diversify Bangladesh's economy, which is now heavily dependent on remittance and garment exports," said Rensje Teerink, the EU ambassador to Bangladesh.

She was speaking at the virtual launch of the "Team Europe Initiative on Decent Work" and screening of Meenalap, a local production, at the Bangladesh-European Union Film Festival yesterday.

Teerink said Bangladesh is well on track

to graduate from the UN's least developed country (LDC) grouping as the economy grew by more than 4 per cent despite the pandemic while the regional average is about 2 per cent.

"The challenge now is to sustain the growth and make it inclusive," she added.

A major issue in Bangladesh's jobs sector is that about 60 per cent of employment is in the informal sector, where lots of workers have lost their jobs or live with reduced income due to Covid-19.

Therefore, a social protection system for these workers needs to be ensured.

"Skills training and enhancing productivity are other areas that need to be focused on," Teerink added.

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GLOBAL BUSINESS

Britain urges EU to expedite financial services talks

REUTERS, London

Britain's finance ministry called on the European Union to open talks on financial services, after the London Stock Exchange on Tuesday urged the bloc to avoid protectionism.

Britain left the EU in December, largely cutting off the City of London's financial services centre from many of the markets it had formerly played a central role in.

Banks and other financial firms that used London as a gateway to Europe have set up units in the EU to avoid disruption for EU clients.

Billions of euros in daily euro stock and derivatives trading have already left London for the EU. Both sides have agreed to start a dialogue via an informal forum for discussing financial rules, but it has yet to go live and Katharine Braddick, director of financial services at Britain's finance ministry, said she hoped it was expedited.

"Once that memorandum of understanding is agreed we can get on with establishing our routine ways of engaging," Braddick told TheCityUK's annual conference.

The forum, which will not decide on financial market access, but it is viewed as critical to mend bridges, would put Britain's EU relationship on a "reliable, transparent and understandable footing" to give business certainty, she added.

John Berrigan, head of the European Commission's financial services unit, said the EU remains open to the rest of the world.

"This is not about disengaging," Berrigan added. The Commission said work on approving the forum was ongoing.

A pressing issue for Britain is that EU permission for the London Stock Exchange to keep clearing euro derivatives for EU customers expires in June 2022, potentially fragmenting a major market involving trillions of euros.



CEO of London Stock Exchange Group David Schwimmer speaks during an event to launch the private finance agenda for the 2020 United Nations Climate Change Conference at Guildhall in London.

The Commission is asking banks and asset managers how quickly they can shift this clearing from London to Deutsche Boerse in Frankfurt and if legislation is needed.

The EU wants to directly

supervise euro clearing and bolster its "open strategic autonomy" to avoid reliance on the City.

"I think it's critically important for the EU to remain open and to resist the protectionist temptation," London Stock

Exchange Chief Executive David Schwimmer told a separate European Financial Services conference.

"What has made the EU so successful is its openness to the world and being able to embed itself in global ecosystems."

EU firms should be able to access the same liquidity, services, data and technology capabilities as their peers in respect to clearing, Schwimmer said.

"I am not arguing for an absence of control by the EU over important strategic areas," he said.

With Britain no longer tied to EU rules, it is reforming how it regulates the City to buttress its global competitiveness.

Braddick said this would mean tailoring rules within a framework of global standards, and not ripping up the rulebook.

"Any idea there is some vast philosophical gap about risk appetite or financial regulation is really misplaced," she said.

China's factory output, retail sales miss expectations in May

REUTERS, Beijing

Growth in China's factory output slowed for a third straight month in May, likely weighed down by disruptions caused by Covid-19 outbreaks in the country's southern export powerhouse of Guangdong.

Retail sales and investment growth also came in below market expectations, but analysts say underlying activity still looks quite solid, noting headline readings remain highly distorted by comparisons to the pandemic plunge early last year.

The Chinese economy has largely shaken off the gloom from the coronavirus slump, but officials warn its recovery remains uneven amid challenges including soft domestic demand, rising raw material prices and global supply chain disruptions.

China's rapid recovery last year and a US rebound this year have sharply boosted Asia's export-reliant economies -- Japan posted its strongest export growth in 41 years on Wednesday -- but resurgent Covid infections and lockdowns are holding back broader-based recoveries.



REUTERS/FILE

People walk along Nanjing Pedestrian Road, a main shopping area, in Shanghai, China on May 5.

Chinese industrial production rose 8.8 per cent in May from a year ago, slower than the 9.8 per cent uptick in April, National Bureau of Statistics data showed on Wednesday, missing a 9.0 per cent on-year rise forecast by analysts from a Reuters poll. In particular, the output of auto vehicles fell 4 per cent from a year earlier, compared with an increase of 6.8 per cent in April, crimped by a global chip shortage.

"This is a normal cyclical slowdown after an economic recovery. In a nutshell, we can see the economic rebound is peaking," said Hao Zhou, senior EM economist Asia, Commerzbank.

"The extent of the slowdown in the second half is key. So far, it's still normal and there's still room for the fiscal policy to play a part later in the year." Most analysts had expected some moderation in May output due to softer export orders, higher input costs for factories and tighter environmental restrictions on heavy industry.

Outbreaks of Covid-19 in the Pearl River Delta since late May also have brought some key ports to a standstill, economists at Nomura said in a note to clients, though it believes the current spate of infections can be contained in a relatively short period of time.

Dubai steps in again as pandemic drives Emirates to \$5.5b loss

REUTERS, Dubai

Emirates got an additional \$1.1 billion in state support from Dubai after a collapse in long-haul travel due to the coronavirus pandemic triggered the airline's first annual loss in more than three decades.

Governments have pumped billions of dollars into airlines to keep them afloat during the pandemic and state-owned Emirates has now received \$3.1 billion in equity injections from Dubai, including \$2 billion disclosed last year. The airline reported a \$5.5 billion loss on Tuesday for the year ending on March 31, after making a \$288 million profit the previous year, as revenue plunged 66 per cent to \$8.4 billion.

It was the airline's biggest annual loss, and only its third ever following losses in 1987-88 and 1985-86, its first year in operation, an Emirates representative said.

Emirates said the government, its sole shareholder, would continue to support the airline that has transformed Dubai into a major international travel hub over the past three decades.

Fellow Gulf carrier Qatar Airways, which is due to report results for its fiscal year ending March 31, has also received \$3 billion from its state owner.

Emirates and Qatar Airways have no domestic markets to cushion against border restrictions and closures introduced to stop the spread of Covid-19. While vaccination programmes have put some economies on the road to recovery their slow rollout globally has put international airlines at a disadvantage.

UK inflation hits highest level since before pandemic

AFP, London

British inflation has soared to the highest level since before the coronavirus pandemic, with clothing, fuel and oil prices rebounding as the economy reopens, official data showed Wednesday.



AFP The upswing was mainly fuelled by rising clothing prices and energy costs.

The Consumer Prices Index hit 2.1 per cent in May, breaching the Bank of England's 2.0-per cent target for the first time since July 2019.

The rate compared with 1.5 per cent in April, the Office for National Statistics (ONS) added in a statement.

"This month's rise was led by fuel

prices which fell this time last year, but have jumped this year thanks to rising crude prices. Clothing prices also added upward pressure as the amount of discounting fell," remarked ONS chief economist Grant Fitzner.

Inflation has accelerated sharply since March, when the government began a phased lifting of coronavirus restrictions which has also buoyed the Covid-ravaged economy.

The latest data stoked stubborn fears of a global inflationary spike as economies recover from pandemic turmoil. The news surprised markets because analysts' consensus forecasts had been for an increase to 1.8 per cent.

"The easing of lockdown restrictions and the return to growth was just the medicine Britain's battered economy needed," said Ulas Akincilar, head of trading at Infinox. "But it's clear the medicine is also causing severe inflationary side effects." The BoE's key task is to use monetary policy to keep annual inflation close to a government-set target level of 2.0 per cent to preserve the value of the pound.