UK retail sales drop as consumers eat out

AFP, London

British retail sales fell last month on easing lockdown curbs, as people dined at bars and restaurants instead of buying food at supermarkets, data showed Friday.

Sales by volume declined 1.4 percent in May after a 9.2-per cent bounce in April, the Office for National Statistics said. Food stores were the hardest hit, with sales sinking 5.7 per cent as Britons took advantage of reopening hospitality.

Under the phased reopening of Britain's battered economy, bars and restaurants restarted outdoor dining in April and indoor services in May.

"Instead of eating every meal at home as we all did during lockdowns, we were able to dine outside at cafes or restaurants," said Capital Economics analyst Paul Dales.

"Spending just shifted from the shops to social activities," he said, but warned however that "soft retail sales data could mean May was not as strong for the economy as we had thought".

Overall UK retail sales in April and May were nevertheless 9.1 per cent higher than the pre-pandemic level in February 2020.

The UK also reopened non-essential retail in April, allowing the broader British economy to recover further from pandemic fallout on the rapid vaccines rollout.

The economy is now expected to fully reopen on July 19, after the government this week delayed the date by four weeks due to surging Delta infections.Britain's business lobby predicted Friday that the economy is on course to reach its pre-Covid level by the end of 2021.

The Confederation of British Industry, the nation's biggest employers' organisation, now expects the economy to surge 8.2 per cent this year and 6.1 per cent in 2022.

The Covid-ravaged economy had collapsed by almost ten percent last year in Britain's biggest slump in three centuries -- and the worst performance among the G7.

Stubborn Brexit worries also fester after Britain formally exited the EU single market at the start of 2021.

Industry data showed Friday that UK food and drink exports to the bloc almost halved in the first quarter as a result of both Brexit and pandemic fallout.

AFP

Food store sales volumes fell by 5.7 per cent as people returned to bars and restaurants when lockdown curbs were eased.

Airlines industry could return to normal next year: expert

REUTERS, Kuala Lumpur

AirAsia Group Bhd's chief executive officer said the aviation industry could return to normal next year as international borders gradually reopened, state news agency Bernama reported on Saturday.

Tony Fernandes also called for better government policies to avoid disruptions when travel resumed, and decisions on what would be required to open up borders, including documents needed to travel.

"I think that will be sorted out by September or October when we allow interstate travel and some international flying," he was quoted saying in a webinar.

EIG-led consortium closes $12.4b Aramco pipelines deal

REUTERS

US-based EIG Global Energy Partners said on Friday a consortium it led has closed a deal to buy 49 per cent of Saudi oil producer Aramco's pipelines business for $12.4 billion.

EIG said the co-investment process for the deal attracted a global group of investors from China, Saudi Arabia, Korea, the United Arab Emirates and the United States.

It included Abu Dhabi's Mubadala Investment Company, Silk Road Fund, Hassana and Samsung Asset Management, the company said.

ADB gives $250m for social dev schemes

FROM PAGE B1

The programme will expand its outreach to vulnerable women by increasing the coverage of both the old age allowance for women over 62 and the allowance for widowed, deserted and destitute women in 150 sub-district units or upazilas.

Other reforms include promoting the use of mobile financial services and simplifying identification and documentation requirements for opening a bank account and broadening the scope of social protection from mere poverty relief to life cycle social and health responses, including social insurance system.

The ADB will also provide a technical assistance grant to support programme implementation, policy analyses, and capacity development for social development-related ministries. The technical assistance is estimated to cost $1.2 million, which will be financed on a grant basis by the Japan Fund for Poverty Reduction.

Tesco's UK sales growth slows as pandemic restrictions ease

REUTERS, London

Tesco's sales growth has slowed sharply since the easing of the latest coronavirus lockdown as people start to visit pubs and restaurants again, Britain's biggest retailer said on Friday.

UK like-for-like sales, excluding fuel and VAT sales tax, rose 0.5 per cent in the 13 weeks to May 29, the group's fiscal first quarter - ahead of analysts' average forecast for a fall of 1.0 per cent, but down from growth of 8.8 per cent in the previous quarter.

Against the same quarter in 2019, before the pandemic impacted trading, UK like-for-like sales were up 9.3 per cent.

"We continued to benefit from more people eating at home, although this started to slow down through the quarter as hospitality reopened," CEO Ken Murphy told reporters. Tesco shares were down 2.6 per cent at 0932 GMT.

Murphy said shopping habits were changing as pandemic restrictions ease, with customers visiting stores more often. Transactions were also up year-on-year as the lockdown trend of doing one big weekly shop began to reverse.

There were changes in what people were buying too.

Govt misses out on refining oil cheaply

FROM PAGE B1

The cost of refining 11.66 lakh tonnes was Tk 138.85 crore in FY2018-19.

The expenditure rose mainly because of repairing and replacing equipment of the plant, said an ERL official.

ERL carries out regular repairs and maintenance to keep the plant up and running.

As the economic life of the plant is over, the maintenance cost has risen.

There is also a drop in the quality of oil refined, and the current unit is not environment-friendly, said the official, preferring not to be named.

Eastern Refinery took the initiative to launch a second plant to refine 30 lakh tonnes crude oil in 2010. But the project has seen little progress.

It has revised the development of the project proposal (DPP) of the new plant 11 times.

The initial cost of the project has already increased to around Tk 20,000 crore from Tk 13,000 crore. The cost may increase further as the project is still in the process of being revised.

According to industry people, the new plant would have saved the country $18 to $22 per tonne. This means, had the new plant been commissioned, Bangladesh could have saved $6.6 million annually.

"It should never take 11 years to prepare a DPP even if the project is too big," said M Shamsul Alam, energy adviser of the Consumers Association of Bangladesh.

He alleged that officials of ERL and BPC were procrastinating in building the new plant as it was easy to embezzle money on repairing and maintaining an expired one.

"The reliance on the 53-year-old plant proves how far the energy sector is lagging behind. No country is dependent on a single plant to refine oil considering the high risk involved in the sector," Prof Alam said.

If there were two or three plants, the country would have saved a lot of foreign currency, and the cost of energy would have been lower, he added.

Eastern Refinery produces 15 types of petroleum products, including gas oil (diesel), jet fuel, motor gasoline, furnace oil, and marine fuel.

WHAT OFFICIALS SAY

Md Lokman, managing director of ERL, defended the old plant, saying it was still useful.

"We replace important equipment regularly to avoid risk. Even though the plant is 53 years old, it is still working well."

The second plant has been delayed due to uncertainties over funding and the screening of various aspects of the project, according to Lokman.

"It is in the final stage of approval. If implemented, it would be possible to refine two-thirds of the fuel consumed," he added.

Md Anisur Rahman, senior secretary of the energy and mineral resources division, attributed the delay to the numerous queries raised by the consultancy firm.

"There were more than 500 queries on various issues from the consultancy company. It took time to respond to these questions," he said.

In April 2016, ERL appointed Engineers India Ltd as a consultant to install the second unit.

In 2017, the government signed a deal with French company Technip to prepare the engineering design of the plant. The company also built the first plant five decades ago.

The project is scheduled to be presented at a regular meeting of the Executive Committee of the National Economic Council this month, said BPC Chairman Abu Bakar Siddique earlier.

"Once approved, the work on the project can start quickly."

The new plant will have 10 processing units where liquefied petroleum gas, gasoline, diesel, petrol, kerosene, bitumen, jet fuel, and sulfur will be produced.

SMEs hung out to dry

FROM PAGE B1

Economists, businesses and trade body leaders called for direct cash support of Tk 20,000 crore to Tk 30,000 crore for the segment.

CMSME operators say nearly 15 per cent of CMSMEs have closed and 50 per cent are still struggling to survive in the absence of financial support.

Most of the pandemic-induced job losses took place in the CMSME sector and it is a big challenge for the government to bring them back to the job market.

"CMSMEs need direct cash support as they do not have the money in hand, and their lenders are also cashless," said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD).

He proposed a Tk 30,000 crore second stimulus package for CMSMEs to boost the cash flow to the units.

Of the amount, 30 per cent should go to the new entrepreneurs, he said.

Moazzem suggested involving non-governmental organisations (NGOs) and microfinance institutions (MFIs) to disburse the loans, along with the banking channel.

In Bangladesh, there are about one crore CMSMEs, which generated nearly 90 per cent of private sector jobs and contributed 25 per cent to the gross domestic product before the pandemic arrived.

As of May, only 72 per cent of the Tk 23,000 crore fund has been disbursed, whereas the disbursement rate was 100 per cent for the stimulus package unveiled for large scale industrial units.

Banks are reluctant to lend from the stimulus money to CMSMEs as the potential borrowers cannot fulfil the conditions. A portion of them are unbanked and borrow money from NGOs or MFIs.

"We could not give loans to the real small units," said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, at an event of the CPD on Saturday.

He urged the government to come up with cash support of Tk 20,000 crore for the cottage and microenterprises.

Apart from banks, trade bodies and chambers can be used in giving out loans as most of them are registered with local trade associations, the entrepreneur said.

He called for extending the loan repayment to December 31 from June 30 as most of the CMSMEs are yet to offset the losses caused by the economic slowdown.

Md Ali Zaman, president of the SME Owners Association of Bangladesh, said the budgetary measures were inadequate to protect the CMSMEs.

Instead of unveiling another big fund, Zaman suggested the proper disbursement of the previous package and easing rules so the affected CMSMEs could receive the finance.

He demanded the withdrawal of 5 per cent VAT on CMSMEs for the next two years to help revive sales.

According to the definition, firms with a paid-up capital of up to Tk 30 crore are considered small enterprises. As a result, the subsidiaries of conglomerates enjoy the benefits earmarked for CMSMEs, he said.

"The paid-up capital threshold should be fixed at Tk 10 crore to extend the facilities to the real sufferers," Zaman said.

Ahsan H Mansur, executive director of the Policy Research Institute, said the government should have kept a sizeable fund for CMSMEs in the proposed budget.

The amount of fresh fund may range from Tk 20,000 crore and Tk 30,000 crore. Of the fund, one half should be given as a grant, he said.

Mansur called for the continuation of the 4 per cent loan subsidy and the extension of the repayment period.

According to the former official of the International Monetary Fund, the central bank rolled out a Tk 2,000 crore credit guarantee scheme for CMSMEs, but the initiative had not been effective so far.

An effective loan protection scheme has to be put in place for the financial institutions so that they become keen to lend.

"All risks should not be imposed on banks," said Mansur.

Another sticking point is the reliance on banks to channel the funds. But most banks do not have a focus on SMEs and the infrastructure to reach them.

Some banks are concentrated in trade financing, and some are in corporate banking. As a result, this group of lenders has to rely on NGOs and MFIs to distribute their share of the stimulus package.

But the operational cost for the MFIs is higher than banks, and the former cannot give out the loans to the end borrowers at 9 per cent.

So, the banks that have the concentration in the CMSME segment should have been given more funds to disburse under an effective credit guarantee scheme, Mansur said earlier.

More interest subsidy, an effective credit guarantee scheme, a tie-up between banks and NGOs and MFIs, and the use of technology could give much-needed funds to the CMSMEs, he said.

Online plastics fair from July 5

FROM PAGE B1

hoping that it may take the lead when it comes to export earnings and become the prime exporter in the future," Munshi said.

The government formulated the country's export policy with plastics, leather, and agriculture being the priority sectors.

The fair, which will feature a variety of top quality plastic, printing, and packaging products, will widen the scope to develop the local plastic industry.

The sector has huge potential and is capable of making a significant contribution to expedite economic growth and product diversification, he added.

The fair's main goal is to provide a captivating platform for companies, both large and small, to showcase products and build their brand image as well as form partnerships.

Exhibitors will be able to effectively showcase their products by using the virtual booths with texts, photos and videos. Visitors will be able to easily find their ideal products with an interest recommendation function and interact with potential suppliers directly via live chat and video call.

At the same time, there will be a series of online keynote speeches and seminars for sharing industry insights and up-to-date technology with attendees.

More than 483 companies from 19 countries and regions around the world will participate in the virtual fair to help their business expand in Bangladesh's market.

Suppliers from all over the world will interact with local customers and develop new cooperation opportunities.

The government is emphasising on export diversification with the plastic sector being considered as a potential sector for export development. So, it has been given the highest priority in the export policy, Munshi said.

Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said the IPF online expo will be an ideal platform for exhibitors to increase their experience in the international market and reach a large number of potential customers.

Judy Wang, president of the Yorkers Trade and Marketing Service, and Shamim Ahmed, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association, also spoke.

Stock market has a good future

FROM PAGE B1

The government took a good decision to reduce corporate tax for listed companies because it will improve capabilities on providing higher dividends, said Sayedur Rahman, president of BMBA.

The tax reduced for non-listed companies too, so the gap remains the same at 7.5 percentage points, which is not lucrative to getting listed, he said.

A listed company has to bear some additional costs in contrast to non-listed ones, he added.

Rahman, also managing director of EBL Securities, recommended widening the gap to 15 percentage points in order to attract companies with good performance records to the market.

Asif Ibrahim, chairman of Chittagong Stock Exchange (CSE), echoed the same, saying the government proposed reducing corporate tax for listed and non-listed companies by 2.5 percentage points, which was their long-sought demand.

But the reduction maintained the same gap, he said.

Ibrahim proposed reducing tax for listed companies by at least another 2.5 percentage points so that the gap with that paid by non-listed companies widens.

Then non-listed companies will be encouraged to get listed, said Ibrahim, who is also the founder chairman of Business Initiative Leading Development.

To enhance the depth of the capital market, profitable state-run companies should get listed but this was not focused in the budget, he said, adding that the government should work on it.

Along with it, income from all the bonds should get tax exemption so that the market gains a vibrant mode, added Ibrahim.

Prof Shibli Rubayat Ul Islam, chairman of the Bangladesh Securities and Exchange Commission (BSEC), said they wanted to be a business-friendly regulator and govern well. "We have many plans on bond and sukuk, so we hope that the government will help us with the fiscal policy," he said.

"We have requested the government to allow undisclosed money to be invested in the stock market," he added, reasoning that this would attract more funds to the market.

Responding to the recommendations, Rahman said the logic behind the recommendation of widening the corporate tax gap and allowing undisclosed money is logical.

"The budget will be passed soon. We will try to include your recommendations," he said.

Shaikh Shamsuddin Ahmed, commissioner of the BSEC, Hasan Imam, president of the Association of Asset Management Companies and Mutual Funds, Sharif Anwar Hossain, president of DSE Brokers' Association, and Hasan Imam Rubel, president of the CMJF, also spoke at the event.

No alternative to prepaid metres to save energy

FROM PAGE B1

Sufi, also a former director of Titas, said bills of people using prepaid metres reach Tk 400 to Tk 500 per month but those without a metre pay Tk 975. There is a cycle of making money illegally by enabling illegal gas connections to sell off the gas unaccounted for.

He also called for an investigation into why the distribution companies were so reluctant to install prepaid metre despite it being popular in residential areas.

"Gas exploration at present is not enough. Bangladesh is now the 30th largest natural gas reserving country. We have to enhance the infrastructure of land-based terminals to make LNG and LPG popular and cost effective in future," he said.

For the industries, he also suggested using renewable sources of energy such as rooftop solar panels and eco-friendly water harvesting methods.

Anisur Rahman, senior secretary, Energy & Mineral Resources Division, as chief guest said, "The average gas bill collected at residential areas is unreasonable."

"We will face problem if anyone goes to court about this issue. The government is putting emphasis on prepaid meters to stop illegal connections," he said.

He also said the government had not stopped gas exploration, rather 100 million cubic foot gas had been added to the national grid recently.

"It is good news that we have found a new gas field in Zakiganj where Bapex (Bangladesh Petroleum Exploration & Production Company) will explore gas. Our capacity for onshore gas exploration is quite satisfactory but for offshore gas exploration we still encourage foreign explorers," he added.

He also informed that the government would establish an LPG terminal in Matarbari with a capacity of 12 million tonnes, where ships of capacities of 40,000 tonnes would be able to dock. Once available, costs will reduce by one third. Despite all the LPG use, its use in the industry is very low. Focus is required on local gas exploration first, he added.

He also agreed that the western side of Bangladesh was still deprived of the required gas connections.

Md Maqbul-E-Elahi Chowdhury, member (Gas), Bangladesh Energy Regulatory Commission, said, "At present we have 3,300 million cubic feet of gas, of which 74 per cent comes is local gas and 26 LNG."

"We have to open a data center to expedite local gas exploration and we have to allow foreign explorers since it is not possible for BAPEX alone to do the job," he said.

"LPG is environment friendly and healthy and at present, 1.2 million tonnes of LPG is being used. If the price of LPG comes down and becomes affordable to the lower middle-income level, by the year 2025 about 3 million tonnes of LPG will be needed," he added.

DCCI President Rizwan Rahman said energy plays a pivotal role in the economic development and industrial progress of a country.

The growing energy need for diverse economic operations demand a blended energy mix to offset the shortages of gas, he said.

Rahman also mentioned that to accelerate the industrial growth in a planned and more environment-friendly way, more focus was needed on the import and production of alternative fuels like LPG and LNG alongside natural gas exploration.

Professor M Shamsul Alam, dean, Faculty of Engineering, Daffodil International University, said "Although the government subsidises LPG and LNG, it is not benefiting the general consumer level. We have to be competitive in terms of price of energy."

He further recommended rationalising and reducing the price at the end-user level.

According to the Bangladesh Oil, Gas and Mineral Resources Corporation (Petrobangla), there were 4.3 million legal gas connections under the six gas distribution companies in the country.

Of these, more than 42 lakh are residential but only 260,000 have been brought under prepaid metre facilities.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, Assistant Professor Shahriar Ahmed Chowdhury of United International University, Aameir Alihussain, Managing Director, Bangladesh Steel Re-Rolling Mills, DCCI Senior Vice President NKA Mobin, former director Nuher L Khan, Director Arman Haque and Convenor Malik Talha Ismail Bari also spoke.