

| STOCKS   |           | COMMODITIES |              | ASIAN MARKETS |           |           |          | CURRENCIES    |        |        |       |
|----------|-----------|-------------|--------------|---------------|-----------|-----------|----------|---------------|--------|--------|-------|
| DSEX     | CSCX      | Gold        | Oil          | MUMBAI        | TOKYO     | SINGAPORE | SHANGHAI | USD           | EUR    | GBP    | CNY   |
| ▲ 0.73%  | ▲ 0.64%   | \$1,784.96  | \$68.21      | ▲ 0.26%       | ▼ 1.62%   | ▼ 0.63%   | ▲ 0.03%  | BUY TK 83.95  | 97.90  | 115.41 | 12.72 |
| 6,748.92 | 11,777.60 | (per ounce) | (per barrel) | 55,582.58     | 27,523.19 | 3,145.52  | 3,517.34 | SELL TK 84.95 | 101.70 | 119.21 | 13.38 |

# Star BUSINESS

DHAKA TUESDAY AUGUST 17, 2021, BHADRA 2, 1428 BS • starbusiness@thedailystar.net

## New plants stuck in pandemic

Many factories can't kick off production while burden of loans, other expenses gets heavier

JAGARAN CHAKMA

For one and a half years, Premier Cement has repeatedly pushed back its plan to start the commercial production at a newly built manufacturing unit in Chattogram.

The facility with a 270-tonne hourly production capacity was ready to take off in March 2020. But Premier Cement had to halt the inauguration after the coronavirus hit the country.

The cement maker moved the opening of the factory to November. However, it could not do so. Its plan to roll out the unit in March this year also did not materialise because of the second wave of infections.

Premier Cement had planned to start the production in June. Accordingly, it hired technicians from China and Germany. However, six technicians tested positive for coronavirus, forcing the manufacturer to push back the

### FIRMS IN A TIGHT SPOT

Premier Cement pushed back commercial production at a unit multiple times

TK Group could not start operations of two factories

MGI's five factories face delays

Nitol Niloy Group's two projects have come to a halt

### REASONS FOR DELAY

Pandemic, absence of foreign experts, lack of energy connections

### RELIEF

Govt may cut interest rate and banks may defer instalment payment for investors



inauguration again.

The delay means sales opportunity losses and pressure to pay back bank loans even though there is no revenue from the new

project. In addition, the project cost has risen by 20 per cent, the company says.

"It is a harsh reality, and we have to accept this," said Mohammed Amirul Haque, managing director of Premier Cement.

The unit is one of the two plants that Premier Cement has built by investing Tk 1,300 crore in order to grab a greater share of the fast-growing cement market in Bangladesh.

Demand for cement has gone up, driven by consumption by public and private construction and exports, particularly to the

northeastern states of India.

Premier Cement's second unit in Narayanganj, which has a capacity of producing 460 tonnes of the vital construction material per hour, also faces delay. It is yet to get any gas and power connections.

Likewise, the investment of TK Group, Meghna Group of Industries (MGI), Nitol Niloy Group, Asian Paints, McDonald Steel, Nippon Steel of Japan, and many other firms is stuck as their almost ready factories cannot go into operation because of the pandemic.

Yet, the burden of loans and other operational expenses is growing, and the prospect of returns from the new investment is delayed.

This happens when policy-makers are trying to attract investors to the country, which has been suffering from sluggish private investment.

Private investment fell to its lowest level in 14 years in the last fiscal year owing to the lingering uncertainty caused by the pandemic and continuing structural weaknesses.

Entrepreneurs say many have kept their investment plans on hold and are waiting for things to return to normalcy. But there is no sign that the pandemic is petering out.

The companies that started the construction of projects before the pandemic have fallen into difficulty. TK Group is one of them.

The conglomerate has not been able to start the commercial operation of two of its factories -- a PVC plant and a blue plant -- at Meghna in Narayanganj due to the impact of the pandemic, said Md Shafiqul Ather Taslim, director for finance and operations of TK Group.

The group set up all machinery, and the factories were ready for commercial production in June last year. It also hired 600 workers.

READ MORE ON B3

## RAW MATERIAL IMPORT

### Now terry towel exporters seek easy conditions

STAR BUSINESS REPORT

Terry towel manufacturers and exporters are now demanding easing rules for importing yarn through land ports, as had the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), citing that prices of this basic raw material for manufacturing garments have increased in local markets.

The Bangladesh Terry Towel & Linen Manufacturers and Exporters Association (BTTLMEA) yesterday sent letters to the commerce and finance ministers and secretaries, and National Board of Revenue (NBR) chairman in this regard, focusing on imports from India.

M Shahadat Hossain Sohel, chairman of the BTTLMEA, said they currently had a lot of work orders from international retailers and brands and needed a lot of yarn at competitive prices.

"However, the local spinners are facing difficulties in supplying yarn at competitive prices for which we may lose our work orders to competing countries," Sohel told The Daily Star over the phone.

Sohel said factory owners who did not have bond licences should be given the opportunity to import yarn at a concessional rate so that they could be more competitive in the international markets.

Moreover, like the BGMEA, the BTTLMEA also demanded that the government allow import of yarn from India through major land ports, such as that of Bhomra and Sonamasjid.

The government should improve the infrastructure in those land ports, facilitating warehouses and storage of raw materials like cotton, yarn and fabrics for the apparel industry, it said.

Currently, importers can bring over yarn, cotton and fabrics from India only through Benapole Land Port under the bonded warehouse facility as there was a storage.

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## New mango varieties gaining ground

STAR BUSINESS REPORT

New mango varieties are getting priority on consumers' list of preferences for being tastier and more attractive than the existing ones.

Farmers are also gaining interest in cultivating these varieties, especially the hybrid and those derived through grafting, to avail higher prices for the increase in demand.

According to scientists, the hybrid and grafted varieties are high yielding, colourful and sweeter than the existing varieties. Hybrid mango Bari Aam-3 and Bari Aam-4 are the most popular among them.

Bari Aam-3 is a popular mango hybrid in India developed by crossing Dasher and Neelum.

It was introduced in Bangladesh in the 19th century. After research, the Bangladesh Agricultural Research Institute (BARI) released it in 1996, said Md Sorof Uddin, a senior scientific officer at the Bari in Gazipur.

This variety has been made available in the markets widely since 2009-10. Now, Bari-3 is being cultivated in at least 30 districts, including the Rajshahi region, the major mango-producing belt.

Bari Aam-3, which starts arriving in the market on June 15 and continues to be available up to mid-August, is getting more popular among the consumers for its flavour, size, colour and taste.

According to the Department of Agricultural Extension (DAE), 25 lakh tonnes of mango have been produced on two lakh hectares of land this season.

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AKANDA MUHAMMAD JAHID

Fazli always seemed to be a cut above other mangoes due to its unique fragrance and taste, but this widely acclaimed 200-year-old variety is losing popularity day by day.

This is because new varieties are entering the market, making it difficult for Fazli mangoes to keep hogging all the demand, according to agriculturists.

"The Fazli variety had the best reputation until 2010, but after the arrival of new varieties, such as Amrapali, the demand started to shift," said Md Sorof Uddin, a senior scientific officer at the Horticulture Research Centre of the Bangladesh Agricultural Research Institute (BARI) in Gazipur.

Fazli mangoes are usually harvested from June 20 onward in Rajshahi and Chapainawabganj, the two main mango producing districts in Bangladesh.

The harvesting of Amrapali mangoes, grown on around

## Fazli losing lustre



16,000 hectares of land across the country, begins on June 15.

Amrapali mangoes are quickly becoming the preferred variety among consumers as they are comparatively sweeter and juicier.

Other than its flavour, Amrapali is also popular because of its attractive look, say farmers,

consumers and experts.

"As the harvesting of Fazli and Amrapali mangoes begins almost simultaneously, the former is falling behind in consumer preferences. This is the main reason," Uddin said, adding that only one out of 10 buyers buy Fazli mangoes while the rest buy

Amrapali.

Uddin, who has been working in this sector for a long time, said the Amrapali variety was released in 1996-97, but it hit the market in 2005.

The variety has been cultivated in many districts, including hilly areas, from 2009-10. Thanks to its growing popularity, about 90 per cent of the mangoes ordered online are the Amrapali variety.

"The younger generation prefers Amrapali mangoes, but older people still like Fazli," Uddin said.

It is said that Fazli has been widely admired in the Indian subcontinent for over 200 years.

During the India-Pakistan partition, three upazilas of West Bengal's Malda were included in Chapainawabganj.

At the time, there were big Fazli and Ashwina mango orchards in the areas.

Besides, Fazli has been grown in Rajshahi, especially in Bagha and Charghat upazilas, for a long time now.

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## Chinese firm to invest \$6m in Dhaka EPZ

STAR BUSINESS REPORT

Chinese company Kaixi Fashion Bangladesh Co Ltd plans to invest \$6 million to establish a lingerie manufacturing factory in the Dhaka Export Processing Zone.

It will produce 24 million pieces of ladies undergarments annually, Bangladesh Export Processing Zones Authority (Bepza) said in a statement yesterday.

The industry will also create 2,031 jobs for Bangladeshi nationals, according to the statement.

Mohammad Faruque Alam, a member of Bepza, and Xiao Hongxi, managing director of Kaixi Fashion Bangladesh, signed a deal in this regard at the Bepza Complex in Dhaka yesterday.

Major General Md Nazrul Islam, executive chairman of Bepza, was also present.

## Trade thru Benapole suspended

Indian traders protest BSF harassment

STAR BUSINESS REPORT

Import and export activities through Benapole land port have remained suspended since yesterday morning due to protests from Indian traders for allegedly being harassed by India's Border Security Force (BSF).

As a result, thousands of trucks are stuck on both sides of the Benapole-Petrapole port, reports our local correspondent quoting traders and port sources.

Indian traders said their truck drivers constantly face harassment from BSF men of Jaitpur camp in India, said Benapole Port Director Abdul Jalil. The traders also threatened that they will keep import-export activities shut if such harassment continues.

However, other activities at Benapole port continued as normal, said Md Azizur Rahman, commissioner of the Benapole Customs House.



SOHRAB HOSSAIN

Fishermen engaged in catching hilsa in Agunmukha river at Patuakhali's Golachipa upazila. Market supply in the locality is yet to pick up following a 65-day ban on netting the fish running from May 20 to July 23 to facilitate breeding. Hilsa production nearly doubled to 5.3 lakh tonnes in fiscal year 2018-19, from 2.98 lakh tonnes a decade ago, data from the Department of Fisheries showed. The photo was taken recently.

## Govt signs 50m euro financing deal with AFD

STAR BUSINESS REPORT

The government recently signed a €50 million credit facility agreement with the Agence Française de Développement (AFD) to accelerate Bangladesh's economic transition to a green economy.

The fund will finance projects related to energy efficiency, renewable energy and women entrepreneurship through Bangladesh Infrastructure Finance Fund (BIFFL).

It aims to increase the volume of investments in energy efficiency and renewable energy production in Bangladesh and the dissemination of such investments in those areas within the private sector, according to a statement.

The project will help promote female entrepreneurship as well.

It is a loan to the government of Bangladesh, with a maturity period of 15 years, including a three-year grace period.

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অটোমেটেড চালান সিস্টেম এর মাধ্যমে ইউনিয়ন ব্যাংকের সকল শাখা ও উপশাখায় পাসপোর্ট ফি, ভ্যাট, ট্যাক্স এবং সরকারি অন্যান্য ফি জমা নেয়া হয়।



Yamaha Riders Club recently arranged a blood donation campaign in front of Yamaha 3S Centre at Tejgaon, Dhaka to help people affected with Covid-19. Bangladesh Red Crescent Society assisted the campaign. On the same day, the club arranged another event on creating awareness among general people on dengue and the necessity of wearing face masks and getting vaccinated to prevent Covid-19.

COLLECTED

## Japan economy rebounds despite virus surge

AFP, Tokyo

Japan's economy grew slightly in the second quarter, recovering from a slowdown at the start of the year despite continuing virus surges and restrictions, data showed Monday.

The world's third-largest economy contracted at the beginning of the year as a new wave of infections forced the government to impose virus restrictions that slowed consumption.

But despite continued virus worries and restrictions that have lasted most of this year,

Japan's economy grew a better-than-expected 0.3 per cent in the three months to June, data from the cabinet office showed.

That slightly exceeded the expectations of economists surveyed by Bloomberg, who had forecast just 0.1 per cent quarter-on-quarter growth.

The data released by the cabinet office also showed a slight upwards revision for the first quarter, when the economy shrank 0.9 per cent, compared with a previous estimate of 1.0.

Japan has seen a smaller virus outbreak than

many developed economies, with 15,400 deaths despite avoiding harsh lockdowns.

But for much of this year Tokyo and several other regions have been under virus states of emergency, limiting alcohol sales and restaurant and bar opening hours.

Experts have warned the measures are losing their effectiveness, with signs the rules are being increasingly flouted.

Stefan Angrick, a senior economist at Moody's Analytics covering Japan, said consumption proved surprisingly resilient despite the restrictions.

"The Japanese economy eked out some moderate growth in the second quarter of the year, avoiding a technical recession thanks to a combination of stronger consumption and business investment," he said in a note.

"Despite the improvement, we expect growth to remain under pressure in the third quarter as spending and production continue to struggle amidst disruptions from the pandemic.

"Japan is also playing catch-up with its vaccine programme, which began much later and more slowly than those in many other developed economies.

The roll-out has now picked up speed and around a third of Japanese are now fully vaccinated but infections are at record levels, with nationwide daily cases topping 20,000 in recent days.

The surge in cases, driven by the more contagious Delta variant, has clouded the chances for a strong and fast vaccine-driven recovery. Analysts said there was still hope on the horizon.



Japan's economy grew slightly in the second quarter, avoiding a technical recession despite continued virus woes.

AFP/FILE

## Global shares slip on weak Chinese data

REUTERS, London

Global shares slid on Monday after a raft of Chinese economic indicators showed a surprisingly sharp slowdown in the engine of global growth, just as much of the world races to stem the spread of the Delta variant of Covid-19 with vaccinations.

A 10-day run of gains for European stocks came to a halt, with commodity-linked stocks - which are sensitive to demand from China - falling the most. The pan-European STOXX 600 index slipped 0.5 per cent in early trading, easing from record levels last week.

Figures on July retail sales, industrial production and urban investment in China all missed forecasts, a trend that is only likely to get worse given the recent tightening in coronavirus restrictions there.

"The July data has been adversely affected by the massive flooding in China over that period, plus the movement restrictions internally and at key export ports, to curb the stubborn appearance of the Delta variant, albeit in small numbers," said Jeffrey Halley, senior market analyst at OANDA.

"The latter is weighing on investors' nerves now, especially when one looks at the evolution of outbreaks in the region from Australia to Singapore to Japan and everywhere in between. If anyone can break the trend, it is China."

But widespread outbreaks and restrictions would be a game-changer for the recovery in Asia and potentially beyond, given the likely impact on supply chains, Halley said.

The sudden collapse of the Afghan government and what it may mean for political stability in the region added to uncertainty among investors and boosted defensive assets.

MSCI's All Country World Index, which tracks shares across 49 countries, fell 0.2 per cent on the day. US stock futures also traded down, with E-minis for the S&P 500

and Nasdaq futures 0.2 per cent lower.

Chinese blue-chips were hanging onto gains of 0.2 per cent, perhaps in anticipation of a more aggressive policy easing from Beijing.

"The data will likely intensify speculation of further reserve requirement cuts in the weeks ahead and be positive for bonds," wrote analysts at TD Securities in a note.

"The central bank is also unlikely to welcome appreciation of the CNY on a trade weighted basis, while limiting CNY appreciation vs USD." Japan's Nikkei fell 1.7 per cent, though economic growth topped forecasts for the June quarter.

Wall Street had managed fresh records last week even as a survey showed a shock slump in US consumer sentiment to the lowest since 2011 amid Delta variant fears.

The dismal report and China's slowdown combined to pull 10-year Treasury yields down to 1.25 per cent, a drop of 11 basis points in just two sessions.

That also wiped out a week of gains for the dollar, sending it back to 92.547 against a basket of currencies from a near five-month top of 93.195.

The euro climbed to \$1.1791 and away from major chart support at \$1.1740, while the dollar recoiled to 109.39 yen leaving behind last week's peak of 110.79.

Kim Mundy, a senior currency strategist at CBA, argued the dollar could rally this week if minutes of the Federal Reserve's last policy meeting confirm a hawkish shift on tapering. The minutes are out on Wednesday while Fed chair Jerome Powell is speaking on Tuesday.

"We expect the FOMC to announce it will taper its monthly asset purchases in September if the August payrolls is strong," said Mundy.

"We judge a tapering announcement next month is not widely expected, so if the minutes show the FOMC discussed the possibility of announcing a taper as soon as September, we expect the dollar to jump."



The German share price index DAX graph is pictured at the stock exchange in Frankfurt, Germany on August 13.

REUTERS

## US banks walk tightrope of encouraging, but not mandating vaccines

REUTERS, New York

Big Wall Street banks have started enforcing stricter mask and vaccine requirements for staff, sometimes communicating them behind the scenes, in an effort to combat Covid-19 infections in their offices while avoiding a fierce national debate about individual rights, sources at the banks and consultants who work with them told Reuters.

Specifics differ, but many big banks have tightened up policies or pushed back return-to-office dates from just a month ago.

Now, Citigroup Inc and Morgan Stanley have the toughest rules at their New York headquarters, where staff entering must be vaccinated.

JPMorgan Chase & Co and Goldman Sachs Group Inc have not mandated vaccines the same way, but both require unvaccinated workers to wear masks and get tested at least weekly. Bank of America Corp will only allow vaccinated staff to return to its offices in early September, while encouraging other employees to get inoculated.

The widespread availability of Covid-19 vaccines in the United States caused infections to drop dramatically from January to June, but driven largely by the Delta variant, the current seven-day moving average of daily new cases is up 35 percent, according to Reuters tracking data.

Wells Fargo & Co pushed back its return-to-office start date to October because of an increased risk from the Delta variant.

Behind the scenes, executive committees have been debating policies and how to express them for weeks. Although sources inside the banks say the majority of Wall Street's workforce has been vaccinated, there remains a vocal group of employees who do not want to get shots for health or religious reasons, as well as some who feel that any mandate infringes on their personal rights.

"It's, like, on a wing and a prayer that people are saying they are going

to require this," said a senior executive at one of the large banks who requested anonymity to discuss high-level internal discussions.

Sending mandates through company-wide memos can stir outrage not only from employees who oppose them, but from politicians and right-wing groups that sometimes use big banks as political targets, the executive said. When new requirements have been reported in the press, some of the banks have experienced backlash, leading them to communicate changes more quietly, sources said.

Citigroup announced its

but judges have been siding with employers, said Jacqueline Voronov, a labor and employment attorney at HallBooth Smith.

"The courtroom doors are always open," she said. "Can you bring a claim? Yes. Will it be successful? Most likely, no."

The banks are walking a fine line as they try to encourage staff to get vaccinated and return to offices, while avoiding backlash from them, as well as legal, political and headline risk, said Adam Galinsky, a Columbia Business School professor who specialises in leadership, decision-



A view of the One World Trade Centre tower and the lower Manhattan skyline of New York City at sunrise as seen from Hoboken, New Jersey, US.

REUTERS/FILE

vaccination mandate through a LinkedIn post. Morgan Stanley has stopped sending Covid-19 policy updates through e-mail and instead has managers communicate directives to staff in small groups or individually.

Morgan Stanley's policies vary by region. There is also some risk of employees suing banks, either because they got sick at the office due to a Covid-19 outbreak, or because they oppose mask and vaccination requirements, sources said.

Outside the financial sector, there have been some attempts to sue,

making and ethics. Companies generally need employees to be engaged with their responsibilities, rather than worried about getting sick or caught up in fierce social debates.

As a result, it makes sense that the banks are quietly urging staff to get vaccinated and enforcing tougher mask and testing policies for now, but, eventually, Galinsky expects them to move toward hard line mandates for all staff.

"They are trying to find that right pathway," he said.

REUTERS, London

The British government said on Monday it will review green retail electricity tariffs due to concerns that energy companies could be exaggerating how environmentally friendly their products are.

The government said 9 million British households are on "green" tariffs, with more than half of all new electricity tariffs launched now labelled as "100 per cent renewables" or "green".

The review will look into whether

the current system is transparent and whether the rules around what can be called a green tariff remain fit for purpose. Currently, energy companies are able to market tariffs as green even if some of the energy they supply comes from fossil fuels, as long as this is offset by purchasing renewable energy certificates.

For a tariff to be labelled as green or 100 per cent renewable, a supplier must be able to show evidence that they are in possession of enough certificates to cover the energy consumed by customers on that tariff.

The review will explore whether this system needs to be improved, as well as whether suppliers need to provide clearer information to households about the type of renewable energy used, where the renewable power was generated and when, the government said.

"I want people to know that when they sign up to a green tariff, they are investing in companies that make a conscious choice to invest in renewable energy," said Anne-Marie Trevelyan, minister of state for energy and clean growth.

**Government of the People's Republic of Bangladesh**  
Office of the Jail Super, Bhola District Jail  
[jailsuperbhola@gmail.com](mailto:jailsuperbhola@gmail.com)

Memo No. 58.04.0900.151.04.016.21-3857 Date: 16-08-2021

**e-Tender Notice**

e-Tenders are invited in e-GP System Portal (<http://www.eprocure.gov.bd>) by the Jail Superintendent of Bhola District Jail for the Procurement of:

| Tender ID No. | Reference No.                                 | Description of works  | Type method | Publishing date and time | Last selling date and time | Closing date and time | Opening date and time |
|---------------|---|---|-------------|--------------------------|----------------------------|-----------------------|-----------------------|
| 598408        | 58.04.0900.151.04.016.21-3820 Date 14/08/2021 | Supply of Unnotamaner Mashur Dal Mota to Bhola District Jail for the period of October/2021 to September/2022 | NCT<br>OTM  | 16-08-21<br>12:00pm      | 02-09-21<br>10:30am        | 02-09-21<br>11:30am   | 02-09-21<br>11:30am   |
| 598409        | 58.04.0900.151.04.016.21-3821 Date 14/08/2021 | Supply of Unnotamaner Cholar Dal to Bhola District Jail for the period of October/2021 to September/2022      | NCT<br>OTM  | 16-08-2021<br>12:00pm    | 02-09-21<br>10:30am        | 02-09-21<br>11:45am   | 02-09-21<br>11:45am   |

This is an online tender, where only e-Tenders will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender registration in the (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender documents from the National e-GP System Portal have to deposited online through any schedule bank. Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

**Md Nasir Uddin Prodhon**  
Jail Super  
Bhola District Jail  
Telephone No. 0491-62567  
[jailsuperbhola@gmail.com](mailto:jailsuperbhola@gmail.com)

GD-1478

# Rangs Motors 'Best Commercial Vehicle Dealer 2020-2021'

STAR BUSINESS DESK

Rangs Motors has recently won a "Best Commercial Vehicle Dealer 2020-2021" award in "Overseas Market" category for selling the highest number of buses.

The company has also earned an award for its in-house competence development process at an Annual Dealer Conference 2021 virtually hosted by VE Commercial Vehicles, a joint venture between the Volvo Group and Eicher Motors, said a press release.

Rangs Motors, a subsidiary of Rangs Group, is one of the many distributors of VE Commercial Vehicles whose products are sold in several markets around the world.

As an affiliate of the commercial vehicle company, Rangs Motors has sold the highest number of buses in Bangladesh compared to other dealers worldwide.

This is the second time Rangs Motors has won the award, preceded by its win in the same category in the previous year.

Sohana Rouf Chowdhury, managing director of Rangs Motors, received the award on behalf of the company.

"This is a glorious moment for the Rangs Motors family. This achievement is not only ours but of our esteemed customers as well. I am grateful to everyone for trusting us and I hope that this trust shall remain unwavering in the future as well," she said.

Executive Director Satyajit Saha, General Manager (marketing) Sonjoy Kumar Bala and others participated in the online event.



## Al-Arafah Bank risk committee chairman reelected

STAR BUSINESS DESK

Al-Arafah Islami Bank has recently witnessed the reelection of its risk management committee chairman.

Badiur Rahman was elected unanimously at a 362nd meeting of the bank's board of directors, says a press release.

One of the founding directors, Rahman is one of the directors of AIBL Capital Market Services, Central Hospital, Human Resources Development Company, Millennium Information Solution and HURDCO International School.

# US investors lean on blank-check firms for energy transition targets

REUTERS, New York

Former US oil investment bankers, portfolio managers and executives have formed over 20 listed blank-check companies to take renewable energy companies public, with more listings expected.

Investors are rushing to form these companies, known as Special Purpose Acquisition Companies (SPACs), as capital shifts from traditional oil and gas investments to low-carbon alternatives.

SPACs have been most active in the technology and healthcare industries, but the alternative energy space is heating up.

More than 412 SPAC IPOs raising \$121 billion have taken place so far in 2021, up from 247 raising \$83 billion total last year, said Jay Ritter, a professor at the University of Florida specializing in IPOs. Healthcare, financial technology and autonomous vehicles continue to be heavily represented, but alternative energy is gaining traction, the data shows.

"I would expect there would be more energy-related SPAC mergers," Ritter said.

According to Reuters interviews with eight advisors, at least 10 companies are looking to launch additional renewable SPACs, beyond the 20 that have already publicly filed.

By contrast, only about three exploration and

production SPACs are currently publicly filed with the SEC and none have launched in about 18 months, a sharp contrast with 2016 when oil prices crashed, and investors used SPACs to buy companies in a turnaround bet.

SPACs are publicly traded vehicles that raise capital with the explicit purpose of acquiring a private existing business and taking it public, sidestepping the traditional initial public offering (IPO) process.

Many of the renewable SPACs that are currently publicly filed with the SEC have raised about \$250 million or more. They are looking to buy privately-held companies that produce batteries for renewable energy storage, hydrogen storage solutions, carbon storage, and even some drilling for natural gas, a lower-carbon fossil fuel, according to SEC documents reviewed by Reuters.

For example, Peridot Acquisition Corp, a renewable SPAC, closed on its acquisition of Li-Cycle, a lithium-ion battery recycler, on Aug. 10. Peridot has formed a second SPAC aimed at acquiring additional renewable companies.

Other SPACs, such as GoGreen Investments Corp, are nearing deals with targets, the advisors said, speaking on a condition of anonymity as the talks are not public. Alternative energy SPACs that have publicly formed have come together under increasing pressure from investors who want to shift into renewables.

"Their limited partners are telling them that they don't want them to look into traditional energy," said Mike Blankenship, a partner in the Houston office of law firm Winston & Strawn.

"They are creating SPACs to get a percentage of these companies and then a board seat in these companies."

John Dowd, a former top energy portfolio manager for Fidelity, serves as chief executive for GoGreen Investment, a proposed \$250 million SPAC that filed its S-1 this summer, with plans to target a wide variety of "energy transition" companies from hydrogen storage to software solutions.



A new hydrogen fuel cell truck made by Hyundai is pictured at the Verkehrshaus Luzern (Swiss Museum of Transport) in Luzern, Switzerland.

# Govt signs 50m euro financing deal with AFD

FROM PAGE B1

Fatima Yasmin, secretary to Economic Relations Division, and Benoit Chassatte, AFD country director for Bangladesh, signed the loan agreement on behalf of the government and AFD respectively.

The credit line will be on-lent by the government to public non-banking financial institutions (NBFI) to finance investments in the fields of energy efficiency, production of renewable energies, and women's entrepreneurship.

The development comes amid Bangladesh's failure to achieve its target to raise the share of renewable energy in total power generation to 10 per cent by 2020 due to a lack of resources, technology and policies.

Currently, about 767 megawatts of electricity are generated from renewable sources, accounting for 3.3 per cent of the total electricity produced.

The Renewable Energy Policy 2008 had set a goal for renewable sources to account for 5 per cent of the electricity generated by 2015 and 10 per cent by 2020.

In the Eighth Five-Year Plan, the target was revised for the 10 per cent minimum to be attained by 2025.

"This loan will also help the country attain its sustainable development goals," Asif Ahmed Khan, a principal officer at Bangladesh Infrastructure Finance Fund, told The Daily Star.

Eligible clients can secure the loan through applications. The applicants'

creditworthiness would then be analysed in line with banking norms before funds are disbursed.

The interest rate for clients has not been fixed yet. However, it could be 6 per cent as it is set as a tentative figure, Khan said.

The producers of renewable solar, wind and hydro energy will be considered for the loans.

Entrepreneurships with 50 per cent female ownership will also be eligible, he added.

Bangladesh Infrastructure Finance Fund uses 10 per cent of its portfolio in green and sustainable finance, which is the highest among all NBFIs, according to Asif.

The amount of loans disbursed by Bangladesh Infrastructure Finance Fund at present stands at Tk 3,800 crore.

The AFD is a bilateral development agency implementing official development assistance on behalf of the government of France. It has been operating in Bangladesh since 2012.

It supports development projects for urban development and infrastructure (water and sanitation, public transports, urban services), power & green energy (energy efficiency, renewable power), corporate and social responsibility (enhancement of safety standards and environmental and social performance).

The agency provides concessional sovereign loans and mobilises grants under the regional blending facility of the European Union.

# Now terry towel exporters seek easy conditions

FROM PAGE B1

Like the BGMEA, the BTTLMEA too demanded that the government allow partial shipment facility through the land ports, including the one in Benapole.

Partial import of raw materials for manufacturing garments is now allowed only through the country's premier sea port of Chattogram.

Partial shipment refers to allowing importing and unloading a portion of a consignment ordered under letters of credit (LCs).

Businesspeople choose partial shipment mainly for timely use of raw materials and to reduce storage and warehousing costs of imported goods.

For instance, imagine an importer opening an LC for importing 100 tonnes of yarn but currently having a capacity to use 50 tonnes.

In that case, he opts for bringing over 50 tonnes for the time being and importing the remaining 50 tonnes later at his convenience.

However, in case of raw material imports not being made through Chattogram port, importers

do not have the scope for partial shipments.

So, the importers have to import the whole consignment at one go if those are not unloaded at Chattogram port.

The price of yarn made in Bangladesh for manufacturing terry towels is nearly 40 cents higher on every kilogramme (kg) compared to that in other countries like India and Pakistan, Sobel also said.

Monsoor Ahmed, chief executive officer of Bangladesh Textile Mills Association (BTMA), said his association was also getting ready to explain the factors responsible for the current price of yarn in the local markets.

"We have a plan to sit soon to talk with the stakeholders to discuss the yarn price issue," he said.

Bangladesh should not depend on one or two sources for importing cotton, yarn and fabrics as any disruption could hinder the sector's overall supply at any time without any prior notice, he said.

Such incidents occurred earlier in the case of cotton, he added.

He said allowing partial shipments through the land ports would not be wise as it would open up scopes for irregularities.

The government stopped partial shipments many years ago to prevent the irregularities, Ahmed told The Daily Star over the phone.

Last fiscal year, Bangladesh imported 8.2 million bales of cotton and 326,539 tonnes of yarn in 2020, according to data from the BTMA.

The country's spinners say they can supply 3,500 million kgs of yarn in a year.

Earlier, the BGMEA in a letter to the commerce minister on Sunday said the cost of production has increased by 30.10 per cent over the last eight years.

However, prices of clothing items declined by 3.7 per cent last year mainly as a part of the fallout of the Covid-19 pandemic, it said.

Freight charges went up from anywhere between 100 per cent and 300 per cent during the pandemic. Over the last one and a half years, the local garment exporters have incurred losses catering to work orders, it added.

# Fazli losing lustre

FROM PAGE B1

At the time, there were big Fazli and Ashwina mango orchards in the areas.

Besides, Fazli has been grown in Rajshahi, especially in Bagha and Chharghat upazilas, for a long time now.

Md Salahuddin, a farmer in Bagha, said he had 25 Fazli mango trees but eventually added other varieties to his orchard, such as Amrapali and Bari Aam-4, a hybrid variety.

"The demand and price of Fazli are much lower than that of Amrapali."

This year, Amrapali was being sold at Tk 1,600 per maund [one maund is 37 kilograms], while Fazli fetched Tk 600 per maund, he said.

"Once, most mango orchards were of Fazli, but the farmers are now compelled to cultivate other varieties," Salahuddin added.

Kabir Hossain, an agriculturist and former director of the horticulture wing of the Department of the Agricultural Extension (DAE), said the production of Fazli mangoes was declining due to

various diseases that plagued the crop and variety degeneration.

So, farmers are cultivating more productive and relatively tastier varieties of mango instead.

"Last year, I saw mango trees of Bari Aam-4 and other varieties being planted in the orchards of Fazli, especially in Chapainawabganj's Shibganj upazila, which is called the capital of mango. It was just a variety replacement," Hossain added.

This year, the DAE expects that 25 lakh tonnes of mangoes will be produced in Bangladesh, the world's seventh-largest mango-producing country. Last season, 24.68 lakh tonnes of mangoes were grown on 1.9 lakh hectares of land.

Alongside Rajshahi and Chapainawabganj, mango is cultivated commercially in at least 30 districts.

There are around 100 varieties of mango in the country.

Of them, Amrapali accounts for 28 per cent of the total production, followed by Himsagar, or Khirsapati, 20 per cent,

Fazli 10 per cent, Ashwina 15 per cent, Langra 5 per cent, Laxmanbhog 5 per cent, Gopalbhog 3 per cent, and Guti 10 per cent, according to a primary estimate of BARI's Uddin.

Around seven lakh tonnes of Amrapali, five lakh tonnes of Himsagar, and 2.5 lakh tonnes of Fazli mangoes were produced this year.

The demand for Amrapali abroad is similarly high as the variety makes up 60-70 per cent of Bangladesh's mango exports. Exporters shipped 791 tonnes of mango in fiscal 2020-21.

Uddin went on to say that there is a way to bring back the pride of Fazli.

"A product called dried mango slice can be made from Fazli.

There is a huge demand in the UK for this product, which is usually priced around Tk 1,200-1,300 per kg. It can only be made from the Fazli and BARI Aam-4 varieties," he said.

"If we make that kind of product, the demand for Fazli will increase tremendously."

# New plants stuck in pandemic

FROM PAGE B1

"Our foreign technicians could not come to Bangladesh to help start the production," he said.

Tk Group invested Tk 150 crore to establish the factories. Bank finance accounts for around 60 per cent of the total cost.

"We got six months in the grace period for the loan. The grace period is already over, and we are paying the instalment," Taslim said. The group spends around Tk 15 lakh per month on the factories.

At the biggest economic zone in Bangladesh, Bangabandhu Sheikh Mujib Shilpa Nagar at Mirsarai, Chattogram, three factories are facing the heat of the pandemic, according to officials of the Bangladesh Economic Zones Authority.

One of the factories, Nippon-McDonald Steel, has targeted to commence the commercial production of galvanised and

prefabricated steel sheets in September. The equipment has been brought from Japan and China. "But we are not sure if we could go into production in the stipulated time," said McDonald Steel Managing Director Sarwar Kamal.

Nippon-McDonald invested about Tk 100 crore for the joint venture to capture the growing market of steel plates in Bangladesh.

Mostafa Kamal, chairman and managing director of MGI, said his company had invested around \$600 million to set up five factories to make PVC, noodles and biscuits.

Of the investment, \$350 million came as loans from foreign sources.

"The pandemic is causing a delay to the production at the factories. But we are repaying loans," said the entrepreneur.

Kamal, however, said MGI would begin running the factories as soon as it got the gas connection.

Nitoy Niloy Group's two projects -- a passenger car assembling plant in Pabna and a tyre manufacturing factory in Kishoreganj -- have been delayed.

"Although it is unavoidable, the investment has been hampered severely, and it has slowed economic growth," said Abdul Matlub Ahmad, chairman of the group.

Taslim says if foreign experts come to Bangladesh to provide instructions to local technicians to start commercial production, it will allow entrepreneurs to begin the operation of the factories.

Besides, the government might cut the interest rate on loans for the time being to ease pressures stemming from the obligation to pay bank instalments, he said.

Salehuddin Ahmed, a former governor of Bangladesh Bank, said banks might defer instalment payments for a certain period to give relief to investors.

# New mango varieties gaining ground

FROM PAGE B1

Last season, 24.68 lakh tonnes of mangoes were produced on 1.9 lakh hectares of land.

Bari Aam-4, another hybrid of a variety of M3896, a colourful and tasty variety from Florida of the US, and local variety Ashwina, was released in 2003, Sorof Uddin said.

Also developed by the Bari, the high-yielding hybrid is now being cultivated on 4,000 to 5,000 hectares of land. Though it contributes only 1 per cent to the national mango output, its demand is high as it is a late variety.

Besides, last year, two more mango hybrids -- Bari Aam-13 and Bari Aam-17 -- developed by the Bari -- have not started providing yields yet.

With these, a total of 17 mango varieties have been developed by the research organisation.

Bangladesh Agricultural University has developed 25 varieties of mango.

Many of the new varieties are in the primary stage of cultivation.

Meanwhile, Banana Mango, a grafted variety imported from Thailand, is being produced by a handful of farmers.

The demand for this variety is high, but only around 5 tonnes were produced. Besides,

some other imported colourful varieties, including Miyazaki from Japan and Red Palmer from the US, are also being cultivated by a few farmers.

Sorof Uddin said there was a growing demand for hybrid mangoes as they were better in terms of quality and quantity and more attractive.

"So, the cultivation of these mangoes is spreading quickly," he said.

Currently, Bari Aam-4 is being sold at Tk 8,000 per maund (one maund equals around 37 kilograms), but other varieties have been sold for Tk 1,000 to Tk 1,400 per maund during the peak season.

Both Ashwina and Bari Aam-4 are still in the market. Ashwina is now being sold at Tk 1,600 per maund.

Usually, Bari Aam-4 hits the markets from the last week of July and remains available till August. Bari Aam-13 will take more than three to four years before they become available in the market.

It usually takes a long time to introduce new varieties as research takes five to six years to be completed.

For example, Bari Aam-4 took 17 years to 18

years to reach this stage and grow in popularity throughout the country, Sorof Uddin said.

"Most of the hybrid mangoes are late-season varieties, so they have higher market value. Since there is no shortage of mangoes in the peak season, the research is mainly done for late and off-season mango production."

Shahidul Islam, a mango grower in Chapainawabganj sadar, said farmers were now replacing the old varieties of mangoes such as Fazli and Ashwina with Bari Aam-3, Bari Aam-4 and some other varieties as the latter were more productive and had higher demand.

Kabir Hossain, a former director of the horticulture wing of the DAE, said Bari Aam-4 and some other varieties were now being planted in the orchards of Fazli and Ashwina in the Rajshahi region as their demand was very high.

DAE Director General Md Asadullah said there were some high yielding hybrid varieties of mango, including Bari Aam-4, which had a lot of potentials.

"We are working on various projects to expand the cultivation of these fruits so that the farmers can benefit."



Mr. Iftekharul Islam, Vice Chairman of the Board of Directors of Uttara Bank Limited inaugurated the newly constructed Bank-building in Narayanganj City and the new premises of Narayanganj Branch & Narayanganj Zonal Office thereon through video conference from Bank's Head Office on 16-08-2021. Director of the Bank Col. Engr. M.S. Kamal (Rtd) & Managing Director & CEO Mr. Mohammed Rabiul Hossain were present with him. Managing Director paid his tribute to Bangabandhu Sheikh Mujibur Rahman along with Bangamata Sheikh Fazilatunnessa Mujib and the other martyrs of the brutal incident of 15th August-1975. Deputy Managing Directors of the Bank Mr. Maksudul Hasan, Mr. Md. Abul Hashem, Mr. Md. Ashraf-uz-Zaman & Zonal Head (Narayanganj Zone) Mr. Md. Mahbub Rahman and local dignitaries were also connected with this ceremony.

# Stocks maintain upward curve

STAR BUSINESS REPORT

The stock index has continually soared for the past three days, lifting the benchmark index of Dhaka Stock Exchange (DSE) to a new high yesterday, while junk stocks were the top gainers.

The DSEX, the DSE's benchmark index, rose 49 points, or 0.73 per cent, to 6,748. This is the highest point to be reached by the index since its inception in 2013.

On the same day, the DS-30, the blue chip stock index, remained almost unchanged at 2,427 points.

Stocks of First Finance, which ranked as a Z category stock due to its failure to provide dividends, hold annual general meetings or keep operations running, soared the highest 10 per cent in the DSE.

Another two junk stocks, Jute Spinners and Bangladesh Industrial Finance Company, advanced 10 per cent each.

A company is allowed to rise a maximum 10 per cent in the stock market on a normal trading day.

Some rogue players are targeting junk stocks to gamble and these are the pawns only, said a top asset manager.

General investors should not even think about having a look at these stocks, rather they can invest in well-performing stocks based on their fundamentals, he said.

"However, most of our investors are looking for such 'items', which can be dangerous for them in the long run," he added.

Turnover, an important indicator of the market, went up by around 11 per cent to Tk 2,953 crore. At the DSE, 204 stocks advanced, 146 fell and 25 remained unchanged.

*The DSEX, the benchmark index of Dhaka bourse, rose 0.73 per cent to 6,748 points -- another record high, while turnover soared 11 per cent to Tk 2,953 crore*

Stocks of Beximco were traded the most, worth Tk 148 crore, followed by IFIC Bank, LankaBangla Finance, Saif Powertec and Malek Spinning Mills.

Sonali Paper & Board Mills shed the most, losing 6.49 per cent, followed by Progressive Life Insurance Company, Miracle Industries, Sonali Life Insurance Company and Rahima Food Corporation.

Chittagong Stock Exchange (CSE) also soared yesterday. The CASPI, the general index of the port city bourse, increased 134 points, or 0.69 per cent, to 19,650.

Among the 320 stocks to undergo trade, 170 rose, 126 fell and 24 remained unchanged.

# Pabna's hosiery industry needs support to survive

According to market players

AHMED HUMAYUN KABIR TOPU, Pabna

Pabna is known as a hosiery manufacturing hub that supplies a range of garment items, such as inner wear, legwear and socks, all over Bangladesh.

This industry that centres around knit fabrics was nearly upended by the introduction of modern production practices in the early 1980s but managed to soldier on by making use of garment waste.

Now, there are over 1,000 factories of all sizes operating in the district that depend on garment waste to make their products, bringing much needed opportunities for small entrepreneurs.

For a few decades now, these factories have produced t-shirts, trousers and other items from garment waste, locally known as "jhoot", according to Md Monir Hossain (Poppy), president of Pabna Hosiery Manufacturers Group.

Around 820 registered knitwear makers are doing business in the district, producing garment materials from waste to register a collective yearly turnover of more than Tk 500 crore, he said.

Besides, the industry employs over 12,000 to 15,000 people in Pabna while increased exports are helping to bring in foreign currency as well, Hossain added.

"At the beginning, we used to sell only to local markets but now, quality clothes produced from jhoot, mainly collected from Gazipur and Dhaka, are being sold in India, Malaysia and Bhutan," Md Babu Miah, a hosiery manufacturer, told The Daily Star.

However, the ongoing coronavirus pandemic has led to many hardships for his business for the past one-and-a-half years.

Miah produced more than 2,400 t-shirts at his small factory for sale this year but most of them remain unsold due to a lack of customers in recent months.

Other factories have been



A large stock of apparel items made from garment waste or "jhoot" remains unsold at the AR Corner Wholesale Market in Pabna district due to the ongoing Covid-19 pandemic as buyers have been unable to place their orders under the current conditions. The photo was taken yesterday.

similarly affected and have either reduced their production capacity or closed down completely as a result.

"I have been selling my products to Malaysian and Indian markets for a couple of years now. Due to increasing demand, I had expanded my business with 30 sewing machines in a rented building by taking bank loans," said Rasheduzzaman Rassel, a leading t-shirt producer in Pabna.

"But the investment has become a burden for me due to poor sales over the years," he said, adding that there were more than 100 other factories like his that were suffering the same fate.

Md Abul Bashar, a garment

manufacturer based in Radhanagar area, said sales decreased amidst the pandemic but the soaring price of raw materials only made things worse.

"I used to sell over 6,000 dresses collectively across Dhaka, Chattogram, Narayanganj, India and Malaysia per week a year ago but due to the pandemic, most buyers do not come regularly," he said.

"So the sale has dropped while most of the products now remain unsold in my warehouse," Bashar said.

In addition, the rising price of garment waste is also a big concern for small manufacturers.

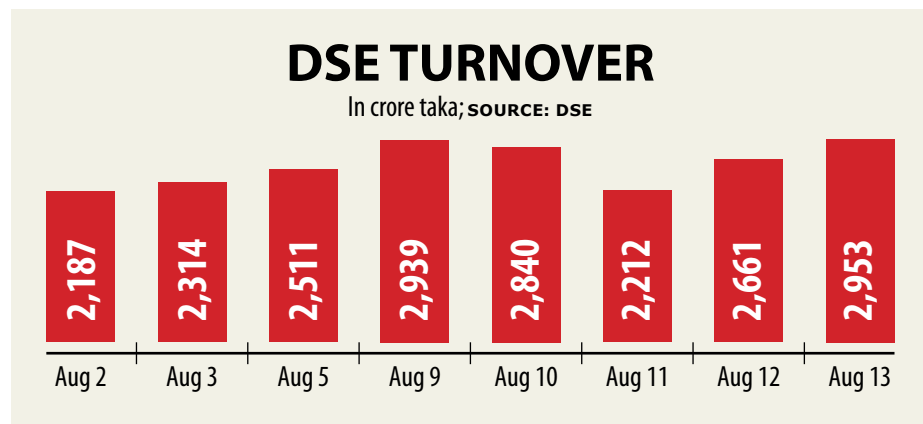
Each kilogramme of jhoot sold

for Tk 70 to Tk 90 a couple of years ago but now the same amount costs Tk 130 to Tk 150.

"This is because of increased competition in the business which has forced raw material costs to soar while the price of finished products remains relatively the same," he added.

The president of the hosiery group also said although many of them were under the small and cottage industries category, they do not get support from the government, making it difficult to survive from the Covid-19 fallout.

"If the government takes initiative and gives support, the small entrepreneurs can survive this pandemic," he added.



## GLOBAL BUSINESS

### UK employers have strongest hiring plans in over 8 years

REUTERS, London

British employers plan to increase staff numbers by the most in more than eight years over the coming months and few intend to make staff redundant when government furlough support ends next month, a survey showed on Monday.

The quarterly survey by Britain's Chartered Institute of Personnel and Development added to signs of labour market shortages as the economy emerges from the coronavirus pandemic, though it offered less evidence of wage or inflation pressures.



A man walks past a job centre following the outbreak of the coronavirus disease, in Manchester, Britain.

The CIPD said the net employment intentions balance - the difference in percentage points between employers who are hiring and those cutting staff - rose to +32 from +27 three months earlier, its highest since the survey began in early 2013. "Employers are very optimistic, indicating strong recruitment intentions, and redundancy expectations appear much lower than originally predicted during the pandemic," Jonathan Boys, labour market economist at CIPD, said.

Only 13 per cent of employers plan to make staff redundant, down from 33 per cent a year ago when there were much greater fears that a premature end to government furlough support would create a spike in unemployment.

Earlier this month the Bank of England forecast that the unemployment rate would not rise beyond its current 4.8 per cent, much lower than the peak of around 7.5 per cent it saw earlier.

The CIPD survey also showed staff shortages, especially in the hospitality sector where many employers shed staff during the pandemic due to lengthy closures of hotels, pubs, restaurants and other venues.

But there was less sign that this was leading to big rises in wages, in contrast to some other surveys of recruiters and employers. The BoE has said it is keeping a close eye on wage pressures because of the potential longer-term inflation impact.

### China economy under pressure

Factory output, retail sales growth slow sharply

REUTERS, Beijing

China's factory output and retail sales growth slowed sharply and missed expectations in July, as new Covid-19 outbreaks and floods disrupted business operations, adding to signs the economic recovery is losing momentum.

Industrial production in the world's second largest economy increased 6.4 per cent year-on-year in July, data from the National Bureau of Statistics (NBS) showed on Monday. Analysts had expected output to rise 7.8 per cent after growing 8.3 per cent in June. Retail sales increased 8.5 per cent in July from a year ago, far lower than the forecast 11.5 per cent rise and June's 12.1 per cent uptick.

China's economy has rebounded to its pre-pandemic growth levels, but the expansion is losing steam as businesses grapple with higher costs and supply bottlenecks.

New Covid-19 infections in July also led to fresh restrictions, disrupting the country's factory output already hit by severe weather this summer. Asian share markets slipped on Monday after the data showed a surprisingly sharp slowdown in the engine of global growth.

Data earlier this month also showed export growth, which has been a key driver of China's impressive rebound from the Covid-19 slump in early 2020, unexpectedly slowed in July.

Consumption, industrial production and investment could all slow further in August, analysts from Nomura said in a note, due to Covid-19 controls and tightening measures in the property sector and high-polluting industries. Production controls sent crude steel output to the lowest monthly level since April 2020 in July.

Meanwhile China tightened social restrictions



Employees work on the production line of American infant product and toy manufacturer Kids II Inc at a factory in Jiujiang, Jiangxi province, China on June 22.

to fight its latest Covid-19 outbreak in several cities, hitting the services sector, especially travel and hospitality in the country.

"Given China's 'zero tolerance' approach to Covid, future outbreaks will continue to pose significant risk to the outlook, even though around 60 per cent of the population is now vaccinated," said Louis Kuijs, head of Asia economics at Oxford Economics, in a note.

The country has also faced severe weather in several provinces, with record rainfall in Henan

province last month causing floods that killed more than 300 people.

Higher commodity prices are also pressuring small and medium-sized firms in particular.

Smaller companies are unable to pass on recent rises in raw material costs to buyers, said a sales manager at a medical equipment factory in the eastern province of Jiangsu.

"We don't dare to increase our prices...but our prices cannot fall, otherwise there will be no profit at all," he said.

### HSBC to buy Axa's Singapore insurance business

AFP, Paris

HSBC has agreed to buy the Singapore unit of French insurance giant Axa as the British banking group expands its foothold in Asia, the companies announced Monday.

HSBC makes 90 per cent of its profit in Asia and has said it plans to redouble efforts to seize more of the market in the region.

The bank has agreed to acquire Axa Singapore, the city-state's eighth largest life insurer, for \$575 million (487 million euros).

"This is an important acquisition that demonstrates our ambition to grow our wealth business across Asia," HSBC chief executive Noel Quinn said in a statement. "Wealth is one of our highest growth and highest return opportunities, and plays to our strengths as an Asia-centred bank with global reach," he said.

### Oil prices drop

REUTERS, London

Oil prices fell by about 1 per cent on Monday, dropping for a third session, after official data showed that refining throughput and economic activity slowed in China in an indication that Covid-19 outbreaks are crimping the world's second-largest economy.

Brent crude was down 58 cents, or 0.8 per cent, at \$70.01 a barrel by 0943 GMT. US oil fell by 64 cents, or 0.9 per cent, to \$67.80. Both contracts dropped by more than \$1 earlier in the session.

Chinese factory output and retail sales growth slowed sharply in July, data showed, missing expectations as flooding and fresh outbreaks of Covid-19 disrupted business activity.

### Higher inflation target could trigger jobs boom: Fed ex-staffers

REUTERS, Washington

The Federal Reserve may be wrestling with an inflation problem, but two former senior staffers at the US central bank argue that continued higher prices in the future may be what is needed to shift the whole economy to a higher plateau and deliver a jobs boom that helps the broadest set of people.

David Wilcox, a former Fed research director, and David Reischneider, a special adviser to former Fed Chair Janet Yellen, argue in a new research paper that once the coronavirus pandemic passes and the Fed is able to raise interest rates to more normal levels, it should then increase the national

inflation target from 2 per cent to 3 per cent and use a shock treatment of surprise rate cuts to hit it.

"The unemployment rate could average 0.75 percentage point or more below its sustainable level during the first 15 years after the higher target is announced," representing about 1.2 million or more additional people employed each year, the two economists, now with the Peterson Institute for International Economics, estimated.

"To the extent that people drawn into the labor market when it is tightest come from marginalized groups," they wrote, allowing higher inflation "could also help reduce racial and other inequities" by keeping people in

jobs longer and allowing them to get more experience and training.

The risks - of financial bubbles due to loose credit or a possible recession triggered by rate hikes to combat a spike in inflation - are manageable, the two contend, and worth what they say would be "a marked boom in employment and output during the transition period."

The core personal consumption expenditures (PCE) price index, a measure of inflation closely watched by the Fed, hit 3.5 per cent on a yearly basis in June, which has touched off a debate at the central bank about whether interest rate increases may be needed sooner than expected to keep prices in check.