

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday STANDARD CHARTERED BANK			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 1.34%	▲ 1.09%	\$1,816.67 (per ounce)	\$72.70 (per barrel)	▲ 0.31%	▼ 0.36%	▼ 0.92%	▲ 0.59%	BUY TK 84.25	98.00	114.88	12.71
6,851.32	11,949.64			56,124.72	27,641.14	3,080.77	3,522.16	SELL TK 85.25	101.80	118.68	13.37

# Star BUSINESS

DHAKA SUNDAY AUGUST 29, 2021, BHADRA 14, 1428 BS • starbusiness@thedailystar.net

## Stimulus seekers complain of bribery

Sanem study finds improved business confidence but weak economic recovery

STAR BUSINESS REPORT

With the government implementing some Tk 1,28,000 crore-worth of stimulus packages to rescue firms from Covid-19-induced losses, complaints have begun to surface of bribes being demanded by employees of banks and various public agencies tasked with disbursing the funds.

A latest survey by the South Asian Network on Economic Modeling (Sanem) among 501 firms in manufacturing and services sectors recorded an increase in the number of complaints involving bribery over availing the low-cost stimulus loans.

Sanem said its April 2021 study found six per cent of firms that had availed loans from stimulus funds complaining of being asked for bribes. The latest study conducted in July by the same organisation showed that 12 per cent of firms which were able to get the stimulus support disclosed being asked for bribes.

Allegations over bribes came even from firms that did not avail the stimulus.

Some seven per cent of the firms surveyed in April 2021 alleged that bribes were intertwined with the process for getting funds from the stimulus packages. The allegation rose more than fourfold to 29 per cent in the latest survey by Sanem.

As there is a culture of corruption in society, it appears that some are trying to get undue benefit out of the huge demand for loans from the stimulus funds, said Sanem Executive Director Selim Raihan.

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SURVEY FINDINGS

12% stimulus-availing firms complained of bribery

29% companies that did not get stimulus said bribery involved

79% of the surveyed firms got funds from general package

Business confidence improved but still below last year's level

64% firms termed economic recovery weak

SOURCE: SANEM



RAJIB RAIHAN

While product retailers and manufacturers hope for a revival of consumption, the government offers a number of low-cost loans to get businesses back on track. But some who are tasked with the loan disbursement are trying to get undue benefit out of the huge demand for the stimulus funds, reveals a Sanem survey. The photo was taken at Sanmar Ocean City in Chattogram yesterday.

## Protect consumer rights in digital industries: experts

STAR BUSINESS REPORT

All industries and their respective regulatory bodies are responsible for ensuring consumer protection as well as deepening financial inclusion, according to speakers at a webinar.

"The attainment of trust of consumers is a fundamental need for digital industries as well since they are the main driving force of any industry," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh (PRI).

However, the responsibility of gaining that trust lies with the relevant government bodies and industry people, he added.

The PRI executive director went on to say that unless consumer participation grows as a result of increased trust, no industry can survive in current times.

"Consumer protection is fundamentally good for business and so, all industries must and shall remain aware of this trust and participation, and work for the development of this trust," Mansur said.

He made these comments while delivering a speech at a webinar, styled "Bangladesh Consumer Protection in The Digital Age", jointly organised by The Daily Star and PRI yesterday.

The principle of financial protection for customers has already been laid out by many developed countries.

"So, we don't need to reinvent it. We can just take their example, reflect on each of those cases and how we can customize it to fit Bangladesh's context," Mansur added.

It is also high time to introduce digital financial literacy subjects in the education system, especially at the secondary and higher secondary levels.

Besides, students should be taught basic safety precautions on the use of digital financial services so that they can create awareness among their parents as well.

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## BB extends relaxed loan classification policy

STAR BUSINESS REPORT

Bangladesh Bank has further extended the period during which its relaxed loan classification policy would stay in effect, given the ongoing business slowdown brought on by the coronavirus pandemic.

As per the Bangladesh Bank decision, borrowers will be able to avoid the default zone by paying 25 per cent of each instalment of their loans until December this year.

The remainder of each instalment will have to be paid within next year.

The central bank issued a notice on August 26 asking banks to follow the instruction such that the beleaguered businesses can take a breather from the ongoing slowdown.

On June 27, the central bank said borrowers could avoid the default zone paying 20 per cent of each instalment of their loans until June 30. Moreover, that due for June could be paid in August.

The banking regulator went for extending the relaxed policy's duration on the back of requests of a good number of trade organisations citing the economic slowdown.

In addition, default loans in the banking sector have also started to go up

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## A stellar month for stocks

DSE shatters records across the board in August

AHSAN HABIB

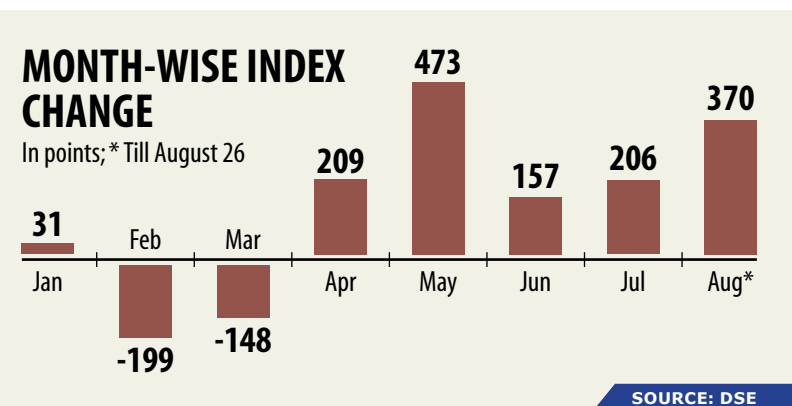
August was a record-breaking month for the Dhaka Stock Exchange (DSE) as all major market indexes and measures, including market capitalisation, reached historical highs.

The DSEX, the benchmark index of the country's premier bourse, recently touched 6,884 points, the highest since its inception in 2013. Similarly, the blue-chip index, DS-30, and shariah index, DSES, hit a record high of 2,463 and 1,494 points respectively.

Market capitalisation at the DSE stood at Tk 559,189 crore last Wednesday, the highest since the local stock market opened in 1956.

The Dhaka bourse also registered a record high number of trades at 4.21 lakh in the month as well as the highest trade volume of 101 crore shares at the same time.

"All these records were broken in the same month as people now prefer investing in the stock



SOURCE: DSE

market rather than keep their funds with low interest paying banks," said a stockbroker preferring anonymity.

As a result, investor participation also reached a high point as seen during the market boom in 2010, he added.

The country's premier bourse logged turnover of over Tk 2,000 crore everyday in August, which only

happened once before in November 2010, according to DSE data.

The upward trend of investor participation started in April, when the indexes first started to rise, the broker said.

"As the market is rising, some new general investors also came to the market so the index continued to rise for the last five months," he added.

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MIDLAND BANK

**Forkan Hossain, general manager of Bangladesh Bank, and Md Ahsan-uz Zaman, managing director and CEO of Midland Bank, exchanged signed documents on an "Automated Challan System" enabling the former to collect passport fees, VAT, corporate and personal income tax and other government fees. Ahmed Jamal, deputy governor of Bangladesh Bank, AKM Mohiuddin Azad, executive director, Md Zahid Hossain, deputy managing director of Midland Bank, and Md Ridwanul Haque, executive vice-president, attended the programme.**



MERCANTILE BANK

**Md Forkan Hossain, general manager (accounts and budgeting department) of Bangladesh Bank, and Md Quamrul Islam Chowdhury, managing director and CEO of Mercantile Bank, exchanged signed documents on an "Automated Challan System" enabling customers to pay VAT, tax or other government bills. Ahmed Jamal, deputy governor, AKM Mohiuddin Azad, executive director, Md Mahmood Alam Chowdhury, deputy managing director of Mercantile Bank, and Asim Kumar Saha, senior executive vice-president, were present.**

## Automobiles restrain US consumer spending

REUTERS, Washington

US consumer spending slowed in July as a decline in motor vehicle purchases due to shortages offset a rise in outlays on services, supporting views that economic growth will moderate in the third quarter amid a resurgence in Covid-19 infections.

But the foundation for the recovery remains solid, with the report from the Commerce Department on Friday showing wages rising and Americans further boosting savings.

Inflation appears to have peaked, which could preserve households' purchasing power. Businesses are also restocking and exporting more goods, suggesting a slowdown in growth this quarter could be temporary.

"There are clear downside risks to spending if more events and trips are canceled and more products are delayed getting to shelves," said Sal Guatieri, a senior economist at BMO Capital Markets in Toronto.

"But it's a bit early to throw in the towel on the economic outlook given supportive wage and saving trends and a likely boost from



**Shoppers carry bags of purchased merchandise at the King of Prussia Mall, the largest retail shopping space in the US, in King of Prussia, Pennsylvania, US.**

REUTERS/FILE

business investment, inventories, and trade in the third quarter."

Consumer spending, which accounts for more than two-thirds of US economic activity, increased 0.3 per cent last month after advancing 1.1 per cent in June.

Last month's rise was in line with economists' expectations.

Demand is rotating back to services like travel and leisure, but spending has been insufficient to

compensate for the drop in goods purchases, which are also being impacted by shortages.

Goods spending fell 1.1 per cent last month, led by motor vehicles. A global shortage of semiconductors is hampering auto production.

There were also decreases in spending on recreational goods as well as clothing and footwear.

Still, goods spending is 20 per cent above its pre-pandemic level.

Spending on services rose 1.0 per cent, a broad increase led by food services and accommodations.

Outlays on services last month were 1 per cent above their February 2020 level.

Healthcare, transportation and recreation are yet to recoup their pandemic losses.

Credit card data suggests spending on services like airfares and cruises as well as hotels and motels slowed in August amid soaring Covid-19 cases driven by the Delta variant.

Fears about the virus knocked consumer sentiment to a more than 9-1/2-year low in August.

Inflation continued to rise last month, fanned by the unrelenting supply constraints and the economy's move toward normalcy after the upheaval caused by the pandemic. But the pace of increase is slowing.

The personal consumption expenditures (PCE) price index, excluding the volatile food and energy components, climbed 0.3 per cent in July.

That was the smallest gain in five months and followed a 0.5 per cent advance in June.



SOUTHEAST BANK

**Alamgir Kabir, chairman of Southeast Bank, virtually presided over its 635th board meeting recently. Vice-Chairperson Duluma Ahmed, directors MA Kashem, Azim Uddin Ahmed, Jusna Ara Kashem, Rehana Rahman, Akikur Rahman, Raiyan Kabir and M Moniruz Zaman Khan (nominated by Bay Leasing and Investment), independent directors Quazi Mesbahuddin Ahmed and Mohammad Delwar Husain, adviser Zakir Ahmed Khan and Managing Director M Kamal Hossain took part in the meeting.**

## Chinese social media platforms to rectify financial self-media accounts

REUTERS, Shanghai

China's top social media platforms, Wechat, Douyin, Sina Weibo and Kuaishou, said on Saturday they would begin to rectify irregular practices of "self-media" accounts that publish financial information, reported state media Global Times.

This follows an announcement by China's cyberspace regulator, the Cyberspace Administration of China (CAC), that it would look into accounts that have repeatedly released financial news illegally, distorted economic policy interpretation, badmouthed financial markets, spread rumours and disrupted network communications.

The term "self-media" is mostly used on Chinese social media to describe independently operated accounts that

produce original content but are not officially registered with the authorities.

Wechat said in a statement on Saturday that from now until Oct. 26, it would investigate and shut down financial self-media accounts that "badmouth the financial market" and "blackmail and spread rumors."

Sina Weibo, Douyin and Kuaishou also released similar statements on Saturday, reported the Global Times, with Sina Weibo and Kuaishou adding that they would severely crack down on accounts that violate the rules.

The announcements come amid a recent crackdown by Beijing on the tech sector, with the latest regulations targeting "chaotic" celebrity fan culture and algorithms that technology companies use to drive their business.



MEGHNA BANK

**Sohail RK Hussain, managing director and CEO of Meghna Bank, recently inaugurated its "Agent Banking Operation with the vision of 'To be recognised as an essential institution for the unbanked through zealous participation in the financial inclusion process'" at the bank's head office in Gulshan, Dhaka. Md Ariful Islam Choudhury, head of retail banking, and SM Rasheduzzaman, head of agent banking, were present.**

## Fed chief signals US economy may be ready for less stimulus by year end

AFP, Washington

The US economy and labor market have healed to the point that the central bank could begin to withdraw its stimulus measures by the end of the year, Federal Reserve Chair Jerome Powell said Friday.

But the Fed chief stressed that there was no hurry to raise interest rates, arguing that current inflation pressures will be temporary.

When Covid-19 hit the world's largest economy last year, the Fed jumped into action to prevent a major recession, slashing the key lending rate to zero and buying huge amounts of Treasury debt and agency mortgage-backed securities to provide liquidity to the financial system. The pandemic recession was "the briefest yet deepest on record," Powell said in his highly anticipated speech to the annual Jackson Hole central banking symposium.

With millions of jobs recovered, he signaled that the Fed may ease the pace of bond buying from its current \$120 billion per-month.

Powell provided no specifics, but instead repeated the Fed's stance that "it could be appropriate to start reducing the pace of asset purchases this year."

"Any move to slow asset purchases would still leave a large amount of stimulus in place, and would not be a signal that an increase in the benchmark lending rate would soon follow, he said. The timing of "rate liftoff" from zero will be subject to a "substantially more stringent test," Powell added.

Widespread vaccinations have allowed businesses across the United States to reopen fully, bringing the unemployment rate down to 5.4 per cent last month, much closer to the pre-pandemic level of 3.5 per cent.



**JEROME POWELL**  
FEDERAL RESERVE CHAIRMAN

However, Powell said the recovery has further to go and the fast-spreading Delta variant of Covid-19 adds uncertainty.

He noted that total employment remains about six million positions below its February 2020 level "and five million of that shortfall is in the still-depressed service sector."

"Meanwhile, prices have jumped as the economy restarted, pushing the central bank's preferred inflation gauge up to 4.2 per cent annually in July, well above the long-term target of two percent."

The White House on Friday more than doubled its forecast for consumer price inflation this year, predicting a 4.8 per cent annual increase, up from the two percent forecast in May. But President Joe Biden's Office of Management and Budget expects consumer inflation to slow sharply by the end of next year to 2.6 per cent.

Powell downplayed fears inflation could accelerate, noting that supply bottlenecks appear to be resolving and wage increases do not appear to be spilling over into prices.

Inflation is likely to decline as temporary pressures, like skyrocketing prices for used cars, recede, and Powell warned that moving to respond to factors that could prove to be temporary "may do more harm than good."

"The ill-timed policy move unnecessarily slows hiring and other economic activity and pushes inflation lower than desired," he said, warning that with the labor market still healing, "Such a mistake could be particularly harmful."

"The Fed target aims to get inflation running at an average of two percent over time, which in practice means accepting higher prices for a short period."

Powell noted that inflation has fallen short of that goal for decades, but policymakers nonetheless will watch incoming data for signs high prices are becoming entrenched.

Veteran Fed-watcher Mickey Levy of Berenberg Capital Markets said Powell may have disappointed those waiting for a roadmap for the taper program, but his speech doubled down on the bank's focus on job gains.

"Clearly, the Fed is carrying through on its prioritization of maximum inclusive employment established in its new strategic plan, with a very loose interpretation of its tolerance of higher inflation," Levy said in an analysis.

Some Fed officials recently have indicated they want to end the bond-buying program quickly.

Gregory Daco of Oxford Economics said the Federal Open Market Committee making the decision is divided and likely to wait until its November meeting "to make a tapering announcement, and start reducing asset purchases in December or January."

## Complying with supply chain due diligence

FROM PAGE B4

These numbers explain how important Germany is for Bangladesh in terms of the country's economy. To keep business relationships up and running, Bangladesh exporters have huge responsibilities.

So, let us now focus on how our exporters should prepare themselves in order to comply with the new regulation. First and foremost is the awareness of the law, its details, and the areas that could impact local suppliers.

Briefly, this legislation emphasises on the social and political rights of workers; more specifically this refers to the right to life, health, fair working conditions, and a decent standard of living; child protection; freedom from slavery and slavery-like working conditions; as well as the right of association, the right to assembly and the prohibition of torture.

In terms of environmental protections, the draft only covers exposure to mercury as defined in the Minamata Convention and persistent organic pollutants as defined in the Stockholm Convention.

The next step would be to define the policies and processes so that all the points stated above are taken care of.

For example, an employment policy which would clearly state that the company cannot hire any child labor and to ensure that anyone applying for employment must submit a birth certificate or National ID as a proof of his or her age.

Once a company defines its policies and adequate processes, the next step is to execute and monitor those on a regular basis so that nothing slips down the line. Another key step would be to have the required documentations updated and preserved as evidence.

Endorsement by a competent third party always adds credibility and therefore, a periodic audit conducted by any reputed and trusted organisation should be part of

the practice.

A concerted effort is required to create the awareness and to build the capacity of our exporters.

Trade bodies like the Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association along with the commerce should come together to form a joint committee who will guide exporters and help them become compliant.

This committee should proactively liaise with the German importers to align the export industries with their requirements and expectations. Any endorsement by German government organisations, such as the German embassy in Bangladesh, would help in a big way in terms of building a positive image of Bangladeshi suppliers.

Besides Germany, there are other European countries like France and the Netherlands that have already instituted legal frameworks of their own. The equivalent French law known as "Loi de Vigilance" introduces the principle of civil liability.

The UK Modern Slavery Act, the Swiss Responsible Business Initiative, and similar regulatory measures are in the making in a number of other countries like Belgium and Finland. At the European level, there is a broad consensus behind ambitious legislation on corporate due diligence.

Clearly, in the near future, it is expected that most of the major export destinations for Bangladesh will adopt laws similar to those that have already been passed by Germany. Bangladesh needs to respond quickly to avoid any last moment rush, hiccup, disruptions and more importantly, get prepared well in advance to maintain its hard-earned export trajectory.

*The author is chairman and managing director of BASF Bangladesh, and chairman of the German Business Council.*

## StanChart automates LankaBangla Securities investor accounts

STAR BUSINESS DESK

Standard Chartered Bangladesh has recently inked an agreement with LankaBangla Securities to provide an end-to-end solution automating the latter's collections from investors and subsequent reconciliation process.

Each investor will get a unique virtual account to make payments, be it online, over the counter or through cash recycler machines or cheques, says a press release.

The digitalised collections are automatically fed into LankaBangla Securities' Enterprise Resource Planning system through its accounts held with Standard Chartered Bangladesh, enabling receiving prompt notifications, reducing operational risk and increasing data security.

"Standard Chartered Bank has been the forerunner of banking innovation in Bangladesh," said Alamgir Morshed, the bank's managing director and head of financial institutions.

"...our solutions like virtual accounts combined with H2H enable the digitisation of collection with automatic reconciliation for brokerage houses, financial institutions and corporates," he said.

"LankaBangla Securities...has always been the early adopter of different innovative and value added technologies...and provide investors with a smooth investment experience," said its CEO and director, Khondoker Saffat Reza.

REUTERS, Havana

Cuban entrepreneurs, running businesses ranging from selling dried fruit to repairing bikes and developing software, are scrambling to understand the opportunities and challenges ahead after a landmark change in the rules governing the Communist-run economy.

Earlier this month, the government released regulations about a reform that would allow small- and medium-sized ventures to formally incorporate as businesses and access state financing, ending decades of classifying them as 'self-employed'.

The measure is seen by many analysts as one of the most important reforms undertaken since all businesses - down to shoe-shine boys - were nationalized in 1968 by former leader Fidel Castro.

Omar Everleny, one of Cuba's best-known economists, described the reform as a very positive one, long-sought by many Cubans.

It does have important limits - for instance, people can own no more than one business and cannot contract foreign partners or carry out direct foreign trade.

"Given the economic situation and remaining restrictions, it will not mean a big economic improvement in the short term," cautioned Everleny.

For Nayvis Diaz, founder of Velo Cuba, a bicycle repair and rental company with 17 employees in Havana, it marks a significant change, however.

"What is important is we are now fully part of the economy and no longer marginalized," she said. "Many people with a lot of social and business responsibilities in the city, and many others in the private sector, were waiting for this."

The measure forms part of



Nayvis Diaz, founder of Velo Cuba, speaks to employees at her bicycle repair and rental company in Havana, Cuba on August 25.

a package of market-oriented reforms undertaken by Cuban President Miguel Diaz-Canel over the last year, as the coronavirus pandemic and tougher US

sanctions tipped the shaky economy into a tailspin and led to shortages of food, medicine and other basic goods. Cuba's economy contracted by

10.9 per cent in 2020 and shrank another 2 per cent this year through June, compared with the same period in 2020.

It remains reliant on tourism and imports.

The Fernandez brothers, who own Deshidratados Habana, Cuba's only company processing and selling dried fruits, were nevertheless enthusiastic.

"A bad economy can present opportunity," Oscar Fernandez said, standing amid makeshift ovens and other equipment in his basement. The company began when the pandemic forced their cafeteria to close, he explained.

Hundreds of small businesses have found niches in a state-dominated economy short on imagination and initiative: from gourmet restaurants and 3D-parts manufacture to software development, home delivery, landscaping and construction contracting.

## Indian Oil expands JV with Malaysia's Petronas to focus on LNG plants

REUTERS, New Delhi

Indian Oil Corp is expanding its joint venture with Malaysia's state-run Petronas to include building liquefied natural gas (LNG) terminals, fuel retailing and gas distribution, Chairman SM Vaidya said on Friday.

Liquefied petroleum gas (LPG) is imported by Indian Oil Corp under the IndianOil Petronas Pvt Ltd which is its equal joint venture with the Malaysian oil giant.

The state-run company is focusing on strengthening its grip on new cleaner energy (including Hydrogen) and hence

is keen on expanding its partnerships with the global oil firms.

"We are pursuing more such win-win associations with respective segment leaders to explore newer avenues of growth and gain competitive advantage in the future," Vaidya said at the annual shareholders meet.

Indian Oil Corp has announced an investment of 1 trillion Indian rupees (\$13.49 billion) in order to ramp up its refining capacity by 25 million tonnes every year in the next couple of years, Vaidya said.

He also added that the company is also looking forward to ramping up the yields of chemical products.



A Petronas logo at their office in Kuala Lumpur, Malaysia.

REUTERS/FILE

## Toyota halts all self-driving e-Palette vehicles

REUTERS

Toyota Motor said on Friday it had suspended all self-driving e-Palette transportation pods at the Tokyo Paralympic Games village, a day after one of the vehicles collided with and injured a visually impaired pedestrian.

In a YouTube video, Toyota Chief Executive Akio Toyoda apologized for the incident and said he offered to meet the person but was unable to do so.

"A vehicle is stronger than a person, so I was obviously worried about how they were," he said, answering questions about the incident.

Toyota said the accident showed the difficulty for the self-driving vehicle to operate in the special circumstances of the village during the Paralympics with people there who are visually impaired or have other disabilities.

"It shows that autonomous vehicles are not yet realistic for normal roads," he said.

The vehicle had stopped at a T junction and was about to turn under manual control of the operator, who was using the vehicle's joystick control, when the vehicle hit the athlete going at around 1 or 2 kilometres an hour, Toyota said.

He said Paralympic officials had told him that the athlete, who remained conscious, was taken to the athlete village medical centre for treatment and was able to walk back to their residence.

## A stellar month for stocks

FROM PAGE B1

The index surged 370 points in August, which is the second highest monthly rise in the current year. Earlier, it skyrocketed 473 points in May, DSE data showed.

However, the index rose without witnessing any correction in the last five months, so investors should get ready for corrections, the broker said.

A merchant banker said there are many reasons for the rising stock market, such as low interest rate in banks, higher confidence on the present commission of the stock market regulator, and sustained lower price of stocks.

But despite all these factors, some companies are actually overvalued so investors need to be cautious, he said. For example, some insurance stocks and low paid-up capital-based companies are mostly overvalued in the market. "However, there are still some stocks where people can invest in," he added.

## Canada joins Mexico for consultation with US over USMCA auto content rules

REUTERS, Ottawa/Mexico City

Canada has joined Mexico in seeking formal consultation with the United States over the interpretation of content rules for automobiles set out in the North American trade pact, Mexico and Canada said on Friday.

Mexico requested a formal consultation on the interpretation and application of tough material rules for cars under the United States-Mexico-Canada Agreement (USMCA) on August 20, after disagreeing on the issue in a virtual meeting in May when it The differences cited the United States methods.

Canada and Mexico use more flexible interpretations.

Global Affairs Canada spokeswoman Patricia Skinner said, "We know how important the auto industry is to Canadian workers and the Canadian economy. Canada has advised the US and Mexico to engage in consultation as a third party. wants."

Skinner said Canada continues to work with the auto industry on this and other important issues.

Mexico's Economy Minister Tatiana Clouthier said, "We are pleased that Canada has decided to join the consultation request that we received on August 20 regarding the interpretation of the Rules of Origin by the United States at the USMCA for the automotive sector. requested." said on Twitter.

The USMCA, the successor to the North American Free Trade Agreement, requires 75 per cent of North American content for a vehicle to be from North America.

The same percentage will apply for essential parts from July 1, 2023, which is now 69 per cent, compared to 62.5 per cent under the previous trade agreement.

Mexico argues that once the required parts level reaches 75 per cent, it is considered 100 per cent and should be counted as the overall value of the automobile.



A car hauler transports newly assembled vehicles from the FCA Windsor Assembly plant in Windsor, Ontario, Canada.

REUTERS/FILE

## Protect consumer rights in digital industries: experts

FROM PAGE B1

"Digital financial services are here to stay, we will not only live with it, we have to use it. So we need to learn it properly," he said.

Mansur suggested that the government should establish a separate wing for e-commerce and mobile financial services to oversee and resolve customer complaints.

"The overall digital consumer protection in the broader aspect has not been covered by the media to an extent for people to be aware about it," he added.

MA Razaque, research director at the PRI, presented a study at the event.

In it, he said digital footprints, or personal data, were left behind after every online transaction. This personal data is often used to provide personalised advertising but there is complexity, opacity, and uncertainty around this issue.

"Misleading, unethical or fraudulent commercial practices are also possible using personal data," Razaque said.

The leakage of such data could make consumers victims of crimes such as privacy infringement and identity theft.

The pace of technological changes is faster than the developments in legal provisions, he added.

Razaque went on to say that in 2020, Bangladesh was given an overall financial score of 42 by The Economist Intelligence Unit (EIU), and ranked 44th among 55 middle and low-income countries, which was very low.

In the consumer protection index, Bangladesh is ranked 48th among 55 countries.

He suggested providing a more comprehensive and robust consumer protection framework for the users of digital financial services.

He also recommended going

for capacity building of consumer rights groups, increasing consumer awareness, strengthening digital financial literacy of consumers, introducing effective digital financial literacy programmes, and user education at the sign-up stage.

"Data protection is one of the crucial matters in the digital age as the information of digital customers is being leaked in many cases," said Tanvir A Mishuk, founder and managing director of Nagad, a local digital financial service provider.

Some people get random phone calls from different numbers offering something to sell. This is because their data was leaked but it wasn't leaked by the organisation, rather it was an employee.

"At Nagad, we have the data of 5.4 crore crore people. So, it's our responsibility to protect the customers' information such as where they are eating and how they are spending money," Mishuk said.

"To do that, we keep it fully encrypted with a four-layer protection system and our employees don't have access to much of that data. So, it is not possible to download our data and sell it to others. I think every operator should emphasise on this," he added.

Many complaints are now coming against e-commerce platforms. Amidst the ongoing Covid-19 pandemic, there has been a boom in e-commerce and most of the irregularities have occurred during this period, according to Syed Yusuf Saadat, senior research associate at the Centre for Policy Dialogue.

"Although ensuring law and order and consumer protection in the e-commerce sector are crucial, we should not over regulate as it is a growing industry at a nascent stage," he said.

Many e-commerce companies are in this stage and are trying hard to ensure consumer rights.

"So, they should not suffer for those who came here with ulterior motives," Saadat added.

SM Nazer Hossain, vice president of the Consumers Association of Bangladesh, said consumers were the most vulnerable group as they have no voice and no participation and there was no one there to listen to them.

Even in formulating recent e-commerce guidelines, there were no participants representing consumers.

"Most of the policies are formulated now for providing privileges to the businesses," Hossain said, adding that 16 crore consumers were now suffering as a result.

The role of a regulatory authority is very important. Immense discrimination prevails both at the consumer and business-ends in Bangladesh, so fraudulent activities are on the rise.

Mahabubul Islam, head of Dutch-Bangla Bank's Rocket, and Farhana A Rahman, senior vice-president of the Bangladesh Association of Software and Information Services, also spoke at the event.

## BB extends relaxed loan classification policy

FROM PAGE B1

since the first quarter of this year as the central bank withdrew a moratorium facility.

Borrowers enjoyed a yearlong moratorium facility throughout last year.

Non-performing loans stood at Tk 99,205 crore in June, up 11.80 per cent from six months earlier and 3.21 per cent year-on-year, showed data from the BB.

## Stimulus seekers complain of bribery

FROM PAGE B1

In its latest survey released yesterday, Sanem said 79 per cent of the firms surveyed had not yet received any fund from the stimulus packages. Entrepreneurs who did avail loans continued to complain about lengthy procedures and difficulties in bank related services.

There is a dearth of monitoring and transparency in the process for disbursement of stimulus packages, he said while sharing the findings of the survey on "Covid-19 and Business Confidence in Bangladesh" at a media briefing.

Sanem said effective implementation of the stimulus packages was critical.

"An assessment is urgently required on the stimulus packages implemented so far. Stimulus packages need to be redesigned and expanded amid the current wave of Covid-19," said Raihan.

Sanem said businesses were more confident about recovery in the current July-September 2021 period than what they had felt in the preceding quarter owing to relaxation of the countrywide lockdown.

It said the business confidence index (BCI), measured on a scale of 0 to 100, improved to 49.74 in the July-September period of this year from 41.39 in the April-June period.

"The improvement is visible for all of the sub-components. This improvement in business confidence gives hope over the revival of the private sector," said Raihan.

Sanem said confidence levels regarding recovery were higher in food, restaurant, garments, textile, leather and pharmaceutical sectors than that in transport, light engineering, wholesale, retail, real estate and ICT sectors.

This was the fifth round of the survey, being conducted by the research organisation since July 2020 to track the situation of the economy and sentiment of businesses.

Sanem said the fourth round of the survey in April this year exposed a deterioration of business confidence followed by the second wave of Covid-19.

"This round of survey provides insights on the pulse of the economy as the economy transits through the second wave of the pandemic," it said.

Despite making improvements from the previous quarter, overall confidence among business is still below that of the July-September period of 2020, when the BCI was 51.06, which indicates that the recovery process for the economy was going slow.

"The recovery process has been disrupted and there is still uncertainty," said Raihan.

Sanem said 64 per cent of respondents termed the economy's recovery weak while 27 per cent considered it moderate, and only 9 per cent opined that the economy had been on the path towards a strong recovery.

Remittance inflow, export of goods and services, banks' credit to the private sector and vaccination programmes, among others, are the major factors that are contributing to the overall economic recovery, said the research organisation.

Sanem said over the past 15 months, there had been some visible recoveries in business activities. However, business activities deteriorated in the April-June 2021 quarter compared to that in the January-March 2021 quarter.

"It is alarming," said Sanem, adding that the situation was worse for micro,

small and medium, non-exporting and service sector firms alongside those located outside Dhaka.

"It shows the firms have fallen back again, and it might take longer to get back to the pre-pandemic situation," said the organisation.

The research organisation found that 67 per cent of the firms had been running by spending their savings as they had not received stimulus funds while some 20 per cent laid off employees to survive.

Some of the firms cut wages and salaries of employees to keep business afloat, said Raihan.

Regarding vaccination, the survey found some 60 per cent of respondents having received the jab.

It is a concern for the economy that the remaining 40 per cent has not been vaccinated yet, said Raihan.

Some 50 per cent of the surveyed owners of micro firms had been vaccinated, he said.

The survey found that only 25.5 per cent of employees of the surveyed firms had been vaccinated.

Some 75 per cent of employees were yet to come under the vaccination programme, which is also another major concern for business and economic recovery.

Most of the vaccination took place among Dhaka-based firm owners and export-oriented firm owners account for the highest percentage of those vaccinated, as per the survey.

Haphazard, unplanned and ineffective lockdowns are rather painful for the country. On one hand the firms are having to stay shut while on the other the lockdown has no effective outcomes.

So, area specific lockdowns are required in the future through the formulation of protocols, recommended Raihan.

## Fish production on the rise

STAR BUSINESS REPORT

Fish production rose 3 per cent year-on-year to 45 lakh tonnes in fiscal 2019-20, thanks to increased aquaculture, according to the Ministry of Fisheries and Livestock.

"We have achieved 9.1 per cent growth in fish production in the last one decade," Minister SM Rezaul Karim told a press briefing at the Department of Fisheries marking "Fisheries Week" which began yesterday.

Total fish production stood at 4,276,640 tonnes in fiscal 2017-18, showed data from the Department of Fisheries.

Karim said Bangladesh's success in fish production was globally recognised, with its output from open water bodies being the world's third largest while that from closed-system aquaculture fifth. Bangladesh is the top hilsa producing nation and fourth largest producer of tilapia, he added.

He said aquaculture and fisheries created

income opportunities for many migrant workers forced to return for the Covid-19 fallouts, playing an important role in rehabilitating the unemployed.

Increased fish production contributes to meeting nutrition requirements, he said, urging all to refrain from using fish feed which could end up being toxic for human health.

Karim also said the government was trying to ensure the recovery of 31 endangered species of fish through artificial breeding.

## Strengthen domestic market, supply chain

Experts suggest ways for dealing with post-LDC challenges

STAR BUSINESS REPORT

The development of the local market and supply chain ecosystem is very essential for facing challenges once Bangladesh makes the United Nations status graduation from a least developed to a developed country, stakeholders told a dialogue yesterday.

Besides, modernisation and automation of tax, VAT and duty structure; attraction of new investment and use of technology are also important for post-LDC competitiveness, they said. The Dhaka Chamber of Commerce and Industry (DCCI) virtually organised the dialogue on "Local Market Development: Preparedness for the post-LDC era".

In his opening remarks, DCCI President Rizwan Rahman said after the graduation, the country's export market would have to face compliance, international support measures, duty and non-duty related challenges.

"Based on our present economic situation, development of the local market is also equally important besides the export market," he said.

As the total market scenario will be changed after the graduation, development of local businesses, boosting local manufacturing capacity and enhancing product quality are also very important, said Rizwan.

"Therefore, in consideration with reformed duty structure, tax structure, good manufacturing environment and changed consumer behaviour pattern we can make our supply chain ecosystem more competitive," he said. Tapan Kanti Ghosh, secretary to the commerce ministry, said, "In terms of building export competitiveness we have to enhance value addition."

Ensuring low-cost financing, ease of doing

business, efficiency in port and customs and skills development are some of the major issues for the post-LDC period, he added.

Md Masud Sadiq, member (VAT policy) of the National Board of Revenue, said ensuring easy funding, VAT system automation, infrastructure development and technology adaptation were some of the major issues that needed more focus.

Md Habibur Rahman, executive director (research) of Bangladesh Bank, said in the

latest monetary policy the interest rate has been cut drastically and therefore, the private sector would get access to low-cost funding as banks had adequate liquidity.

"We have to strengthen our backward linkage industry," said Sha Md Abu Raihan Alberuni, member of the Bangladesh Trade and Tariff Commission. Ahsan Khan Chowdhury, chairman and CEO of Pran-RFL Group, spoke at the programme among others.



In order to build export competitiveness, local manufacturers should enhance value addition as Bangladesh will face various challenges in export markets after its graduation from the least developed country status, experts said. The photo was taken from a factory of Pacific Jeans in Chattogram yesterday

RAJIB RAIHAN

## Complying with supply chain due diligence

A crucial aspect for Bangladeshi exporters



SAZZADUL HASSAN

On June 11 earlier this year, the German Parliament, the Bundestag, passed a law called "Act on Corporate Due Diligence in Supply Chains". This law obliges business organisations to fulfil their due diligence obligations in their supply chains with regard to respecting internationally recognised human rights and certain environmental standards.

In other words, companies have to take responsibility for any labor or environmental abuses in their global supply chain; they will be held responsible in case of any violation of human rights while conducting any activity, from raw material sourcing to finished products.

This law originated from the UN's guiding principles on business and human rights, which are the most important internationally recognised standards of corporate responsibility.

This act will come into effect in 2023. Initially, German companies having 3,000 or more employees will be under the purview of this law.

From 2024 onwards, business houses with 1,000 or more employees will be brought under this law. In accordance with the law, companies will have to ensure that there are no human rights violations in their immediate business activity and the business operations of their direct or primary suppliers.

Risk analysis for the indirect or secondary suppliers is only required where a German company is informed about a human rights violation. In that event, they must also conduct risk analysis and institute preventive measures, although the requirements are less stringent in these cases.

In case the companies fail to abide by the law, they will have to face hefty fines which can go up to 2 per cent of the annual turnover for those with average revenues of more than €400 million per annum.

The maximum fine for companies with annual revenues below this threshold is €800,000. For some of the largest German companies this could mean billions of euros in fines per incident. So, it can be expected that German companies will be extremely compliant with this act.

This law will have profound impacts on Bangladeshi exporters. Germany is Bangladesh's largest trading partner in Europe and the second largest globally.



## OPINION

According to the Export Promotion Bureau (EPB), Bangladesh's exports to Germany amounted to \$5.95 billion in fiscal 2020-21. Germany alone contributed 15 per cent of the country's total export earnings for the year, standing second in the list after the US with \$6.97 billion worth of exports.

The main products that Bangladesh exported to Germany were knit T-shirts (\$1.23 billion), non-knit men's suits (\$1.09 billion), and knit sweaters (\$975 million).

During the last 24 years, Bangladesh's exports to Germany have increased at an average annual rate of 12.4 per cent.

READ MORE ON B2



## GLOBAL BUSINESS

# China targets US IPOs, algorithms, cloud in latest tech takedown

REUTERS, Shanghai

China has launched a multi-pronged attack on its tech companies, threatening to curb their ability to list in the United States, seeking to tighten up regulation of their use of algorithms and sidelining their cloud computing businesses in a major city.

In another move amid a wave of regulations on the tech sector announced in recent months, Beijing has also cracked down on what it described as a "chaotic" celebrity fan culture, imposing new restrictions on already tightly controlled content in China.

The moves further clip the wings of Chinese tech behemoths such as Alibaba Group and Tencent Holdings and have unnerved investors, hammering Chinese shares traded at home and abroad.

Chinese tech firms have raised billions of dollars in overseas listings, particularly in the United States, as Beijing for years pursued a more laissez faire approach to the industry.

Now China is framing rules to ban internet firms whose data is deemed to pose a potential security risk from listing abroad, a person familiar with the matter said.

The new rules would also put an emphasis on the legal responsibility of underwriters in overseas listings and require a more thorough disclosure of shareholdings for those with so-called variable interest entities (VIE) structure.

The VIE structure, used widely by tech firms, was created two decades ago to circumvent rules restricting foreign



The Chinese national flag is seen in Beijing, China.

REUTERS/FILE

investment in sensitive industries such as media and telecoms.

It gives firms more flexibility to raise capital offshore via initial public offerings (IPOs), while bypassing the scrutiny and lengthy vetting that locally-incorporated companies face.

As China's tech sector has grown in size and prominence so Beijing has become increasingly wary of its influence and the

mountains of data it controls.

In a move underlining that concern, Tianjin, a city of 14 million lying south of Beijing, told companies controlled by the municipality to migrate data from clouds run by private operators like Alibaba and Tencent to a state-run system by September 2022, a document dated August 12 showed.

Shares in Alibaba, China's biggest cloud service provider, closed 4 per cent lower in

Hong Kong on Friday.

Its US-listed shares were down more than 3 per cent in pre-market trade in New York.

Alibaba Cloud, whose revenues remain modest compared to its parent company's vast e-commerce business, has been heavily promoting its cloud services.

Last year, it said it planned to spend \$28 billion over three years on next-generation data centres. Chinese technology stocks have seen tens of billions of dollars wiped off their stock market valuations since Beijing commenced its crackdown on the sector in November 2020 with the shock halt of Ant Groups IPO, billed as the world's largest share sale.

Since then, the tech sector has dropped nearly 20 per cent. The Cyberspace Administration of China said on Friday it was also tightening oversight of algorithms used by tech firms, telling them to act fairly and not use algorithm models that entice users to spend cash in a way that could disrupt public order.

The guidelines include a proposal to let users turn off algorithm recommendation services, giving consumers a greater say over an area of the internet that has also been the target of authorities in the United States and Europe.

"This policy marks the moment that China's tech regulation is not simply keeping pace with data regulations in the European Union but has gone beyond them," said Kendra Schaefer, head of tech policy research at Beijing-based consultancy Trivium China.

## Biden admin defends approving licences for auto chips for Huawei

REUTERS

The Biden administration, which was criticized this week for approving licenses for auto chips for Huawei, said it has not changed the policy on restricting sales of goods and technology to the Chinese company that was put in place during the Trump presidency.

"The policy has not been eased or amended," a Commerce Department spokesperson said.

The comments came in response to demands from Sen. Marco Rubio that US officials explain why they approved hundreds of millions of dollars worth of auto chip sales to the company, as reported by Reuters this week.

Rubio called the move "yet another example of President Biden's failure to protect America's economic and national security." Huawei was placed on a US trade blacklist in 2019, after the Trump administration said it was operating contrary to national security and foreign policy interests.

The so-called "entity list" restricts suppliers from selling US goods and technology to the world's largest telecommunications equipment maker.

The Commerce Department is prohibited from disclosing license approvals or denials, the spokesperson said.

But some sales were allowed and others denied as the United States intensified its crackdown on the company and expanded US authority to require licenses for sales of semiconductors made abroad with American technology.

An August 2020 rule said that licenses for products with 5G capabilities were likely to be rejected, but sales of less sophisticated technology would be decided on a case-by-case basis. During the Trump administration, \$87 billion worth of licenses for Huawei were approved after its blacklisting, but \$119 billion were denied as the presidency wound down in January, according to a Commerce Department document seen by Reuters.

"The Biden Administration has not changed the regulatory restrictions on Huawei and its affiliates on the Entity List imposed in 2019 or 2020 or the policy for implementing those restrictions developed during the Trump administration," the Commerce Department spokesperson said.

## UK aims to conclude Pacific trade group talks next year

REUTERS

Britain aims to conclude negotiations to join the trans-Pacific trade group by the end of 2022, the Financial Times reported on Saturday, citing International Trade Secretary Liz Truss.

"We will be able to have concluded negotiations by the end of next year," Truss told the newspaper.

She argued that the deal would help Britain benefit from economic growth in the Asia-Pacific region.

Britain received a green light in June to start the process of joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership of 11 countries — Japan, Canada, Australia, Vietnam, New Zealand, Singapore, Mexico, Peru, Brunei, Chile and Malaysia.

Truss told the FT she expects trade between the United States and Britain could be liberalised if Washington rejoined the group.

## Thailand eases curbs on retail, restaurants to spur economy

REUTERS, Bangkok

Thailand will lift most coronavirus restrictions on retail and dining from next month and permit gatherings of up to 25 people in Bangkok and other high risk areas, its Covid-19 task force said on Friday.

Easing restrictions and adjusting measures were necessary to revive the economy safely, the task force said, as the country battles its worst coronavirus outbreak and struggles to ramp up vaccinations, with only 1 in 10 people inoculated so far.

From Sept. 1, shopping malls, salons, barber shops, foot massages and sports fields in 29 high-risk provinces including Bangkok, are allowed to resume operations, while restaurants can open to diners, the task force said.

Authorities asked business operators to ensure service staff are fully vaccinated and regularly tested with antigen kits, and to require customers to show proof of vaccination and negative tests.

Thailand reported 18,702 new cases and 273 new deaths on Friday, among some 1.14 million cases and 10,587 deaths overall, the overwhelming majority since April.

Its current struggle is with the highly transmissible Delta variant of the virus, which has seen record deaths during August.

"We need to adjust the way we handle and live with the disease safely... by adjusting strategy and build confidence so disease control measures are in line with reviving the economy safely," task force spokeswoman Apisamai Srirangan told a briefing.



People queue for free coronavirus disease rapid antigen tests at a mass testing station, as the spread of Covid-19 continues, in Bangkok, Thailand on July 15.

REUTERS/FILE