City

STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.66%	▲ 0.72%	▲ $1,813.64 (per ounce)	▲ $72.96 (per barrel)	▲ 1.16%	▲ 1.08%	▼ 1.52%	▲ 0.45%
6,869.24	11,985.72			57,552.39	28,089.54	3,055.05	3,543.94

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	CNY
BUY TK	84.25	98.45	115.11	12.75
SELL TK	85.25	102.25	118.91	13.40

Star BUSINESS

DHAKA WEDNESDAY SEPTEMBER 1, 2021, *BHADRA 17, 1428 BS* ● starbusiness@thedailystar.net

Padma Bank seeks to merge with state bank

STAR BUSINESS REPORT

Padma Bank, the erstwhile Farmers Bank, in a letter to the finance ministry recently has sought to be merged with any state bank that fits the bill, in what seems to be a desperate effort to avoid further deterioration of its financial health.

"We have recently received an application from the bank for a merger," ABM Ruhul Azad, additional secretary to the ministry's financial institutions division, told The Daily Star.

"No decision has been taken yet," he said.

The merger plea comes around three years past the government rescuing the lender from collapse in the wake of massive financial irregularities.

Established in 2013 as Farmers Bank, the lending agency had fallen prey to scamsters. A Bangladesh Bank investigation found that more than Tk 3,500 crore was siphoned off between 2013 and 2017.

The bank fell in deep trouble after depositors, which included government agencies, started pulling out their money as allegations of corruption arose against Muhiuddin Khan Alamgir and Md Mahabubul Haque Chisty, the then board chairman and chairman of the audit committee respectively.

READ MORE ON B3

Apparel export to EU awaits severe competition: experts

STAR BUSINESS REPORT

Bangladesh will face severe competition in garment shipments to the European Union (EU) once it makes the United Nations status graduation from a least developed to a developing nation, a noted economist said yesterday.

Bangladesh will lose a 12 per cent duty benefit while Vietnam will enjoy zero duty benefit for signing a free trade agreement (FTA), said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD).

So, Bangladesh will face a disadvantage of nearly 22 to 23 per cent in duty to the EU, he added.

Vietnam will also enjoy duty benefits to major markets like Canada, the US and Australia since it is a member of a Trans-Pacific Partnership (TPP) Agreement and has signed a Regional Comprehensive Economic Partnership (RCEP) agreement.

So, there is scope for limitations to come about for Bangladesh's garment sector in the next seven to eight years if the government does not take up necessary action plans to expand the business horizon, Rahman said.

It is the state's responsibility to get FTAs, preferential trade agreements (PTAs) or comprehensive economic partnership agreements (CEPA) signed with countries concerned, bring massive reforms and protect labour rights for enjoying duty benefits.

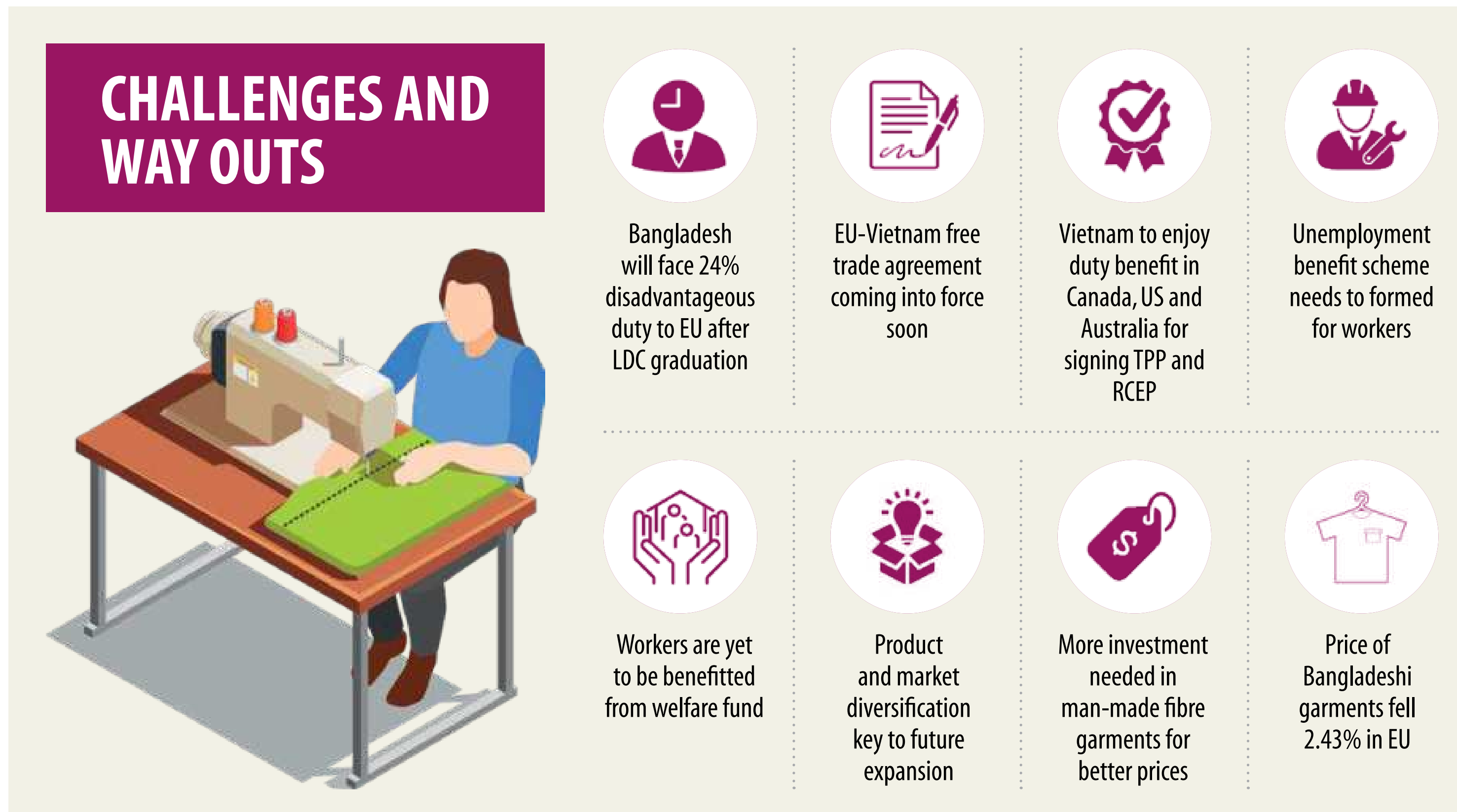
Otherwise, the bad impacts of business end up falling on workers, Rahman told a virtual discussion on "Dealing with the aftermath of Covid-19 Adjustments and Adaptation Efforts of the Apparel Workers in Bangladesh", organised by Nagorik Platform and Christian Aid.

Garment manufacturers, exporters, union leaders, researchers and experts participated in the discussion moderated by Debapriya Bhattacharya, a distinguished fellow of the CPD and convener of the Citizen's Platform for SDGs, Bangladesh.

Rehman Sobhan, chairman of the CPD, said it was either miscommunication or something else, but the sudden reopening announcement after the latest lockdown prompted a large number of workers to rush to their workplaces.

They did so despite the risks posed to their lives as they thought they may lose their jobs or face other problems.

READ MORE ON B3



Edible oil consumption rises 20pc in 5 years

Study finds

STAFF CORRESPONDENT, *Chattogram*

The per capita consumption of edible oil in Bangladesh increased by 20 per cent in the last five years to reach 18.4 kilogrammes (kgs) in 2020, according to a survey by the Council of Palm Oil Producing Countries (CPOPC).

In 2016, the per capita consumption of edible oil stood at 15.3 kgs.

As per the CPOPC report, the country's annual consumption of oils and fats currently stands at 30.3 lakh tonnes, 92 per cent of which is met through imports. Bangladesh imported 27.73 lakh tonnes of edible oil, fats and oil seed worth $2.12 billion in fiscal 2019-20.

READ MORE ON B3

SME stimulus way lower than regional peers: study

STAR BUSINESS REPORT

The government's allocation for helping small and medium enterprises (SMEs) overcome coronavirus-induced losses is less compared to the funds set aside for the same purpose in India, Thailand, and Malaysia, according to a recent study.

The findings of the study styled "The Future of SMEs after the Coronavirus Crisis: Challenges and Opportunities" were revealed yesterday at a webinar jointly organised by the SME Foundation and Friedrich-Ebert-Stiftung, Bangladesh.

As per the report, India allocated 38 per cent of its total Covid-19 stimulus funds for the SME sector while it was 33 per cent in Thailand and 24 per cent in Malaysia.

On the other hand, Bangladesh's allocation is just 22 per cent.

Considering the situation, discussants suggested that the government should increase the incentives for SMEs and pay special attention to the sector.

"The revenue of the local SME sector has fallen by 66 per cent due to the ongoing coronavirus crisis as 76 per cent of their products remain unsold," said Atiur Rahman, former governor of Bangladesh Bank.

READ MORE ON B3

Revenue of the local SME sector has fallen by 66 per cent due to the ongoing coronavirus crisis as 76 per cent of their products remain unsold. STAR/FILE

Stocks bounce back after 3-day fall

STAR BUSINESS REPORT

Bangladesh's stock market bounced back yesterday after losing a total of 61 points over the last three days as investors started to buy stocks, thinking that the profit booking session had ended.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 45 points, or 0.68 per cent, to 6,869.

On the same day, the DS-30, the blue-chip stock index, rose 10 points to 2,453.

"As the deposit rate in the banking sector is low, people now prefer investing their funds in the stock market," said a merchant banker preferring anonymity.

Besides, the market recently became vibrant after a long time, attracting more general investors in the process.

"However, they should remain cautious when investing since many stocks are quite overvalued and none but the investors themselves will suffer for wrong decisions," he said. Turnover, an important indicator of the market, rose 21 per cent to Tk 2,249 crore yesterday at the DSE, where 225 stocks advanced, 119 fell and 32 remained unchanged.

"The stock market index has been in a rising trend for the last few months, when many stocks rose 10 to 20 per cent, so a profit booking session was expected," a stock broker said.

Now, since many investors think the index may rise further, they started to buy again, he added.

Following corrections over the past few days, the market opened with the active presence of bargain hunters and this upbeat trend continued until the end of yesterday's session, International Leasing Securities said in its daily market review.

READ MORE ON B3

NEW INTERNATIONAL ACCORD: THE DEBATE

A new International Accord for Health and Safety in the Textile and Garment Industry was formed in Amsterdam on August 25 with a view to improving workers' rights and health in different countries, including Bangladesh. The two-year agreement comes into effect from today. However, the new platform has generated a heated debate among industry leaders, unions and independent experts. **Refayet Ullah Mirdha***, senior staff reporter at The Daily Star, talked to them. The following are excerpts from interviews on the development.*

New accord can't be formed

Farque Hassan

Farque Hassan, president of apparel makers' platform the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said a new international accord cannot be formed.

Bangladesh has already complied with a Corrective Action Plan in accordance with the recommendations of the previous Bangladesh accord, he said.

"It is just old wine in a new old bottle," he said.

The international accord's formation is unethical, contradicts the laws of the land and has no recognition in Bangladesh, Hassan also said.

Even the Bangladesh accord cannot issue any press release on the formation of the international accord as the former's operations came to a close through a court order in Bangladesh, he said.

Moreover, the international accord is not needed at all as the RMG Sustainability Council, a tripartite body, has been working towards ensuring safety in the country's garment sector, said Hassan.

In fact, the signatories of the international accord did not take any

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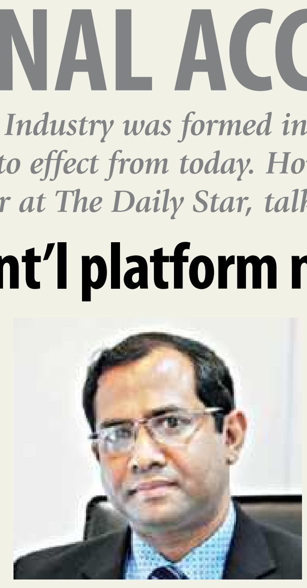
Separate int'l platform not needed



Khondaker Golam Moazzem

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD), said formation of this separate international accord platform was not needed.

The international accord has been formed mainly targeting protection of workers' rights like freedom of association and health safety in the garment sector worldwide, including Bangladesh, he said.

The two issues could have been incorporated in the existing RMG Sustainability Council (RSC) as it is a tripartite platform comprising brands, unions and industry, he said.

Moazzem said he discourages such new platforms from becoming active in the country, as the RSC was already functioning here.

"We discourage the formation of the new platform as the RSC is in place. Since the union leaders are also involved in the RSC, they also need to be consulted over the formation of the international accord," he said. He also said the brands and retailers were already functional in Bangladesh as they were signatories to the RSC.

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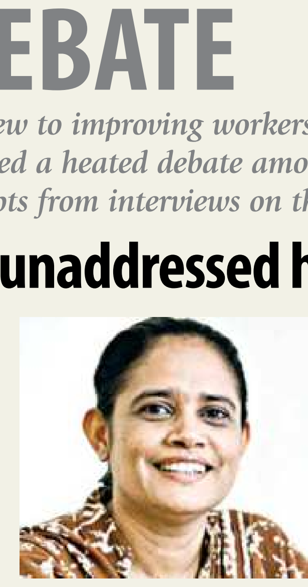
A win for unaddressed health safety



Nazma Akter

The international accord was formed mainly to ensure occupational and health safety of workers, said Nazma Akter, a substitute executive committee member of IndustriALL Global Union, a union federation representing more than 50 million working people in more than 140 countries.

The previous accord worked only to ensure electrical, fire and structural safety in the garment sector in Bangladesh, she said.

The health and occupational safety was not addressed in the previous accord although the issues were raised by the rights groups, she said.

"I hope the new accord will act to protect the occupational health, safety and good health of the workers so that they can work for a long time and get the benefits of service," Akter said. "I also hope that the productivity in the garment factories will increase if the workers feel safe and have sound health. We fought for the new accord and we won. It is our victory," she also said. The new accord is applicable not only in Bangladesh but also in other countries, she added.

READ MORE ON B3

Mastercard, SSLCOMMERZ, MTB offer using Bangla QR

STAR BUSINESS DESK

Mastercard, payment gateway SSLCOMMERZ and Mutual Trust Bank have launched a quick response (QR) acquiring platform enabling use of "Bangla QR".

To complete a transaction, users have to access a Mastercard QR option on their bank's app and scan the code displayed at the merchant's website or checkout counter. Users then enter the amount that they wish to pay to complete the payment.

"…(it) will enable cardholders to process their daily transactions in a more convenient and faster way," said Syed Mohammad Kamal, country manager of Mastercard, in a press release.

"In pursuit of the Digital Bangladesh vision of our government, we believe this endeavour will facilitate convenience for valued customer with transactional efficiency," said Syed Mahbubur Rahman, group managing director and CEO of MTB.

"This ceremony is the beginning of a new chapter," said Sayeeful Islam, managing director of SSLCOMMERZ.

UNITED COMMERCIAL BANK

Javed Iqbal, executive vice president of United Commercial Bank, handed over a freezer ambulance as a donation to Kazi Shamim Hossain, director of M Abdur Rahim Medical College Hospital in Dinajpur, as a part of its special corporate social responsibility at the bank's corporate office in Dhaka yesterday.

Tateyama Kabir

Mohammed Jamil Iqbal

NRB Bank reelects vice chairmen

STAR BUSINESS DESK

NRB Bank has recently witnessed the reelection of two vice-chairmen at a board of directors' meeting.

Of the duo, Tateyama Kabir is president of Kabir Auto Export Company, chairman of KM Global and Soft Bangla, managing director of Sumday Development Company and proprietor of Ocean Auto and KM International, says a press release.

The other, Mohammed Jamil Iqbal, is the founder and chairman of Jamil Iqbal, Manor Trade and Divine Properties, proprietor of JI Stone Supplier, a partner of Al Anood Perfumes Company and a member of the Sylhet Chamber of Commerce and Industry.

Asian markets rise as traders brush off early upset at China data

AFP, *Hong Kong*

Markets rose in Asia on Tuesday, tracking another record Wall Street close, as investors overcame early selling pressure sparked by data indicating China's economic recovery had been slowed down by an outbreak of the fast-spreading Delta Covid variant.

The positive energy stoked by a pledge from Federal Reserve boss Jerome Powell to be cautious in withdrawing the bank's vast financial support appeared to have dissipated at the open, replaced by fresh concerns over Beijing's crackdown on private enterprises and the ever-present spectre of the coronavirus.

The day got off to a weak start after China released figures showing activity in the services industry contracted last month for the first time since February 2020.

Authorities imposed strict travel restrictions on swathes of the country this month to contain its worst outbreak of Covid since the initial pandemic with dozens of cities affected and tens of millions of people subject to containment measures.

The moves saw flights cancelled and tourist spots closed while events were called off in a bid to nip the flare-up in the bud.

The "data again reflected the outsized and asymmetric shock on the service sector from Covid-related restrictions", Liu Peiqian, at Natwest Markets, said.

And while new case figures have been brought under control again, Liu warned any such spike in future will again likely hit the services sector.

Several other countries -- including Australia and New Zealand -- have been forced to impose tough measures to battle a surge in infections while also struggling with their vaccine rollouts.

Analysts said US Treasury yields remained subdued -- indicating higher demand for the safe-haven assets -- owing to lingering concerns over the impact of Delta on the recovery.

"The bond market is getting a little nervous about the economic outlook," Priya Misra, at TD Securities, told Bloomberg Television.

But she added: "I actually think the economy is fundamentally strong. By year end, if the economy holds up, which we forecast it will, that's when we expect rates -- especially in the long end -- to start to edge higher.

"Tokyo and Seoul rose more than one percent, while Shanghai, Sydney, Wellington, Taipei, Manila, Mumbai and Bangkok were also well up.

Hong Kong also reversed heavy morning selling after China announced rules allowing under-18s to only play their computer games for three hours a week, saying it wanted to curb what it called an addiction.

Companies are prohibited from offering gaming services outside the stipulated hours, although the statement did not make it clear how rule-breakers would be punished.

The announcement is the latest blow for the tech industry and gaming from Beijing, which has vowed to rein in firms it considers to have become too powerful. Still, observers said that many firms had reported earnings in the second quarter that had not been drastically affected by the new rules.

Gaming giant Tencent, which has been battered for months by Beijing's clampdown, lost more than three percent in early business but ended up more than three percent.

London edged down in the morning, though Paris and Frankfurt both rose.Investors are now gearing up for the release of US employment data Friday, which could have a bearing on when the Fed begins tightening monetary policy.

The reading comes after around 1.8 million new jobs were created through July and August.

"Another stellar print would firm up expectations of a near-term taper announcement as early as the September (policy) meeting, while a weaker print would see such an announcement pushed back to November or December," said National Australia Bank's Tapas Strickland.

Oil prices dipped as investors assess the damage to refineries after Hurricane Ida slammed into the Gulf of Mexico, while they are also awaiting the monthly meeting of OPEC and other key producers on Wednesday.

AFP/FILE

An investor looks at an electronic board at a brokerage house in Beijing.

Algeria aims for economic reforms to develop non-energy sector

REUTERS, *Algiers*

Algeria will make reforms to improve the business climate and attract investment, the presidency said on Monday, as the OPEC member seeks to reduce its reliance on oil.

But the North African country will maintain spending on subsidies, despite financial pressures caused by a fall in energy prices, the presidency said in a statement after a government meeting chaired by President Abdelmadjid Tebboune.

Elected last year, Tebboune has pledged to develop Algeria's non-energy sector to reduce reliance on oil and gas which account for 94 per cent of total export revenue and 60 per cent of the state budget.

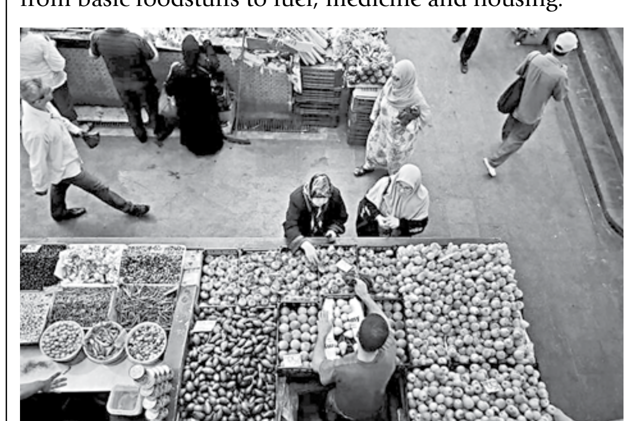
He appointed a new government following a June parliamentary election in the country of 45 million.

A government action plan approved by Tebboune on Monday includes "improving the attractiveness of the investment climate and ensuring legal stability," the presidency's statement said.

Both foreign and local investors have complained about bureaucracy and repeated changes to the country's laws governing investment.

The action plan, to be discussed by parliament, also aims to modernise the agriculture sector to help cut spending on food imports, including cereals and milk.

But keen to avoid social unrest, the government will keep unchanged a policy that sees it subsidise everything from basic foodstuffs to fuel, medicine and housing.



REUTERS/FILE

People buy vegetables and fruits in a market in Algiers, Algeria.

Hong Kong dismisses business pushback over 'zero-Covid' strategy

AFP, *Hong Kong*

Hong Kong's leader doubled down on her zero-Covid strategy on Tuesday, brushing off growing pushback from the business community over the city's indefinite international isolation.

The European Chamber of Commerce in Hong Kong wrote a rare open letter to Chief Executive Carrie Lam earlier this month warning that the finance hub's business reputation was at risk and residents were "indefinitely trapped".

But Lam said there are no plans to change course, reinforcing concerns that there is no current end in sight to travel restrictions.

"Now the most important defence is to prevent importation of cases as far as possible," Lam told reporters.

She also said normalising transit with the Chinese mainland would be prioritised over global travel, even as chief regional rival Singapore prepares to live with the coronavirus and open up to the world.

"The more you relax on the overseas arrivals, the less you will have a chance to go into the mainland," she told reporters. Lam said she believed most international businesses also favoured reopening mainland China travel first.

"Yes international businesses want to travel, they want to travel to the mainland, they want to travel back to their home countries and all over the world," she said.

"But the most important advantage of Hong Kong is being the gateway into mainland China because that's a huge market.

"Her comments will be welcome news for those with businesses in China, but little comfort to those international companies that choose Hong Kong for its regional access, low taxes, legal system and financial services.

China has also shown little appetite for relaxing its own strict travel restrictions, including to Hong Kong. Local media in Hong Kong this week said mainland Chinese officials will keep restrictions tight until at least after the 2022 Winter Olympics.

Hong Kong has largely kept the coronavirus at bay -- thanks to mask-wearing, stringent social distancing and some of the world's strictest quarantine measures -- but its vaccination rates trail Singapore's despite ample supplies.

Singapore has one of the world's most successful inoculation campaigns with more than 80 per cent of its population fully vaccinated, including 84 per cent of those aged above 70.

In contrast, only 46 percent of eligible Hong Kong residents are fully vaccinated, with just 25 per cent of those aged 70 or over double jabbed.

REUTERS/FILE

A child plays in front of skyline buildings in Hong Kong, China on July 13.

Norwegian Air sees travel rebound ending need to seek more cash

REUTERS, *Oslo*

Norwegian Air said on Tuesday it would not need to raise more cash as easing Covid-19 travel restrictions lifted bookings, although the budget carrier which has emerged from bankruptcy proceedings did not provide a 2021 outlook.

The pandemic sent the indebted airline into bankruptcy proceedings last year, forcing it to terminate its transatlantic network and to cut more than 6,000 jobs to survive. It now has about 3,000 employees.

The company reported on Tuesday revenue of 591 million Norwegian crowns ($68.3 million) for the first half of 2021, down from 7.1 billion crowns in the same period a year ago.

It said it remained focussed on preserving cash for the rest of 2021.

"We will very much be ready for the peak season (of 2022), so there is no risk today that we will have to go out and get more capital in the foreseeable future," Chief Executive Geir Karlsen told Reuters.

Norwegian emerged from the government-backed bankruptcy proceedings in May and saw the number of passengers jump in July but still less than a fifth of those flown at the same time two years ago.

Bookings have risen in response to relaxation of travel restrictions and the roll-out of vaccines, Norwegian said, adding that it expected a further boost in the second quarter of 2022 when holiday travel was expected to pick up.

The current fleet of 51 aircraft, down from around 160 last year, would likely be fully utilised by the end of the year, up from less than 10 jets flown during April and May, the company said.

It aims to expand to between 60 and 70 planes in 2022.

REUTERS/FILE

Norwegian Air hopeful of travel rebound but keeps cautious stance.

Global business summit in Dubai on Sept 29-30

Star Business Desk

The two-day 2nd Global Business Summit 2021 will be held on September 29-30 in Dubai, the UAE, with an aim to harness business opportunities for Bangladeshi entrepreneurs and aid the country's overall development.

With the theme "Connect Your Business", non-resident Bangladeshis and various foreign entrepreneurs are expected to participate in the summit, where local conglomerates will get an opportunity to showcase their products and projects.

As such, entrepreneurs from all over the world will get to know Bangladeshi products and investment opportunities to realise and evaluate the country's economic power and capacity.

Organised by Bangladeshi expatriates-led Business America Magazine and NRB CIP Association, the summit will be dedicated in honour of Bangladesh's 50th anniversary of Independence as well as the birth centenary of Bangabandhu Sheikh Mujibur Rahman.

EU to halt subsidies to Czechs over conflicts of interest

Reuters, *Prague*

The European Commission told the Czech Republic on Monday it would halt the payment of some EU subsidies until the country tightens its laws to guard against conflicts of interest.

The EU executive concluded in an audit released in April that Prime Minister Andrej Babis was in a conflict of interest as final owner of a business empire, mainly under the Agrofert group of companies, that receives EU funding.

China's oil demand recovers

Reuters, *Singapore/London/Houston*

China's demand for spot crude appears to be recovering after nearly five months of slower purchases caused by a shortage of import quotas, drawdowns from high inventories and Covid-19 lockdowns that muted Chinese fuel consumption.

Softer buying since April by the world's top crude importer and a drop in China's refining output to 14-month lows in July have depressed the prices of staple crude grades from West Africa and Brazil to multi-month lows.

But traders and analysts say Chinese importers are now increasing the pace of purchases and paying higher premiums to secure supplies from November onwards as lockdown restrictions ease. A sustained rebound in demand by China may tighten supplies and support global oil prices LCOc1.

Oil demand in the world's No. 2 consumer looks to be on a recovery path as Beijing eases lockdown measures after largely containing several outbreaks of the Covid-19 Delta variant since it emerged in the country in July, traders said.

Traders hope Beijing will soon wrap up a probe into the resale of import quotas and tax evasion by importers that has created uncertainty in the market. A fourth batch of quotas is also expected to be issued in September or October which could revive demand from independent refiners, also known as teapots, which account for a fifth of China's imports.

"Chinese majors' crude stocks are very low, and once the government wraps up inspections and finalises punishments, teapots will once again import crude," Energy Aspects said in an Aug. 23 note.

Imports into eastern China's Shandong province, home to most independent refiners, fell below 3 million barrels in both July and August, compared with about 3.55 million barrels on average in the first half of 2021, said Emma Li of analytics firm Vortexa.

Traders in Asia and Europe told Reuters that Chinese buyers recently bought Brazilian and Angolan grades at higher premiums than in the previous month, while enquiries from independent refiners have increased.

This has helped Chinese markets perk up after having been "deadly quiet" for several months, a trader with a western supplier said.

Angolan state oil company Sonangol recently had a spot cargo of October-loading Dalia crude quickly snapped up, while Cabinda and CLOV cargoes have also moved, likely to Chinese buyers and at higher prices than last month, traders said.

This is in sharp contrast to July, when sellers regularly offered via the Platts window cargoes of West African crudes that normally flow directly to Chinese buyers, traders added.

Last month, Unipec, the trading arm of Asia's largest refiner Sinopec 600028.SS, repeatedly offered September-loading crudes from Angola and Congo - including Djeno, Dalia, CLOV, Mondo, Sangos and Mostarda - which it had been allocated on a term basis. In all cases, the cargoes have sold slowly and at multi-month lows.

"Over the past week we have been seeing lots of teapot activity, which is healthier," a Singapore-based trader said.

"Suppliers are more bullish now compared with weeks ago."

In Asia, Petrobras PETR4.SA has sold 2 million barrels of Brazilian Tupi crude to Unipec at $1 a barrel above January ICE Brent for November delivery, said several traders who track deals into China. Tupi for October delivery to China traded at 20 cents a barrel above December ICE Brent futures.

REUTERS/FILE

A crude oil tanker is seen at Qingdao Port, Shandong province, China.

Apparel export to EU awaits severe competition: experts

FROM PAGE B1

Workers felt highly insecure in the relationship deriving from the markets alongside in social relationships.

The whole concept of collective bargaining originating from a single union in fact creates an equivalent labour presence which will bargain with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), he added.

A countervailing power is an essential element in terms of addressing the imperfect balance of power between labourers and employers, Sobhan said, adding that this problem unfortunately was not addressed.

With the labour movement being fractured with many little players coming on board, it is not really an equal relation when employers are not just economically powerful but now a major political presence in parliament.

So, it needs to be known what the industry's view was, whether they were supportive, what the government's position was, and whether they were going to come together and attempt to work on collective bargaining to organise the labour movement, the CPD chairman said.

Here is a big deficiency in the labour movement itself and none of the labour people did challenge it year after year for which it could not be said whether it really made any progress.

Although a lot of structural transformation took place in the industry, no one has taken up the price issue for conversation.

For instance, a $5 shirt from suppliers in the country is sold at $25 in the retail market.

"So why it is not brought into conversation and why the BGMEA did not take this issue to the buyers?" he asked.

"A major structural change is needed but who will lead this?" he questioned, adding that the state has a role to play so that more investment comes into high value added garment items.

He suggested that the research community design a model for a universal insurance for the sector which covers health insurance, unemployment insurance and also addresses problems of provident funds.

"Why do not they partner with Brac, why they do not partner with the BGMEA and other players to put this together to bring the government to see how it is going to be operationalised?" he asked.

The industry people should play an entrepreneurial role and the state should lead here. Otherwise, it will remain only in conversation and will not turn into action, Sobhan said.

Rubana Huq, the immediate past BGMEA president, said the price of garments being sent to the EU declined by 2.43 per cent while export volume fell amid the ongoing Covid-19 pandemic.

Bangladesh may lose $12 billion-worth of business to Vietnam once its trade benefits cease and Vietnam begins enjoying the tariff benefits to the EU, she said, adding, "Time has come to be nervous".

A Matin Chowdhury, managing director of Malek Spinning Mills and former president of the Bangladesh Textile Mills Association (BTMA), said the LDC graduation would be challenging but there were some opportunities there too.

Taslima Akter, president of the Bangladesh Garment Workers Solidarity, sought an emergency fund for garment workers and review of wage structures as prices of basic commodities had gone up in the markets.

Babul Akter, president of the Bangladesh Garment and Industrial Workers Federation, said they were happy with the new international accord as they had been demanding it earlier.

MA Razzaque, chairman of the Research and Policy Integration for Development, said a good number of female workers in the garment sector might lose their jobs when Bangladesh loses its preferential market access to the EU.

In Vietnam, some 47 workers can produce $1 million worth of garment items whereas in Bangladesh, 140 and 142 workers are needed for the same amount. So, the production cost is high in Bangladesh but the price is almost the same as those from Vietnam, he added.

Presenting a study, Towfiqul Islam Khan, senior research fellow at the CPD, said during the first wave of Covid-19, many workers did not get their salaries and allowances.

But in the second wave, some 98 per cent of workers received those, which indicates that the second wave was addressed better than the first, he added.

New accord can't be formed

FROM PAGE B1

responsibility of workers although they said a lot about their own interests, he said.

Ultimately, the factory owners bear all the responsibilities of the workers while the retailers and brands make a lot of promises but do not fulfil those, Hassan also said.

The signatories in both the old and new accord make no mention of ethical buying practices, fair prices of garment items and buyers' responsibilities to protect workers, he said.

Many local factory owners have already argued that they will not supply goods to the international retailers and brands if they impose conditions unethically on Bangladesh and thereby the garment supply chain will not be sustainable, he added.

A major concern is that the signatories in the international accord did not mention what will happen if workers vandalise a factory in case of labour unrest, he said. Any vested quarter may instigate workers, getting them involved in vandalism, Hassan said adding that the international accord would not take responsibility of workers and vandalism in factories.

As per the recommendations of the previous accord, the local manufacturers have already addressed the structural, fire and electrical safety concerns spending more than $3 billion to strengthen workplace safety, he said.

"Who will take responsibility if the incidents of vandalism happen in the factories," Hassan asked.

Another major concern is that the international accord is apparently planning to run building safety programmes in the name of establishing labour rights and freedom of association, he said.

They cannot as the accord ceased to exist in Bangladesh following the court order, he said.

So a lot of small and medium-scale garment units will go out of business as they will not be able to meet demands and conditions of the international accord, Hassan added.

Finally, a lot of workers will lose their jobs as had happened when the previous accord came about. The accord had not stood beside them, he also said.

Separate int'l platform not needed

FROM PAGE B1

Moreover, the international accord needs to involve related ministries of the government, particularly the labour ministry, for its implementation, he said.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) were also needed to be involved in the formation of the international accord, he said.

International Labour Organization was also needed to be involved in the formation and functioning of the international accord, he said.

The previous accord has carried out a lot of visible works in Bangladesh over the last eight years, Moazzem said, adding that it was expected for such activities to equally materialise in countries where the accord had not come about so far.

"I want to see visible initiatives of the international accord in other countries as well. The new accord must not be Bangladesh centric. We want equal visibility of international accord in other countries," he said.

Padma Bank seeks to merge with state bank

FROM PAGE B1

Later, the government injected Tk 715 crore in the form of capital by making state financial institutions -- Investment Corporation of Bangladesh, Sonali Bank, Janata Bank, Agrani Bank and Rupali Bank -- owners of 60 per cent of the bank's stakes.

The bank also took on the name Padma Bank.

In the letter sent last month, the bank said it faced a lot of constraints after the start of its new journey, including a severe shortfall of liquidity.

It said to have managed to improve its liquidity status over the next two years and grow confidence of depositors while continuing the process of regularising default loans in phases.

However, the bank said the Covid-19 pandemic affected credit growth as well as realisation of non-performing loans, causing losses to rise. "As such, our capital is declining noticeably," read the letter signed by Managing Director Md Ehsan Khasru.

The bank said its advance deposit ratio stood at 94 per cent while non-performing loans at 65 per cent or Tk 3,519 crore as per Bangladesh Bank as of June 2021.

The Covid-19-induced challenges led to operating losses of Tk 120 crore in the first half of 2021. As a result, shareholders' equity declined to Tk 221 crore, down from Tk 332 crore at the end of last year.

If the current trend continues, equity will decline to Tk 100 crore by the end of this year, it said, adding that it could maintain Tk 173 crore as provision against a requirement of Tk 1,645 crore.

Padma Bank said its capital shortfall would amount to Tk 2,100 crore as of June this year.

However, it is essential to increase the bank's capital in order to maintain its normal activities, said the bank.

It said there were two options open: issuance of preferential shares and additional subordinated bonds or mergers and acquisitions.

However, as the first option is time consuming and complex, it called for allowing it to be merged with any state bank, be it Sonali, Janata, Agrani or Rupali Bank.

Alternatively, it urged for considering a merger or acquisition with Bangladesh Development Bank to protect itself from any further collapse in the future.

Contacted over the phone, Padma Bank Chairman Chowdhury Nafeez Sarafat and Managing Director Md Ehsan Khasru did not respond to The Daily Star's request for comment.

A senior BB official said the central bank had earlier taken different measures including restructuring the board and management to strengthen its financial health.

The bank was renamed for an image makeover and as part of efforts to sweep the gross irregularities and loan scams under the carpet. Despite all these, its financial health has not improved, he said.

Padma Bank has failed to show any sign of its financial indicators getting strengthened in recent years, which is why it was trying to get merged with a state lender, said the BB official.

Edible oil consumption rises 20pc in 5 years

FROM PAGE B1

"The domestic market for edible oil is worth more than $2 billion and the 25 local refineries have a combined capacity to produce about 55.7 lakh tonnes, which is almost double the current requirement," the report said.

The consumption of edible oil increased by 39 per cent in four years to reach 30.8 lakh tonnes in 2019 against 22.2 lakh tonnes in 2015.

But in 2020, consumption declined 1.6 percent to 30.3 lakh tonnes due to the ongoing Covid-19 pandemic, it added.

To announce its findings, the CPOPC yesterday organised a webinar styled "Edible Oil & Fat Consumption Trend in Bangladesh".

While delivering the keynote presentation, AKM Fakhrul Alam, regional manager (Bangladesh and Nepal) of the Malaysian Palm Oil Council, said Bangladesh is playing an important role in the international edible oil market.

Meanwhile, the country's domestic market for edible oil has grown at an average of between 7 and 12 per cent annually for the past two decades.

But considering the price and quality needs of consumers, about 55 to 60 per cent of Bangladesh's total demand for edible oil is met through imported palm oil.

Alam went on to say that about 16.4 lakh tonnes of palm oil was imported last year. Of this amount, households used about 7.5 lakh tonnes, bakers 4 lakh tonnes, other industries 2.5 lakh tonnes, and various restaurants consumed the remaining 2.4 lakh tonnes.

"Palm oil exporting countries always keep an eye on Bangladesh and try to understand the country's demand since 70 per cent of its people use palm oil to meet their needs," he added.

The webinar was moderated by Yash Kansal, deputy managing director (India) of the Association of Public-Safety Communications Officials.

Puspo Edi Giriwono, head of Southeast Asian Food and Agricultural Science and Technology, and Faisal Mahmud, senior marketing manager of Bangladesh Edible Oil Limited, were also present.

SME stimulus way lower than regional peers: study

FROM PAGE B1

Besides, 42 per cent of those employed by SMEs are receiving partial payments while 4 per cent have not been paid at all, he added.

With this backdrop, the former central bank governor suggested that at least Tk 20,000 crore more should be allocated to help SMEs recover from the Covid-19 fallout.

Discussants came up with a number of other recommendations in this regard, including the implementation of SME Policy 2019, cluster-based SME development, credit disbursement process verification initiatives, creation of digital dashboards, development of bank-customer relations, giving priority to export oriented SMEs, women-entrepreneurs, and eco-friendly SME institutions.

Citing the study, Rahman pointed out a number of major challenges for the growth of local SMEs. This includes the fact that less than one-third of the sector's workforce are women, half of the enterprises are located around just two cities, lack of pre-determined access to government procurement for SMEs as well as formal financing due to high lending rates and strict requirements.

"SMEs are a driving force of Bangladesh's economy and since the sector has been severely affected by Covid-19, the government is already working with them to help overcome the losses," said Zakia Sultana, secretary to the Ministry of Industries.

The capacity of the SME Foundation needs to be increased to spur the sector's development while structural and policy reforms need to be carried out at the same time, said Md Masudur Rahman, chairperson of the SME Foundation.

Md Mafizur Rahman, managing director of the SME Foundation, said the sector accounts for 25 per cent of the country's GDP and employs almost eight million people.

M Abu Eusuf, professor of the department of development studies at the University of Dhaka; Nazneen Ahmed, country economist of UN Development Programme, Bangladesh; and Muhammad Shahadat Hossain Siddiquee, professor of the department of economics at the University of Dhaka, also spoke.

Sapling growers in Bogura counting losses

FROM PAGE B4

When contacted, Md Nur Alam, the agriculture officer of Shajahanpur upazila, said due to persistent rain throughout August, many winter vegetable farmers were yet to begin cultivation, leading to a lack of demand for saplings

Normally, the monsoon season ends in July.

"Farmers of different districts have prepared their lands for cultivation but are unable to begin due to continuous rain which may damage their crops," he said.

Alam also mentioned that many sapling growers opted for paddy cultivation this year as they were getting good prices. "We had a target to cultivate 1,300 hectares of paddy this season but farmers cultivated nearly 1,400 hectares of the crop," the upazila agriculture officer added.

However, Dulal Hossain, deputy director of the DAE office in Bogura, said sapling prices would increase again when the rains stop.

A win for unaddressed health safety

FROM PAGE B1

Health safety is very important for the garment workers as they have to work hard for long hours. So the new accord will work on improvement of workers' occupational health safety, said Akter, also president of Sammilito Garments Sramik Federation.

Stocks bounce back after 3-day fall

FROM PAGE B1

Optimistic investors took positions in the cement, insurance, textile, food, and engineering sectors, which added 45 points to the DSEX for the session.

However, other investors liquidated their holdings on mutual funds, services, and the fuel and power sector to reshuffle their portfolios, the review said.

The general insurance and textile sectors dominated the turnover board, accounting for 27.3 per cent of the day's total turnover, while the top 10 traded stocks contributed 25.2 per cent of the total trade, it added.

Maksons Spinning Mills topped the gainers' list, rising 10 per cent, followed by Mithun Knitting, Islami Insurance, Tamijuddin Textile Mills, and Bangladesh National Insurance.

Grameen One: Scheme Two shed the most, losing 14.29 per cent, followed by NLI First Mutual Fund, Reliance One Mutual Fund, National Tea Company, and EBL NRB Mutual Fund.

Stocks of Beximco Limited traded the most, worth Tk 116 crore, followed by LafargeHolcim Bangladesh, British American Tobacco, Maksons Spinning, and Beximco Pharmaceuticals.

The Chittagong Stock Exchange (CSE) also rose yesterday as the CASPI, the general index of the port city bourse, edged up 153 points, or 0.77 per cent, to 19,997.

Among the traded 327 stocks, 202 rose, 100 fell and 25 remained unchanged.

A farmer tends to his fields of winter vegetable saplings in Shajahanpur upazila of Bogura district. Amid low demand due to Covid-19 and other factors, such as persistent rain, farmers like him are facing losses this year. The photo was taken recently. MOSTAFA SHABUJ

Sapling growers in Bogura counting losses

Bad weather and Covid-19 to blame, according to market players

DISTRICTS IN FOCUS

MOSTAFA SHABUJ, *Bogura*

Farmers in Bogura district who grow winter vegetable seedlings used all over the country are counting losses this year due to the late coming of the monsoon season, ongoing Covid-19 pandemic, and low selling prices.

During a visit to the district's Shajahanpur upazila, where more than 300 farmers cultivate saplings on about 25 hectares of land, many locals said the demand and price for their produce is three times lower compared to that last year.

Besides, the saplings have been damaged by bad weather as well as over-aging, according to Md Milon a local farmer who grew various winter vegetable saplings on three bighas of land.

"I sold saplings worth Tk 10 lakh in 2020 but this year, I have sold that of just Tk 2 lakh worth," he said.

This is because vegetable growers from different districts are unable to visit Bogura to buy saplings or seedlings amid the current coronavirus crisis.

Milon went on to say that there are about 300 to 400 farmers in the region's Shahnagar, Darikullah, Mustail, Kamarpara, and Khattrapara villages that cultivated saplings who are now facing a similar situation.

Echoing the same, Fahim Rahman, another sapling grower of Shajahanpur upazila, said demand has fallen significantly as farmers from other districts are not coming to buy their crops.

"In August last year, we sold about 1,000 saplings of different winter vegetables (both early flowering and late) for around Tk 2,000. This year though, the same number of saplings is being sold for only Tk 500 to Tk 700," Rahman added.

The saplings grown on one bigha of land used to bring in more than Tk 1 lakh but now, the same amount barely earns Tk 28,000, said Mokhsedul Islam, a farmer based in the same upazila.

Growing saplings is very costly as the price of hybrid seeds is currently very high.

"So, if we want to cultivate one kilogramme of hybrid seeds, we need between Tk 35,000 to Tk 40,000," said farmer Abdul Khalek.

According to local sources as well as the district's Department of Agricultural Extension (DAE) office, Shahnagar village of Shajahanpur upazila is known as the country's hub for winter vegetable seedlings as buyers from all over come to buy crops every year.

Around 20 years ago, some local farmers in the area started growing vegetable seedlings on a commercial basis.

Eventually, this business spread across the whole district, they said.

However, the industry has also taken a hit due to the high price of paddy this year as many farmers switched to the crop in search of better profits, said farmer Abdur Rahim.

READ MORE ON B3

BSEC AND NAGAD

Zero intolerance of noncompliance for zero-coupon bond

ABU SAEED KHAN

Regulators are like football referees. The latter runs along the ball, as much as he can, across the field and instantly intervenes upon foul play. Players' stardom or the team's elite profile is immaterial to him.

But regulatory institutions stand with rickety structure on soft legal grounds in Bangladesh. Prized appointments lacking professional acumen further erode regulatory authority. This pervasive shortcoming distorts the market due to routine extra-regulatory interventions, which also ridicule the law. Mobile financial service (MFS) provider named "Nagad" is a textbook example of such surreal noncompliance.

Its website's "About us" section claims, "Nagad is a venture by the Bangladesh Post Office that facilitates the day-to-day financial transaction needs of the people." The website, however, neither says how much share the government owns nor it reveals the composition of management or board. Nagad does not exist in the postal department's website either. Yet this government department's emblem is displayed in Nagad's logo.

Nagad deals with the same products and services like 16 other licensed MFS providers do. But since inception on March 26, 2019, Nagad operates without MFS licence from Bangladesh Bank. It functions with a no-objection certificate (NOC) instead and keeps dodging a licensee's regulatory compulsions.

"But the central bank was forced to extend the time frame of the NOC by three months (June 2021) as the operator has failed to complete all the procedures," reported The Daily Star. Nagad has, predictably, missed that deadline too and Bangladesh Bank has "graciously" extended the NOC for another three months (September 2021).

In the same report, Nagad has claimed having discussions with Amazon, Facebook and Google as potential investors. But director general of the postal department has denied such meeting.

In the backdrop of these ambiguities, Bangladesh Securities and Exchange Commission has approved Nagad's plan to raise Tk 510 crore through issuing a zero coupon bond with Tk 750 crore face value, said a report of The Daily Star. Nagad has Tk 416 crore in debt, of which it plans to pay off Tk 350 crore through the bond issuance. Recently the chairman of BSEC has promoted this move at a roadshow in New York. It is unbecoming of the capital market regulator.

The BSEC should have highlighted Nagad's legal, structural and operational shortcomings before the potential investors. It reminds what the credit rating agencies (CRA) did in America before the 2008 financial meltdown. They lowered the perceived credit risk by giving AAA ratings to unclearly structured finance products like collateralised debt obligations. It misguided the investors and the market imploded. But the CRAs have never endorsed any entity that lacks legitimacy.

OPINION

The BSEC has acted like a pseudo CRA while promoting Nagad. Normally it does not allow initial public offering unless a company is profitable for at least three consecutive years. That very regulator now allows bond offering by the unlicensed Nagad, whose balance sheet also remains out of any oversight of the central bank.

Unusually treated Nagad now resorts to Parkinson's Law – "A luxury, once enjoyed, becomes a necessity." Indulging the luxury of unabated regulatory noncompliance sets bad precedence in the capital market. And the BSEC not disclosing the whole truth for investors is the last thing Bangladesh needs.

The writer is a senior policy fellow at LIRNEasia.

GLOBAL BUSINESS

China's economy under pressure as factory activity slows

REUTERS, *Beijing*

China's businesses and the broader economy came under increasing pressure in August as factory activity expanded at a slower pace while the services sector slumped into contraction, raising the likelihood of more near-term policy support to boost growth.

The world's second-largest economy staged an impressive recovery from the coronavirus-battered slowdown, but growth has stymied the recent domestic Covid-19 outbreak, slowing exports, tighter measures to ease hot asset prices and carbon dioxide emissions. The campaign to reduce has shown signs of losing steam. emissions

The official Manufacturing Purchasing Managers' Index (PMI) stood at 50.1 in August, up from 50.4 in July, data from the National Bureau of Statistics (NBS) showed on Tuesday. The 50-point mark separates growth from contraction. Analysts polled by Reuters had expected it to slip to 50.2.

"The latest surveys show that China's economy contracted (in August) as the virus disruption took a heavy toll on services activity. In a note, Julian Evans-Pritchard, senior China economist at Capital Economics, said the industry continued to swell due to supply chain bottlenecks and slowing demand.

While most of the weakness should reverse with the easing of Covid-19 restrictions, tight credit conditions and weak foreign demand will continue to weigh on China's economy, he said.

The official manufacturing Purchasing Manager's Index (PMI) fell to 50.1 in August from 50.4 in July in China. REUTERS

In a worrying sign for China's slowing consumption recovery, a gauge of activity for the services sector in August slipped into a sharp contraction for the first time since the height of the pandemic in February last year.

The official non-manufacturing PMI in August was 47.5, well below July's 53.3, data from the National Bureau of Statistics (NBS) showed. "The epidemic in many provinces and locations was a major blow to the services industry, which is still recovering," said NBS's Zhao Qinghe.

Zhao said the catering, transportation, housing and entertainment industries have been the most affected.

Construction activity accelerated at the fastest pace since March. China's latest coronavirus outbreak appears to have been largely brought under control, with zero locally transmitted cases reported on August 30, the third day in a row.

But it has prompted officials across the country to implement measures including travel restrictions and port closures of varying degrees, along with mass testing for millions of people.

The manufacturing PMI showed demand fell sharply, with a gauge for new order contracts and new export orders falling to 46.7, the lowest in a year. The factories also laid off workers like in July.

The Meishan terminal at China's Ningbo port resumed operations in late August after being closed for two weeks due to a Covid-19 case. The closures have blocked ports in the country's coastal regions and further strained global supply chains amid a resurgence of consumer spending and a shortage of container ships.

Higher raw material prices, especially of metals and semiconductors, have also put pressure on profits. In July, earnings of industrial firms in China slowed for the fifth straight month.

The People's Bank of China (PBOC) cut the amount of cash banks in mid-July, releasing about 1 trillion yuan ($6.47 trillion) in long-term liquidity to support the economy.

Many analysts expect another cut at the end of the year. The official August composite PMI, which includes both manufacturing and services activity, fell to 48.9 from 52.4 in July.

Google, Facebook, Microsoft top EU lobbying spending: study

REUTERS/FILE
A logo is seen on the New York Google office.

REUTERS, *Brussels*

Alphabet Inc's Google unit, Facebook Inc and Microsoft Corp are the three biggest lobbying spenders in Europe in a battle against tough new laws aimed at curbing US tech giants' powers, a study released on Tuesday showed.

Such efforts should be a wake-up call to EU policymakers to further beef up the draft laws and lobbying rules, the study by campaign groups Corporate Europe Observatory and LobbyControl warned.

The tech sector outspends even the pharma, fossil fuels, finance and chemicals sectors, which used to dominate lobbying, the report said.

"The rising lobby firepower of big tech and the digital industry as a whole mirrors the sectors' huge and growing role in society," the study said.

"It is remarkable and should be a cause of concern that the platforms can use this firepower to ensure their voices are heard over countervailing and critical voices in the debate over how to construct new rules for digital platforms."

The study found that 612 companies, groups and associations spend more than 97 million euros ($114.4 million) annually lobbying on EU digital economy policies.

The data was submitted by companies to the EU Transparency Register up to mid-June this year.

Google topped spending at 5.75 million euros, followed by Facebook at 5.5 million euros, Microsoft at 5.25 million, Apple at 3.5 million, Huawei Technologies Co Ltd at 3 million and Amazon.com Inc in sixth place with 2.75 million, the study said.

Google and Huawei responded that they submit their lobbying data to the EU transparency register.

"We have clear policies in place to protect the independence of the people and organisations we sponsor, including a requirement to disclose funding," Google said in an email.

S Korea set to ban app payment monopolies in world first

AFP, *Seoul*

South Korean MPs were expected to ban Apple and Google from forcing app developers to use the tech giants' payment systems on Tuesday, effectively declaring their lucrative App Store and Play Store monopolies illegal.

A bill set for a vote in the national assembly would make the South the first major economy to pass legislation on the issue, in a move that could set a precedent for other jurisdictions around the world.

In the United States three senators this month introduced a bill to loosen the tech firms' grip on their stores, while in Europe lawmakers are debating legislation that could force Apple to bring in alternatives to the App Store.

The South Korean measure comes as Apple and Google face global criticism for charging up to 30 percent commission on app sales and requiring their own payment systems be used that collect a share of the transactions.

The Korean law -- locally dubbed the "Anti-Google Law" -- will offer users a choice of app payment providers, allowing them to bypass charges set by the store owner.

"This law will certainly set a precedent for other countries, as well as app developers and content creators worldwide," Kang Ki-hwan at the Korea Mobile Internet Business Association told AFP.

Later this year Google plans to enforce globally a requirement for developers to use its payment system -- with its 30 percent commission above a certain threshold -- for in-app purchases.

In South Korea, it is also planning to charge commission on all content payments from October, ending an exemption where commissions were only payable for online games.

That announcement prompted an angry response from South Korean artists and creators, with web fiction writers and webtoon artists accusing Google of "power abuse" and campaigning fiercely for the new law.

"Without this law, our working environment -- where creators are guaranteed of full rewards for their efforts -- would've been destroyed," Seo Bum-gang, a webtoon artist who heads the Korea Webtoon Industry Association, told AFP.

"We need this law to protect the diversity of our industry, where artists and creators of all economic backgrounds can share their content without having to worry about the commission fees.