Walton, DoE ink deal to phase out harmful gas

STAR BUSINESS DESK

Walton has signed an agreement with the Department of Environment (DoE) on the latter's premises in the capital recently over an "HCFC Phase-out Management Plan Stage II" project.

Chlorofluorocarbons, hydrochlorofluorocarbons (HCFCs) and halons destroy the earth's protective ozone layer, which shields the earth from harmful ultraviolet rays generated from the sun.

"We know that chlorofluorocarbon gas is harmful to the environment," said Golam Murshed, managing director of Walton Hi-Tech Industries, representing the electric and electronic product manufacturer in the deal, said a press release.

"…we will do our best to implement the HCFC phase out project successfully…We all will try to build an environment-friendly Bangladesh as well as contribute to global warming reduction," he said.

Earlier, Walton implemented the world's first HFC phase-out project with the support of the DoE and UNDP. Under this project, eco-friendly HC-600a (isobutene) refrigerant is being used instead of HFC-134a refrigerant in refrigerators and compressors, he said.

This reduced annual emissions of about 230 metric tonnes of HFC gas into the atmosphere. "Our goal is to bring the benefits of technology to all as well as ensure a clean environment-friendly Bangladesh," he added.

Md Ashraf Uddin, director general of the DoE, signed the deal to represent the state organisation.

Sri Lanka organic revolution threatens tea disaster

AFP, *Ahangama*

Sri Lanka's drive to become the world's first 100 per cent organic food producer threatens its prized tea industry and has triggered fears of a wider crop disaster that could deal a further blow to the beleaguered economy.

President Gotabaya Rajapaksa banned chemical fertilisers this year to set off his organic race but tea plantation owners are predicting crops could fail as soon as October, with cinnamon, pepper and staples such as rice also facing trouble.

Master tea maker Herman Gunaratne, one of 46 experts picked by Rajapaksa to guide the organic revolution, fears the worst.

"The ban has drawn the tea industry into complete disarray," Gunaratne said at his plantation in Ahangama, in rolling hills 160 kilometres (100 miles) south of Colombo.

"The consequences for the country are unimaginable.

"The 76-year-old, who grows one of the world's most expensive teas, fears that Sri Lanka's average annual crop of 300 million kilogrammes (660 million pounds) will be slashed by half unless the government changes course.

Sri Lanka is in the grip of a pandemic-induced economic crisis, with gross domestic product contracting more than three per cent last year, and the government's hopes of a return to growth have been hit by a new coronavirus wave.

Fertiliser and pesticides are among a host of key imports -- including vehicles and spare parts -- the government has halted as it battles foreign currency shortages.

But tea is Sri Lanka's biggest single export, bringing in more than $1.25 billion a year -- accounting for about 10 per cent of the country's export income.

Rajapaksa came to power in 2019 promising subsidised foreign fertiliser but did a U-turn arguing that agro chemicals were poisoning people.

Gunaratne, whose Virgin White tea sells for $2,000 a kilo, was removed last month from Rajapaksa's Task Force for a Green Socio-Economy after disagreeing with the president. He says the country's Ceylon tea has some of the lowest chemical content of any tea and poses no threat. The tea crop hit a record 160 million kilos in the first half of 2021 thanks to good weather and old fertiliser stocks but the harvest started falling in July.

Sanath Gurunada, who manages organic and classic tea plantations in Ratnapura, southeast of Colombo, said that if the ban continues "the crop will start to crash by October and we will see exports seriously affected by November or December".He told AFP his plantation maintained an organic section for tourism, but it was not viable.

Organic tea costs 10 times more to produce and the market is limited, Gurunada added.

WA Wijewardena, a former central bank deputy governor and economic analyst, called the organic project "a dream with unimaginable social, political and economic costs".He said Sri Lanka's food security had been "compromised" and that without foreign currency it is "worsening day by day".

Experts say the problem for rice is also acute while vegetable growers are staging near daily protests over reduced harvests and pest-affected crops.

"If we go completely organic, we will lose 50 per cent of the crop, (but) we are not going to get 50 per cent higher prices," Gunaratne said.

Tea plantation owners say that on top of the loss of earnings, a crop failure would cause huge unemployment as tea leaves are still picked by hand.

"With the collapse of tea, the jobs of three million people will be in jeopardy," the Tea Factory Owners Association said in a statement.

Plantations minister Ramesh Pathirana said the government hoped to provide organic compost in place of chemical fertilisers.

"Our government is committed to providing something good for the tea industry, fertiliser-wise," he told AFP.Farmers say Sri Lanka's exports of cinnamon and pepper will also be affected by the organic drive.

Sri Lanka supplies 85 per cent of the global market for Ceylon Cinnamon, one of the two leading types of the spice, according to United Nations figures.

Still, Rajapaksa remains confident in his course, telling a recent UN summit that he was confident that his organic initiative will ensure "greater food security and nutrition" for Sri Lankans.

He has called on other countries to follow Sri Lanka's move with the "bold steps required to sustainably transform the world food system".

AFP/FILE

Tea plantation owners warn a crop failure would cause huge unemployment.

German retail sales slump signals weak start to Q3

REUTERS, *Berlin*

German retail sales fell by far more than expected in July after two months of sharp increases, data showed on Wednesday, in a first sign that a consumer-driven recovery in Europe's largest economy might be losing steam in the third quarter.

The Federal Statistics Office said retail sales dropped 5.1 per cent on the month in real terms after a revised jump of 4.5 per cent in June and an increase of 4.6 per cent in May. The July reading missed a Reuters forecast for a fall of 0.9 per cent.

The monthly comparison was distorted heavily by the lifting of Covid-19 restrictions on shopping in most parts of the country in June, the statistics office said.

Retail sales - a volatile indicator often subject to revisions - edged down by 0.3 per cent in real terms year on year, it added. Compared with February 2020, the month before the coronavirus crisis hit Germany, retail sales were up 3.8 per cent.

The German economy returned to growth in the second quarter but bounced back less strongly than other euro zone countries as supply chain bottlenecks slowed industrial output.

Supply problems with raw materials and intermediate goods, coupled with rising Covid-19 cases because of the more contagious Delta variant, are driving companies to take a dimmer view of the coming months.

Bankhaus Lampe analyst Alexander Krueger believes that retail sales are likely to recover in the comings months.

Opec+ raises 2022 oil demand growth forecast

REUTERS, *London*

OPEC+ revised up its 2022 oil demand forecast ahead of a meeting of the oil producing group on Wednesday, amid US pressure to raise output more quickly to support the global economy.

Two OPEC+ sources said the group's experts revised the 2022 oil demand growth forecast to 4.2 million barrels per day (bpd), up from the previous forecast of 3.28 million bpd.

OPEC+ expects global oil demand to grow by 5.95 million bpd in 2021 after a record drop of about 9 million bpd in 2020 because of the Covid-19 pandemic.

The Organization of the Petroleum Exporting Countries and allies led by Russia, a group known as OPEC+, meet on Wednesday at 1500 GMT to set policy.

Sources told Reuters the meeting was likely to roll over existing policies despite pressure from the United States to pump more oil.

However, the higher demand forecast strengthens the case for a speedier output increases by OPEC+ as benchmark Brent crude traded above $72 per barrel, close to multi-year highs.

The demand forecast revision came during the OPEC+ joint technical committee (JTC), which on Tuesday presented an updated report on the state of the oil market in 2021-2022.

On Tuesday, OPEC+ sources said the report, which has not been made public, forecast a 0.9 million bpd deficit this year as global demand recovers.

The report had initially forecast a surplus of 2.5 million bpd in 2022 but this was later revised to a smaller surplus of 1.6 million bpd due to stronger demand, the sources said.

As a result, commercial oil inventories in the OECD, a group of mostly developed countries, would remain below their 2015-2019 average until May 2022 rather than the initial forecast for January 2022, the JTC presentation showed, according to the sources.

The Opec logo pictured ahead of an informal meeting between members of the Organization of the Petroleum Exporting Countries (Opec) in Algiers, Algeria.

REUTERS/FILE

Markets advance as traders weigh recovery against Delta

AFP, *London*

Global stock markets rose Wednesday as investors digested upbeat survey data and weighed global recovery against the impact of the fast-spreading Delta Covid variant.

London stocks won 0.7 per cent in late morning deals, while Frankfurt added 0.3 percent and Paris jumped 1.0 per cent just after midday in the eurozone, following earlier Asia gains.

World oil prices increased before a key output gathering of OPEC and other crude producing nations, while the dollar steadied ahead of key US employment data. "European markets are on the rise," said Joshua Mahony, senior market analyst at online trading firm IG.

"We have largely seen upward momentum for growth in European manufacturing," he added in reference to bright PMI survey data for the region.

However, economic optimism continues to be tested by the stuttering rollout of vaccines and a spike in infections in some countries, as well as China's drive to tighten its grip on the world's number two economy with a swathe of new regulations for private enterprises

State banks not keen on Padma's merger request

FROM PAGE B1

Md Serajul Islam, spokesperson and an executive director of the central bank, said there was no scope to make any comment immediately as he had not yet read the letter.

Another central bank official, however, said Padma Bank had not given any specific proposal in its letter on how it could be merged with any other bank.

It is not the central bank's task to identify a suitable lender for completion of the merger on behalf of Padma Bank, he said.

If Padma Bank gets into any agreement with a state lender, the central bank may take a decision on the issue, according to the guidelines for merger and amalgamation.

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.

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

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 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.

Weighed down by high production costs

FROM PAGE B1

Industry insiders said they received more than 25 per cent higher work orders for the next season between September and November from that of last season between April and June.

As a result, the sector witnessed a sudden rise in demand for yarn and other raw materials and thus the surge in freight charges and yarn prices.

The cost of production increased mainly over the last one-and-a-half years when freight charges started escalating abnormally in international markets due to a shortage of containers and sudden rise in demand for commodities worldwide with the restoration of normalcy in the global supply chain.

The freight charge increased anywhere from 100 per cent to even by 400 per cent in some cases for the sudden rise in demand for raw materials in the global supply chain.

Importers said the freight charge increased by more than 400 per cent between Chattogram and ports in China as the import volume of raw materials from China increased significantly with the restoration of supply of garment items.

Bangladesh imports more than $15 billion worth of industrial raw materials, particularly for garment and textile industries, from China in a year.

Secondly, since September last year, the prices of cotton started increasing in international markets with the rise in demand for cotton fibre-made garment items amid lingering lockdowns which forced customers to stay at home for longer periods.

However, the demand for manmade fibres is usually much higher than that made of cotton fibres. Of all garment items made, 78 per cent is derived from manmade fibres while the remaining from cotton.

In Bangladesh, the picture is reverse, with 75 per cent of exported garments made from cotton fibres and 25 per cent from manmade fibres.

Fazlul Hoque, managing director of Narayanganj-based Plummy Fashions, also said the cost per unit of production at his factory had increased nearly 30 per cent in August this year compared with that in August last year.

He also said mainly yarn prices and freight charges have been affecting the cost of production in the garment sector.

"However, the international retailers and brands unfortunately do not want to adjust the additional cost of production by increasing the price per unit of garment items. As a result we have to continue business at lower prices with our buyers," Hoque said.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), also said the industry has been suffering from surging costs of production with the revival of business from the fallouts of Covid-19. Although the cost of production increased by 30 per cent, price per unit of garment items exported from Bangladesh has declined by 3.7 per cent over the past one year due to lower demand in the time of Covid-19.

So, in many cases the exporters have been doing business either in hopes of making a profit in the future or reducing other costs of production in different ways, he said.

Most suppliers have been surviving through exporting higher volumes of goods, not through better values, he added.

Banglalink revenue rises in Q2

FROM PAGE B1

The number of 4G data users reached 99 lakh following a 68 per cent year-on-year growth as Banglalink continued to enhance its 4G network, it said.

Banglalink continued to promote the use of digital channels to facilitate top ups, account management and the adoption of additional services. As a result, the user base of its self-care app increased by 93 per cent year-on-year in the April to June quarter.

Junk stocks rule the roost again

FROM PAGE B1

However, the presence of junk stocks in the gainers' list proves that these stocks are being gambled with, according to a stock broker.

Mithun Knitting and Dyeing, a junk stock, topped the list with a 10 per cent increase.

Similarly, other junk stocks -- Tamijuddin Textile Mills, Tallu Spinning Mills and Meghna Condensed Milk Industries -- were among the list's top 10, each rising more than 8 per cent.

"There is no reason behind the rise of these stocks other than manipulation," said the stock broker.

"So, general investors should be cautious about these stocks while the regulator should find the culprits responsible for this gambling," he added.

On condition of anonymity, a senior official of the Bangladesh Securities and Exchange Commission (BSEC) said they would keep an eye out for signs of foul play.

The BSEC regularly fines gamblers but still the general investors need to be careful with their funds, he said.

"If they don't buy these stocks, then the manipulation plan is spoiled," he added.

Turnover, another important indicator of the market, edged up 5 per cent to Tk 2,366 crore yesterday.

At the DSE, 192 stocks advanced, 149 declined and 32 remained unchanged.

Stock of Beximco were traded the most, worth Tk 150 crore, followed by LafargeHolcim Bangladesh, GPH Ispat, Beximco Pharmaceuticals and British American Tobacco Bangladesh.

Prime Finance & Investment shed the most, falling 6.17 per cent, followed by Metro Spinning, NLI First Mutual Fund, Premier Leasing & Finance and Zahintex Industries.

The port city bourse also rose yesterday as the CASPI, the general index of Chittagong Stock Exchange, rose 159 points, or 0.79 per cent, to 20,156.

Among 320 stocks to undergo trade, 170 advanced, 124 dropped, and 26 remained unchanged.