| STOCKS | Week-on-week |
|---|---|
| DSEX | CSCX |
| ▲ 1.89% | ▲ 1.95% |
| 6,981.06 | 12,183.32 |

| COMMODITIES | As of Friday |
|---|---|
| Gold ▲ | Oil ▲ |
| $1,826.19 | $72.61 |
| (per ounce) | (per barrel) |

| ASIAN MARKETS | | | Friday Closings |
|---|---|---|---|
| MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
| ▲ 0.48% | ▲ 2.05% | ▼ 0.16% | ▼ 0.43% |
| 58,129.95 | 29,128.11 | 3,083.85 | 3,581.73 |

CURRENCIES — As on Thursday, STANDARD CHARTERED BANK

| | $ USD | € EUR | £ GBP | ¥ CNY |
|---|---|---|---|---|
| BUY TK | 84.25 | 98.60 | 115.02 | 12.76 |
| SELL TK | 85.25 | 102.40 | 118.82 | 13.41 |

# Star BUSINESS

DHAKA SUNDAY SEPTEMBER 5, 2021, *BHADRA 21, 1428 BS* ● starbusiness@thedailystar.net

This shrimp processing factory in Shingherchar area under Rupsha upazila of Khulna has been closed for years for many problems including a lack of raw materials. Around 30 such plants have already been closed, while livelihoods of roughly six million people who are directly or indirectly dependent on the shrimp industry are now in jeopardy. The photo was taken recently. PHOTO: DIPANKAR ROY

# Shrimp processors closing down

*A lack of raw materials, inadequate govt support to blame*

DIPANKAR ROY, *Khulna*

Bangladesh's frozen shrimp processing industry is struggling to survive as factories are closing down one after another due to a lack of raw materials, competition with cheaper white-leg shrimp vannamei in the export markets and inadequate government support, according to the Bangladesh Frozen Foods Exporters Association (BFFEA).

Now 47 of 105 factories remain operational but more than half of them are struggling to survive, mainly because of shortage of shrimps, which can compete with vannamei in the foreign markets.

As a result, the livelihoods of roughly six million people who are directly or indirectly dependent on the shrimp industry, are now in jeopardy.

Industry operators said most of the fish and shrimp processing factories were established in the last three decades encouraged by export prospects to the EU and US markets.

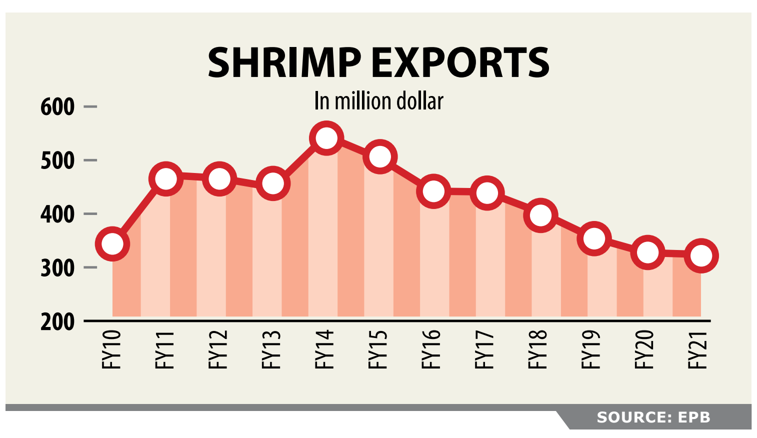
And most of the fish and shrimp processing factories were established in Khulna, the southwest coastal division which produces the bulk of black tiger bagda and freshwater prawns.

Now, 32 of the 60 factories in Khulna division are operational. Similarly, 15 of the 43 factories in Chattogram division have continued production.

Insiders said black tiger shrimp and prawn are the main raw materials for these processing plants but production of exportable shrimps has not grown enough to keep the plants operational.

At the same time, increased farming of vannamei shrimps in countries such as India, Vietnam, and its relatively cheaper prices than locally farmed black tiger and prawns hurt export significantly.

READ MORE ON B3






# Padma now seeks saviours abroad

STAR BUSINESS REPORT

Padma Bank has started looking for potential foreign investors, in keeping with its earlier wish to merge with a state lender to prevent its financial health from deteriorating further.

As a part of the move, the lender signed a memorandum of understanding with California-based investment bank DelMorgan & Co on September 2, according to a press release issued by the bank.

Under the deal, the investment bank will search out potential investors to raise $700 million, equivalent to Tk 5,900 crore, in debt and equity capital for Padma Bank.

Ehsan Khasru, managing director of Padma Bank, and Neil Morganbesser, president and chief executive officer of the DelMorgan & Co, inked the agreement representing the two sides.

The signing ceremony was held at the DelMorgan's head office in the US, said a Padma Bank official.

"We are looking forward to facilitate foreign investments to the opportunity presented by the bank," said Rob Delgado, chairman of the DelMorgan & Co, in the press release.

Chowdhury Nafeez Sarafat, chairman of Padma Bank, said the bank took an opportunity to enter into an international financial arena under the merger and acquisition (M&A) transactions.

On August 8, the erstwhile Farmers Bank sent a letter to the finance ministry, informing of its intent to merge with any state lender in order to avoid a "potential catastrophe".

READ MORE ON B3

**COMPARISON WITH A TOP PERFORMER**

| FINANCIAL INDICATORS | SQUARE TEXTILES | TAMIJUDDIN TEXTILE |
|---|---|---|
| EPS (Jul 2020 to Mar 2021) | Tk 1.84 | Tk 0.98 |
| Dividend | 10-25% every year | 10% only last year |
| Paid-up capital | Tk 197cr | Tk 30cr |
| Share price | Tk 49 | Tk 125 |

# Soaring Tamijuddin Textile shares belie performance

AHSAN HABIB

Stocks of Tamijuddin Textile Mills have skyrocketed tenfold in a span of less than three months since it was relisted at the Dhaka bourse last June.

The price of the stock stood at Tk 125.6 yesterday whereas it was Tk 13.2 on June 13, shows Dhaka Stock Exchange (DSE) data.

The company had remained in the over-the-counter (OTC) market since 2009.

The Bangladesh Securities and Exchange Commission (BSEC) formally launched the OTC market on September 6, 2009 for companies not in operation or which failed to hold annual general meetings, to declare dividends or to convert paper shares into electronic ones.

Currently, 61 companies are traded on the OTC market. United Airways was the most recent company to be sent to the OTC platform following its poor performance.

Right after being relisted, the textile maker's stock price started soaring to reach Tk 87 on August 25, despite a show of poor performance for many years.

With the index meanwhile rising, the company informed of a development, literally pouring fuel on the fire.

The mills' board of directors announced their decision to invest around Tk 50 crore for balancing, modernisation, rehabilitation and expansion.

READ MORE ON B3

SUSPICIOUS TRANSACTIONS

# Nagad hands account info to law enforcers

STAR BUSINESS REPORT

Nagad, a mobile financial services wing of Bangladesh Post Office, has provided to regulators and law enforcers the information of some accounts on suspicion of illegal transactions with some e-commerce platforms.

Transactions of those accounts were suspended temporarily after an official complaint was lodged against them with the Counter Terrorism and Transnational Crime.

The process of filing a case is also underway, said a press release of Nagad.

For the last few days, some unusual transactions were observed in some Nagad accounts affiliated with certain controversial e-commerce platforms.

After analysing the transaction pattern further, a few accounts were suspended temporarily, it said.

At the same time, Nagad provided a list of the accounts to the Bangladesh Financial Intelligence Unit, Bangladesh Telecommunication Regulatory Commission and Rapid Action Battalion.

"Nagad is technologically one of the most reliable operators of our country. It is quite impossible to penetrate the Nagad network for any evil intentions," said Md Kousar Soukat Ali, head of external affairs of Nagad.

Since its inception on March 26, 2019, the operator capped 5.40 crore customers with a daily average transaction of Tk 700 crore in the last two-and-a-half years.

# BSEC working to boost investor confidence

*Its chairman tells TREC licence handover ceremony*

STAR BUSINESS REPORT

If proper returns from the stock market can be ensured, people from all over will be encouraged to park their savings and remittance at the country's bourses, according to Professor Shibli Rubayat Ul Islam, chairman of the Bangladesh Securities and Exchange Commission (BSEC).

"So, we are working to ensure good returns for investors as well as good corporate governance in the market," Islam said.

"If people regain their confidence in the local stock market through good returns on their investment, they will definitely bring their savings and remittance as well," he added.

The BSEC chief went on to say that poor returns on investments will drive people away from the market.

Islam made these comments during a Trading Right Entitlement Certificate (TREC) handover programme organised by the Dhaka Stock Exchange (DSE).

At the event, entrepreneurs received 52 TREC licences.

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ISLAMI BANK BANGLADESH

**JQM Habibullah, deputy managing director of Islami Bank Bangladesh, and Md Shafiqul Islam, general manager (sales and marketing) of US-Bangla Airlines, exchanged signed documents of a memorandum of understanding regarding corporate facilities at Islami Bank Tower yesterday. Mohammed Monirul Moula, managing director and CEO of the bank, Muhammad Qaisar Ali and Md Omar Faruk Khan, additional managing directors, Md Mahboob Alam, senior executive vice president, Md Mizanur Rahman Bhuiyan and Miftah Uddin, executive vice presidents, and Abdullah Al Mamun, managing director of US-Bangla Airlines, were present.**

# Oil slips as weak US jobs report gives 'reality check'

**Reuters**, *New York*

Oil prices fell on Friday after a weaker than expected US jobs report indicated a patchy economic recovery that could mean slower fuel demand during a resurgent pandemic.

Losses were capped by concerns that US supply would remain limited in the wake of Hurricane Ida, which cut production from the US Gulf of Mexico.

Brent crude futures settled lower by 42 cents, or 0.58 per cent, at $72.61 a barrel. US West Texas Intermediate (WTI) crude futures were down 70 cents or 1 per cent, at $69.29. Both benchmark oil contracts were largely steady for the week with US crude up 0.80 per cent.

"Prices slipped on the employment report which was clearly impacted by the Delta variant," said John Kilduff, a partner at Again Capital in New York. "This was a reality check that the coronavirus is still impacting demand," he added.

Non-farm payrolls missed expectations with an increase of 235,000 jobs amid a softening in demand for services and persistent worker shortages as Covid-19 infections soared. Economists polled by Reuters had forecast non-farm payrolls would increase by 728,000 jobs.

Meanwhile, oil and gas production in the US Gulf of Mexico remained largely halted in the aftermath of Hurricane Ida with 1.7 million barrels or 93 per cent of daily crude output suspended, according to offshore regulator the Bureau of Safety and Environment Enforcement.

"I would expect production to come back online in the course of the next week, verses refineries coming back online over the next two weeks," said Bob Yawger, director of energy futures at Mizuho in New York.

The lag in refinery restarts could cause an uptick in crude supplies, weighing on the market. Some analysts see room for further price gains after the Organization of the Petroleum Exporting Countries and allies, known as OPEC+, stuck to a plan to add 400,000 barrels per day (bpd) to the market over the next few months.

# China's services activity slumps into contraction

**Reuters**, *Beijing*

Activity in China's services sector slumped into sharp contraction in August, a private survey showed on Friday, as restrictions to curb the Covid-19 Delta variant threatened to derail the recovery in the world's second-biggest economy.

The Caixin/Markit services Purchasing Managers' Index (PMI) fell to 46.7 in August from 54.9 in July, plunging to the lowest level since the pandemic's first wave in April 2020. The 50-point mark separates growth from contraction on a monthly basis.

The grim readings in the private survey, which focuses more on smaller firms in coastal regions, tally with findings in an official survey earlier this week which also showed growth in the services sector slipped into contraction.

China's services sector was slower to recover from the pandemic than manufacturing, but has been helped by a gradual improvement in consumption in recent months.

The country appears to have largely contained the latest coronavirus outbreaks of the more infectious Delta variant, with just one locally transmitted case reported on Sept. 1 after several days of zero cases.

But it spurred authorities across the country to impose measures including mass testing for millions of people as well as travel restrictions of varying degrees in August, hitting especially the catering, transportation, accommodation and entertainment industries.

**People enjoy their meal at a restaurant following an outbreak of the coronavirus disease in Beijing, China.**

REUTERS/FILE

"Service costs were still under great pressure amid elevated labour and transportation costs amid the Covid-19 resurgence," said Wang Zhe, senior economist at Caixin Insight Group.

Sub-indexes for new business, prices charged, and employment in the Caixin survey all contracted in August. New export business rose.

"Sluggish market demand limited businesses' bargaining power, causing prices charged by service providers to slip after a month of growth," said Wang.

Rooms that were originally 300-400 yuan are now discounted to around 200 yuan and "still no one is coming," said the manager of a hotel in Zhangjiajie, Hunan province, one of the hotspots of the August epidemic.

"Delta is so terrible, people don't want to go out."

Some extra business over national holidays in the rest of the year won't make up for the loss of the summer vacation period, he said.

Business owners in areas with few virus cases were also hit.

"Inter-provincial flight-plus-hotel travel packages didn't resume until mid-August, which had a pretty big impact on business - now the peak season's already passed," said a bed and breakfast owner in Sanya, in the southern island province of Hainan.

An index of business confidence in the Caixin survey fell slightly from July but remained at a high level.

Caixin's August composite PMI, which includes both manufacturing and services activity, fell to 47.2 from July's 53.1.

# Italy probes sale of military drones group to Chinese investors

**Reuters**, *Milan*

The Italian government of Mario Draghi has opened an inquiry into the sale of a company making high-tech drones for the armed forces to Chinese state-owned investors three years ago, a source close to the matter said.

Rome wants to verify whether the sale of a 75 per cent holding in Alpi Aviation, based in northern Italy, had to be notified to the government under the so-called golden power regulation, the source said on Friday, asking not to be named.

Lawyers for Alpi Aviation said the company had complied with all rules in the sale.

Rome has special vetting powers to block unwanted bids from non-EU suitors in industries deemed of strategic importance like defence, energy and telecoms.

This latest development shows how easy it is for changes in corporate ownership to go under the radar at a time when pressure is rising in the United States and Europe to monitor potential risks to national security from Chinese investors.

The government may impose penalties or in the most serious case invalidate the sale, the source said.

On Thursday the Italian finance police said six people were under investigation in a case for allegedly breaching rules on the sale of military material as well as golden powers.

The police, which did not name the company involved, said a 75 per cent stake had been bought through an offshore company by "two important Chinese state-owned companies."

# US Gulf Coast oil industry struggles with uneven Ida recovery

**Reuters**, *Houston*

The engine of the US offshore energy production struggled to recover from Hurricane Ida on Friday as a lack of crews, power and fuel left most Gulf Coast oil and gas output offline five days after the storm passed.

Ports were reopening, crews returning to offshore facilities and some pipelines restarted as companies completed post-storm evaluations. But getting oil flowing again was more difficult as damage at hubs slowed larger facilities. A lack of power onshore kept some refiners sidelined.

About half the originally evacuated platforms remained unoccupied and 93 per cent of oil production and 89 per cent of natural gas was offline, government data showed. Some wells in the Gulf of Mexico, which accounts for about a fifth of US output, could be shut for weeks, analysts said.

The White House sought to ease worries about regional fuel shortages by providing a combined 1.8 million barrels of crude oil from the nation's Strategic Petroleum Reserve (SPR) to refiners' Exxon Mobil and Placid Refining Company to produce petrol.

An offshore transfer station that funnels oil and gas from three large oilfields remained shut on Friday. Some 1.7 million barrels of oil and 1.99 billion cubic feet natural gas output were offline, government data released on Friday showed.

The Louisiana Offshore Oil Port, the primary US deepwater export terminal near where the storm made landfall, also remained closed, according to its website. A prolonged outage could hamper US crude oil exports to Asia, said analysts.

"Refiners might resort to the SPR to request crude as Exxon did if pipelines from the Gulf are not ready" by mid-month, said Robert Campbell, head of oil products research at consultancy Energy Aspects. "This is going to be a long recovery." Chevron said none of its platforms were damaged and it returned workers to all six by Friday. Two offshore pipelines operated by Enbridge were ready to return to service.

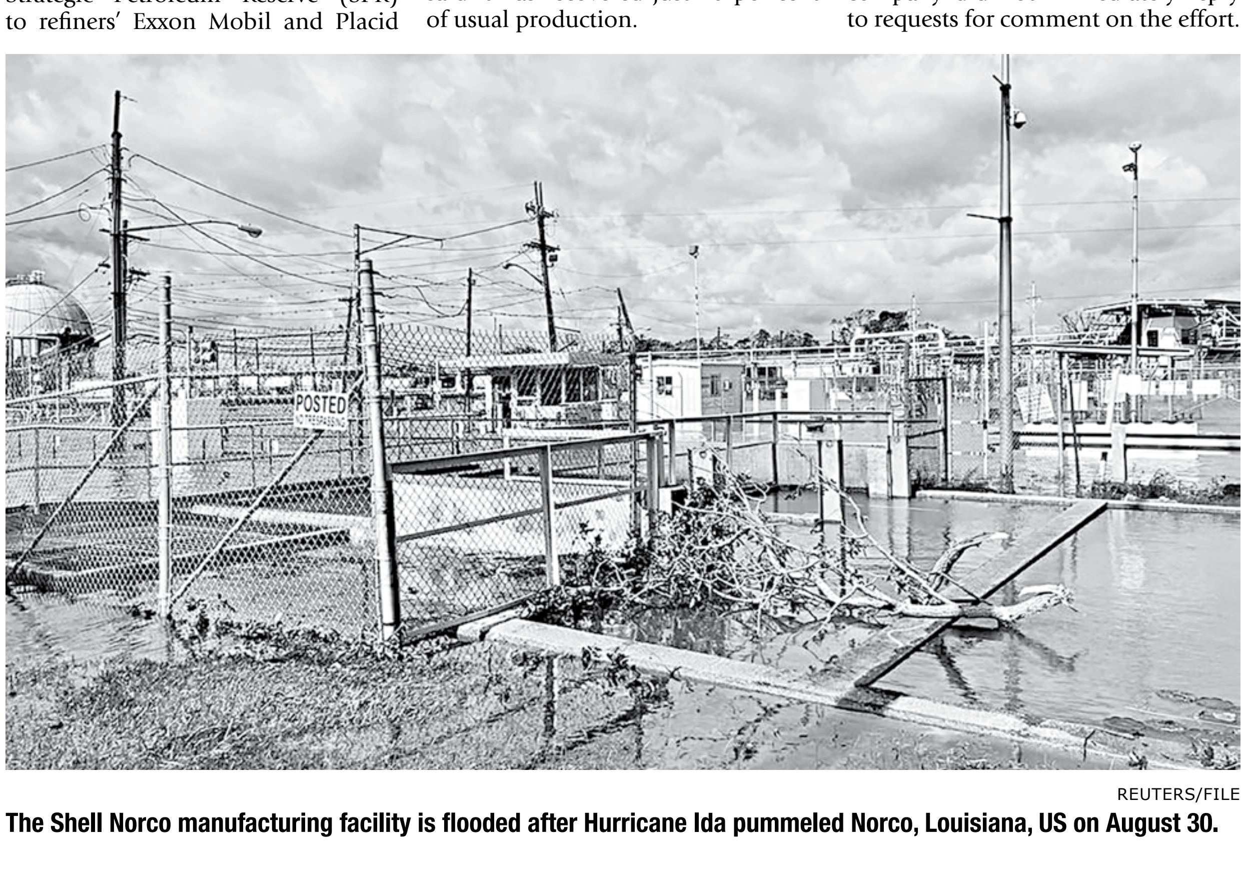
But Royal Dutch Shell, the largest Gulf of Mexico oil and gas producer, said it has recovered just 20 per cent of usual production.

Ida damaged an offshore facility called West Delta-143 that connects three large oil basins accounting for an eighth of the Gulf's oil production, Shell said. The extent of damage was not immediately clear.

"Shell's West Delta situation is an indication of how slow recovery will be this time," said Aaron Brady, an analyst with consultancy IHS Markit. "We can expect that a significant amount of oil is likely to be offline for some time, possibly weeks." Damages to offshore oil facilities could cost insurers about US$1 billion, estimated CoreLogic.

Most Louisiana ports have reopened, including the Port of New Orleans, while Port Fourchon, an offshore resupply hub, reopened on Thursday for daylight operations only. Extensive damage at Port Fourchon were affecting deliveries to offshore platforms, analysts said.

Louisiana's largest utility Entergy Corp late Friday took steps to remove transmission lines in the Mississippi River blocking vessels from reaching oil refineries west of New Orleans. The company did not immediately reply to requests for comment on the effort.




REUTERS/FILE

**The Shell Norco manufacturing facility is flooded after Hurricane Ida pummeled Norco, Louisiana, US on August 30.**


NRB BANK

**Mamoon Mahmood Shah, managing director and CEO of NRB Bank, inaugurated a sub-branch at Banasree of Dhaka recently. Oli Ahad Chowdhury, head of retail banking, was present.**

# Knot so true

**FROM PAGE B4**

This was risky and it meant that RSC would dip in the credibility ranking.

Although this part of external gatekeeping was difficult for the industry to accept and reconcile with, the industry just stayed quiet and hoped for a more amicable outcome.

On August 25, 2021, the brands and unions reached a legally binding agreement, which states that RSC would be an independent entity and that through this agreement, brands would remain committed to support RSC and through this instrument, the Accord could go global.

Quite rightfully, many concerns were raised right after that. Why would the press release from Accord Foundation still have the old name: Stichting Bangladesh Accord Foundation, and why would it continue to directly or indirectly interfere or monitor RSC?

Although the word 'monitoring' does not really feature in the document, stresses on many articles and protocols stipulated in that document, which are also in RSC and are going through extensive scrutiny, continue to raise eyebrows.

So, the industry has a right to ask why would not the Foundation talk about a better price when a 2.35 per cent price decline is plaguing the sector?

Why, during an unrest, is there no solid dispute resolution mechanism in place where unions play an effective part? Most importantly, why would all fingers always point to industry?

The RSC is funded by brands, but from this year, one-fifth of the costs will also be borne by the industry. This participation will increase with time. With an organisation that has inherited all the human resources of the Accord and with nearly nothing changing, why would there be still talk about monitoring RSC, especially when all three stakeholders: brands, unions and industry, are all there in equal capacity, mandated to reach all decisions by consensus.

The concept of gatekeeping must change. No party can ever be bound by agreements or threats.

Brands will place business in good faith; manufacturers will comply with the terms of contract and deliver the goods seamlessly against a reasonable price and workers rights will be upheld. The concept of common good is clear.

Today, when remediation in Bangladesh garment factories stands at over 90 per cent with the industry having spent more than $1.5 billion to import fire equipment, why would the motive of the industry be perennially questioned? Is it not remediation for our own benefit? Is it not true that without compliance, most factories would be out of business?

Let this be clear: it is for the industry's own advantage that the industry itself will be cooperating with RSC.

Brands will also choose the compliant factories for their own reputational risk. It is also for the unions to protect the rights of workers without the confrontational angle.

Brands must commit to better sourcing practices, unions must also commit to transparency in dispute resolution, and factories must commit to upholding the highest level of safety and security for their workers.

The responsibilities of every constituency are clear today.

Blame is now a dead game. All must comply and gatekeeping must not be the burden of only one single constituency.

This is for the first time in history that unions, brands and industry have come together.

Therefore, bilateral agreements between the brands and unions must not mar the pace, break the trust or jeopardise the entire concept of mutual respect, understanding and independence, upon which the foundation of RSC lies.

*The author is a former president of the Bangladesh Garment Manufacturers and Exporters Association.*

Alamgir Kabir

Duluma Ahmed

# Southeast Bank reelects chairman, vice chairperson

STAR BUSINESS DESK

Southeast Bank has recently witnessed the reelection of its chairman and vice-chairperson at its 636th board meeting.

Alamgir Kabir has been chairman since September 29, 2004, says a press release.

He started his professional career in 1969 with the Rahman Rahman Huq and Company. He is the chairman of its all subsidiary companies and honorary adviser of National Life Insurance Company.

He obtained his Bachelor of Commerce degree from the University of Dhaka and Master of Commerce degree from Panjab University.

As a sponsor director, Duluma Ahmed has been vice chairperson since May 22, 2017.

She is the chairperson of Mutual Food Products and Mutual Milk Products and director of Mutual Trading Company and Arla Foods Bangladesh.

# Delta hits US hiring in new setback for Biden

AFP, *Washington*

The United States added far fewer jobs than expected in August as businesses grappled with the Delta wave of Covid-19, a major disappointment and yet another complication for President Joe Biden's plans to remake the world's largest economy.

Employment rose by just 235,000 jobs last month, according to Labor Department data released Friday, and while the unemployment rate fell to a pandemic low of 5.2 per cent, the report was nowhere near the job gains seen in recent months, which have topped one million.

In some ways, the lackluster hiring told a familiar tale, with the world's largest Covid-19 outbreak once again hurting the labor market and underscoring that it is unlikely to make much improvement if infections remain high.

Biden, who is negotiating passage of two massive spending bills through a Congress where even his ostensible allies have shown a willingness to defy him, said he had pulled the country from "economic free fall." "What we're seeing is an economic recovery that is durable and strong," he said in a speech from the White House.

But he acknowledged the job numbers fell short of expectations and added a somber message: "We have a lot more work to do.

US President Joe Biden

"The president is urging Congress to enact both a \$1.2 trillion infrastructure overhaul and a \$3.5 trillion social welfare package. But on Thursday a moderate senator urged fellow Democrats to delay voting on the latter bill, which cannot pass without his support.

The Federal Reserve is also paying close attention to the data, as it could impact when it begins slowing its massive purchases of bonds meant to help the economy weather the pandemic. Chair Jerome Powell has signaled that could start by year's end.

The August payroll increase was sharply lower than the upwardly revised 1.1 million positions added in July, and considerably below the 750,000 new jobs expected by analysts. The weak hiring comes as states and businesses impose mask-wearing requirements and other restrictions to fend off the fast-spreading Delta variant.

Covid-19 vaccines have allowed for strong rehiring in recent months after more than 20 million people lost their jobs when the pandemic began last year, but as of August 5.3 million positions still haven't been recovered, according to the Labor Department report. The leisure and hospitality sector, which bore the brunt of the pandemic's initial layoffs, had added an average of 350,000 jobs per-month over the last six months, but in August it added zero positions, the data said.

There was no improvement either in the labor force participation rate indicating the share of people employed or looking for work, which was at 61.7 per cent in August, around the range it has hovered at for more than a year. Adult men and white Americans saw their unemployment rates decline, but joblessness remained widespread for others, including Hispanics, for whom unemployment was 6.4 per cent, and Black Americans, which saw a 0.6 per cent jump to 8.8 per cent unemployment.

Md Abul Bashar

Tanzina Ali

# NCC Bank gets new chairman, vice-chairman

STAR BUSINESS DESK

The National Credit and Commerce Bank has recently witnessed the appointment of a new chairman and a vice-chairman at a board of directors meeting.

Chairman Md Abul Bashar previously served as vice-chairman and chairman of its audit committee, says a press release.

He was deputy managing director of the Prime Group of Industries for over 20 years and managing director of the group's recycling division and Prime Financial Consultants & Equities.

He obtained a Bachelor of Science degree in management information system from the US.

Vice-chairman Tanzina Ali obtained a Bachelor of Business Administration degree in finance from Bryant University.

# India's services activity grows at faster rate

REUTERS, *Bengaluru*

India's dominant services industry returned to growth in August, expanding at its fastest pace since the pandemic began, as businesses reopened amid improved vaccination rates, a survey showed on Friday, although firms continued to cut jobs.

Despite the impact of the second wave of the Covid-19 pandemic, India's economic growth reached a record 20.1 per cent in the June quarter but analysts have said vaccination coverage remains crucial to sustaining the recovery.

The IHS Markit Services Purchasing Managers' Index rose to 56.7 in August - its strongest pace since the pandemic hit the country in March 2020 and well above the 50-level that separates growth from contraction. It had been below 50 for three months and was 45.4 in July.

"The Indian service sector bounced back in August, led by the reopening of several establishments and improved client confidence due to growing vaccine coverage," said Polyanna De Lima, economics associate director at IHS Markit.

"Service providers foresee a brighter outlook, with firms indicating that the economic recovery could be sustained if restrictions continue to be lifted and further waves of contamination can be avoided."

Overall new orders climbed at the fastest rate since January 2013, as optimism reached its highest level in five months. New export orders, however, continued to decline.

But employment remained in contractionary territory for the ninth month in a row, underscoring weakness in the labour market.

Persistent supply chain disruptions caused by the pandemic meant input costs rose at their quickest rate since April and firms were unable to pass on some of the surge to customers. Prices charged rose at the slowest pace in four months.

"Another worrying aspect was the evidence that inflationary pressures continued to mount. Input costs increased at the fastest rate in four months, one that outpaced its long-term average," added De Lima.

Although the survey indicated inflation could stay beyond the Reserve Bank of India's medium-term target of 4 per cent for some time, analysts believe the likelihood of the central bank tightening policy in the coming months remains low as it focuses more on economic growth.

The overall composite index rose to 55.4 last month from July's 49.2, well above the 50-mark for the first time in four months, as strong growth in services activity offset a softer rebound in manufacturing.


**A store employee applies a social distancing sticker inside a shop in a mall after it reopened following the coronavirus disease outbreak in Mumbai, India.** REUTERS/FILE

# Padma now seeks saviours abroad

FROM PAGE B1

The beleaguered lender requested the government to allow it to get merged with any one of Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank or Bangladesh Development Bank.

This left the management of the state lenders in a state of discomfort.

Top officials of the state banks told The Daily Star last week that merging with Padma Bank would not bring them any good, given the former's poor financial health.

Contacted, Khasru said the DelMorgan & Co would mobilise \$350 million in equity capital and \$350 million in debt capital.

He claimed that the financial indicators of default loans, operating loss and loan-deposit ratio of Padma Bank had been showing trends of improvement since the new management took up responsibility.

"The entire investment process will be M&A transaction and hold controlling interest of the investors in the bank," he said.

Asked whether Padma Bank has backtracked from its earlier intent to merge with a state bank, Khasru said, "The bank will pursue M&A transactions to bring synergy in business and capital growth both locally and globally."

"The bank is analysing multiple options in the proposed M&A move," he said, adding that the bank needs new capital to ascertain future business growth.

He said financial health would obviously improve with the new capital as "the right business and investment strategy of the bank is in place".

"Additionally M&A (with) foreign or local will definitely enhance brand value of the bank," said Khasru.

In last month's letter, 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 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.

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

Established in 2013 as Farmers Bank, the lender had fallen prey to scamsters.

A Bangladesh Bank investigation found that more than Tk 3,500 crore was siphoned off between 2013 and 2017.

State-owned financial institutions the Investment Corporation of Bangladesh, Sonali Bank, Janata Bank, Agrani Bank and Rupali Bank bought 60 per cent stakes in the bank for Tk 715 crore. The bank then took on the moniker Padma Bank.

# US funding tapped for Pacific undersea cable after China rebuffed

REUTERS, *Sydney*

The Federated States of Micronesia will tap a US funding facility to construct a Pacific undersea communications cable, two sources told Reuters, after rejecting a Chinese company-led proposal that was deemed a security threat by US officials.

The United States has taken great interest in several plans in recent years to lay optic fibre cables across the Pacific, projects that would bring vastly improved communications to island nations.

The undersea cables have far greater data capacity than satellites, leading Washington to raise concerns that the involvement of Chinese firms would compromise regional security. Beijing has consistently denied any intent to use cable infrastructure for spying.

FSM said it was committed to providing fibre connectivity to the State of Kosrae, and onward connectivity to Kiribati and Nauru. It did not respond directly to questions about US funding. The US State Department declined to comment. The US and FSM have a long geopolitical relationship, enshrined in the Compact of Free Association, a decades-old agreement between the US and its former Pacific trust territories.

# Asia, Mideast utilities turn to dirtier fuel as LNG prices bite

REUTERS, *Singapore*

Surging liquefied natural gas (LNG) prices are prompting utilities across Asia and the Middle East to burn more high-sulphur fuel oil (HSFO) than usual to meet increased power demand during summer, analysts and traders said.

The move towards the cheaper but more polluting HSFO highlights the problems faced by developing countries which have to grapple with the economics of lower costs versus meeting emission-cutting standards.

The strong demand for the residual fuel oil could last beyond the summer as the global economic recovery from the coronavirus gathers momentum and global LNG prices hold firm at more than twice where they averaged in 2020, the analysts said.

"With (spot) LNG prices surpassing HSFO, power generation plants are switching from gas to oil where possible," said Serena Huang, Vortexa's Asia lead analyst, highlighting strong power demand in the Middle East, Pakistan and Bangladesh.

"Fuel oil imports are likely to rise further as LNG prices continue to head north amid tight supply-demand fundamentals," said Huang.

Asian spot liquefied natural gas (LNG) prices are currently at their highest since January and also at their highest for this time of the year since at least 2010.

They are expected to climb further during the northern hemisphere winter when demand for LNG for heating typically surges.

"LNG (imported) into Pakistan is now equivalent to about \$250 per tonne more expensive than 180-cst (centistoke) HSFO," a senior Singapore-based fuel oil trader said.

He added that on a forward price basis, spot LNG cargoes are trading above fuel oil prices through the first-quarter of 2022. "We will see unprecedented switching into first quarter of next year at current prices," the trader said, noting that fuel switching is already occurring across Asia and the Middle East.

Utilities are able to idle gas-fired power plants and restart oil-fired units if the price difference is wide enough and local emissions rules allow.

In South Asia, Pakistan's fuel oil imports this year are already about 65 per cent above 2020's total, while Bangladesh is considering increasing fuel oil imports by nearly 10 per cent in the financial year starting July 1.

"For Bangladesh's peak electricity demand, HSFO is an economically better option," a source with a utility in Bangladesh said.

# BSEC working to boost investor confidence

FROM PAGE B1

Islam, attending as chief guest, said that savers shied away from the market as they did not get proper returns and instead, lost their capital.

"And as their investments reduced, the stock market suffered," he added.

To address the situation, the BSEC has taken a strict stance on maintaining regulations, which is a basic responsibility that can boost investor confidence and subsequently, the market.Md Rakibur Rahman, a director of the DSE, said the market index is nothing but a price indicator which may soar past 10,000, 15,000, or even 20,000 points.

"But I hope the daily market turnover will reach Tk 5,000 crore within the next five years," Rahman said.

Sensex, the market index for India's Bombay Stock Exchange, was at 54,000 points yesterday while it was 58,129 points last Friday.

So, index fluctuations are not a matter for concern.

"Many people ask whether the local market can sustain and to them I say the market will sustain 100 per cent since trading-based markets are sustainable," he said.

"However, the market may witness corrections," the DSE director added.

Eunusur Rahman, chairman of the DSE, and Tarique Amin Bhuiyan, managing director, also spoke at the event.

# Soaring Tamijuddin Textile shares belie performance

FROM PAGE B1

The fund was set to come from the company's own sources and bank loans. Most of the machinery will be gradually replaced with ones from China, Japan and Europe to set up a state-of-the-art spinning production facility, the company said in a disclosure.

Since the news was made public, the stock price has been rising every day. The company's earnings do not justify its stock price rise, said a stock market analyst of an asset management company, preferring anonymity.

The textile maker provided 10 per cent cash dividend for last year and its earnings per share (EPS) was Tk 0.98 in nine months of the last financial year (July 2020 to March 2021), which was Tk 0.81 in the corresponding period of the preceding year, according to the DSE data.

"If we compare the company with another listed, high dividend-paying company, it will be even more clear," said the analyst.

There are many listed textile makers who are paying higher dividends and their earnings are also very high, but their share prices are much lower than that of Tamijuddin, he said.

"It clearly shows that the stock is being gambled with," he added.

Square Textiles and Envoy Textiles are two renowned, top performing textile companies.

Square Textiles' EPS in the two periods in question were Tk 1.84 and Tk 2.06 respectively. It has been giving 10 per cent to 25 per cent cash dividends for at least the last five years along with stock dividends. Its share price closed at Tk 49 yesterday.

Meanwhile, for Envoy Textiles, the EPS were Tk 0.58 and Tk 2.06 respectively. It has also been giving cash dividends of 5 per cent to 17 per cent in the past five years along with stock dividends. Its share price stood at Tk 34 yesterday.

In a conversation with The Daily Star, BSEC Spokesperson Mohammad Rezaul Karim said the company was under watch while data involving buyers of the shares were being analysed.

"Suddenly the company's share price skyrocketed, so we have kept it on our watch list," he said.

"Though the company made a disclosure, we are investigating whether it will implement it properly or not, because we have seen many times disclosures coming from many companies but not being implemented in the end," he said.

"But it pushed up the price of the stock, so we are aware of it," added Karim, also an executive director of the BSEC.

# Shrimp processors closing down

FROM PAGE B1

Bangladesh fetched \$550 million in export earnings in fiscal year 2013-14. Since then, export earnings have been falling consistently.

In fiscal 2020-21, export receipts declined 1.15 per cent year-on-year to \$328 million, showed data by Export Promotion Bureau.

BFFEA Vice President S Humayun Kabir told The Daily Star that the absence of advanced and long-term planning was also to blame for the industry's dismal state.

When fully operational, the industry has a combined capacity to produce 4 lakh tonnes of shrimp annually.

"But now we are getting just 10 per cent, or 40,000 tonnes to 45,000 tonnes, of that amount," he said, adding that a lack of shrimp supply was the main reason why many factories have closed down.

During a visit to shrimp processing factories in the Rupsha upazila of Khulna, it was seen that many factories had been closed for years.

Anwarul Kadir, an economist and member of Transparency International Bangladesh (TIB), said unwillingness to repay loans and product tampering at shrimp processing factories also contributed to the industry's collapse.

Two-thirds of the factory owners even channelled their bank loans into other sectors in a bid to make more money and as a result, many are unable to pay instalments on time, he added.

After farmers stock their shrimp at warehouses, frozen shrimp exporters buy it from commission agents before processing them to ship abroad.

Besides, other issues such as a shortage of fry and feed continue to plague the industry while cyclones Amphan and Yaas made things worse. As a result, the cost of shrimp fry and feed has risen.

Hatcheries in the Khulna region have failed to produce shrimp fry as per the demand for the past five years now, said Golam Kibria Ripon, general secretary of Khulna Divisional Fry Businessmen's Association.

"We need 160 crore to 170 crore fry but we get merely 20 to 25 per cent of this amount," he added

According to the local office of the fisheries department in Khulna, shrimp is cultivated on about 260,000 hectares of land in the coastal districts each year.

Of it, 152,000 hectares are in Khulna, Bagerhat and Satkhira districts.

Kazi Belayet Hossain, former president of the Bangladesh Frozen Foods Exporters Association, said exporters could get a loan for one year at 4 per cent interest under the government's stimulus package for the sector.

"However, the banks are giving 13 to 14 conditions," he added.

# Vessel abandoned off Myanmar leaves 15 importers in limbo

DWAIPAYAN BARUA, *Ctg*

Over a month has passed but 15 Bangladeshi importers are yet to know the fate of a vessel, which was transporting around 11,000 tonnes of their steel products and abandoned by its crew for "water ingress and sinking" off the coast of Myanmar.

Panama flagged general cargo vessel Tan Binh 127 was abandoned for flooding about 90 nautical miles from Zar Dat Gyi Island on August 1, said the Department of Marine Administration of Myanmar in an August 3 notice.

All 18 crew members were safely rescued by a passing vessel, MCC Chittagong.

The notice advised vessels in the vicinity to keep a sharp lookout and navigate with extreme caution keeping a wide berth.

Mariners who sighted the vessel were requested to notify the Maritime Rescue Coordination Centre, Myanmar.

Woohyun Shipping Company of South Korea, which owns and operates the 130-metre-long ship, has not given any official declaration about its current status.

The importers demand an official declaration, which was required if any insurance was to be claimed.

The vessel was travelling from Vietnam to Chattogram via Singapore.

According to Greece-based MarineTraffic, which provides real-time information on the movement and location of ships, Tan Binh 127 left Ho Chi Minh on July 25 and it was at Malacca Strait as of July 31.

According to an August 11 post of online portal FleetMon, the vessel issued a distress signal reporting water ingress and sinking on August 1 in Andaman Sea, some 150 nautical miles off Phuket Island, Thailand.

MCC Chittagong, which was en route from Chattogram to Port Klang, Malaysia, handed over the rescued crew, comprising 13 Vietnamese and 5 Indian nationals, to the Vietnamese coast guard at Cat Lai port, Ho Chi Minh on August 8.

> *Woohyun Shipping Company of South Korea, which owns and operates the 130-metre-long ship, has not given any official declaration about its current status.*

Of the cargo, 700 tonnes of steel coil were imported by Narsingdi-based Nirob Manufacturing Corporation from a Korean supplier, World Steel.

The firm's proprietor, Kamrul Islam Billal, told The Daily Star yesterday that papers provided by the shipping company to Chittagong Customs House state the vessel was scheduled to reach the Chattogram port on August 4.

But the vessel did not reach the port, he said.

"The local shipping agent of the vessel has not provided us any concrete information about there was no official declaration that the ship had sunk.

Amir Hossain, senior vice president of the Bangladesh Iron and Steel Importers Association, said the businesses had already been suffering from losses for the pandemic and now this incident has worsened their condition.

Asked whether the ship has sunk or not, Motiul Islam, senior operation officer of the ship's local agent, Hoque and Sons Shipping, said the ship's owning company had not provided any information regarding its fate in email correspondence.

the ship's fate till date. They are giving different information at different times creating confusing," Billal said.

The ship's local agent first informed that the ship's engine had been damaged and it was being towed to a nearby port, he said.

Later they came to know that the vessel had sunk but the ship's local agent did not give any official declaration regarding this, he added.

The importer said he apprehended incurring a huge financial loss, since the market value of his goods were around Tk 14 crore.

Keraniganj-based Tanmoy Metal Industries had 519 tonnes of steel coil on the vessel.

Ratan Kumar Bonik, managing director of the firm, said they were even unable to claim insurance as

MISCONCEPTIONS & MONITORING

# Knot so true

RUBANA HUQ

It was 2013 that brought about a massive change in the local garment industry. Rana Plaza had collapsed and with around 1,132 lives lost in the incident, the entire nation suffered a sense of collective grief.

As such, garment manufacturers began to readdress their business strategies with an increased focus on compliance.

It was then in the summer of 2013 that the Accord Foundation was born in Amsterdam, based on a bilateral understanding between brands and unions.

This agreement lasted for eight long years and during this period, the Accord gave factories strict requirements to comply with in areas of structural, electrical and fire safety.

In about seven years, less than 350 factories received 100 per cent completion certificates, more than 300 others are ready to be inspected, and another 800 have achieved 90 per cent of the completion rate.

In the meantime, the brands and unions had signed the Accord version-2 which remains, till date, unacceptable by the industry in Bangladesh. It was at that point that Bangladesh had come up with a strict ruling against the Stichting Bangladesh Accord Foundation operating in the country.

Before the ruling, the idea was to gradually transfer compliant factories to the Remediation Coordination Council, under the Department of Inspection for Factories and Establishments (DIFE).

After transferring some 100 factories to DIFE, the Accord felt that there were lackings in monitoring and that the pace of remediation had become slow.

But with Accord not being able to operate in Bangladesh, things became difficult for all.

Therefore, a transition agreement was reached between the Accord and the local industry in 2019, based on which the latter became a part of the remediation process and at the same time, a critical stakeholder.

Instead of just two parties, the industry assumed a position in the discourse of remediation and a tripartite initiative was formed, which was called the RMG Sustainability Council (RSC) in September 2019. RSC, a company, falls under a non-profit category. It is also licensed to operate in Bangladesh by the commerce ministry. So, in late 2019, RSC started its operation with all the sides: brands, unions and industry.

A new managing director, who was a British-Bangladeshi engineer, was also hired.

For those who were on the RSC board, things were challenging as not only would the RSC have to prove its independence and objectivity, but would also ensure a faster and more efficient performance with the same set of engineers that the Accord had handed over to it.

At the same time, the board members from the industry side also had to be accountable to manufacturers who had been waiting for the longest time for pending assessments and had to also go through multiple audits with newer observations that were not part of the initial assessment. Disappointment from the industry was also a big challenge.

**OPINION**

As for the unions, the local garment industry would also have to prove to them that industry meant business and being engaged in RSC would mean rising above self interest and focusing on the greater good for all.

At such a point, on May 31, 2021, the agreement between the brand and the unions ended, prompting widespread bad press about unions not supporting RSC anymore. This meant that the formal engagement between the brands and the unions had finally ended.

Thanks to the mediation of supporters from home and abroad, the brands and unions finally agreed to enter a transition of three months, which was scheduled to end on Aug 31. That would mean from Sep 1, 2021, there would be no formal participation of the unions in RSC as well.

READ MORE ON B2

## GLOBAL BUSINESS

# Small businesses struggle to survive as Taliban uncertainty deepens

AFP, *Kabul*

For 10 years Fahad made a good living selling wedding gowns at his bridal shop in the Afghan capital, but since the Taliban rolled into town on August 15 he hasn't sold a single dress.

At a nearby tailor for men, Tanveer tells a similar tale -- he has sold just one traditional shalwar kameez suit in over two weeks.

Abdul Hassan, meanwhile, hasn't moved a single appliance in his electronics store in 20 days, and has turned off the lights and air conditioner to save money.

But Fawzi, whose family runs a swish general merchandise store in Parwan-e-Seh neighbourhood, is doing better after branching out with a new line -- burqas and hijabs.

Small-business owners and merchants are struggling to make ends meet since the Taliban's return to power last month, with many already talking of closing shop and trying their luck outside the country.

"Nobody has any money," Fahad told AFP at his bridal shop -- a fact born out by huge daily queues outside city banks.The authorities have limited withdrawals to the equivalent of $200 a time.

And Fahad is already changing the way he does business in order not to attract the

AFP/FILE

**A shopkeeper arranges a bridal dress displayed at a store in Kabul.**

attention of the Taliban.He plans to remove the heads from the mannequins modelling his glitzy gowns.

"We can't show pictures or faces of people, so I will take off the heads," he told AFP.Like all the businessmen AFP spoke to for this article, Fahad asked not to be fully identified -- or for his store to be named -- for fear of reprisal.

"At the moment we don't know what we can do and what we mustn't do," Fahad said. "So I am trying to operate like the Taliban were last time."

That "last time" -- from 1996-2001 -- Fahad was an early teen and mostly oblivious to the repressive rule of the hardline Islamists.

Women were largely barred from public life, television and music were banned, photographing people was considered idolatry and men were ordered not to shave and to wear only national dress.

The Taliban have promised a softer rule this time around, but in the absence of a government and formal dictates, ordinary Afghans are wondering what they can and can't get away with.Tailor Tanveer says he doesn't expect to sell another Western-style suit "for a long time".

"I used to wear suits in my shop because I am selling them. We make a good profit," he said. "But now I am wearing shalwar kameez. Nobody has told me, but I worry in case the Taliban come and check.

"Abdul Hassan, meanwhile, fears another ban on watching TV -- what will he do with the dozens of top-of-the-range flat screens displayed at his shop?

"Usually I will have them turned on to show YouTube music. People can see the quality and they can buy them," he told AFP. "But I haven't sold anything for a while. I don't know if I can afford the rent, so I have switched off the electricity to save money," he said.

If things continue this way, he says he will sell his stock to a fellow dealer "at a loss" and try to leave Afghanistan.

# High prices, shortages plague US services sector

AFP, *Washington*

The massive US service sector continued expanding in August but businesses remained worried about high prices and shortages of materials and labor, although there were signs that situation could be improving, an industry survey released Friday said.

The Institute for Supply Management (ISM) reported its services index was at 61.7 per cent in August, just under what was expected and below the all-time high of 64.1 percent in July.

The index was nonetheless well above the 50-per cent threshold indicating expansion and in its 15th straight month of growth after the sector plunged last year when the Covid-19 pandemic began.

"There was a pullback in the rate of expansion in the month of August; however, growth remains strong for the services sector," the survey's chair Anthony Nieves said.

Positive trends were seen in shortening supplier delivery times, a sign the supply chain snarls of recent months could be untangling. Prices remained high but fell 6.9 percentage points, and order backlogs also declined.

However, the report showed business activity and production falling 6.9 percentage points from July, new export orders falling more than five percentage points and new orders declining slightly.

Businesses also continued to face complications finding workers

AFP

**The US services sector was expanding in August, but shortages of labour and materials continued to trouble businesses, an industry survey said.**

and supplies and being able to afford them, a dynamic that first began as Covid-19 vaccinations allowed the economy to rebound strongly earlier this year.

"Supply chain disruptions -- including manufacturing-labor shortages, logistics delays and lack of material to make products -- are significantly disrupting our business," an accommodation and food services company told ISM.

All services industries reported growth in August, with the exception of one: arts, entertainment and recreation, a sector vulnerable to renewed mask-wearing and other restrictions imposed to contain the fast-spreading Delta variant of Covid-19, which is viewed as again threatening the economic recovery.

# Alibaba to invest $15.5b for 'common prosperity'

REUTERS, *Shanghai*

China's Alibaba Group will invest 100 billion yuan ($15.5 billion) by 2025 in support of 'common prosperity', it said, becoming the latest corporate giant to pledge support for the initiative driven by Chinese President Xi Jinping.

Beijing has been encouraging companies to share the wealth as part of the effort to ease inequality in the world's second-largest economy.

Other companies that have made similar announcements include Tencent Holdings, which also pledged 100 billion yuan, and Geely Automobile, reports Reuters.

The government-backed Zhejiang News website said Alibaba's funds will go towards areas such as subsidies for small and medium-sized enterprises and improving insurance protection for gig economy workers such as couriers and ride-hailing drivers.

It will also set up a 20 billion yuan "common prosperity development fund", the newspaper said, with Alibaba confirming the report.

The e-commerce giant and its tech rivals have been the target of a wide-ranging regulatory crackdown on issues ranging from monopolistic behaviour to consumer rights.

Alibaba was fined a record $2.75 billion in April over monopoly violations.

The sector has also attracted criticism for the treatment of delivery workers and ride-hailing drivers, most of whom are not covered by basic social and medical insurance.

# Philippine Airlines files for bankruptcy

AFP, *Manila*

Philippine Airlines said Saturday it was filing for bankruptcy in the United States to slash $2 billion in debt as it tries to survive an industry gutted by the coronavirus pandemic.

The national carrier of the Philippines said the filing will allow it to restructure contracts and cut debt by at least $2 billion while getting $655 million in fresh capital when it emerges from the Chapter 11 process.

PAL will also downsize its fleet by 25 per cent and re-negotiate contracts to reduce lease payments.

"Philippine Airlines will continue business-as-usual operations while finalising the restructuring of our network, fleet and organisation," senior vice president and chief financial officer Nilo Thaddeus Rodriguez said in a video message.

As part of agreements reached with suppliers, lenders and lessors, Rodriguez said PAL will secure $505 million to execute the recovery plan.

The money will later convert into airline equity and $150 million in debt funding after it emerges from the restructuring process "in a few months", Rodriguez said.