Star BUSINESS

DHAKA SUNDAY OCTOBER 3, 2021, *ASHWIN 18, 1428 BS* ● starbusiness@thedailystar.net

10 lakh tonnes of potato may remain unsold

Cold storage operators say

STAR BUSINESS REPORT

Cold storage operators yesterday expressed apprehensions that nearly 10 lakh tonnes of potato would remain unsold this year owing to increased production and less than expected consumption.

The concern comes as prices of the tuber continue to remain low at both retails and cold storage gates because of ample stocking by farmers, stockists and cold storage operators.

And farmers and stockists are incurring losses on having to accept selling prices as low as Tk 9 per kilogramme of potato against production and storage costs of nearly Tk 18 per kilogramme.

Farmers bagged 1.06 crore tonnes of potato this calendar year, up 10 per cent from 96 lakh tonnes in calendar year 2020, shows data from the Department of Agricultural Extension, and Bangladesh Bureau of Statistics.

Of the produce, storages still have 25 lakh tonnes of potato and only two months remain before fresh potato begins to arrive in December. Of the stored potato, farmers preserved 8 lakh tonnes as seeds for planting this season.

And excluding seeds, if consumption is taken into consideration during the rest of the season, 10 lakh tonnes of potato would remain unsold this year, said Mosharraf Hossain, president of Bangladesh Cold Storage Association (BCSA) after a press briefing yesterday at Dhaka Club.

READ MORE ON B3

Floating vegetable gardens have been practised in the lowlands of south-central Bangladesh for hundreds of years during the monsoon. This form of hydroponics involves making rafts out of weeds such as water hyacinths and paddy stalks and planting seedlings on these organic beds. The artificial islands rise and fall with the swelling waters and last for around five to six months. The photo was taken at Mugarjhor village of Pirojpur's Nazirpur upazila last month.

HABIBUR RAHMAN

Prospects brighten for GSP Plus as EU changes rules

REFAYET ULLAH MIRDHA

Bangladesh's prospects of keeping exporting to the European Union duty-free have brightened as the bloc has proposed to update rules to allow a growing number of graduating LDCs to qualify for the preferential trade benefit.

A least-developed country's share in the EU's total import can't be more than 7.4 per cent to qualify for the duty-free export facility under the region's Generalised Scheme of Preferences (GSP).

But on September 22, the European Commission, the executive branch of the EU, dropped the threshold in the proposed new GSP scheme.

On its website, the EC said the GSP scheme was now being updated to improve its overall efficiency and effectiveness to respond to future challenges for beneficiary countries.

The review also aims to facilitate access to the GSP Plus arrangement for the growing number of LDCs graduating from the Everything But Arms (EBA) facility.

Bangladesh is set to graduate from the grouping of the LDCs in 2026. The government has been lobbying for the GSP Plus status to retain the duty benefit.

The country is the largest exporter to the bloc among the LDCs and has already crossed the threshold, which stands at 26 per cent. The threshold has emerged as a major barrier in obtaining the GSP Plus status after the LDC graduation.

The EU is the largest export destination for Bangladesh.

Currently, 58 per cent of the total export and 64 per cent of total garment items in particular of the country is destined to the EU.

The new proposal will be final when adopted by the European Parliament and the EC. Adoption could take place in the last quarter of 2022. The new GSP regulation is expected to enter into force on January 1, 2024, according to the website of the EC.

The current scheme expires by the end of 2023.

The new scheme for the LDCs and developing countries will run for 10 years from 2024 to 2034.

Speaking about the new GSP proposal on September 22, Valdis Dombrovskis, executive vice-president and commissioner for trade of the EC, said: "Now, we want to build on the success of the GSP scheme and take it further."

"There is no need to overhaul the scheme, as we did 10 years ago. But we will do some fine-tuning to respond better to the changing needs and challenges of beneficiary countries – and to bring the scheme closer in line with our trade sustainability principles."

"Today's proposal aims to reinforce the scheme's social, environmental and climate aspects, reduce poverty and increase export opportunities for developing countries."

The GSP Plus is a special incentive arrangement for sustainable development and good governance that slashes tariffs to zero for the same tariff lines as in the case of Standard GSP, which is extended to the low and lower-middle income countries.

Local apparel exporters are hopeful that Bangladesh will be able to obtain the GSP Plus status.

"Obtaining the GSP Plus status will not be difficult if the EU finally adopts the proposed rules without the threshold criteria," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

The EU will continue the same trade benefit for Bangladesh even after graduation for three more years to 2029 as the trade bloc has granted the grace period to help the country make the transition smoothly.

Moreover, the UN may also allow the continuation of duty benefit to the LDCs for 12 more years. The LDCs, including

READ MORE ON B3

CLIMATE MIGRANTS

Better skills to make blended finance work: experts

STAR BUSINESS REPORT

Blended finance could be a remedy for job-seeking climate migrants but they need to be trained up first for skills development, while the financing should be provided to selective sectors, experts said at a dialogue held yesterday.

The event, styled " Establishing a blended finance mechanism involving climate funds in Bangladesh: Opportunities and Challenges", was organised by the Centre for Policy Dialogue in partnership with Promoting Knowledge for Accountable Systems.

Blended finance is an evolving concept that involves development finance, a combination of public and private financing that includes official development assistance as well.

"The funds should have a specific goal, such as which sector will get it since small-and-medium enterprises (SMEs) are a vast sector," said Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh.

"So, the fund might be given to three or five sectors," he added.

The cost of funds is not a big issue at the moment but instead, how it will be channeled and repaid, should be clear.

"Besides, climate vulnerable people have small skill sets so they should be trained before being given finance," Rahman said, adding that the project should be commercially viable as well as it will be tough to sustain otherwise.

Financing is not the sole solution for climate migrants though, as shown by BASIC Bank, according to AK Enamul Haque, a professor of economics at East West University.

BASIC Bank was formed with the purpose of giving loans to cottage, micro, small and medium enterprises (CMSMEs) but it did not work.

So, climate migrants should be well trained as their skill sets are very poor," he said.

The risk of lending to marginal people should be assessed and microfinance institutions could work to this end.

RECOMMENDATIONS

Training should be given before providing funds	Women should get priority in credit disbursement
Financing should be sector-specific	Regulatory framework should be made easier
Financing should be commercially viable	Cost of MSMEs should be lowered

"These people are generally involved in agriculture, food processing, and the transport sector so these sectors can be the focus," Haque added.

The cost of financing CMSMEs is still too high despite the country's lower interest rate regime, said Mominul Islam, managing director and chief executive officer of IPDC Finance.

Interest rates in the banking sector have been down to single digits since April 1 last year.

"To get finance, the enterprises should have trade licenses but it's not easy to have and even costly," he said.

So, the process should be digitised and easy.

"They should not need CIB reports either because it also adds to their costs," he added.

The benefits of the government's incentive package for Covid-19 were secured by large companies in most cases while small companies struggled, said Asif Ibrahim, former president of the Dhaka Chamber of Commerce and Industries.

This is because of the stringent regulatory framework.

So, the regulatory policy should be easy for CMSMEs so that they can avail the benefits of blended finance.

READ MORE ON B3

Govt targets 5.6pc annual productivity growth

Implementation of National Productivity Master Plan kicks off next year

SUKANTA HALDER *and* MD ABU TALHA SARKER

The government has targeted an annual average productivity growth rate of 5.6 per cent for the next 10 years as it is set to begin implementing the Bangladesh National Productivity Master Plan from January next year.

The plan, which spans from 2021 to 2030, has been prepared by the National Productivity Organisation (NPO) of the industries ministry and the Asian Productivity Organisation (APO), an intergovernmental organisation based in Japan.

The plan has been prepared to help the country achieve the Sustainable Development Goals, implement the Eighth Five-Year Plan, and improve productivity, quality and competitiveness.

The government is working to implement the plan to increase productivity at the national level, said Industries Minister Nurul Majid Mahmud Humayun yesterday at a programme organised to mark the National Productivity Day, themed "Productivity for Irresistible Advancement."

"The industries ministry is working to increase the productivity at the national level to 5.6 per cent by 2030."

Bangladesh's national productivity growth rate averaged 3.8 per cent between 1995 and 2016.

The minister said at present, the level of productivity in Bangladesh was not as high as in many other countries.

"This is one of the main reasons for our economy lagging behind other economies," he said, adding that the country needed to raise productivity in a systematic and consistent manner in all sectors of the economy.

Bangladesh lags all seven garment-producing Asian countries except Nepal and Cambodia in terms of apparel labour productivity per hour despite being the second-largest garment exporter in the world after China.

According to the APO Productivity Data Book-2020, Bangladesh's labour productivity is 10.4 per cent. The average labour productivity in South Asian and the APO countries is 16.3 per cent and 27.8 per cent, respectively.

"On the back of the master plan, we will be able to reach our goal," said Industries Secretary Zakia Sultana.

Nutrition is also related to labour productivity. And the World Health Organisation says adequate nourishment can raise national productivity by 20 per cent. According to the Global Alliance for Improved Nutrition (GAIN), a Switzerland-based international organisation, about 43 per cent of garment workers were suffering from malnutrition.

Providing access to nutritious and safe food to the workers can ensure utilisation of the full potential or productivity of workers, it said.

"Most of the garment workers in Bangladesh can no longer survive in the industry when they are 40 or 45 years old, although the law says that they can work for up to 60 years. This is because of malnutrition. Their children also suffer from malnutrition," said Nazma Akter, president of the Sommilito Garments Sramik Federation.

READ MORE ON B3