Tourism fair in Dhaka in March

STAR BUSINESS DESK

Fortnightly journal The Bangladesh Monitor will organise the 17th edition of its "International Tourism Fair" or Dhaka Travel Mart at Pan Pacific Sonargaon Dhaka on March 10-12 next year.

It is a bid to revive and mobilise the country's tourism industry as the coronavirus situation is gradually developing for the better, said a press release.

"Tourism worldwide has been devastated by the coronavirus pandemic. Like other countries, Bangladesh must take steps immediately to rebound from the crisis too," said Editor Kazi Wahidul Alam.

"There are now more opportunities for regional cooperation in the new normal era. And to benefit from these new potentials, all concerned must make concerted efforts at this moment," he added.

Alam hopes for local and international tourism organisations to participate in the fair.

"Local and international tour operators as well as representatives of several national and foreign tourism bodies are participating in the fair. Through discussions, we could increase cooperation among each other and bolster the regional tourism industry," he said.

The publication has held the fair every year, except in 2020 over coronavirus concerns.

Opec+ likely to keep oil output policy unchanged

REUTERS, *London*

OPEC and its allies are likely to stick to their existing agreement to add 400,000 barrels per day (bpd) of oil to the market in November, three OPEC+ sources said on Monday, despite consumer pressure for more supply to cool a red hot market.

Ministers from The Organisation of the Petroleum Exporting Countries, Russia and their allies, known as OPEC+, are due to gather online at 1300 GMT.

An OPEC+ ministerial panel that monitors market developments, known as JMMC, meets before that.

Benchmark Brent crude, up 50 per cent so far this year, surged above $80 a barrel last month and was trading around $79 on Monday, supported by supply disruptions and surging demand as the global economy recovers from the Covid-19 pandemic.

OPEC+ agreed in July to boost output by 400,000 bpd every month until at least April 2022 to phase out 5.8 million bpd of existing production cuts by the group, which slashed output in 2020 when the pandemic destroyed demand.

World Bank, IMF face long-term damage after data rigging scandal

REUTERS, *Washington*

Regardless of whether IMF chief Kristalina Georgieva was to blame for changes to World Bank data in 2017 that benefited China, the scandal has dented the research reputations of both institutions, former staff, government officials and outside experts say.

The damage from the data-rigging scandal that forced the World Bank to discontinue its "Doing Business" investment climate rankings may be difficult to repair and has raised questions over whether the institutions' influential research is subject to shareholder influence.

Georgieva has strongly denied accusations in a World Bank external investigation report that she applied "undue pressure" on staff for changes that boosted China's business climate ranking to 78th from 85th in the 2018 report on business climate rankings at a time when the bank was seeking Beijing's support for a major capital increase.

A higher ranking in the influential World Bank publication can mean increased inflows of foreign investment funds, boosting countries' economies and financial markets, as fund managers have built the Doing Business rankings into their analytical models. Current and former bank officials say countries are always pressing their case for a higher ranking.

Georgieva has blamed the office of former World Bank President Jim Yong Kim for ordering changes that were outside of the report's established methodology. The changes, first identified in a December 2020 review, included removal of metrics for the amount of time it took to open a bank account and obtain invoices, which reduced the amount of time estimated to start a business in Beijing and Shanghai.

"Given how critical it is that this data be... seen as unimpeachable, these allegations are deeply disturbing," wrote Senators Robert Menendez and James Risch in a letter to President Joe Biden asking for "full accountability" in the matter.

"The impact these allegations could have on the strength and reputation of our international financial institutions and the Bretton Woods system are still unknown — but surely they will not be good."

IMF Managing Director Kristalina Georgieva

Prominent economists and women leaders are rallying to Georgieva's defense with published opinion pieces and tweets, including former World Bank chief economist Joseph Stiglitz, who has labeled the allegations a "coup attempt" at the IMF.

Shanta Devarajan, the former World Bank official in charge of the Doing Business report in 2017 says he was never pressured by Georgieva to alter the report. He later told Reuters that changes were made without his consultation, but he does not know by whom.

Georgieva and lawyers from WilmerHale, the law firm hired by the World Bank that produced the investigation report, are due to be interviewed early this week by the IMF's executive board as the probe into the allegations intensifies, Reuters reported on Sunday. Finance ministers of major economies, including US Treasury Secretary Janet Yellen, have so far refrained from public judgment on the matter, and the topic did not come up during a G7 finance leaders meeting last week.

A statement from Britain's finance ministry emphasized only the need for "good governance" at the World Bank.

"We support transparency and are considering the publication of the independent investigation findings on irregularities in data reporting regarding the World Bank Doing Business Report," a UK finance ministry spokesperson said in an emailed statement to Reuters.

A US Treasury spokeswoman said the WilmerHale "findings are serious and have warranted a full review by the IMF of the managing director's role in the Doing Business Report."

With an investigation by law firm WilmerHale continuing, the controversy may overshadow the IMF and World Bank annual meetings October 11-17.

The scandal has fueled longstanding criticisms about the inherently political nature of both Bretton Woods institutions, set up in July 1944 to rebuild the war-torn global economy.

In the decades since then, the two have grown to encompass around 190 countries, with combined lending power of more than $1 trillion and research that guides government policy choices and hundreds of billions of dollars in annual private sector investment flows that exceed their annual lending.

Timothy Ash, senior sovereign strategist at Bluebay Asset Management, said the accusations suggest that some of these investment flows have been based on "compromised, even corrupted" Doing Business rankings.

"The report is deeply troubling in terms of what it suggests as to the damage inflicted on the credibility and ethical culture and standing of the World Bank and IMF," Ash wrote in a letter to the Financial Times.

Past leadership controversies at the institutions have often involved improprieties among individual leaders.

But the World Bank data-rigging crisis goes beyond the actions of a few individuals to "deeper structural issues" in the governance of both the Bank and the Fund, said Luiz Vieira, coordinator of the London-based Bretton Woods Project, a nonprofit watchdog group.

"It highlights the degree to which the World Bank and the IMF can really be trusted to provide advice based on solid research," he said. "It raises questions about whose interests are being served, how robust is their analysis, and how subject to geopolitical and shareholder pressure are they?" Former bank officials say they are not surprised.

Harry Broadman, managing director at Berkeley Research Group, who worked at the World Bank from 1994-2008, said he had warned about the risks of manipulation when the bank set up a predecessor to the Doing Business report in the 1990s. But he said those problems did not necessarily spill over to other bank research.

$4.16b in Sept, highest ever monthly exports

FROM PAGE B1

Knitwear accounted for some $5.16 billion, 16 per cent year-on-year growth.

Shipment of woven items also registered strong positive growth after nearly one and a half years with the reopening of the economies, especially in the West.

Woven garments fetched $3.89 billion, registering a 6.35 per cent year-on-year rise.

Hassan said customers' confidence in Bangladeshi garment items improved a lot because of remediation carried out at factories based on recommendations of the Accord and the Alliance, which brightened the country's image.

Bangladesh has the highest number of green factory buildings and came in second in terms of ethical sourcing destinations among international buyers, according to an audit report of supply chain compliance solutions provider QIMA.

A lot of work orders are now being placed with Bangladesh by international retailers and brands while the prices being paid have also increased.

But the price rise is coming to little benefit as the cost of raw materials like cotton, yarn and chemicals and freight charges have also increased.

Hassan demanded for services to improve at the Chattogram port and Hazrat Shahjalal International Airport to sustain the current pace of exports of garment items.

In the three months, frozen and live fish export also increased by 16 per cent year-on-year to $152.6 million, agricultural products 27 per cent to $344.5 million and pharmaceuticals 33 per cent to $56 million, data by EPB showed.

Leather and leather goods, one of the main export earners, posted 20.5 per cent year-on-year growth to $271.34 million.

However, some sectors like jute and jute goods and non-leather footwear could not perform well in the July-September period.

ADB extends $1.78b for Dhaka-Sylhet corridor

FROM PAGE B1

Besides, new pavement, bridges, and flyovers, straightening of curves, railway overpass and safe entry or exit to the main road will also be built under this project.

The project will also improve the institutional capacity of the roads and highways department and the efficiency, connectivity and safety of the Dhaka-Sylhet international corridor.

It will also reduce the travel time between Dhaka and Sylhet by approximately two hours, according to the statement.

ADB's total loan to Bangladesh till now is more than $26.61 billion and the total grant is about $1.053 billion.

The issue of the $1.78 billion loan was shared at a time yesterday when Finance Minister AHM Mustafa Kamal welcomed the ADB's new country director for Bangladesh, Edimon Ginting, who will replace Manmohan Parkash.

Welcoming the designate country director of ADB as a new friend, the minister said: "Edimon Ginting is a new member of our team."

"I want to assure him that he will get all kinds of cooperation from us. And we hope that he too will become our true friend by involving himself in the development journey of Bangladesh."

The minister was speaking at the farewell of Parkash at Sonargaon hotel in Dhaka.

Kamal said Bangladeshi citizens are indebted to the family of Parkash as his valiant father fought for the cause of independence of Bangladesh as a member of Indian Air force.

"I must acknowledge that Mr. Manmohan's intelligence and insightful thoughts on the concurrent global development issues were really amazing. Thank him for the support and goodwill he has shown over the years. During his tenure the relationship between Bangladesh and ADB has reached a new height."

Tax receipts rise as economy recovers

FROM PAGE B1

Last year, because of a slump in economic activities caused by the Covid-19, overall tax receipts declined.

In July, the first month of the fiscal year, taxmen posted only a 4 per cent year-on-year growth in tax collection, since the economic activities suffered for countrywide restrictions for roughly three weeks to battle the second wave.

The lifting of the bar along with vaccinations unleashed business activities, enabling the VAT authority to log a 14 per cent increase in indirect tax to Tk 12,964 crore in the July-August period of the current fiscal year from Tk 11,350 crore a year ago.

Tariff collection from customs soared 16 per cent year-on-year to Tk 11,580 crore in the first two months of the current fiscal year from Tk 10,008 crore in the previous fiscal 2020-21 as an uptick in imports continued.

Buoyancy in income tax, also known as direct tax, continued. In the July-August period of the current fiscal year, taxmen collected 14 per cent higher tax year-on-year to Tk 10,002 crore from Tk 8,800 crore in the previous fiscal, according to the NBR data.

Khan said priority needs to be given in curbing tax evasion as much as possible without harassing the businesses.

"While businesses will thrive to recover as Covid cases are declining, the government will also need adequate resources to support the marginalised people and invest for sustainable recovery of the economy," he said.

Global natural gas price surge looms over US this winter

REUTERS

Regional natural gas markets in the United States are seeing prices for this winter surge along with global record highs - suggesting that the energy bills causing headaches in Europe and Asia will hit the world's top gas producer before long.

Gas prices in Europe and Asia have more than tripled this year, causing manufacturers to curtail activity from Spain to Britain and sparking power crises in China.

The United States has been shielded from that global crunch because it has plenty of gas supply, most of which stays in the country since US export capacity is still relatively small.

The benchmark US natural gas contract NGc1 has been rallying, lately hitting seven-year highs, but its $5.62 per million British thermal units (mmBtu) price is a far cry from the $30-plus being paid in Europe and Asia.

However, the US market is worried about the coming cold, particularly in New England and California - where prices for gas to be delivered this winter are far above the nationwide benchmark. In New England, buyers are expecting gas to cost more than $20 per mmBtu. High winter prices are nothing new for New England and California, where the limited number of pipelines into both regions regularly become constrained on the coldest days. But this winter could be worse.

Both regions have spent years aggressively moving away from fossil fuels through regulations, power plant retirements and carbon pricing that makes power from fossil-fired generation, particularly coal, more expensive.

US gas currently being delivered to the Henry Hub terminal in Louisiana, the nation's benchmark, recently surpassed $6 for the first time since 2014. For January that price is in the same range, suggesting buyers think the country as a whole will have ample pipeline and storage access to keep fuel flowing this winter.

Local suppliers feel the heat of Chinese power cuts

FROM PAGE B1

But with the government strictly controlling electricity prices, coal-fired power plants are unwilling to operate at a loss, with many drastically reducing their output instead, according to the BBC.

China is not getting an adequate supply of coal because of floods and bickering relationship with Australia, the major supplier of the fuel for the country.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, said Bangladesh would face a big loss due to the Chinese power crisis as many factories were dependent on the country.

"We may supply yarn for knitwear items but it is difficult to supply the raw materials for woven items."

Bangladesh may supply denim fabrics fully but it will not be able to meet the demand for other woven fabrics, he said, adding that he was also not getting the delivery of fabrics from China on time.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the Chinese power cut was a challenge for the local industry.

He said a lot of work orders was shifting to Bangladesh from China.

"The relocation of the orders has created an opportunity for us, but the supply chain disruption will definitely affect our business, especially the recovery of our garment export."

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, said Bangladesh was not too dependent on China for the raw materials for the local plastic industry.

So, any disruption to the production in Chinese industries will not affect Bangladesh, said the entrepreneur, who is involved in the plastic industry.

Bangladesh imports a lot of pharmaceuticals ingredients for local drug industries, said Abdul Muktadir, senior vice-president of the Bangladesh Association of Pharmaceutical Industries.

Sixteen of mainland China's 31 provincial-level jurisdictions are rationing electricity as they race to meet Beijing's annual emissions reduction targets, according to the South China Morning Post.

The price of thermal coal, used for power generation, has been soaring all years and hit new highs in recent weeks.

China's army of small and medium-sized manufacturers have been hit hard by the nationwide power crisis, with outputs slashed and sweltering working conditions taking their toll, while panic buying of raw materials and goods is becoming commonplace over fears prices are set to soar, the newspaper said.

Rising int'l coal prices may affect domestic market

FROM PAGE B1

The major coal importer went on to say that it is impossible to reduce prices given the current market climate due to the geopolitical tension between Australia and China that stems from the latter's reluctance to allow an investigation into Covid-19's origin.

Md Shahidullah Azim, vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the impact of higher coal prices would be insignificant for garment makers since it is not a key ingredient for the industry.

Mizanur Rahman Babul, president of Bangladesh Brick Manufacturing Owners Association (BBMOA), said since the brickmaking season starts next month, they are yet to figure out if the increased international coal price will have an effect on the industry.

Babul anticipates that brick prices will increase by Tk 1,000 per thousand units if coal prices do not go down before the factory reopens.

Referring to the BBMOA data, he said Bangladesh needs around 1,500 crore bricks per year for various construction projects.

And as if China had not done enough by shifting away from Australia, the world's top consumer of coal said it would pay any price for the fossil fuel, a move that threatens to starve less-affluent countries of their energy needs.

With winter on the way for the northern hemisphere, natural gas prices have hit record levels, leaving countries across the globe in a scramble for a piece of the finite coal supply.

And at the centre of this dust up is of course China, where stockpiles are low amid an all-time high demand for construction and power generation purposes.

Meanwhile, coal usage in the European Union is expected to increase during this winter due to lower renewable energy output, record-high natural gas prices, and planned closure of nuclear reactors.

The foreseeable impact will surely hit brickfields in Bangladesh the hardest, as brick baking costs will likely increase alongside the expense of imported coal, which has almost doubled compared to that last year.

Most brickfields and other industries in the country use imported coal as fuel for industrial purposes or power generation.

According to traders, Indonesian coal is now largely available in the country.

While speaking to The Daily Star yesterday, various brickfield owners in Dinajpur said they primarily use Indonesian coal but amid a global supply chain disruption caused by Covid-19 last year, they used local sources from Dhaka and Noapara of Jessore.

On condition of anonymity, the manager of a coal importing company in the area said prices have been increasing in the international market since September last year.

In 2020, his company produced one tonne of coal for between $55 and $60 but this year, they have to pay around $117 to $120 for the same amount depending on quality.

Shafiqul Islam, a brickfield owner in Parbatipur upazila of Dinajpur, said he used to source coal from the Barapukuria Coal Mining Company in Dinajpur's Parbatipur upazila for a couple of years.

However, the state-owned coal producer stopped supplying brickfields after the 2018 coal scam concerning the misappropriation of around 145 lakh tonnes of the fuel.

"Still though, the coal of Barapukuria was better than imported coal," he said.

Islam requires about 670 tonnes of coal to bake bricks each a season. Last year, he spent Tk 2 crore on procuring coal at Tk 8,000 per tonne.

"However, the price increased by the end of the season, when I needed to spend Tk 5.5 crore for the same amount," he added.

Bisu Agarwala, the owner of another brickfield in Dinajpur sadar upazila, said coal imports from India are going slow since the rates are so high.

"An importer recently bought 100 tonnes of coal from India through Sonahat land port of Kurigram for much too high a cost," he added.

While speaking with The Daily Star, many brickfield operators said the government should take steps for Barapukuria Coal Mining Company to produce more coal to support local demand. The coal processing plant can produce about one million tonnes of coal annually.

If the price of imported coal remains at the current rate, brickfield operators will have to switch to alternative sources of fuel for production that could be even more harmful to the environment.

For example, wood and bamboo are preferred alternatives, they said.