

StanChart executes first-ever sustainable trade finance transaction in Bangladesh

STAR BUSINESS REPORT

Standard Chartered Bangladesh has executed the country's first sustainable trade finance transaction locally.

The bank provided sustainable trade finance support to Square Textiles, a subsidiary of Square Group, in supplying yarn made from sustainably sourced cotton to its local buyer Echotex Ltd under a letter of credit transaction, according to a press release.

Square Textiles Ltd is a manufacturer of sustainable yarn produced from cotton that was sourced from sustainable cotton producers, who are also members of the Better Cotton Initiative (BCI), the largest cotton sustainability programme in the world.

Echotex is an export-oriented garments company and a member of the BCI, producing apparels from fabric made with sustainable yarn and selling to global buyers who also want to sell goods produced under

sustainable practices.

In the press release, Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, said, "Our vision is to become the most sustainable and responsible bank and the leading private sector catalyser for the Sustainable Development Goals where it matters most, across Asia, Africa and the Middle East."

"Providing sustainable trade finance to the textile and garments industry in Bangladesh is a big step towards realising the vision."

Bangladesh is one of the leading suppliers of apparels in the world, so there is an ample opportunity to provide sustainable trade finance to backward linkage manufacturers, who source sustainable cotton, and to exporters, who produce using sustainable fabric and sell to retailers, who are conscious about their sustainability footprint.

"This presents a good opportunity to promote sustainability across the cotton supply chain," he said.

Tapan Chowdhury, chairman of Square Textiles, said, "As one of the leading textile companies in the country, we are aware of our responsibility to lead by example, and hence, we have invested heavily in our sustainability drive."

The company sources cotton from BCI member suppliers and is selling yarn to exporters whose ultimate buyers are retailers aligned with sustainability.

"Thus, we are contributing to end-to-end sustainable cotton initiative across the textile and garments supply chain," said Chowdhury.

Mohammad Bin Quasem, a director of Echotex, said: "In addition to our own concern for the environment, being sustainable is also commercially beneficial."

"This is because the consumers in our export markets are becoming increasingly environment conscious, and the global retailers now prefer to source from companies that manufacture sustainably."

Biden sees 'incredible' economic upside in climate fight

AFP, Glasgow

US President Joe Biden told the COP26 climate summit Monday that the massive response needed to stop the climate crisis should be seen as an opportunity for the world's economies.

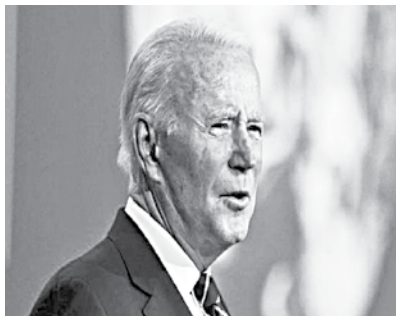
"Within the growing catastrophe I believe there's an incredible opportunity -- not just for the United States, but for all of us," he said in his speech to the summit.

Biden, who has reversed his predecessor Donald Trump's decision to abandon global action on the crisis, promised US leadership and "action, not words."

"The United States is not only back at the table but hopefully leading by the power of example. I know that hasn't been the case and that's why my administration is working overtime," he said.

And at a later event, Biden said public opinion was changing as the impact of climate change hits home.

"The American people four or five



US President Joe Biden

years ago weren't at all sure about climate change and whether it was real," he said. "Well, they have, as they say in southern parts of my state, seen the Lord."

"Much of his speech was angled on his insistence that the greening of the economy should be seen as a jobs booster.

Biden pushed back against criticism that reducing greenhouse gases and reliance on fossil fuels will hurt jobs, arguing that "it's about jobs".

Electrifying transport, building

solar panel and wind turbine networks "create good, paying union jobs for American workers".

Continuing down the same path is already causing economic damage, Biden said. "We're standing at an inflection point in world history," Biden said, describing the proliferation of wildfires, droughts and other climate-related disasters.

"Climate change is already ravaging the world," he said.

It's not hypothetical. It's destroying people's lives and livelihoods.

"We have the ability to invest in ourselves and build an equitable, clean-energy future and in the process create millions of good paying jobs and opportunities around the world."

"We meet with the eyes of history upon us," Biden told the summit in Glasgow, Scotland.

"Every day we delay, the cost of inaction increases, so let this be the moment when we answer history's call, here in Glasgow."

"God bless you all and may God save the planet," he said in closing.

Losses widen at Tata Motors on chip shortages, rising expenses

AFP, Mumbai

India's Tata Motors reported its third straight quarter of losses on Monday as chip shortages and rising raw material prices hit the automaker's bottom line.

Net losses widened to 44.41 billion rupees (\$592.81 million) in the three months ending September 30, compared to a loss of 3.14 billion rupees in the same quarter last year.

Aided by a recovery in the company's domestic business, revenue from operations rose more than 14 per cent from the same quarter in 2020 to 613.78 billion rupees.

"Semiconductor issues and commodity inflation will continue to impact the near term and we are doing our best to manage them," the Mumbai-headquartered firm said in a statement.

Tata Motors' UK subsidiary and Britain's biggest carmaker Jaguar Land Rover was particularly impacted by the global chip shortage, with revenues falling 11.1 per cent compared to the same quarter last year.

Semiconductor production cuts during the pandemic have caused a global shortage of the microchips, which are a crucial raw material in electronics and a key component in car manufacturing.

"The global semiconductor shortage remains challenging but I'm pleased to see the actions we have been implementing to reduce the impact," Jaguar Land Rover chief executive officer Thierry Bollore said in a statement.

"With strong customer demand (and) with a record order book, we are well placed to return to strong financial performance as semiconductor supply begins to improve," he added.

The company's India business recovered

sharply in the quarter as the economy rebounded from the dampening impact of the pandemic, with revenues jumping 90.7 per cent year-on-year as sales of both passenger and commercial vehicles improved.

Revenues from the newer electric-vehicle

business grew three-fold, with the company reporting its highest-ever quarterly sales of 2,704 cars.

Shares in Tata Motors closed 0.56 per cent higher in Mumbai ahead of the earnings announcement.



REUTERS, FILE

A Tata Motors logo is pictured outside the company showroom in Mumbai.

BP boosts share buyback as profit surges

REUTERS, London

BP added more than a billion dollars to its share buyback programme on Tuesday as it likened itself to a "cash machine" benefiting from higher oil and gas prices and a strong trading performance in the third quarter.

Natural gas and power prices around the world surged this autumn as tight gas supplies collided with strong demand in economies recovering from the pandemic.

BP said it expected natural gas prices to remain strong in the coming months of peak winter demand.

The company "is a cash machine at these sort of (oil and gas) prices and the business is running very well," Chief Executive Officer Bernard Looney told Reuters.

Underlying replacement cost profit, the company's definition of net earnings, reached US\$3.32 billion in the third quarter, exceeding analysts' expectations for US\$3.06 billion.

That compares with US\$2.8 billion in profit in the second quarter and US\$86 million a year earlier, when energy demand and prices collapsed due to the coronavirus epidemic.

The results were boosted by "very strong trading," which helped BP weather large fluctuations in gas and liquefied natural gas (LNG) prices throughout the quarter.

Reuters reported last month that BP's trading arm made at least US\$500 million in the quarter.

"It's not only a trading story. We have had production growth, we have stronger reliability and availability in our businesses," Looney said.

Although the headline profit reflects a strong business, BP reported a loss attributable to shareholders of US\$2.54 billion due to accounting effects and hedges as a result of fluctuations in LNG prices, which are nevertheless expected to unwind in the coming quarter.

BP shares were down 2 per cent by 0845 GMT, compared with a 0.9 per cent decline in the broader European energy index.

The company said it would repurchase a further US\$1.25 billion of its shares by early 2022, after buying US\$900 million during the third quarter. BP plans to maintain buybacks at a rate of around US\$1 billion per quarter at oil prices of US\$60 a barrel.

Amazon-backed EV startup aims for valuation above \$50b

AFP, New York

Rivian Automotive, an Amazon-backed electric vehicle startup, said Monday it is targeting a valuation of more than \$50 billion.

The California-based company will price shares between \$57 and \$62, raising up to \$9.1 billion at the midpoint price and all company stock at about \$52.5 billion, according to a securities filing.

US business media said Rivian could go public on Wall Street as soon as next week.

Rivian has raised more than \$10 billion in funding since its founding in 2009, including from Amazon, which has pledged to purchase 100,000 electric delivery vans from the startup.

The Amazon order constitutes "the largest order of EVs ever" and "supporting a path to carbon neutral deliveries" for the giant retailer, Rivian said in the filing.

Amazon disclosed last week a stake of \$3.8 billion in preferable stock of Rivian, according to a securities filing.

In addition to the Amazon delivery vehicles, Rivian is producing electric trucks and sport utility vehicles for consumers with prices starting from around \$70,000.

The news from Rivian comes as governments around the globe, including in the United States, make the development of electric cars a priority, and as the global auto sector accelerates EV production.

The offering also follows Elon Musk's company Tesla last week hitting a market valuation of more than \$1 trillion.

City Bank arranges Tk 742cr for power plant

FROM PAGE B1

City Bank provided Tk 217 crore and credit guarantee of Tk 525 crore, of which Tk 355 crore is from Bank Asia and Tk 170 crore from Eastern Bank.

Providing credit guarantee means City Bank will have to repay the fund to the two banks if the borrower fails to pay back the loans. The repayment tenure of the loan is 10 years.

A syndicated loan, also known as a syndicated bank facility, is financing offered by a group of lenders—referred to as a syndicate—who work together to provide funds for a single borrower.

The borrower can be a corporation, a large project, or a sovereign government.

The loan can involve a fixed amount of funds, a credit line, or a combination of the two.

The power plant started its production in December last year.

City Bank held a financial closure ceremony in Renaissance Dhaka Gulshan Hotel on October 14 marking completion of the process for the syndicated financing, which was given out in August.

Tahzeeb Alam Siddique, managing director (MD) of Manikganj Power Generations Ltd, Mashrur Arefin, MD of City Bank, Md Arfan Ali, MD of Bank Asia, and Ahmed Shaheen, deputy managing director of Eastern Bank Limited, were present.

\$121m US assistance provided for SMEs

FROM PAGE B1

a virtual inauguration of "AmCham COVID-19 Support Initiative for HEALTHCARE".

The American Chamber of Commerce in Bangladesh (AmCham) announced donating Tk 30 million for installing intensive care and high-dependency units and other treatment facilities in hospitals in Jashore, Chuadanga and Pabna with Sajida Foundation.

"I am proud to see US businesses, represented by the American Chamber of Commerce, not simply continuing the battle but raising 10 times more money this year than it did in the first year of the pandemic, when it donated Tk 3 million to support farm families," said the ambassador.

Syed Ershad Ahmed, the AmCham president, said the chamber has also been supporting people, farmers and small business enterprises in Nepal.

The AmCham said to have supported 1,000 farmers in Bangladesh last year. Zahida Fizza Kabir, CEO of Sajida Foundation, also spoke.

Bangladesh to be ostracised if coal not phased out

FROM PAGE B1

"But by 2026, the country will get out of such conditional loans so that the private sector doesn't face any hurdles in the future," said the planning minister.

"The limited number of low cost funds available to local financiers is a major challenge for energy efficiency financing, barring energy efficient projects from being feasible," said Nazmul Haque, chief investment officer of Infrastructure Development Company Limited.

"Building awareness regarding energy efficiency benefits among project sponsors and banks and financial institutions is key," he added.

Besides, implementing supporting policies and incentives such as preferential taxation on energy efficiency, investment, subsidies and introducing credit risk guarantee schemes to support small and medium enterprises in the sector are also needed.

"High collateral requirement from major local financiers for concessional financing is a difficult proposition to sell to clients," Haque said while presenting a paper, styled "Energy Efficiency Financing: Prospects & Challenges" at the event organised by local fortnightly Energy & Power (EP).

Another challenge in financing is inadequate technical know-how, and qualified energy auditors and technical experts to quantify the bottom-line benefits of energy efficiency measures for project sponsors.

"So, technical assistance for developing the required technical capacity and expertise within the country and building up the capacity of local banks and financial institutions for assessing and financing energy efficiency projects will open the door in this regard," he added.

Khondkar Morshed Millat, general

manager of Bangladesh Bank's sustainable finance department, said there were two perspectives in sustainable financing policies mandated by the central bank.

The first is ensuring sustainable financing allocation and the other is measuring achievements against those allocations.

"For example, if any bank or financial institution allocates a Tk 100 loan, then Tk 15 will be for sustainable financing projects and within the Tk 15, Tk 2 will have to be disbursed on green projects," he said.

And from the perspective of achievement, if a bank or other financial institute invests Tk 100, then Tk 20 has to be for meeting its sustainable disbursement financing target and of the amount, Tk 5 of the term loan disbursement has to be for green financing.

Milat said by 2050, 100 per cent of disbursed loans would be for sustainable financing and 50 per cent of that would have to be disbursed for green projects.

Farzana Mamtaz, a member of the Sustainable and Renewable Energy Development Authority, said the confidence of local financial institutions should be built up to ensure financing for energy efficiency projects.

To do that, businesses should be developed on the profit of energy efficiency or demonstrative business models, she said.

"Then, the public and private sector will be willing to get credit and financial institutions will be courageous in disbursing loans for that," Mamtaz added.

Al Mudabbir Bin Anam, programme coordinator at GIZ Bangladesh, said energy conservation and efficiency facilitates more output, which was very important for cutting greenhouse gas emissions and reducing global warming.

Mollah Amzad Hossain, editor of the fortnightly, moderated the event.

Weakening exchange rate driving down remittance flows

FROM PAGE B1

Expatriates sent home \$24.78 billion in 2020-21 compared to \$18.2 billion a year ago.

The noted economist attributed the last fiscal year's surge to the 2 per cent premium on the exchange rate, which incentivised the senders to use the formal channels to transfer money.

The recent weakening of the exchange rate has neutralised the exchange rate incentive, said Bhattacharya.

In recent months, the gap between the official rate and the kerb market rate of the US dollar has widened to almost Tk 5.

"As a result, more money is coming through the informal channel," said the economist.

While the official exchange rate is around Tk 85 per US Dollar, the corresponding rate in the open market is about Tk 90.30.

"This downward pressure on the exchange rate is driving down the remittance flows," said Bhattacharya.

He said the sterilising operation by the Bangladesh Bank did not fully stabilise the situation.

The central bank sold US dollars amounting to \$1.38 billion in the July-September period.

Remittance income plays a critical role in supporting consumption expenditures and will be crucial in the post-Covid-19 recovery across countries.

"If there is an aggregate fall in the inflow, formal and informal together, it will negatively impact poverty alleviation

and the recovery," said Bhattacharya, also the convenor of the Citizen's Platform for SDGs, Bangladesh.

"But we should not look at the immediate reasons for the decline in remittances alone. We also need to pay attention to the basic structural factors that are impeding greater remittance flow to Bangladesh."

He says the incremental remittance inflow is being sourced from non-traditional markets and beyond that of Saudi Arabia or Emirates.

"So, it is time to concentrate on the new markets."

However, new markets will demand new skills.

Currently, per capita inflow for Bangladesh is very low in comparison to even Sri Lanka and the Philippines, which send mostly skilled workers abroad.

"So, we should concentrate on skills," said Bhattacharya.

"It will resolve the fundamental point as Bangladeshi migrant workers are concentrated in low-skill jobs."

"Providing the special 2 per cent is a band-aid, but we need fundamental treatment of the issue which is more high skilled workers and market diversification."

On August 8, Bhattacharya said that the magic of the recent high remittance flow might be wearing off for Bangladesh.

The government is, however, bullish about the remittance flow.

On October 6, Finance Minister AHM Mustafa Kamal said that remittance flow would return to normalcy in three months.

Improve Chilahati rail station to facilitate trade

FROM PAGE B4

Babul Iqbal, deputy commissioner of customs, exercise and VAT division in Nilphamari, said, "We've written to the authority over the issue."

"We managed the situation with limited manpower, tools and extra effort to collect customs duty of more than Tk 3 crore from imports since August 1," he added.

Farhanul Huque, vice president of the Nilphamari Chamber of Commerce and Industry, said the Chilahati-Haldibari rail link opened trade opportunities, not only with the Seven Sisters or seven Indian states but also with Bhutan, Nepal and China.

"We suggest the government make Chilahati Rail Station well equipped to facilitate smooth international trade and commerce," he added.