

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
Week-on-week		As of Friday		Friday Closings				As on Thursday				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 1.37%	▲ 1.15%	\$1,861.00	\$78.89	▼ 0.62%	▲ 0.50%	▼ 0.14%	▲ 1.13%	84.85	95.08	114.79	13.08	
7,091.82	12,459.80	(per ounce)	(per barrel)	59,636.01	29,745.87	3,232.34	3,560.37	BUY TK	85.85	98.88	118.59	13.75

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# Star BUSINESS

DHAKA SUNDAY NOVEMBER 21, 2021, AGRAHAYAN 6, 1428 BS • starbusiness@thedailystar.net

## Govt aims for major reforms to boost tax receipts

Will also ensure transparency in expenses

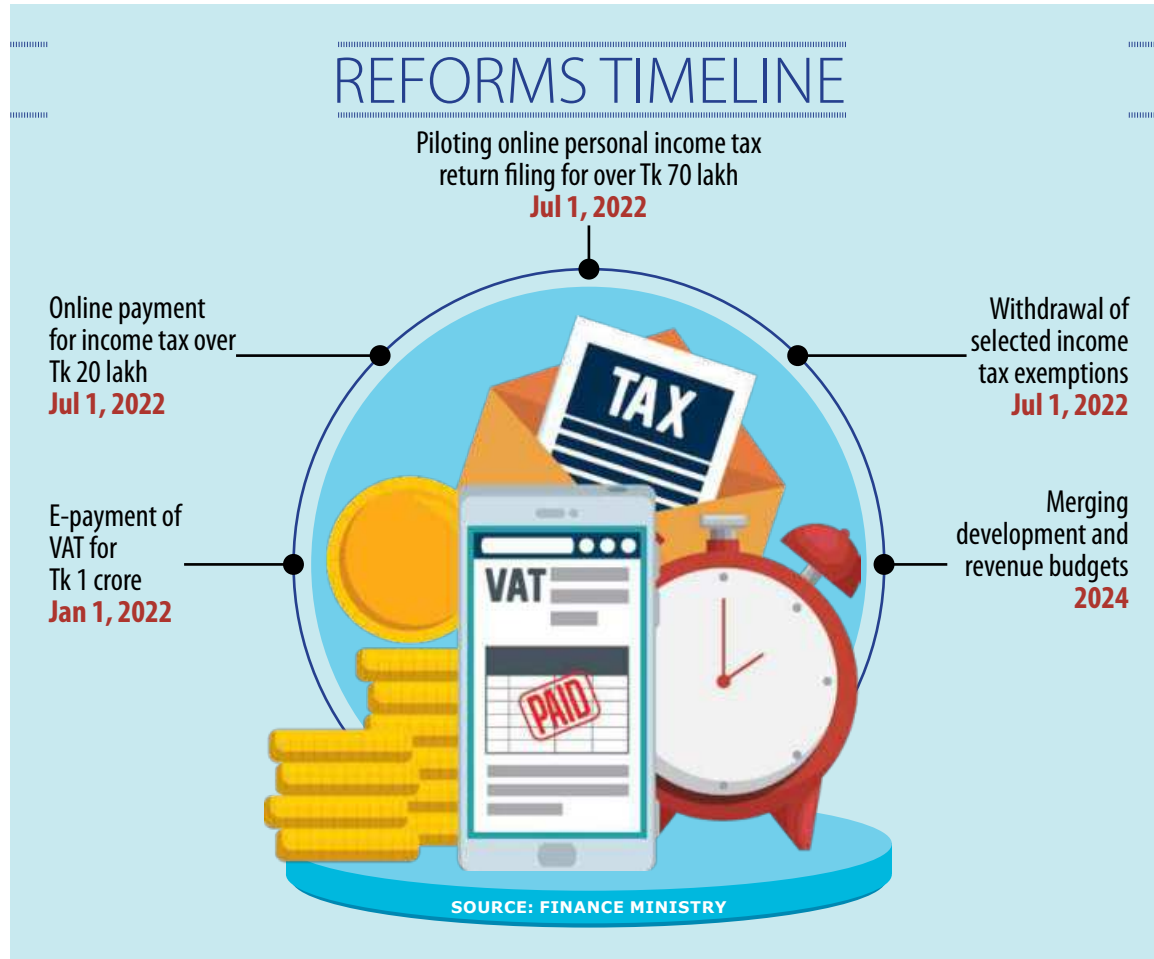
REJAUUL KARIM BYRON and MAHMUDUL HASAN

The government plans to merge development and revenue budgets, amend income tax laws and establish a procurement authority in the next three years as part of a set of reforms aimed at boosting revenue collection and ensuring transparency in expenditure.

Revenue generation in Bangladesh is one of the lowest in the world because of tax avoidance, a long list of exemptions, lower taxpayer base, and weak enforcement, while public expenditures face leakages and are not efficient.

The reform initiatives are in keeping with the conditions set by the global development partners before they had provided budgetary support to the government to help the country recover from shocks triggered by the coronavirus pandemic.

"We have submitted an implementation plans on reforms with a specific timeline to the development partners," a finance ministry official told The Daily Star,



adding that the minister himself had written to a development partner outlining the government's plans.

"Some of the reforms will be put in place through statutory regulatory orders before next budget," said the official.

By July 1 next year, the National

Board of the Revenue will implement online payment for income tax exceeding Tk 20 lakh and roll out a piloting of online return filing for the taxpayers with incomes exceeding Tk 70 lakh, according to the document related to the plans.

The government is also set to undertake an initiative to make the

return submission mandatory for any individual who has spent more than Tk 4 lakh for travels abroad in the previous income year.

The steps will aim at improving tax collection efficiency and tax assessment and avoiding fraudulent transactions.

READ MORE ON B3

## Higher work orders, prices barely bring profit

BGMEA blames soaring production costs

STAR BUSINESS REPORT

With improvements in the pandemic situation, local garment suppliers have been receiving higher prices and more work orders from international retailers and brands but making a profit has become difficult as business costs have increased.

At the same time, apparel manufacturers are apprehending a return of the crisis in the global apparel supply chain as the rate of Covid-19 infections has been spiking in different countries in Europe.

"So, please do not negotiate the prices of apparel items below the production cost anymore," said Faruque Hassan, president

of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"We are receiving an adequate number of work orders but there is a fear of the resurgence of the crisis in the supply chain," he told a press conference at the Amari Dhaka hotel.

Buyers are paying higher prices because of a hike of raw material prices and freight charges, he said.

But the latter have gone up to such an extent that the percentage increase per unit paid by buyers is not adequate to offset the higher cost of production and enable making a profit, Hassan said.

READ MORE ON B3

## Tune policies to increase women's role in economy: analysts

STAR BUSINESS REPORT

The government should give special attention when framing policies to enhance the economic contributions made by women in order to help the country achieve its goal of becoming a developed nation, according to analysts.

"Bangladesh has done impressively well in terms of socio-economic development but many challenges remain when it comes to women empowerment," said

Sayema Haque Bidisha, research director of the South Asian Network on Economic Modeling (Sanem).

For example, one area that requires attention is female participation in the labour market, she added.

These comments came at a webinar jointly organised by Sanem and Manusher Jonno Foundation (MJF) yesterday.

Women who spend most of their time doing unpaid care work deserve recognition but increasing their participation in formal work and implementing the country's sustainable development goals is required.

This is because Bangladesh is currently passing through a window of demographic dividend, where half of the population is engaged in unpaid care work for as long as six hours a day.

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## MAKING THE MOST OF BONDS

In recent years, banks in Bangladesh have raised a sizable amount of funds by issuing bonds chiefly to comply with regulatory standards. Corporates have also borrowed using the tool to cut their cost of funds and as a hedge against any future interest rate spike. The Daily Star's Ahsan Habib explores various aspects of the budding bond market and its prospects and challenges

## Appetite for bonds growing

Scheduled banks and corporates in Bangladesh have been opting for issuance of bonds for the last couple of years to diversify treasury management and strengthen capital base.

The amount of funds raised through issuance of bonds rose 13 per cent year-on-year to Tk 9,967 crore in fiscal 2020-21. This was 13 times the Tk 686 crore raised in fiscal 2010-11, according to data of the Bangladesh Securities and Exchange Commission (BSEC).

Banks need to maintain capital as per Bangladesh Bank's regulations and the Basel III guidelines, said Ershad Hossain, CEO of City Bank Capital Resources.

So, they have three options to beef up capital: through direct injection of funds, issuance of rights share, and issuance of tier 1 perpetual bonds.

Tier 1 capital is a bank's core capital and includes shareholders' equity and retained earnings.

Tier 2 capital is a bank's supplementary capital that includes undisclosed funds, which do not appear on a bank's financial statements, revaluation reserves, hybrid capital instruments, subordinated term debt and so on.

Issuance of tier 1 or tier 2 bonds is cost-effective compared to share issuance as the interest rate is paid before tax payments whereas dividend payments on common equity are made after tax deductions, Hossain said.

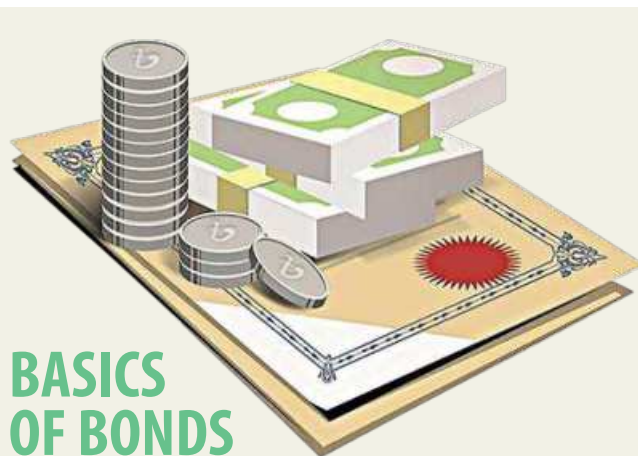
Bonds are cheaper to issue, less cumbersome and quicker, he said, adding that debt securities rules have laid down conditions for a faster approval process for debt securities.

"Moreover, no dilution of existing shareholders happens if bonds are issued rather than shares. Therefore, we see financial institutions issuing bonds," Hossain said.

In Bangladesh, the bond market lacks an investor base and banks are the primary investors of bonds. However, good-rated corporate bonds can woo insurance companies and pension funds.

Mohammed Monirul Molla, managing director of Islami Bank Bangladesh Ltd, says that banks have to keep capital at 12.5 per cent against their risk-weighted assets in line with the Basel III.

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### BASICS OF BONDS

#### WHAT IS BOND?

A bond is referred to as a fixed-income instrument since bonds traditionally pay a fixed interest rate (coupon) to debtholders. Variable or floating interest rates are also common.

#### WHO ISSUES BONDS?

Bonds are issued by companies, municipalities, states, and sovereign governments.

#### WHAT ARE THE TYPES OF BOND?

There are many types of bonds, but commonly issued bonds are zero coupon bonds and convertible bonds. Zero-coupon bonds do not pay coupon payments and instead are issued at a discount to their par value, which will generate a return once the bondholder is paid the full face value when the bond matures. Convertible bonds with an embedded option that allows bondholders to convert the instruments into stock (equity) at some point.

#### WHAT IS COUPON RATE?

The coupon rate is the rate of interest the bond issuer will pay on the face value of the bond, expressed as a percentage.

#### WHY ARE BONDS ISSUED?

Governments and corporations commonly use bonds to borrow money. Governments need to bankroll roads, schools, dams, or other infrastructures. Similarly, corporations often borrow to grow their business, buy property and equipment, undertake projects, carry out research, or hire employees.

#### WHO CAN BUY BONDS?

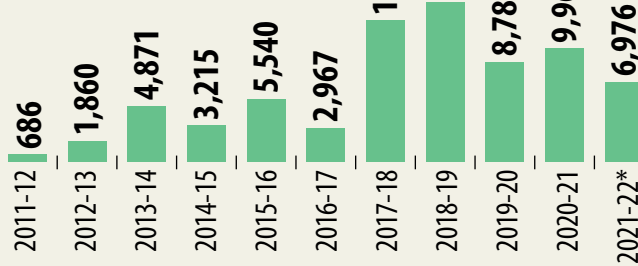
Normally banks, insurance companies, government enterprises, corporates, and general investors buy bonds considering coupon rate, the credit rating, and the goodwill of the bond issuer. The issuer sells the bonds through private placement.

### ISSUANCE OF BONDS

(In crore taka)

\* Data till October 31

SOURCE: BSEC



## Tradable bonds key to stable money, stock markets

Says Mirza Elias Uddin Ahmed, MD of Jamuna Bank

A strong and vibrant bond market is necessary to stabilise both the money market and the stock market, according to Mirza Elias Uddin Ahmed, managing director of Jamuna Bank.

"Bonds could work as a balance between the two markets if they are overheated," he said. For example, corporations could turn away from banks with high lending rates and head towards the bond market to secure funds.

Similarly, when the stock market turns volatile and shares become overvalued or pay lower profits, then companies have an alternative investment tool in the



Mirza Elias Uddin Ahmed

form of bonds.

General investors can also benefit from bonds if the yield rate is higher than that of bank deposits. For instance, if a bank's

lending rate is 9 per cent and the deposit rate is 5 per cent, the corporation can choose to issue a bond instead.

And by offering an 8 per cent yield on maturity, bonds can be a lucrative venture for both buyers and the issuing company.

While this indicates that bonds can provide higher returns compared to bank deposits, it also shows that it is cheaper for the company to borrow using the investment tool rather than taking loans from lenders, Ahmed said.

"So, a direct connection between savers and borrowers will be created through bonds in a win-win situation."

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## Lack of investor diversity stunts market growth

Say experts

The bond market in Bangladesh has been facing numerous challenges due to a lack of investors and issuers from diverse backgrounds, credibility of financial reports and a non-supportive tax policy, according to analysts.

Besides, there is no active secondary market in the country for trading bonds, they said while recommending that these issues need to be resolved in order to secure the full benefits of the fundraising tool.

The bond market is necessary to help develop a sustainable banking system in Bangladesh and so the government should remove all barriers for the market to flourish, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Most bonds are issued by financial institutions for the purpose of raising capital but the participation of corporations is very little.

At present, only banks invest in each other's bonds. "So, listing the bonds and secondary trading is very crucial here as the participation of other parties is needed to make the market more vibrant," he said.

In some cases, tax has been cut but other issues also need to be addressed to popularise the financial tool.

To attract corporations and other big investors, the authenticity and confidence on related disclosures should be nurtured to much higher levels, added Rahman, also former chairman of the Association of Bankers, Bangladesh.

"For a sustainable bond market, we need strict trustee eligibility criteria and expertise to manage complex asset backed securities," said Ershad Hossain, chief executive officer of City Bank Capital Resources.

In addition, the credibility and expertise of credit rating agencies should be increased while bond and preference share default issues should be included in the primary legal instrument dealing with local financial institutions, namely the Artha Rin Adalat.

READ MORE ON B3

Most bonds are issued by financial institutions for the purpose of raising capital but the participation of corporations is very little, says an expert

# Virtual marketplace: Big opportunity awaits RMG

FROM PAGE B4  
QIMA ranked us second in ethical manufacturing while the US Green Building Council bestowed us with the Global Leadership Award.

However, it is regretful that in all these years we have failed to create our own brand story.

So far, Bangladesh has only prevailed as a manufacturing hub and in spite of having 40 years of experience in apparel manufacturing, we are still lacking design development and innovation.

The virtual marketplace can finally open up an opportunity for us to shift from custom makers to make our mark in the global stage.

The virtual marketplace can also be

a gateway for local small-and medium enterprises (SMEs) to go global.

Consumers have emerged from the pandemic into a new economic reality, where they are finding a limited quantity of custom-made products.

This particular choice can create an opportunity for SME factories, which are attributed to sell multiple items in smaller quantities.

This is altogether a different slot in the market to pitch in. Considering the present business context in Bangladesh, where SMEs are endangered by uneven competition with large enterprises, tapping the virtual market can be a way to carve out a niche for them.

Now, there are two alternatives

for Bangladesh to enter the virtual marketplace. Individual factories can sell their products through already existing platforms like Amazon, Walmart and E-bay or we can develop our own marketplace as a dupe existing ones with further developments and features.

The operating procedure can also follow two modalities: business-to-business or business-to-consumer. Either way, the website has to be updated and upgraded with an assortment of features of our own design.

In order to smoothly run the operation, modifications in our existing Bangladesh Bank, National Board of Revenue, Export Promotion

Bureau, and other policies is a must.

Besides, some issues regarding discrepancies in documents.

For example, when shop owners offer discounts, reject goods, issue bonds, regulates foreign exchange and most importantly, manage warehouses for faster delivery, all relevant documents have to be cross-checked with the country's laws to ensure compliance.

Moreover, we have to work on branding and marketing so that we can make our venture into the virtual marketplace a success. Since there is no scope for consumers to touch, smell or physically feel the goods before purchasing, there is always a trust issue. So, customers have a

tendency to repurchase from the same shop if they are given a fair deal.

If we enter Amazon or E-bay, we have to keep in mind that we will be competing against brands like H&M, Zara, M&S, Ck, GAP and other famous global brands. Although this may sound like an uphill task, it is not impossible.

At birth, Bangladesh was branded as a bottomless basket but it is now considered a role model for development across the world.

We have secured graduation from the UN's group of least developed countries and now aim to become a developed country by 2041.

With the garments sector being the main economic pillar of Bangladesh,

it has a crucial role to play in fulfilling the country's development goals.

The industry has so far managed to prevail against all odds and is committed to achieving even higher levels of excellence.

It has a vast experience in manufacturing and offers competitive prices so with a little nudge in the right direction, we could create the next Amazon right here in Bangladesh.

Therefore, solutions to bottlenecks for entering the virtual marketplace must be urgently sought before this opportunity slips away.

The writer is president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).



**GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH**  
**OFFICE OF THE PROJECT DIRECTOR**  
**"Feasibility study and detailed design for introduction of electric traction (including overhead catenary, sub-station) in between Narayanganj-Dhaka-Chattogram section of Bangladesh Railway" Project, Bangladesh Railway, CRB, Chattogram.**

**Request for Expression of Interest (EOI)**

1	Ministry/Division	: Ministry of Railways
2	Agency	: Bangladesh Railway
3	Procuring Entity Name	: Project Director, "Feasibility study and detailed design for introduction of electric traction (including overhead catenary, sub-station) in between Narayanganj-Dhaka-Chattogram section of Bangladesh Railway" Project
4	Procuring Entity Code	: Not used at present
5	Procuring Entity District	: Chattogram
6	Expression of Interest (EOI) for Selection of	: Consulting firm for "Feasibility study and detailed design for introduction of electric traction (including overhead catenary, sub-station) in between Narayanganj-Dhaka-Chattogram section of Bangladesh Railway"
7	EOI Reference No.	: 54.01.1500.115.07.100.21
8	Date	: 18.11.2021

<b>Key Information</b>		
9	Procurement Sub-Method	: QCBS (Quality and Cost Based Selection) (ICB)

<b>Funding Information</b>		
10	Budget and Source of Funds	: GOB (Development Budget)

<b>Particular Information</b>		
11	Project/Programme Name (if applicable)	: "Feasibility study and detailed design for introduction of electric traction (including overhead catenary, sub-station) in between Narayanganj-Dhaka-Chattogram section of Bangladesh Railway"
12	EOI Closing Date and Time	: 19.12.2021 at 12.00 hours

**Information for Applicant:**

13	Brief Description of the Assignment	: This project involves the feasibility study along with detailed design of implementation of electric traction in the Narayanganj-Joydebpur and Tongi-Chattogram section of Bangladesh Railway. These sections are located at the East zone of Bangladesh railway. Intention of Bangladesh Railway is to introduce electric traction in the aforementioned section on the existing railway track. The Government of the People's Republic of Bangladesh (GoB), through Bangladesh Railway (BR or the Employer) of Ministry of Railways, intends to employ consultant to perform the feasibility study and prepare detailed design of introduction of electric traction in the aforementioned sections. Consultancy Services will be as per TOR (will be provided on request to PD).
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14	Experience, Resources & Delivery Capacity Required	: The Consulting firm(s) shall be eligible to participate and shall have the following experience and resources but not limited to: <b>[Authenticated Documents must be Submitted]</b> a) The Consulting firm shall have satisfactory working experience(s) of conducting similar Study consultancy. b) The Consulting firm shall have adequate number of human resources (Stated in section 2.3 of Table-X of this notice) with experience relevant to the assignment. c) The consulting firm shall have adequate Physical Resources such as office, working equipment, IT facility, Survey equipment, logistical support etc. d) The consulting firm shall have adequate financial capability such as turnover, liquid asset etc. e) Project Director, 'Feasibility study and detailed design for introduction of electric traction (including overhead catenary, sub-station) in between Narayanganj-Dhaka-Chattogram section of Bangladesh Railway' Project now invites eligible applicants (consulting firms) to indicate their interest in providing the aforesaid consultancy services. Interested consulting firms are invited to provide information indicating that they are qualified to perform the services (Brochures, description of similar assignments, experience in similar operating conditions, availability of appropriate professional qualification and experiences of staff, financial capabilities etc.). The Expression of Interest (EOI) shall be evaluated on the basis of the following to prepare a short list. • Age of the firm in respect of Registration • Brochure(s) containing firm's available facilities, areas of professional/expertise/specialization for the assignment. • Description of similar assignments (Feasibility study and detailed design of implementation of electric traction) with documentary evidence. • Experience in similar conditions. • Availability of appropriate professional qualification and experience among staff and availability of adequate resources for the assignment. • Financial and Management capacity. The services for the assignment shall have to be delivered for 12 months.
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15	Other Details	: a) The Consultant (Firm) shall be selected in accordance with PPA/2006 and PPR/2008 as enforced in Bangladesh b) Expression of Interest (EOI) in three sets (One original + Two duplicate) hard copy + soft copy) shall be submitted in sealed condition, delivered to the address of the under signee.
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16	Association with firm(s)	: Association in the form of JVCA or Sub-consultancy with qualified firm/firms will be allowed. The formation, operation and obligation of JVCA shall be governed by the Rule-54 of PPR, 2008 as enforced in Bangladesh.
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17	EOI Evaluation Criteria-EOI will be evaluated based on the requirements of EOI Notice and detail criteria given in the following table-X. <b>(Note:</b> ➤ <b>Authenticated supporting documents for the Completed Projects, Financial Reports &amp; Liquid assets/Working Capital and Others must be submitted.</b> ➤ <b>Irrelevant, excess and ambiguous documents as supporting will be treated as negative impression.</b> ➤ <b>Summary of submission according to Table-X should be attached.)</b>
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**Table-X: EOI Evaluation Criteria:**

SL	Items for Evaluation	Criteria for Evaluation and Break-up of Evaluation
1.	Eligibility Criteria	The consulting firm shall have working experience of at least one project completed comprising of Feasibility study and/or detailed design of implementation of electric traction. Yes No
2.	Background of the proposer	2.1: Age of Consulting Firm from the date of registration will have to be submitted and will be evaluated on a scale of =>12 years=excellent, =>9<12 years=very good, =>6<9 years=good, <6 years=poor. 2.2: Number of total permanent employees of the firm/firms working for more than a year will have to be submitted and will be evaluated on a scale of =>150 employees = excellent, =>100<150 employees = very good, =>50<100 employees = good, <50 employees = poor. 2.3: The proposer will have to submit those personnel working with the firm at least for the last two years. (List of <i>Permanent Manpower mentioning the position; firm name; experiences; working tenure with the firm at least for the last two years; and authenticated by the proper signatory must be submitted</i> ) 0(i) Team Leader for feasibility study and detailed design of Electric traction (ii) Electrical Engineer (power & Transmission), (iii) Electrical Engineer (Traction), (iv) Railway Operation Specialist, (v) Deputy Team Leader-Cum- Railway Electrical Engineer, (vi) Electrical Engineer (Power & Transmission) (Senior), (vii) Electrical Engineer (Power & Transmission) (Senior), (viii) Signal & Telecommunication Engineer (Senior), (ix) Railway Track Engineer (Senior), (x) Survey Engineer, (xi) Bridge Engineer, (xii) Transport Economist, (xiii) Quantity Surveyor (Senior) (xiv) Structural Engineer (Medium) (xv) Procurement Expert (Senior) (xvi) Environment Specialist (Medium) (Total number of graduate consultants in all categories above will be evaluated on a scale of >=24 nos. graduate consultants available = excellent, >=16<24 nos. graduate consultants available = very good, >=8 nos. graduate consultants available = good, <8 nos. graduate consultant available = poor). <b>NB: Total Number of consultants will be determined by the total number of people working with the positions.</b>
3.	Consultancy experience of the proposer	3.1: Total years of experience in Consultancy Services will have to be submitted and will be evaluated on a scale of =>12 years=excellent, =>9<12 years=very good, =>6<9 years=good, <6 years=poor. 3.2: Number of completed feasibility study and/or detailed design of electric traction consultancy services conducted by the proposer in the last 10 years will have to be submitted and will be evaluated on a scale of =>8 completed contract= excellent, =>6<8 completed contract = very good, =>4<6 completed contract = good, <4 completed contract = poor. 3.3: Number of feasibility study and/or detailed design of electric traction consultancy services completed over a value of 1 (One) million USD in last 10 (Ten) years will have to be submitted and will be evaluated on a scale of =>4 completed contract= excellent, 3 completed contract = very good, 2 completed contract = good, <2 completed contract = poor.
4.	Audited Financial Reports and avg. Liquid Asset/Working capital for last five years	4.1: Audited Financial Reports for last five years will have to be submitted and will be evaluated on a scale of Average annual turnover >= 30(Thirty) million USD (or equivalent) = excellent, => 20(Twenty) million USD (or equivalent) < 30(Thirty) million USD (or equivalent) = very good, => 10(Ten) million USD (or equivalent) < 20(Twenty) million USD (or equivalent) = good, < 10(Ten) million USD (or equivalent) = poor. 4.2: Average Liquid Asset/Working capital for last five years will have to be submitted and will be evaluated on a scale of excellent, very good, good & poor i.e. Average Liquid Asset/Working capital >= 3(Three) million USD (or equivalent) = excellent, => 2(Two) million USD (or equivalent) < 3(Three) million USD (or equivalent) = very good, => 1(One) million USD (or equivalent) < 2(Two) million USD (or equivalent) = good, < 1(One) million USD (or equivalent) = poor.
5	Regional Experience	Number of consultancy services performed over a value of 1(One) million USD in the region within SAARC/ASEAN in last five years will have to be submitted and will be evaluated on a scale of =>3 completed contract=excellent, 2 completed contract = very good, 1 completed contract = good, <1 completed contract = poor.

**NB: 1. Priority(weight) of evaluation would be as per Background=15%, Consultancy experience=50%, Audited Financial Reports and avg. Liquid Asset/Working capital=25%, Regional experience=10%**  
**2. Experience in electric traction will be interpreted as experience in any kind of train/train/metro/tram operated by electric traction.**

<b>Procuring Entity Details</b>		
18	Name of the Official Inviting EOI	: Md. Habibur Rahman
19	Designation of the Official Inviting EOI	: Project Director, 'Feasibility study and detailed design for introduction of electric traction (including overhead catenary, sub-station) in between Narayanganj-Dhaka-Chattogram section of Bangladesh Railway' Project
20	Address of the Official Inviting EOI	: Room No. 822, Bangladesh Railway, CRB, Chattogram
21	Contact Details of the Official Inviting EOI	: Cell no.+880 1711506127 Email: ceee@railway.gov.bd
22	The Procuring Entity reserves the right to accept or reject all EOIs	

*(Signature)*  
**(Md. Habibur Rahman)**  
Project Director

S (21) (312)

**"Feasibility study and detailed design for introduction of electric traction (including overhead catenary, sub-station) in between Narayanganj-Dhaka-Chattogram section of Bangladesh Railway" Project, Bangladesh Railway, CRB, Chattogram.**



Hassan O Rashid, managing director of Prime Bank Ltd, and Moinuddin Hasan Rashid, managing director of United Mymensingh Power Ltd (UMPL), exchange signed documents of an agreement at UMPL's office at United City on Madani Avenue in Dhaka yesterday. The lender subscribed Tk 200 crore in the preference shares of UMP to help the group explore alternative instruments to support its financing requirement. Hasan Mahmood Raja, chief adviser of UMP, and Shams A Muhaimin, deputy managing director of the bank, were present.

## Higher work orders, prices barely bring profit

FROM PAGE B1  
For instance, yarn prices increased by 60 per cent, container freight charge 350 per cent to 500 per cent over the past year, dyes and chemical prices 40 per cent and electricity 13 per cent, he said.  
The price of gas has also increased during this time, said Hassan.  
The overall cost of production has increased, which has been affecting profitability, said the BGMEA president.  
He demanded that the international retailers and brands be more sensitive in paying better prices considering the price hikes of raw materials and other accessories in local and international markets.  
Many local suppliers last year accepted work order prices below that permissible by their production cost, mainly to continue business amidst the pandemic even if it meant incurring losses, he said.  
However, times have changed for the garment trade, turning better for the business, but the higher cost of production is still having a detrimental effect, he said.  
The latest 23 per cent diesel price hike by the government on November 4 has also

raised production cost by 4 per cent to 5 per cent, he said.  
Fuel prices have a direct relation to the cost of transportation of goods, power production by generators, services charges and accessories of garment items, he added.  
Hassan reiterated that Bangladesh's garment shipments would not be affected by the United Nations status graduation from a least developed to a developing country in 2026.  
This is because Bangladesh already has a very strong presence of apparel's backward linkage industry, he said.  
On another note, he said the BGMEA has been awarded the "WITSA Global ICT Excellence Awards" at a 25th World Congress on Information Technology for implementing a "Biometric Identity and Worker Information Management System".  
The BGMEA has been preparing the biometric database of garment workers since 2013 and it was completed in 2021.  
Every day the new biometric database is used by 2,500 active garment factories who have the BGMEA membership. Some 4 million workers have been brought under the biometric database, Hassan also said.

Hassan also announced that the 37th international convention of global platform International Apparel Federation (IAF) will be held in Dhaka in November next year.  
The IAF convention will be accompanied by a third apparel summit, fashion festival, exposition and some award presentation events, he said.  
Regarding carbon emissions of Bangladeshi suppliers and scopes for carbon trading, Hassan said Bangladesh accounts for 0.5 per cent of global emissions whereas that of other garment producing countries were at nearly 10 per cent.  
Still, Bangladesh has been bearing the brunt of carbon emissions, he said. Hassan said carbon trading was a very complex trade, so it could take more time for Bangladesh to be a global player.  
The coming year is very important for Bangladesh and the sector as a lot of international events will take place here with improvements in the pandemic situation, he said. This will also be an opportunity for turning the country into an important hub for garment sourcing for international retailers and brands, Hassan said.

## Tune policies to increase women's role in economy: analysts

FROM PAGE B1  
"This acts as a barrier to their economic opportunities," Bidisha said while emphasising the need to recognise the values of female participation in the workforce.  
"Recognising and reducing the burden of a woman's unpaid care work is more important than assigning a monetary value to it," she added.  
Women would earn about 2.5 to three times more than their current income if a value was placed on unpaid care work, said Fahmida Khatun, executive director of the Centre for Policy Dialogue (CPD).  
Besides, even though most university toppers are female, they usually drop out of their careers due to increasing household responsibilities.  
So, few women are seen in managerial positions, she added.  
However, the government is taking strategic steps to address these issues, said Planning Minister MA Mannan.  
Many initiatives, such as making it mandatory to have at least three female members at the union level or one vice-chairman at the upazila level and reserving 60 per cent of the employment opportunities in primary schools for women, have already been taken.  
"I'm personally and officially always with you to ensure women's participation in the economy," he added.  
Shaheen Anam, executive director of the MJE, said focusing on the care economy would lessen the burden on women and ultimately ensure their participation in paid labour. Proper policy interventions to this end would also have a positive impact on Bangladesh's gross domestic product.  
"So, recognising unpaid care work will ensure equality for women and reduce violence against them," she added.  
Sheikh Muslima Moon, additional director of the Ministry of Women and Children Affairs, emphasised on the need to change people's outlook in this regard.  
This means that men should participate more in household chores to reduce the burden on women so that they have the time to engage in formal work as well.  
Md Saiful Islam, additional secretary to the Ministry of Social Welfare, spoke about various ongoing government projects to facilitate female participation in the labour force.  
Islam also assured that the participation of young women in unpaid care work would be addressed in future policy documents.  
During her presentation, Sanem's Bidisha showed that having children who are less than five years old at home reduces the probability of a woman's participation in the labour force by 2.4 per cent.  
Bidisha, also a professor of economics at the University of Dhaka, recommended that the government provide training programmes for women and incentivise the private sector to employ more of them through fiscal policies like tax rebates and cash transfer subsidies.  
Similarly, providing day-care facilities under social protection programmes could go a long way in this regard, she said.  
Banasree Mitra, gender adviser of the MJE, and Selim Raihan, executive director of Sanem, also spoke at the event.



## VMware gets new country manager

STAR BUSINESS DESK  
US-based cloud computing and virtualisation technology company VMware Incorporated has recently witnessed the appointment of a new country manager for Bangladesh, Nepal and Bhutan.  
The appointee, Syeed Khan, previously served F5 Network Bangladesh Ltd as country manager for the same countries. He also worked as territory business manager for banking and financial services industry at Cisco Systems Incorporated, says a press release.  
"Bangladesh, Nepal and Bhutan are still in primary stage of digital transformation for which there are huge opportunities of growth here," he said.  
Syeed has an undergraduate degree in computer science from De Montfort University.

## Tradable bonds key to stable money, stock markets

FROM PAGE B1  
Banks will also make business by giving acceptance to the bonds.  
In addition, if the bond market becomes vibrant and strong, the Bangladesh Bank will no longer need to cap the interest rate on savings and borrowing at 6 per cent and 9 per cent respectively.  
"To make it happen, investor participation needs to increase through massive awareness campaigns with a view to informing people about the potential benefits of the bond market," Ahmed told The Daily Star in an interview recently.  
The former chairman of the technical committee of the Primary Dealers Bangladesh Ltd went on to say that investors must have diversified products in their portfolios to minimise market risks, and bonds could play a big role in this regard.  
One of the main products offered by banks is loans. If some of these loans go bad, the banks have to give out even more to offset losses.  
"This is a very risky task," Ahmed said, adding that by providing other products such as bonds, investors can lower the risks by diversifying their portfolios.  
Loans are an interest-based product while stocks are price-based. The tradable bond market is a mix of both interest (coupon) rate and demand-supply-driven market price.  
When the money market offers handsome interest rates, all investors rush to the banks, but when the situation reverses, they go to the stock market by liquidating their fixed deposit receipts.  
The total process is like a boat which rolls regularly, creating volatility in the market. As a result, interest rates swing quite fast in Bangladesh.  
"Our money and stock markets are not stabilised due to the absence of a vibrant bond market, so the volatility will remain in both markets until we get a strong bond

market," Ahmed said.  
If stock investors want to keep their funds in fixed-income secured instruments, then they can invest in bonds while money market investors seeking higher returns from price-based instruments can do the same, he added.  
Volatile interest rates are not good for the economy as changes come in waves that are not favourable for any industry.  
"It is easy to swim in a calm river. The economy can also smoothly navigate when interest rates are stable," Ahmed said.  
Interest rates in the banking sector had surged to 16-18 per cent in 2011-12 while it is now 8-9 per cent.  
Many industries, especially small and medium enterprises, became financially sick due to this "interest wave".  
In developed countries, the bond market is also developed, so 40 per cent to 50 per cent of the trade in their stock exchanges comes from bonds.  
The yield rate of government bonds is not market-based and is lower than the normal deposit rate. This ultimately creates crises in the money market.  
"So, the bond yield rate should be market based. We are doing business so the loans to the government should be profitable for us," said Ahmed.  
During the Covid-19 pandemic, the government took loans from abroad but the funds could have been raised from local banks by issuing bonds.  
The government allowed non-primary dealers to participate in the auction of government bonds, which went for very lower rates. Now, the yield rate is rising and when it rises, it creates losses for bond buyers if they bought it at a low price.  
"So, non-primary dealers should not be allowed to take part in the auctions to ensure smart bidding. Swift changes to bond yields are also not good, so the central bank should work to this end," Ahmed added.



Mohibul Hassan Chowdhury, deputy minister for education, uncovers the 1st issue of the half yearly journal of The Institute of Chartered Accountants of Bangladesh (ICAB), called 'Bangladesh Economica', at Council Hall, CA Bhaban in Dhaka yesterday. Atiur Rahman, former governor of Bangladesh Bank, Khondaker Golam Moazzem, research director of Centre for Policy Dialogue, Mahmudul Hasan Khusru, president of ICAB, and Md Salim Uddin, chairman of the editorial board at Bangladesh Economica, were present.

## Tesla drivers back behind wheel after server problem

AFP, Washington  
Tesla CEO Elon Musk reported late Friday that an app problem that was keeping a number of drivers worldwide from using their cars was on the mend after a server issue was resolved.  
Multiple Tesla drivers tweeted that they were no longer able to start their cars with their phone apps and had to use keycards if they were lucky enough to be carrying theirs with them.

## Govt aims for major reforms to boost tax receipts

FROM PAGE B1  
Other steps include online payment of VAT amount surpassing Tk 1 crore with effect from January 1 next year, introducing an electronic contract management system of e-GP (electronic government procurement), and initiating and scaling up citizen monitoring of contract implementation by June 30, 2022.  
And by December 31 next year, it will integrate e-GP with iBAS++, an integrated budget management system.  
In order to implement the reforms, the government will amend the Income Tax Ordinance, 1984, secure approvals from the cabinet, bring in policy changes, and issue orders.  
"These reforms will further expand the fiscal space through accelerating revenue mobilisation, enhancing expenditure control measures, and strengthening the environment for continued steady flows of credit to MSMEs," said Finance Minister AHM Mustafa Kamal, in a letter to the president of the Asian Development Bank (ADB).  
The Manila-based lender has already approved \$250 million and the Asian Infrastructure Investment Bank sanctioned \$250 million as budget support for the current fiscal year. The Export-Import Bank of Korea will lend \$100 million and the OPEC Fund for International Development will provide \$100 million.  
The government is also prioritising securing external funds on concessional terms to meet its near-term financing needs.  
As part of the reforms, the government will secure the cabinet approval for the Bangladesh Public Procurement Authority Bill by December 31, 2022 for the setting up of a public procurement authority to streamline public procurement, strengthen professionalism in purchase, and enhance efficiency, said the document.  
It will establish direct linkages between procurement value, budget and actual expenditure, facilitate real time capturing of procurement budget utilisation, procurement commitment and expenditure data, and monitor and track payments, avoid cost escalations, and monitor contract performance efficiently.  
Riding on the set of reforms, the government wants to lift revenue to GDP ratio to at least 10.4 by December 2024, up from 9.7 per cent from the baseline fiscal year of 2020.

The tax-to-GDP ratio will also be increased to 8.8 per cent, up from 8.1 per cent. The capital expenditure to GDP ratio will be raised to 6.3 per cent, up from 5.6 per cent in FY20.  
The government also looks to limit the budget deficit at a tolerable level.  
The fiscal deficit is estimated at \$23.9 billion for FY2022 and \$26.5 billion for FY2023. The projected external borrowing is \$8.8 billion in FY2022 and \$11.7 billion in FY2023.  
At least 20,000 electronic fiscal devices will be installed and commissioned for automated VAT invoice generation by 2024.  
The government plans to withdraw selected income tax exemptions in the next fiscal year in a bid to reduce unproductive immunity.  
From FY24 onwards, it will issue a unified budget circular merging development and revenue expenditures to improve expense management.  
The separation of the annual development programme budget and the revenue budget leads to weak control over the sizable project recurrent costs. This often results in fund shortages for well-performing projects but unspent funds for non-performing projects.

## Appetite for bonds growing

FROM PAGE B1  
The ceiling is up from 10 per cent required as per the Basel II.  
"Some banks that faced shortage of capital have issued bonds to strengthen their financial health," said Moula, adding that the issuance of the securities has also given a boost to the overall bond market.  
Officials of the BSEC say most of the issuers have been able to raise funds through bonds, and subscriptions were mainly high thanks to elevated confidence among investors.  
The responses, however, were not that high in case of subscription of corporate bonds. This prompted the regulator to grant additional time to the issuers in order to enable them to raise funds.  
Samuil Rabbi, executive director for business operations at OMS Advisory Ltd, says scheduled commercial banks are raising funds through perpetual and fully redeemable bonds to meet mainly their tier 1 and tier 2 capital requirements.  
The subscribers of these bonds are mainly banks, life insurance

companies, general insurance companies, and non-bank financial institutions. However, the picture of the subscription of corporate bonds has not been rosy.  
The main reason is the Bangladesh Bank's restriction on the investment by banks in corporate bonds, debentures, or sukuk, Rabbi added.  
"Corporates are issuing zero-coupon bonds targeting cash-rich corporates as investors as the tax authority has offered exemption on the investment in the zero-coupon bonds by companies and individuals," he said corporates raise funds through bonds in order to fix their costs of funds and as a hedge against any future interest rate spike. "This helps mitigate the interest rate fluctuation risk."  
Tanzim Alamgir, CEO of UCB Investments, says since the interest rate is relatively low, it is perfect time for the corporates to raise funds by issuing bonds, especially the zero coupon bonds.  
"Corporates have also become more interested in issuing zero

coupon bonds because of the tax advantage associated with it."  
A top official of the BSEC says the commission is working hard to make the bond market vibrant. But wholehearted support is yet to come from the National Board of Revenue (NBR). "But if it allows exemptions on some costs now and the bond market becomes vibrant, the NBR will get a much higher amount of tax."  
"The bond market can be a big source of funds for government projects and for the private sector to expand business. So, the NBR should ease all conditions that are deterring the bond market from flourishing."  
Recently, the central bank issued a sukuk, an Islamic financial certificate similar to a bond, helping the government raise Tk 8,000 crore for the implementation of a safe water supply project. "Bonds can be a big investment tool," said the BSEC official.  
The secondary trading should be ensured and strong regulations should be framed so that products aren't nipped in the bud, according to analysts.

## Lack of investor diversity stunts market growth

FROM PAGE B1  
"Or a tribunal needs to be set up to settle bond defaults with the appointment of professional administrators for restructuring or liquidation of the issuer," he added.  
Hossain, who is working to issue the country's biggest private sector sukuk bond worth Tk 3,000 crore for Beximco, said the tax structure was not facilitative for asset-backed securities or the Islamic sukuk structure.  
Only a capital gain tax of 4 per cent has been exempted for sukuk transactions between the originator and SPV/Trust, he said, adding that a stamp duty of 1.5 per cent, VAT of 2 per cent of the total value, and registration cost has not been exempted yet.  
A top official of a bank, preferring

anonymity, said perpetual bonds' coupon rate should be allowed to be determined by the market, otherwise it would not be sustainable.  
"However, now the central bank fixes a coupon rate," he said, adding that this was not the international practice. A vibrant bond market is necessary for both banks and investors, said Shaheen Iqbal, head of treasury of Brac Bank.  
Banks are providing long term loans depending on short term deposits which creates a mismatch in the treasury. Therefore, bonds can make banks more comfortable in lending long-term loans, he said.  
On the other hand, investors also will get a product to invest for higher rate, at a safe place.

"The regulations should be strict on the (fledgling) bond market so that it cannot not be nipped in the bud," he said.  
Traditionally banks issued subordinated bonds as capital instruments but recently they are issuing perpetual bonds too.  
As perpetual bonds have no maturity period, they are considered a tier-1 capital whereas other bonds are considered tier-2 capital.  
"I think perpetual bonds should be listed in the stock market to ensure an exit route for investors as it has no maturity period," he said.  
On the other hand, its coupon rate should be determined by the market, otherwise it will not be sustainable, he added.

# Stop mobile court 'harassment'

Restaurant owners demand

STAR BUSINESS REPORT

Restaurant owners yesterday demanded a stop to "unnecessary harassment" in the name of running mobile courts to ensure standards and compliance with regulations.

"Restaurant owners are threatened unnecessarily by law enforcing agencies when mobile courts are conducted. We would like to urge the authorities to conduct mobile courts as per the rules of business of mobile courts," said Imran Hassan, secretary general of Bangladesh Restaurant Owners' Association (BROA).

"We don't have any intention to provide adulterated food to customers as restaurant owners do business with essential products," he told a press briefing at the Pan Pacific Sonargaon Dhaka.

According to Hassan, there is a provision enabling fines to be paid within five working days but mobile courts compel restaurant owners to pay fines then and there over allegations centering adulteration and food safety. He urged for a shift from such an arrogant mindset against restaurant owners. Rather, the authority should aim to ensure safe food for all, he said.

The BROA also demanded a level playing field for all by ensuring that value added tax (VAT) is mandatorily paid by all restaurants.

While registered restaurants are realising VAT for the National Board of Revenue, others are yet to be registered, it said. Non-air conditioned restaurants realise VAT



There are around four lakh restaurants across the country employing around 30 lakh people, according to Bangladesh Restaurant Owners' Association.

PHOTO: STAR

at 5 per cent and aired-conditioned ones at 7.5 per cent. According to the association, there are around four lakh restaurants across the country employing around 30 lakh people.

Hassan said these restaurants were directly aiding the agriculture and tourism sectors.

The BROA also demanded that the government recognise the restaurant business as an industry. Besides, it demanded that licenses

and all others official documents be required to be renewed every three years instead of every year.

The BROA secretary general alleged that they have to renew such documents by going round 11 entities every year, which is time consuming and a hassle.

Restaurant owners proposed to impose income tax considering profit and expenditure to be 20 per cent and two thirds of their annual

turnover respectively.

The BROA also demanded that electronic fiscal devices be provided free of cost while a supplementary duty be lifted, saying it discouraged restaurant owners from collecting VAT on gross profits. Presided over by Hazi Md Usman Gani, president of the BROA, the event was also addressed by Taufiqul Islam, treasurer, and Laboni Hassan Chowdhury, managing director of Nawabi Voj.

# Virtual marketplace: Big opportunity awaits RMG



FARUQUE HASSAN

Technology is proving to be a game-changer in the fashion industry. From manufacturing to marketing, the touch of technology is no longer a luxury, it is a necessity. That is why a technological transformation is taking place at great speed both at organisational and industry levels not only in Bangladesh, but across the globe.

An increasing number of readymade garment (RMG) factories in Bangladesh are embracing digitisation and automation in the manufacturing process to increase productivity, reduce costs and lead time etc., which are prerequisites to stay competitive in the global sourcing supply chain.

But it is an irony that Bangladesh, feted as the world's second largest apparel exporter, is yet to develop a virtual marketplace to showcase its products, and connect global buyers and consumers with local manufacturers. In absence of such a common platform, apparel manufacturers are solely dependent on a traditional brick and mortar system; that too in a time when we as a country boast of building "digital Bangladesh".

The internet has significantly changed our lives as well as businesses. One after another, companies have been going online since the inception of this technology and then Covid-19 accelerated the pace of digital transformation, leading to a boom in the digital and e-commerce sectors.

In fact, it has become so popular that the online transition will stay even after the pandemic is over.

The penetration of online technology is going to grow and at one point the entire global population will use the Internet.

The greater the penetration, the bigger will be the size of e-commerce, which is bound to have lasting impacts on our apparel business for which we must prepare.

In the US, online sales accounted for 46

per cent of its total apparel sales in 2020.

Brands and retailers had experienced a big jump in digital sales and revenue collection with GAP reporting that in the second quarter of 2021, their online sales grew by 65 per cent and now represents 33 per cent of its total revenue.

Similarly, Inditex reported that online sales now account for 77 per cent of their total sales and throughout 2020, online visits to the brand reached 5.3 billion, up 50 per cent compared to the previous year.

Zalando also reported 32 per cent to 34 per cent growth in its gross merchandise value during the second quarter of 2020.

UK retailer Boohoo claimed a 45 per cent increase in revenue across all of its (primarily online) fashion brands during the same period.

Myntra, an Indian fashion marketplace, saw a record 19 million visitors on its website just on the first day of its annual sales festival in 2021.

Therefore, it would not be an exaggeration to say that online sales helped the fashion industry stay afloat during the devastating period of Covid-19 and will determine the sector's future growth momentum.



## OPINION

Thanks to the mass vaccination programme, normalcy has returned across much of the world. Interestingly though, a portion of consumers have become so accustomed to the "new normal" that they still favour shopping online rather than physically visiting the stores.

Apparently, the convenience and comfort of online shopping is driving them towards this choice. Fashion is the largest business-to-consumer e-commerce market segment with a global value of \$664.5 billion which is projected to reach \$1003.5 billion by the end of 2025.

Bangladesh being the second largest apparel exporter in the world has huge untapped potential in that chunk.

There is no denying that our apparel industry has come a long way since its inception. What began with a meagre yearly export income of \$10,000 has now reached the milestone of fetching \$34.13 in FY2018-19.

READ MORE ON B2

# CXO summit in Dhaka on Dec 11

STAR BUSINESS REPORT

The CXO Summit 2021 is scheduled to be organised at the Radisson Blu Dhaka Water Garden on December 11 to enable skills and efficiency enhancements to create chief experience officers.

Officials of corporate organisations will participate in several sessions of the daylong summit, said Najmus Ahmed Albab, executive director of organiser the Valor of Bangladesh, at a press conference at The Daily Star Centre

yesterday.

Each discussion at the fourth edition of the summit will feature six corporate leaders as panelists and a moderator.

"The pace at which development is taking place in Bangladesh is not the same as the pace at which corporate leadership is growing," said Albab.

"A vacuum is also being created at the same time. But what are we doing to fill it up? We are bringing the head of the organisation from abroad," he said.

"As a result, a large amount of our foreign currency is moving out of the country. And there is no recognised platform for CEO development in Bangladesh. There is no academy," he said.

That is why this summit is being organised, he said, adding, "We expect homegrown managers, leaders or CEOs to come forward and take charge."

The event is presented by Eastern Bank and powered by Btrac Technologies. The Daily Star is the media partner.

## GLOBAL BUSINESS

### Telenor and CP Group discuss \$7.5b Thailand telecom merger

REUTERS, Oslo

Norway's Telenor and Thailand's Charoen Pokphand Group (CP Group) are exploring a merger of their telecom units in Thailand that could form a new market leader in the Southeast Asian country.

A deal, if completed, would merge the telecom operations of Telenor's Total Access Communication (Dtac) and CP Group's True Corporation (True), Oslo-based Telenor said in a statement on Friday.

Dtac is currently valued at around \$3 billion, according to Refinitiv Eikon data, while True has a value of \$4.5 billion. CP Group did not immediately respond to a request for comment.

It would be the Norwegian firm's second tie-up in Southeast Asia this year, following a June deal with Axiata Group Bhd to merge mobile operations in Malaysia in a \$15 billion transaction, creating a new market leader there.

Mobile operators are facing pressure on profits in a challenging industry environment and mounting investment costs as new technologies such as 5G emerge.

"There are open issues outstanding and there is no certainty that the discussions will result in a final agreement. Telenor will not provide any further comments at this stage of the process," the Norwegian company said.

### To battle inflation, Biden targets supply chains, gas, meat packers

REUTERS

President Joe Biden is trying to attack US inflation that recently hit a 31-year high and is eroding his popularity by blasting supply chain logjams and going after what the White House calls "pandemic profiteers."

Biden has an uphill battle, because there is simply no magic bullet a president can use to cure inflation, economists say.

And the longer prices stay high, the greater the chance that inflation fears become "de-anchored," or untethered from reality, making them harder to fight.

Supply chain experts said measures like keeping ports running 24 hours a day will help get more goods onto retailers' shelves, but warn that disruptions could last well into 2022.

Treasury Secretary Janet Yellen and the Federal Reserve have repeatedly said this year that they believe inflation is transitory.

Frustrated by the refusal of the Organization of the Petroleum Exporting Countries and Russia to boost production, the Biden administration is urging China and other oil-consuming nations to consider releasing crude stockpiles to lower global energy prices.

China and other governments are looking at releasing oil from their strategic reserves in response, but Japan and South Korea said they cannot do so simply to deal with rising prices.



REUTERS/FILE

A branch of Cosmo Energy Holdings' Cosmo Oil service station is seen in Tokyo.

# Japan considers releasing oil reserves to curb prices

REUTERS, Tokyo

Japanese Prime Minister Fumio Kishida said on Saturday his government is considering releasing oil from its reserves in response to rising crude oil prices, Kyodo news agency reported.

It would be the first time for Japan to release oil reserves for the sake of lowering prices, although the country has previously tapped its reserves to cope with natural disasters and geopolitical risks, Kyodo said.

The government of US President Joe Biden, who faces falling approval ratings and higher gasoline prices, has pressed some of the world's biggest economies to consider releasing oil from their strategic reserves to quell high energy prices.

The requests include asking China

for the first time to consider releasing stocks of crude.

"We're proceeding with consideration as to what we can do on the premise that Japan will coordinate with the United States and other countries concerned," Kishida told reporters, according to Kyodo.

Chief Cabinet Secretary Chief Cabinet Secretary Hirokazu Matsuno said on Thursday that Tokyo was closely watching the impact of rising oil prices on the world's third-biggest economy.

"While urging oil-producing nations to ramp up oil output, we will strive to stabilise energy markets by coordinating with major consumer nations and international organisations," such as the International Energy Agency, Matsuno said.

Resource-poor Japan gets the

vast majority of its oil from the Middle East. Recent surging oil prices and a weakening yen are driving up the cost of imports, dealing a double blow to a trade-dependent nation.

Kishida's government on Friday unveiled a record \$490 billion stimulus plan including measures to counter higher oil prices.

It plans to subsidise oil refiners in the hope of capping wholesale gasoline and fuel prices to ease the pain to households and firms from rising oil costs.

"What's important is to urge oil-producing countries to ramp up oil production," Kishida said last month after discussions with cabinet ministers.

"We will arrange concrete measures after confirming what industry sectors are being affected."

### US again presses Opec+ as it weighs reserve release

REUTERS, Washington

The White House on Friday pressed the Opec producer group again to maintain adequate global supply, days after US discussions with some of the world's biggest economies over potentially releasing oil from strategic reserves to quell high energy prices.

The Biden administration has asked a wide range of countries, including China for the first time, to consider releasing stocks of crude.

President Joe Biden faces slipping approval figures as Americans cite inflation as a growing problem.

White House spokeswoman Jen Psaki said the administration wants to "ensure that the Opec member countries and Opec as an organization meets the demand needs that are out there with the adequate supply. That is something we've pressed them on in the past."

Oil prices were down sharply after Austria announced it would impose a full lockdown due to rising Covid cases, with Germany likely to follow.

Members of the Organization of the Petroleum Exporting Countries and allies have said the world economic recovery is fragile.

This week, Secretary General Mohammad Barkindo said Opec expects an oil supply surplus to begin building next month. International benchmark Brent crude was down 3.3 per cent on Friday to \$78.62 a barrel, lowest since early October.

The market has been weakening as investors have anticipated an increase in global supplies.

Opec+ plans to meet on December 2. The group has been raising output by 400,000 barrels per day (bpd) per month, gradually unwinding record production cuts made in 2020 when the pandemic dissipated fuel demand.

Biden faces political pressure ahead of midterm congressional elections next year.

A Reuters poll in October showed 67 per cent of US adults agreed inflation is a major concern.

Biden recently directed the US Federal Trade Commission (FTC) to look into the growing disparity between unfinished wholesale gasoline futures, which have dropped sharply in recent weeks, and retail prices, which have barely budged.

The average cost per gallon is \$3.41 nationwide, according to the American Automobile Association.

Other countries have been pressing Opec, including China and India.

Opec+ in April 2020 cut output by more than 10 million barrels a day as pandemic lockdowns crushed fuel demand. The producer group still has about 3.8 million bpd in supply cuts that it has not yet returned to the market.

Several members have been unable to meet production targets due to years of under-investment.

The group fell short of its targets again in October, as several nations had difficulty reaching proposed output levels.