



The Russian-flagged cargo vessel Baltic Leader, which had set sail from the French city of Rouen, was escorted to the port of Boulogne-sur-Mer by French naval forces in the channel after the EU slapped sanctions on Russia.

PHOTO: AFP

## FBCCI to form UAE-Bangladesh Business Council

### STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) is set to establish a joint business council with its counterpart in the UAE with a view to tapping the trade and investment potential in the markets in the Middle East, Africa and Europe.

The UAE-Bangladesh Joint Business Council will be inaugurated when Prime Minister Sheikh Hasina visits Dubai next month.

The council will be co-chaired by the president of the FBCCI and the chairman of the Federation of UAE Chambers of Commerce and Industry.

At the inaugural ceremony, the FBCCI will highlight Bangladesh's sector-based investment and export prospects.

The information was disclosed during a preparatory meeting at the FBCCI office on Saturday, according to a press release from the country's apex trade body.



that five sectors should be included in the FBCCI's presentation at the council's opening ceremony.

The sectors include agricultural and

The establishment of a business council with the Federation of UAE Chambers of Commerce and Industry will make it easier to capture the export market of the Middle East and Africa," FBCCI President Md Jashim Uddin said at the meeting.

"This initiative will create an opportunity to explore new markets for Bangladesh after it graduates from the UN's list of least developed countries."

Naser Ezaz Bijoy, president of the Foreign Investors' Chamber of Commerce & Industry, recommended

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-- Md Jashim Uddin  
FBCCI President

halal food products, light engineering (especially car parts), finance, petrochemical, and port management.

Syed Muntasir Mamun, director-general of the international trade and investment wing of the foreign affairs ministry, recommended seeking UAE investment in ICT, IT-enabled services, artificial intelligence, private equity, aviation, shipping and value-added agro services.

FBCCI Director Abul Kasem

Khan highlighted the potential for investment in the tourism and hospitality sectors as well as the private port sector.

He also demanded that Bangladeshis be given an opportunity to invest in Dubai.

Khandaker Golam Moazzem, research director of the Centre for Policy Dialogue and a panel adviser of the FBCCI, said the UAE is currently looking for a global strategic partner for development. As part of that effort, the country recently signed a free trade agreement with India.

"So, Bangladesh should also sign a free trade agreement with the UAE."

Shykh Seraj, head of news of Channel i and a panel adviser of the FBCCI, said there is a huge demand for Bangladeshi vegetables and seeds in the UAE.

"To take advantage of this potential, joint initiatives can be taken in the field of nursery and food processing."

He went on to say that the two countries should work together to create skilled manpower.

## EU energy concerns spark Russia

FROM PAGE B4

Lindner told public television he was "open" to including SWIFT "in the course of possible further toughening of sanctions" while adding that allies would "have to be aware of the consequences".

With 40 per cent of gas consumed in Europe arriving from Russia, Germany's fears about the possibility of severe disruptions are well founded.

Austria, Hungary and Italy are also reluctant, pitting them against Poland, the Baltic states and non-EU member Britain.

Hungarian Prime Minister Viktor Orban alluded to his key concern -- energy prices -- as he announced sanctions agreed by the EU late Thursday.

"These sanctions do not extend to energy so... energy supplies to Hungary and the other member states of the EU are guaranteed," he said.

Founded in 1973, the Society for Worldwide Interbank Financial Telecommunication, or SWIFT, does not actually handle any transfers of funds itself.

But the system is used by banks to send standardised messages about transfers of sums between themselves, transfers of sums for clients, and buy and sell orders for assets.

A country that is shut out of the system

could still arrange for settlements of payments or transfers on a case-by-case basis.

But it would be severely crippled in its ability to trade with others, as Iran had seen when it was disconnected from the system between 2012 and 2016 over its nuclear programme.

Yet Lindner said the jury was out on whether the sanction would indeed hurt Moscow as much as it did Tehran.

"I fear that Putin has already built up an alternative to this SWIFT system," he said.

Calls for Russia to be excluded from SWIFT had already been made in 2014 when it annexed Crimea from Ukraine and Moscow has since sought to build up its own system.

The Russian System for Transfer of Financial Messages connects 400 Russian banks and being booted out of SWIFT could well accelerate its development.

German Foreign Minister Annalena Baerbock also said shutting Russia out risked hurting innocent people.

"It would mean that a granddaughter who lives in Europe wouldn't be able to transfer money to her grandmother," she said.

"But those who are responsible for the bloodshed will still find ways and means to still carry out their transactions," the

minister said, adding that in the case of Iran, humanitarian projects had to be halted as they could not be financed.

Austrian Chancellor Karl Nehammer also cited experts' estimates that exclusion from SWIFT "won't bring the necessary success", although he later reversed Vienna's reluctance to say his country would push for exclusion from SWIFT.

For now, the option remains on the table, and French Finance Minister Bruno Le Maire said the "financial nuclear weapon" would be weighed up "not in the coming days or weeks, but in the coming hours".

Asked what kind of further aggression must come from Russia before the EU would cut it off from SWIFT, German Chancellor Olaf Scholz's spokesman suggested that not including it in Thursday's package partly came to implementation issues.

Such a move would be "technically complex to prepare," said Steffen Hebestreit.

But the Baltic countries, which directly border Russia, said they had not given up hope on persuading partners to kick Russia out of SWIFT.

"We don't have to wait until there are gunfights in the streets of Kyiv and dead bodies lying around," Latvian Foreign Minister Edgars Rinkevics told reporters.

## Scale effect of domestic market, tipping point

FROM PAGE B4

We also observe such FDIs in motorcycles as well as in household electronics goods such as refrigerators, TVs, washing machines. This rise in such FDI in the country in recent years trying to avoid trade barriers indicates strongly that the country has surpassed such a tipping point.

The paths of industrialisation of the economy with large local markets are supposed to be different from the ones with smaller population size.

First, countries of large domestic markets can afford protections without losing much efficiencies by ensuring competition among domestic firms.

If the size of the effective demand can accommodate a large number of firms, local competition can ensure efficiency closer to the international level.

Second, even with protection, FDIs can flow in to capture the local market as long as the economy crosses the tipping point. These FDIs can also promote competition between the domestic brands and foreign brands produced in the country -- one can think of the competition between Walton and Singer in the refrigerator market.

Third, the large size of the economy allows firms to diversify their products to minimise the risks of investing in one sector.

We observe a large number of conglomerates

in Bangladesh producing a wide range of products from a plastic bucket to smart TV. This is known as the "portfolio theory" of product diversifications.

Now the question is: how can a country like Bangladesh leverage its market size to steer the paths of industrialisation, given that the economy has crossed the tipping point?

The economies of China, India and Brazil are good examples of how the market size can be used as a bargaining chip for negotiations in the case of FDIs and bilateral trade agreements.

An interesting textbook example is the Brazilian automobile industry.

Brazil started its plan to produce automobiles locally in 1956 as a part of its import substitution industrialisation policy. This plan forced multinational companies to accept the local content rules, which allow a very high degree of local value addition. This was possible only because of the large market size of Brazil -- the foreign investors wanted to access the market at any cost.

I believe Bangladesh's economy has now come to the point where the benefits of large market size have begun to materialise. We need to think hard about how we can use the market size more effectively in our favour.

The author is a senior research fellow of the Bangladesh Institute of Development Studies



**Mohsina Yasmin**, executive member of Bangladesh Investment Development Authority (Bida), and Sohail RK Hussain, managing director Meghna Bank, signed a memorandum of understanding at Bida's head office in Dhaka recently to provide various banking services to investors through the latter's online one-stop service (OSS) portal. Kimiwa Sadat, head of corporate banking division at Meghna Bank, and Sufia Akter, head of PPP and cash management, were present.



**Md Monzur Mofiz**, managing director of ONE Bank, and Mohsina Yasmin, executive member of Bangladesh Investment Development Authority (Bida), signed a memorandum of understanding at Bida's head office in Dhaka last week to provide various banking services to investors through the latter's online one-stop service (OSS) portal. Avijit Chowdhury, executive member of Bida, and Jibon Krishna Saha Roy, director of the OSS and regulatory reform, were present.

## Brac Bank organises staff training

STAR BUSINESS DESK

Brac Bank virtually organised a training for its senior officials to cater updated, quality customer services that were shaping the future of banking in Bangladesh.

Mohammed Ishaque Miah, general manager for information system development and support department at Bangladesh Bank, and SM Tofayel Ahmad, joint director and systems analyst, conducted the programme for 170 senior officers, said a press release.

Md Sabbir Hossain, deputy managing director of Brac Bank, M Masud Rana and Chowdhury Moinul Islam, deputy managing directors, Nurun Nahar Begum, chief technology officer, BM Zahid Ul Haque, head of information security, Khondker Emdadul Haq, head of employee banking, attended the event.

## WTO warns of food price rise amid Ukraine crisis

AFP, Washington

WTO chief Ngozi Okonjo Iweala warned Friday about the "economic impacts" of the war in Ukraine, a major wheat exporter, which will hurt consumers around the world.

"There's going to be a big impact with respect to wheat prices and prices of bread for ordinary people as well," she said at a virtual event with IMF chief Kristalina Georgieva.

Georgieva noted that Ukraine "is one of the largest wheat exporters of the world."

Georgieva echoed her previous warnings about the "significant economic risk" of the conflict for the global recovery from the Covid-19 pandemic, saying "the impact is going to go beyond Ukraine." She highlighted the added pressure on inflation which is likely to accelerate amid rising prices for energy and wheat.

Oil prices on Thursday briefly topped \$100 for the first time since 2014.

The United States and Europe slapped sanctions on Moscow, targeting the financial sector but largely sparing the oil and agriculture sectors for now in an effort to mitigate the impact on their own people.

The sanctions "add to the economic impact of this crisis, and will transmit primarily through energy prices, as well as grain prices, adding to what has been a growing concern of inflation and how it can be countered," the IMF chief said.

The conflict adds to the "high uncertainty" about the global economy that also is reflected in financial markets, and undermines confidence in other emerging markets causing an exodus of capital at a time when those countries need more funding.

"We see outflows from emerging markets when we need exactly the opposite," she said.

Georgieva, who is Bulgarian, said she had a personal connection to the crisis, as her brother is married to a Ukrainian and they are in a city near the border with Russia.