Star BUSINESS

The countryside is now dotted with lush green fields as the Boro season, which contributes 53 per cent to the total paddy produced in Bangladesh, is underway. The total area being used to cultivate the dry season rice crop stands at 49.09 lakh hectares, up nearly 3 per cent from 47.86 lakh hectares in the previous season. The photo was taken from Baliakhali village in Dumuria upazila of Khulna recently.

PHOTO: HABIBUR RAHMAN

High rice prices buoy Boro acreage

SOHEL PARVEZ

Farmers have planted paddy on increased areas of land during the current Boro cultivation season after being encouraged by higher prices for the staple grain in the domestic market for the last one year.

The total area being used to cultivate the dry season rice crop stands at 49.09 lakh hectares, up nearly 3 per cent from 47.86 lakh hectares in the previous season, according to data from the Department of Agricultural Extension (DAE) and Bangladesh Bureau of Statistics (BBS).

The DAE targeted acreage of 48.72 lakh hectares this Boro season.

The higher acreage buoyed expectations of better yields of the crop at a time when the country is reeling from soaring import costs for daily commodities, namely wheat, the second most consumed grain, and edible oil.

"As cultivation has increased, it can be assumed that we will get more than 2 crore tonnes of rice in the current Boro season unless there is a natural disaster," said Jahangir Alam, an agricultural economist.

"A spike in production will help stabilise the rice market," he added.

Bangladesh produced 3.76 crore tonnes of rice in fiscal 2020-21 with the Boro variety making up 53 per cent of the total amount, according to BBS data.

However, Alam said growers are spending higher for cultivation this season due to the increased cost of irrigation and ploughing after the government hiked diesel prices by 23 per cent to Tk 80 per litre in November last year.

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Hopes of rapid recovery dashed by war headwinds

REJAUL KARIM BYRON *and* MD ASADUZ ZAMAN

Just as the economy was sailing smoothly to make a turnaround from the coronavirus pandemic, the Russia-Ukraine war has suddenly emerged as a major obstacle standing in the way of faster and full revival. And this, among other things, is likely to increase poverty and eat into growth, warned the International Monetary Fund (IMF), policymakers and experts.

The Ukraine crisis sent crude oil prices rocketing close to record levels of $140 per barrel, while other commodities including aluminium, coal, copper, natural gas, nickel, tin, wheat and zinc have hit historic highs on supply fears.

The situation led the IMF, the World Bank, the Council of Europe Development Bank, the European Bank for Reconstruction and Development and the European Investment Bank to warn on Friday of "extensive" economic fallout from Russia's invasion of Ukraine and expressed horror at the "devastating human catastrophe".

The higher prices of commodities would be more painful for a country like Bangladesh, which depends largely on the international market to feed its growing economy and a huge population.

And that pain is already visible.

The import costs of edible oil, namely soybean, crude soybean oil, palm oil, sunflower and wheat have gone up in the domestic market, biting the purchasing capacity of the low-income families, which have been struggling for the last two years for the pandemic-induced price shock.

Last week, the IMF said Russia's invasion of Ukraine will affect the entire global economy by slowing growth and jacking up inflation, and could fundamentally reshape the global economic order in the longer term, reports Reuters.

And Bangladesh has started to feel the pinch of the conflict and it is likely to slow the economic recovery.

The economy grew 6.94 per cent in the last fiscal year despite the pandemic-induced losses and was heading for more than 7 per cent gross domestic product (GDP) expansion in the current fiscal year ending in June.

But the IMF, in a recent report, said the pandemic would eat up Bangladesh's average potential growth rate by around 1.1 percentage points during the fiscal years of 2020-21 through 2024-25.

"We have recovered faster from the pandemic-induced losses. But, the Russia-Ukraine war will affect us. It is affecting supply and prices of essential goods, which has a significant impact on consumer spending," said State Minister for Planning Prof Shamsul Alam.

"If the spending decreases for the current situation, it may have some effect on the GDP growth."

In a rapid assessment of the war's impact, the United Nations Conference on Trade and Development (Unctad) last week painted a rapidly worsening outlook for the world economy, underpinned by rising food, fuel and fertilizer prices, heightened financial volatility, sustainable development divestment, complex global supply chain reconfigurations and mounting trade costs.

Ukraine and Russia are global players in agri-food markets, representing 53 per cent of global trade in sunflower oil and seeds and 27 per cent in wheat.

Bangladesh has to import

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Good number of apparel factories seek RSC membership

REFAYET ULLAH MIRDHA

A good number of old and new garment factories are now seeking membership of RMG Sustainability Council (RSC) as the audit standard of this tripartite platform is very high.

Primarily, 39 garment factories showed interest in joining the RSC although their safety standards have not been inspected by any neutral platform, which is an RSC membership eligibility criteria.

The RSC was assigned to monitor the progress in the introduction of safety measures at more than 1,700 garment factories in Bangladesh which had been inspected and remediated by Accord.

The 18-member RSC is formed with six representatives of trade unions, six of factory owners and six of international retailers and brands.

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SHIP HIT IN UKRAINE

Govt makes $22.4m insurance claim

STAR BUSINESS DESK

Bangladesh Shipping Corporation (BSC) is seeking $22.4 million from its insurer for a cargo ship hit by a missile in March, government officials with knowledge of the talks said, in the first major marine insurance claim from the conflict in Ukraine, reported Reuters.

The UN's shipping agency said last week it would create a safe maritime corridor for merchant ships and crews stuck in the Black Sea and the Sea of Azov, although shipping industry sources expect progress to be slow. Projectiles have hit four other vessels in recent days with one sunk.

Insurance premiums have soared by over 100 per cent for voyages to the region since the war started. Insurers are watching closely for more claims that will ultimately increase costs further.

An explosion on the night of March 2-3 rocked the Bangladesh-flagged Banglar Samriddhi and killed a crew member. The vessel had been stuck in Olvia since February 24 after Ukraine closed its ports due to Russia's invasion.

Ukraine accused the Russian military of targeting the port facilities in a missile strike, while Russia's embassy in Dhaka said the circumstances of the incident were "being established". Russia denies targeting civilians or merchant ships.

Since then, the vessel's owner BSC has launched a claim with its insurer after abandoning the ship, a senior BSC official said.

The war risk cover was provided by state-owned Sadharan Bima Corporation of Bangladesh and reinsured through Lloyd's of London broker Tysers, a source at Sadharan Bima Corporation said.

The source added that Sadharan Bima's exposure was 10 per cent with Tysers covering the remaining 90 per cent.

"Luckily there was no cargo onboard when it reached Olvia port," the official said.

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STOCKS (WEEK-ON WEEK)

DSEX ▲	CSCX ▲
1.46%	1.31%
6,765.59	11,890.54

COMMODITIES (AS OF FRIDAY)

Gold ▼	Oil ▲
$1,935.60	$107.93
(per ounce)	(per barrel)

CURRENCIES (AS ON WEDNESDAY STANDARD CHARTERED BANK)

	$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	85.05	93.15	110.52	13.11
SELL TK	86.05	96.95	114.32	13.78

ASIAN MARKETS (FRIDAY CLOSINGS)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.84%	▲ 0.65%	▲ 0.24%	▲ 1.12%
57,863.93	26,827.43	3,330.63	3,251.07