



A view of the Dhaka metro rail project in Dhaka's Farmgate. Foreign aid for the country has grown by an astonishing 58 per cent in the last eight months of the ongoing fiscal year as development activities such as this are now in full swing thanks to the easing of coronavirus restrictions.

PHOTO: STAR

## War aggravates global food price situation

### Says US embassy official

#### STAR BUSINESS REPORT

Russia's unprovoked invasion of Ukraine has aggravated the high food price situation across the globe, according to Megan M Francis, the agricultural attaché of the US embassy in Dhaka.

While briefing reporters at the American Center in Dhaka yesterday, Francis said the Foreign Agricultural Service (FAS) of the United States Department of Agriculture (USDA) stands ready to help Bangladesh in every way possible, including developing its farm sector, increasing agricultural productivity and climate-smart farming.

She shared the concern that like many other places in today's world, Bangladesh is also experiencing high commodity prices and emphasised on US-Bangladesh cooperation in developing the country's agriculture sector.

The USDA is currently implementing \$50 million worth of capacity development programmes in Bangladesh, Francis said, adding that the US is always interested in investing in climate-smart agriculture, research and innovation.

FAS has a global network of 100 offices, including one in Dhaka, covering more than 170 countries. These offices are staffed by agricultural attachés and locally hired agricultural experts who help facilitate farm sector cooperation and promote trade between the US and the host country.

#### The Foreign Agricultural Service of the United States Department of Agriculture stands ready to help Bangladesh in every way possible, including developing its farm sector

Recalling the high food price incidences during the global economic meltdown in 2008, Francis said there were incidents where food prices were artificially jacked up.

With this backdrop, she emphasised on keeping a constant tab on the market situation, commodity trade, and global market analysis so that no one could take advantage of any crisis situation.

Referring to last month's meeting between Bangladesh's Agriculture Minister Muhammad Abdur Razzaque and the US Secretary of Agriculture Tom Vilsack in Dubai, the agricultural attaché said the two leaders attached utmost importance on developing climate-smart agriculture.

Francis gave a brief review of US assistance for Bangladesh's farm sector and its contribution to the school feeding programme.

She also appreciated Bangladesh's pursuit of agricultural biotechnology, saying that the FAS stands ready to provide policy support so that biotech regulators in Bangladesh can better appreciate the importance of farm products derived from such applications.

Karla R Thomas, information officer of the US embassy, and other officials and agricultural experts of the FAS Dhaka office were present at the press briefing.

# Foreign loan disbursement shoots up 58pc

#### STAR BUSINESS REPORT

Foreign assistance disbursement jumped 58 per cent in the July-February period of the current fiscal year thanks to fast implementation of mega projects and increased flow of funds from international financial agencies to help Bangladesh tackle the pandemic.

This was the highest growth in foreign aid received by Bangladesh since fiscal 2017-18, when it ballooned 74 per cent year-on-year to hit \$6.1 billion, according to data compiled by Bangladesh Bank.

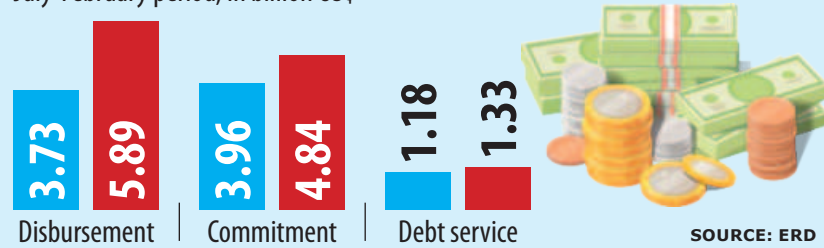
During this July-February period, Bangladesh's development partners disbursed nearly \$6 billion for the country, up from \$3.7 billion in the previous fiscal year, according to data of the Economic Relations Division (ERD) released yesterday.

ERD officials say a number of mega projects funded by Japan, including the Dhaka Metro Rail project, are being implemented in full swing following the easing of coronavirus restrictions.

A good amount of funds was also disbursed by the World Bank to support

### FOREIGN AID COMMITMENT AND DISBURSEMENT

July-February period, in billion US\$



SOURCE: ERD

efforts aimed at tackling the pandemic along with regular loans.

Bangladesh has set an ambitious target to receive \$12.98 billion in foreign assistance from its development partners in the current fiscal year.

The country spent around \$3 billion to \$3.5 billion from foreign loans and grants annually from 2013-14 to 2016-17. The spending of foreign funds crossed \$7 billion per year since fiscal 2018-19.

Bangladesh made debt repayments

amounting to about \$1,335 million in the past eight months while it was \$1,187 million during the corresponding period in the previous fiscal year.

During the July-February period of fiscal 2020-21, Bangladesh received 6 per cent more foreign loans and aid with \$6.9 billion compared to the same period a year ago.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said it appears that aid

utilisation has improved during this year's July-February period.

"Perhaps the government is focusing more on foreign finance utilisation and disbursement to manage fiscal pressure," he said.

This indicates that the country's development partners have confidence in Bangladesh given its better financial position compared to some other South Asian countries, such as Sri Lanka and Pakistan, which have been struggling to get foreign loans, Moazzem added.

The commitment of development partners also increased 22 per cent year-on-year to \$4.8 billion in the past eight months. When a loan agreement is signed with a development partner, it is considered a commitment, meaning the fund is ready for utilisation.

The government has set a target to realise commitments of \$6 billion in foreign aid this fiscal year.

An ERD official said they have some agreements in the pipeline which would be signed within June 2022.

Once inked, the commitment of foreign aid is expected to cross the targeted figure.

## Engineering posts highest

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dishwashers, clothes dryers, freezers, refrigerators, stoves, water heaters, washing machines, and microwave ovens.

"Many products in our sector were import-based in the past. Now, these products are manufactured in Bangladesh. This transformation has pushed up the sales growth and helped the country save foreign currencies," said Alam.

He said local manufacturers are churning out high-quality products that are available at the prices lower than the imported ones. As a result, even lower-income groups can afford them.

A steady flow of remittance from migrant workers have pulled their families out of poverty and improved their economic

conditions. Their living standard has improved, so they are using more home appliances.

"If you visit a remote area, you will find TV or refrigerator in many houses. This speaks volumes about the higher demand in the sector," Alam added.

The government is implementing many infrastructure projects, so the demand for construction-related products has surged in the last decade, said Kamrul Islam, executive director for finance and business development at GPH Ispat, a steel manufacturer.

The mega and infrastructure projects have increased money flow to the rural areas. So, the demand has gone up at the individual level as well.

Rising purchasing capacity and the steady

flow of remittance have encouraged people to build a good house, driving up the demand for steel products.

Islam expects the demand growth of steel products to continue to rise in the coming years as many mega projects are in pipeline while the implementation of a number of large infrastructure projects are still underway.

The pharmaceutical sector clocked an annual turnover growth of 12.6 per cent from 2015 to 2020 while it rose 7.25 per cent in the cement sector. The sales of the fuel and textile sectors rose 6.57 and 6.5 per cent, respectively, UCB data showed.

Riding on the higher sales growth, entrepreneurs are increasingly going for new investments.

GPH Ispat set up a new plant by investing Tk 2,390 crore during the period, according to DSE data.

BSRM Steel, the largest steel manufacturers in Bangladesh, invested more than Tk 2,200 crore in its wire, melting, and low relaxation pre-stressed steel strand manufacturing factories.

Runner Automobiles announced to invest around Tk 450 crore in its commercial vehicle plant.

Walton Hi-Tech Industries Ltd is going to make a fresh investment of around Tk 5,500 crore as it looks to expand facilities to produce and increase export of electrical and electronic goods.

Aftab Automobiles and other engineering companies are also making investments to expand their footprint.

## Inflation in Bangladesh

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country. I acknowledge their contributions. I have a good relationship with them. I have no problem (personally)," he said.

"What I'm thinking isn't always correct, and what they're thinking isn't always correct. We must make trade-offs," he said.

However, the minister said the recent Russia-Ukraine war could end up affecting gas prices.

"What would you (journalists) have done if you were the finance minister? Did we know that the Russia-Ukraine war would happen?" he asked.

There are both uncertainties and certainties involving the economy, he said.

"When uncertainty arises, we call it 'challenge areas'. When it comes, we have to find the way out," he said.

Regarding the upcoming national budget, he said, "Nobody will be the loser...All will benefit, particularly businesses... We will make every effort to help them run their business smoothly."

"Prime Minister Sheikh Hasina also believes it and suggests we do so," he said.

"We will give assistance for all small, large businesses through macroeconomic, monetary and fiscal policies so that they can be empowered more," he said.

"We will give more benefits to all those businesses which will generate more employment. It will be a win-win situation," he added.

## Rod prices cross

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already declined by around 20 per cent over the last couple of weeks.

The price of steel here is still below that in countries like Japan and India, said Sengupta, deputy managing director of Bangladesh Steel Rolling Mills (BSRM), by volume the largest steelmaker in Bangladesh.

Sengupta, however, claimed that the retail price of steel was still below the production cost taking into consideration the present input costs. He apprehends that the price would increase further in the coming days.

According to him, the price of rod should be Tk 95,000 per tonne taking into account the present price of scrap steel in the global market.

However, he said the manufacturers were adjusting prices with not



only ongoing imports and would go up in the coming days due to an impending shortage of scrap steel globally due to the sanctions on Russia.

If the manufacturers increase the price in line with that of scrap steel, the implementation of development projects will get stuck, he said.

"We are trying to maintain the supply of rod to the development projects instead of making profit," he claimed.

He fears that the price

increase in fuel prices has affected the price of steel as transport costs have gone up, said Sengupta.

On November 4, the government raised the prices of diesel and kerosene by Tk 15, or 23 per cent, to Tk 80 per litre.

## Telcos confirm spectrum

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The base price per MHz is \$6 million for both bands. An operator has to pay Tk 10 crore as earnest money and Tk 15 lakh as application processing fees.

"Grameenphone welcomes spectrum auction and believes this is an important milestone for further enhancing 4G experience and 5G readiness," said its chief corporate affairs officer (acting), Hossain Sadat.

"We have deposited the earnest money, and we look forward to a

transparent auction with fair outcomes," he said.

Shahed Alam, chief corporate and regulatory officer of Robi Axiata, said they would participate in the auction and if the price was reasonable, they would purchase spectrum they required.

"But if it goes too high, we won't be able to buy the necessary spectrum," he said.

"We believe unsold spectrum has no value and the more spectrum we are able to take, the better the service will be ensured for customers. We are

requesting the regulator to consider these issues," he added.

Subrata Roy Maitra, vice chairman of the BTRC, said, "We have set a base price and as it was an open auction, we are bound to award the spectrum to the highest bidders."

"There are no issues of lowering or increasing the price," he added.

The BTRC said operators shall launch 5G services within six months from the date of the spectrum auction.

However, it will be technology neutral

spectrum, meaning that the operators will be able to use it for 2G, 3G, 4G and 5G.

The rollout of 5G has been a part of the current government's election manifesto in 2018. In December last year, it introduced the service through state-run Teletalk in six areas of the country.

The private operators said the participation of Teletalk, which has already got 60MHz from the 3.5GHz band, in the auction would increase the price, ultimately leaving them incapable of acquiring necessary spectrum.

## Surge in cotton price

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Bangladesh Knitwear Manufacturers and Exporters Association, said local spinners used to increase yarn prices by 30 US cents to 40 US cents on the sales of a kilogramme of the item in the local markets before August last year whenever their price went up globally.

Since August, spinners increased the price by 70 US cents to 80 US cents because of the surge in the cotton price internationally, Hatem

said. "Sometimes, the spinners increased the price by \$1 per kg in recent months."

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, says the higher cost of cotton will hurt the profitability of garment exporters.

In the volume driven garment business, international retailers and brands are not absorbing the additional cost of production. It is the local

exporters who are bearing the burden, he said.

Cotton price rose 51 per cent year-on-year in February.

The price of the white fibre has increased further and this means a further squeeze on the profitability for garment exporters, Rahman said.

The fresh hike of cotton price is expected to affect the export of garment items from Bangladesh at a time when the industry is recovering from the severe fallout of Covid-19.