EU extends ban on mobile roaming fees

AFP, *Brussels*

The European Union on Monday extended for another 10 years its ban on mobile roaming surcharges for people using their European handsets while travelling in the 27-nation bloc.

The "roam like at home" scheme is one of the more popular pieces of legislation for EU citizens and residents, allowing them to make calls and texts and use data in other EU countries at the same price as that charged in their domestic plans.

The European Council representing the EU's member states said it gave final approval to extend the scheme beyond when the current regulation expires at the end of June. It will now continue until 2032.

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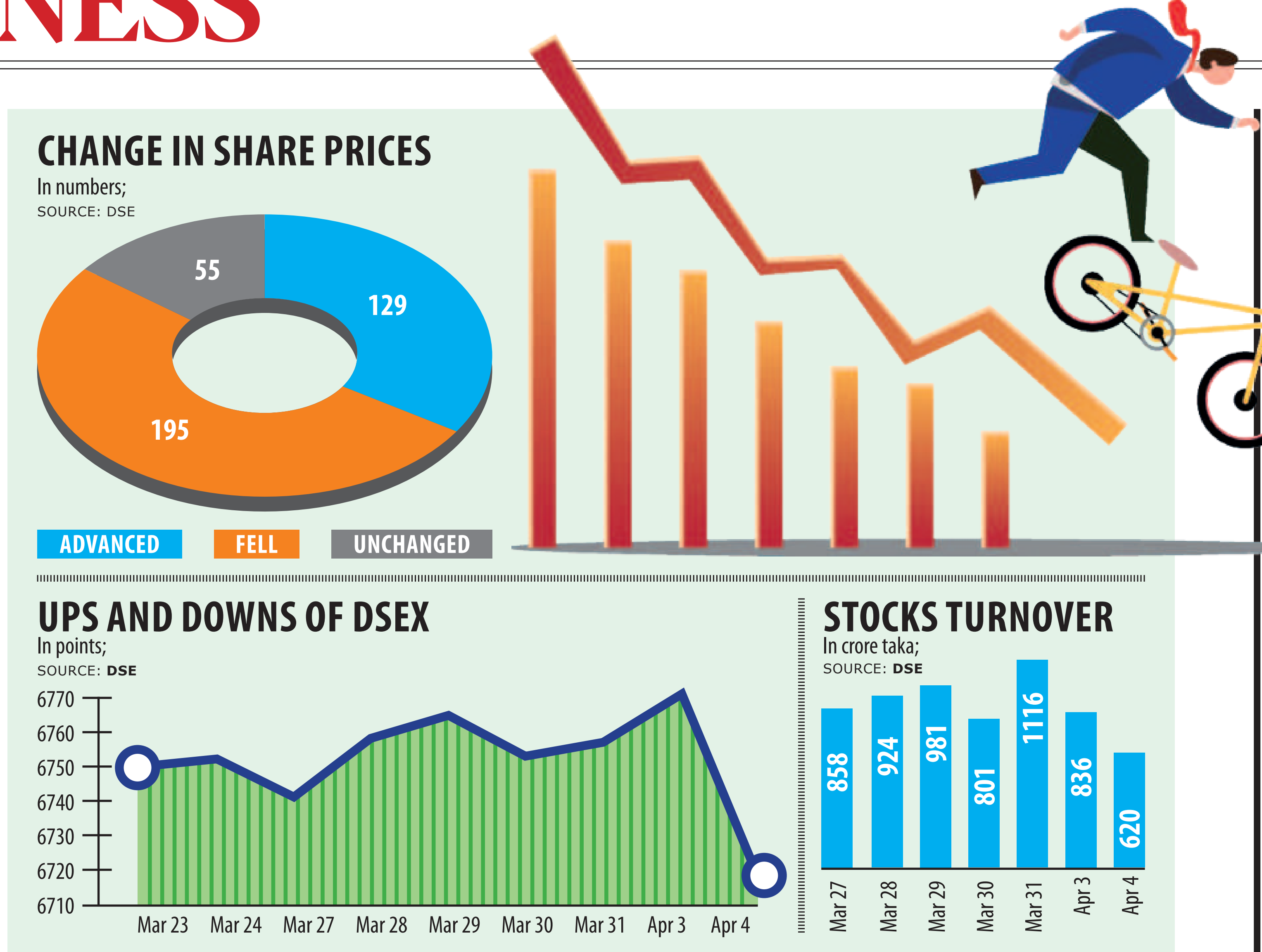
The European Consumer Organisation (BEUC) noted in a statement that the renewed policy requires telecom operators to strive to give roaming at the same quality, meaning EU visitors not being shunted to lower speed 3G or 4G networks when higher speed ones are available.

BEUC's deputy director general Ursula Pachl called the extended policy "one of the EU's greatest success stories for consumers" and one of the "tangible benefits" of its single market.

Many consumers in Britain, which left the European Union two years ago, are seeing roaming charges return.

At least three big British telecom operators decided to bring back added roaming fees, which average an extra two pounds (2.40 euros, $2.60) per day for those visiting the EU.



Stocks fall amid panic sales

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange (DSE) fell yesterday after a two-day break as jitter investors went for panic sales as global uncertainty and higher commodity prices persist.

The benchmark index of the bourse, DSEX, was down 0.8 per cent, or 53 points, to close the day at 6,718.

The DS30, the index for the blue-chip stocks, and the DSES, the shariah index, lost 19.26 points and 8.89 points, respectively.

The losers took a strong lead over the gainers as 296 securities declined, 46 advanced, and 39 did not see any price movement.

Investors reduced their participation significantly in the market, sending turnover, an important indicator, to fall to Tk 620 crore, a decrease of 26 per cent from Tk 836 crore recorded a day ago.

"The jittery investors converted their investments into cash fearing the price hike of necessities during Ramadan and the worldwide ongoing economic turmoil," said International Leasing Securities Ltd in its daily analysis of the market.

All sectors on the premier bourse in the country witnessed price correction.

The paper and printing sector was down 1.9 per cent, the general insurance gave up 1.6 per cent, and the jute sector shed 1.4 per cent.

The investors' attention was mainly concentrated on textile (13.5 per cent), financial institutions (12.6 per cent) and engineering (12.2 per cent).

IPDC Finance, Genex Infosys, and VFS Thread Dyeing led the scrip-wise turnover board, with their shares worth Tk 50 crore, Tk 30 crore and Tk 29 crore changing hands, respectively.

JMI Hospital Requisite Manufacturing was the top gainer on the day, surging 9.92 per cent. Rangpur Foundry, Gemini Sea Food, Apex Tannery, VFS Thread Dyeing, and Prime Finance & Investment rose between 3 per cent and 6 per cent.

Fortune Shoes and Savar Refractories declined 2 per cent, the maximum decline allowed by the stock market regulator presently.

Earlier last month, the Bangladesh Securities and Exchange Commission lowered the circuit breaker limit to 2 per cent from 10 per cent to forestall the freefall of the stocks amid renewed global uncertainty caused by the Russia-Ukraine war and runaway global commodity prices that have seriously affected the prices in Bangladesh.

Reckitt Benckiser, Sonali Paper & Board Mills, Republic Insurance Company, Shyampur Sugar Mills, Paramount Insurance Company and Pragati Life Insurance were also among the major losers.

The DSMEX, the index for the small and medium enterprises, closed at 1,330 after adding 17.32 per cent, or 196.41 points. All of the nine stocks listed on the platform advanced.

Turnover rose to Tk 17.56 crore yesterday from Tk 6.75 crore on Sunday, DSE data showed.

The key index of the Chittagong Stock Exchange lost 0.63 per cent, or 124 points, to end the day at 19,700. Turnover slipped to Tk 14.55 crore, down from Tk 18.87 crore a day ago.

Losers outnumbered gainers as 48 stocks rose, 197 fell and 37 were unchanged.

EDIBLE OIL

Prices can only fall in line with global trend

Says Tipu Munshi

STAR BUSINESS REPORT

Commerce Minister Tipu Munshi yesterday said the reduction of edible oil prices in local markets is predicated on whether the international prices of crude cooking oil fall further.

Crude soybean oil sold for between $1,401 and $1,584 per barrel yesterday while the same amount cost about $1,650 to $1,700 per barrel one month ago in different futures markets.

Last month, the government fixed the price of bottled soybean oil at Tk 160 per litre at the retail level considering $1,450 per barrel as the base price in international markets, Munshi said.

"However, the reduction of crude edible oil prices in international markets has not reached a level that requires us to reduce prices in local markets now," he added.

The commerce minister went on to say that a further price reduction of edible oil in local markets depends on the fall of crude cooking oil prices in Brazil, Malaysia and Indonesia.

Munshi was speaking at a press conference after a meeting of the first taskforce that was formed last week to monitor the basic commodities markets.

"The reduction of crude edible oil prices in international markets has not reached a level that requires us to reduce prices in local markets now."

He also said the current stock of edible oil in Bangladesh is nearly 90,000 tonnes, which is adequate to serve the local market.

Munshi informed that the home ministry has assured him of stopping extortion of goods-laden trucks as rent seeking by a section of people is considered one of the major causes for the price hike of basic commodities in local markets.

Regarding the hike of vegetable prices, the commerce minister said it is not so simple to reduce the prices of widely consumed vegetables as the price of those items depends on many issues, including transport costs and depreciation of the goods.

He said the government may consider carrying such goods via railway in the future so that prices can be controlled by reducing transportation costs.

Munshi said the government wants to strengthen the capacity of the Trading Corporation of Bangladesh (TCB) so that the people can buy essential goods at affordable prices. The TCB currently controls 30 per cent of the basic commodities market, he added.

AHM Shafiquzzaman, director general of the Directorate of National Consumer Rights Protection, said he called some refiners to a hearing last week as they were found to be involved in the unusual supply of edible oil in local markets, which affected the price level.

A few other refiners will also be called to a hearing soon as they too were found to be engaged in distorting the supply of edible oil.

German exports rise but Ukraine clouds gather

AFP, *Frankfurt*

German exports bounded higher in February, the official statistics agency said Monday, cautioning that the Ukraine conflict and sanctions against Russia were likely to cloud the picture in the months ahead.

Exports rose by a higher-than-expected 6.4 percent on the previous month to reach a value of 124.7 billion euros ($137.5 billion), Destatis said, powered by strong demand from European Union countries.

Analysts surveyed by FactSet had predicted a two-percent increase.

Imports jumped 4.5 per cent month-on-month, totalling 113.1 billion euros.

But trade with Russia was "markedly down", Destatis said, with exports falling by 6.3 per cent and imports by 7.3 per cent, revealing the first impact of sweeping Western sanctions imposed on Russia after its February 24 invasion of Ukraine.

Canada to support GM multi-billion-dollar investments

REUTERS, *Ottawa*

Canada on Monday will announce its support for General Motors Co's multi-billion-dollar investment in two plants, including one that will produce electric commercial vehicles (EVs), a government source said.

Both the federal government and Ontario's provincial government will invest in the two GM plants in Ingersoll and Oshawa, said the source, who provided no further details and was not authorized to speak on the record.

Scott Bell, GM's Vice President Global Chevrolet, Canada's federal Industry Minister Francois-Philippe Champagne and Ontario Premier Doug Ford will make an announcement about "an important investment in the future of Canada's automotive manufacturing sector" at 11 am EST (3 pm GMT) on Monday, according to a statement.

Forex crisis spills over

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heavily from the central bank to settle their letters of credit (LCs) amid lower-than-expected remittances and exports than escalating import payments.

This forced the Bangladesh Bank to inject a record $3.78 billion between July 1 and March 23 to keep the exchange rate of the taka against the dollar stable.

This means banks have to spend more than Tk 32,500 crore to buy the dollars. One USD yields Tk 86.20 as per the current interbank rate.

As a result, a large amount of liquid funds is now stored at the central bank, creating a cash shortage in the financial sector.

"The call money rate will climb further if banks continue to purchase the dollars from the central bank," Rahman said.

Md Habibur Rahman, chief economist of the central bank, says higher inflation has worsened the situation as it has pushed the lending and deposit rates.

The official figure of the Consumer Price Index surged to a 16-month high in February driven by soaring costs of essential food ranging from staples such as rice, edible oil and vegetables to protein items.

"Some banks now enjoy excess liquidity while others are facing a cash crunch. This has also triggered the call money rate," Habibur said.

The rise in credit demand from borrowers has also contributed to the upward trend of the rate.

"Demand for cash usually surges during Ramadan, and this year is no exception, putting extra pressure on the call money market," said Emranul Huq, managing director of Dhaka Bank.

Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, called for reining in both higher imports and inflation to mitigate the volatility in the money market.

Between January and June, imports soared to $46.67 billion, up 46 per cent year-on-year. Exports increased 29 per cent to $27.97 billion.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says the instability in the call money market is the result of the crisis prevailing in the foreign exchange regime.

"The balance of payments situation is now in dire straits due to the lower inflow of foreign exchanges."

Remittance flow from migrant workers that gave much-needed cushion to the economy at the height of the pandemic has now slowed, deepening the foreign exchange crisis at banks.

Bangladesh received $15.30 billion in remittances in the first nine months of the current fiscal year, a decrease of 21.56 per cent compared to the same period a year ago.

"The central bank should depreciate the taka against the dollar to ward off the crisis," said Mansur, also a former official of the International Monetary Fund.

The exchange rate now stands at Tk 86.20 per US dollar compared to Tk 84.80 a year ago.

"If the central bank devalues the exchange rate of the local currency to some degree, imports will decline. And domestic demand will decrease automatically when imports are curbed."

Banks have also started to pay back the loans taken from the central bank to implement the stimulus packages. This has also caused a cash shortage in the banking sector, Mansur said.

March exports hit record $4.76b

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July-March period of the current fiscal year.

Home textiles, leather and leather goods and footwear as well as engineering products brought gains for the exports.

Home textiles makers posted a growth of nearly 37 per cent in export receipts year-on-year to $1.15 billion in the nine months to the end March.

Home textile became the second biggest earner after garment, putting leather and leather products, including footwear, in third position.

Leather and leather product exports jumped 31 per cent year-on-year to $896 million in the July-March period of fiscal year 2021-22 from that a year ago.

However, exporters of jute goods registered a decline in earnings as demand for jute yarn from the main importer, Turkey, remained low. Raw jute shippers recorded growth in the July-March period of the current fiscal year, according to the EPB.

Shrimp exports, the main export earning sector among frozen and live fish category, continued to maintain a positive trend after a downturn in fiscal year 2020-21.

"Robust export growth is a good sign as it would help increase our capacity to pay import bills. At the same time, it is good for the ready-made garment industry and jobs in the sector," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD).

The export growth provides hope too. Bangladesh's relatively low trade dependence on Russia helped maintain the export momentum which was not the case for Sri Lanka that suffered a slump in tea exports to Russia and fall in tourists from there, he said.

However, he said, prices of cotton soared 51 per cent year-on-year in February this year. Prices of yarn and fabrics also rose.

"So net export has not increased to that extent. A large part of the export growth is volume driven as many buyers have passed on increased cost on exporters. So, exporters could not increase profit per unit of garments," he said.

"We need to strengthen backward and forward linkage so that we can retain higher value by contacting buyers directly," he said.

bKash losses

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The operators' service charge rose 47 per cent to Tk 223 crore.

Like most technology companies, the growing years are investment hungry with focus on customer acquisition and customer retention, which helps to build a sustainable base, said bKash in response to queries from The Daily Star.

bKash made significant investments to create a scalable technology platform, not only to cater to more transactions, but also to provide a wide range of services, it said.

For instance, it invested in hiring additional manpower like IT and software engineers and data scientists. In addition, bKash says it puts emphasis on regulatory and anti-money laundering and combating the financing of terrorism (CFT) compliance.

Its operating and administrative costs rose 21 per cent to Tk 585 crore in 2021, according to the financial reports.

bKash trains every agent and all personnel hired by distributors on the prevention of money laundering or terrorist financing, all of which are cost intensive.

"We hope these strategic investments made today to cater to a more digitised economy will bring commercial dividends in the coming years," it said.

As per a regulatory order, waivers had to be provided on charges for sending money from April to August of 2021 due to the pandemic, bKash said.

This also augmented the overall loss and subsequently contributed to the increase in the cost of services.

bKash's net finance income dropped 86 per cent to Tk 6.95 crore, down from the previous year's Tk 51.19 crore, the data shows.

It reduced commercial expenses by 9.88 per cent

to Tk 237 crore last year.

bKash will continue to enhance financial inclusion in the country through relentless investments in innovation and home-grown talent, it added.

Brac Bank holds 51 per cent shares of bKash while the Money in Motion LLC of the US has 16.45 per cent, Alipay Singapore E-Commerce 14.87 per cent, International Finance Corporation 10.36 per cent and SVF II BEAM (DE) LLC 7.32 per cent.

In 2021, bKash's e-money circulation soared 24.53 per cent to Tk 5,853 crore, up from the previous year's Tk 4,700 crore, according to the financial statements.