

Star BUSINESS

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SCAN FOR DETAILS

PINK ERA ENDS

The Star Business is forced to part with the pink, as the Russian invasion of Ukraine has thrown the global newsprint supply into a perfect chaos. From today, your favourite section comes out in white newsprint like rest of the newspaper. We hope, you may like the Star Business even more in that way! Fingers are crossed.

-Editor

No major progress in post-LDC preparation

REFAYET ULLAH MIRDHHA

Bangladesh is yet to make any significant progress in its preparation to retain duty preference set to be withdrawn once it graduates from the group of the least-developed countries (LDCs). Riding on steady economic growth and social sector gains, the country is on its course to becoming a developing country in 2026.

With this, Bangladesh will lose its duty-free access in major markets and other benefits it enjoyed since its inclusion to the group in 1975.

LDCs benefit from a number of dedicated international support measures in the areas of trade, official development assistance and others, including travel support to United Nations meetings and reduced budgetary contributions to international organisations.

After graduation, countries no longer benefit from these support measures, according to the LDC portal of the UN. The vast majority of development partners, however, continue to support countries even after they have graduated.

As time is running out fast, Bangladesh has moved

to sign free trade agreements (FTAs) and preferential trade agreements (PTAs) with major trading partners to retain the duty benefit.

In its Eighth Five Year Plan and the Export Policy for 2021-24, the government said it plans to sign FTAs and PTAs with major trading partners.

the Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Some high-powered committees have been formed to address the issues related to graduation. The government is in talks with some major trading partners to sign trade agreements.

to ensure a smooth transition from the group.

The country has become a manufacturing hub, particularly for garment items, on the back of trade benefits.

But because of the lacklustre preparation, Bangladesh risks losing markets by 10 to 20 per cent in the post-LDC period because of the end of duty preference.

Currently, Bangladesh enjoys duty benefits under the Generalised System of Preferences (GSP) in 38 countries. Of the total export earnings, 74 per cent is covered by the benefits granted to LDCs.

READ MORE ON B3

Public food stocks drop on increased distribution

SOHEL PARVEZ

Food stocks at public storages declined over the past two months from the peak of nearly 20 lakh tonnes in mid-February this year amid increased distribution under various social protection programmes.

Public food distribution, including under open market sales and fair price programme, jumped 36 per cent year-on-year to 23.67 lakh tonnes in the July-March period of the current fiscal year, according to the food ministry data.

As a result, rice and wheat stock at the state depots dropped to 14.92 lakh tonnes as of April 12. Yet this was over three times higher than the 4.72 lakh tonnes recorded on the same day a year ago.

Mosammat Nazmanara Khanum, secretary to the food ministry, said public stocks would increase in the coming months as the ministry was set to start procuring paddy and rice in the Boro harvesting season of April and May.

The food ministry targets to buy 6.5 lakh tonnes of paddy and 11.50 lakh tonnes of parboiled rice during the Boro season.

The government would procure paddy at Tk 28 per kilogramme from April 27 while rice at Tk 40 per kilogramme from May 7.

"We will face no problem unless there is a major natural disaster," Nazmanara said.

READ MORE ON B3



Bangladesh has, so far, been able to strike a PTA with Bhutan. And talks are underway to ink the Comprehensive Economic Partnership Agreement (CEPA) with India.

The government plans to open trade deals with India, China, Malaysia, Vietnam, Japan, and the countries under the Association of South-East Asian Nations (Asean), the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and

"Bangladesh has taken a lot of preparation in terms of policies. Now is the time to implement the plans to face the challenges of the graduation," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

M A Razzaque, research director of the Policy Research Institute, also called for the proper execution of the policies in order

BANGLADESH TO LOSE

- Preferential market access for goods
- Preferential treatment for services and service suppliers
- Special treatment regarding obligations under WTO rules
- Discounts on the contribution to UN budgets
- Travel support to UN meetings

WHAT'S WHAT

Bangladesh enjoys duty benefit under GSP in **38** countries

Of export earnings, **74pc** covered by LDC benefits

Bangladesh risks losing markets by **10-20pc** in post-LDC period

Govt will have to fulfil **27** int'l conventions to secure GSP Plus

BENEFITS TO CONTINUE

- Bangladesh to enjoy duty benefit in the EU up to 2029
- Australia to continue the duty privilege after graduation

LDC GRADUATION

Duty erosion may cost \$5b in EU market: study

STAR BUSINESS REPORT

Bangladesh is likely to lose \$5.28 billion worth of businesses annually in the European Union in the post-LDC era because of the erosion of preferential trade benefits following the country's graduation from the group of the least-developed countries, according to a new study.

Currently, Bangladesh enjoys tariff benefits in 38 countries as an LDC. But the duty-free trade benefit will not exist mostly once the country graduates to become a developing country in 2026 unless deals are signed to retain the support.

Goods bound for the EU market would be subjected to an 8.91 per cent tariff in the post-LDC period. As a result, 26.28 per cent of the exports to the bloc would be affected, showed the study.

Mostafa Abid Khan, a former member of the Bangladesh Trade and Tariff and Commission (BTTC), presented the findings of the study at a seminar on "Export Challenges of Bangladesh after Graduation from LDC Status: Options for the Private Sector" organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at its office in Dhaka yesterday.

The study was prepared with data from the World Trade Organisation (WTO) to estimate the country's potential losses of businesses in five major export destinations following graduation.

Bangladesh may lose \$536 million worth of exports, which account for 42.05 per cent of the shipment to Canada, where exporters will face a 14.47 per cent duty.

In Japan, the loss might stand at \$388.12 million, representing 30.53 per cent of the exports to the world's third-largest economy. Exports would come under an 8.89 per cent duty in the post-LDC period.

In Korea, Bangladesh will face a 7.94 per cent duty and lose businesses amounting to \$87.78 million, which makes up 27.53 per cent of the shipment to the country.

There is a risk of suffering a loss of \$76.55 million in China, or 8.29 per cent of the total merchandise sales, owing to a 2.96 per cent tariff.

Exporters may face 4.62 per cent duty in New Zealand and lose \$10.13 million, which is 11.90 per cent of the total export value, the study said.

The study estimated the business loss in the five export destinations at \$6.38 billion.

READ MORE ON B2

STOCKS		WEEK-ON-WEEK
DSEX	0.85%	6,584.97
CASPI	0.69%	19,366.90

COMMODITIES		AS OF FRIDAY
Gold	\$1,974.80	(per ounce)
Oil	\$106.58	(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
0.41%	0.29%	0.19%	0.45%	
58,338.93	27,093.19	3,335.85	3,211.24	

Shrimp exports turn around

STAR BUSINESS REPORT

Shrimp exporters have made a turnaround from seven years of decline as shipments surged in the first nine months of the current fiscal year on the back of increased prices powered by higher demand, according to industry insiders.

Earnings from shrimp exports between July and March in the ongoing fiscal year stood at \$332.72 million, up 37 per cent from \$242.88 million during the same period in FY2020-21, according to data from the Export Promotion Bureau.

The total yearly value for shrimp exports has been lodged in a downward trend since FY2013-14, when it was \$545 million.

Industry operators say that many processing companies resumed shrimp exports as they are getting higher prices in the international market after tackling the strong competition from producers in other countries.

"Even though total production has not increased by much, we are seeing around 30 per cent higher prices compared to last year as the demand, particularly for black tiger shrimp, has increased in places like the EU," said M Khalilullah, managing director of Satkhira Foods Ltd.

"Local producers are expecting to export more vannamei shrimps in the future to tackle global demand," added Khalilullah, also senior vice president of the Bangladesh Frozen Foods Exporters Association.

S Humayun Kabir, chairman and managing director of Amam Sea Food Industry Ltd, told The Daily Star that around 80 per cent of the global market is occupied by vannamei shrimps while the black tiger variety holds 11 per cent and giant river prawns 5.5 per cent.

READ MORE ON B3



Shrimp being processed for export at a factory of Atlas Seafood in Rupshaghat of Khulna. Industry people say many processing companies have resumed shrimp exports as they are getting higher prices in the international market.

PHOTO: HABIBUR RAHMAN

One-fifth of Boro in haor areas harvested

STAR BUSINESS REPORT

Farmers in the haor regions harvested nearly one-fifth of their Boro paddy as of yesterday, according to an estimate by the Department of Agricultural Extension (DAE).

Growers planted paddy on 452,000 hectares of land in the haor areas, comprising seven districts, this year, said a senior official of the DAE.

The haor regions account for 16 per cent of the total production of the Boro crop and usually remain vulnerable to flash floods just ahead of the beginning of the harvest or during the harvesting period.

This year, the onrush of water submerged more than 7,000 hectares of Boro crop land in the haor region, which comprises Sylhet, Sunamganj, Netrokona

READ MORE ON B3



Harvest of maize has started around the country, just a couple of months past being planted in late December. Unfamiliar to farmers even in the early 90s, it is now the second largest cash crop after rice thanks to rising purchases by local mills requiring this key ingredient for making poultry, cattle and fish feed. And according to the Bangladesh Bureau of Statistics, Bangladesh produced 40.15 lakh tonnes of maize in fiscal year 2019-20, up 12 per cent year-on-year. Almost all the grains are used by the feed mills, which require 75 to 80 lakh tonnes annually and also go for imports to meet their requirements.

PHOTO: KONGKON KARMAKER

Elon Musk's move to buy Twitter faces roadblocks

AFP, Washington

Even for the richest person on the planet, buying Twitter was always going to be a challenge — a highly complex financial transaction now made even trickier by a defensive “poison pill” move from the platform’s board.

Musk’s \$43 billion offer lays out the myriad potential pitfalls: possible government approvals, legal as well as regulatory due diligence, negotiations of a final agreement and, of course, how to pay for it all. Then Twitter’s board on Friday showed it won’t go quietly, saying any acquisition of over 15 per cent of the firm’s stock without its OK would trigger a plan to flood the market with shares and thus make a buyout much harder.

“Your move @elonmusk,” tweeted Silicon Valley journalist Kara Swisher.

The offer itself, which Musk said was final, values Twitter at \$54.20 per share — above the closing price ahead of his bid, but below a high of \$77.06 hit in February of last year.

Even with a moderate and inflexible proposal, which could help the board argue for rejection, it’s a fraught moment that could end in lawsuits from just about everyone involved.

To succeed in repelling Musk’s offer, the Twitter board will need to be on solid ground making an argument that the company is worth more, said Wharton School finance professor Kevin Kaiser.

Shareholders who feel that the board is rejecting a profitable deal will be free to file lawsuits against Twitter.

Musk has the option of sidestepping the board and trying to buy shares directly from shareholders on the market, but that could lead to tedious negotiations with some stock owners holding out for more money.

“The Twitter board has limited ability under Delaware law to stop a tender offer made directly to the shareholders, which Elon Musk hasn’t done, but which he could do if he chose to,” Kaiser said.

“If he does this, and if the shareholders elect to tender their shares,

then he can succeed without needing board support or approval.”

While the serial entrepreneur’s net worth is estimated at \$265 billion by Forbes, his fortune is not sitting in a bank account waiting to be spent.

Musk said at a TED Conference that he had “sufficient funds” to consummate the deal, but financial analysts describe the situation as more complicated. Much of Musk’s wealth comes from shares of electric car maker Tesla, which he runs. Musk would need to turn a chunk of his Tesla holding into cash, either by selling shares or taking out loans with stock as collateral.

“The specifics of how Musk would finance the deal will determine the ramifications for Twitter,” Moody’s said in a note to investors.

Moody’s estimated it would cost Musk \$39 billion to buy all the outstanding Twitter shares, and that there would be “a strong chance” he would have to repay or refinance the San Francisco-based company’s billions of

dollars of existing debt.

That was before the poison pill move by Twitter that ramps up the cost for Musk. Musk tweeted a poll that hinted he might be thinking of taking his bid directly to shareholders.

He asked whether taking the company private for his offered price should be up to shareholders and not the board. As the poll neared its close on Friday, more than 2.7 million votes had been cast with nearly 84 per cent of them in favor of the idea.

Selling a massive amount of shares in Tesla to buy Twitter would come with a large tax bill based on capital gains, and could cause shares in the electric car company to sink as the market is flooded with stock for sale.

Musk could keep hold of his shares and get a loan, absorbing the interest payments. Or he could team up with a deep-pocketed partner, but that could come with the strong-willed executive having someone to answer to regarding his decisions at Twitter.

City Bank logs 26pc higher profit

STAR BUSINESS DESK

City Bank’s profit rose by around 26 per cent in 2021, when the bank logged Tk 549 crore consolidated profit after tax.

The lender recorded Tk 436 crore profit in the previous year, a press release said.

Based on the fourth quarter (Q4) of 2021 financial performances, City Bank virtually organised its earnings disclosure web cast event yesterday when it is revealed.

The event started with the presentation on recent financial performances of the bank by Md Mahbubur Rahman, additional managing director of the bank.

Existing and potential investors across the globe, researchers and analysts and many other individuals involved in capital market activities joined the event through web platforms.

Mashrur Arefin, managing director of the bank, was present.

City Bank’s profit rose to Tk 549 crore in 2021, up from Tk 436 crore in the previous year

Venture capital assoc gets new office bearers

STAR BUSINESS DESK

Shameem Ahsan, partner of Pegasus Tech Ventures, has been re-elected as the president of the Venture Capital & Private Equity Association of Bangladesh (VCPEAB) for a two-year term.

Zia U Ahmed, chairman of VIPB Asset Management Company Ltd, has been elected senior vice-president while Asif Mahmood, managing director of SEAF Bangladesh Ventures LLC, and Shafique-Ul-Azam, managing director of BD Venture Ltd, as vice-presidents, a press release said.

Aftab Ul Islam, board director of Bangladesh Bank, announced the newly elected executive committee for 2022-2024 as the chairman of the election commission at the Start-up Bangladesh Ltd office in Gulshan Dhaka yesterday.

Shawkat Hossain, managing director of Velocity Asia Ltd, Sonia Bashir Kabir, managing director of SBK Tech Venture, Tanveer Ali, chief investment officer of Constellation Asset Management Company Ltd, KH Asadul Islam, managing director of Alliance Capital Asset Management Ltd, and Javed Noor, general manager of IDLC Asset Management Ltd, have also been elected in the new committee.



Syndicate, rationality and price Duty erosion may cost \$5b in EU

FROM PAGE B4

That is, today’s price contains information about the future. How does it work?

When global inflation looms large, all players in an economy such as consumers, traders, importers, producers etc perceive that prices will rise in future. In such a situation consumers may start over purchasing their supplies today in fear of higher prices tomorrow.

This will surely create demand pressure in the market and price will rise. The traders think that if they sell their goods tomorrow when the prices will be higher, instead of today, they can make higher profits.

So, they will hold their stocks and curtail supply to the market. This will further fuel inflation. Importers may encounter problems in importing as the exporting countries may face the same situation and the government also may ban exporting fearing shortages.

In short, traders in the market may “go slow” anticipating high prices in future and all the forces reinforces each other to push prices up. Note that all the decisions of the players described above are individual decisions.

Price may rise in the absence of any coordination or cartel or “syndicate” and this actually happens just because people think this will happen.

What should the government do? When prices rise in a way it is unfolding now in a market economy, the government does not have many options to act on. The only thing

the government can do is to foresee such a situation in advance and stock up on the essential commodities so that it can pose a threat to the market.

That is, if the market goes unruly, the government can intervene in the market with supply to bring down the prices. Government does not necessarily need to intervene all the time; sometimes the threat of intervention is enough to discipline the market. It is argued that the depleted public stock of foods was one of the reasons for high global food prices in 2007-08.

The “mobile courts” in the name of market monitoring does not seem to work in such a situation. This is not simply technologically possible to monitor all physical markets. No government can do this. This is similar to enforcing mask wearing using law enforcing agencies.

As we know it did not work and it is not supposed to work. The use of law enforcing agencies to contain prices generally turns out to be counter-productive. The large traders and retailers may stop trading fearing harassments, which will further escalate the prices. We have seen such events in the period of the military backed caretaker government that wanted to remove the “middlemen” from the supply chain.

However, this analysis does not exclude the fact that there might be market power enjoyed by a few in some markets, particularly in the markets that largely rely on imports

(e.g. soybean). Moreover, this market power can be exercised at the upper stream of the supply chains more (e.g. importers) than at the downstream (e.g. traders) as we know that downstream is more competitive than the upper stream. Hence, the spaces where such market power can be exercised cannot be large.

If there is any such exercise of market power, it is the responsibility of the Competition Commission of Bangladesh, not the magistrate or the police to detect and act on it.

I conclude by asking: why is the narrative of “syndicate” so popular? It is obviously an easy scapegoat. We have limited cognitive capacity — ability to amass, store and process information.

Hence we tend to subscribe to the conspiracy theory with greater ease than bearing the costs of understanding an issue deeply because the former demands less cognitive functions. We may also feel better when we think we have found a villain to point our fingers to.

Moreover, the idea of people on the top manipulating things has a class-struggle angle and this makes it more popular and media also seems to cash in on this popularity. The situation turns worse when social and economic commentators also suffer from such cognitive constraints.

The author is a senior research fellow at the Bangladesh Institute of Development Studies. Views expressed here are personal.

FROM PAGE B1

So, Khan suggested a reduction in trade costs for a smooth operation of the domestic industry in order to overcome the shock the country’s export sector would face in the post-LDC period.

He called for mobilising more revenues to make massive investments in developing physical infrastructures and human resources.

Bangladesh needs to bring in policy reforms and implement policies related to tariff, labour, environment, and investment with a view to attracting more investments, from both local and external sources, he said.

The country is scheduled to graduate from the LDC group in 2026, but the EU will continue the duty benefit up to 2029 as the world’s largest trade bloc has extended a three-year grace period to pave the way for a smooth transition.

Ahmad Kaikaus, principal secretary of the prime minister, says the government has already formulated plans to tackle the challenges that would stem from graduation.

“There is nothing to be worried about.”

In the US, where Bangladesh has not been enjoying any duty-free market access since 2013, the export is growing despite a 15.62 per cent duty, he said.

Tapan Kanti Ghosh, senior secretary of the

commerce ministry, says Bangladesh has already ratified all of the conventions of the International Labour Organisation.

“So, complying with labour standards might not be a major challenge for Bangladesh in the post-LDC period.”

Syed Nasim Manzur, managing director of Apex Footwear Ltd, suggested providing the same trade benefits extended to the garment sector to other sectors so that they too can grow and the country can diversify its export basket.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, called for expediting efforts to sign free trade agreements with major trading partners to offset graduation-related shocks.

“Bangladesh might be eligible for IDC-related privileges for five more years to 2031 as negotiations with the United Nations and the WTO are underway,” said Mozibur Rahman, a former chairman of the BTTC.

Md Sirazul Islam, executive chairman of the Bangladesh Investment Development Authority, recommended the private sector develop human resources in collaboration with the government.

The government should continue fiscal and policy support for the private sector after graduation, said Md Jashim Uddin, president of the FBCCI.



SM Parvez Tamal, chairman of NRB Commercial Bank, virtually presided over the 138th board of directors’ meeting and 9th annual general meeting recently. The bank recommended 7.50pc cash and 7.50pc stock dividends for shareholders for 2021. Rafikul Islam Mia Arzoo, vice-chairman, Mohammed Adnan Imam, Mohammed Oliur Rahman, Abu Bakr Chowdhury, Loquit Ullah and AKM Mostafizur Rahman, directors, and Golam Awlia, managing director, were present.

PHOTO: NRB COMMERCIAL BANK

Palak visits Runner’s under-construction R&D facility

STAR BUSINESS DESK

State Minister for ICT Zunaid Ahmed Palak recently visited an under-construction research and development facility of Runner Group in Bhaluka, Mymensingh for the manufacture of two and three-wheelers and electric vehicles.

He hoped for the facility to significantly contribute to environment protection along with development of eco-friendly technology, said a press release.

“Soon we will carry out all the experiments,” said Hafizur Rahman Khan, chairman of Runner Group.

Monira Sultana, parliament member, Anir Chowdhury, adviser of the ICT Division’s a2i Programme, and Faruq Ahmed Jewel, head of technology for i-Lab at a2i, were present.

Gazprom continues gas exports to Europe

REUTERS

Russian state-owned gas producer Gazprom continued to supply natural gas to Europe via Ukraine on Saturday at the pace of 74.6 million cubic metres per day, in accordance with requests from European consumers, the company said.

This was in line with the 74.5 mcm reported earlier by Interfax news agency, which cited Ukraine’s gas pipeline operator.



CUCUMBERS TK 1 PER KG

Workers at a farm in Joynagar village under Birganj upazila of Dinajpur are seen packing cucumbers into sacks for shipping to nearby wholesale markets. Despite the vegetable's popularity across Bangladesh, a lack of buyers amid a supply glut is forcing farmers in northern districts to sell them for as low as Tk 1 per kilogramme.

PHOTO: KONGKON KARMAKER

Business journalists need to become one-man army

They should develop IT, digital and multimedia skills, experts say

STAR BUSINESS REPORT

The future of business journalism is bright as it is an expanding field that is gaining importance, but the journalists themselves need to develop IT, digital, and multimedia skills in order to keep up with the fast-changing world, experts said yesterday.

Journalists now have to use their phones to capture footage and write stories as well as learn data journalism, coding, social media management and marketing to stay relevant in modern times.

So, experts suggest that future journalists will have to evolve into a one-man army, according to Shawkat Hossain, head of online at the Prothom Alo, a leading Bangla-language newspaper.

"This is also applicable for business journalists but the gist is that only good journalism can take journalism forward," he said.

Hossain was addressing a roundtable,

styled "Future of business journalism and ethics and etiquette in business reporting", organised by Management and Resources Development Initiative (MRDI) at Azimur Rahman Conference Hall at The Daily Star Centre.

He presented a paper on the policies, ethics and etiquette of business journalism at the event.

In the '90s, journalists in Bangladesh were focused on reporting what the finance minister did and said at a time when the country's economy was undergoing massive reforms due to the collapse of the Soviet Union and the emergence of capitalism.

As such, non-performing loans, new laws on the banking sector, headwinds in the stock market, reports from the World Bank, and founding of the World Trade Organisation were the main topics for business and economic journalism back then.

"But now the scope for business journalism has expanded as almost all newspapers have a separate page for

business news while television channels allot separate time slots for such content," Hossain said.

Still though, the main challenge is making business news more mainstream and presenting it in a way that people can easily relate to, he added.

The MRDI recently concluded a training and mentorship programme where 15 journalists working in different print, television and online media houses were taught how to produce in-depth reports on contemporary issues of business and the economy.

Those journalists also participated in yesterday's roundtable.

Hasibur Rahman, executive director of the MRDI, said the capacity building programme was designed to train journalists on the modern techniques of business and economic journalism.

"It is now important to develop online courses for business and economic journalism so that a huge number of journalists can learn remotely," he added. Rahman went on to say they

developed an outline for a journalism course that is structured in a way that it would bring coherence between the newsroom and classroom.

The MRDI is noted for training journalists of all platforms and mediums in Bangladesh because of the quality of its trainers, depth of the topics and effectiveness of the sessions.

Justin Halpern, second secretary (political) of the US embassy in Dhaka, said responsible business conduct is a broad concept based on the idea that businesses can perform well while doing good and governments should create and facilitate the conditions for it to take place.

"The work that investigative journalists do – the work that you do – is vital for informing societies and promoting responsible business conduct," he said.

Kazi Faisal Bin Seraj, country representative for Bangladesh at The Asia Foundation, also spoke among others.

No major progress

FROM PAGE B1

So, if the total earnings of \$38.75 billion registered in the last fiscal year are taken into account, \$28.67 billion worth of external businesses may be affected if proper steps are not taken on time.

For example, local suppliers will come under tough competition in the EU, the largest export destination of Bangladesh accounting for 60 per cent of the goods shipped from the country, if the duty benefit can't be retained.

Studies suggest that the country may lose \$4 billion in garment exports alone in the EU annually since suppliers will face a 12 per cent duty in the bloc owing to the graduation.

It will pile up pressure on exporters since Vietnam, a major competitor of Bangladesh, enjoys the zero-duty benefit in the EU thanks to its signing of an FTA.

Bangladesh will have to fulfil 27 international conventions, including four core ones – improved human rights, labour rights, good governance and environmental protection – to secure GSP Plus status, which will guarantee the duty benefit.

"The government should also try to join hands with some mega trading blocs like the RCEP and the Asean to attain the duty benefit in the post-LDC period," said Razzaque.

He says the global situation is changing very fast and everything is depending on markets.

For instance, once it was assumed that Myanmar would be a major source of garments for international retailers and brands. But work orders are shifting to

Bangladesh from the crisis-hit Southeast Asian nation.

Orders are also relocating from China, the world's biggest garment exporter, owing to the rising costs, among other factors.

"So, Bangladesh may not be greatly affected in the post-LDC period," Razzaque said.

Still, a continuation of the preferential duty is crucial for any developing nation. Two instances can clearly explain why.

First, Bangladesh has become the second-largest garment exporter in the world riding on the duty benefit. This has allowed the country to lift its share in the global apparel market to 6.8 per cent.

Second, Bangladesh's garment export was hovering around \$1 billion thanks to the zero-duty facility in Turkey. The shipment declined to \$17.15 million in the last fiscal year because of the 17.50 per cent duty slapped on Bangladesh's textile and garment items in June 2012.

"Bangladesh also needs to develop the private sector, special economic zones and skills," said Razzaque.

The government is set to publish its paper on the progress related to preparation from the LDC group today.

Recently, Tapan Kanti Ghosh, senior secretary of the commerce ministry, said the government is in talks with some trading partners to sign FTAs, PTAs and CEPAs to retain the duty benefits. "We are not worried about the challenges of the LDC graduation as we are taking good measures." Bangladesh will enjoy

benefits in the EU up to 2029 as the bloc has extended three years as a grace period.

"By this time, the country will be ready to attain GSP Plus by improving the working environment and meeting other conditions," he said.

Australia recently said it will continue the duty privilege to Bangladesh after graduation.

Negotiation is underway through the World Trade Organisation for the extension of the LDC-related duty privileges for the graduating countries for 12 more years. "I am hopeful that the WTO will take measures to extend the duty privileges at least for six years," said Ghosh.

During a discussion in Dhaka yesterday, Ghosh said Bangladesh has already ratified all of the conventions of the International Labour Organisation. "So, complying with labour standards might not be a major challenge in the post-LDC period."

The secretary, who is also a member of the government's high-powered LDC graduation committee, earlier admitted that the most important issue is the diversification of products.

Bangladesh's export is largely dominated by the shipment of garment items, which account for around 85 per cent of national receipts.

Garment exporters are, however, performing strongly in the US despite 15.62 per cent duty in the absence of the GSP and the volatile global scenario.

Apparel shipment to the US surged 50 per cent year-on-year to \$5.78 billion in the July-February period.

Public food stocks

FROM PAGE B1

Untimely surge of river water over the past one and a half weeks has inundated paddy fields in haor regions of seven districts under Sylhet and Mymensingh divisions, crushing hopes of thousands of farmers.

The Department of Agricultural Extension (DAE) estimates that farmers had planted Boro on 49.6 lakh hectares of land this year, encouraged by better prices of the grain compared to the previous year.

As Boro rice accounts for around 55 per cent of the total annual rice production, the food ministry usually buys the highest amount of the cereal during this season to ensure fair prices for growers and build up stocks to implement various social safety net schemes.

The food secretary said the ministry would continue to maintain a buffer stock of 10.5 lakh tonnes of food grains to intervene in the market and keep prices of the staple food stable.

"We still have a good stock and we have all sorts of preparation to keep prices stable," she

said, adding, "We remain alert and we will not allow anyone to influence the market to increase prices."

AMM Shawkat Ali, a former food adviser to the caretaker government, said there was not much reason for the market to become unstable other than some crop losses in haor region.

He cited the Food and Agriculture Organization's warning regarding the risk of an increase in food prices for the ongoing Russia-Ukraine war and said the war has added a new dimension this year.

Ali suggested that the government keep track of the crop situation in India so that it could respond immediately if needed.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the current stock of foodgrain was higher than the previous year.

"But we have seen prices go up even when public stocks had been good. Stockists, millers and large farmers can take advantage of the declining stock of grains at public godowns," he said suggesting that the government monitor the market.

One-fifth of Boro

FROM PAGE B1

and Kishoreganj. Farmers earlier said most of their paddy in the field will be damaged by the inundation.

Farmers in Sunamganj harvested Boro paddy from 20,000 hectares of land.

"Growers would be able to harvest all of their crops within two weeks if the

present weather condition prevails," said DAE Deputy Director FM Mobarak Ali.

In order to support farmers, 371 combine harvesters are being used in three haor upazilas of the district, he said.

Our Mymensingh correspondent contributed to the report.

CodersTrust CEO wins award

STAR BUSINESS DESK

Aziz Ahmad, chief executive officer of IT consultancy firm UTC Associates and skills training institute CodersTrust, has been presented a 2022 World Green Energy Symposium (WGES) Nova Award.

He received the award at an annual WGES Summit on April 13, said a press release. "Aziz Ahmad has shown



exemplary leadership, innovation, and commitment to solving societal inequities through sustainable and educational solutions," said the WGES.

Giving a presentation on "Maximising Cybersecurity for a Sustainable Digital Future", Ahmad recalled youths from underprivileged communities who were now making a living on attaining career-building skills from

CodersTrust.

"The youth, especially the female community, who struggle to find a comfortable living, is our prime concern, as we expand our sustainable, technology-based training platform," he said.

Metlife announces 2030 commitments

STAR BUSINESS DESK

MetLife announced a set of 2030 "diversity, equity and inclusion" (DEI) commitments to address the needs of the underserved and underrepresented through a mix of investments, products and services, supply chain, volunteering and community efforts.

The commitments augment the global insurer's sustainability efforts in tune with United Nations Sustainable Development Goals, said a press release.

"MetLife's purpose calls on us to build a more inclusive and equitable world for all our stakeholders," said Michel Khalaf, president and chief executive officer of MetLife.

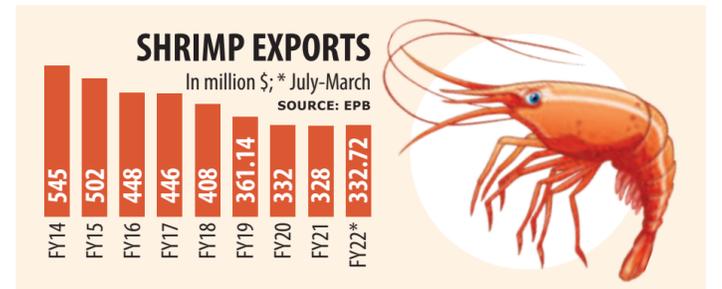
China's growth under threat for Covid

AFP, Beijing

The mounting cost of China's zero-Covid policy threatens to derail Beijing's ambitious GDP target, analysts say, as supply chains snarl, ports face delays and Shanghai remains mired in lockdown.

Growth in the world's second-largest economy was already slowing in the latter half of last year with a property market slump and regulatory crackdowns, leading policymakers to set their lowest annual GDP target in decades for 2022.

But analysts told AFP the figure of 5.5 per cent would be tough to achieve with stay-at-home orders halting production and stunting consumer spending in key cities.



Shrimp exports turn around

FROM PAGE B1

The government is expected to allow 13 companies to begin processing vannamee shrimp for export under a trial basis to understand the industry's potential in this regard, he said.

Commercial production of vannamee shrimp, also known as whiteleg shrimp, has increased in world markets with countries like India, Vietnam and Thailand becoming suppliers.

"On the other hand, Bangladesh is yet to tap into the potential of this variety, preferring instead to stick to giant river prawns and the black tiger breed," Kabir added.

Policy indecision on allowing local growers to produce and export whiteleg shrimp has long been holding back Bangladesh's competitiveness in the global shrimp market, which registers a whopping

\$32 billion in yearly trade. Of the roughly 105 shrimp processing companies in the country, just 30 to 35 of them export their products.

So, the government should take the initiative to facilitate shrimp exports by providing both policy and monetary support for industry operators, who have long been urging the authorities to give more focus to their issues.

US ties N Korean hacker group to huge cryptocurrency theft

REUTERS, Washington

The United States has linked North Korean hackers to the theft of hundreds of millions of dollars' worth of cryptocurrency tied to the popular online game Axie Infinity, the US Treasury Department said on Thursday.

Ronin, a blockchain network that lets users transfer crypto in and out of the game, said digital cash worth almost \$615 million was stolen on March 23.

No one has explicitly assigned blame for the hack, but on Thursday the US Treasury identified a digital currency

address used by the hackers as being under the control of a North Korean hacking group often dubbed "Lazarus." "The United States is aware that the DPRK has increasingly relied on illicit activities – including cybercrime – to generate revenue for its weapons of mass destruction and ballistic missile programmes as it tries to evade robust US and UN sanctions," a Treasury Department spokesperson said, using the initials of North Korea's official name.

The spokesperson warned that those transacting with the wallet risk exposure to US sanctions.



A lungi trader is seen with little to do other than fiddle with his phone at a stall in Pabna's Ataikula wholesale market, which is a major hub for traditional garments made by handloom weavers. Traders had hoped to recover some of the sales lost due to Covid-19 during the ongoing festival season but low demand coupled with rising raw material costs has cast doubt on their survival.

PHOTO: AHMED HUMAYUN KABIR TOPU

CURRENT PRICE HIKE Syndicate, rationality and price expectation

KAZI IQBAL

Inflation is ubiquitous now, largely fuelled by the Russia-Ukraine war and the pent-up demand after easing of the Covid restrictions. The overheated economies along with the high import prices of commodities and gasoline have made the consumption basket dearer in almost all countries in the world.

The burden of the impact has fallen disproportionately on the poorer countries - about 70 per cent of the emerging and developing countries now have inflation higher than 5 per cent as opposed to 44 per cent of the advanced economies. The current inflation in Bangladesh rose to 6.17 per cent in February 2022. Higher demand in Ramadan has added an extra push to the inflation.

Against this backdrop, I will highlight a few issues, which are obvious but less talked about, to understand the price dynamics in uncertain situations. I will also shed some light on the role of the government - what the government can and cannot do to contain prices in such a situation. At the end, I will give an explanation of why we are obsessed with the idea of "syndicate".

When individuals are rational and they respond to some common shocks (e.g. price hike), it may seem as if their reactions are coordinated. It is important to understand that when some responses are rational for the individuals in their own right, people do not need to coordinate with others for the better outcomes. When it rains we all run for shelter or use umbrellas.

An important question to ask is that if there is a significant "syndication" power to influence prices, why don't they collude and set higher prices in "normal time" or all the time?

It may appear to a Martian that we have coordinated our responses before running. Though it is a very naïve example, it highlights how individual rational responses can be misconstrued as coordinated ones.

When these seemingly coordinated responses of a segment of population have an adverse impact on the wellbeing of the general people, we tend to blame the coordination and find ill motives behind it.

"Syndicate" is one such villain in our narrative of price movement and we have heard a lot about it in recent episodes of price escalation of some essential food items in Bangladesh.

An important question to ask is that if there is a significant "syndication" power to influence prices, why don't they collude and set higher prices in "normal time" or all the time? Why do such complaints of collusion come up more when we observe higher volatility in global prices? When there is a global price shock, it has significant implications for the behaviour of the local market players and thus for the prices, which can be misunderstood as the behaviour of a cartel or "syndicate".

In the period of price uncertainty, high inflation impacts peoples' conjecture about the future price and this in turn increases the current inflation.

If the majority of the people think that prices will increase in future, it not only impacts the future prices, it raises current prices too.

READ MORE ON B2

Handloom weavers a hair's breadth away from collapse

Blame rising raw material costs, low demand

AHMED HUMAYUN KABIR TOPU from Sirajganj

Handloom weavers in Sirajganj are in anything but a festive mood ahead of Eid this year as rising raw material costs coupled with poor sales have brought many to the brink of collapse.

Md Nazrul Islam, a maker of traditional garments based in Nagardala village of Shahzadpur upazila, is currently operating just 20 of his 30 handlooms even though the major Muslim holiday is just around the corner.

Islam, who prepared 200 pieces of traditional garment items such as lungis and saris for sale, said this was the worst festival market that people in his line of work have ever seen.

Besides, handloom weavers are yet to recover from the huge losses sustained in the past two years due to Covid-19.

"But this year too, the poor Eid sales have disappointed us," Islam said.

Aside from low sales, the soaring price of yarn and dye are also making it difficult for handloom weavers to find respite from their recent troubles.

For example, the cost of producing a single sari reaches Tk 1,000 on average but weavers can sell each piece for just Tk 900 to Tk 950.

"So we are running our factories mostly with the help of family in order to keep labour costs at a minimum," he added. Alhaz Ruhul Amin, another weaver of the same village, said he had to sell all 41 of his handlooms after facing unbearable losses last year.



"We were thrown into losses as yarn prices rose sharply while finished cloth prices remained the same and so I decided not to continue my inherited business," Amin added.

According to various weavers, yarn prices have approximately doubled while cloth prices increased by just 25 per cent in the last year.

Each barrel of 60-count thread sold for Tk 13,000 to Tk 14,000 a year ago but it is now priced between Tk 25,000 and Tk 26,000.

Similarly, the going rate for the same amount of 60-count thread is about Tk 27,000 while it was Tk 16,000 previously. Likewise, 80-count thread costs around Tk 33,000 to Tk 34,000 per barrel even though it was Tk 23,000 to Tk 24,000 a year ago.

"Thread prices increased by 80 to

90 per cent within a year and to make matters worse, the price of dye doubled at the same time even though the price of finished goods did not rise the same way," said Md Sobur Hossain, a handloom weaver in Pabna's Jalalpur village.

Hossain borrowed money to continue operating 10 of his 12 handlooms this year in a bid to catch the festival market, but poor sales has only brought him disappointment.

"I produced 200 pieces of lungis in the first week of Ramadan but have sold only 80 of them so far," he said.

Pabna and Sirajganj are two of the country's biggest handloom cloth producing regions with approximately 25 lakh to 30 lakh people between them being involved in the business.

About 48 per cent of all the clothes

made by handloom across Bangladesh come from the two districts, which once housed more than 6 lakh handlooms, according to Md Haidar Ali, director of the Bangladesh Specialized Textile Mills and Power Loom Industries Association.

"But some 3.5 lakh to 4 lakh of them have been closed as losses caused by constant increases in production costs continue to push traditional weavers into other occupations," said Ali, also vice president of the Bangladesh Handloom and Power Loom Owners Association.

Aiyub Ali, secretary of the Bangladesh Handloom and Power Loom Owners Association, said his organisation has urged the government to control thread and dye prices in order to save the traditional weaving industry.

During a recent visit to the Shahzadpur Tant Kaporer Haat in Sirajganj and Ataikula Haat in Pabna, two of the biggest handloom clothes markets in the country, it was found that there were no festival sales ahead of Eid.

"Every year I used to sell 200 to 250 pieces of garments on each haat day, but this year I could not sell more than 40 to 50 pieces even though the festival is knocking at the door," said Md Mohiuddin, a wholesaler trader of Pabna's Ataikula wholesale market.

Traders from different areas used to visit the two wholesale market during this time each year but this has not happened this time around and so, sellers are forced to rely on the less affluent local buyers, said wholesaler Amirul Islam.

EU embargo on Russian oil, gas will take 'months'

AFP, Brussels

The EU is working on broadening sanctions on Russia to include oil and gas embargoes but such measures would take "several months", European officials told AFP on Friday.

The bloc last week announced a ban on Russian coal in a first step against Russian energy exports - together, Moscow's main hard currency earner.

But the coal sanction only kicks in from mid-August, and would hit around eight billion euros (\$8.7 billion) in Russia's sales abroad, annually.

Russian oil and gas sales to the EU account for a far higher amount of revenue: between a quarter of a billion to a billion euros per day, per different estimates.

Public and political opinion in the EU is swinging towards a total energy ban as Moscow's war in Ukraine grinds on and yields discoveries of atrocities.

An EU official involved in discussions on cutting Russian energy imports said the European Commission is "thinking about options". Commission chief Ursula von der Leyen has already come out publicly in favour of targeting Russian oil.

But, the official said, "adopting measures on oil means undoing existing contracts, finding alternatives and preventing circumvention".

"That can't be don't overnight. It requires at least several months."

Building EU outrage over the war is sweeping aside hesitation by the member states reliant on Russian oil and gas, such as the bloc's biggest economy Germany, and Italy, Greece and Austria.



Employees walk at the construction site of a gas metering station, part of the pipeline link between Bulgaria and Greece near the village of the Malko Kadievo on March 18. EU member Bulgaria has been criticised for its almost total dependence on Russia for its annual consumption of about three billion cubic metres of gas.

PHOTO: AFP

Sri Lanka rations fuel

AFP, Colombo

Cash-strapped Sri Lanka imposed fuel rationing on Friday in another worsening of the economic crisis that has sparked widespread demonstrations calling for President Gotabaya Rajapaksa's resignation.

The state-run Ceylon Petroleum Corporation (CPC), which accounts for two-thirds of the retail fuel market, said it would limit the quantities drivers can buy, and banned pumping into cans together to prevent motorists stocking up on petrol or diesel in fear of further rationing.

The maximum for motorcycles was set at four litres of petrol, with three-wheelers allowed five litres, the CPC said. Private cars, vans and SUVs were allowed up to 19.5 litres of either petrol or diesel.

Most pumping stations were already out of petrol, while the few that remained open saw long queues. At least eight people have died while waiting in fuel lines since last month.