China likely to lower benchmark lending rates

REUTERS, *Shanghai*

Benchmark lending rates for China's commercial banks are likely to be lowered at a monthly fixing on Wednesday, a Reuters survey showed, as Beijing cautiously eases monetary conditions to aid an economy hit by coronavirus lockdowns in several cities.

The loan prime rate (LPR), which banks normally charges their best clients, is set on the 20th of each month, when 18 designated commercial banks submit their proposed rates to the People's Bank of China.

A vast majority of the 28 traders and analysts surveyed in a snap Reuters poll on Tuesday expect a reduction this month.

Among them, 11, or 39 per cent of all respondents, predicted a marginal cut of 5 basis points (bps) to both the one-year loan prime rate (LPR) and the five-year rate on Wednesday.

Expectations for imminent monetary easing were heightened last week when the central bank cut the amount of cash banks must hold in reserves

Another six participants also expect a reduction to either rates within a range of 5 to 10 bps. The remaining 11 respondents expected both rates to remain unchanged this month.

Most new and outstanding loans in China are based on the one-year LPR, which currently stands at 3.7 per cent. The five-year rate, which influences the pricing of home mortgages, is 4.6 per cent.

China last lowered the LPR in January, and has held the rates steady in the following two months.

Expectations for imminent monetary easing were heightened last week when the People's Bank of China (PBOC) cut the amount of cash banks must hold in reserves.

"The easing cycle is still underway, but is not in the traditional format," said Ken Cheung, chief Asian FX strategist at Mizuho Bank, who expected a 10 bps cut in the LPR on Wednesday.

The PBOC has eased policy cautiously, lowering the RRR by a smaller-than-expected margin to provide a relatively modest cash injection.

A view of the Carew & Co (Bangladesh) complex in Chuadanga. Record low sugarcane threshing could cost the company dearly this season as most of its products require alcohol made with sugar.
PHOTO: AMANUR AMAN

Sugarcane shortage a concern for Carew

State-owned distillery records lowest threshing in its 84-year history

AMANUR AMAN, *Kushtia*

Carew & Co (Bangladesh) Ltd, the country's sole state-owned distillery, could face a shortage of sugar as sugarcane threshing at its mill in Chuadanga hit an all-time low this season.

This is the first time in Carew's 84-year history that it may have to make do with an inadequate supply of sugar, which is a key ingredient for preparing alcohol.

Company sources say they cultivated sugarcane on just 4,627 acres of land in the district this season, down by about 46 per cent compared to 8,532 acres during the same period in financial year 2020-21.

Of the total acreage, Carew grew the crop on 989 acres of land across 10 agricultural and experimental farms while people in the mill zone planted the rest.

The sugar mill incurred losses of Tk 69.5 during the FY2020-21 threshing season but now, company officials fear this year's losses may even exceed Tk 72 crore.

The primary cause for such a disruption to the supply chain has been identified as a lack of fertilisers while many farmers are also to blame for supplying an older variety of the crop instead of the new, higher-yielding one.

And since the stalk takes about one-and-a-half years to grow, farmers are switching to more lucrative crops, such as paddy, jute and corn.

Sugarcane farmers in the mill's zone said no loans were given to pay for fertilisers, pesticides and irrigation, which require 11 per cent interest to be paid when collecting them.

In addition, the mill hands out permits for the purchase of sugarcane from local farmers, but in many cases the farmers do not get a permit before their crops rot in the field.

Carew officials claim that the recent closure of six sugar mills created a negative perception among farmers about planting sugarcane.

Besides, farmers claim that they are losing interest in sugarcane cultivation due to the mismanagement of sugar mills.

Carew's large industrial factory was first established in 1938 with a combination of a sugar industry, distillery and commercial farms in Chuadanga.

The institution was nationalised post-independence in 1973 and since then, it has been operating as Carew & Co under the Bangladesh Sugar and Food Industries Corporation. A total of 1,200 people are directly involved with the business while about 15,000 others are indirectly employed.

At the same time, various organisations have been established in the area centring this agro-based sugar industry. There are 3,335.56 acres of land in the mill's farming zone, of which commercial farming is conducted on 3,055.84 acres.

Each season, the sugar mill authorities plant sugarcane on an average of about 1,500 acres of land.

According to Carew sources, it was possible to keep the mill running for only 51 days in the current season, which ended on February 13, to produce 3,023 tonnes of sugar. The average rate of sugar extraction was 5.62 per cent.

However, the mill authorities have yet to reveal how much money has been lost this season due to the supply disruption.

The mill produced 5,883 tonnes of sugar in 2020-21 with an average extraction rate of 5.25 per cent but still counted losses of about Tk 69.51 crore that season.

In the 2019-20 season, the mill produced 5,142 tonnes of sugar and incurred losses of around Tk 70.77 crore.

Abdul Bari, general secretary of the Sugarcane Welfare Association, said the mill is yet to be modernised as it still relies on manual labour to collect and thresh sugarcane.

"This ancient method takes more time and manpower while production is low," he said.

"As a result, the production cost of sugar is constantly increasing every year," Bari added.

On the other hand, Mosharraf Hossain, managing director of Carew, said modernisation of the mill has begun.

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Is data localisation an economically viable option?

ABU EUSUF *and* JILLUR RAHMAN

Bangladesh's Information and Communication Technology (ICT) sector has shown phenomenal annual growth after the launch of the Digital Bangladesh initiative in 2010.

The ICT, marked as a thrust sector, with high growth opportunities, job creation, and positive spill-over effects on other sectors, has become instrumental in continuing robust economic growth. Therefore, the Digital Bangladesh initiative has now been extended further under Vision 2041, with the enhancement of the ICT sector and the use of effective technology for socioeconomic development being at its core.

In the era of the Fourth Industrial Revolution, digital trade has taken a central role around the world, facilitated by the free flow of cross-border data and digitalisation. With six out of 10 people worldwide utilising the internet, the world today is more connected than ever, resulting in enormous data flows. This link is expected to expand further.

Increased internet penetration and the emergence of IT-enabled services (IT-es) are dramatically changing how people live, work, trade, communicate, and practically do everything else, eventually boosting cross-border data flows (CBDF).

It is imperative for Bangladesh to judiciously navigate the digital fields, carefully assessing the local and global impacts of potential rules and regulations related to data flows and streamlining such laws

Such flows generate the potential for capturing new markets without the need to physically enter them, enabling small companies to reach out to potential clients all around the world by using internet platforms such as eBay or Alibaba.

According to industry experts, Bangladesh is projected to see a rise in CBDF because of the growing use of IT-enabled services and the expansion of electronic commerce (e-commerce) in the country. This signifies that the influence of policies facilitating CBDF is not limited to the technology sector but also impacts traditional industries.

As a result of digital transformation facilitating simpler global trade, new business models have emerged that increasingly rely on data. This has resulted in the creation of new risks related to data misuse.

Several governments, including in Bangladesh, are considering data protection and restriction policies. Such rules govern the usage of data, including data privacy and security. Measures under consideration include data localisation, restricting data transfers outside the country and conditional flow regime and imposing constraints on data flow, storage, and processing.

The Bangladesh government is gradually adopting data governance through laws such as the Digital Security Act of 2018 and the Information and Communication Technology Act of 2018.

The Data Protection Act is currently being prepared. The Act aims to protect personal data in terms of life, property, the freedom of opinion, speech, and conscience, as well as the right to privacy, secrecy, and personal identification. While this law will serve as a formal basis for

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WB plans $170b crisis fund for poor nations

AFP, *Washington*

The World Bank is seeking to create a $170 billion emergency fund to help the poorest nations being buffeted by multiple crises, the bank's President David Malpass said Monday.

The "crisis response envelope" will continue the work begun during the Covid-19 pandemic, and help countries deal with surging inflation, which was made worse by the Russian invasion of Ukraine as well as the "severe financial stress" caused by high debt levels, he said.

"This is a continued massive crisis response," Malpass told reporters. High debt and inflation "are two big problems facing global growth," he said.

"I'm deeply concerned about developing countries. They're facing sudden price increases for energy, fertilizer and food." The Washington-based development lender last week downgraded its forecast for global growth this year, and the IMF is expected to do the same when it releases its updated forecasts on Tuesday.

Speaking ahead of this week's spring meetings of the IMF and World Bank, Malpass said the 15-month aid fund would run through June 2023 and build on the $157 billion Covid-response fund, which expired in June 2021.

"We expect to commit around $50 billion of this amount in the next three months," he said, adding that he plans to discuss the fund with the bank board in coming weeks. Malpass repeated his concern for poor countries facing high debt levels, noting that 60 per cent of low-income countries already face debt distress or are at high risk.

Sri Lankan people stand in a long queue to buy kerosene oil for cookers amid a shortage of domestic gas due to the country's economic crisis, at a fuel station in Colombo on March 21.
PHOTO: REUTERS/FILE

High debt could slow countries' recoveries

IMF says

AFP, *New York*

Debt accumulated by businesses and individuals worldwide could slow economic recoveries from the pandemic crisis, the IMF warned Monday.

Governments took exceptional measures to support their economies as Covid-19 spread two years ago, including rolling out debt repayment suspensions or offering large-scale loans.

But these programs resulted in higher debt levels for some sectors, including those most disrupted by the virus, like tourism and restaurants, as well as low income households, the Washington-based crisis lender said.

In a chapter of its World Economic Outlook, the IMF said the debt burden

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