China firm to invest $50m in Bepza EZ

STAR BUSINESS REPORT

Chinese company Venus Beauty Ltd is going to set up a hair fashion accessories manufacturing factory in the Bepza Economic Zone with an investment of $50 million.

This fully foreign-owned company will annually produce 226.09 million pieces of fashion accessories, plastic combs, mirrors, headbands, ponytailor and ponyband.

Around 4,000 Bangladeshi nationals will get employment opportunities in this factory, Bangladesh Export Processing Zones Authority (Bepza) said in a statement yesterday.

Venus Beauty has another diversified product manufacturing factory named Tung Hing (BD) Manufacturing Ltd in the Cumilla Export Processing Zone.

Around 4,000 Bangladeshi nationals will get employment opportunities in the factory, Bepza said

Nafisa Banu, member (finance) of Bepza, signed a deal with AMM Shamsuddin Chowdhury, executive consultant of Venus Beauty Ltd, in this regard at Bepza Complex in Dhaka yesterday.

Major General Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, attended the signing ceremony along with Md Zakir Hossain Chowdhury, executive director (administration), Nazma Binte Alamgir, executive director (public relations), Md Tanvir Hossain, executive director (investment promotion), Md Khorshid Alam, executive director (enterprise services) and Md Hafizur Rahman, project director of the Bepza Economic Zone.

Bangladesh has long been suffering from a lack of direct shipping services with Europe, its biggest export destination, mainly due to limited access of large ships to Chattogram port.

PHOTO: STAR/FILE

New direct shipping service in the offing

To connect Chattogram port with Barcelona, Rotterdam

DWAIPAYAN BARUA, *Chattogram*

Another direct container shipping service between Chattogram and two European ports is going to be introduced next month while initiatives are underway for launching direct services connecting a few more destinations in the European Union (EU).

Earlier in February, an Italian shipping company launched direct services between Chattogram and Italy, opening the door for transport of the country's export cargo directly to any destination in the EU avoiding transhipment ports.

Switzerland-based maritime logistics service provider Commodity Supplies AG has taken the initiative to launch the service.

Three of its chartered vessels will operate from Barcelona in Spain to Chattogram to the largest European Port of Rotterdam in the Netherlands.

Reliance Shipping and Logistics, the firm's Bangladeshi agent, applied to the Chittagong Port Authority (CPA) chairman on Sunday to grant permission for running the direct liner shipping using ships MV Spica, MV Andromeda J and MV Music.

Reliance Shipping Chairman Mohammed Rashed hoped they would get the CPA's permission soon.

Once the permission is granted, they have a plan to launch the service in the third week of May, when one of the three ships will start from Barcelona for Chattogram, he said.

The country has long been suffering from a lack of direct shipping services to Europe, its biggest export destination, mainly due to limited access of large ships at Chattogram port.

Currently, exports-laden containers are first transported on small feeder vessels to transhipment ports, including the Port of Colombo, Port of Singapore, Port of Tanjung Pelepas, Port Klang of Malaysia and some others in China.

The containers are then loaded onto bigger mother vessels to reach destinations in Europe, the US and Africa.

At present, the transhipment ports, particularly the Port of Colombo, are facing prolonged vessel congestion. It takes around 40 days to reach the country's export cargoes to destinations in the EU.

Rashed said once the new service is available, it would be possible to send export cargoes to Barcelona in 20 days to 22 days.

CPA Chairman M Shahjahan told The Daily Star that direct shipping services to destinations in the EU would always be welcomed and prioritised.

He said the permission would now be provided through official procedures.

Shahjahan also informed that within the next few months there would be more ships sailing directly from Chattogram to Europe and other destinations as more countries have already expressed keen interest in this regard.

Sources said the Port of Leixões of Portugal was in the process of signing a memorandum of understanding with the CPA to enable direct shipping services while Slovakia had conveyed their interest.

Confirming it, the CPA chairman said the United Arab Emirates had also shown interest in this regard.

He hoped that these engagements would reduce export lead time and increase the country's export orders.

No limit on number of MFS transactions

Cash-in limit doubled

MAHMUDUL HASAN

Digital transactions in the country are set to get a boost as Bangladesh Bank has allowed customers to make an unlimited number of transactions through mobile financial services (MFSs).

Bangladesh Bank also more than doubled the monthly cash-in limit for MFS customers, according to a circular issued yesterday.

These changes are set to give customers an opportunity to make more transactions through MFSs as many people now rely on such facilities for a host of payments and bills.

Earlier, a customer could make 25 cash-in transactions and 20 cash-out transactions per month.

The central bank has now set the cash-in limit at Tk 5 lakh per month, up from Tk 2 lakh earlier.

Of the amount, a customer will be able to cash-in Tk 2 lakh through agents and Tk 3 lakh through bank transfer each month.

The cash-in limit from the agent point will be Tk 30,000 per day and Tk 50,000 through bank transfer. The cash-out transaction amount limit has remained unchanged, meaning that a customer will be able to cash-out Tk 1.5 lakh per month and Tk 25,000 per day.

Bangladesh Bank had earlier increased the monthly person to person transaction limit for MFSs to Tk 200,000 from Tk 75,000 on the onset of the pandemic in 2020.

The changes are set to give customers an opportunity to make more transactions through MFS as many people now rely on this mode of payment

Dewan Nazmul Hasan, chief executive officer of Trust Axiata Pay (TAP), welcomed the central bank's decision to increase the limit and withdraw transaction restraints.

"This will help micro merchants use MFS services more frequently," he said.

A client is allowed to keep a maximum deposit of Tk 3 lakh in their MFS account.

Currently, over 11 crore account holders now conduct 2 crore transactions through MFSs each day.

MFS operators register Tk 2,366 crore in average daily transactions, employing 11.23 lakh agents, according to the latest central bank data.

The numbers mentioned in this data would have been higher if Nagad could be included. Launched in 2019, Bangladesh Post Office's MFS arm is yet to get a full-fledged licence.

People now top-up mobiles, pay at shops and e-commerce platforms, utility bills and various educational fees, transfer money among banks, send remittance, receive education stipends and much more though MFSs.

Safety net disbursements through MFS were also initiated in May 2020 right after the pandemic hit. In 2021, the amount disbursed stood at about Tk 14,000 crore.

The MFS providers are bKash, Rocket, mCash, upay, Trust Axiata Pay (tap), MY Cash, TeleCash, Tap 'n Pay, FSIBL, Rupali Bank, OK Wallet, Islamic Wallet and Nagad.

Govt looking for new edible oil

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allowing the export of any kind of edible oil, such as rice bran oil, from the country without prior approval from the ministry.

Talking to The Daily Star, Tapan Kanti Ghosh, senior secretary of the commerce ministry, said he would send the recommendation letter to the NBR in a day or two requesting to reduce the duty by 22 percentage points.

This will be mainly to encourage importers to import canola and sunflower oil to avoid any supply crunch of edible oil in the domestic market, he said.

The move from the commerce ministry comes as the Bangladesh Trade and Tariff Commission (BTTC) recently recommended the government bring harmonisation in import duty and taxes of sunflower, canola and olive oil in line with soybean and palm oil that have only 5 per cent value added tax.

At present, the total tax incidence to import sunflower oil is 32 per cent, canola oil at 37 per cent and olive oil at 58 per cent.

The BTTC recommended it be brought down to 10 per cent, Ghosh said.

The BTTC has also recommended that the commerce ministry reduce the duty on import of canola and sunflower oil for the Indonesian ban and to increase supply of edible oil in the domestic markets.

But, Ghosh remains upbeat on the availability of palm oil from Malaysian markets.

Moreover, he is looking for big supplies of different types of edible oil like sunflower, canola and soybean oil from different countries such as Canada, the US, China and Malaysia.

Canada is particularly a very good source for canola oil while the US is a very good source of soybean oil, he said.

The price gap between soybean oil and palm oil in local markets has remained very minimal recently. So, the country can rely on other edible oils like canola, sunflower and soybean oil, Ghosh also said.

The senior commerce secretary also said there was adequate stocks of edible oil to serve the domestic markets but if supplies were not increased, a deficit could arise of the item.

Earlier on March 16, the government reduced the VAT on the import of soybean and palm oil to 5 per cent from 15 per cent to reduce the price in the local retail markets.

This caused prices of edible oil to decline by anywhere from Tk 8 to Tk 10 per litre at the retail level.

Bangladesh's annual requirement of edible oil is 20 lakh tonnes.

Demand rises during Ramadan by 2.5 lakh tonnes to 3 lakh tonnes because of food habits of people in this month of fasting, according to data from the commerce ministry.

Only around 2.03 lakh tonnes can be provided through local production and the rest of the demand has to be met through imports.

Of edible oil imports, some 5 lakh tonnes comprises crude soybean oil while some 24 lakh tonnes of soybean seed are imported.

From the imported soybean seed, 4 lakh tonnes of edible oil is produced, the commerce ministry data also said.

The price of edible oil has been fluctuating in the local and international markets over the last two years.

Crude soybean oil was sold at $700 per tonne in the international markets in the beginning of 2021. But now it has skyrocketed to reach nearly $1,900 per tonne.

Similarly, the price of crude palm oil was at $620 per tonne in the international markets in the beginning of the 2021. It has come to reach $1,800 per tonne now.

However, Bangladesh has fixed the price of soybean oil for the local markets, fixing the base price of crude soybean oil at $1,400 per tonne and crude palm oil at $1,300 per tonne, Ghosh said.

"This is an opportunity to brand rice bran oil in the domestic market," said Md Mahmodul Hasan, assistant chief of the BTTC.

EU, India agree to broaden trade ties

REUTERS, *New Delhi*

The European Union (EU) and India agreed on Monday to set up a trade and technology council to step up cooperation, as the bloc's chief held talks with officials in New Delhi who have seen a flurry of top visits since the start of the Ukraine war.

European Commission President Ursula von der Leyen is on a two-day trip to India's capital, part of Western efforts to encourage New Delhi to reduce ties to Russia, its main weapons supplier, following Moscow's invasion of Ukraine.

India has refrained from explicitly condemning Russia's invasion, while calling for an immediate end to violence. Moscow calls its actions in Ukraine a "special military operation".

The United States is the only other country that has a technical agreement with the EU similar to the one signed on Monday with India.

"I think this relationship today is more important than ever," von der Leyen said in her opening remarks during a meeting with Indian Prime Minister Narendra Modi.

"We have a lot in common but we are also facing a challenging political landscape." She identified cooperation on security, climate change and trade as the main areas of focus.

Pakistan seeks hike in size of IMF programme

REUTERS, *Islamabad*

Pakistan has sought an increase in the size and duration of its $6 billion International Monetary Fund (IMF) programme, the country's Finance Minister, Miftah Ismail, said on Monday.

Ismail made the comments in a video statement following talks with the IMF in Washington.

It came after the fund said Islamabad has agreed to roll back subsidies to the oil and power sectors ahead of a resumption next month of a review of the IMF's support for the country.

Default loan rescheduling

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In 2019, the central bank also permitted the defaulters to reschedule loans by paying only 2 per cent as a down payment. Under the facility, NPLs amounting to Tk 52,769 crore were regularised, the highest on record in a single year.

Although the provision lasted only for a year, many delinquent borrowers are still enjoying the same facility under special consideration with prior approval from the central bank.

As a result, the default loans that are being rescheduled by unscrupulous borrowers violating the rules have turned into a crisis for the banking sector since lenders don't get the money despite extending the facility.

Habib said the NPLs might pile extra pressure on the banking sector as many businesses have not turned around.

Emranul Huq, managing director of Dhaka Bank, said the lower volume of default loans rescheduled in 2021 did not reflect the actual scenario in the banking sector.

"NPLs may increase this year, which will push up the loan rescheduling once again," he said, adding that borrowers were able to evade the default category in the last two years thanks to the loan moratorium and forbearance.

Md Arfan Ali, managing director of Bank Asia, says there is no scope to rely on the rescheduling figure of 2021 to assess the health of the banking sector.

"Both NPLs and loan rescheduling may return to the previous level in the absence of the moratorium."

Salehuddin Ahmed, a former governor of the central bank, urged the central bank to ensure corporate governance in the banking sector to contain NPLs.

"It is good that the economy is picking up from the pandemic-induced business slowdown. And a good number of borrowers have repaid their loans on time despite the crisis," he said.

But corporate governance has not improved in the banking sector in recent times, he said.

Ahmed says the financial health of some banks has worsened after they had allowed their defaulted borrowers to reschedule loans by ignoring BB rules.

"Banks should exercise due diligence in rescheduling loans."

EU needs to recycle more to hit green energy goals: study

AFP, *Paris*

Europe must act fast to secure supplies of crucial metals required for a green energy transition and its best bet is to recycle, a report said Monday.

The 27-nation EU aims to be "carbon neutral" by 2050 -- reducing greenhouse gases to a level where the amount produced is balanced out by the amount removed from the atmosphere.

The bloc also wants to wean itself off dependence on Russian oil, coal and gas.

To this end, it is seeking not only to use less energy but also to increase the amount of energy generated domestically from renewable resources.

That includes producing electric vehicles and batteries, bringing in more wind, solar and hydrogen technologies, and creating infrastructure to distribute this clean power.

But expanding clean technologies will require substantial inputs of raw metals and -- in initial stages at least -- much of this will probably have to be imported, according to the study by Belgium's KU Leuven university.

To bring carbon dioxide (CO_2) emissions down to "net zero" by 2050, the EU will need "35 times more lithium" than it uses today and "seven to 26 times the amount of increasingly scarce rare earth metals", the "Metals for Clean Energy" report said.