

Hyundai to build \$5.5b EV plant in US

AFP, Washington

South Korean automaker Hyundai will build a \$5.5 billion electric vehicle and battery plant in the southern US state of Georgia, its governor announced Friday, as President Joe Biden pursued his trip to Seoul.

Brian Kemp made the announcement alongside Hyundai Motor Company president Jay Chang at the future factory site near Savannah, hailing the more than 8,000 jobs the venture is expected to create.

"We are proud to welcome Hyundai Motor Group to Georgia as we forge an innovative future together," Kemp said, according to a statement released by his office.

He called the plant "the largest economic development project in our state's history." Hyundai suppliers are expected to invest an additional \$1 billion in the factory.

EPB team visits Walton headquarters

STAR BUSINESS DESK

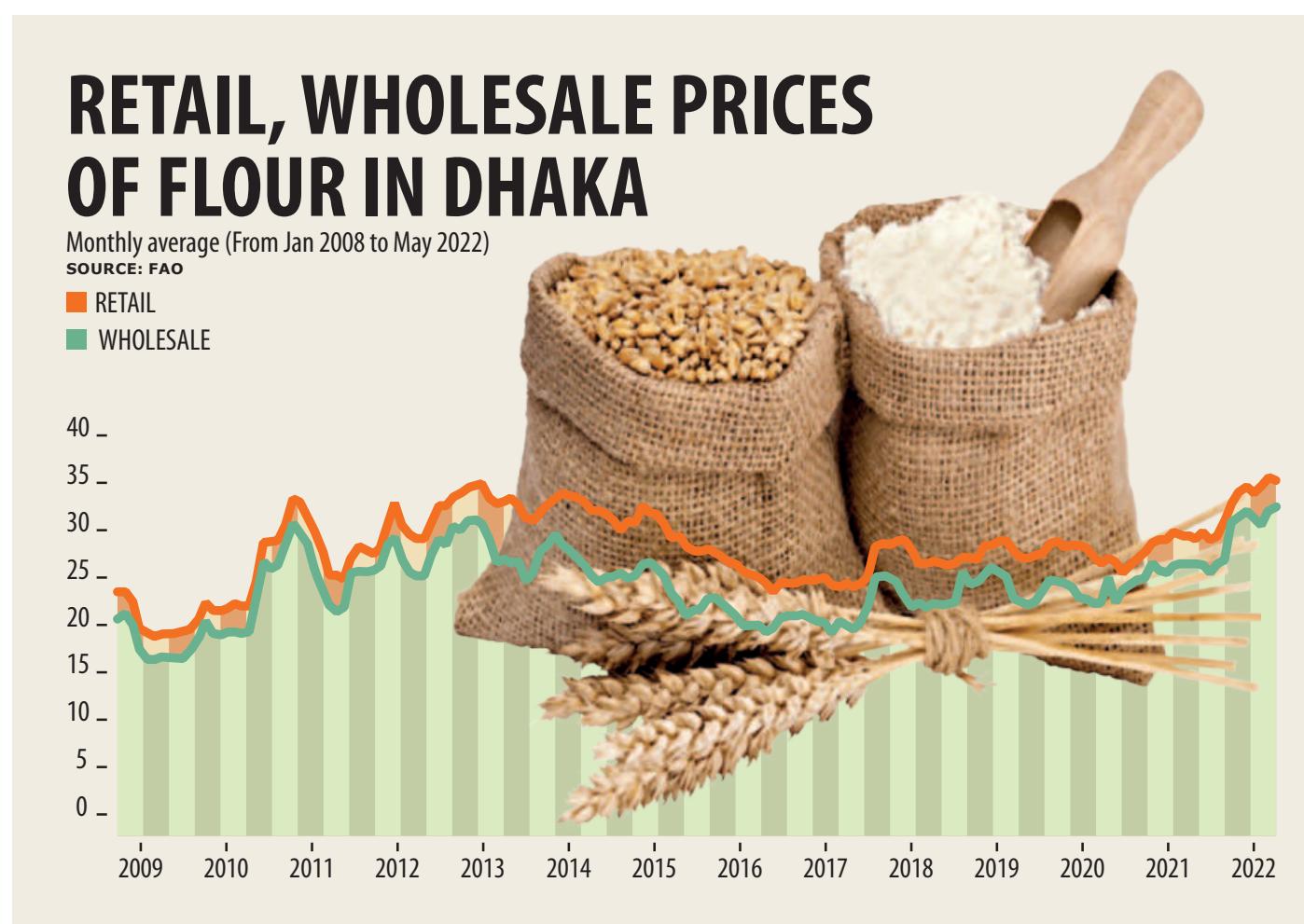
Walton has been achieving great success in exporting domestically finished electronics and electrical goods, said Export Promotion Bureau (EPB) Vice-Chairman AHM Ahsan yesterday.

"Walton is now at the top of the Bangladesh market. Now, their target is to expand business in the global market," he said.

"In this case, we need to promote the brand of Bangladesh as well as 'Made in Bangladesh' tagged products in the global arena," he added.

Ahsan was leading a nine-member EPB delegation on a visit to manufacturing units of Walton Hi Tech Industries at its headquarters in Chandra, Gazipur, said a press release.

He assured Walton of providing all necessary assistance from the EPB for increasing exports.



Wheat flour prices hit 15-year high

SUKANTA HALDER

Retail prices of wheat flour recently shot up to a 15-year high amid concerns of a supply shortage in local markets after India banned exports of the staple food in order to ensure its availability at home in the face of rising global costs due to Russia's war on Ukraine.

In July 2008, consumers in Dhaka had to pay about Tk 37.8 per kilogramme (kg) for flour while it was Tk 29 per kg in 2021 and Tk 38.4 per kg in 2022, shows data from the Food and Agriculture Organisation.

The retail price of flour in local markets has been increasing since September 2021, which is discouraging for price-sensitive consumers.

Traders say that the war between Russia and Ukraine alongside India's ban on exports have pushed up flour prices at the wholesale and retail levels.

According to data from the Trading Corporation of Bangladesh (TCB), loose flour sold for between Tk 46.50 per kg yesterday, up 31 per cent from Tk 38.45 a month ago.

Similarly, TCB data shows that packaged flour is being sold at Tk 48.50 per kg, up 6 per cent from Tk 44.48 a week ago.

Asaduzzaman, owner of the New

Sheetal Flour Mill in Narayanganj, said flour prices are increasing every day. One maund (37 kgs) of flour used to cost Tk 900 but the same amount is now priced at about Tk 1,600.

He said that Russia's invasion of Ukraine coupled with India's ban on exports has created a huge pressure on local importers as well as the global market.

Karim Ali, proprietor of Rashid Traders in Mohammadpur's Krishibagan, said a 50-kg sack of flour would cost Tk 3,000 at wholesale just a week ago but the same amount is now being sold for Tk 3,200-3,300.

"Considering the current situation though, prices are expected to rise further," he added.

Other than the war, there are some other reasons behind the increase in flour prices, said Afsar Uddin Ahmed, an importer of Rupali Traders at the Khatunbagh market in Chattogram, a wholesale hub for essential commodities.

He went on to say that alongside disruptions to the supply chain, increased transportation costs and lead time are also affecting prices.

Another reason behind the rising cost of flour is that the Covid-19 pandemic raised fears of food shortages in many countries and so, several large nations are stockpiling necessities such as this.

Abul Bashar Chowdhury, chairman of leading food importer BSM Group, informed that India had said it would look at its neighbouring countries under a different light when considering flour exports.

For example, letters of credit that were opened before May 12 will be scrutinised before a decision is reached on whether to export or not.

"But it's not yet clear how they'll deliver the product. Nothing can be said until we are sure how India will give wheat flour," Chowdhury said.

The price of flour had increased by more than Tk 4 per kg at wholesale the very day that India announced it would halt all exports of the product.

Yesterday though, the price dropped by Tk 2 at wholesale.

"If India supplies flour for letters of credit opened before May 12, then the stock would last for two to three months and therefore, there would be no crisis," Chowdhury added.

In fiscal year 2020-21, Bangladesh imported about 53.42 lakh tonnes of flour. In the ten months of the ongoing fiscal leading up to May, the country imported around 34 lakh tonnes of the staple food.

It should be mentioned that all the wheat grown locally this year (10 lakh tonnes) was already harvested by March.

Focus on fighting inflation

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for the upcoming national budget organised by Bangla daily Prothom Alo at its office.

Some people opine that Bangladesh's remittance income of two months is enough to repay its annual debt demand, said Bhattacharya.

But the fact is that this is the income of individuals and so it remains to be known how this money can be used for repaying the country's loans, he said.

On the other hand, export income of the country is rising but that is in tune with an increase in the cost of raw materials, meaning real income is not that high. "This is a classical case of pseudo economics," he said.

The exchange rate should also be adjusted and allowed to creep up slowly, he added. Nazneen Ahmed, country economist of United Nations

Development Programme, echoed him, saying that the budget should focus on controlling inflation.

The exchange rate should have been adjusted slowly as any sudden big adjustment creates some problems, she said.

Economists throughout the past decade had been recommending devaluing the local currency against the US dollar but the central bank did not pay any heed, said MA Razzaque, research director of Policy Research Institute.

For this, the per capita income seems to be big, he said, adding, "If the real exchange rate is considered, then the per capita income would be reduced to \$2,300."

In the present economic situation, the government should check the import of goods which are of low necessity while it can also take soft loans, he said.

This year the

government can keep a higher budget deficit to check inflationary pressure on the masses, he said.

If the government raises the allocation for its food assistance programme by Tk 6,000 crore, at least 40 per cent of the poor can be covered, said Razzaque.

So this small increase in funding might play a big role on reducing disparity and giving relief to the poor, he added.

Sayema Haque Bidisha, research director of the South Asian Network on Economic Modeling, also urged keeping inflation in check as the main target of the upcoming budget.

Bangladesh's tax system needs to undergo a massive reform to ensure inclusive GDP growth, she said, adding that relevant digitalisation needs to be brought about immediately.

Economists have long been recommending

increasing focus on direct tax and the tax net and reaching untapped areas but the main income of the National Board of Revenue (NBR) is still based on indirect tax, she said.

To reduce the disparity, the government should enhance employment opportunities and allocation in the social safety nets, she said.

The amount provided to every person under the social safety net programmes also needs to be increased and it should be extended to the urban areas, she said.

Syed Mahbubur Rahman, a former chairman of the Association of Bankers, Bangladesh, said policy continuity was a necessity, otherwise it hampers plans of entrepreneurs.

Overall, good governance needs to be ensured alongside a level playing field for every

entity, he said.

The present economic situation had been anticipated while economists alarmed, said M Masrur Reaz, chairman and CEO of the Policy Exchange of Bangladesh.

This is because pent-up demand was looming overhead, meaning extra pressure was to naturally come about on the exchange rate, but no policy programme was undertaken, he said.

"Our investment climate was in pressure. Moreover, transportation costs rose, freight charges increased and labour cost was enhanced, so our local firms are lagging behind in market competition," he said.

There is an absence of leadership pertaining to economic policies while some policies taken for a sector benefit just one or two firms. The government should work on this, he said.

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