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DRIVERS OF INFLATION

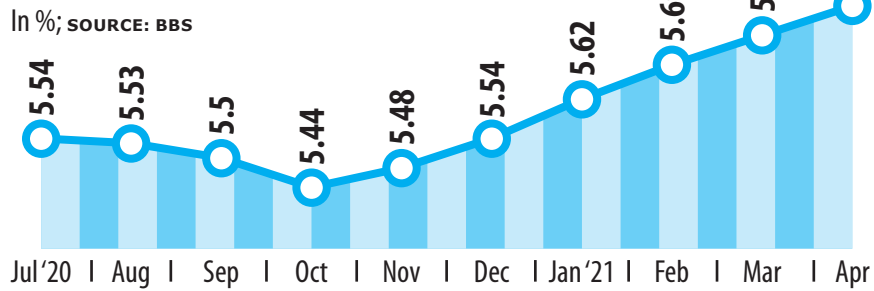
-  Rising petroleum oil, gas prices
-  Higher food, edible oil prices
-  Hike in commodity prices globally
-  Devaluation of the taka
-  Pent-up demand
-  Soaring shipping costs



HIKE IN THE PAST 12 MONTHS

US	UK	Germany	India	Sri Lanka	Pakistan	Bangladesh
From 4.2pc to 8.3pc	From 1.5pc to 9pc	From 2pc to 7.4pc	From 4.2pc to 7.8pc	From 5.5pc to 33.8pc	From 11.1pc to 13.4pc	From 5.6pc to 6.3pc

AVERAGE INFLATION



Govt to miss inflation targets in FY22, next year

REJAU KARIM BYRON and REFAYET ULLAH MIRDHA

The government has set an inflation target of 5.5 per cent for the next fiscal year although the prices of basic commodities are sitting at elevated levels for higher commodities prices globally amid lingering supply chain disruptions and the Russia-Ukraine war.

And economists say the goal for FY2022-23 might not be achieved and containing inflation will be a major challenge for the government in the coming months as a result.

The government is set to miss the revised inflation target of 5.7 per cent for the fiscal year ending in June this year. It had set a 5.3 per cent inflation target at the start of the fiscal year.

Zaid Bakht, a former research director of the Bangladesh Institute of Development Studies (BIDS), said: "It will be very difficult to attain the inflation rate of 5.7 per cent because of the hike in raw material prices and imported items."

"It is expected that the goods whose prices have not

increased yet will also go up due to the price spike of the imported goods in the international markets."

Inflation has been increasing gradually since October, rising from 5.4 per cent in the month to 5.81 per cent in April on average, according to data from



the Bangladesh Bureau of Statistics (BBS). Point-to-point, inflation shot up to 6.29 per cent in April, the highest in 18 months. It was 6.22 per cent in

March.

In a report recently, the finance ministry said inflationary pressures might be noticed primarily on the price level of basic commodities in the local markets because of the price hike of commodities globally.

However, if food production, including that of rice, remains unchanged next fiscal year like a year ago, the prices of basic commodities will also decline and it will not have any adverse impact on inflation.

The ministry also assumed that inflation will remain at a tolerable level because of the continuation of the usual production of agriculture and manufacturing goods and their normal marketing.

Under such assumptions, the government is setting a 5.5 per cent inflation target for FY23.

However, analysts say the country may face even higher inflation in near future because of the higher prices of imported goods and other consumable items owing to the higher US dollar exchange rate alongside the higher global prices.

Govt to reprioritise 1,800 projects Move to ease pressure on forex reserve: Mannan

STAR BUSINESS REPORT

The government will reprioritise 1,800 projects currently being implemented in different sectors to reduce pressure on the central bank's foreign exchange reserves and stymie volatility in the economy, said Planning Minister MA Mannan yesterday.

All the projects are not equally important and there will be no problem if the implementation deadlines are deferred, he said.

The minister also said the government would reduce spending on the purchase of goods for different projects to save money.

Mannan said the government would continue to provide subsidies to the agriculture sector through the upcoming budget for the next fiscal year so that production remains unaffected.

READ MORE ON B3

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STOCKS		WEEK-ON WEEK
DSEX ▲	CASPI ▲	
3.42%	3.34%	
6,451.53	18,891.73	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI ▼	TOKYO ▲	SINGAPORE ▲	SHANGHAI ▲	
0.08%	1.27%	0.16%	0.42%	
55,769.23	27,761.57	3,231.97	3,195.46	

DAY-OLD CHICKEN (DOC) PRODUCTION AND DEMAND

Weekly production: 1.8cr to 1.9cr
Weekly demand: 1.7cr to 1.75cr

PRICES OF DOC (BROILER)

Tk 10-Tk 11 (now)
Tk 17-Tk 18 (May)
Tk 30-Tk 35 (April)

RETAIL PRICES OF CHICKEN MEAT IN DHAKA

This week (per kg): Tk 135-Tk 150
Previous week: Tk 140-Tk 160

SOURCE: BREEDERS & TCB



Focus on bottom 40pc

Economist Rizwanul also stresses crisis preparedness

SOHEL PARVEZ

Coronavirus infections have declined significantly. But the world is yet to fully recover from the health crisis. Recently, the war in Ukraine has created worries of a global food crisis and fears of a recession in major economies as inflation rages.

Bangladesh, which is dependent on international markets for a number of commodities as well as for exports, is also feeling the heat of global inflation, which is at its highest since 2008.

"So, crisis preparedness has become vital for the government," said Rizwanul Islam, an economist.

"We have to live with the pandemic



READ MORE ON B2

HIGH FEED COSTS

Appetite for poultry farming wanes

SOHEL PARVEZ

In the wake of surging production costs resulting from high feed prices, the appetite for farming to produce chicken meat is waning among farmers as the demand for chicks declined, poultry industry operators said yesterday.

Operators said the prices of major ingredients of feed - maize, soybean meal and soybean oil - has shot up to exorbitant levels, requiring higher investment.

At the same time, many have become uncertain over whether they would be able to recover their investments.

Industry operators said a decline in farming would affect the supply of chicken in coming months, forcing consumers to pay more to buy the meat, one of the cheapest protein sources, which would further affect their buying capacity.

Consumers have already been paying increased prices to buy eggs as production declined in the face of higher production costs.

"I am just at the break-even point now. Making profit has become very tough against the backdrop of spiralling feed prices," said Abu Taher, a small farmer in Gazipur, a poultry farming district near the capital.

Yet, the 46-year-old farmer who has been engaged with poultry farming for 20 years now buys a 50-kilogramme bag of feed at Tk 3,165, up 49 per cent from a year ago.

Because of the high feed cost, three farmers from his locality

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Debt Capital Market Transaction

Syndicated Term Facility

USD 27 Million

For

Meghna Ceramic Industries Limited

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US services growth slows amid rising prices

AFP, Washington

The dominant services sector saw growth slow in May, while price gains pulled back from the blistering pace in the prior month but remained high, according to an industry survey released Friday.

Amid robust demand, firms also are finding it hard to replenish depleted inventories due to the ongoing global supply chain snarls, according to the Institute for Supply Management (ISM).

ISM's services index fell 1.2 points to 55.9 per cent, indicating strong but easing growth due to a decline in business activity and slowing supplier deliveries.

Amid robust demand, firms are finding it hard to replenish depleted inventories due to global supply chain snarls

The prices index dropped from the all-time high of 84.6 per cent in April, decreasing 2.5 percentage points to 82.1 per cent, the survey showed.

"Growth continues -- albeit slower -- for the services sector, which has expanded for all but two of the last 148 months," survey chair Anthony Nieves said in a statement.

"Covid-19 continues to disrupt the services sector, as well as the war in Ukraine. Labour is still a big issue, and prices continue to increase," he said.

Survey respondents noted strong demand but long delays for orders, and ongoing headaches due to the shortage of workers.

One executive in the utilities industry described the situation as "exhausting."



Rusks, more commonly known as toast biscuits, being packed by hand at a bakery on Prem Kanon Road at Joragate of Khulna city, with each 25-piece packet selling for Tk 40. The snack is popular at roadside tea stalls, sold for Tk 2 apiece and eaten dipped in sweetened milk tea. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

Bosphorus sea trade unaffected by war

AFP, Istanbul

At the gates of the Black Sea, trade is in full swing as freighters and oil tankers sail from the heart of Istanbul to Russian and Ukrainian ports.

Just after the Russian offensive in Ukraine on February 24 and the first Western sanctions, the largest vessels of international companies plying on these waters were replaced by smaller ships.

The total number of ships on the route remains around the pre-war level of 40,000, according to experts.

"Russia shamelessly steals Ukrainian grain and sends it overseas from Crimea, including to Turkey," said Vasyil Bodnar, Ukraine's ambassador to Ankara.

"In May alone, we counted at least 10 passages including two round trips from three vessels flying the Russian flag... Not to mention those that we would have collectively missed."

From his terrace overlooking the Bosphorus, Yoruk Isik has been a passionate observer of ship movements on this key waterway between the Black Sea and the

Mediterranean for a decade now.

While swiftly condemning the Russian offensive in Ukraine, Turkey positioned itself as a neutral mediator and refused to join Western sanctions against Moscow.

Although Ankara has banned the passage of military vessels through its straits of the Dardanelles and Bosphorus since late February under the Montreux Treaty of 1936, it is not legally entitled to intercept commercial ships or to search them, a diplomatic source said in Ankara. "We don't follow the ships on their way out of the Straits. We monitor them 10 kilometres before they enter and 10 kilometres after they leave," the source said on condition of anonymity.

Elizabete Aunina, a researcher at Amsterdam University, said: "If we look at the vague words of the Montreux treaty it leaves a lot up for interpretation. It did not foresee that merchant vessels could be carrying stolen goods... Turkey has before showed a certain commitment to stick to the very basic interpretation of the Convention as a way to also protect itself from entering deeper into the conflict."

The European Union imposed an embargo on Russian imports but tankers flying the Greek or Maltese flags are seen sailing through the Bosphorus up to the Black Sea to the Russian ports.

Thanks to real-time tracking applications, a strong network of observers, Russian and Ukrainian activists and satellite images, no vessel escapes Isik's radar.

"We can see from end to end, where the ship is getting loaded by the ship," he said. Some freighters loaded the wheat in Ukrainian ports under Russian blockade such as Odessa, Chornomorsk or Mariupol, he said. The destination? Syria -- where Russia retains an operational base -- and then Lebanon or Egypt.

Isik also identified a flotilla of old Turkish boats, "never seen before in the area" suddenly appearing under a flag of convenience in the Russian port of Novorossiysk -- "likely under contract with the Russian government".

He lists a few names: Kocatepe (now Tanzanian), Barbaros (Equatorial Guinea), Hizir (Malta) and Sampiyon Trabzonspor (Cameroon).

COTTAGE, MICRO SECTORS Small investments creating jobs

BB governor says

STAR BUSINESS DESK

Small investments in the cottage and micro sectors are playing an important role in employment generation and sustainable development of the country, said Bangladesh Bank Governor Fazle Kabir at a conference.

Islami Bank Bangladesh Ltd (IBBL) organised the conference on "The Micro and SME Entrepreneur" at a local hotel in Rajshahi yesterday, a press release said.

The governor called upon micro and SME entrepreneurs to work harder to expand their business through regular repayment of investments.

Highlighting the role of Islami Bank during the Covid-19 pandemic, he said IBBL performed an excellent job in disbursing stimulus packages.

"Long term continued financial services from the banks are very essential for the micro and SME sector. Islami Bank has been contributing to this development by providing financial services," Kabir added.

Mohammed Monirul Moula, managing director of IBBL, presided over the programme, where Jiban Krishno Roy, executive director of Bangladesh Bank's Rajshahi Office, was present.

Md Mizanur Rahman Mizi, head of Rajshahi Zone at IBBL, Miftah Uddin, executive vice-president, Md Maksudur Rahman, senior executive vice-president, Md Sazzad Ali, managing partner of Sapura Agro, Md Golam Saqlaen, proprietor of SS Matsya Khamar, Reba Rani Sarker, RDS entrepreneur, Md Golam Nabi, proprietor of Natore Dragon Fruit Garden, and Tahmina Akhter, proprietor of Minu Silk Garments and Boutique, were also present.

Envoy, Sheltech win national productivity award

STAR BUSINESS DESK

Envoy Textiles and Sheltech (Pvt) have secured first and second positions of a "National Productivity and Quality Excellence Award 2020" recently in "Large Industries: Textile and RMG" and "Large Industries: Steel and Engineering" categories respectively.

This is the second time the Envoy won the award introduced by the national productivity organisation under the Ministry of Industries, said a press release.

Kutubuddin Ahmed, chairman of both entities, received the award on behalf of the Envoy whereas Tanvir Ahmed, managing director of the Sheltech, received it on behalf of the real estate company from Industries Minister Nurul Majid Mahmud Humayun at Pan Pacific Sonargaon Dhaka.

Kamal Ahmed Majumder, state minister for industries, was present.

Carbon debt-free future

FROM PAGE B4

success of the government which not only helped increase the forest area of the country, create tree cover along highways and basic protection in the coastal area but has also created a value chain and mindset shift among people.

It is seen worldwide that plastic consumption in any country increases simultaneously with income level, urbanisation, and economic growth. Bangladesh's annual per capita plastic consumption in urban areas tripled to 9 kg in 2020 from 3 kg in 2005 with Dhaka's annual per capita consumption of plastic being 22.5 kg.

Plastic is a valuable material but there is a lot of plastic pollution in the environment and only a third of the waste plastic is collected and recycled. According to a World Bank Group research, 24,000-36,000 tonnes of plastic waste are disposed of every year around canals and rivers around Dhaka only.

Plastic waste is one of the major reasons behind water clogging after rains in urban centres like Dhaka and Narayanganj. Next time when you are stuck in traffic on a rainy day, remember that you are responsible for this as well!

However, we must start working to find a suitable, practical solution for us as well. For example, as a consumer goods company, one of Unilever's (guiding philosophy) compass priorities is to improve the health of the planet and we intend to achieve that by

putting our efforts into a waste-free future. We have taken a bold first step to challenge the problem as we wanted to contribute to finding a sustainable solution for single-use plastic and flexible packaging in cities like Dhaka and Narayanganj.

I remember my market visits to Narayanganj, a vibrant and buzzing business hub with the lowest percentage of poverty of the country. But you would still see polythene bags thrown on the roads, water clogging and polluted Shitalakkha river.

According to a baseline study by PwC, 65 per cent of the 900 tonnes of waste generated per month is not managed properly and the overwhelming majority of unmanaged plastic includes LDPE (polybags) and other plastic groups, including multilayer packaging (MLP). These plastic wastes end up in the environment as they have less or no recycling value compared to other forms of plastic.

However, in the National Action Plan for Sustainable Plastic Management, the government has set a target of recycling 50 per cent of plastics by 2025. But this will not be possible if we do not solve the SUP issue. From Unilever, we decided that we also want to contribute to that cause by transforming the way we use resources and making an efficient ecosystem for a circular economy.

However, as a business organisation, we only have consumer insights

and reach but have no experience in running social intervention projects. Thus, along with Narayanganj City Corporation (NCC), we have also partnered with the UNDP and the ESDO to start a three-year project to transform the plastic waste management of Narayanganj into a circular model through capacity building, community empowerment, and behaviour change.

As the largest municipal-backed waste management project, we have lots of learning in the initial phase of the project. The project does not aim to provide dump trucks and waste bins. Rather, we want to work with partners to change waste management practices of both consumers and collectors, by ensuring that the plastic waste has better recycling value.

Our first-year objective was to geographically reach all wards of the NCC by strengthening the existing waste collection channels and experimenting with different intervention models. Our other objective was to make the process sustainable as we are also trying to increase the income of the waste collectors and have empowered over 1,300 collectors on how to segregate waste for better value, increasing their income.

The learning is very encouraging and we are planning for systematic engagement of the government, industry peers, media and most

importantly, the citizens of NCC to scale up the project. We have already started to replicate the model in Dhaka and Chattogram city corporations. We know that we will have to rewrite, reengineer, and redesign many aspects of our work, but we believe the process needs to start and improvement areas will always be there.

Along with large municipal-backed projects, we have also experimented with other intervention models and partners, including start-ups to find effective, efficient, and scalable interventions to solve the plastic waste problem in Bangladesh because as per International Union for Conservation of Nature, Bangladesh could become a global waste hotspot due to rapid urbanisation and economic growth. However, the government has also taken the ambitious target of reducing the waste impact to half by 2025 and achieving a global standard level by 2030.

We believe learning from projects like the NCC Waste Management project would really contribute to formulating national-level strategy and engage people to change their attitudes and behaviour.

We do have the power to save the world together. And we have to do it because, for us and for our next generation, there is only one earth.

The author is chief executive officer and managing director of Unilever Bangladesh Ltd.

India says Focus on bottom 40pc

FROM PAGE B4

capping this season's exports at 10 million tonnes to prevent a surge in domestic prices after mills sold a record volume on the world market.

The government's surprise decision to ban wheat exports and restrict sugar exports had raised doubts about some curbs on overseas sales of rice as well.

In the fiscal year to March 2022, India, the world's biggest rice exporter, sold a record 21.2 million tonnes of the grain on the global market, up from 17.8 million tonnes in the previous year.

Late last month, government and industry officials told Reuters that India did not plan to curb rice exports.

Crop-nourishing monsoon rains will play an important role in determining this year's rice harvests, and plentiful monsoon rains will help New Delhi maintain its preeminent position in the global rice trade.

Goyal also said a government panel is currently examining requests from foreign governments for supplies of wheat.

India would consider "genuine requirements" for wheat of other countries, he said.

Separately, India's foreign minister Subrahmanyam Jaishankar said: "Foreign ministers of some countries have called me up (for wheat from India) and we have assured them that they would have access to our markets."

FROM PAGE B1

for some more time. The war has added to the pandemic-related challenges. The war is affecting us although the conflict is taking place far away from us. The fallout of the war is so deep that it could lead to a global recession and an overall decline in demand."

The war has already accentuated the supply chain disruptions of a number of key commodities.

"Because of the supply chain bottlenecks, there is a danger of what we call imported inflation," said Islam, a former special adviser in the employment sector of the International Labour Office in Geneva.

Food inflation can be very important for a country like Bangladesh since it hurts the poor more than other income groups because food spending accounts for a major part of their consumption basket.

"Imported-induced inflation is happening in Bangladesh," Islam told The Daily Star in an interview recently.

His observations came at a time when the government is preparing to unveil its budget for the fiscal year of 2022-23.

The economist also talked about the challenges facing Bangladesh owing to widening trade deficit and unfavourable balance of payments (BoP) as well as the need to make investments in education, health and social protection to improve the lives and livelihoods of people belonging to the

low-income bracket.

"Don't ignore possible dangers. Keep monitoring and see what is happening rather than creating an alarm right away," he said, referring to the BoP trend and Bangladesh's debt burden.

Bangladesh has done well before the pandemic and its economy started recovering quickly after restrictions eased. But the question, he said, is whether all, across the board, are recovering at the same speed.

"The question is whether all the people are benefiting from the recovery, if not equally at least in an equitable manner. These are the real challenges at the ground level we need to focus on."

Islam said a budget is a short-term fiscal policy instrument containing plans on incomes and expenditures. But this should also be seen as a medium-term development instrument.

"In a developing country like Bangladesh, the budget should be seen as a mechanism to attain some development goals. The ultimate objective should be to bring about improvement to the living standard of people."

Islam thinks crisis preparedness should be a major element of the budget.

Apart from that, the government should give special focus on the bottom 40 per cent of the population who also creates a market. "The top 10 per cent

does not create the market alone. Those who shop on footpaths also create the market. But how do they create the market if they don't have the money to spend? So, when they have the money to spend, it is good for the economy."

He recommended launching a concrete programme and a social protection scheme for everybody with a specific focus on the bottom 40 per cent.

"I would also underscore that it has to be adequate, credible and really for everybody. It has to be sustainable."

He called for investments to improve the quality of general and technical education with a view to making them relevant to the need of the economy.

The poor should have access to quality education as well, he said.

"What kind of education their children are getting and how useful it is? How can the education sector be made more useful so that they can use that education to get better jobs and improve their livelihoods?"

The economist said effective and useful public health services that offer easy access to the bottom 40 per cent of the population are needed. Bangladesh has the lowest health expenditure to gross domestic product among the South Asian countries.

"We need to have a health service that is inclusive, in terms of income and location," added Islam.



Farmers at Shajapur of Bogura's Shahjahanpur upazila put up arches of bamboo sticks to cover seedbeds with plastic sheets in an attempt at maintaining climatic conditions conducive to effective germination. Farms here specialise in a variety of vegetables alongside seedlings, making annual sales of around Tk 3 crore, according to the Department of Agricultural Extension. The photo was taken last week.

PHOTO: MOSTAFA SHABUJ

Unilever takes significant stride towards carbon neutrality

STAR BUSINESS REPORT

Unilever Bangladesh has saved around 3.3 lakh megawatts per hour on energy consumption and reduced its carbon dioxide emission by nearly 70,000 tonnes in 10 years, which is equivalent to planting 30 lakh trees each year, the multinational company said in a report.

"As an important step to fulfilling the aim of becoming carbon neutral by 2030, the company is now adopting ground-breaking technology," it added. Zaved Akhtar, chief executive officer and managing director of Unilever Bangladesh, provided this information while unveiling the company's sustainability report for 2021, titled "Partnering Bangladesh".

The report was launched yesterday through an event at The Westin Dhaka, where Nurul Majid Mahmud Humayun, the minister for industries, and Robert Chatterton Dickson, British high commissioner in Bangladesh, were present.

The company reduced its energy consumption and carbon dioxide emissions at its Kalurghat Factory (KGF) by 23 per cent and 20 per cent

respectively.

"We are also planning to increase the factory's solar energy capacity from 105 to 890 kilowatt-peak (KWp), which is 8 times its current capacity," the report said, adding that this will ensure that more than 5 per cent of the total energy consumed by KGF is generated from solar power.

Unilever, one of the oldest and largest multinational companies operating in Bangladesh, also recovered energy from 1,006 tonnes of plastic since 2018, when the company started recovering energy from plastic waste produced by its manufacturing sites.

In 2021, in collaboration with its partners, Unilever launched two plastic collection initiatives in Narayanganj and Dhaka. Currently, they have established the technical capacity to ensure that 75 per cent of the plastics used to package their products are recyclable. The company aims to make it 100 per cent within 2022.

At the programme, Zaved Akhtar said that over the last five decades, Unilever has always been a forerunner in doing good for the country's people and

building a sustainable Bangladesh.

"The company has invested more than Tk 43 crore in order to cover the 10 different Sustainable Development Goal agendas, impacting millions through these sustainability initiatives," he said.

The three key focuses of Unilever Bangladesh are to improve the planet's health as well as the peoples' confidence and wellbeing while also contributing to a fairer, more socially inclusive world.

Akhtar went on to say that they use their brands to improve peoples' lives. For example, the company helped introduce about 80 per cent of the population to oral hygiene while also teaching more than 10 million school goers proper handwashing since the 1990s.

"We are now focusing on replicating these experiences for toilet hygiene, habit of safe water consumption and mental wellbeing as we identified these to be areas where there are barriers or taboos," he added.

Industries Minister Humayun said the government is proud of its partnership with Unilever and so, they wish for the company's overall success and expansion.

During its more than five-decade span of operations in Bangladesh, Unilever has been working with its partners to ensure social and environmental progress in the country as an ethical and responsible organisation.

"The company is working with about 1 million local entrepreneurs and as a result, it is making a huge contribution in creating employment," he added.

British High Commissioner Dickson said there is a deep systemic crisis that affects everyone known as climate change.

"And we desperately need to bend the curve towards the reduction in CO2 emissions. Of all the companies I've worked with, I think Unilever has the most sustained, and mainstream commitment to this crucial agenda," he added.

At the event, Unilever Bangladesh conveyed appreciation for its five partners: FRIENDSHIP, UNDP, Bhumijo, brac and PLAN International Bangladesh, which worked with the company to achieve its social commitments throughout 2021.

Provide low-income people with rations

Economists also call for macroeconomic stability

STAR BUSINESS REPORT

The government should focus on restoring macroeconomic stability and providing rations to people who are financially insolvent and in the lower-income tier in the upcoming national budget for fiscal year 2022-23, recommended economists yesterday.

Worldwide inflationary pressure affected price levels in Bangladesh in recent months and many people are passing tough times for this and require support, they said.

The economists were addressing a pre-budget discussion "Macroeconomic Uncertainties and Budget Priorities for Bangladesh" jointly organised by Policy Research Institute (PRI) and Ekattor Television at Amari Dhaka.

Inflationary pressure rose in the country due to the increase in prices in global markets soon after economic sanctions were imposed on Russia, said Binayak Sen, director general of the Bangladesh Institute of Development Studies.

The situation will hopefully not continue to prevail for long because European countries may not continue to accept high prices and interruption to gas supplies in the upcoming winter, he said.

Social safety nets should be widened and the government should ensure that it reaches the right people, says an expert

"Meanwhile, the poor and low-income people need rations of essentials goods," said Sen. "I hope the government has the fiscal space to introduce rations for at least during the high inflationary period."

Inflation shot up to 6.29 per cent in April, the highest in 18 months, according to the Bangladesh Bureau of Statistics (BBS). In March, overall inflation stood at 6.22 per cent.

On whether this inflation data is reliable, Sen said product prices were readily available and so the BBS should work on qualitative improvements so that no question arises. The BBS could work on calculating issue-specific inflation instead of average inflation, he added.

AB Mirza Azizul Islam, a former caretaker government adviser, said inflation rose in Bangladesh due to global market price hikes, so contractionary monetary policy or fiscal measures would not be the appropriate method for controlling it.

Zahid Hussain, a former lead economist at the World Bank's Dhaka office, lauded the central bank for allowing banks to determine dollar prices despite the associated risks.

Ahsan H Mansur, executive director of the PRI, recommended launching a realistic and balanced budget so that macroeconomic stability could be restored even if the growth of gross domestic product decreased.

Prof Mustafizur Rahman, distinguished fellow at the CPD, and Selim Raihan, executive director at Sanem, also spoke.

Appetite for poultry farming

FROM PAGE B1
have already suspended operations and kept their sheds empty ever since Eid-ul-Fitr was celebrated in early May, he said.

On the other hand, Taher took the risk of keeping his business going.

He began rearing a flock of 2,000 birds couple of days ago by buying day-old chicks for about Tk 6 each.

"I am not sure what is going to happen next," he said, adding that his production cost would be Tk 140 per kilogramme at the current prices.

Md Rakibur Rahman, managing director of one of the leading breeders Nahar Agro, said farmers have to

spend Tk 130 to Tk 135 to produce one kilogramme of chicken meat because of the high cost of feed. A year ago, the cost of production was around Tk 100 per kilogramme.

Problems in the supply chain, lack of availability of grains in markets abroad and increased import costs for weakening of the Taka against US dollars has fuelled feed prices.

"As prices soar, risk of losses is keeping many farmers away from rearing," he added.

Md Moshir Rahman, president of the Bangladesh Poultry Industries Central Council (BPICC), said feed millers could buy each kilogram of maize for less

than Tk 20 at this time in the past.

The price of the grain, which account for 55 per cent of poultry feed, is now Tk 36.

"Many farmers are closing down as they are struggling to contain losses," said Rahman, also managing director of Paragon Group, one of the leading poultry producers.

As a result, the demand for day-old chicks has fallen, sending the prices to about Tk 10 each, he said, adding that chicks cost Tk 17-18 in May.

Breeders produce between 1.80 crore and 1.90 crore day-old chicks each week against the demand for 1.70 crore to 1.75 crore,

according to industry insiders.

On the other hand, the demand for chicken meat has not grown as many consumers are seeing their budgets curtailed by the high price of other essentials.

Sayed Sultan Ahmed, general manager of Kazi Farms, said farmers do not have control on the price of poultry feed and medicine. What they do have power over is their choice to continue farming.

"Now even though the prices of chicks are low, farmers are doubtful if they will be able to recover production costs due to higher input charges," Ahmed added.

Govt to reprioritise 1,800 projects

FROM PAGE B1
However, among all the factors, social harmony is also a major aspect for maintaining a good economic growth, the minister said.

Mannan was speaking at a roundtable on the "current state of the macro economy - Bangladesh perspective" jointly organised by the Institute of Chartered Accountants of Bangladesh (ICAB) and Economic Reporters' Forum (ERF) at the ICAB office in Dhaka.

Although Bangladesh need not worry about the economy's current state, some important homework needs to be done for maintaining good macroeconomic stability, said Binayak Sen, director general of the Bangladesh Institute of Development Studies.

For instance, the four economic growth drivers - export, non-exporting manufacturing sectors, agriculture and remittance - have been performing well until now, he said.

Remittance inflow has only dropped a bit recently and it is expected to make a rebound soon, Sen said.

"Of the four growth drivers, three have been performing strong," Sen said, adding that there was no reason to be worried about the economy in the short term.

The sudden rise of the import of food items and machinery with the recovery from the fallouts of the Covid-19 pandemic has put pressure on the US

dollar deposited with the central bank, he said.

Sen suggested that subsidies be continued in the agriculture and export sectors as those were considered the lifeline of the economy. He also suggested providing rations to the over 80 lakh workers employed in the organised sectors.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the economy has been undergoing unprecedented pressure.

The export of apparel items is still very much volume driven, as a result of which the profitability of exporters has been not increasing, he said.

For instance, the export growth of Bangladeshi garment items to the US increased by 46 per cent between July and March of the current fiscal year, said Rahman.

But the volume increased by 36 per cent while price by only 7 per cent whereas the price of cotton increased by 53 per cent in international markets over the last one year, he said.

Local garment exporters should have received at least 53 per cent of the price of cotton from the exports as Bangladesh is nearly wholly dependent on cotton imports and 75 per cent of the garments being shipped is made from cotton fibre, he said.

However, international retailers and brands are not paying accordingly and

passing low rates onto local suppliers, Rahman said.

He suggested signing comprehensive economic partnership agreements to retain duty privileges once the country makes the status graduation from a least developed to a developing country.

He also recommended bringing about diversification in the garment sector to grab a bigger market share of the global supply chain.

Ahsan H Mansur, executive director of Policy Research Institute, said the government should control its expenditure.

The exchange rate of the taka with the US dollar was fixed in the range of Tk 82 to Tk 84 per US dollar almost 10 years ago and the rates jumped to Tk 95 to Tk 96 because of the accumulation of pressure, he said.

The exchange rate has been adjusted to the market very reluctantly but it needs to be stabilised with proper monetary and fiscal policies, Mansur also said.

Mansur suggested increasing the price of liquefied natural gas (LNG) and allowing its import by the private sector for reducing subsidies.

He also suggested involving the private sector in railways to make it commercially viable.

M Masrur Reaz, chairman of the Policy Exchange of Bangladesh, suggested discarding unnecessary projects. The government

should focus on some specific issues, including on maintaining robust economic recovery from the fallouts of the Covid-19, fuel price, export led growth and fiscal measures, to insulate the economy from the current situation, he said.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, said the Savar tannery estate should be made fully functional through modernisation as the leather and leather goods industries were becoming major export sectors.

M Abu Eusuf, executive director of research firm Research and Policy Integration for Development, said inequality in society was a growing concern and it was creating a mismatch between micro and macro economy.

Abul Kasem Khan, former president of the Dhaka Chamber of Commerce and Industry, said Bangladesh needs to improve on the ease of doing business here so that production costs can be reduced to attain more competitiveness.

Shahadat Hossain, the ICAB president, Sharmeen Rinviy, the ERF president, M Shafiqul Alam, the ERF vice-president, and SM Rashdul Islam, the ERF general secretary, also spoke.

Economists, researchers, businesspeople, exporters and importers participated in the discussion.

Japan may resume tourism discount

REUTERS, Tokyo

Japan's government is considering resuming a national travel discount campaign as soon as late this month to help the tourism industry recover from a Covid-19 slump, the Nikkei newspaper said on Saturday.

A revived "Go To Travel" campaign would likely serve as a core measure to stimulate consumer demand, the business daily reported, without citing sources. Japan is set to ease border controls to let foreign tourists in from July 10 as coronavirus infections ease.

Govt to miss inflation targets

FROM PAGE B1
The exchange rate of the US dollar was hovering around Tk 86 before the Russian-Ukraine war. It rose to as high as Tk 95 per USD for importers in recent days.

The International Monetary Fund is also projecting that global inflation will remain elevated for much longer.

"The imported inflation will grow as importers have to spend more money to buy goods from the international markets," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, at a discussion in Dhaka.

"When importers sell the imported goods in the

local markets, obviously they will sell at higher prices. This will send inflation higher."

A gradual weakening of the taka against the American greenback had been suggested over the last many years, but the central bank did not pay heed until recently.

"The situation has turned so bad that now allopathic medicine is not working. Surgical operations are needed to save the economy," Rahman said.

Bakht said the price of goods will go up in the local markets for the devaluation of the local currency. "Rice production might

maintain normalcy but the prices of wheat-based items like bread and biscuits will increase in the domestic markets."

Binayak Sen, director-general of the BIDS, says Bangladesh's higher inflation is largely owing to global inflation, which is sitting at its highest since 2008. He hopes that global inflation will not be at a higher level for a longer period.

"So, the poor and low-income people should be given support so that they can afford essential goods before prices go down," he said, adding that the government has the fiscal space to extend the support.



Exports of leather and leather goods registered year-on-year growth of 36.93 per cent and 34.51 per cent respectively in the July-April period of the current fiscal year, according to the Export Promotion Bureau.

PHOTO: PALASH KHAN

Exports of leather, goods go past \$1b again

Shipment, however, slows in May

SUKANTA HALDER

Exporters in Bangladesh raked in more than \$1 billion in the shipment of leather, leather goods and footwear in the first 11 months of the current fiscal year despite a slowdown in May owing to supply chain disruptions and the fallout of the Russia-Ukraine war, official figures showed.

The country received \$1.16 billion from exports of leather, leather goods and footwear between July and May, already the highest in the last five years, according to the Export Promotion Bureau (EPB).

The higher exports came despite the slowdown in the exports of leather and leather goods last month.

Between July and April, the shipment of leather and leather goods had registered year-on-year growth of 36.93 per cent and 34.51 per cent respectively.

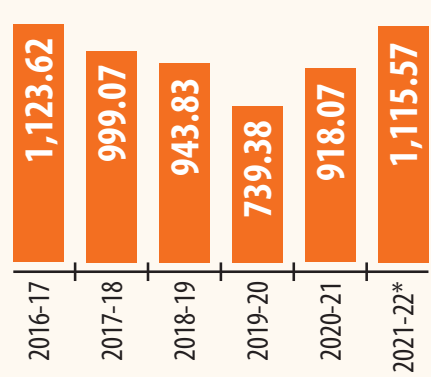
The shipment from both sectors slowed to 28.56 per cent and 34.03 per cent respectively in May. Overseas sales of leather footwear, however, grew from 31.46 per cent in the July-April period to 31.59 per cent in the July-May period.

Exporters say higher living costs in the UK, the European Union and other parts of the world are behind the lower demand for leather goods as customers prefer spending on essential commodities in the face of rising inflation.

Syed Nasim Manzur, managing director of Apex Footwear, said it is not clear how long the present situation would last as it remains uncertain when the Russia-Ukraine war might end.

EXPORT OF LEATHER, FOOTWEAR AND GOODS

In million \$; *Jul-May; SOURCE: EPB



"It is an unpredictable subject. There will be implications if the crisis continues for long. But if it is short-lived, the situation will be different," he added.

Manzur, also the president of the Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB), went on to say that it is very difficult to make predictions.

"Our job now is to watch and see," he said.

Considering the fact that higher prices mean nothing if export volumes drop, Manzur said manufacturers should aim to reduce the cost of doing business so that they can stay

competitive in the global market.

Ziaur Rahman, managing director of Bay Footwear, said that judging by their results in the fourth quarter of the ongoing fiscal, the company projects a 10 per cent drop in overseas orders in 2023.

"So, if we can't maintain our costs, we will lose our competitiveness in the international market," he added.

Shakawat Ullah, general secretary of the Bangladesh Tanners Association, said the Russia-Ukraine crisis has impacted the export of leather and leather goods.

"But we can overcome the problem no matter what," he added.

Leather and leather goods shipments

amounted to \$111.55 million in the last 11 months of the current fiscal year, when the country's total export receipts added up to \$846 million.

Ullah said manufacturers worked hard during the pandemic to explore new markets and protect their factories and employees, leading to the discovery of non-traditional markets such as Russia and Morocco.

Leather goods are one of the top three highest export earning sectors for Bangladesh.

There are about 60 local firms, including Apex Footwear, Jennys Shoes and Bay Footwear, that export various leather goods mainly to Japan, the EU and to some extent, the US.

Carbon debt-free future for every child

ZAVED AKHTAR

I became fully aware of the environmental challenges that we face when I visited Boracay Island in the Philippines a few years ago. The amazing picturesque beaches with white sand and blue lagoons were disturbed by the over-interest of tourists like me.

The case of Boracay Island represents the situation of our whole planet in general: Humans have unequivocally warmed the planet by more than 1.1°C since pre-industrial times and we are on track to exceed 1.5°C within two decades, if not before.



That is why global climate scientists have sounded the 'Code Red Alarm' for humanity which is true for every country, including Bangladesh. Despite contributing only 0.6 per cent to the global emission, Bangladesh ranks seventh on the list of countries most vulnerable to climate devastation, according to the Germanwatch's 2021 Global Climate Risk Index.

A 2018 US government report found that a whopping 90 million Bangladeshis, or 56 per cent of the population, live in "high climate exposure areas," with 53 million being subject to "very high" exposure. We have lost around \$4 billion in economic value since the 2000s as an outcome of climate change. We all are under threat and we need to act like that for a livable planet to be won this decade.

We all have roles to play because we are responsible at the national, organisational, and personal levels. Together, we are using more natural resources every day than the earth can reproduce, technically borrowing resources from our next generation. However, we should not use what is our children's and make them suffer.

Bangladesh could become a global waste hotspot due to rapid urbanisation and economic growth. However, the government has taken the ambitious target of reducing the waste impact to half by 2025 and achieving a global standard level by 2030

Working to improve the health of the planet is something that is not charity - rather a long-term business strategy. That is why progressive business organisations like Unilever have taken a global stance on the environment because we feel that our business will only exist if our consumers are there, and we need to help our consumers by helping them protect our planet.

That is why we have put sustainability at the core of our business and we see this beyond philanthropy. We want to work on innovation and adaptive social change by taking collective actions. We all know how collective action is rewarding if our intention is good and our strategy is right.

I would like to mention the Social and Community Forestry Activity in Bangladesh as a prime example of effective strategy and participatory development.

Back in the 1980s, we were losing around 2 per cent to 3 per cent of forest cover every year. Our government, in association with international development organisations like the Asian Development Bank, designed an intervention involving the poor, landless rural farming families to plant and take care of trees, on the roadside, and free land.

The Social Forestry project was a major

READ MORE ON B2

US labour market keeps Fed on fierce rate hike path

REUTERS, Washington

US employers hired more workers than expected in May and maintained a fairly strong pace of wage increases, signs of labour market strength that will keep the Federal Reserve on an aggressive monetary policy tightening path to cool demand.

The Labor Department's closely watched employment report on Friday also showed the unemployment rate holding steady at 3.6 per cent for a third straight month, even as more people entered the labour force. It sketched a picture of an economy that continues to expand, although at a moderate pace.

The US central bank's interest rate hike campaign and tightening financial conditions have caused anxiety among investors about a recession next year.

"The economy is miles away from being wrecked on the shores of recession with the economy continuing to hire workers at this fast of a clip," said Christopher Rupkey, chief economist at FWDBONDS in New York. "It is not slowing enough to put the inflation fire out. The Fed's work is not done."

The survey of establishments showed that nonfarm payrolls increased by 390,000 jobs last month. Data for April was revised higher to show payrolls rising by 436,000 jobs instead of 428,000 as previously estimated. While May's job gains were the smallest in a year, they were way above the monthly average that prevailed before the Covid-19 pandemic in 2020.

Employment now is just 822,000 jobs below its pre-pandemic level. Most industries with the exception of leisure and hospitality, manufacturing, healthcare, wholesale trade and local government education have recouped all the jobs lost during the pandemic.



Price tags are seen on the samples of rice and lentils that are kept on display at a wholesale market in the old quarters of Delhi, India.

PHOTO: REUTERS/FILE

India says no plans for now to curb food exports

REUTERS, New Delhi

India has no plans to curb food exports for now, Piyush Goyal, the Minister for Commerce and Industry, Consumer Affairs and Food and Public Distribution said on Friday, weeks after New Delhi banned private wheat exports.

"As of now we do not see the need to do it on any other commodity," Goyal said answering a query whether the government of Prime Minister Narendra Modi was considering banning the export of food products such as rice.

India banned wheat exports on May 14, just days after New Delhi forecast record shipments of 10 million tonnes this year, as a heat wave hit output and sent domestic prices to record highs.

A few weeks later, India imposed restrictions on sugar exports for the first time in six years by

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