

## 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.

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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.

Elizabeth 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), Hızır (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

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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

## India says Focus on bottom 40pc

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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."

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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.