Plastic toys are seen on display during a seminar showcasing progress in the local manufacturing of such products at the CIRDAP auditorium in Dhaka yesterday.

PHOTO: RASHED SHUMON

Plastic toys poised to be the next big export earner

STAR BUSINESS REPORT

The plastic toy industry could play a significant role in expanding Bangladesh's export basket as shipments are expected to hit an estimated $466.31 million by 2030 if the current annual growth trend holds steady at 24 per cent, according to speakers at a seminar.

"With this growth rate, Bangladesh could become the 28th largest toy exporter in the world that year," said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

However, local manufacturers need to take the necessary steps to accelerate production of world-class products and explore new markets in order to achieve this milestone.

"So, we are always working for the development of this sector. For example, efforts are being made to reduce the import duty on raw materials," he added.

The seminar, styled "Plastic Toy Industries of Bangladesh-A Potential Sector for Export Diversification", was jointly organised by the Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA) and Export Competitiveness for Jobs (EC4J), a project of the commerce ministry financed by World Bank Group.

The event, aimed at showcasing the progress made in local manufacturing of plastic toys, was held at the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) auditorium in Dhaka yesterday. Spain is currently the biggest export market for plastic toys made in Bangladesh while Italy and France are tied for second place.

Exports of plastic products hit $128.77 million in the July-April period of the ongoing fiscal year with toys accounting for about $37.10 million, or 29 per cent, of the total amount.

As such, the toy sub-sector of the plastics industry could play a big role in increasing non-traditional exports, said Ferdous Ara Begum, chief executive officer of Business Initiative Leading Development.

"Bangladeshi toys have already set foot in Europe and North America," she added.

Shamim Ahmed, president of the BPGMEA, sought the government's cooperation for developing the toy industry. The largely labour-intensive industry provides a lot of job opportunities and will likely play a big role in the country's export basket one day, he said.

About 90 per cent of the toys in Bangladesh were imported a decade ago but now, only 10 per cent comes from abroad.

However, the tariff on imported toys should be raised to $20 per kilogramme from the $7.5 at present, Ahmed added.

Yusuf Ashraf, a former president of the BPGMEA, called upon all to work together to find solutions to various issues, including the production of counterfeit products.

Mansurul Alam, project director of the EC4J, said although the toy market has existed for centuries, not a single brand of substance has started its journey from Bangladesh as of yet.

"Our satisfaction is still limited to exporting non-brand toys," he added.

Alam went on to say that if local manufacturers want to compete with world-renowned brands, they will have to make world-class products.

"To this end, the government will have to take several policy initiatives, such as infrastructural cooperation and reduction of tariffs on ancillary imports," he said.

Tapan Kanti Ghosh, secretary of the commerce ministry, said the plastic toy industry is expanding rapidly and at the same time, it is increasing investment in the country. He assured that the government would provide all possible forms of assistance to enrich the sector and make it a driving force for exports.

Mentioning that compliance with industry standards has become an important issue in international trade, Ghosh said local toy industries need to be modernised and made suitable for the global market.

At the event, the BPGMEA urged the government to withdraw the supplementary duty on all types of toy components to help the sector flourish.

With about 100 toy makers operating in the country and 12 of them being large companies, the market is estimated to be worth around Tk 7,000 crore. Of this amount, local producers contribute around Tk 4,000 crore while the rest is imported.

Telcos owe govt Tk 13,068cr

Jabbar says in parliament

STAR BUSINESS REPORT

The mobile phone operators owe Tk 13,068 crore to the government, Telecom Minister Mustafa Jabbar told the parliament yesterday.

Of the amount, Grameenphone owes Tk 10,580 crore and state-owned Teletalk Tk 1,631 crore.

The minister shared the information in response to a query from Jatiya Party Lawmaker Syed Abu Hossain Babla.

The minister said the amount of Grameenphone's audit objection is around Tk 12,579 crore and it has so far paid Tk 2,000 crore to the government.

In a scripted answer, the minister said, the amount of Robi Axiata's audit objection is around Tk 867 crore.

Of the amount, Robi has cleared Tk 138 crore and now its arrear stands at Tk 729 crore.

The minister also informed the House that Citycell owes around Tk 128 crore to the government.

Cases were pending in the Supreme Court over the arrears of Grameenphone, Robi and Citycell, Jabbar said.

In 2012, Bangladesh had 8.66 crore mobile subscribers, which has crossed over 18.34 crore this year, the telecom minister said in response to another query from Awami League Lawmaker Nazrul Islam Babu.

The country now has 3.19 crore 3G subscribers and 7.54 crore 4G users, Jabbar said.

The number of Bangladesh's internet subscribers was 2.89 crore in 2012, which is now hovering around 12.42 crore, he said.

The country's teledensity—the number of telephone connections per 100 people in a specified geographic area—is now 105.85 per cent, which was 60.9 per cent 10 years ago.

Dhaka motor show begins on June 23

STAR BUSINESS REPORT

Dhaka Motor Show, where brand new cars and motorcycles will be on display, will take place between June 23 and 25 at the International Convention City Bashundhara (ICCB) in Dhaka.

CEMS-Global USA, a professional multinational exhibition and convention organiser based in New York, will organise the event.

The Dhaka Motor Show could not be organised in 2020 and 2021 due to the Covid-19 pandemic.

"The exhibition sector suffered greatly because of the pandemic," said Meherun N Islam, president and group managing director of CEMS-Global USA for Asia and the Pacific.

As such, the "15th Dhaka Motor Show", "6th Dhaka Bike Show", "5th Dhaka Auto Parts Show" and "4th Dhaka Commercial Automotive Show" will be held jointly this time, she said.

Various brands and more than 200 companies from across 15 countries, including Germany, Italy, France, the US, Japan, India, and Malaysia will participate through 530 booths, Islam added.

Budget to be cautiously larger

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The proposed size of the budget for FY23 is 12 per cent bigger than the original budget of the current FY22 at Tk 6,03,681 crore.

The size of the current year's budget is 17.5 per cent of the GDP while the size of the budget for the next fiscal year is projected to be 15.4 per cent of the GDP.

Regarding measures to be taken in the upcoming budget, he said the budget would not be very ambitious this time while the government was laying emphasis on the measures that would help face challenges pertaining to inflation right now.

The state minister said caution needs to prevail although the country's economy has been doing well even during the Covid-19 period compared to many other countries and it performed well in terms of macroeconomic management.

The rise of inflation did not originate in Bangladesh, by the increase in demand or by the increase in costs up until now, he opined.

The country has been hit by a rise in inflation due to price hikes in the global market as it needs to import many of the essential commodities, he said.

The government plans to take up large scale social safety net programmes amidst a rise in the number of people with no income or those who are financially insolvent, he said.

This time the budgetary allocation for social protection measures will be over 3 per cent of the GDP, said Alam.

The government will have special programmes for the creation of jobs in rural areas and is planning special funds for the creation of jobs for the poor, he said.

Existing social protection measures or activities like vulnerable group feeding (VGF) will continue, he said.

The government will take measures so that markets can function in a normal fashion and so that there is no disruption, he said.

The state minister informed that the number of government projects would be the lowest this year than any other time before.

"We will reprioritise projects," he said.

The government will lay emphasis on projects which will help enhance production capacity, particularly in agriculture, and create jobs, he said.

"And we will prioritise those projects that will help exports in terms of facilitating ports, transports," said the state minister, adding, "That will be the target."

And, projects which can be taken up later will be deferred by a couple of months or may be for one year, he said.

On the number of projects that could be deferred, the state minister refused to divulge any figure.

Asked whether the increase of foreign loans is a matter of concern in context to the debacle Sri Lanka was facing, the minister said the debt to GDP ratio was quite high in the neighbouring island country, above the danger level.

Mentioning that the country's foreign loans were still quite low, he said, "We are quite in the safe zone. We really don't understand why we are compared to Sri Lanka."

"Rather we helped Sri Lanka by providing $250 million as loan," he said.

Regarding the pressure on the country's foreign currency reserve, the state minister said the country would overcome this problem as exports were buoyant.

"And we will try to contain the import of luxury items and perhaps we will be imposing some tariffs on different commodities which we have our own capacity to produce," he said.

Mentioning that the country's current account deficit is less than one percent of the GDP now whereas 2.4 per cent is considered to be a threat, he said, "There too we are in the safe zone."

Govt's borrowing from banks

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Depreciation of the local currency against the US dollar has left an adverse impact on inflation, Ahmed said.

Inflation shot up to 6.29 per cent in April, the highest in 18 months, amidst food prices and non-food prices staying persistently high, data from the Bangladesh Bureau of Statistics showed.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, however, said borrowing money from banking sources was not a bad practice, rather the government should strengthen its skills in spending the funds efficiently.

He said deficit financing of the government stood at Tk 17,897 crore in the first half of FY 2020-21, but there was no deficit during the same period of this fiscal year.

The deficit turned into a surplus between July and December of this fiscal year when the figure stood at Tk 1,130 crore.

The government borrowing from the banking sources stood at Tk 28,432 crore in FY21 and Tk 79,268 crore in FY 20.

NBFIs asked

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have remained in the bad category of NPLs for at least three years.

NBFIs must keep at least 100 per cent provisions against bad loans.

Non-performing loans at 34 non-banks stood at Tk 13,016 crore last year, which is 19.33 per cent of the outstanding loan of Tk 67,354 crore.

The weakness of the NBFI sector was revealed after PK Halder and his associates had laundered about Tk 2,500 crore from three NBFIs -- International Leasing and Financial Services, Peoples Leasing and FAS Finance and Investment.

Fugitive for about two years, Halder was arrested in India last month. He was the former managing director of Reliance Finance and NRB Global Bank.

Taka loses further

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$27.56 billion, up 53 per cent year-on-year.

Moreover, remittance inflow fell 15.95 per cent year-on-year to $19.19 billion in the first 11 months of this fiscal year.

All these led to the decline in foreign exchange reserves to $42.11 billion on June 1 against $46.15 billion on December 31 last year.

World Bank slashes global growth forecast

REUTERS, *Washington*

The World Bank on Tuesday slashed its global growth forecast by 1.2 percentage points to 2.9 per cent for 2022, warning that Russia's invasion of Ukraine has compounded the damage from the Covid-19 pandemic, with many countries likely to face recession.

The Russian invasion of Ukraine had magnified the slowdown in the global economy, which was now entering what could become "a protracted period of feeble growth and elevated inflation," the World Bank said in its Global Economic Prospects report.

World Bank President David Malpass said global growth was being hammered by the war, fresh Covid-19 lockdowns in China, supply-chain disruptions and the risk of stagflation, a period of weak growth and high inflation last seen in the 1970s.

"The danger of stagflation is considerable today," Malpass wrote in the foreword to the report. "Subdued growth will likely persist throughout the decade because of weak investment in most of the world. With inflation now running at multi-decade highs in many countries and supply expected to grow slowly, there is a risk that inflation will remain higher for longer."

Between 2021 and 2024, the pace of global growth is projected to slow by 2.7 percentage points, Malpass said, more than twice the deceleration seen between 1976 and 1979.

The report warned that interest rate increases required to control inflation at the end of the 1970s were so steep that they touched off a global recession in 1982, and a string of financial crises in emerging market and developing economies.

While there were similarities to conditions back then, there were also important differences, including the strength of the US dollar and generally lower oil prices, as well as generally strong balance sheets at major financial institutions.

US launches plan to bring back foreign tourists

AFP, *Washington*

In an effort to win back billions of dollars in tourism revenue lost during the Covid-19 pandemic, the US government on Monday launched a plan to attract 90 million international travelers a year.

The five-year plan aims to add jobs and bring in an estimated $279 billion a year in spending by visiting tourists, the Commerce Department said.

"The impact of Covid-19 has taken a toll on our national and local economies, but it also has presented us with a unique opportunity to mold a more inclusive, equitable, sustainable and resilient travel and tourism industry than ever before," Commerce Secretary Gina Raimondo said in a statement. Prior to the pandemic, travel and tourism generated a $53.4 billion trade surplus and supported a million US jobs, the statement said.

In 2019, nearly 80 million international travelers visited the country and contributed almost $240 billion to the US economy, but that dropped by more than half in 2020.

With widespread availability of vaccines, monthly overseas arrivals have increased to more than two million in April 2022, up from roughly 775,000 in October 2021. That means international travel has generated a trade surplus in each of the past five months -- a positive indication the sector is trending toward recovery, the statement said.