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PHOTO: STAR

China may give more duty benefits for Bangladeshi goods

STAR BUSINESS REPORT

China is going to increase duty benefits for Bangladesh, allowing one percentage point more Bangladeshi products free access to its markets, saying it was to reduce the trade imbalance between the two countries.

Some 97 per cent of goods originating from Bangladesh have already been enjoying the duty benefit since July 2020. The package covers nearly 9,000 Bangladeshi goods.

The proposed 98 per cent will cover more than 9,000 locally produced goods.

However, the duty benefit will cease to exist once Bangladesh makes the status graduation from a least developed country to a developing one in 2026. However, it could be retained through a trade deal.

The tariff free quota will be expanded by 1 percentage point as soon as possible, said Li Jiming, Chinese ambassador to Bangladesh, yesterday.

"We are at the final stage of now," he told a seminar on "Making the Most of Market Access in China: What Needs to be Done?".

The event was jointly organised by the Bangladesh China Chamber of Commerce and Industry (BCCCI) and Research and Policy Integration for Development (RAPID) at Pan Pacific Sonargaon in Dhaka.

"One per cent is very crucial...We also need to make the free trade agreement (FTA). A joint working group is working on it. I hope the FTA can be signed as soon as possible," said Jiming.

An FTA will not only increase the



trade but also increase investment from China, boost tourism and education, said the Chinese envoy.

He said Bangladesh may also join the Regional Comprehensive Economic Partnership (RCEP), the largest regional free trade bloc led by China.

The envoy also said a bilateral economic committee would sit in an important meeting at the end of this month to resolve pending issues related to livestock and agriculture.

A Chinese special economic zone is also nearly ready for development, he said.

"Deeper financial cooperation is also needed between the two countries," said Jiming, adding that setting up of

Chinese banks in Bangladesh was also important for currency exchange in the future.

However, peace and political stability are important for economic growth of this region, he said.

Signing of the FTA can be a good solution for long term business with China, said Commerce Minister Tipu Munshi. He said an agreement was signed on signing the FTA in 2018.

At the end of the current fiscal year, the total export of the country will cross the \$51 billion mark and in the next fiscal year, the amount will stand at \$60 billion, he said.

In a keynote paper, Mohammad Abdur Razzaque, chairman of the

RAPID, said every year China imports \$2.7 trillion worth of goods from different countries of the world.

If Bangladesh can grab even 1 per cent, the amount will be \$27 billion, he said.

However, practically the scenario of exports to China is not so rosy although 97 per cent of goods get duty benefit, he said.

Bangladesh's share in Chinese imports is 0.004 per cent, which was \$680 million last year.

Exports are not increasing from Bangladesh to China because of a lack of product diversification, he said.

China imports clothing items worth \$9.7 billion from the world in a year.

So, even if Bangladesh is able to grab the whole of Chinese imports of clothing items, the amount is not big in the garment segment.

The global garment business is worth \$436 billion, with China itself exporting goods worth \$180 billion to the European Union and \$90 billion to the US.

Bangladesh needs to diversify its export items such as engineering items, electrical machinery, leather and leather goods and electronic goods to utilise the access to Chinese markets, he said.

Dependence on clothing items will not help grow exports to China, he said.

Bangladesh needs to prepare to grab a bigger market share of China, said AHM Ahsan, vice-chairman of the Export Promotion Bureau.

The tastes of the new generation of Chinese consumers have also changed a lot and they like online businesses and to buy branded goods, he said.

Shanta Lifestyle to offer one-stop interior solution

MAHMUDUL HASAN

People often get confused about how they will design their homes to embody an aesthetically pleasing environment and where they will find items of brands they desire.

As is often the case, they end up having to spend hours travelling all around the city just to get their specifications right.

To give customers respite from the perennial woes, real estate company Shanta Holdings is launching Shanta Lifestyle aiming to cater to the rising interior design and home decor needs of Bangladeshi consumers searching for luxury and exclusivity.



"Our idea is simple, come to us, we have multiple brands for each category of products in multiple price ranges. It's a one-stop destination, to purchase everything from one location," said Dewan Muhammad Sajid Afzal, chief executive officer of Shanta Lifestyle.

Initially, Shanta Lifestyle will be launched by making use of a 25,000 square feet showroom in the capital's Tejgaon

on June 17.

It wants to provide customers with kitchen solutions, sanitaryware, home automation and lighting, ceiling, wall and floor materials from around the world to introduce a new era of sophisticated interior designs and products in Bangladesh.

"If you look at the consumer's journey -- for tiles and sanitaryware they go to Hatirpool area, for lighting they go to either Paltan or the Stadium Market, for furniture they go to China or Europe and for curtains they go to Elephant Road," said Afzal.

"They get confused as there is no way to find cabinet and kitchen solutions," he added.

It wants to provide customers with kitchen solutions, sanitaryware, home automation and lighting, ceiling, wall and floor materials from around the world to introduce a new era of sophisticated interior designs and products

Customers literally go all over the place in Dhaka city just to make one home. And in Dhaka, with so much traffic and chaos, it becomes very difficult, he said.

Asked why Shanta embarked on this new venture, he said Shanta Holdings sets the standard in terms of projects it takes up, be it commercial or residential buildings, and in terms of living standards it gives to customers.

And for the last 30 years it has been successfully doing that, said Afzal, who has a master's degree in innovation, strategy and entrepreneurship from the Grenoble Ecole de Management, a French graduate business school.

"However, during the process, we have realised that our customers not just appreciate our buildings, they wanted us to invest in their interiors as well," he said.

"And that is a bigger challenge. Making a building is tedious as it is, but when we work on the interior, it comprises a thousand different elements," he added.

According to him, setting standards in interiors is very difficult for two reasons.

"One is, of course, finding the best materials and the other is the best people to install these," he said.

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IMPACT OF WAR

OECD sees lower global growth

AFP, Paris

The OECD warned Wednesday that the world economy will pay a "hefty price" for Russia's invasion of Ukraine as it slashed its 2022 growth forecast and projected higher inflation.

The Paris-based organisation, which represents 38 mostly developed countries, is the latest institution to predict lower GDP growth due to the conflict, which has sent food and energy prices soaring.

In its latest economic outlook, the Organisation for Economic Co-operation and Development said global gross domestic product would grow by three percent in 2022 -- down sharply from the 4.5 per cent estimated in December.

The OECD also doubled its forecast for inflation among its members -- which range from the United States to Australia, Japan, and Latin American and European nations -- to 8.5 per cent, its highest level since 1988.

"The world is set to pay a hefty price for Russia's war against Ukraine," wrote the OECD's chief economist and deputy secretary-general, Laurence Boone, adding that a "humanitarian crisis is unfolding before our eyes".

"The extent to which growth will be lower and inflation higher will depend on how the war evolves, but it is clear the poorest will be hit hardest," Boone said.

"The price of this war is high and will need to be shared."

Before the war broke out, the outlook had appeared "broadly favourable" for 2022-23, with growth and inflation expected to return to normal after the devastating Covid-19 pandemic, said the OECD.

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Indian vegetable vendors wait for customers at a market in Ahmedabad. As the gradual price rise has affected the budget of middle-income families, the demand for vegetables has come down marginally.

PHOTO: AFP/FILE

India hikes interest rates by 50 basis points

AFP, Mumbai

India's central bank on Wednesday hiked rates for a second time in as many months, as Asia's third-largest economy reels from galloping inflation in the wake of the Ukraine war.

The Reserve Bank of India raised its key repo rate by 50 basis points to 4.90 per cent, a month after kicking off an aggressive monetary tightening cycle with a surprise 0.4 percentage point lift in May.

"The war in Europe is lingering and we are facing newer challenges each passing day," Bank governor Shaktikanta Das said in a televised address, pointing to higher food and fuel prices.

He added that inflation was a global problem but emerging economies were facing "bigger challenges", with market turbulence following monetary policy shifts in advanced economies.