

WTO chief warns of rocky road to deals

REUTERS, Geneva

World Trade Organization chief Ngozi Okonjo-Iweala expressed cautious optimism on Sunday that more than 100 trade ministers meeting in Geneva would achieve one or two global deals this week, but warned the path there would be bumpy and rocky.

The director-general from Nigeria said the world had changed since the WTO's last ministerial conference nearly five years ago.

"I wish I could say for better. It has certainly become more complex," she told a news conference before the meeting, listing the lingering Covid-19 pandemic, the war in Ukraine and major food and energy crises as pieces of a "polycrisis".

She urged trade ministers to go the extra mile over the coming days to achieve agreements such as to reduce fishing subsidies, boost access to Covid-19 vaccines, address food security and to set a course for reform of the WTO itself.

"Let me be clear, even landing one or two will not be an easy road. The road will be bumpy and rocky. There may be a landmine along the way," Okonjo-Iweala said, adding she was "cautiously optimistic" that the meeting would conclude with one or two deals.

She also cautioned ministers they should not expect to achieve everything on their countries' wish lists and recognise that compromises are never perfect.

India issues 6m tonnes imported coal tenders

REUTERS, New Delhi

Coal India, the world's largest coal miner by output, has issued two tenders to import 6 million tonnes of coal for utilities in the next 12 months, it said on Friday, as the government seeks to boost fuel availability.

This follows another tender the state-run miner issued on Thursday to import 2.42 million tonnes of coal by the end of September.

Coal India (CIL), which has little experience in importing coal, was asked to place orders for shipments from overseas by the power ministry as utilities suggested multiple tenders would lead to confusion and sought centralised procurement through CIL.



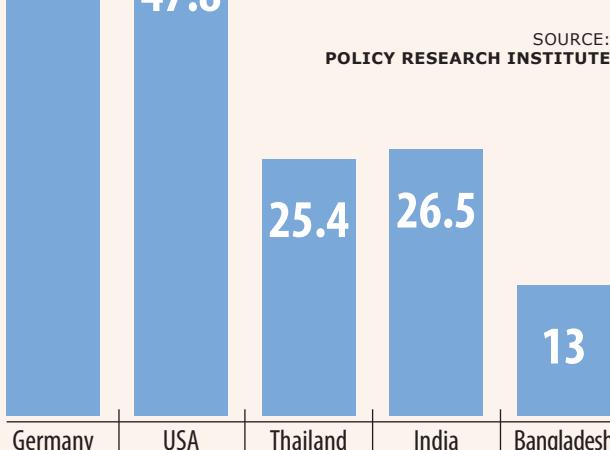
**ECONOMIST'S TAKEAWAYS**

- Budget business-friendly
- Changes in tax policy to promote investment
- Higher bank borrowing to crowd out private sector
- No major effort to review extensive subsidy programme

**SUGGESTIONS**

- Use monetary policy to contain demand
- Leave exchange rate up to the forex market
- BB should only focus on ensuring stability
- Increase revenue collection

**GOVT SPENDING IN % OF GDP IN 2020**



## Use monetary policy to contain demand, reduce inflation

Says PRI Executive Director Ahsan H Mansur at AmCham budget discussion

**STAR BUSINESS REPORT**

The monetary policy must be used as a proper tool to contain demand, reduce inflation, and stabilise the exchange rate in Bangladesh, a noted economist said yesterday.

Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh, a think-tank, said currently, with deposit and lending rates capped, there cannot be any monetary transmission and thus, there is no scope for using the monetary policy for stabilisation purposes.

"Price stability cannot be achieved without the proper use of monetary policy," he said at a post-budget panel discussion at the Sheraton Hotel in Banani, Dhaka. The American Chamber of Commerce in Bangladesh (AmCham) organised the discussion.

In his presentation, Mansur said the economy was passing through a difficult patch due to external sector imbalances and inflationary pressures.

The reduced size of the budget, in relation to GDP, would help reduce domestic demand pressure, although some upfront price adjustments for other products with regulated prices, like the increase in gas prices, would have helped contain demand pressures further.

"The exchange rate should be left with the market and Bangladesh Bank should only focus on ensuring its stability without

interfering with its trend. The interbank foreign exchange market must be allowed to work freely (without interference).

Speaking about the challenges facing the economy, Mansur said there are challenges but they are manageable.

"What is needed is the application of right policy instruments for the right objectives."

He went on to say that the FY23 budget faces three uncertainties: on the revenue side, on managing the ballooning fiscal subsidy, and managing the financing of the growing fiscal deficit.

"Bangladesh's budget size is the smallest of almost all countries. Whether this is a curse or blessing is yet to be determined," Mansur added.

The PRI executive director thinks that Bangladesh requires large government spending to meet the growing needs of the economy.

"But if the resources are not well-spent, economic performance will suffer," he said.

Mansur then raised questions about whether Bangladesh would be able to become an upper-middle-income or high-income country with this kind of small public sector.

Mansur called the budget unveiled for the next fiscal year business friendly.

"The changes in the tax policy are generally business friendly and will help promote investment."

He welcomed the reduction in corporate

tax rates and lowering of withholding of value added tax and income tax at sources associated with business transactions.

The former official of the International Monetary Fund argued that more could be done for the poor to overcome inflationary repression.

"Many of the allowance for the elderly, widowed and others remained at only Tk 500 per month for many years. Some modest increases could have protected their real income in part."

Mansur pointed out that the composition of the budget deficit financing was undergoing a major shift.

From the fiscal year of 2009-10 to 2014-15, external financing was sharply declining and the share of high cost domestic financing was increasing. Since FY20, the dependence on foreign financing has been increasing.

"This is a positive development given the high cost of domestic financing in Bangladesh and the low foreign debt-to-GDP ratio," he said.

On the domestic financing side, borrowing from the banking system is budgeted to be Tk 106,000 crore against Tk 32,000 crore in FY21.

Higher public borrowing is planned although the money market is already tight. As a result, private sector credit will be crowded out, he added.

According to the economist, the Tk 82,000 crore allocation for subsidies is a soft number and likely to increase further if the international prices for fertilizer, primary energy and food increases or remains high.

"No major effort was made to review the extensive subsidy programme despite the

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## Cash-strapped Sri Lanka announces weekly fuel quotas

AFP, Colombo

Crisis-hit Sri Lanka announced weekly fuel quotas for motorists on Sunday, as an acute shortage worsened and longer queues formed outside the few pumping stations still operating.

Energy minister Kanchana Wijesekera said the state-run Ceylon Petroleum Corporation was struggling to finance oil imports, while consumption had shot up due to shortages of electricity and liquefied petroleum gas.

"We have no choice but to register consumers at filling stations and give them a guaranteed weekly quota until we are able to strengthen the financial situation," the minister said.

"I hope to have this system in place by the first week of July." He did not say how much fuel motorists will be allowed to buy under the new system.

Sri Lanka has been struggling with its worst economic crisis in decades, with the country unable to import basic necessities such as food, fuel and medication due to a lack of foreign exchange reserves.

In mid-April, the government ordered all fuel stations not to pump more than four litres of petrol for a motorcycle, five for a three-wheeler and 19.5 litres of gasoline or diesel for cars and SUVs.

Under that system, many motorists would top up, drain fuel into cans to build a buffer stock, and then return to the queue for more.

This week, queues at fuel stations had become longer, with hundreds of cars and thousands of motorcycles waiting in line, sometimes for days.

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People visit the new restaurant "Vkusno & tochka", which opens following McDonald's exit from the Russian market, in Moscow yesterday.

## Govt mulls framing national quality policy Says industries minister

**STAR BUSINESS REPORT**

The government is planning to formulate a national quality policy to ensure the local manufacturing of products at global standards, which will pave the way for Bangladesh to increase exports, Industries Minister Nurul Majid Mahmud Humayun said yesterday.

He said internationally accredited and reliable national accreditation infrastructure was crucial for strengthening the export of local products and services. So, the government had established a quality accreditation infrastructure ecosystem.

"As a part of it, the efficiency of the Bangladesh Accreditation Board (BAB) has been improved a lot and it is now well-equipped to provide the necessary accreditation. The government is also considering formulating a national quality policy," he said.

"Testing labs should be well-equipped with modern technologies so that accreditation is accepted in the world market."

The minister spoke at a seminar at the auditorium of the Dhaka Chamber of Commerce and Industry (DCCI) jointly organised by the BAB and the chamber on the occasion of World Accreditation Day 2022.

The main theme of this year's Accreditation Day is "Accreditation: Sustainability in Economic Growth and the Environment", according to a press release of the DCCI.

Kamal Ahmed Mojumder, state minister for industries, said accreditation is important for the implementation of Sustainable Development Goals.

"But for that, we need to enhance our technological advancement and reliability. The BAB is now an efficient institution but it should be strengthened further."

**"As a part of it, the efficiency of the Bangladesh Accreditation Board (BAB) has been improved a lot and it is now well-equipped to provide the necessary accreditation"**

Industries Secretary Zakia Sultana emphasised adequate accreditation infrastructure for the sake of export competitiveness.

"Quality accreditation helps us internationally enhance export."

She said due to unplanned industrialisation worldwide and massive economic activities, there is a negative impact on climate and Bangladesh is no exception.

"Under such circumstances, if we are able to comply with the accreditation process for both goods and services, it will help us ensure a better liveable world for the next generation."

"If we can ensure accreditation for our local products, it will expedite export earnings as well as reduce cost and time."

According to Rizwan Rahman, president of the DCCI, quality certificates issued by local labs for export items such as leather, jute and jute goods, plastic, and frozen food should be endorsed by the BAB so that these certifications are accepted by the global authority.

He called for implementing advanced learning in the industrial sector and emphasised strong collaboration with international accreditation and quality assurance agencies to enhance business competitiveness.

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## Rebranded McDonald's restaurants open in Russia

REUTERS

It might look and smell like McDonald's but now it's Vkusno & tochka. The golden arches are gone, the filet-o-fish is simply a fish burger. The Big Mac has left Russia.

A new era for Russia's fast-food and economic scene dawned on Sunday as McDonald's restaurants flung open their doors in Moscow under new Russian ownership and with the new name, which translates as "Tasty and that's it".

The rebranding of the outlets, three decades after the US burger giant first opened in Moscow in a symbolic thaw between East and West, is once again a stark sign of a new world order.

The fortunes of the revamped chain, which McDonald's sold when it exited the country over the conflict in Ukraine, could provide a test of

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