

## ECB to discuss 50bp rate hike this week

REUTERS, Frankfurt

European Central Bank policymakers will discuss whether to raise interest rates by a bigger-than-expected 50 basis points at their meeting on Thursday to tame record-high inflation, two sources with direct knowledge of the discussion told Reuters.

The sources said policymakers were also homing in on a deal to provide help for indebted countries like Italy on the bond market - provided they stick to European Commission rules on reforms and budget discipline.

The sources, who spoke on condition of anonymity because the deliberations are private, added the discussion about whether to increase rates by 25 or 50 basis points was still wide open.

**Policymakers were also homing in on a deal to provide help for indebted countries provided they stick to European Commission rules**

Other major central banks have been raising rates in bigger increments, such as 75 or even 100 basis points, to contain surging inflation, raising the pressure on the ECB to do more.

But a looming recession in the euro zone made some governors more cautious about choking off growth.

An ECB spokesperson declined to comment, citing the bank's pre-meeting quiet period.

The euro jumped on Tuesday after Reuters first reported that a 50 bp hike was under discussion, and was last up 0.9 per cent against the dollar at \$1.0232. The single currency briefly fell below parity last week.

Yields on euro zone government bonds also rose, with Germany's two-year benchmark now yielding 1.329 per cent.

The ECB said on June 9 after its last meeting that it would raise interest rates gradually, probably by 25 basis points in July with a bigger move possible in September.

But ECB chief Christine Lagarde later said there were "clearly conditions in which gradualism would not be appropriate".

Euro zone inflation hit 8.6 per cent last month and is expected to keep rising until the autumn, driven by soaring fuel and food prices.

## Indian rupee plunges, hits 80 per dollar

AFP, Mumbai

The Indian rupee fell to more than 80 per US dollar for the first time on record Tuesday, as the greenback extended its rally and foreign capital outflows intensified.

The rupee hit 80.0600 against the US dollar in early trade, Bloomberg data showed, before paring losses on suspected central bank intervention to close at 79.9487.

High inflation and rising interest rates in the United States coupled with fears of an impending recession in the world's biggest economy have fuelled a broad dollar rally in recent weeks as investors become increasingly risk-averse.

Tighter US monetary policy has exacerbated outflows from emerging markets such as India, where foreign investors have withdrawn a net \$31 billion in debt and equity this year.

Data released last week showed that US consumer price inflation hit a fresh four-decade high in June, exceeding market forecasts and stoking expectations of another large Federal Reserve rate hike next week.

In a written statement to the Indian parliament on Monday, finance minister Nirmala Sitharaman attributed the rupee's sharp fall to external reasons.

"Global factors such as the Russia-Ukraine conflict, soaring crude oil prices and tightening of global financial conditions are the major reasons for the weakening of the Indian Rupee against the US dollar," she said.

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Although the government has been pushing for increased use of concrete blocks in all public construction projects to curb greenhouse gas emissions from brick kilns, lax monitoring by the relevant authorities has led to slow implementation in this regard.

PHOTO: COLLECTED

## Use of concrete blocks in public construction still low

Bricks should fully be replaced by concrete blocks by 2025

MD ASADUZZAMAN

The progress in using concrete blocks instead of bricks for all public development projects has been sluggish as government agencies have made little efforts in this regard due to lax monitoring by the relevant authorities, according to experts.

In a notification issued on November 24, 2019, the Ministry of Environment, Forest and Climate Change declared the use of bricks for construction would be gradually phased out by 2025 in order to curb environmental degradation.

As such, concrete blocks will be used in all public construction projects, including herringbone bond roads and type B village roads.

The move came amid concerns of rising air pollution caused by expanding production at brick kilns to meet soaring demand from the construction sector.

The kilns release carbon dioxide and other harmful substances during the production process, which involves baking clay.

There are between 7,000 and 10,000 kilns across the country that produce 23 billion bricks annually, emitting about 15.67 million tonnes of carbon dioxide, according to industry trade bodies and the Department of Environment (DoE).

In addition, the brick making industry requires the excavation of around 33.50 billion cubic feet



of clay each year, causing dust pollution and sedimentation.

As per the notification, concrete blocks would have to make up at least 10 per cent of the materials used by government agencies in their respective development projects in fiscal 2019-20 and 20 per cent the following year.

The threshold then rose to 60 per cent for the current fiscal and 80 per cent for fiscal 2023-24 while the use of bricks would be completely phased out by fiscal 2024-25.

The directive is not applicable for the construction and repairing of the base and sub-base of highways, it said.

In addition, legal action will be taken in the case of any deviation from the mentioned time frame of the workplan.

But despite the ministry having outlined its annual target in this regard, government

agencies have not shown much effort to follow the guideline.

Asked about the progress of the implementation, Abdul Hamid, director general of the DoE, said they are working on it.

"There are no other comments for you," he told this correspondent at his office on Monday.

Hamid further declined to comment on any potential legal action against those who violated the guidelines established in 2019 to level up the progress to this end.

The Daily Star also contacted Sanjay Kumar Bhattacharjee, additional secretary (environment) at the Ministry of Environment, Forest and Climate Change.

Bhattacharjee also declined to make any comment, citing that he recently joined the post.

Md Ziaul Haque, director of the DoE in Dhaka, admitted that for various reasons, including

the coronavirus pandemic, their goals have not yet been achieved.

"Though a clear direction has been given to different government agencies, like the LGED and Public Works Department, the target has not been achieved," Haque said.

"We are trying our best to monitor in order to implement the order and also issued letters to the planning commission to not approve any infrastructure project that will not use a certain number of concrete blocks," he added.

He too did not give any exact figure on the progress rate but said they have asked all the concerned government agencies to submit progress reports.

Haque then assured that if this works effectively, the target will be achievable.

On the other hand, Sakhawat Hossain, head of sales at Mir Group of Companies, said although the market for concrete blocks has expanded, they did not see any robust initiatives from government agencies to use them.

Hossain went on to say that the Local Government Engineering Department (LGED) and Public Works Department did show some initiative, albeit at a slow pace.

Asked about the lack of monitoring from the DoE, he said the results speak for themselves as traditional clay bricks still dominate the construction sector.

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A vegetable vendor counts Indian rupee notes in Mumbai yesterday. The rupee fell to more than 80 per US dollar yesterday as high inflation and rising interest rates in US have fuelled a broad dollar rally in recent weeks.

## Geneva Package giving a new life to WTO

FERDAUS ARA BEGUM

The Geneva Package has been agreed upon after a long and painful debate and sleepless nights overrunning more than 48 hours on June 17, 2022. World Trade Organisation (WTO) Director General Ngozi Okonjo-Iweala termed it an unprecedented package of deliverables.

The outcome document emphasised the need for the proper functioning of the WTO, reaffirmed its fundamental principle and envisioned reforms to improve its functions. It may throw in to the resurrection of the multilateral trading system. However, the expectation of graduating least-developed countries (LDCs) remained almost unmet.



The second part contains nine declarations: agreement of fisheries subsidies; work programme on electronic commerce; Covid-19 pandemic and preparedness for future pandemics; TRIPS agreement; food purchases exemption from export prohibitions or restrictions; emergency response to food insecurity; Sanitary and Phytosanitary (SPS) Declaration; TRIPS (Trade-Related Aspects of Intellectual Property Rights) non-violation and situations complaints; and a work programme on small economies.

Services waiver and improved data on LDC services export, services suppliers and consumers of LDC services in the markets of members that notified preferences were discussed. The General Council will report it to the next ministerial conference, the MC13.

A similar is the case for preferential rules of origin and the implementation of the Nairobi Ministerial decision. It instructed the Committee on Rules of Origin to report to the General Council ahead of the MC13.

**Bangladesh needs to be committed to developing the capacities of the multilateral trading system. A specific task force can be framed for better preparation in future**

In regard to the implementation of the Trade Facilitation Agreement (TFA), all members were called upon to assist LDCs to help them meet their definitive category commitments within deadlines. The trade facilitation committee will review it on an annual basis.

Members acknowledged the environmental challenges and climate change implications and endorsed the importance of the contribution of the multilateral trading system to the UN 2030, and the Sustainable Development Goals.

LDCs need support for technological innovation and in that respect, the role of trade and environment as a standing forum is dedicated to dialogue among members to understand the relationships between trade measures and environmental measures.

Fisheries subsidies, the most debated issues, agreed to prohibit granting subsidies to the vessels engaged in illegal, unreported and unregulated fishing, overfishing, and other subsidies relating to fishing outside the jurisdiction of a coastal member or a non-member and outside the competence of the Regional Fisheries Management Organisation/Arrangement.

The agreement is specifically meant for marine wild capture fishing and fishing-related activities at the high sea and does not concern aquaculture and inland fishing. Developing countries have been granted two years after their entry into force. LDCs will get further extended time for notification obligations.

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## UAE inks energy deal with France

AFP, Paris

France secured promises of new energy supplies from the United Arab Emirates on Monday after talks between President Emmanuel Macron and UAE leader Sheikh Mohamed bin Zayed Al-Nahyan in Paris.

The UAE has emerged as a key partner for Western countries as they scramble for energy deals worldwide to replace imports from sanctions hit Russia.

Sheikh Mohamed, also known as MBZ, was on his first overseas state visit since taking office in May following the death of his half-brother.

After lunch between the two heads of state, a deal between French energy giant Total Energies and UAE state oil company ADNOC was signed "for cooperation in the area of energy supplies".

Macron's aides had said

PHOTO: AFP

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