Star BUSINESS

Trial run of Patenga terminal hits a snag

DWAIPAYAN BARUA, *Ctg*

The planned trial berthing of a vessel at the newly built Patenga Container Terminal (PCT) in the Chattogram port could not be begun yesterday due to the non-completion of some works.

The Chittagong Port Authority (CPA) last week announced that it would start the trial operation of the terminal by berthing a bulk vessel in one of the four jetties of the PCT, whose construction began in 2017.

Some trial tests such as jetty load test, pile load test and mooring bollard load test for checking the load capacity of various parts of the jetties are yet to be carried out.

Chittagong Port Authority last week announced that it would start the trial operation of the terminal by berthing a bulk vessel in one of its four jetties

CPA Chairman Rear Admiral M Shahjahan said some test trials and mechanical works need to be done before berthing a vessel.

"Otherwise, accidents might take place."

Load calibration of the weighbridge to synchronise with the entry and exit points has not been done yet. If the calibration is not completed, the authorities would be not able to perform the required verified gross mass test of container-carrying vehicles.

"We are trying to complete these works in the quickest possible time," said Shahjahan, adding that the trial operation might take place by the end of July.

The government approved the project to construct the terminal having three container jetties and a dolphin jetty on around 32 acres of land at Patenga in June 2017.

According to the initial proposal, the project was supposed to complete by December 2019. The implementation period was

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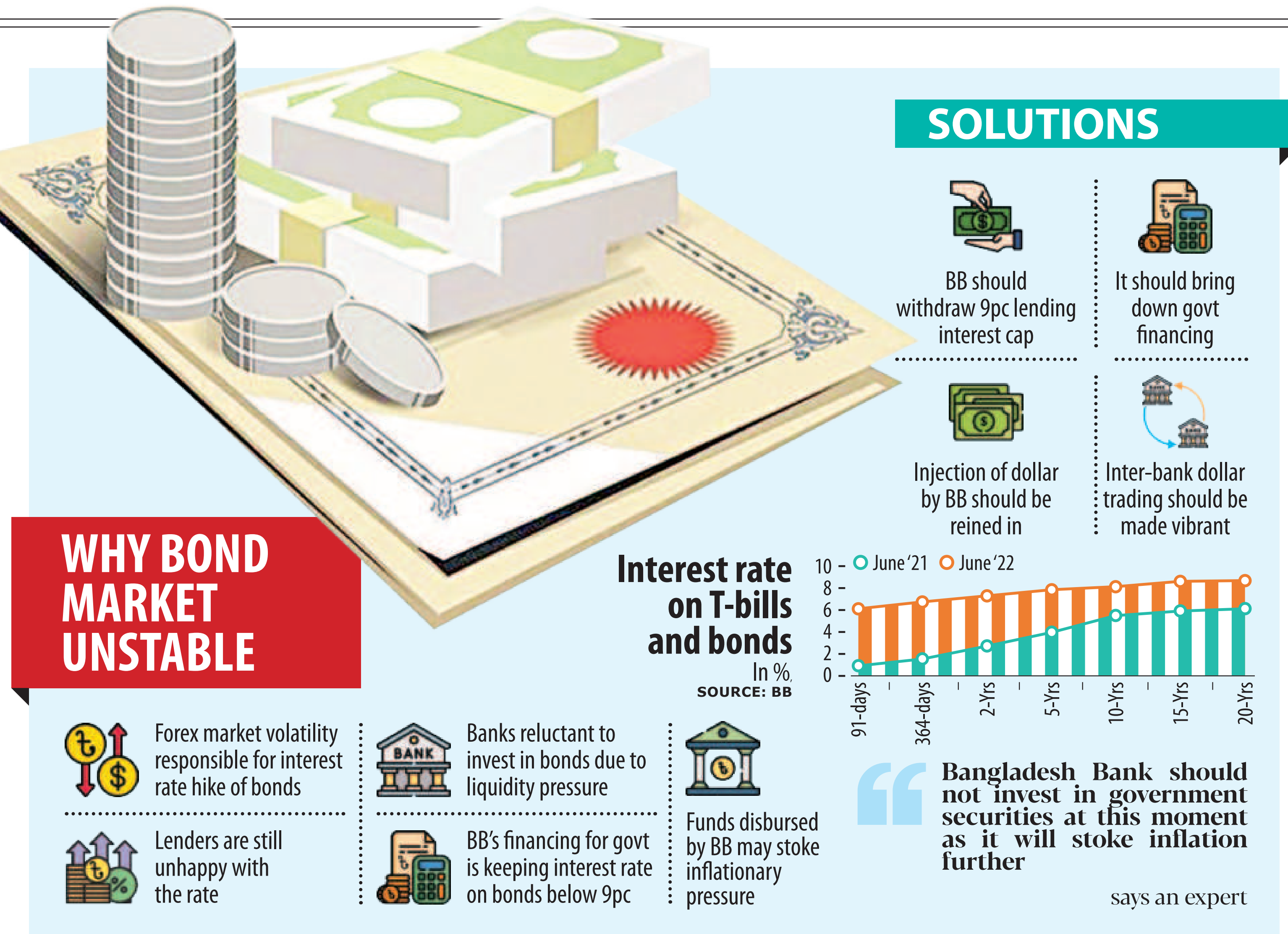

Forex crisis spills over to bond market

AKM ZAMIR UDDIN

Banks in Bangladesh are already in a tight liquidity situation since they have to buy US dollars at higher rates to settle import bills.

So, they are not keen to invest in the government's long-term securities and bonds although the investment tools offer much higher rates compared to a year ago. Rather, they are on the lookout for higher returns in order to make the most out of their limited funds.

As a result, the government is struggling to raise funds from commercial banks to meet its expenditures by issuing Treasury bills and bonds with yields ranging from 6 per cent to 8.65 per cent. The yield ranged from 0.79 per cent to 6 per cent a year ago.

In order to support the government, the central bank itself is investing in the securities in a massive way, a move that may fan inflation, which hit a nine-year high in June owing to the volatility in global commodity markets.

Experts warn that banks' capacity to lend to the government will erode in the days to come due to the ongoing instability in the foreign exchange market of Bangladesh.

The central bank has lent Tk 7,792 crore to the government so far in July through the purchase of T-bills and bonds.

The government has set a bank borrowing target of Tk 106,000 crore for the current fiscal year. But it may overshoot the target owing to weak revenue collection.

The government borrowed Tk 72,749 crore from banks last fiscal year in contrast to Tk 24,292 crore the year before.

In the last fiscal year that ended on June 30, banks bought a record $7.62 billion of US dollars from the central bank with a view to meeting the demand of importers. This means a large amount of local currency was automatically mopped up, creating liquidity pressure in the banking system.

Excess liquidity at banks stood at Tk 189,183 crore in May, down 11 per cent year-on-year.

The central bank has injected $808 million into the money market in the first couple of weeks of the current fiscal year to keep the foreign exchange market stable.

Bangladesh's international currency reserves fell to $39.67 billion on Wednesday in contrast to $46.15 billion in December, owing to abnormally high imports, which swelled by 39 per cent to $75.40 billion between July and May.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says the interest rates on the T-bills and bonds have increased significantly in recent months, but they are not good enough to draw banks.

This is because many banks have to collect deposits at 7.50 per cent, which makes it difficult for them to invest in long-term T-bonds.

The interest rate on the 10-year T-bond is 8.1 per cent.

"Nobody can predict the market behaviour, which is now facing liquidity pressure. Besides, a majority of deposits are short-term with tenures standing at six months and below," Rahman said.

A BB official, on condition of anonymity, says that some lenders are quoting more than a 9 per cent interest rate at the auction of government securities.

Since banks are seeking more than 9 per cent interest rate on government securities, the central bank is now purchasing those bills and bonds to keep the interest rate below 9 per cent, he said.

"The ongoing tight liquidity situation will improve thanks to the BB's investment in the securities," said Mirza Elias Uddin Ahmed, managing director of Jamuna Bank.

"Such investment will create new money in the market."

However, there is a possibility that the BB's investment will leave an adverse impact on inflation.

"So, banks should place an emphasis on disbursing loans to the productive sector in order to

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Dollar gets even pricier

AKM ZAMIR UDDIN

The taka depreciated once again against the US dollar in the inter-bank platform yesterday.

The exchange rate stood at Tk 94.45 per dollar. It was Tk 93.95 on Wednesday.

On July 21 last year, the rate was Tk 84.80, which means there has been a 11.38 per cent loss in value in a year.

The country's foreign exchange market is facing a shortage of US dollars due to rising import payments and declining inflows of remittance.

Import payments have been going up since the end of last year because of a rise in the prices of commodities in the global market.

Bangladesh's foreign exchange reserves stood at $39.67 billion on Wednesday, down from $46.15 billion in December last year

Between July and May of last fiscal year, import payments went up by 39 per cent year-on-year to $75.40 billion while exports grew 33 per cent to $44.58 billion.

This resulted in a record trade deficit -- the gap between exports and imports -- of $30.81 billion, up 48.8 per cent year-on-year.

The inflow of remittance, the cheapest source of foreign currencies for Bangladesh, fell 15 per cent year-on-year to $21.03 billion in fiscal year 2021-22.

The country's foreign exchange reserves stood at $39.67 billion on Wednesday, in contrast to $46.15 billion in December last year.

Bangladesh Bank injected $70 million into the market yesterday to keep the market stable, Md Serajul Islam, spokesperson for the central bank, told The Daily Star.

The BB has so far injected $808 million in the market this fiscal year after supplying a record $7.62 billion last fiscal year.

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RAK Ceramics to set up bathroom fittings plant

STAR BUSINESS REPORT

RAK Ceramics (Bangladesh) will invest Tk 95 crore to set up a bathroom fittings plant with the capacity to produce 1,500 faucets, shower heads and all other related accessories in a bid to provide cheaper alternatives to imports, according to company officials.

The listed multinational ceramics brand yesterday informed the Dhaka Stock Exchange of its decision, which follows the company's previous plan to enter the tiles market.

Early last month, RAK Ceramics announced that it would invest Tk 902 in a greenfield facility to raise its tile production capacity by 15,000 square metres per day.

"As Bangladesh has huge potential in the coming days, we opted to increase production and grab a bigger share of the market," said Muhammad Shahidul Islam, company secretary of RAK Ceramics.

"Now, we are going to produce all bathroom fittings. We will soon start building the plant, which may take nearly a year to begin production," he added.

Islam went on to say that at present, most locally produced bathroom fittings are of low standard but people prefer significantly more expensive high-quality products that are imported.

So, RAK Ceramics aims to produce alternatives to these imports so that customers can get quality products at competitive prices.

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A shopkeeper uses a traditional hand fan to stay cool during a power cut in the afternoon, with the situation expected to prevail for some time. The government last Sunday announced a schedule for area-based load-shedding to mitigate an electricity crisis stemming from dwindling fuel stocks. The photo was taken from the capital's Ramna on Wednesday.

PHOTO: AMRAN HOSSAIN

Stocks drop for eighth day

STAR BUSINESS REPORT

Stocks in Bangladesh fell for the eighth straight trading day yesterday, triggering further panic among investors.

The DSEX, the benchmark index of the country's premier bourse, lost 12 points or 0.19 per cent to close at 6,126, the lowest since June 29 last year. It shed 240 points over the past eight sessions.

The Dhaka stocks witnessed buying pressure in the morning which did not sustain at the end of the day, said International Leasing Securities in its daily market review.

The selling spree of risk-averse investors continued focusing sector-specific issues amidst growing macroeconomic worries, it said.

Uncertainty is still growing with the deepening of the energy

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STOCKS

DSEX ▼	CSCX ▼
0.19%	0.34%
6,126.51	17,968.38

COMMODITIES

Gold ▼	Oil ▼
$1,695.47 (per ounce)	$95.16 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.51%	▲ 0.44%	▼ 0.57%	▼ 0.99%
55,681.95	27,803.00	3,152.30	3,272.00

Mohammad Hedayet Ullah

Syngenta Bangladesh gets new country general manager

STAR BUSINESS DESK

Syngenta Bangladesh recently promoted Mohammad Hedayet Ullah to the post of country general manager.

Hedayet Ullah will also play a role of a member of the Syngenta Asia Group Leadership Team concurrently, a press release said.

Hedayet replaces AMM Golam Towhid, who has been appointed as regional commercial operations lead for new farming ecosystem at Syngenta Asia Pacific based in Singapore.

He joined the multinational company as head of sales in 2020, where he has been instrumental in taking the business to new heights and setting new benchmarks in strategy, speed, and execution.

Syngenta is a global company headquartered in Switzerland, with 30,000 employees in more than 90 countries working to transform how crops are grown and protected.

Union Bank, Titas Gas sign deal

STAR BUSINESS DESK

Union Bank Ltd has signed an agreement with Titas Gas Transmission and Distribution Company Ltd enabling clients of the gas company to pay gas bill through all branches, sub-branches and iBanking of the bank.

Md Nazrul Islam, deputy managing director of Union Bank, and Md Eaqub Khan, company secretary of Titas Gas Transmission and Distribution Company, signed the agreement at the latter's head office in Karwan Bazar, Dhaka yesterday, a press release said.

ABM Mokammel Hoque Chowdhury, managing director of the bank, and Md Harunur Rashid Mollah, managing director of the gas company, were present.

Dock workers unload 25 and 50-kilogramme sacks of livestock feed from Bhola onto a warehouse by the Kirtankhola river in Barishal city. Working around 10 hours from 9:00am earns them Tk 700 to Tk 1,500. The photo was taken near Bandh Road recently. PHOTO: TITU DAS

Asian cenbanks forced to play catch-up in raising rates

REUTERS, *Singapore*

Having bucked a global dash to tighten monetary policy for a year, Asian central banks find themselves scrambling to catch up in order to tackle rising inflation and defend weakening currencies.

Market analysts suspect Indonesia, the last remaining dove in emerging Asia, may be the next to move by pushing interest rates higher on Thursday, as policymakers rush to convince investors they are tackling rising prices.

Singapore and the Philippines surprised markets with unscheduled tightening announcements last week, underlining the growing urgency among policymakers to act.

Asia has lagged as the rest of the world, including emerging markets, began lifting rates as early as last June, after the US Federal Reserve kicked off an accelerated timeline for its policy tightening.

While relatively subdued inflation allowed central banks in Asia to remain dovish in a bid to support the post-pandemic economic recovery, that led to weakening currencies and capital outflows, even as the war in Ukraine exacerbated price pressures globally.

"Have central banks been too slow to act? Yes, I know, it's a common question," Ravi Menon, managing director of the Monetary Authority of Singapore, said at a conference on Tuesday.

"And I don't want to sound defensive on behalf of my colleagues elsewhere but very few people saw this coming. The markets didn't see it.

"The climb in inflation has been quite rapid. It was unusually fast ... And many thought the bigger risks were on the downside on growth and so did not see this coming."

Currencies and bonds have borne the brunt. Among the worst hit, the Philippine peso is down more than 10 per cent year-to-date, and just off a nearly 17-year low of 56.53 per dollar. Yields on the country's government bonds have spiked about 200 basis points (bps) since the start of the year.

The Thai baht has fallen more than 10 per cent this year, and Thailand snapped a five-month streak of foreign investment into equities to lose $816 million in June.

A large part of the selling has been a response to rising Treasury yields and the US dollar - factors beyond domestic policymakers' control, giving Asia an excuse to hold off on rate hikes.

But central banks are suddenly finding they can no longer ignore rising food and oil prices. Thailand and Indonesia saw inflation hit multi-year highs this month.

Even South Korea, which began raising rates as early as August 2021, saw prices hit a 24-year high in June, triggering a record half-point rate hike last week.

"What I suspect they're doing at this stage is really (to) still focus on fighting inflation for the next few months, because that's where the concern is," said Euben Paracuelles, chief ASEAN economist at Nomura.

He added that rising global headwinds and the risk of recession in major economies complicated the policy challenge at a time when inflation was at the start of a sharp pickup in Southeast Asia.

India, which first saw its central bank raising rates by 40 bps in an off-cycle move in May, has logged six straight months of foreign investor equity outflows, contributing to a record drop in the rupee.

The historically volatile Indonesian rupiah is actually only down around 5 per cent versus the dollar for the year, although it saw its largest monthly fall of 2.2 per cent in June.

It has to some extent been helped by resource-rich Indonesia's improved trade position and the fact foreigners now hold less than a fifth of its high-yielding bonds.

Walton goes for power saving

STAR BUSINESS DESK

Walton Hi-Tech Industries PLC, an electronics and technology product manufacturer and exporter of Bangladesh, has taken an initiative to save electricity and gas in keeping with the government's move to cut energy consumption.

The company gave directives and instructions to all of its departments and officials to take steps to address the current situation, said Golam Murshed, managing director and chief executive officer of Walton Group, in a press release on Wednesday.

"I call upon every member of the Walton family to be aware of saving electricity and energy everywhere, including at their homes and social events. Our awareness regarding electricity usage can only bring relief to other families during these hard times," he said, adding that Walton has taken necessary steps to save electricity and energy.

Walton Research and Innovation Centre is carrying out research constantly to increase the power-saving capacity of electronics products.

Dutch-Bangla chamber gets new office bearers

Anwar Shawkat

Ataus Sopan

STAR BUSINESS DESK

Anwar Shawkat Afser, managing director of Sakhi Group, has recently been re-elected president of the Dutch-Bangla Chamber of Commerce & Industry for a two-year term (2022-2024).

Ataus Sopan Malik, managing director of AR Malik and Company, has been elected new secretary general of the chamber, a press release said.

US, allies to improve supply chains

AFP, *Washington*

The United States and 17 allies have agreed to work together to improve and diversify global supply chains to avoid the shortages that plagued the economy during the pandemic, officials said Wednesday.

US Secretary of State Antony Blinken and Commerce Secretary Gina Raimondo co-hosted the Supply Chain Ministerial Forum on Tuesday and Wednesday.

China was not a part of the meeting, and US officials have said they aim to increase "friend-shoring" to move production of key supplies to allied nations.

Regulatory moves target private sector

FROM PAGE B4

The burden of 'unjust' capacity charges from idle power plants has also increased. It was Tk 21,600 crore in the last financial year. The non-producing rental power plants are claiming $1.5 billion more!

The government is going to take unexpected decisions like closing petrol pumps once a week, shutting shops after eight o'clock in the evening, enforcing compulsory load-shedding for 1-2 hours a day, and reducing office hours by 1-2 hours.

In the private sector, which accounts for 89 per cent of the formal labour market, the government's contractionary policies have reached a peak. However, the government's own imports and public administration expenditure did not experience a major contraction.

There is no initiative to stop unnecessary 'development' projects. There was no direct announcement of cancelling the contract of inefficient rental and quick rental power plants that produce less electricity by burning more fuel.

Even in the electricity-fuel crisis, there is no new understanding of green power generation strategy.

There is not enough 'fuel diplomacy' with OPEC's major oil and gas producers instead of a commission-friendly spot market for continuous and sustainable fuel supply. It is surprising to know that a 14-year-old government lacks so much in primary energy diplomacy. It does not have any large-scale constant fuel supply agreements with OPEC countries.

There is no implementation of available reform proposals to increase the country's gas production and offshore exploration.

There is no effective initiative to discover new labour markets or means of remittance income by sending workers abroad at a lower cost. In other words, although contraction has been imposed in the private sector, there is not enough initiative to reduce the 'dollar expenditure' in the public sector.

Some of Bangladesh Bank's initiatives as part of the monitoring framework are certainly useful. But the political integrity of regulatory audit of under-invoicing in exports, over-invoicing in imports, and monitoring of the number of dollars kept in Nostro accounts of private banks are missing. That is, rather than a direct effort to save the dollar, the government's efforts are inadequate and, in some cases, indirect.

Discouraging the opening of LCs via several active and passive measures will have a profound impact on the economy.

The obligation to open LCs at a 100 per cent margin means blocking the flow of trade capital, affecting both import and export trade. The price of goods will rise again. Much-needed imports too will be blocked, and industrial production will be disrupted. This will further increase inflation, reduce export earnings and will lead to layoffs and more misery in public life.

Aberrant monetary policy in favour of 'cheap money and credit', running single-digit interest despite double-digit inflation, loaning more than the NBR and non-NBR revenue can sustain increased expenditure of public administration, unfair selling of government bonds to Bangladesh Bank, reckless money supply, mismanagement in the banking sector, policy in favour of black money, reducing collateral numbers in bank lending, and giving incredible opportunities to defaulters were all political decisions. It was the process of creating new riches and profit-centred 'development' policies. Due regulation was completely absent.

Now in crisis, we are seeing the severity of the regulatory decisions, yet the government is unable to take political decisions to reset the energy security policy. Good governance, accountability and transparency should also be the focus.

Foreign currency reserves are now $39.7 billion, according to the government, but $32.5 billion, according to the International Monetary Fund. But some sources claim that the EDF, non-investment grade bonds, reserve loans given to various government banks, development projects, loans given to Sri Lanka and Sudan etc are in the reserve accounts, but not in hand and not usable. At this point in time, expendable reserves are incredibly low.

The massive waiver of interest rate to defaulters (4 per cent instead of 10 per cent) will not work and it never worked before.

If the exporters have smuggled or laundered a part of the EDF loans, it should be audited properly by LC audit and the prime minister herself should take initiative to bring back the funds. The Bangladesh Bank policy will not work here because many of those loans were politically motivated.

The author is a sustainable development critic. He can be reached at faiz.taiyeb@gmail.com

ADB slashes

FROM PAGE B4

But the bank warned: "A worsening fallout from the war in Ukraine could lead to a further surge in global energy and commodity prices, with likely knock-on effects on growth and inflation in developing Asia."

Adding to the region's woes was the strengthening US dollar, seen as a safe haven during periods of uncertainty, which the bank said was weighing on regional currencies and stock markets. "With financial conditions tightening, growth in advanced economies is softening," the bank said.

"And with activity in the PRC (China) hampered by supply chain disruptions, domestic demand and exports in developing Asia are set to face significant challenges."

The growth forecast for East Asia, which includes China, was cut to 3.8 per cent from 4.7 per cent, as Covid-19 lockdowns batter the world's second-biggest economy.

Russian gas flow lifts euro

FROM PAGE B4

"European markets are going to be pulled and pushed by Putin's mood," said Michael Hewson, chief markets strategist at CMC Markets.

Markets are looking to see how much the ECB will raise interest rates later at 1215 GMT on Thursday, with a 25-bps hike already price in, Hewson said.

Traders also await details of an ECB tool to contain stress in bond markets, made all the more urgent by a crumbling government in Italy, one of the euro zone's most indebted countries.

Rate hikes from the US Federal Reserve next week and from the Bank of England in August are also well anticipated by now, Hewson said.

The STOXX index of 600 European companies was off 0.4 per cent. The MSCI All-Country stock index eased 0.14 per cent.

Italian bonds sold off sharply following the collapse of Mario Draghi's government in the euro area's third biggest economy.

Nadege Dufosse, head of cross-asset strategy at Candriam, said political turmoil in Italy is putting more pressure on the ECB to have its so-called anti-fragmentation tool in place to cap bond yields and reassure markets.

"I think they will have to deliver on that point, I think it's the main risk today. It must convince investors that it will be efficient," Dufosse said.

After the latest series of rate hikes, investors will be trying to gauge whether the economy is headed for a soft or hard landing as higher borrowing costs are absorbed, she said.

"It's the expectations for the fourth quarter or next year that can really determine the trend in the market. For now we do not have the answer and we just have to be very pragmatic," Dufosse said.

Bucking the trend, the Bank of Japan left monetary policy unchanged on Thursday, as expected, and raised its inflation forecasts a little bit. The yen held steady at 138.37 per dollar.

Md Omar Faruk Khan, additional managing director of Islami Bank Bangladesh, inaugurates a workshop on "Automated Foreign Currency (FC) Clearing through RTGS System" organised by the bank at Islami Bank Tower in Dhaka yesterday. Md Zainul Abedin and Md Shahinuzzaman, joint directors of Bangladesh Bank, Mizanur Rahman, senior executive vice-president of Islami Bank Bangladesh, and AKM Shafiar Rahman, senior vice-president, attended the programme. PHOTO: ISLAMI BANK BANGLADESH

Mahbubur Rahman, chairman of Eastland Insurance Company, virtually presides over the insurer's 35th annual general meeting on Wednesday. The meeting approved 10 per cent cash dividend and audited financial statements for the year that ended on December 31, 2021. Ghulam Rahman, executive vice-chairman of the company, and Abdul Haque, chief executive officer, joined the event. PHOTO: EASTLAND INSURANCE COMPANY

Chip shortage easing: Nokia

REUTERS, *Stockholm*

Finnish telecom equipment maker Nokia said it expects the global semiconductor shortage to ease later this year, as it reported quarterly operating profit that beat market expectations, boosted by solid demand for 5G gear.

The strong performancesent its shares up as much as 7 per cent.

A semiconductor shortage that began around the height of the pandemic in 2020 has affected a range of industries, including telecoms.

Nokia said it expects the pressure to ease through the second half of 2022 and the first half of next year.

Highlight success of foreign companies

Says US delegation

STAR BUSINESS REPORT

Bangladesh needs to highlight the shining examples of foreign companies that have achieved success after setting up businesses here, said a delegation of American investment management firm T Rowe Price Group Inc yesterday.

The delegation, led by Johannes Loefstrand, portfolio manager of Frontier Markets Equity Fund, suggested successful utilisation of special economic zones and attracting foreign companies there.

The delegation enquired about the steps taken for attracting more foreign investment and initiatives for increasing exports

The recommendations came after the delegation met with officials of the international trade, investment and ICT division at the foreign ministry, said a press release.

The delegation enquired about the steps taken for attracting more foreign investment, initiatives for increasing exports, activities and successes of economic zones and progress in digitalisation in Bangladesh.

Syed Muntasir Mamun, the division's director general, highlighted Bangladesh's geographical position between northeastern India and south and east Asia.

He cited the increasing participation of women in the workforce, booming local businesses, rapid digitalisation, strong infrastructure and prospects for foreign companies to invest in Bangladesh.

He said the government's investment promotion agencies were working very hard to bring ease to the process of doing business.

A fisherman shows off fish caught in the Bay of Bengal at a quay by the Karnaphuli river. Bangladesh's share in global fish production is limited to only 2.6 per cent while its oceanic economic zone is equal to 81 per cent of its mainland, states the Bangladesh Institute of International and Strategic Studies.

PHOTO: STAR/FILE

Blue economy ministry proposed to tap potential

DIPLOMATIC CORRESPONDENT

State Minister for Planning Shamsul Alam yesterday proposed creating a new authority – either a ministry or a division under a ministry – to help dedicatedly tap the potential of blue economy.

Though the country's maritime disputes were settled in 2014, the private sector is not coming up with investment focusing the immense associated potentials, including fishing, shipping, mineral resources and marine food and tourism, he said.

Alam was addressing a seminar titled "Blue Economy and Maritime Security: Bangladesh Perspective" organised by the Bangladesh Institute of International and Strategic Studies (BIISS) on its premises.

While small boats are now the prime mode for fishing, fish of higher economic value can be caught at deep sea but this potential is largely untapped, said Khurshed Alam, secretary (maritime affairs) to the foreign ministry.

Given Bangladesh's location and international trade, shipping holds enormous potentials. As a deep-sea port is in the offing in Bangladesh, it is high time for the private sector to make new investment, he said.

It is crucial to conduct comprehensive studies on different sectors of the blue economy and draw investments, said Khurshed Alam.

The Bay of Bengal may become a theatre of great power games in the future with changes in global geopolitics, said Prof Delwar Hossain of the Department of International Relations at the University of Dhaka.

There are a number of initiatives, including the Belt and Road Initiative led by China, US-led Indo-Pacific Economic Framework and Indo-Pacific Strategy, Japan's Free and Open Indo-Pacific and the Aukus nuclear pact among Australia, UK and US, he said.

"We need to deal carefully to keep our interests in the region," he said.

Regional groups, including the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec) and Indian Ocean Rim Association (IORA), can play important roles in harnessing the potentials of blue economy, said Bangladesh Enterprise Institute President M Humayun Kabir.

As the current chair of the IORA, Bangladesh should float ideas and translate them into actions. When it comes to security issue, Bangladesh should promote itself as an agent of peace, he said.

Optimum utilisation of the blue economy can add 3 to 4 percentage points to Bangladesh's gross domestic product (GDP) growth, said speakers at the event.

However, inadequacies prevail in research allocation, seaweed value chain and market development and assessment of stocks of inorganic marine resources, including minerals, they said.

Bangladesh is equipped to fish within just 60 square kilometres off the coast whereas it has exclusive rights to about 118,813 square kilometres.

Bangladesh's share in global fish production is limited to only 2.6 per cent while its oceanic economic zone is equal to 81 per cent of its mainland, states the BIISS.

In his recent budget speech in parliament, Finance Minister AHM Mustafa Kamal announced a "Pilot Project on Tuna and Similar Pelagic Fishing in the Deep Sea".

Prof Dr Abul Kalam Azad of the Jahangirnagar University, BIISS Chairman Kazi Imtiaz Hossain, Director General Mohammad Maksudur Rahman, Research Director Dr Mahfuz Kabir and research fellow Moutusi Islam also spoke.

Islami Bank posts lower profits in Q2

STAR BUSINESS REPORT

Islami Bank Bangladesh Ltd posted a lower profit in the April-June quarter of 2022 compared to a year ago.

The consolidated earnings per share were Tk 1.58 in April-June against Tk 1.61 in the same quarter of 2021, according to a filing on the Dhaka Stock Exchange yesterday.

The consolidated EPS, however, slightly improved to Tk 2.10 in the January-June period compared to Tk 2.08 in the first half last year.

Consolidated per share net operating cash flows were Tk 12.29 in the negative in the first half this year against Tk 37.76 in the same period last year.

Consolidated net asset value was Tk 41.73 per share on June 30 of 2022 and Tk 39.97 on June 30 of 2021.

Heidelberg Cement suffers losses in Q2

STAR BUSINESS REPORT

Heidelberg Cement Bangladesh Ltd suffered losses in the April-June period of 2022 owing to the higher cost of raw materials and freight charges and the weakening of the taka against the US dollar.

The earnings per share were Tk 0.66 in the negative in the April-June period against Tk 3.56 in the same period last year, according to the unaudited financial statements of the company.

The EPS was Tk 3.63 in the negative as well in the first half of 2022 versus Tk 11.79 reported in the January-June period of 2021.

The EPS declined mainly for the higher cost of raw materials and shipping charges, the depreciation of the taka and the scheduled plant repairs and maintenance costs, said the multinational company in a filing on the Dhaka Stock Exchange yesterday.

Per share net operating cash flows, also known as NOCFPS, were Tk 5.34 in the negative in the January-June period compared to Tk 5.73 in the identical period last year.

The NOCFPS decreased due to lower sales and lower collection from customers and increased payments to suppliers for the higher raw materials prices, said the company.

The net asset value was Tk 60.37 per share on June 30 this year and Tk 66.60 on December 31 last year. The NAV decreased mainly for the first half net loss, said Heidelberg Cement.

BB forms credit guarantee dept

STAR BUSINESS REPORT

Bangladesh Bank has formed the Credit Guarantee Department to expand its credit guarantee facilities and run their operations smoothly.

The Credit Guarantee Department began its journey on July 4 after the central bank separated the Credit Guarantee Scheme Unit from the SME and Special Programmes Department and gave it a new name, said the BB in a notice yesterday.

Stocks drop for eighth day

FROM PAGE B1

crisis, rising inflation and forex market volatility, it added.

Among the sectors, paper rose 1.9 per cent, cement 1 per cent and telecommunication 0.6 per cent whereas ceramics and life insurance dropped by 1.7 per cent and 1.2 per cent respectively.

Investors' activities were mainly focused on the textile sector, which accounted for 17.5 per cent of the day's turnover, followed by engineering (10.1 per cent) and pharmaceuticals (8.8 per cent).

Turnover, another key indicator of the market, fell to Tk 676 crore, up nearly 2 per cent from that a day ago.

Of the securities traded on the day, 115 advanced, 219 fell and 47 remained unchanged.

Both DS30, the blue-chip index, and DSES, the Shariah-based index, lost 5 points and 1 point respectively.

S Alam Cold Rolled Steels topped the gainers' list, rising 9.90 per cent. Prime Textile Spinning Mills, Bangladesh Industrial Finance Company, New Line Clothings, and Fareast Finance and Investment also rose significantly.

Asia Pacific General Insurance Company shed the most, 2 per cent. Eastern Lubricants, National Life Insurance Company, Eastern Cables, and Paper Processing & Packaging were also in the list of those suffering the highest losses.

The Sonali Paper and Board Mills became the stock to be traded the most, with shares worth Tk 40 crore changing hands, followed by Robi Axiata, Beximco, KDS Accessories, and the Titas Gas Transmission and Distribution Company.

Chittagong Stock Exchange (CSE) also witnessed erosions yesterday., The Caspi, the all-share price index of the port city bourse, plunged 62 points, or 0.34 per cent, to 17,968.

At the CSE, 75 stocks advanced, 159 fell and 42 remained unchanged.

Forex crisis spills over

FROM PAGE B1

offset the prices hike," Ahmed said.

In Bangladesh, inflation raced to a nine-year high of 7.56 per cent in June.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says that the central bank has recently taken a contractionary monetary policy to tackle inflationary pressure.

"It is now financing the government in a massive way, going against its tight monetary policy. But the central bank should not invest in government securities at this moment as it will stoke inflationary pressure."

According to Mansur, the only way to bring stability to the bond market is to withdraw the lending cap on loans.

The central bank has been following a 9 per cent interest rate cap on all loans except credit cards since April 2020. It is now trying to follow the same in the bond market.

Mansur also suggested the central bank not inject foreign currencies into the market massively as reserves are squeezing at a faster pace.

"State-run banks, which are now receiving the greenback from the BB to import petroleum and other essential commodities, should manage funds from other banks," he said.

The former official of the International Monetary Fund thinks ensuring a floating exchange rate of the taka against the US dollar will help make the inter-bank forex platform vibrant as many lenders are showing reluctance to sell dollars using the window.

Banks are now imposing much higher rates on importers than what the central bank has asked them to follow, rendering the inter-bank platform almost inoperative.

The exchange rate of the taka stood at Tk 94.45 per USD yesterday, down 11.38 per cent year-on-year.

Trial run of Patenga terminal hits a snag

FROM PAGE B1

extended to June 2022 in the revised proposal.

Speaking about the delay, Project Director and CPA Executive Engineer Mizanur Rahman said there were many challenges at the initial stage since 50 per cent area of the site was occupied by many structures of various organisations and they needed to be relocated.

Owing to the coronavirus pandemic, the construction remained suspended for several months since foreign workers had left, he said, adding that more than 96 per cent of works have been completed.

The original cost was estimated at Tk 1,868 crore and the terminal was supposed to be built by the CPA's funds.

In the revised plan, the expenditure was reduced to Tk 1,229 crore as the government decided to execute it under the public-private partnership arrangement where the operator will procure the necessary equipment.

The terminal might be formally inaugurated by September.

Once the PCT becomes fully operational, the Chattogram port will be able to handle an additional five lakh twenty-foot equivalent units of containers annually.

The terminal will also accommodate larger vessels with 10 metres draught. The port currently permits the berthing of vessels with up to 9.5 metres draught.

Dollar gets even pricier

FROM PAGE B1

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the central bank should reduce the injection of dollars into the market to shield the reserves from the pitfalls of a declining trend.

He said the state-run banks, which were now receiving the greenback from the central bank to import petroleum and other essential commodities, should manage the fund from other banks.

Ensuring a floating exchange rate of the taka against the dollar will help turn the platform vibrant as many lenders are showing reluctance to sell dollars using the window, he said.

Banks are now charging a much higher rate in selling dollars to importers than what the central bank had asked them to follow, which is why the inter-bank platform has almost become inoperative.

RAK Ceramics to set up

FROM PAGE B1

"The price of our high-quality products would be 20-30 per cent lower compared to imported ones but there will be no difference in quality," he said, adding that everything would be made using German technology.

Meanwhile, stocks of RAK Ceramics yesterday fell by 1.83 per cent to Tk 43.20 per share at the DSE.

The company's earnings per share dropped to Tk 1.01 in this year's January-June period while it was Tk 1.02 during the same period in 2021.

However, the company informed that its sales rose by 16.35 per cent year-on-year to Tk 380 crore from Tk 326 crore at the same time.

Social media revenue growth likely to slow

REUTERS

Wall Street is bracing for the slowest global revenue growth in the history of the social media sector, as intensifying competition from TikTok and Apple in advertising threaten to compound economic woes in the second quarter.

The dour expectations come after a blowout 2021, when social media ad sales in the United States grew 36 per cent to reach $58 billion as brands increased marketing budgets to recover from the pandemic and reach customers online.

But social media platforms have since warned investors and employees that the tide is turning as inflation lingers around 40-year highs, an environment where brands spend less on advertising.

Meta Platforms Chief Executive Mark Zuckerberg told employees last month the company was slashing hiring plans and that "this might be one of the worst downturns that we've seen in recent history."

Snap Inc, which owns Snapchat and is due to report earnings after the close, earlier said it expected to miss its own quarterly revenue forecast due to deteriorating economic conditions.

Global social media ad sales are now expected to grow by 11 per cent, the slowest pace on record, according to media intelligence firm MAGNA, which downgraded the growth forecast from 18 per cent.

Analysts had expected some degree of slowing growth after 2021. However, growing competition from viral short-form video app TikTok and Apple has created a "perfect storm" and "investors are rightfully wary" about digital ad growth this year, wrote Barclays analysts in a research note this month.

Ukraine pushes for debt freeze to dodge default

REUTERS, London

Ukraine has asked its creditors for a two-year payment freeze on its international bonds in a bid to focus its dwindling financial resources on repelling Russia.

Creditors have until Aug. 9 to vote on the proposal. Ukraine has called its plan a liability management exercise, indicating Kyiv's efforts to spare bondholders a writedown on the bonds. Official creditors have already said they would suspend payments owed to them and urged bondholders to accept the country's request for the freeze.

The group, including Canada, France, Germany, Japan, the United Kingdom and the United States, said they would provide a coordinated suspension of debt servicing from August 1 to the end of 2023 and potentially for an additional year.

At the end of 2020, Ukraine had $130 billion in external debt outstanding, according to World Bank data.

Ukraine has earmarked nearly $20 billion in international bonds to be subject to the debt freeze - eleven dollar-denominated securities and two euro-denominated ones - maturing 2022 to 2030. Ukraine also has a warrant linked to GDP growth in the mix for an overhaul. This was created during its 2015 debt restructuring as a sweetener to creditors.

Gas crisis to cost 1.5pc of German economy: IMF

AFP, *Frankfurt*

Halting Russian gas supplies to Germany would cost Europe's largest economy 1.5 per cent of its GDP in 2022, the International Monetary Fund said Wednesday, as concerns mount that Moscow will further squeeze supply.

This year's loss would be followed by a negative impact of 2.7 per cent in 2023 and a 0.4 per cent reduction in 2024, according to an IMF forecast where gas deliveries were assumed to have stopped on June 1.

A potential shutoff "could cause sizable reductions in German economic activity and increases in inflation", the IMF said in a statement.

Supplies to Germany from Russia are currently at zero as the Nord Stream pipeline undergoes maintenance, after Moscow initially slashed deliveries by 60 per cent in mid-June citing a delayed gas turbine repair.

A potential shutoff "could cause sizable reductions in German economic activity and increases in inflation", the IMF said in a statement

Berlin has rejected Gazprom's turbine explanation and believes Russia is squeezing supplies in retaliation for Western sanctions on Moscow over its invasion of Ukraine.

Works on the pipeline are due to finish Thursday, with officials watching closely to see if and at what levels supplies resume.

The risks for the economy from a complete shutdown, as well as a weak global economy and widespread supply bottlenecks "loom large", the IMF said.

The same headwinds meant that German "growth is likely to be muted in the coming quarters", it said.

In its standard forecast, the IMF sees the German economy growing by 1.2 per cent in 2022 and just 0.8 per cent in 2023.

Meanwhile, the rising price of energy associated with the gas supply reductions already seen also meant that inflation is "likely to remain elevated in the next two years", the IMF said.

The IMF forecast inflation in Germany to sit at 7.7 per cent in 2022 and 4.8 per cent in 2023.

A large number of base transceiver stations such as this are still not being shared among mobile network providers in the country as all aim to stay ahead of the competition. However, their struggle for supremacy in the domestic market comes at a cost as customers are being deprived of better services. PHOTO: COLLECTED

Experts for making mobile tower sharing mandatory

STAR BUSINESS REPORT

Mobile subscribers are being deprived of quality services as operators remain reluctant to share their tower infrastructure even though relevant policies have been in place for years, according to experts.

Network providers are unwilling to share their cell towers, known as base transceiver stations (BTS), mainly due to their drive to stay ahead in the competition, they said.

The comments came yesterday at a roundtable, styled "Challenges in Infrastructure Sharing for the Development of Network", organised by Telecom Reporters' Network Bangladesh (TRNB) at the BRAC Center Inn in Mohakhali, Dhaka.

There are two policies regarding the sharing of network infrastructure -- the Amended Guidelines for Infrastructure Sharing, and Regulatory and Licensing Guidelines for Issuing Licence for Tower Sharing in Bangladesh -- which have been in place since 2011 and 2018 respectively.

Discussants at the roundtable said making it mandatory for operators to follow both policies would ensure maximum utilisation of network facilities, opening an opportunity to save huge amounts of electricity at the same time.

Besides, the quality of services would be comparatively better, they added.

"Tower sharing among operators has reached just 17 per cent over the last 25 years," said TIM Nurul Kabir, a telecom analyst who presented the keynote paper.

"As such, about 20,000 towers owned by operators are still not being shared," he added.

Currently, Robi Axiata is sharing 30 per cent of its own towers, Grameenphone 18 per cent and Banglalink 17 per cent.

Kabir went on to say that tower management requires large amounts of

electricity, which puts pressure on the country's fuel supply.

"So, unplanned towers are having long-term effects on the environment," he said.

Kabir added that tower sharing should not be mandatory in any standard telecommunication system but it is a must in Bangladesh considering the ongoing imbalance in the local telecom market.

With this backdrop, Telecom Minister Mustafa Jabbar urged network providers to hand over their towers to BTS operators so that all of them can use these infrastructures, enabling customers to receive higher quality services.

"This would reduce the large investments telecom companies have to make in setting up such infrastructures as well," he said.

He then advised network operators to improve their service quality unless they want to lose their market share.

"If you can't maintain the quality of service, you will suddenly fall as there is no alternative to increase the service quality," he added.

Jabbar also said active tower sharing is essential for ensuring smooth digital services as passive sharing does not offer significant benefits in this regard.

Shyam Sunder Sikder, chairman of the Bangladesh Telecommunication Regulatory Commission (BTRC), said they are taking initiatives to speed up tower sharing.

"Mobile network operators should not only focus on expanding their business, they should also ensure better quality of service," he added.

However, infrastructure sharing is not only limited to cell towers.

"All telecom companies should come forward in sharing their respective infrastructures, such as fibre optic cables, for ensuring optimal service quality," said Hossain Sadat, senior director of corporate affairs at Grameenphone.

"Under the BTRC's prudent guidance, we all need to collaborate in accelerating the sharing of our respective infrastructures to help the government realise its vision of a smart Bangladesh," he added.

"Grameenphone, being a tech service provider, always welcomes industry consultation towards formulating business friendly frameworks and further enhancing customer experience."

Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink, said tower sharing should be immediately made compulsory for all operators, especially considering the current energy crisis.

"If we can cooperatively share infrastructure, electricity and other energy will be properly utilised," Rahman added.

Anamika Bhakta, an executive vice president of Robi Axiata, said tower sharing could help ensure faster rolling out of services, benefiting customers greatly in the process.

Rashed Mehedi, president of TRNB, and Masuduzzaman Robi, general secretary, also spoke at the event.

FOREX CRISIS

Regulatory moves target private sector, not public sector

FAIZ AHMAD TAIYEB

Bangladesh Bank has recently taken some serious decisions, the speed and approach of which seem unusual.

Such hard decisions are supposed to come after intense negotiations among the top business organisations, the industries, commerce and finance ministries, and the Bangladesh Bank. It's surprising that decisions are suddenly made without involving the stakeholders in the negotiations.

Apparently, the BB has taken major decisions to discourage imports except for food, fuel, and raw materials, the impact of which is far-reaching. If the necessary import economy too is discouraged in this way, the dollar will be saved for sure. But will export be saved too?

Our exports depend on imports! And how to save the employment and the economy as a whole?

Some of the decisions taken together to solve the dollar crisis are: a reduction in banks' dollar holding limit; the obligation to monetise 50 per cent of US dollars held in the Exporter's Retention Quota (ERQ) accounts; and the reduction of deposit limit as ERQ to half, halving of the deposit limit of realised export proceeds.

The restrictions on the transfer of foreign currency funds from offshore to domestic banking units and transfer terms have been relaxed. An order to inform the central bank 24 hours before opening any private import letter of credit (LC) worth more than $5 million has been issued. In addition, there is a reporting obligation for transactions of $5 million or more.

Earlier banks could reserve 20 per cent of their operational capital in foreign currency. The limit is now 15 per cent. However, this will lead to a shortage of funds in foreign currencies for importers.

The obligation to open LCs at a 100 per cent margin means blocking the flow of trade capital, affecting both import and export trade. The price of goods will rise again

The purpose of extending the ERQ status was to save exporters' required dollars for the next imports, meet sudden needs and make payments hassle-free and fast. In this, exporters could save themselves from multi-stage currency conversion loss.

If businessmen need money suddenly, they have to take permission from the Bangladesh Bank to meet all those liabilities. Simply put, the Bangladesh Bank's decision has made export-import a bit more difficult.

Moreover, reducing the net open position (NOP) limit of commercial banks to 15 per cent will add another $569 million to the market but it will reduce the capacity of banks to provide LC service.

The regulatory agency, on July 18, suspended the issuance of bonds worth about $2.5 million of five institutions. In the history of the central bank, there was no such incidence of withholding valid loan documents.

Due to the fuel price hikes in the spot market, the government has reduced the import of fuel oil. Planned electricity load-shedding has started across the country by reducing the supply of gas and oil in the power sector.

The government has a maximum fuel oil reserve of 40 days. This is a sign of an extended fuel crisis. The government has decided to stop diesel-based power generation of 1,125 megawatts for the time being.

READ MORE ON B2

ADB slashes Asia growth forecast

AFP, *Manila*

The Asian Development Bank on Thursday slashed its 2022 growth forecast for developing Asia and warned economic conditions could worsen, as the war in Ukraine and supply chain disruptions drive up prices.

While the impact of Covid-19 had eased, the region was now grappling with the fallout from Russia's invasion of Ukraine, lockdowns in China and aggressive interest rate hikes, the Philippines-based bank said.

To reflect the deterioration across developing Asia -- which stretches from the Cook Islands in the Pacific to Kazakhstan in Central Asia -- the bank cut its 2022 growth forecast to 4.6 per cent.

That compares with its previous prediction in April of 5.2 per cent and the 6.9 per cent growth chalked up last year.

It also increased its inflation forecast for the region this year to 4.2 per cent, from 3.7 per cent, due to surging food and fuel prices. Risks to the outlook "remain elevated", the bank warned.

"A substantial slowdown in global growth could hurt exports, manufacturing activity and employment prospects, and cause turbulence in financial markets," it said.

Double-digit inflation has hit most of the Caucasus and Central Asia -- which have close trade and financial ties to Russia -- as well as Mongolia, Pakistan, Sri Lanka, Laos and Myanmar.

India's inflation was above target at seven percent, but in the rest of the region's large economies it was "manageable".

READ MORE ON B2

Workers making soft toys at a toy factory in Lianyungang, east China's Jiangsu province. Asia is now grappling with the fallout from Russia's invasion of Ukraine, lockdowns in parts of China and aggressive interest rate hikes, the ADB said. PHOTO: AFP/FILE

Russian gas flow lifts euro

REUTERS, *London*

Stock markets eased on Thursday as a resumption of Russian gas supplies to Europe lifted the euro ahead of the European Central Bank's anticipated first interest rate hike in over a decade to quell inflation.

The flow of Russian gas resumed to Germany after a 10-day outage to ease Europe's supply concerns for now, helping to ease worries about fallout on the economy.

The euro edged up, distancing itself further from last week's parity against the greenback, the recovery bolstered by expectations the ECB might deliver a big 50 basis-point rate hike.

Russian President Vladimir Putin has warned that supplies could be reduced further or even stop, prompting the EU to tells its members to cut usage.

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