# 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.

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# 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".

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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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