Implement Ukraine grain deal 'swiftly'

US urges Russia

AFP, *Washington*

The United States called Friday on Russia to let out Ukrainian grain quickly and voiced hope that a Turkish-brokered deal was well-structured enough to monitor compliance.

"We fully expect the implementation of today's arrangement to commence swiftly to prevent the world's most vulnerable from sliding deeper into insecurity and malnutrition," White House spokesman John Kirby told reporters.

"We're hopeful that this is going to make a difference. But we're clear-eyed about it," he said.

Speaking separately at the Aspen Security Forum, senior US diplomat Victoria Nuland praised the level of detail of the agreement negotiated by Turkey and UN Secretary-General Antonio Guterres.

"We fully expect the implementation of today's arrangement to commence swiftly to prevent the world's most vulnerable from sliding deeper into insecurity."

"It's now incumbent on Russia to actually implement this deal. But it is very well-structured in terms of monitoring and in terms of channels that the grain ought to be able to get out of," said Nuland, the undersecretary of state for political affairs.

Nuland said that Russia was obliged to act after the blockade sparked by its invasion of Ukraine in February sent food prices soaring in developing countries, particularly in Africa, where it had banked on support.

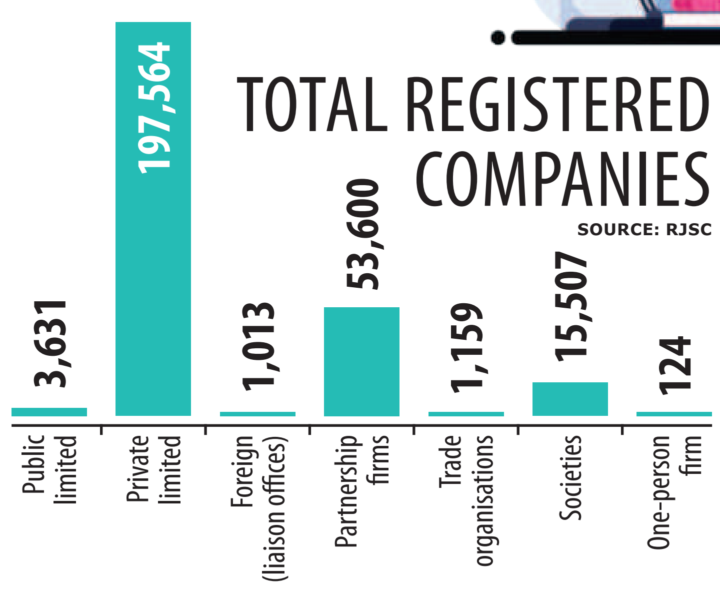
"This came together because, I think, Russia ultimately felt the hot breath of global opprobrium and it was losing the global south, who had become convinced that this was really NATO's fault," she said.

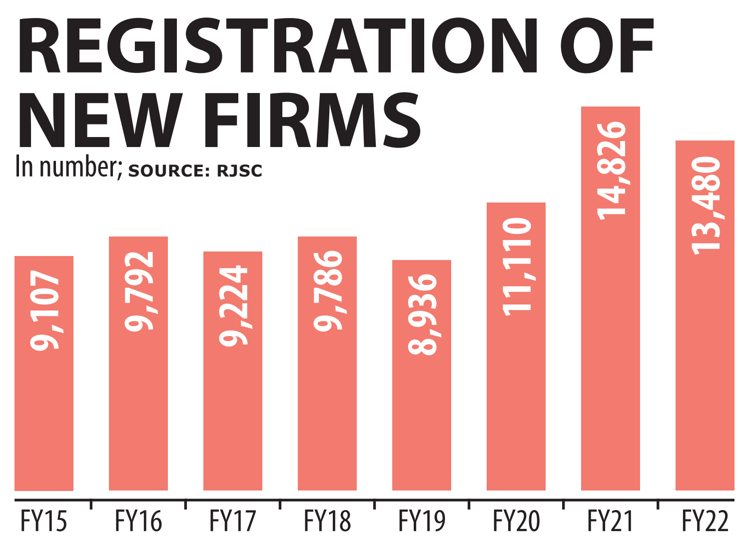
Getting out the grain "should have been easy. We could have done this on the back of an envelope in the middle of an afternoon with the will."

US officials hailed the role of Turkey, a NATO ally that has had uneven relations with Washington due in part to its military involvement in Syria and purchases of weapons from Russia.

"A new company act should be formulated since the current one is not modern, flexible and supportive enough for the office of the RJSC to carry out its responsibility and the formation of new firms."

M MASRUR REAZ
Chairman of Policy Exchange of Bangladesh





Registration of new companies slows

MD FAZLUR RAHMAN

Registration of new firms in Bangladesh declined 9 per cent year-on-year to 13,480 in the just-concluded fiscal year of 2021-22 owing largely to the persisting economic uncertainty at home and abroad, official figures showed.

The fall came after it rose to an all-time high of 14,826 in 2020-21, shrugging off the impacts of the coronavirus pandemic, according to data from the Office of the Registrar of Joint Stock Companies and Firms (RJSC).

The office of the RJSC is mandated to provide name clearances and registration to all public companies, private companies, liaison offices or branches of foreign companies, trade organisations, societies and partnership firms.

In FY22, entrepreneurs secured registration to establish 10,817 new companies, down 10.78 per cent from 12,125 a year ago.

Some 254 societies registered with the RJSC, a decrease from 317 in FY21. The number of partnership firms that availed registration stood at 2,268 last fiscal year, again a decline from 2,359 in FY21.

In a promising sign, 124 one-person companies, also known as OPCs, took registration to launch their operations in FY22 -- nearly a year after the government amended the Companies Act (Bangladesh) to give a boost to entrepreneurship, draw investors and support the growth of small and medium enterprises.

OPC means a company formed with only one person as a member, unlike the traditional private companies with at least two members. In November 2020, the parliament passed the law.

Sheikh Shoebul Alam, registrar of the office of the RJSC, says the number of firm registrations might have fallen given the current global and local scenarios.

"But we are trying to keep up the momentum we achieved in the fiscal year of 2020-21," he said, adding that his office is removing the barriers that people face in setting up businesses.

All of the services needed to establish businesses in Bangladesh are provided online by the office of the RJSC, according to the registrar.

In FY22, entrepreneurs secured registration to establish 10,817 new companies, down 10.78 per cent from 12,125 a year ago

In Bangladesh, there are 272,598 companies registered with the office of the RJSC. They include 3,631 public limited companies, 197,564 private limited companies, 1,013 liaison offices of foreign companies, 53,600 partnership firms, 1,159 trade organisations, and 15,507 societies.

In FY22, the state-run agency earned Tk 296 crore, the highest on record and an increase of around 38 per cent from Tk 215 crore generated a year ago.

Non-tax revenue brought in about Tk 159 crore, stamp duties fetched Tk 112 crore, and value-added tax raised Tk 23 crore for the office of the RJSC.

M Masrur Reaz, chairman of the Policy Exchange of Bangladesh, a private sector think-tank, says usually entrepreneurs don't want to open new businesses during crises.

"Although the economy has reopened following the easing of Covid-19, the pandemic is not fully over yet while the war has added new uncertainty."

The economist thinks there is the requirement for creating enabling policy and regulatory environment to attract new entrepreneurs, allow existing ones to expand their footprint and encourage informal businesses to become formal.

"If we can't create new entrepreneurs, we will not be able to expand the base of the economy."

According to the economist, informal businesses don't want to go formal for the fear of hassles at the hands of tax officials.

"So, we have to work in this area."

He recommended drawing up a supply chain linkage policy so that SMEs can keep supporting the larger firms and also grow themselves.

Reaz pointed out the entry barrier facing one-person companies.

As per laws, the minimum capital required to set up an OPC is Tk 25 lakh, whereas there is no minimum paid-up capital requirement for establishing public and private companies.

"As a result, we have not seen a higher number of the registration of one-person companies as we had expected," said Reaz.

He called for formulating a new company act since the current one is not modern, flexible and supportive enough for the RJSC to carry out its responsibility and the formation of new firms.

"We have brought in some minor amendments to the Companies Act in recent years. But we need a modern company act."

The RJSC should accelerate its digitalisation efforts and work in the areas of corporate governance of registered firms, he added.

Euro equals USD: the good, the bad and the ugly

AL MAMOON

On July 12, the euro equaled the US dollar, a fall for the former since its journey began in 2002.

The euro was launched in non-physical forms like traveller's checks and electronic transfers in 1999 and three years down the line, the actual paper and coins came into the market. In no time, the European single currency took over the greenback and the two currencies never reached parity till nearly two weeks ago.

The euro has been losing ground against the US dollar since January when one euro fetched a dollar and 13 cents only, against a dollar and 60 cents, a peak it reached in 2008.

Bangladesh Bank recorded a yield of Tk 103.36 for every euro while the dollar transacted at Tk 84.80 on May 31, 2021. On the same day this year, the exchange rates were settled at Tk 96 and Tk 89, respectively.

Further strengthening of the dollar continued through June and finally, the two currencies stood at par on July 12.

WHY IT HAPPENED

The answer lies both within and beyond Europe.

One can easily single out Russia's war on Ukraine as it triggered enormous risks to the EU economy. But there are more.

Amid already skyrocketing energy prices, the Russian shutdown of the Nord Stream 1 natural gas pipeline into Germany on July 11, apparently for maintenance, contributed to the sinking euro sinking deeper.

Stricter regulations and higher taxes made European economies grow at a slower pace in 2018 and 2019. Then Covid-19 arrived and less resilience of the eurozone economies came out in the open. A further hit was the inflationary aftermath of the pandemic.

The political turmoil in Italy was instrumental in driving the euro further down. Italian Prime Minister Mario Draghi resigned last week after one of the parties in his broad coalition, the 5-Star Movement, withdrew its support in a parliamentary confidence vote.

Italy is known to be the third-biggest partner among 19 member states, with the first two being Germany and France.

The euro matching or dipping below the dollar presents a currency war that has far-reaching impacts on any and every country in the world

The European Central Bank appears to be falling behind the US Federal Reserve in tackling inflation. The Fed has been aggressively raising interest rates to stem 40-year high inflation.

On the other hand, the ECB increased interest rates on Thursday, the first hike in 11 years in an attempt to cool rampant inflation, which surged to 8.6 per cent in June, the highest in its history. The ECB raised the benchmark rate up by 50 basis points.

The Fed is expected to go ahead with its plan to hike the benchmark rate by 75 basis points. It raised the rate by the same margin in June.

NOT A WINNER TAKES IT ALL GAME

The euro matching or dipping below the dollar presents a currency war that has far-reaching impacts on any and every country in the world.

A weaker euro propels the cost of imports and fans Europe's already high inflation rate. It is turning European goods cheaper in the world market.

The flip side of a weaker euro is a stronger US dollar. The broad strength of the dollar is good for Americans who are buying from Europe, good for anyone planning a European vacation, good for

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Global slowdown fears darken

REUTERS, *London/Tokyo/New York*

The global economy looks increasingly likely to be heading into a serious slowdown, just as the highest inflation in a generation prompts central banks to aggressively reverse the ultra-loose monetary policy adopted during the pandemic to support growth, data showed on Friday.

Business activity in the United States, the world's largest economy, contracted for the first time in nearly two years this month, activity in the euro zone retreated for the first time in over a year, and growth in Britain was at a 17-month low, purchasing managers' surveys said on Friday.

In another ominous sign for the global economy, Japan's government is expected to sharply cut its forecast for domestic growth. Meanwhile, China's strict Covid-19 lockdowns and Russia's invasion of Ukraine have further damaged global supply chains that had not yet recovered from the pandemic.

S&P Global on Friday said its preliminary - or "flash" - US Composite PMI Output Index had tumbled far more than expected to 47.5 this month from a final reading of 52.3 in June. That was the fourth straight monthly drop and was driven by weakness in the services sector, which contracted enough to offset moderate growth in manufacturing.

With a reading below 50 indicating business activity had contracted, the report will feed the vocal debate over whether the US economy is back in - or near - a recession after rebounding sharply from the downturn in early 2020 at the start of the Covid-19 pandemic.

"The preliminary PMI data for July point to a worrying deterioration in the economy," S&P Global Chief Business Economist Chris Williamson said in a statement.

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A man shops in a grocery store in Miami, Florida. Business activity in the United States, the world's largest economy, contracted for the first time in nearly two years this month.

PHOTO: AFP/FILE

China plans 'great efforts' for economic recovery

REUTERS, *Beijing*

China will make great efforts to consolidate its economic recovery particularly in the crucial third quarter, putting a priority on stabilising employment and prices, state media reported on Friday after a regular cabinet meeting.

The world's second-biggest economy narrowly missed a contraction in the second quarter, growing just 0.4 per cent year-on-year, weighed down by Covid-19 lockdowns, a weak property sector and cautious consumer sentiment. The government has set a 2022 growth target of around 5.5 per cent.

Major hurdles in the second half include China's persistent zero-Covid policy that entails curbs and restrictions that could again disrupt local businesses, employment and consumption.