

## Biden says US not going to be in a recession

AFP, Washington

President Joe Biden said Monday he does not expect the United States suffer an economic downturn, although GDP figures due later this week may show the economy shrinking for a second consecutive quarter.

"We're not going to be in a recession in my view," Biden told reporters.

Citing strong employment figures, the president said he hoped instead for a soft landing where "we go from this rapid growth to steady growth." Multiple US officials have downplayed rising recession fears, saying a downturn in the world's largest economy is unlikely given the very tight labor markets.

Recent figures suggest GDP might have fallen in the second quarter, following a 1.6 per cent decline in the first three months of the year, but the consensus forecast among economists still calls for slight growth.

## First Ukraine grain shipments to move in days

REUTERS, Kyiv/United Nations

The first shipments of Ukrainian grain could leave Black Sea ports within days under a UN-brokered deal to tackle a global food crisis that has worsened since Russia invaded its neighbor, the United Nations and Ukraine said on Monday.

"All parties have reconfirmed their commitment," said deputy UN spokesperson Farhan Haq after a Russian missile strike on Ukraine's Odesa port on Saturday cast doubt on the one-day old deal Moscow agreed with Ukraine, Turkey and the United Nations.

The agreement aims to allow safe passage for grain shipments in and out of Ukrainian ports, blockaded by Russia since its February 24 invasion. Russia has blamed Ukraine for stalling shipments by mining the port waters.

"We expect that the first ship may move within a few days. The Joint Coordination Centre will be liaising with the shipping industry and publishing detailed procedures for ships in the very near future," Haq told reporters in New York.

He said all four parties to the deal will have a presence in the Joint Coordination

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Tea farms in Moulvibazar have been struck by an outbreak of red spider mites, which thrive in the currently hot and dry weather conditions. As such, plantation owners are worried about achieving the expected yields this year.

PHOTO: MINTU DESHWARA

# Heat, red spider mites threaten tea yields

MINTU DESHWARA and SUKANTA HALDER

Tea farmers in Moulvibazar might not get the expected yield this year as they are struggling to irrigate their plantations in the face of inadequate rainfall, which has also given rise to a red spider mite infestation that is eating away at the crops.

About 90 of the 166 tea estates across Bangladesh are placed in Moulvibazar, which accounts for 55 per cent of the country's annual tea production, making it the largest tea producing district, according to the Bangladesh Tea Association (BTA).

Red spider mites attack plants when the weather is hot and dry, as is the current climate. As such, farmers been forced to stop picking tea leaves from afflicted areas.

So, experts fear that if there is insufficient rainfall in the next few days, it may cause colossal damage to tea production in the district.

Other than the red spider mites, the scorching sun is drying out tea plants as it is not possible to irrigate different gardens simultaneously due to the fall in natural water levels.

Sources say the infestation has spread to a majority of the tea gardens amid the current heatwave even though plantation authorities are applying the appropriate pesticides.

Echoing the same, Md Sirajuddaula, manager of the Mathiura Tea Garden in Rajnagar



upazila, told this correspondent that they are regularly spraying insecticides to keep the pest attack under control.

"This virus will not come under control unless the weather changes as red spider mites breed at high rates during times of severe drought," he added.

Adil Ahmed, assistant manager of the Eta Tea Garden in the same upazila, said conditions were conducive for tea production at the beginning of the year but heavy rainfall in June spelled disaster.

Shortly after, severe droughts struck in July and these two adverse weather conditions are unfavourable for tea production, he added.

The prevalence of this disease is high in gardens where cattle are present as the animals help red spider mites spread rapidly.

Tea expert GM Shibli, chairman of the BTA's Sylhet branch, told this correspondent that tea leaves stop growing if the temperature is above 25-30 degrees Celsius.

"Besides, the red spider mites suck and eat the buds that grow," he said.

The outbreak of red spider mites was initially restricted to certain areas but it has since spread across the region.

"This will disrupt tea production," Shibli added.

Echoing the same, AKM Rafiqul Haque, director of the project development unit of Bangladesh Tea Board, said new saplings of tea plants are dying out amid the unbearable heat and pest infestation.

Tea saplings were growing fast when rainfall was moderate earlier this year.

"So, the rain is important for

tea gardens," he added.

Haque went on to say that to alleviate the situation, tea garden managers are irrigating their lands in sections, diverting rivers, rivulets and canals to flow through their plantations, building water reservoirs and providing shade for tea plants.

A member of the BTA, which represents tea garden owners, said on condition of anonymity that the tea plants are being severely affected by changes in weather and other ailments.

"Red spider mites hamper production but the problem can be controlled with chemicals," he added.

"There is tension over whether the production target will be met or not but it is too early to tell because it is just the month of July. However, production may be less in affected gardens."

On the other hand, an official of the Bangladesh Tea Research Institute (BTRI) said no such situation has been brought to their attention as of yet.

"But if such an incident is occurring, appropriate action will be taken," he added.

Mohammad Shameem Al Mamun, senior scientific officer of the BTRI sub-station in Panchagarh, said a red spider infestation broke out at a number of gardens in April but with advice from the BTRI, farmers were able to handle the situation.

"Whenever red spider mites attack a garden, the yields tend to drop by an average of 10 to 15 per cent," he added.

## ERQ BALANCES

# Banks asked to encash term deposits

STAR BUSINESS REPORT

The Bangladesh Bank yesterday asked banks to encash the term deposits of exporters' retention quota (ERQ) balances.

The order came two weeks after the central bank instructed banks to encash 50 per cent of the balance held in ERQ accounts immediately.

The instruction is equally applicable for ERQ balances held in the form of term deposits, said the central bank in a notice yesterday.

"While on encashment, banks will have to apply the interest payable to the accounts, up to the date of encashment, without adherence to the premature encashment procedure."

In Bangladesh, exporters are allowed to keep a portion of their earnings in the ERQ accounts to settle back-to-back letters of credit liabilities without facing exchange losses.

Recently, the central bank has beefed up its efforts to increase the supply of US dollars as the foreign exchange market is facing acute shortages of American greenback amid the yawning gap between imports and exports.

On July 14, the BB also revised the retention limit out of realised export proceeds, bringing them down from 15 per cent, 60 per cent and 70 per cent to 7.50 per cent, 30 per cent and 35 per cent, respectively. The new limit will remain valid till December 31.

## Stocks up for regulatory move

STAR BUSINESS REPORT

The stock markets in Bangladesh rose for the second consecutive day yesterday largely because of the regulator's move aimed at increasing the participation of institutional investors amid persisting uncertainty.

The Bangladesh Securities and Exchange Commission (BSEC) stepped in after both Dhaka and Chittagong stock exchanges fell for nine straight days to July 24 as the economic crisis at home and abroad has kept weighing on investors' sentiment.

The DSEX, the benchmark index of the Dhaka Stock Exchange, edged up 29 points, or 0.48 per cent, to close at 6,112, adding to Monday's gains.

The turnaround came after the BSEC talked to institutional investors and brokerage firms

## BSEC stepped in after stocks fell for nine straight days as the economic crisis at home and abroad kept weighing on investor sentiment

to encourage investors to inject funds into the market. This has impacted the market positively, said a stockbroker.

"The regulator asked institutional investors to buy shares at a large volume in the first hour of the trading, lifting the index," he said.

Consequently, the DSEX surged more than 100 points in the first hour of the day's trading. The momentum, however, did not last since general investors are overall in a selling mood amid dragging uncertainties caused by the ongoing Ukraine war, the coronavirus pandemic, and higher inflation, the broker added.

Turnover, another key indicator of the market, surged 31 per cent to Tk 838 crore, up from Tk 639 crore on the previous day.

The institutional investors along with the high-net-worth individual investors increased their participation in the market after the regulator held a meeting with them on Monday regarding

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## IMF cuts global growth outlook

AFP, Washington

Surging inflation and severe slowdowns in the United States and China prompted the IMF to downgrade its outlook for the global economy this year and next, while warning Tuesday that the situation could get much worse.

"The outlook has darkened significantly since April. The world may soon be teetering on the edge of a global recession, only two years after the last one," IMF chief economist Pierre-Olivier Gourinchas said.

In its latest World Economic Outlook, the International Monetary Fund cut the 2022 global GDP estimate to 3.2 per cent, four-tenths of a point lower than the April forecast, and about half the rate seen last year.

Last year's "tentative recovery" from the pandemic downturn "has been followed by increasingly gloomy developments in 2022 as risks began to materialise," the report said.

"Several shocks have hit a world economy already weakened by the pandemic," including the war in Ukraine which has driven up global prices for food and energy, prompting central banks to raise interest rates sharply, the IMF said.

Ongoing Covid-19 lockdowns and a worsening real estate crisis have hindered economic activity in China, while the Federal Reserve's aggressive interest rate hikes are slowing US growth sharply.

But the IMF offered a stark caveat to the forecasts, cautioning that "risks to the outlook are overwhelmingly tilted to the downside," and if they materialise could push the global economy into one of the worst slumps in the past half-century.

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Pipes at the landfall facilities of the Nord Stream 1 gas pipeline are pictured in Lubmin, Germany. Soaring energy costs and the threat of hunger show how the biggest conflict in Europe since World War Two is having an impact far beyond Ukraine.

PHOTO: REUTERS/FILE

## Russian gas squeeze to hit Europe's economy

REUTERS, Kyiv

Russia said it will cut gas supplies to Europe from Wednesday in a blow to countries that have backed Ukraine, while missile attacks in Black Sea coastal regions raised doubts about whether Russia will stick to a deal to let Ukraine export grain.

The first ships from Ukraine may set sail in days under a deal agreed on Friday, the United Nations said, despite a Russian missile attack on the Ukrainian port of Odesa over the weekend, and a spokesman for the military administration in the saying another missile had hit the Odesa region on Tuesday morning.

Soaring energy costs and the threat of hunger faced by millions in poorer nations show how the biggest conflict in Europe since World War Two, now in its

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