

Eurozone consumers fear stagflation

AFP, Frankfurt

Consumers in the eurozone expect inflation to stay high and the economic growth to go into reverse over the next year, according to a new survey published by the European Central Bank on Thursday.

The first issuance of the ECB's Consumer Expectations Survey (CES) for June showed widespread concern for the economic outlook, as Europe navigates the fallout from the Russian invasion of Ukraine.

The monthly survey, which was carried out online among 14,000 people from the eurozone's six largest economies, would help the ECB pursue its price stability mandate by "improving the analytical basis" for its decision-making, the central bank said in a statement.

It would also improve the ECB's picture of households' "financial vulnerabilities" and any "challenges to financial stability".

At the end of July, the ECB raised its interest rates for the first time in over a decade as it looked to tackle record inflation driven by the soaring cost of energy.

Consumer prices rose at an 8.6-per cent pace in the eurozone in July, an all-time high and well above the ECB's own two-per cent target.

Consumers surveyed by the ECB on average expected inflation to sit at five per cent in 12 months and 2.8 per cent in three years.

They also expected the economy to shrink by 1.3 per cent over the next year.

The toxic combination of high inflation and weak economic performance is known as "stagflation".

In its last set of forecasts published in June, the ECB said it still expected the eurozone to grow by 2.8 per cent this year and 2.1 per cent in 2023.

Malaysia ready to help India meet palm oil demand

REUTERS, Kuala Lumpur

Malaysia said on Thursday it was ready to help India meet its palm oil demand in view of potentially erratic supply from top supplier Indonesia.

India is expected to see a surge in demand to around 800,000 tonnes per month for the next six months, Malaysia's Plantation Industries and Commodities Minister Zuraida Kamaruddin said in a statement, citing data from the Indian Vegetable Oil Producers' Association.



A trader is seen sitting behind mounds of loose moong dal as he awaits customers at a market in Dashmina upazila of Patuakhali. However, contract farmers who sell their produce to Grameen Euglena are faring comparatively better as the company pays Tk 5 to Tk 10 extra for export quality lentils.

PHOTO: SOHRAB HOSSAIN

Moong dal exports to Japan on the rise

SOHRAB HOSSAIN, Patuakhali

Grameen Euglena, a joint venture between Japan's Euglena Co Ltd and Bangladesh's Grameen Krishi Foundation, has been processing moong dal collected from Patuakhali and exporting it to Japan since 2018.

And although the company's exports had declined due to various difficulties amid the Covid-19 pandemic, the situation has now normalised to an extent.

Grameen Euglena exported some 300 tonnes of moong dal to Japan in 2021 but this year, the company aims to ship 1,000 tonnes of the lentil.

Sources at Grameen Euglena said they had signed an agreement with the Ministry of Agriculture in 2012 to allow moong dal exports on a limited scale. The company initially procured the lentil from Dashmina upazila of Patuakhali but later started sourcing it from Patuakhali sardar upazila and Baufal upazila as well.

The purchased moong dal is processed at the company's facility in Ishwardi upazila of Pabna before being exported to Japan.

Najmus Sadat, coordinator of Grameen

Euglena's local operations, said Japanese businessman Yuko Satake decided to form the joint venture after seeing that moong dal, which has huge demand in his country, is widely produced in Bangladesh.

Although moong dal exports are generally prohibited, he was initially able to secure permission for shipping it abroad on a trial basis for one year.

In 2018, the company officially began exporting moong dal to the island nation after receiving approval in this regard for a five-year period.

Since then, cultivation of the Bari-6 (large grain) variety of moong dal has started in Patuakhali under the supervision of the agriculture ministry to meet the demand for exportable lentils.

Grameen Euglena currently has about 10,000 contract farmers, who sell their produce to the company for around Tk 5 to Tk 10 per kilogramme higher than the market price.

Considering that Japan has an annual demand of 50,000 tonnes for large-grain lentils, the Smallholder Agriculture Competitiveness Project (SACP) of the Department of Agriculture

Extension (DAE), International Fund for Agricultural Development and Grameen Euglena are working together to increase cultivation.

Mohammad Emdadul Haque, project director of the SACP, said moong dal exports have not only improved Bangladesh's export earnings, but also the farmers' standard of living.

He went on to say that farmers sell their moong dal for between Tk 78,000 and Tk 80,000 per ton.

Nurunabi Sikder, a farmer of Hosnabad village in Dashmina Upazila who has been contracted by Grameen Euglena, said he cultivates export quality large-grain moong dal.

"The lentil is selling for Tk 70 to Tk 80 per kilogramme in the market and so, local farmers are happy to be getting better prices from the company," he added.

AKM Mohiuddin, deputy director of the Patuakhali DAE, said moong dal has been cultivated on 86,431 hectares of land in Patuakhali to produce 1.14 lakh tonnes of the pulse this season.

"Farmers are benefiting more from exports, which also makes it possible to earn more foreign currency," he added.

Businesses express concern over energy

FROM PAGE B1
industrial sectors, government high-ups and experts attended the seminar.

Mansoor Ahmed, senior vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said the export target may not be achieved if the export-oriented garment sector suffers power cuts.

Azizul Hakim, a director of the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA), said the ceramic industries need gas for 24 hours and currently they are getting it for 12 hours.

As a result, the ceramic industries are facing financial losses every day, he said. "Please keep the ceramic industries out of load shedding," Hakim added.

Ghulam Mohammed Alomgir, chairman of Max Group, said gas discovered in Bhola should be used for industries in its adjoining locality as soon as possible.

He also suggested introducing super quick power plants to meet the demand for power as soon as possible.

"We need energy security," said Abul Kasem Khan, director in charge of an FBCCI committee on power and energy, adding that the world is currently going through a bad patch for the Russia-Ukraine war.

"Coal based power plants are needed. The current reserve of coal can ensure 72 years of energy sustainability in the country," Khan said.

Mohammad Ali, managing director of the Bangladesh Petroleum Exploration and Production Company (Bapex), said there is a possibility of finding 618 million cubic feet of gas by 2025.

Some 150 billion cubic metre of gas will be added to the national pipeline within one week, he said.

Md Jashim Uddin, president of the FBCCI, also said Bangladesh can go for setting up coal-fired power plants

as had been done by many other countries.

Ahmad Kaikaus, principal secretary to the prime minister, said coal, gas and oil are interlinked.

"If the price of one item increases, it affects the others as well," he said.

"There is little scope to give any assurance to you at this meeting," Kaikaus said regarding the current demand for power and energy and prices.

Badrul Imam, a former professor of the geology department of the University of Dhaka, said the situation worsened as new gas fields had not been explored by Bangladesh for many years. Bangladesh is one of the least explored countries with regard to gas, he said.

In Bangladesh, gas is discovered in one out of every three wells that are dug whereas the global average is one in every five. For many countries it is one out of every 10, he said.

So, Bangladesh is fortunate in this sense, Imam said, adding that so far Bangladesh explored only 100 gas wells but even India's Tripura, which is 10 times smaller than Bangladesh, explored 170 wells.

It clearly indicates that the exploration rate of gas wells in Bangladesh is too low, he added.

Imam also said Myanmar has been exporting gas from the sea but Bangladesh could not yet explore resources within its maritime boundary, which was established through a legal battle with Myanmar in 2012.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA), said gas was the only raw material over which there were issues for the textile and garment sector, all the while the country has become the second largest exporter of apparel items.

More than \$5 billion worth of textile and garment could have been exported from the country had gas been supplied properly. Consultations among the apex trade bodies are needed prior to any increases brought about in the prices of gas and power, he said.

Saiful Islam, president of the

Metropolitan Chamber of Commerce and Industry (MCCI), urged for exploring for coal as soon as possible, reasoning that the high price and shortfall of gas were posing a threat to industrial production.

Tawfiq-e-Elahi Chowdhury, energy adviser to the prime minister, said the Russian and Ukrainian agriculture and industries were out of the purview of power cuts in an effort to safeguard their economies.

He called upon people to accept some sacrifices considering this is a bad patch for the Russia-Ukraine war.

He also said he cannot make any big promise regarding gas but was trying to ensure its availability.

Industries must look for alternative fuels subject to the availability of coal, liquefied petroleum gas, oil and biomass fuels of all types, said Ijaz Hossain, a former professor of the Bangladesh University of Engineering and Technology in a keynote.

Cost price to decide

FROM PAGE B1

Thanks to the latest decision, banks will not face any pressure in selling shares even if the price of their holdings goes up because it will no longer affect their exposure cap, said a top official of a merchant bank.

Many banks got the chance to increase their investment in recent times as the value of many shares has dropped owing to the uncertainty facing the global and local economy amid the Russia-Ukraine War, runaway inflation, and the volatility in the financial sector, driving down their exposure limit.

But under the new rule, banks will not be permitted to raise their exposure.

General investors hope that banks will increase their investment in the capital market due to the new exposure limit, but in reality, that might not happen, said the merchant banker.

"Banks are not investing funds at the level as many had thought because of lower confidence, excessive manipulation in the market, and a limited number of good stocks."

Teletalk's dues to govt

FROM PAGE B1
its 4G availability award given their statistically tied scores, which are in the 78.9-80.7 per cent range.

Teletalk came last with a score of 60.6 per cent. This means that 4G users on the network spent 60.6 per cent of their time with an active 4G connection on average.

Teletalk has weaknesses in its internal control system, said the Comptroller and Auditor General of Bangladesh in a report after carrying out an audit into the operator for the fiscal years of 2004-05 to 2010-11.

The operator's internal control system is not effective due to the administrative weakness of top-level management, it said.

"A lack of an effective system of revenue assurance has created ample scope for fraud. No professional or academically qualified persons have ever been appointed in the finance department."

Regulator moves

FROM PAGE B1
insurance, and from which money is paid when someone dies.

Such irregularities have created concerns regarding settlement of claims of policyholders who have opened policies to hedge risks and for a better future.

"This is unlawful, so we have taken the step," said IDRA Chairman Mohammad Jaïnul Bari.

The anomaly surfaced at a time when insurance sector is suffering from a lack of public confidence mainly for a lack of claim settlement.

Roughly, one fifth of life insurance related claims remain unsettled in Bangladesh. In other words, overall claim settlement is around 80 per cent which is below the international standard of 97-98 per cent, according to industry insiders.

As such, the life insurance penetration rate is low in Bangladesh. It was 0.41 per cent in 2017, according to the IDRA's annual report.

"Teletalk is under serious financial risk, which is detrimental to the company's profitability and sustainability," it added.

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In its report for FY2015-16, the CAG's office said due to a lack of proper decision-making by Teletalk's board, necessary guidance and an ability to prepare its own plan, the operator has not been able to formulate any long-

term strategic plan or short-term action plan even though 10 years have passed since the beginning of the business.

Abu Saeed Khan, a senior policy fellow at LIRNEAsia, a Colombo-based think-tank, called for taking strict actions against Teletalk for its non-compliance.

The BTRC should immediately use its authority to regulate the market. Otherwise, it would lose its moral authority."

Shahab Uddin of Teletalk said the company is lagging in competition with the private operators due to scanty investment.

The government has taken two projects, involving Tk 2,700 crore, to expand the 4G network of the operator at the union level, haor and char areas.

"Upon completion of the projects, our network capability will expand strongly."

"...the issue of life fund management will get more attention now," said an official of a life insurance company.

Nasir Uddin Ahmed, first vice-president of Bangladesh Insurance Association, said, "Strict punitive measures should be taken against the companies that have violated rules."

Main Uddin, chairman of the banking and insurance department at the University of Dhaka, said in the past some insurance companies provided loans to individuals or organisations using life funds.

"This has led to many problems and irregularities. That's why the IDRA is worried. It remains to be seen how far it can force companies to comply with the latest directive," he said.

The IDRA chief said they have also taken steps to bar insurance companies from investing in real estate without its approval, all to ensure that such investments do not turn bad.

UK envoy visits Unilever-UNDP's plastic waste management site

STAR BUSINESS DESK

Unilever Bangladesh and UNDP Bangladesh in partnership with Narayanganj City Corporation have run a sustainable plastic waste management project in the major cities of Bangladesh, focusing on the management of waste that poses a complex set of challenges in an urban backdrop.

Robert Chatterton Dickson, British high commissioner to Bangladesh, recently paid a visit to Unilever's Plastic Waste Management Project site and observed the daily plastic collection process in Narayanganj, a press release said.

"It has been wonderful to see Unilever, Narayanganj City Corporation, UNDP and the British High Commission working together in the Plastic Waste Management project. We must continue to collaborate to create opportunities for plastic management in the city," said Dickson.

"We believe our collective action will inspire industries and the government to achieve Bangladesh's Green Growth Strategy and the SDG targets," said Zaved Akhtar, chief executive officer of Unilever Bangladesh.

Sudipto Mukerjee, resident representative of UNDP, said plastic pollution has reached alarming levels across the globe and it is on land or in waterways, the situation in Bangladesh is dire.

Salina Hayat Ivy, mayor of Narayanganj City Corporation, Nguyen Thi Ngoc Van, deputy resident representative of UNDP, Sarder M Asaduzzaman, assistant resident representative, head of programme management and partnership support unit at UNDP Bangladesh, and Shahidul Islam, chief executive officer of NCC, were present.

Potato growers seek cut in cold storage rents

STAR BUSINESS REPORT

Potato growers and traders have urged cold storage owners to reduce rents and compensate in case of any damage to stored tuber.

They made the call from a human chain held at Thakurgaon town on Wednesday.

Over 200 people took part in the programme under the banner of the "Potato Growers and Traders Welfare Association of Thakurgaon".

The cold storage owners charged Tk 250 as rent for every 70-kilogramme bag last year, but this year they are charging Tk 260 for every 50-kg bag, the growers said. It means the cold storage rent rose to Tk 5.2 a kg this year, which was Tk 3.6 a kg last year.