Govt plans PPP projects to develop agriculture

STAR BUSINESS REPORT

The government is planning to take projects for developing the agriculture sector under public-private partnerships (PPP) for the first time in order to grow more agro-entrepreneurs and reduce pressure on the state coffer, according to a decision of the agriculture ministry.

The ministry also aims to reduce post-harvest losses by increasing the number of storage facilities as well as ensure local manufacturing of various agricultural machinery through this initiative.

The agriculture ministry recently decided to ask private entrepreneurs to file their unsolicited proposals in this regard.

The agriculture ministry held a virtual meeting with various stakeholders, including from the private sector, on July 8 to discuss which projects should be taken under PPP arrangements.

Agriculture Minister Muhammad Abdur Razzaque was present as chief guest of the meeting chaired by Agriculture Secretary Md Sayedul Islam.

The meeting decided to set up agriculture training centres, terminal markets, cold chain logistics, and agricultural machinery manufacturing and servicing stations.

In addition, they will take initiatives for molecular breeding, pesticide production and export, and seed production and export.

They also sought investments in agro-processing and to set up joint research programmes through PPP initiatives, as per a document from the agriculture ministry.

Agriculture Secretary Islam yesterday said they have already conducted two separate meetings in this regard.

"In the last meeting, we called all the stakeholders from different ministries and briefed them about our plans," he said.

"At first, we will submit our proposal to the Public Private Partnership Authority for consideration. If the proposals are viable, then they will go for tender issuing."

Private players at the meeting, who are related to the agro-processing industry and its exports, expressed their opinions about the initiative.

Parvez Saiful Islam, chief operating officer of Square Food and Beverage, said it is very important to build up basic infrastructures like cold storages to reduce fruit and vegetable losses.

He went on to say that cold chain logistics could be established in the northern region, where Square is interested to set up two cold chain centers in consultation with the agriculture ministry.

Alimus Sadat Choudhury, managing director of Alim Industries, said the necessary agricultural machinery could be made through PPP initiatives instead of importing them, which would help save a tremendous amount of foreign currency.

Echoing the same, Mahbub Anam, managing director of Lal Teer Seed Limited, said PPP initiatives for expanding local seed production would go a long way to reduce imports.

Md Waliullah, owner of Janata Engineering, said around 95 per cent of the agricultural machinery used in the country has to be imported and so, it is necessary to reduce this dependency.

Contacted, Muhammad Ibrahim, chief executive officer of the PPP Authority under the Prime Minister's Office, said the agriculture ministry is currently in the preliminary stages of forming PPP initiatives to this end.

The agriculture ministry has sought investments from private stakeholders in agro-processing for joint research programmes through PPP initiatives. The photo was taken from the regional agriculture research centre in Barishal yesterday. PHOTO: TITU DAS

Unilever wins 'Asia's Best Employer Brands' award

STAR BUSINESS REPORT

Unilever Bangladesh Limited has won the 'Asia's Best Employer Brands 2022' award given by World HRD Congress.

The World HRD Congress is an independent organisation recognising achievements in human resources management across the world.

For the last three decades, the Congress has brought together thousands of professionals from over 133 countries and is one of the largest rendezvous for HR professionals globally, Unilever said in a statement yesterday.

The 13th Edition of Asia's Best Employer Brand Award gathered global industry leaders and organisations at Singapore's Pan Pacific, Marina Square.

Unilever Bangladesh's best practices in talent attraction and management were applauded at the event

Unilever Bangladesh's best practices in talent attraction and management were showcased and applauded at the prestigious event.

Zaved Akhtar, CEO and managing director of Unilever Bangladesh, said: "With the accelerated digitalisation journey of Bangladesh, this is the right time to support our youth with the foundation for future of work."

"This award gives me great joy, as it recognises the faith our current and potential resources have on Unilever Bangladesh, to build their careers with us while serving the nation through solutions that shape our citizens' lives."

Sakshi Handa, human resource director at Unilever Bangladesh, mentioned how this award reflects the talent potential in Bangladesh.

"The jury highlighted Unilever's commitment to cater to the evolving demands of the youth's career preferences and the changing business environment."

Stocks of weak firms soar on manipulation

STAR BUSINESS REPORT

Stocks of the companies with sub-par performance are rising on the Dhaka Stock Exchange at a higher rate although the key index has been bearish for months, prompting industry people to point their fingers at manipulation.

The DSEX, the benchmark index of the premier bourse of Bangladesh, went up 15 points, or 0.24 per cent, to close at 6,241 yesterday. The index added 93 points in the past three trading days.

But the stocks of companies with poor financial records have been rising consistently for the last couple of months, even when the DSEX has dropped for the ongoing volatility at home and abroad. This is solely the result of manipulation, said a stockbroker.

A vested quarter has sent the price of the stocks higher on completing purchases, he said, adding that rumours have also played their part.

"There has been little initiative from the stock market regulator to prevent the malpractice, so such tendencies are deepening in the market," said a stockbroker

"There has been little initiative from the stock market regulator to prevent the malpractice, so such tendencies are deepening in the market," he alleged.

Anlima Yarn Dyeing topped the gainers' list yesterday, rising 9.81 per cent. For its failure to pay at least a 10 per cent dividend, the company has remained in the B category.

Sunlife Insurance and Desh Garments, both B category firms, rose 7 per cent and 6 per cent respectively.

Other companies with poor performance were on the list of top gainers almost every day whereas financially sound companies are struggling, the stockbroker said.

Responding to the allegation, a top official of the Bangladesh Securities and Exchange Commission said the regulator monitors trading regularly and it has warned that it would take stern measures against any illegal practices.

Turnover on the DSE advanced 12 per cent to Tk 1,159 crore yesterday. Of the securities, 156 advanced, 132 declined, and 92 remained unchanged.

A merchant banker, preferring anonymity, said the stock market was becoming an attractive place for carrying out manipulation. And most of the securities are rising only because of malpractices.

"This is not a good sign for the market. General people also keep themselves away from the market seeing such manipulation," he said.

"How can a stock that struggles to provide dividends rise regularly?" he asked.

Tamijuddin Textile Mills shed the most on the day, eroding 4.52 per cent. Premier Leasing and Finance, Popular Life First Mutual Fund, Malek Spinning Mills, and Phoenix Finance also suffered significant losses.

Beximco Ltd was the most-traded stock, with shares worth Tk 81 crore changing hands, followed by Fortune Shoes, LafargeHolcim Bangladesh, Malek Spinning Mills, and IPDC Finance.

Mobile makers in trouble

FROM PAGE B1

jobs for around 17,000 people. Another four plants are in the pipeline.

But the recent withdrawal of a 5 per cent VAT exemption at the sales stage, along with the current global crisis, has cast a negative impact on the local industry, according to industry people.

THREE-PRONGED CRISIS

The escalated dollar price and the increased VAT have directly contributed to the hike in device prices.

The American greenback traded at Tk 86 six months ago, whereas it has rocketed to Tk 115 recently amid US dollar shortages, fueled by unprecedented import bills, which have comfortably trumped foreign currency receipts in the form of exports and remittances.

As a result, the price of a Tk 10,000 handset has gone up to Tk 12,500, eating into profit margins for the manufacturers.

However, the main blow of the dollar price hike is yet to be visible since the settlement of the letter of credit for the latest consignment in the current dollar prices hasn't started taking place on a full scale. This is because an LC settlement takes a few weeks to a few months, according to Mesbah.

Usually, manufacturers open LC, import raw materials and accessories, stock them, produce the finished products, and hand over them to distributors. The whole process takes three months.

"As we are now going to settle the LC, the price of the dollar has surged. Consequently, the costs of production have surpassed the sales price," Mesbah added.

Industry people described the increased VAT as the second-biggest blow for the handset market.

Before the current fiscal year that began on July 1, there was about 58 per cent tax on smartphone imports, whereas the tax on locally assembled and manufactured handsets was about 15 per cent.

"The VAT on sales at various stages is leaving a huge impact on the market," said Jakaria Shahid, managing director of Edison Industries Ltd.

"Since 5 per cent VAT will be collected at various stages, the VAT incidence will eventually be 10 to 15 per cent."

Md Omar Faruk, CEO of Al Amin Brothers, a feature phone manufacturer, says the basic phone segment is comparatively steady since people's financial condition is not in good shape.

"Due to the dollar price volatility, we are also facing losses and struggling to set a specified price."

Farhan Rashid, head of business at HMD Global Oy, manufacturer of Nokia-branded smartphones, says people now see smartphones as luxury goods due to higher inflation.

Inflation in Bangladesh rose to a nine-year high in June.

Mesbah of Fair Electronics thinks that the slowing smartphone sales would jeopardise the government's smart Bangladesh ambitions, prompting him to urge the authorities to bring back the VAT exemption on handset sales.

He also argues that 14 manufacturing plants were established with a combined investment of more than Tk 2,000 crore.

"If the government's policy changes abruptly, the investment will fall," said Mesbah, adding that this will also bar the country's goal to grab the global digital device export market.

Local businesses also urged the government to activate the National Equipment Identity Register, a system used to ensure devices' authenticity, since there is a surge in the grey market in Bangladesh.

The annual handset market stands at Tk 11,000 crore to Tk 12,000 crore.

The demand for mobile phone was 4.10 crore units in 2020-21 and 63 per cent of the demand were met by local manufacturing.

In the first six months of 2022, about 1.85 crore handsets were locally manufactured. Of them, 65 per cent were feature phones, according to the BTRC.

Tea garden workers

FROM PAGE B1

The association said benefits amounting to Tk 175 per day were being provided to the workers to ensure social development and civic benefits.

The statement comes at a time when tea garden workers across the country have gone on an indefinite work abstention from August 13, demanding a daily wage of Tk 300, while they are currently paid Tk 120.

Workers of tea estates across the country, including those in Chattogram and Sylhet, enforced the programme following Bangladesh Tea Workers Union's call on Friday.

The BTA said, "Any disruption in production will result in imports and the expenditure of scarce dollar resources at this critical time."

The association said there were 168 tea production farms employing about 1.5 lakh people and Bangladesh contributes about 3 per cent of the global tea production.

The industry contributes approximately one per cent to the GDP, it added.

The tea industry is an import substitution industry, with more than 90 per cent of the annual produce being consumed domestically, said the association.

FBCCI, ILO

FROM PAGE B1

Speaking on the occasion, Poutiainen said the ILO is pleased to join forces with FBCCI to promote a safety culture and practices in priority industries.

"We hope that our collective efforts will help prevent many occupational accidents, injuries and diseases and save countless lives."

Jashim Uddin said, "Ensuring the safety of workers is our utmost priority. We have teamed up with the ILO to invest in strong and functional safety units, safety committees and safety representatives."

"Strengthening workplace safety and health at institutional and enterprise levels will make our factories safer and more productive which will benefit the national economy," he said.

New UK trade scheme to ease LDC graduation

FROM PAGE B1

uncertainty over whether Bangladesh would continue to get duty benefits to the UK market after Brexit.

"From my preliminary assessment, it seems to be a very good scheme. They have made it quite development-friendly," he said.

Some suspension conditions are similar to the EU's GSP Plus scheme that wants improvements in the rights situation, said Rahman.

However, the UK's requirement related to RoOs is more liberal, he said.

The EU's new GSP scheme seeks to impose a threshold, that products under a chapter of "Harmonised Tariff Schedule" will lose duty benefit if total shipments from a country exceed 6 per cent of the bloc's total imports pertaining to the chapter, he said.

The new 10-year GSP scheme of the EU is going to be effective from 2024 onwards.

In case of the UK's DCTS, product specific rules have been introduced which will be beneficial for Bangladesh, he said.

MA Razzaque, research director of the Policy Research Institute of Bangladesh, said because of the inclusion of various generous features, the DCTS would greatly help Bangladesh make a smooth graduation.

First of all, as had been communicated earlier, the UK will continue to provide a three-year additional transition period for the graduating LDCs, enabling Bangladesh to retain its current level of market access until 2029.

After the graduation, as per the provisions specified in the DCTS, Bangladesh will be considered one of the "lower-middle income vulnerable country" and thereby qualifying for a "DCTS Enhanced Preferences".

A country's vulnerability will be measured by a simple assessment of its share of imports to the UK under 7 of the largest GSP categories.

If those imports from a GSP beneficiary represent more than 75 per cent of its total shipments to the UK, the country will be determined as economically vulnerable, he said.

Given Bangladesh's current reliance on apparel items alone, Bangladesh will qualify for the "DCTS Enhanced Preferences".

"What is, however, worth noting is that the UK will allow all economically vulnerable lower-middle income countries access DCTS Enhanced Preferences by removing the requirement for countries to ratify and effectively implement certain international conventions," said Razzaque.

"This is a departure from the EU provisions of ratification and implementation of as many as 32 international conventions as a precondition for GSP+ market access," he said.

He said previously under the EU GSP+ scheme and the equivalent UK Enhanced Framework, a beneficiary country would receive duty-free access to 66 per cent of tariff lines.

But the UK, under its new DCTS, will either lower or remove tariffs on an additional 156 products, he added.

"Most importantly, while under the EU draft GSP proposal for 2024-34, Bangladesh's apparel products after LDC graduation would almost certainly be subject to safeguard measures, making those items ineligible for duty-free market access, the UK DCTS does not include any such provision," said Razzaque.

"Therefore, even after the LDC graduation, Bangladesh's exports of garment items to the UK will continue to benefit from duty-free market access," he said.

German gas giant reports steep losses from Russian squeeze

AFP, *Berlin*

German energy giant Uniper on Wednesday reported heavy first-half losses which it blamed on Russia squeezing gas deliveries in the wake of the Ukraine war.

The company, which accepted a government rescue package last month, said that it had recorded a net loss in the first six months of the year of 12.3 billion euros ($12.5 billion).

"Uniper has for months been playing a crucial role in stabilising Germany's gas supply at the cost of billions in losses resulting from the sharp drop in gas deliveries from Russia," CEO Klaus-Dieter Maubach said in a statement.

The German government agreed in late July to take an around 30-per cent stake in Uniper, which was threatened with bankruptcy as a result of the crisis.

BB limits

FROM PAGE B1

exchange volatility in the banking sector.

Importers purchased each dollar for up to Tk 105-106 yesterday compared to Tk 109 a day earlier.

However, lenders purchased greenbacks in the form of remittance for Tk 109 to Tk110 from foreign exchange houses.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the existing pressure in the market had softened to some extent owing to the initiatives taken by lenders.

"A normalcy will be enjoyed by the market soon but it may require one or two weeks more for it to fully stabilise," he added.