

Germany to sign hydrogen deal with Canada, discuss LNG

REUTERS, Berlin

Germany's Chancellor Olaf Scholz will sign a deal to establish hydrogen supply chains with Canada during his two-day visit to the country next week, officials said, as Berlin accelerates its green transition to reduce dependence on Russian gas supplies.

With fears that Russia could completely shut down already heavily reduced gas flows in retaliation for Western sanctions following its invasion of Ukraine, Scholz will also discuss the prospects for Canadian liquefied natural gas (LNG) deliveries to Germany, the German officials said on Thursday.

However, they cautioned this would not offer a solution for this winter when Germany is facing a possible gas shortage, nor next, as the infrastructure is not yet in place.

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Along with Economy Minister Robert Habeck and with a large business delegation in tow, Scholz heads to Canada on Sunday evening on his first official trip to the country, with a packed itinerary taking him to Montreal, Toronto and the small, remote windswept town of Stephenville in the eastern island of Newfoundland.

While Scholz hopes to deepen economic cooperation with Canada, the war in Ukraine will be among other topics under discussion.

Top of the agenda is an agreement on hydrogen the chancellor will sign with Canadian Prime Minister Justin Trudeau in Stephenville, where there are plans to build a plant that will use wind energy to produce the fuel for export, the officials said.

"Energy from Canada represents more of a medium-term solution," one of the officials said.

The business delegation will include executives from the energy, environment, chemical, automobile, shipping and mining sectors, the officials said. Volkswagen CEO Herbert Diess will be among those travelling, people familiar with the matter told Reuters.

Talks on Monday will focus on cooperation in the energy sector and Scholz will also visit the Institute for Learning Algorithms to learn more about the development of artificial intelligence.



Turners pass idle times during a power cut in Khulna city, as the mains are the sole source of power for the lathes. Though mornings are the peak hours for the trade, around two hours of power cuts are imposed during the period. The country has been witnessing a rise in load-shedding since mid-July due to a drop in electricity production. The photo was taken at Sher-e-Bangla Road last week.

PHOTO: HABIBUR RAHMAN

Sri Lankans flee crisis in mass brain drain

REUTERS

Shamla Yoosoof, an investment researcher from Colombo, left Sri Lanka with her three-year-old son and a jam-packed suitcase, swapping economic chaos at home for a new start in Dubai.

She flew out in June to join her husband who had secured a job as a sales and marketing director there weeks before - one of tens of thousands of Sri Lankan professionals escaping the country's worst economic crisis in seven decades.

Although the exact number of migrants was unavailable, both preliminary data and business leaders suggested the scale of the brain drain was serious enough to delay any economic recovery.

Yoosoof, for one, did not know when - or if - they would ever be back.

"It took a long time to convince my husband (to leave Sri Lanka) because he was someone who believed in the country and wanted to stay," said the 30-year-old.

But by March, she said the crisis - which saw fuel shortages spiral into economic meltdown alongside political protests that ousted the president - had made daily life too hard.

"We realised that if we do not jump ship (soon) it was going to be difficult for us (to leave the country)." From Tunisia to Haiti

to Pakistan, spiralling inflation is driving millions into poverty worldwide, sparking protests and mass unrest, with even rich countries feeling the squeeze.

Since March, Sri Lankans have faced severe shortages of fuel and cooking gas due to fast dwindling foreign currency reserves. Medicine and food essentials such as milk powder ran short and unrest swelled against the powers that be.

Fuel was only available for essential services such as healthcare and farming for most of July. Food prices soared, with year-on-year food inflation at more than 90 per cent in July, and consumer price inflation at 60.8 per cent, year on year.

On top of the daily grind, migrants said they had lost faith in government and feared that rising nationalism would favour the feckless at the polls, hastening the middle-class exodus.

Hence the rush to a better life by many of the island's most skilled professionals - medics, software engineers, scientists - creating a worrying skills gap for the 22 million left behind. "There is an emerging trend of departure of skilled migrant workers," said Dr. Bilesha Weeraratne, Head of Migration and Urbanization Policy Research at the Institute of Policy Studies (IPS).

The first six months of 2020 and 2021

recorded 40,581 and 30,797 departures respectively, but the first six months of 2022 had registered about 113,140 departures, she said, citing government data that is not publicly available.

The immigration office would not confirm the numbers despite repeated requests - but long queues outside passport offices are now a common sight.

In the first five months of 2022, Sri Lanka has issued 288,645 passports compared with 91,331 in the same period last year, according to government data.

In a bid to retain talent, IT companies that run support services for big foreign firms - be it the London Stock Exchange, Qantas Airways or Boeing - began pegging local salaries to foreign currencies.

Such outsourced services, mostly in tech, are one of the island's biggest foreign exchange earners. But the currency shift has not much helped, industry leaders say.

Sanjiva Weerawarana, chief executive officer of WSO2, a Colombo-based software solutions firm with 850 full-time employees, said the company had lost about 10 per cent of its workforce this year as staff chose to leave for work or study.

"When we asked (employees) who wants to go, more than half of them (said they want to migrate). We will only know the real impact in another six months," he said.

Bangladesh poised

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are not far behind as there are hackers and people who are targeting phones with malware, he added.

Therefore, a lot of work has to be done by the ecosystem players like banks to ensure that security of the entire transaction ecosystem is ensured, Varma said.

With time, innovations will present new use cases and payment methods, but it will also need focused efforts on cyber security and knowledge for customers about how to use the tools more safely.

Mastercard does not normally share its country-level market data.

The company is doing business here in Bangladesh for longer than other networks, especially with physical capacity, and Mastercard has built very strong relation with financial institutions, banks and regulators, he said.

Varma said he thinks Mastercard is very well placed as a network to become a dominant market player.

He said Mastercard would focus mainly on the growth of debit and prepaid segments as the country has

over 110 million adult population and not all are banked yet.

Driving financial inclusion along with regulators and other influencers in the government will help the company gain more debit and prepaid clients, he added.

According to him, another focus sector for Mastercard would be the SME sector - the backbone of the Bangladesh economy where 25 per cent of its gross domestic product come from.

"In general, SMEs are least served from a financial solution capability standpoint. So, the SMEs need more attention."

There are some areas where banks can help SMEs run their business more efficiently and get capital and payments easily, he said.

E-commerce is another sector, which needs more focus, some progressive policy and investment from ecosystem players, he said.

He said Bangladesh has a lot of room for growth since only 10 per cent of the eligible population currently own a card, whereas one person has at least one card in most of the other nations.

Germany to fall short

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at a very low level." Warning of looming shortages, Economy Minister Robert Habeck outlined a series of targets last month for gas stocks to reach 95 percent by November 1 ahead of the cold German winter.

At the time gas reserves stood at about 65 percent of capacity and Germany last weekend reached 75 percent two weeks ahead of schedule.

However Mueller warned citizens of Europe's top economy that there would be no alternative to saving energy.

"It's not just about one winter but rather at least two. And the second winter could be even harder," he said.

"We've got to save a lot of gas for at least another year. To put it clearly: it's going to be at least two stressful

winters." He said shortages in the cold months of 2022/23 were "probable" in some regions.

"The shortfalls will probably be temporary at first and then could stop or return repeatedly," Mueller cautioned, meaning that gas might have to be transported to stricken regions of the country.

Germany is heavily dependent on Russian gas and has seen deliveries drop sharply amid tensions over the Ukraine war.

Gas flows dropped to 20 percent of the key Nord Stream pipeline's capacity in July, as the EU accuses Moscow of using energy as a "weapon" in the conflict.

Household energy bills are set to soar this winter while energy shortfalls are expected to choke economic growth.

Turkey cuts rate despite soaring inflation

AFP, Istanbul

Turkey's central bank on Thursday stunned the markets by lowering its main interest rate even as inflation soared to a 24-year high and looks set to climb further.

The central bank said "recession is increasingly assessed as an inevitable risk factor" as it lowered its one-week repo auction rate to 13 percent from 14 percent.

"Just insane - with inflation at 80 percent and rising," BlueBay Asset Management economist Timothy Ash remarked in an emailed comment. "Turkey's central bank (has) stepped up its fight against economic orthodoxy," Jason Tuvey of Capital Economics added in an ironic note.

"The move increases the risk of yet another currency crisis." The Turkish lira lost one percent of its value against the dollar within moments of the announcement.

Turkey's monetary policy decision contradicts the approach pursued by most other countries as they try to combat the spike in consumer prices caused by Russia's invasion of Ukraine.

The war has sent food and energy prices soaring and forced central

banks to raise borrowing costs -- even as economic growth remains anaemic.

But Turkish President Recep Tayyip Erdogan subscribes to the unorthodox belief that high interest rates cause inflation rather than rein it in. He has fired three central bank governors since 2019 who have tried to pursue a more conventional economic course.

Turkey now has a real interest rate of negative 66.6 percent when adjusted for inflation.

This forces businesses and ordinary people to spend as much as possible before their liras lose even more value with each month.

Turkey's approach has propelled economic growth that Erdogan hopes can help him secure a third decade in power in a general election scheduled for next June.

But it has been accompanied by a sharp depreciation of the lira that has eroded living standards and pushed the financial sector to the brink of crisis.

The Turkish government has adopted a series of alternative measures to combat inflation which most economists dismiss as either insufficient or too complex and expensive to work.

Biden touts \$1tr bill

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to extend broadband internet to unserved areas. Earlier this month, the administration said all states submitted EV infrastructure deployment plans required under the \$5 billion EV charging program.

"We have gotten 100% participation" on these "major structural programs so that the next big thing can happen," Landrieu said.

This week, the Transportation Department announced \$1.66 billion

in grants for 1,800 new buses. The 150 awards includes \$116 million for New York City to buy 230 battery-electric buses to replace older diesel buses and \$280,000 for Fayetteville, North Carolina to buy three light transit vehicles.

Last week, the Transportation Department awarded \$2.2 billion in grants to modernize roads, bridges and other projects, including \$25 million for California's High-Speed Rail program.

Sri Lanka to ask Japan to open talks with main creditors

REUTERS, Colombo

Sri Lanka will ask Japan to invite the Indian Ocean island's main creditor nations, including China and India, to talks on bilateral debt restructuring as it seeks a way out of its worst economic crisis in decades, its president said on Thursday.

"Someone needs to call in, invite the main creditor nations. We will ask Japan to do it," President Ranil Wickremesinghe told Reuters in an interview, adding that he would travel to Tokyo next month to meet Prime Minister Fumio Kishida.

Sri Lanka, a country of 22 million people off India's southern tip, is facing its most severe financial crisis since independence from Britain in 1948, resulting from the combined impact of the COVID-19 pandemic and economic mismanagement.

Left with scant foreign exchange reserves, stalling imports of essentials including fuel and medicines, ordinary Sri Lankans have been battling crippling shortages for months amid sky-rocketing inflation and a devalued currency.

Public anger stoked unprecedented mass protests, with thousands of people storming the colonial-era presidential residence in Sri Lanka's commercial capital Colombo in early July, forcing then president Gotabaya Rajapaksa into hiding.

Protesters occupied the residence for days, some of them sleeping in the president's bedroom and others frolicking in a swimming pool surrounded by manicured gardens.

Rajapaksa, a former military officer, then fled the country to Singapore and resigned, becoming the first Sri Lankan president to quit mid-term.

Wickremesinghe, a six-time

prime minister, won a parliamentary vote and took office as president on July 21.

Local broadcaster Newsfirst, citing a former ambassador, said on Wednesday that Rajapaksa would return home next week.

Wickremesinghe said he was "not aware" of any such plans, speaking to Reuters at the presidential secretariat, part of which had also been occupied by protesters.

Udeeshan Jonas, chief strategist at Colombo-based investment bank CAL Group, said Wickremesinghe's outreach to Japan could help secure additional funds after once a restructuring plan is agreed.

"As one of the Quad countries, Japan can bring India and the rest of the key bilateral creditors together and Sri Lanka can work on a restructuring plan that will cover a large part of the debt," Jonas said, referring to the Quad grouping of the United States, Japan, Australia and India.

"Only China will be on the other side," he said.

Wickremesinghe said talks were ongoing with China, and that they had been positive so far.

Sri Lanka's total bilateral debt was estimated at \$6.2 billion at the end of 2020 by the IMF, according to a March report, with Japan and China holding the largest shares.

This year alone, India has poured in around \$4 billion to help keep Sri Lanka's economy afloat, mainly through credit lines and swaps.

Sri Lanka also has \$14 billion of international sovereign bond debt.

Besides seeking help from its allies, Sri Lanka is also negotiating with the International Monetary Fund (IMF) for a loan package worth between \$2 billion and \$3 billion, Wickremesinghe said.

Sonali Bank pays tribute to Bangabandhu

STAR BUSINESS REPORT

Sonali Bank Limited yesterday paid tribute to Bangabandhu Sheikh Mujibur Rahman and his family, who were martyred on August 15, 1975, and honoured the freedom fighters who served the bank.

To this end, the bank organised a discussion and offered special prayers at its head office in Dhaka.

Md Murshedul Kabir, deputy managing director of the bank, presided over the discussion, where Md Ataur Rahman Prodhon, chief executive officer and managing director, was present as chief guest.

Addressing the event, Rahman said Sonali Bank honoured 394 freedom fighters for their contribution to the Liberation War and to the bank itself.

He then said Bangabandhu Sheikh Mujibur Rahman personally named the bank following the Liberation War for serving the nation by helping rebuild its economy. He also urged all staff to implement the dream of the Father of the Nation.

Meghna Bank signs MoU with KDA School and College

STAR BUSINESS REPORT

Meghna Bank Limited and KDA School and College have signed a memorandum of understanding (MoU), under which the lender handed over computers to the school for establishing an ICT lab on its campus.

Sohail R K Hussain, managing director of Meghna Bank, and Brig Gen SM Merazul Islam, chairman of KDA, were present at the deal signing ceremony held at the latter's office in Khulna, the bank said in a press release yesterday.

The objectives of the deal are to educate students on computer literacy, boost their morale and prepare them to face the challenges of the digital world.

Mission will be reviving economy UK's Liz Truss says

REUTERS, London

The frontrunner to be Britain's next prime minister Liz Truss said her government's defining mission would be to revive the economy as she set out a series of measures to help parts of northern England.

Britain's economic performance has lagged behind those of the United States, Italy and France in recovering from the COVID-19 pandemic. The economy is expected to enter a long downturn at the end of the year amid surging inflation and rising interest rates.

"The defining mission of my government will be to get our economy growing again, cutting taxes to put more money into the pockets of hardworking people," Truss said.