OBJECTIVES

- GDP contribution of industrial sector to be raised to **40**% by 2027
- Ensuring product diversification for potential export items
- Protecting the local industry, creating entrepreneurs
- Giving focus on IT sector to improve efficiency and productivity
- Using CMSMEs to ease the unemployment problem
- Addressing LDC graduation challenges

PRIORITIES

- **15**% plot to be reserved for women entrepreneurs at economic zones, export processing zones or hi-tech parks
- **25**% of SME sector loans will go to women entrepreneurs
- Stimulus for foreign investors who will relocate factories to Bangladesh
- Light engineering sector to get emphasis

VALIDITY

New policy to remain valid until 2027

INDUSTRIAL POLICY 2022

Coordination key to achieving implementation target

Experts also stress the need for improving efficiency

JAGARAN CHAKMA

Like always, investors and experts apprehend that there will be challenges in implementing the new industrial policy to achieve maximum benefits due to a lack of ownership and coordination among line ministries and various stakeholders.

The new policy aims to increase the industrial sector's contribution to the country's gross domestic product (GDP) to 40 per cent from 35 per cent within the next five years.

The industries ministry had issued a gazette notification in this regard on September 29, highlighting the need to develop skilled manpower, increase productivity and employment to expand the sector's GDP contribution by 5 per cent within 2027.

Abul Kashem Khan, former chairperson of Business Initiative Leading Development (BUILD), said no industrial policy has achieved its target due to the lack of efficiency and cooperation in implementation.

Almost all former policies were pro-industrialisation and despite the government's good intention, they faced problems in implementation each time.

"I have seen severe lacking in coordination among the implementing government entities as well as conflict among different policies related to business and industrialisation," he added.

Khan suggested formulating all polices, including that of export and investment, in accordance with the industrial policy as it is the mother of all polices related to business.

The former BUILD chairperson then said that frequent policy changes by the National Board of Revenue (NBR) is a major roadblock for attracting foreign direct investment and increasing industrialisation.

He alleged that NBR officials always try to harass taxpayers instead of cooperating with them, which is counterintuitive for growing the government's revenue.

Besides, investors do not even get utility connections on time while unstable energy prices increase their production costs, discouraging long-term investments in the process, Khan added.

However, he believes the new industrial policy will be easy to implement if the government addresses these bottlenecks.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the new policy has made some improvements as an action plan for implementation has been incorporated along with a detailed explanation on industry clusters.

Previous industrial policies failed to achieve their targets as the line ministries did not take ownership of their implementation.

"For this reason, the earlier polices could not be implemented properly and failed to achieve the target, and the same could be expected of this policy also," he added.

Moazzem suggested forming a monitoring strategy to evaluate the implementation status every six months and place a report to the implementation committee.

In addition, the industries ministry should formulate a guideline for other stakeholders to implement the policy.

> **"I have seen severe lacking in coordination among the implementing government entities as well as conflict among different policies related to business and industrialisation," says Abul Kashem Khan, former chairperson of BUILD**

Moazzem found conflict between the new policy and Bangladesh Bank's framework for financing woman entrepreneurs. The central bank policy mentions reserving 5 per cent of loans for women while the industrial policy wants to provide them with 25 per cent of the total fund for industrial loans.

Sheikh Faezul Amin, additional secretary (policy, law and international cooperation) of the industries ministry, told The Daily Star that they have formulated an action plan to implement the policy.

Under the action plan, they will create awareness among entrepreneurs, other public stakeholders and line ministries to comply with the policy.

"We will coordinate with other ministries and divisions that are involved in implementing the policy to avoid any conflict," he said, adding that stakeholders will be consulted if there is any need to revise it.

"Also, we will inform high-level committees headed by the prime minister, industries minister, and secretary for industry regarding any conflict with other policies," Amin said.

He sought cooperation from investors and government stakeholders in implementing the policy.

The policy set a target to develop the country's socio-economic condition as well through inclusive growth with sustainable and eco-friendly industrialisation.

It also aims to develop a strong foundation for the domestic light engineering sector through the adoption of sustainable and sophisticated technology.

Product diversification of potential export items and capacity building in the industrial sector are needed to face the challenges of LDC graduation and so, these two aspects will get special attention.

The new policy also places importance on the IT sector in order to help related industries improve their efficiency and productivity.

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BGMEA demands cut in diesel price

Says higher fuel prices driving up production cost

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) recently demanded that the government reduce the price of diesel as the cost of doing business has increased substantially in the face of a hike in fuel oil rates and continued load-shedding.

Many export-oriented and local garment factories, textile mills and other industries have been running their operations with diesel-powered generators due to load-shedding. As a result, the production cost of local industrial units has gone up significantly at a time when the economy is being battered by the Russia-Ukraine war.

Diesel sold at Tk 80 per litre in domestic markets last year but this year, the government increased the price of the widely consumed fuel to Tk 109 per litre. So, various industries have been struggling to remain productive while managing their soaring operational costs.

"The government should readjust the price of diesel in local markets as the price of petroleum products has already declined significantly in international markets," BGMEA President Faruque Hassan said in a letter to the prime minister on October 3.

Hassan then informed that BGMEA member factories have been following the staggered weekly holiday policy as per the government's instruction since August 11 to save on electricity consumption.

Besides, the BGMEA is devising a roadmap to export clothing items worth $100 billion by 2030, he added.

To reach this target in the stipulated time, the BGMEA has taken initiatives such as reducing carbon emissions, using sustainable raw materials, reducing groundwater and energy usage, and increasing the use of renewable energy.

However, the continued use of expensive diesel fuel for powering machines will affect the achievement of this target.

The sector's current contribution to national exports is 82 per cent with shipments worth $42.61 billion having gone abroad last year, up from $12.49 billion in fiscal 2009-10, the letter said.

Oil prices settled lower on Thursday amid choppy trading, rising above $90 per barrel and then retreating as traders weighed a worsening economic outlook against potential OPEC+ output cuts next week, according to a Reuters report dated September 29.

Brent crude futures settled down 83 cents at $88.49 per barrel, after rising as high as $90.12 during the session. Meanwhile, US crude futures for November settled 92 cents lower at $81.23 a barrel, it said.

Leading members of the Organization of the Petroleum Exporting Countries and its allies, known as OPEC+, have begun discussions about an oil output cut at their next meeting on October 5.

Crude oil was sold between $85.30 per barrel and 86.42 per barrel in the international futures markets yesterday, the report added.

WTO slashes 2023 global trade forecast

AFP, *Switzerland*

The World Trade Organisation on Wednesday dramatically lowered its global trade forecast for 2023, as Russia's war in Ukraine and other shocks take their toll on the world economy.

Presenting a revision of their annual trade forecast, WTO economists said they expected the volume of global merchandise trade to grow 3.5 per cent this year, which is slightly higher than their expectations in April.

But they forecast it would grow by only one per cent in 2023 -- dramatically down from their expectations of 3.4-per cent growth six months ago.

"The picture for 2023 has darkened considerably," WTO Director-General Ngozi Okonjo-Iweala told reporters in Geneva.

"Today the global economy faces multi-prong crises. Monetary tightening is weighing on growth across much of the world."

As for the global economy as a whole, WTO economists stuck with their April forecast of 2.8-per cent GDP growth this year, but said growth in 2023 was now expected to be just 2.3 per cent -- down a full percentage point from the previous forecast.

By way of comparison, the Organisation for Economic Co-operation and Development has maintained its 2022 forecast at three per cent, and expects 2.2 per cent growth next year.

The International Monetary Fund meanwhile forecasts growth at 3.2 per cent this year and 2.9 per cent in 2023.

The WTO pointed out that its April forecasts were presented only weeks into the start of Russia's full-scale war in Ukraine, making them very uncertain.

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Containers are seen staked-up at the Port of Long Beach in California. Russia's war in Ukraine and other shocks continue to take their toll on global trade growth.

PHOTO: REUTERS/FILE

Euro zone likely to endure recession

Survey shows

REUTERS, *London*

The drop in euro zone business activity deepened last month, a survey showed, probably extinguishing any hope the currency union would avoid recession just as elevated inflation puts pressure on the European Central Bank to act.

Businesses and consumers are wary of spending as the region heads into the winter months with already high energy prices likely to climb further, while firms are also suffering from supply chains disrupted by Russia's invasion of Ukraine.

S&P Global's final composite Purchasing Managers' Index (PMI) for the euro zone, seen as a good gauge of

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