



This aerial photo shows workers harvesting rice at a paddy field in Kishoreganj last year. Food crop prices are showing an upward trend owing to disruptions in the global supply chain caused by the Russia-Ukraine war.

PHOTO: AFP/FILE

RICE, WHEAT IMPORTS

# Banks asked to levy minimum LC margin

STAR BUSINESS REPORT

The central bank has asked banks to take a minimum cash advance from importers while opening letters of credit (LCs) for rice and wheat in order to keep their prices at a tolerable level in the domestic market and ensure smooth supply.

The advance payment, also known as the cash LC margin, should be kept at the minimum level depending on the bank-client relationship, Bangladesh Bank said in a notice yesterday.

The central bank's directive comes at a time when rice imports by the private sector remains low despite five months having passed since the government started allowing businesses to import the staple grain in a bid to rein in its spiralling prices.

Importers linked the sluggish imports to the banks' apathy in opening letters of credit (LCs) to

facilitate shipments of the grain, and risk of losses for lower prices in the domestic market amid the ongoing Aman rice harvesting season.

Traders also said a section of them allege that banks were demanding up to 100 per cent cash margins to open LCs, which was difficult for many to arrange.

The food crop prices are showing an upward trend owing to disruptions in the global supply chain caused by the Russia-Ukraine war. As a result, the transport cost of global commodities has gone up, affecting prices in the local market.

In the past one month, the prices of wheat flour rose 9 per cent to Tk 60.63 per kilogramme (kg) in Dhaka, a reverse from the global trend, said officials of the commerce ministry in early December. The price of the grain dropped 6.13 per cent globally



during the period.

Similarly, the price of coarse rice was 6 per cent higher year-on-year at Tk 48.09 per kg in November, data from the Food and Agriculture Organisation showed.

"So, it is important to keep the prices of rice and wheat at a tolerable level in the local market and ensure a smooth supply,"

the central bank said.

Bangladesh Bank does not set any margin on the import of commodities, and it is usually determined based on the bank-client relationship. As such, banks can even decide to not impose a margin at all.

In July, the central bank asked banks to take up to 100 per cent of import payments in advance

from businesses while opening LCs for luxury and non-essential items in an effort to keep the foreign exchange reserves stable.

The reserves fell from \$39.60 billion in July to \$33.92 billion on December 7.

On December 10, the central bank also directed banks to take a minimum cash advance from importers while opening LCs for a number of essential commodities in order to keep their prices at a bearable level during Ramadan.

The demand for edible oil, gram, lentils, onion, spices and dates usually goes up during the fasting month. As a result, the prices of those items increase.

The prices of key items such as edible oil and sugar have already surged in Bangladesh for the higher import costs of raw materials, escalated transport and fuel costs, and the energy shortage, driven mostly by the war.

# Tourist SIM in the offing

STAR BUSINESS REPORT

The telecom regulator is going to introduce a "tourist SIM" for foreign travellers coming to Bangladesh.

Validity periods of 7, 15 or 30 days can be availed and a maximum of two SIMs can be registered against one passport, according to documents of Bangladesh Telecommunication Regulatory Commission (BTRC).

Tourists can also collect e-SIMs on demand at the time of entry through any port. An e-SIM, or embedded SIM, can be electronically programmed into a mobile phone without the need for manual insertion.

If it is needed for longer periods, the subscriber can exchange it for a regular SIM showing work permits.

Most foreigners and tourists usually visit the country for short periods. Once they leave, the SIM registered against their passport remains unused and no revenue is generated from it.

As per the rules, an unused registered SIM cannot be re-registered in someone else's name before 540 days.

This results in the wastage of limited resources like Mobile Station International Subscriber Directory Number, which uniquely identifies a subscription in a mobile network.

The tourist SIM will be identified separately on the Central Biometric Verification Monitoring Platform of the government and all related packages and offers of mobile operators will require prior approval of the BTRC.

"We are currently working on this to benefit customers. More details regarding tourist SIMs will be shared soon," said Md Mohiuddin Ahmed, vice-chairman of the BTRC.

# Apple plans to let rival app stores on iPhones in EU

REUTERS

Apple Inc is preparing to allow alternative app stores on its iPhones and iPads in the European Union as soon as late next year to comply with a new European competition law that it had fought, Bloomberg News reported on Tuesday, citing sources familiar with the matter.

Opening up to outside app stores could present a major threat to Apple's fast growing services business, but rivals would first have to surmount the hurdle of convincing consumers to leave the security and simplicity of using Apple's own store.

The magnitude of consequences depends on how the U.S. company complies with additional mandates in the European law, known as the Digital Markets Act (DMA).

Microsoft Corp, Meta Platforms Inc, Amazon.com Inc and other companies with app stores could receive boosts to sales as a result of Apple's planned change on rival storefronts.

Apple declined to comment, and Meta, Amazon and Microsoft did not immediately respond to requests for comment.

# Fed expected to slow pace of rate hikes

AFP, Washington

US central bankers open the second day of a key policy meeting Wednesday, with mounting anticipation of a smaller hike to its benchmark lending rate as inflation showed signs of easing.

The Federal Reserve has embarked on an all-out campaign to cool demand in the world's biggest economy, raising rates six times this year with interest-sensitive sectors like housing already reeling from tightening policy.

But there have been positive signs, with consumer inflation in the United States easing in November, according to government data released Tuesday.

The consumer price index, a key gauge of inflation, logged its smallest annual increase in nearly a year, fueling optimism that the Fed could soon moderate its efforts.

Households have been squeezed by red-hot prices, with conditions worsened by surging food and energy costs after Russia's invasion of Ukraine, and fallout from China's

zero-Covid measures.

To make borrowing more expensive, the Fed has raised interest rates six times, including four bumper 0.75-point increases, bringing the rate to between 3.75 percent and four percent.

Analysts widely expect the Fed to adopt a smaller, half-point hike on Wednesday, with Ian Shepherdson of Pantheon Macroeconomics calling it a "a done deal" in an analysis.

While this marks a step down from earlier 0.75-point increases, it would still be a steep jump.

Shepherdson cautioned that Fed Chair Jerome Powell is "in no hurry to say what markets want to hear." "Powell is unlikely to deviate from his clear line that the Fed will do whatever is necessary to squeeze out inflation, and that some pain will be necessary," Shepherdson added.

Recent easing in inflation data is welcome news to policymakers, but this is "not yet proof that inflation has sustainably cooled to levels consistent with the inflation target," cautioned economist Edoardo

Campanella of UniCredit Bank in a note.

The Fed has a longer-term inflation target of two percent.

"The Fed will likely further slow the pace of rate hikes early next year to 25 basis points," Campanella added.

"However, with the labor market still very tight... and with broad financial conditions easing, the Fed will likely say that their job is not done," he said.

Neil Saunders, managing director of GlobalData, added that the Fed is taking a "hawkish view on inflation" and will likely conclude further tightening is needed, based on the continued strength of underlying demand in the economy.

"As much as this action may have the desired effect, it will cool the economy at a time when it is already under pressure heading into 2023," said Saunders.

The Fed's further rate hike will also mark "a new phase" in its tightening cycle, said Nationwide chief economist Kathy Bostjancic in a note Monday.

# United Airlines to buy 100 Boeing 787

AFP, Charleston

United Airlines on Tuesday unveiled an order of 100 new Boeing 787 Dreamliners, with options for an additional 100 jets, as the company banks on rebounding demand for international travel following a years-long pandemic slowdown.

The huge order, the largest by an American carrier for this class of aircraft, marks a victory for Boeing after 346 people died in two major 737 MAX crashes that grounded the jet globally for more than a year and a half.

Boeing has targeted mid-decade to return to its pre-pandemic financial health after the 737 MAX scandal and other woes.

United Chief Executive Scott Kirby, who also announced a giant Boeing and Airbus order in June 2021 ahead of rivals, predicted the airline's ambitious 787 plan would pay off for the carrier during a capacity-constrained period.

"United is really uniquely positioned to grow in a way that's going to be a huge challenge for others," Kirby told reporters.

Speaking at a signing ceremony,

Kirby said that Boeing remained a vital company for the United States and that the order was a vote of confidence that the company had turned the corner after a difficult period.

"As much as anything, I trust you and I trust your company," Kirby told a crowd of Boeing employees, most donning blue Boeing t-shirts.

United expects the jets to be delivered between 2024 and 2032, with the new aircraft targeted to replace the 767 fleet that will be removed from service by 2030.

# High-value exotic fruits make a splash

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The government sells fruit saplings through its horticulture centres. It earned around Tk 3 crore in 2019-2020 and Tk 5.75 crore in 2020-2021 from the selling of saplings.

The annual sales by private nurseries may go past Tk 120 crore, Masood added.

Currently, a farmer can earn Tk 4-5 lakh from cultivating dragon fruits on one acre of land. But the DAE is introducing a high density planting method that will allow a grower to get Tk 10 lakh from the

Bangladesh imported 3.56 lakh tonnes of fruits in FY18 and it went down to around 3 lakh tonnes in FY19. In FY21, 6.16 lakh tonnes of fruit were purchased from the international markets. Of them, 77 per cent were apples and sweet oranges, according to the DAE.

Among the imported fruits, 94 per cent came from China, India, South Africa, Egypt, Bhutan and Brazil, while the rest were imported from the United States, Australia, New Zealand and Afghanistan.

# BJMC gets better response

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As per the plan, the BJMC in April 2021 called upon interested investors to submit expressions of interest for leasing 17 of the mills for a period of five to 20 years.

However, until now it could lease out six factories as responses from the private sector had been lukewarm.

Still, only three are running now while the rest are yet to start production, officials said.

Rauf, who was chairman of the BJMC during the closure, said three mills have started exports. Leasers of the remaining three mills have deposited security money.

But they may be going slow for problems in opening letters of credit for now, he added.

Despite the closure of the mills, losses of the state corporation remain high as it has to pay salaries and bear maintenance costs of the closed factories.

The BJMC's losses were estimated at Tk 264 crore in fiscal 2021-22, and Tk 380 crore the year before. The corporation suffered losses of Tk 704 crore during fiscal 2019-20 when the mills were shut, according to finance ministry data.

# Bepza moves to stop use of fake import permits

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observed that such crimes could not be possible without involvement of customs and port officials.

The inquiry committee made several recommendations, including verification of the authenticity of import permits both verbally and online.

Subsequently, Bepza developed an interface with ASYCUDAWorld, a customs management software now running in more than 80 countries and territories, including customs of Bangladesh.

It allows customs administrations and the business community from around the globe to process electronic documents stored in databases installed on servers, which also enable exchanges with national or international entities.

In effect, it speeds up the trade process complying with recognized international norms and standards.

Enabled since September this year, this system does not accept the unique codes of import permits if they are fake or expired. It also enables revenue officials to check the authenticity of import permits.

"We have also given list of clearing and forwarding agents of the companies operating in the export processing zones and names of authorised persons," said Bepza Executive Director (Public Relation) Nazma Binte Alamgir.

"We hope that the malpractices will not occur," she said.

These two steps were mentioned in a six-point recommendation the Custom Intelligence and Investigation Directorate (CIID) recently made to the NBR.

The CIID had also suggested that the NBR accept all fees, tax and duties online so that malpractices could be traced. Introduction of the systems will help prevent malpractices, said CIID Director General Mohammad Fakhru Alam.