



CARTOON: BIPOLOB CHAKROBORTY

# No smooth sailing this year

Businesspeople say

JAGARAN CHAKMA

Doing business in Bangladesh may not be all smooth sailing this year as the global economy will continue struggling with sanctions centring the Russia-Ukraine war and ripple effects of Covid-19, according to businesspeople.

However, some businesses expect to do better in 2023 than they did last year as certain issues, such as inflated fuel prices, could be resolved.

Still, a full economic recovery will not take place overnight and with the country set to hold general elections in January 2024, apprehensive investors will be cautious about making any moves at this time.

As a result, export earnings and the inflow of remittance may decrease while food prices increase, they said.

The US, China and European economies, which are the main drivers of growth in global markets, are rapidly losing momentum, as per a World Bank report released in September.

So, even another slight disruption to these economies may create a recession in the coming year, it said.

With Bangladesh set to achieve developing country status in 2026 following the general elections next year, investors will be vigilant for the time being, which may slow economic growth in the process, said Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry.

Global economic growth is projected to contract to 1 per cent from 3 per cent this year, which may have a slight impact on Bangladesh's economy.

"And although there are predictions of a global recession, I do not think that exports will fall this year as we export basic items," he added.

Islam, also the managing director of PICARD Bangladesh, then suggested the country make preparations to welcome foreign investment as there is a possibility of buyers shifting their focus away from China in search of alternative sources.

Islam also recommended focusing on the domestic market and lifting restrictions on opening letters of credit for raw materials and capital machineries so as to not fall victim to supply chain disruptions.

Regarding 2022, he said the economy did not collapse as the government and businesspeople were firm in tackling the situation.

The coming days may be challenging though as there is a possibility of political unrest, said Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry.

If the government ensures the availability of energy and political stability, business will definitely improve, he added.

The sole achievement of last year is that businesses survived amid a number of limitations and the global crisis as they were determined to do so at any cost.

Hossain went on to say that the government failed to mitigate the gas and power crisis stemming from the war as well as establish a single exchange rate between the taka and US dollar.

"This, coupled with the local currency's

depreciation, caused many businesses to lose out," he said.

Ahsan Khan Chowdhury, the chairman and CEO of Pran-RFL Group, said business will better this year compared to 2022 as various issues are being partly if not fully resolved.

"We suffered a lot for poor inventory management in 2022 due to the ongoing crises and even struggled to import raw materials. I think these problems will be resolved in 2023, which will help develop business," he added.

Monjurul Alam, director for global business development at Beacon Pharmaceuticals, said the number of export destinations for the pharmaceutical sector may increase in 2023 as the global economy would recover if the Russia-Ukraine war comes to an end.

"Almost all pharma manufacturers are preparing for various challenges after Bangladesh's graduation from a least developed country, which may help the sector to grow this year," he added.

He then said the pharma sector passed a dull year in 2022 in terms of global business due to the direct impact of the Russia-Ukraine war and US dollar crisis in countries that import medicine from Bangladesh.

"The pharmaceutical sector could not register new destinations due the global economic impact," he added.

Besides, the industry suffered a lot due to falling raw material imports amid restrictions on the opening of letters of credit.

Alam also said the cost of production has increased due to hike in value of the

US dollar.

Meanwhile, the local automobile industry entered manufacturing while investors were bold enough to increase the momentum of two and three-wheeler production last year, said Hafizur Rahman Khan, chairman of Runner Group.

According to him, revenue generation fell in almost every sector due to inflationary pressure and economic uncertainties.

Running business in the year's second half was very challenging due to the US dollar crisis and restrictions on opening letters of credit, Rahman said.

If foreign currency reserves continue to decline and US dollar prices continue to increase, businesses other than exporters will fall into despair, he added.

Regarding the general elections, Mohammed Amirul Haque, managing director of Premier Cement, said past experience shows that instability prevails for businesses during election years.

Supply chain disruptions this year led to the power and gas crisis while depreciation of the local currency pushed up commodity prices, leading to inflation and an increase the cost of doing business, he added.

FR Khan, managing director of Building Technology & Ideas, said the ongoing crises will continue and the global recession's impact will fall on Bangladesh.

Businesspeople are always alert in facing any kind of challenge and they, alongside the government, will put in the effort to recover from such challenges, he added.

## 2023: the year we expect to be

MAMUN RASHID

We have seen the year 2022 to be a year of many experiments for regulators, and more importantly, the local and international private sector.

Russia-Ukraine war fallouts, high inflation, surging energy prices, supply side disruption, and import demand reduction in the large markets all had an impact beside the local price and low bank deposit rates impacting the life of the people at the 'bottom of the pyramid' and small savers.

Of course, we want our regulators and the private sector to make the best use of the lessons learned. As we welcome a new year with hopes and aspiration, it is imperative to seek:

### Political turmoil's mitigated impact on business and economy:

This is meant to be election year. The 2022 has seen the opposition remerge with more strength and the government to have opened many wrong fronts. The business community is apprehending more chaos on the streets and heavy tolls on the life of the common people and businesses, none of which are suitable for the possible future of an emerging economy awaiting increased foreign capital inflows, as well as local businesses to consolidate, if not flourish.

Hence, tolerance from all groups, more so from the party in power is fundamental in seeking a stable Bangladesh.

### Stabilised exchange rate:

Second half of 2022 has seen great volatility in the taka value against the US dollar. Some 2, 3 or even 4 exchange rates were seen in the market, central bank dictates worked on the opposite, high informal market transactions and rates put 'Hundi' in command and resultantly, inward remittance dropped significantly.

Especially remittance from Saudi Arabia and the United Arab Emirates (UAE) showed much reduction validating the suspicion re: trade and non-trade-based money laundering, including siphoning out money by political cronies and loan defaulters to other countries.

### Reasonable deposit interest rates:

For the last few years, Bangladesh Bank's interest rates have been kept low in the name of flowing money towards hungry streams of the economy. However, this mechanism and the subsequent high loan default scenario only helped the large and to a great extent the defaulting borrowers instead of small and micro entrepreneurs.

Economists who have studied monetary economics as well as those with good visibility re: macro management have been persistently calling for upward adjustment of the interest rate, more so due to high inflation.

Lower interest rate also exacerbates unhealthy competition among weak banks and financial institutions, further confusing the semi-educated depositors aspiring for inflation-adjusted earnings on savings tools.

### Combating trade-based money laundering:

Bangladesh's high tax rates have always encouraged the business community and entrepreneurs to seek tax evasion or lower tax incidences through under or over-invoicing, at the same time seeking to keep our Tax-GDP ratio as one of the lowest in the region.

Hence, we would echo with all development partners and stakeholders for a technology-biased revenue reform soon.

### Independent central bank:

Our central bank gradually became a weapon for the government in their rent-seeking agenda. The role of a central bank in an emerging economy warrants to be diverse and strong in diverting money towards the lower echelon of the economy to create synergy towards a more sustainable future.

To create a minimum possible business environment, we require policy stability and for the government to continuously strive towards moving the entire ecosystem forward.

The writer is an economic analyst.

## Land info to be available in AI-based govt portal

STAR BUSINESS REPORT

The government is set to launch an artificial intelligence-based web portal to impart land-related knowledge among the masses and deliver all kinds of information on land.

This AI-based portal will have a chatbot, which one can use for free by opening a profile.

The chatbot is equipped with both Bangla and English voice recognition systems.

Apart from land-related laws and regulations, the portal will have digital versions of books related to land and land laws that can be read online.

Software company Dream71 Bangladesh will develop the portal titled "Intelligence Land Knowledge Management System" by March this year.

Rashad Kabir, CEO of Dream71 Bangladesh, and Md Jahid Hossain, joint secretary to the land ministry, signed an agreement in this regard recently. Md Mustafizur Rahman, secretary, was present.

Artificial intelligence will be used enabling common people to easily find the laws they need, said Rahman during the signing ceremony.

This system will also help the users find out solutions if they face any problems related to land. Besides, people with disabilities and special needs will find it very easy to use, he added.

"It is always a pleasure to work with fourth industrial revolution technology and our skilled AI team will get the job done quickly and efficiently," said Kabir.



PHOTO: STAR/FILE

Export of garments may start to increase from March as international retailers and brands are placing more work orders now for the next season.

## RMG export earnings drop in Dec

STAR BUSINESS REPORT

Earnings from garment shipments in December declined by 4.92 per cent year-on-year to \$3.27 billion for high inflation and a reduction of work orders from international retailers and brands stemming from the Russia-Ukraine war, according to the BGMEA.

In December 2021, earnings from apparel amounted to \$3.44 billion, data showed.

The provisional data from Bangladesh Garment Manufacturers and Exporters Association was based on the earnings between December 1 and December 28 of 2022.

Garment export may start to rise from March as international retailers are placing more work orders now for the next season, said exporters.

Data from the Export Promotion Bureau (EPB) on export earnings is yet to be released.