Customers go through teacups at a stall showcasing ceramics at the ongoing monthlong Dhaka International Trade Fair-2023 in Bangabandhu Bangladesh-China Friendship Exhibition Centre at Purbachal in Dhaka. The photo was taken on Saturday.

PHOTO: STAR

Strengthen macroprudential regulations: ICCB

STAR BUSINESS DESK

Bangladesh should direct major efforts towards strengthening macroprudential regulations and building foreign exchange reserves, according to experts.

It should carefully regulate withdrawal of fiscal support measures while ensuring consistency with monetary policy objectives keeping a credible medium-term fiscal plan in place to provide targeted relief to vulnerable households, they said.

The country should aim to ease labour market constraints, increase labour force participation, reallocate displaced workers, reduce price pressures, they said.

Ensuring effective policy coordination will be important in increasing food and energy supplies, they added.

For the energy sector, they should accelerate implementation of policies on the transition to low-carbon energy sources and introduce measures to reduce energy consumption to face climate change, they said.

The suggestions came in an editorial of the current news bulletin (Oct-Dec, 2022) of the International Chamber of Commerce Bangladesh (ICCB) yesterday.

The ICCB, the Bangladesh chapter of world business organisation the International Chamber of Commerce, said although Bangladesh may not go into recession, the country was substantially prone to many of associated risks.

Appropriate steps can help the prevailing economic situation of the country turn for the better, it said.

These include diversifying the export basket, increasing remittance inflow through formal channels, streamlining public sector expenditures, rationalising mega infrastructure and other projects and undertaking effective financial sector reforms.

The global economy surpassed $100 trillion for the first time in 2022 but is likely to stall in 2023 due to last year's multifaceted shocks and challenges, said the ICCB.

The three main global growth engines -- the US, Europe and China-- will experience slower growth in 2023, it said.

Higher-than-expected and persistent inflation, tightened financial conditions, the Russia-Ukraine war, lingering of the pandemic and supply-demand mismatches further turned the global economic outlook grim, according to the editorial.

Kristalina Georgieva, chief of International Monetary Fund, warned that one-third of the world economy could be in recession in 2023.

Even countries that would not be in recession, would feel the recessionary pressure for millions of people, she adds.

The war accelerated a series of cascading and interconnected global crises in food, fuel, and energy, resulting in raising the cost of living further and adding to inflationary pressure in many countries, said the editorial.

In addition, extreme weather conditions due to climate change pose downside risks to the global economic outlook and increasing energy prices also hamper the path toward a green transition, it said.

The persisting global challenges have caused rising debt vulnerabilities and hampered the way toward recovery, which further impacted the vulnerable groups, especially low-income and developing countries, it added.

The largest slowdown of global trade in generations and a significant decline in foreign direct investment, private capital flows and remittances are also contributing to global recession, it said.

The likely recession in the developed world will spur capital outflows from the developing countries, forcing them to devalue their currencies, thus adding to rising inflation and consequently to increasing interest rates, it said.

Brac Bank to get $100m from Jica, Citi

STAR BUSINESS REPORT

Brac Bank is going to get $100 million from Japan International Cooperation Agency (Jica) and Citibank NA as loan mainly to finance green factory, renewable energy, energy and resource efficiency and efficient waste management.

Of the amount, the Jica will provide $90 million for a term of eight years and Citi NA will lend $10 million for a two-year term, the private bank said in a press release.

Brac Bank yesterday signed an agreement with Jica and Citibank NA in this regard at the Westin Dhaka.

"During challenging global market scenario, this substantial foreign exchange support from Jica and Citibank NA will help the bank manage overall forex position whilst mobilising finance in sustainable development avenues in the fields of green financing," said the Brac Bank established in 2001.

"This agreement is the first private sector financing by Jica to any financial institution in Bangladesh, representing a significant milestone in our journey towards achieving sustainable development goals."

The Brac Bank said it would use the loans from the Jica to finance green factories and environment-friendly and sustainable development focused initiatives.

Of the amount, the Jica will provide $90 million for a term of eight years and Citi NA will lend $10 million for a two-year term

The fund it would get from Citibank NA can be provided to any sector as per the regulation of Bangladesh.

Jica Vice President Mikio Hataeda said energy consumption in Bangladesh has been increasing enormously as the economy grows fast.

"To catch up the energy demand, the government of Bangladesh has adopted a new policy for green finance to encourage, among others, renewable energy and energy efficiency. Also, it is a key to expand liquid waste management in particular to cope with rapid urbanisation in the country," he said.

Selim RF Hussain, managing director and CEO of Brac Bank, said its board, especially its founding chairman Sir Fazle Hasan Abed envisioned bringing the unbanked "missing middle" under its inclusive banking strategy, which is the key to Brac Bank's success.

Brac Bank is committed towards providing long term financing to green financing projects with the ultimate view to contribute to 3P philosophy of people, planet and prosperity.

Brac Bank, which provides finance to small and medium enterprises without collateral, has 200 branches, 456 SME unit offices.

It has 1,000 agent banking outlets and 8,369 employees throughout the country and the bank caters to around 13 lakh customers, many of whom are women living in rural areas.

World enters new age of clean energy manufacturing: IEA

AFP, *France*

The world is at the "dawn of a new industrial age" of clean energy technology manufacturing that will triple in value by 2030 and create millions of jobs, the International Energy Agency said on Thursday.

The global market for key mass-manufactured technologies including solar panels, wind turbines, electric vehicle batteries, heat pumps and electrolysers for hydrogen will be worth around $650 billion a year by the end of the decade, the IEA predicted in a report.

The figure is more than three times larger than current levels but is conditional on countries fully implementing their energy and climate pledges, it added.

Related jobs in clean energy manufacturing will more than double from six million to nearly 14 million by 2030, the agency said.

"The energy world is at the dawn of a new industrial age -- the age of clean energy technology manufacturing," the IEA said.

But the Paris-based organisation warned that the concentration of resource extraction and manufacturing poses risks to supply chains.

Three countries account for 70 per cent of the manufacturing capacity for solar, wind, battery, eletrolyser and heat pump technology, with China "dominant in all of them".

The Democratic Republic of Congo produces more than 70 per cent of the world's cobalt, and three countries -- Australia, Chile and China -- account for more than 90 per cent of the global production of lithium, a key resource for electric vehicle batteries.

Supply chain tensions risk making the energy transition more difficult and expensive, the report added.

Inflation, debt crisis

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Besides, the ratio of internal debt to gross domestic product (GDP) is increasing although the ratio of external debt to GDP remains low. But repayment pressure will increase, she said.

The GRPS report finds that the cost-of-living crisis, natural disasters, extreme weather events and geoeconomic confrontations were the top three risks the world would be facing in the next two years.

Failure to mitigate climate change, erosion of social cohesion and societal polarisation were also named as global risks for the short term.

The report said the return to a "new normal" following the pandemic was quickly disrupted by the outbreak of the Russia-Ukraine war. It ushered in a fresh series of crises in food and energy, triggering problems that decades of progress had sought to solve, it said.

"As 2023 begins, the world faces a set of risks that feel both wholly new and eerily familiar," it added.

"We have seen a return of 'older' risks...which few of this generation's business leaders and public policymakers have experienced," it said.

The "older" risks are inflation, cost-of-living crises, trade wars, capital outflows from emerging markets, widespread social unrest, geopolitical confrontation and the spectre of nuclear warfare.

These are being amplified by comparatively new developments in the global risks landscape, including unsustainable levels of debt, a new era of low growth, low global investment and de-globalisation, it added.

"Geopolitical fragmentation will drive geoeconomic warfare and heighten the risk of multi-domain conflicts," said the report.

Lanka gets

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exchange reserves, the nation was compelled to request the BB to extend the repayment period.

As per the new deadline, Sri Lanka will have to repay the loan by September this year.

The BB has extended the deadline at a time when its foreign exchange reserves are depleting at a faster pace.

Bangladesh has already sought credit support from several multilateral lenders, including International Monetary Fund.

The reserves of Bangladesh stood at $32.52 billion on January 11 in contrast to $44.92 billion on the same day a year ago, according to data from the central bank.

RMG export growth

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dampen holiday shopping plans, reported CNN earlier.

Among European destinations, the shipment to Germany rose 3.54 per cent year-on-year to $3.45 billion in July-December. Germany is Bangladesh's single largest garment export destination in the bloc.

The sales to Spain and France grew 17.62 per cent and 33.08 per cent to $1.7 billion and $1.41 billion, respectively. The export to Poland declined by 18.43 per cent.

The UK imported $2.39 billion worth of garment items from Bangladesh. Canada bought $774.16 million worth of apparel items. The growth in the two countries stood at 11.89 per cent and 28.42 per cent, respectively.

Although the export growth of garment items to the major traditional markets, namely the US, the EU and Canada, has been falling, the trend is the opposite to the emerging destinations.

The export to non-traditional markets surged 32.19 per cent to $4.04 billion between July and December. It was $3.05 billion in the corresponding period of 2021-22.

In Asia, the export to Japan reached $754.72 million, clocking a growth of 42.54 per cent, while it rose 50 per cent to $548.89 million to India, EPB data showed.

"Amid the current global slowdown, Asian markets might appear as a saviour," Hassan added.

"The garment export to South Korea, Japan and India has kept growing and the momentum will continue in the near future."

Hassan, however, warned that the price of garment items per unit might not increase like last year.

Buyers raised the unit price of apparel items in 2022 following the price hike of raw materials like cotton and chemical and freight charges.

"The prices of raw materials are stabilising and the freight charge is also declining so buyers may not hike the prices of per unit garment items," said the BGMEA chief.

He could not predict how the current financial year would turn out for the apparel sector finally as everything would depend on the direction of the war.

The apparel sector accounts for about 85 per cent of the national exports.

Malaysia could stop palm oil export to EU

REUTERS, *Kuala Lumpur*

Malaysia said on Thursday it could stop exporting palm oil to the European Union in response to a new EU law aimed at protecting forests by strictly regulating sale of the product.

Commodities Minister Fadillah Yusof said Malaysia and Indonesia would discuss the law, which bans sale of palm oil and other commodities linked to deforestation unless importers can show that production of their specific goods has not damaged forests.

Local auto assembly

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Initially the most popular Hyundai SUVs, sedans and multipurpose vehicles will be put together in the Gazipur plant.

Fair Technology entered into a strategic partnership with South Korean automobile giant Hyundai Motor Corporation in 2020 and started to bring over passenger vehicles to Bangladesh.

Hyundai Creta of 2023, assembled in Indonesia, is already available in the Bangladesh market.

This too will be assembled in Bangladesh, said Hasnain Khurshed, head of communication of Fair Group.

"We imported around 1,650 components to assemble the Creta model," he said.

Hyundai Creta has a 1.5-litre engine, 17-inch diamond alloy rims, a panoramic sunroof, and a 10.25-inch advanced cluster housing various operational displays and indicators.

Khurshed expects locally assembled Hyundai motor vehicles to be available in the market by the end of January.

Sources in Fair Technology said their plant was set up with the aim to provide affordable SUVs to consumers in Bangladesh.

Original spare parts and world standard after-sales service will be ensured, said Khurshed.

He, however, declined to disclose the amount of investment made and what a locally assembled Hyundai Creta would cost.

Nagad Finance inches closer to NBFI, MFS licences

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In August, the BB gave the primary licence to Nagad Finance PLC, where Nagad Ltd Managing Director Tanvir A Mishuk is a director.

Speaking to The Daily Star last evening, Mishuk said he did not know about the BB move. "We would be happy if the central bank took such a decision."

In November 2021, Nagad Finance applied for a multipurpose licence to run as an NBFI and operate an MFS and microcredit operations simultaneously. The name of the proposed company was Amar Fintech then.

The central bank rejected the application as such a licence does not exist. A second application was submitted on January 11 last year but it was again turned down.

On January 20, a third application was submitted where the name of the proposed company was changed to Nagad Finance Ltd.

Nagad Finance Ltd sought to conduct "small-value lending" and provide MFS. The BB board did not entertain the proposal.

Soon afterwards, a fresh application was filed for an NBFI.

Nagad is an MFS brand of the Bangladesh Post Office. It is being run through Third Wave Technologies Ltd, which renamed itself as Nagad Ltd in February last year allegedly without informing the BPO.

Currently, it is one of the largest MFS in Bangladesh.

Since Nagad's inception in 2019, Nagad has been running based on an interim licence from the BB. In September, the BB renewed the interim licence for the sixth time as the BPO could not form a subsidiary to run the mobile financial service within the deadline.