Nigeria keen to expand trade with Bangladesh

Says an official of the African country

STAR BUSINESS REPORT

Nigeria wants to expand trade with Bangladesh as the south Asian country has achieved significant development in the last decade, said Akinremi Bolaji, director for economic, trade and investment of the foreign affairs ministry of the west African nation.

The Nigerian government is reviewing the possibilities of creating cooperation between the two nations in various sectors, including business, trade, investment and information technology, he said.

He made the comments at a multi-sectoral investment meeting held between Bangladesh Investment Development Authority (Bida) and the representatives of various ministries and departments of the Nigerian government at Bida's conference room in Dhaka yesterday.

Professor Isa Ali Ibrahim Pantami, minister for communications and digital economy of Nigeria, was the head of the Nigerian delegation, which consisted of 11 members from various ministries and departments.

Bangladesh has completely changed in the past decade and became a role model for development, Lokman Hossain Miah, executive chairman of Bida, said at the event.

Bangladesh's development in different fields, including power, communication, infrastructure and per capita income, has made the country a good destination for investment, he claimed.

"We have a huge domestic market full of energetic youths, which is highly desirable to the investors."

Hossain Miah also highlighted the current scenario of Bangladesh's investment, trade, economic development and the country's future plans to the Nigerian delegation.

In the meeting, Md Ariful Haque, director of Bida, came up with a visual presentation on the "Investment climate and opportunities in Bangladesh".

Visitors browse at a stall of bedsheets and cushions at the ongoing monthlong Dhaka International Trade Fair-2023 in Bangabandhu Bangladesh-China Friendship Exhibition Centre at Purbachal in Dhaka. The photo was taken yesterday.

PHOTO: PALASH KHAN

Only 8.7% households have computers: BBS survey

STAR BUSINESS REPORT

Only 8.7 per cent of households in Bangladesh have a computer, found a government survey, underscoring the lack of access to digital devices and their unaffordability.

The digital divide is also palpable in terms of computer ownership as only 3.1 per cent of rural households and 25.6 per cent of urban households own a computer.

The Bangladesh Bureau of Statistics carried out the survey titled the "Survey on ICT Use and Access by Individuals and Households 2022".

Access, usage and ownership of ICT are key to linking communities, facilitating businesses and empowering communities socially and economically, said the survey report.

"It is therefore imperative that every effort is made to bridge the digital divide between those who have information and those who need the information," it said.

In general, household ownership of personal computers and mobile phones and their access to the internet are closely linked and dependent on household incomes.

The highest proportion of households with a computer is in Dhaka (15 per cent) while the lowest in Barishal (4 per cent).

At the national level, only 0.8 per cent of households in Bangladesh have a fixed line telephone connection.

Access, usage and ownership of ICT are key to linking communities, facilitating businesses and empowering communities socially and economically, said the survey report

Some 38.1 per cent of households have internet access at home.

The survey said 12.8 per cent of households in Bangladesh have a radio while 62 per cent at least one television.

The highest proportion of households with a radio is in Barishal (29 per cent) and the lowest in Rangpur (4 per cent).

The highest proportion of households with a television is in Dhaka (68.1 per cent) and the lowest in Khulna (54 per cent).

The proportion of households with a telephone is 97.4 per cent. The highest are in Dhaka and Sylhet (98.6 per cent) and the lowest is in Rangpur (94.8 per cent).

The highest proportion of households with internet is in Dhaka (58.2 per cent) and lowest in Rajshahi (19.7 per cent).

The proportion of households with a mobile (cellular) phone is 97.4 per cent. The highest are in Dhaka and Sylhet (98.6 per cent) and the lowest in Rangpur (94.8 per cent).

The proportion of households with a smartphone is (52.2 per cent). The highest is in Dhaka (69.4 per cent) and the lowest in Rajshahi (32 per cent).

The proportion of households with internet by mobile broadband network via a handset is 59.8 per cent.

At the national level, 41,433,742 households have a mobile phone, 22,193,311 smart phone, 325,580 fixed telephone, 5,431,793 radio, 26,354,551 television, 41,435,264 telephone, 3,687,455 computer and 16,198,194 internet.

MONETARY POLICY (Jan-Jun)

Lending rate cap relaxed for consumer loans

STAR BUSINESS REPORT

Bangladesh Bank yesterday relaxed the lending rate cap for consumer loans, allowing banks to hike it up to 3 percentage points from the current level.

This means banks can charge up to 12 per cent in interest rates on consumer loans from 9 per cent now, according to the new monetary policy of the central bank.

Similarly, the BB has withdrawn the floor on the deposit rate.

Since April 2020, the BB has maintained a 9 per cent cap on all loans, except for credit card loans.

Banks can now set credit cards' interest rates

STAR BUSINESS REPORT

Banks can now fix interest rate of their credit cards, Bangladesh Bank (BB) said yesterday after allowing the lenders to charge up to 12 per cent interest on consumer credit.

"There is no cap on credit card loans," the central bank said in its monetary policy for January-June period of 2022-23 fiscal year.

The monetary policy was unveiled at Bangladesh Bank's headquarters in Dhaka.

The BB said it will consider removing the lending rate cap in the presence of a 'suitable economic condition'.

Banks have been following a 9 per cent cap on lending since April 2020 as per the instruction of the BB to allow businesses to cut cost of funds.

Rupee notches best week in 2 months

REUTERS, *Mumbai*

The Indian rupee strengthened on Friday, posting its biggest weekly gain in two months, as benign US inflation reading reinforced expectations of a smaller rate hike by the Federal Reserve next month.

The rupee finished the session at over a one-month high of 81.3250 per dollar, versus its last close of 81.55.

This was the local currency's best week since the week ended November 11, gaining about 1.7 per cent after it broke out of a narrow trading range.

Public sector (PSU) banks likely bought dollars around the 81.30 levels on Friday, suggesting 81.20 could remain a resistance level for the rupee in the near term, said a private bank trader.

Dealers also cited current levels being attractive for importers to jump in.

Bangladesh misses

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international markets. This means local manufacturers are paying more for the imported goods that are already available locally.

In some cases, imported recycled yarns are made from the wastes and scrap fabrics exported from Bangladesh, said industry people.

In 2019, Bangladesh produced approximately 577,000 tonnes of waste just from the ready-made garments and fabrics mills of which almost half was 100 per cent pure cotton waste, according to the Circular Fashion Partnership project led by Global Fashion Agenda, with partners Reverse Resources and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

On the other hand, Bangladesh heavily relies on the import of textile fibre.

The country imported 1.63 million tonnes of staple cotton fibre in 2019 with a value estimated to be \$3.5 billion. And if the 100 per cent cotton waste is recycled within Bangladesh, imports could decrease by around 15 per cent, therefore saving \$500 million that would have been spent on cotton imports, said the Circular Fashion Partnership.

Cotton imports were more than \$3 billion in 2021.

Md Abdur Rouf, executive director of Bhaluka-based Simco Spinning & Textiles Ltd, says currently, the company is producing 20 tonnes of recycled yarn a day against the capacity of 50 tonnes.

Since the demand for recycled yarn-made apparel is growing worldwide, the company is fully booked for the next three months. But, Rouf's company is facing difficulties when it comes to sourcing scraps and waste cotton from the local market as traders prefer to export them.

Almost all kinds of apparel items such as T-shirts and denim and knitted fabrics are made from recycled yarns.

"International retailers and brands nominate recycled yarns as eco-friendly consumers also want companies to manufacture more garment items from recycled yarn and fabrics," Rouf said.

The demand for recycled yarn and fabrics is so high that the company has reinvested almost every year to expand its production capacity.

In 2010, Simco began its journey with an investment of Tk 60 crore. Later, it reached Tk 150 crore.

Square Textiles Ltd is also witnessing a recycled raw materials shortage.

"In many cases, the same recycled materials are mixed with the cotton local millers import," said Taslimul Haque, operation director of the company.

BGMEA President Faruque Hassan says the demand for apparel made from recycled yarns is growing globally as consumers are increasingly getting conscious of the importance of protecting the environment.

"So, the export of textile scraps is also growing from Bangladesh."

He cited scraps and waste cotton as the asset of the country and urged the government to put a restriction on their exports.

"A separate hub of waste cotton and scraps should be built so spinners don't face any crisis of raw materials," he said.

Hassan thinks a new opportunity has been created for Bangladesh as buyers favour apparel made from recycled yarn and fabrics.

"The value-addition in the recycled yarn is higher than the traditional yarn made from cotton and manmade fibre as scraps are entirely generated locally," he added.

Bangladesh has the potential to produce \$1.2 billion worth of recycled textile and garment items as the country has a big production base for cotton fibre clothing items, said the Global Fashion Agenda and McKinsey & Company in a report in 2021.

Cost to spiral for poor feasibility studies

FROM PAGE B1

Now the length meant for this repair has been reduced by 7.57 km while its expenditure increased by Tk 5.10 crore.

In the original plans, the road construction and repair included building a 640-metre bridge at a cost of Tk 180 crore over the Kohelia river.

But the second revision increased its length to 895 metres and the cost to Tk 220 crore, meaning an extra Tk 40 crore will be needed.

Apart from that, a new 54-metre reinforced cement concrete girder bridge will have to be built, increasing the overall cost by Tk 32 crore.

REACTIONS

A project evaluation committee of the planning ministry has asked to explain the reasons of the high cost of road construction and Kohelia bridge's components in the second revision.

Asking not to be named, an official of the planning commission also blamed poor feasibility studies for cost and time overruns.

"A total of three (project evaluation committee) meetings have been held for this project as the planning commission did not get the proper response from the project officials," he said.

At least seven years has already elapsed since the project was undertaken but it is still not at a satisfactory stage, he added.

The project director, Mohammad Jahangir Alam, also acknowledged that the feasibility studies were of a poor standard.

"It was not detailed and complete," he said.

"In the first feasibility study, the measurement was not carried out properly. That is why the cost in the revision has increased," he added.

However, Alam claimed that the latest feasibility studies were properly conducted by international consultants.

"The construction cost has risen due to the soil status being different in the coastal areas where the soil subsides easily," he said.

Alam affirmed that the price determination for the new components had been very "accurate".

"All is neat and clean," he quipped.

BB looks to promote digital banking

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The benefit of reduced cash transactions and digitalisation of payment systems are immense and can address the fundamental challenges against transparency, inclusion, improvement of revenue collections and simplifications once implemented in a meaningful and sustainable manner with appropriate safeguards against cyber-securities and data privacy/protections, he said.

In order to realise the real potential value of digital banking and payment systems, the banking ecosystem and national identification, the Credit Information Bureau, and the customs and tax systems need to be integrated, according to Naser.

"Clearly, it is a journey that needs to be implemented carefully and at the right synchronisation. We are delighted to see a progressive approach and clear statement of intent from the central bank. Now all stakeholders need to collectively move towards execution."

Big US banks gird for 'mild recession'

AFP, *New York*

Major US banks reported mixed fourth-quarter results Friday as executives pointed to the rising odds of a "mild recession," with inflation and interest rate hikes challenging households and businesses.

The biggest US bank, JPMorgan Chase, set aside \$1.4 billion in fresh reserves in case of loan defaults, noting that its "central" scenario is "a mild recession" with somewhat higher unemployment.

Bank of America accounted for \$403 million in possible bad loans as Chief Executive Brian Moynihan alluded to an "increasingly slowing economic environment," while Citigroup reserved \$640 million and Wells Fargo \$397 million for similar purposes.

Citigroup Chief Financial Officer Mark Mason described the outlook as "a rolling country-level recession rather than a simultaneous global downturn." But Mason cited the moderate winter thus far in Europe as an ameliorating factor in the outlook, while noting that credit card delinquencies are still coming in at exceptionally low levels, a sign of consumer resilience.

"Our base case is still a mild recession in the latter part of 2023," he said in a briefing with reporters, calling the outlook "very manageable." Bank shares initially tumbled on the reports, but reversed course in the middle of the session. All four banks finished solidly higher.

Briefing.com analyst Patrick O'Hare noted that JPMorgan Chief Executive Jamie Dimon has warned last year of a potential economic "hurricane." "The banks are bracing for at least a mild recession, but it's not a hard landing," O'Hare told AFP.

/- 'We remain vigilant' -/The addition of reserves in the fourth quarter reflects a shift from the year-ago period when many of the banks released reserves, boosting profits.

At JPMorgan, profits came in at \$11.0 billion, up six percent from a year ago, while revenues rose 18 percent to \$34.5 billion.

The biggest lift to earnings came from a whopping 48 percent rise in net interest income, offsetting the drag from lower investment banking results and elevated expenses.

Dimon praised the company's performance, saying the "US economy currently remains strong with consumers still spending excess cash and businesses healthy." But he pointed to war in Ukraine, persistent inflation and tightening Federal Reserve policy as headwinds, adding that "we remain vigilant and are prepared for whatever happens," according to a JPMorgan press release.

While charge-offs for loan losses were abnormally low in 2022, JPMorgan forecast a return to historic levels by mid-2023.

Dimon, who has warned for months about major macroeconomic obstacles that could lead to a mild or severe recession, said his views had not changed.

"We don't know the future," Dimon told reporters. "I'm simply pointing out that there are geopolitical uncertainties, which are real and we just have our eyes focused on it." "We hope they go away. They may not," he added at a briefing.

At Bank of America, profits came in at \$6.9 billion, up two percent from a year ago on an 11 percent jump in revenues to \$24.5 billion.

The results included a 33 percent rise in charge-offs to \$689 million compared with the prior quarter.