

star

BUSINESS

Prime Bank

SAFEST PARTNER

to save your deposit

SCAN FOR DETAILS

Gas price hike to fuel costs for ceramics makers

**JAGARAN CHAKMA**

Production costs in the ceramics industry of Bangladesh will rise by up to 15 per cent due to a recent hike in the price of gas, which adds to the list of crises threatening the sector's overall growth, according to manufacturers.

For large industries, the unit price of gas will increase nearly threefold from Tk 11.98 to Tk 30, as per a notification from the Energy and Mineral Resources Division effective from February 1.

Ceramics makers already spend 7-8 per cent of the total production cost on gas, but it will go



Workers are seen using a scaffold made of bamboo to apply a fresh coat of paint on a residential building in Khulna city on Thursday. Like other industries, paint makers in Bangladesh are feeling the pinch of an ongoing US dollar shortage as banks have become reluctant to open letters of credit for importing raw materials.

PHOTO: HABIBUR RAHMAN



Md Mamunur Rashid

up to 12-13 per cent due to the recent price hike, said Md Mamunur Rashid, additional managing director of X Ceramic Group in an interview.

Earlier, production costs increased by around 35 per cent as raw materials became costlier in the face of an ongoing US dollar shortage.

At present, about 40 per cent of the production cost goes into importing the required raw materials, whether it be for tiles, sanitaryware or tableware.

So, the higher price of gas will push up the cost of inputs even further. For example, the cost of producing floor tiles will increase to Tk 12 from Tk 8 per square foot, he added.

Rashid, also vice president of the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA), then said that ceramic industries have been suffering from a shortage of gas for the past six months.

"We are getting less than 50 per cent of the required gas due to low pressure despite paying more for the fuel. As a result, we are running our factories at only 35-40 per cent capacity," he added.

READ MORE ON B3

Higher input, dollar costs take gloss off paint industry

**JAGARAN CHAKMA**

Like other sectors, the paint industry in Bangladesh is in troubled waters as the US dollar crunch has made it difficult for manufacturers to import raw materials in line with their demand.

Paint manufacturers had posted solid growth in the five to six years on the back of consumption in both urban and rural areas and rising per capita income, before the economic slowdown caused by the coronavirus pandemic and the Russia-Ukraine war hurt sales, industry insiders say.

Now, owing to the US dollar shortage, the opening of letters of credit (LCs) has fallen, as the Bangladesh Bank has tightened rules to discourage the imports of non-essential and luxury items in order to save the foreign currency reserves from fast depletion.

At present, the annual demand for paint is nearly 200,000 tonnes, a rate that has remained unchanged for the last three years.

But paint makers say although the local market for decorative paints is not enormous at the moment, the future is bright as

consumption is expected to go up in keeping with the recovery of the economy.

"The overall market is not impressive as people are not interested to spend money on non-essential items such as paints owing to the ongoing

economic uncertainty caused by the inflationary pressure," said Khandker Abu Jafar Sadique, company secretary of Berger Paints Bangladesh Ltd.

The largest paint manufacturer in Bangladesh said its net income declined 16 per cent year-on-year in the October-December quarter as rising import costs for raw materials and the depreciation of the local currency erased sales gains.

The multinational company's



Profits rose to Tk 204 crore in the nine months to December from Tk 200 crore a year ago.

Although sales were higher in April-December compared to a year ago, there is no way to make profits due to the higher price of raw materials, Sadique said.

"The sale volume matters for business, but it becomes a burden when the production cost is high."

Most industries in Bangladesh received a blow even before the

Ukraine war began in February as pent-up demand and record freight costs sent prices higher in the global market for most commodities. The war-induced supply disruptions and energy crisis have just added fire to the fuel.

The taka has lost value by about 25 per cent against the US dollar in the past one year, making imports expensive.

Buddhadipto Mukherjee, chief executive officer of Asian Paints (Bangladesh) Ltd, said "As per our information, the overall paint market in Bangladesh has not witnessed much of a build-up as it was seen in the past due to the ongoing economic turbulence the country is facing like the rest of the world."

The industry's overall volume production is running below capacity due to subdued demand. That, coupled with the sharp appreciation of the US dollar in the third quarter, increased the prices of raw materials and overheads percentage of sales, he said.

"Operating overheads also increased due to inflation in fuel prices and other factors. All these are putting pressure on the bottom-line."

READ MORE ON B3

Sugar prices edge up in wholesale market

**SUKANTA HALDER**

Sugar prices edged up in the wholesale market of Bangladesh within days after refiners declared that they would sell the sweetener at higher prices from the first day of February.

The rate rose even after the government fixed the retail prices for the sweetener that are far lower than the existing market rates, raising questions whether consumers, who have been hit with a soaring cost of living, would benefit from the latest move.

On January 26, the Bangladesh Sugar Refiners Association discussed with the Bangladesh Trade and Tariff Commission and the commerce ministry the price situation and announced an increase of Tk 5 per kilogramme on the same day.

The new rate of Tk 112 for packaged sugar and Tk 107 for non-branded ones will come into effect on February 1.

But loose sugar is being sold at Tk 115 to Tk 120 per kg and the packaged ones at Tk 120 to Tk 125 in different parts of the country, including Dhaka and Chattogram.



Abdur Razzak, a wholesale trader in Khatunganj, a commodity hub, said soon after the announcement of the new rates, the wholesale price of sugar per maund (37.32 kgs) increased by Tk 50 to Tk 3,920 to Tk 3,950.

Sugar is being sold at higher prices due to supply shortage, the increase in production costs, and higher import payments, retail traders and importers say.

Refiners, however, say the supply shortage will be resolved soon.

Hazi Mizan, a retailer in Karwan Bazar, one of the biggest kitchen markets in Dhaka, said there has not been an adequate supply of sugar.

The retailer claims that he has had to buy packaged sugar at Tk 110 per kg from the dealer although the packet showed a price of Tk 107.

"Otherwise, the dealer will not sell sugar to me," he said.

"The dealer did not give me any receipts and

READ MORE ON B3

STOCKS		WEEK-ON WEEK
DSEX	CASPI	
0.49%	0.48%	
6,296.26	18,565.63	

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,927.60	\$86.66	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
1.45%	0.07%	0.76%	0.05%	
59,330.90	27,382.56	3,264.81	3,394.21	

LUXURY

down to the last stitch

FLY BETTER

Relax in comfort in our 777 Business Class seat. Lie completely flat on the soft leather fully reclining seat and enjoy gourmet meals as you watch your favourite box-set on the 25-inch HD TV.

Emirates Business. Treat yourself

Emirates



## Indo-Bangla agriculture mechanisation show in Dhaka

STAR BUSINESS DESK

The three-day “Indo Bangladesh Agri Mechanisation Summit” kicked off at International Convention City Bashundhara in Dhaka on Friday.

The Confederation of Indian Industry (CII) and its sister concern the Tractor and Mechanization Association of India in collaboration with the Federation of Bangladesh Chambers of Commerce and Industry and the Indian high commission in Dhaka organised the summit, said a press release.

Metal, the sole distributor of Tafe & Eicher tractors in Bangladesh, exhibited several agri mechanisation products at its pavilion at the summit.

Sadid Jamil, managing director of Metal, Lt Col (retd) Tarekul Alam Khan and Mizanur Rahman, executive directors, and Bharatendu Kapoor, president of Tafe, R Sudarsan, vice-president, Partha Sarathi Banerjee, deputy general manager of Eicher Tractors, Sumedh Varun, assistant general manager, along with other high officials from both India and Bangladesh of the respective organisations were present.



Agricultural machinery, including tractors, on display at a pavilion at the Indo-Bangladesh Agri Mechanisation Summit at International Convention City Bashundhara in Dhaka. The three-day show will end today.

PHOTO: COLLECTED

## Standard Bank gets ‘gold rank’ for sustainability report

STAR BUSINESS DESK

Standard Bank Limited (SBL) has been awarded “gold rank” for its sustainability report by the Asia Sustainability Reporting Rating-2022’.

The National Centre for Sustainability Reporting, Indonesia in collaboration with the Institute of Certified Sustainability Practitioners announced the results in Jakarta recently.

Md Touhidul Alam Khan, managing director and CEO (current charge) of Standard Bank, handed over the Gold Trophy to Kazi Akram Uddin Ahmed, chairman of the bank, at the bank’s head office in Dhaka, said a press release. Md Ali Reza, executive vice president, was present.

The bank has published its first-ever sustainability report using a set of ESG-linked indexes outlined by the Global Reporting Initiative (GRI), which is globally the most acclaimed sustainability reporting standard.

The initiative by the bank was taken towards the accomplishment of commitments of ensuring shariah based sustainable banking.

## Grasshopper Group brings fire-resistant glass to market

MD ABU TALHA SARKER

Grasshopper Group of Companies (GGC), a diversified business group in Bangladesh, has brought fire-resistant glass to the local market.

FG Glass, an Indian glass manufacturer that produces glass products using German technology, recently signed an agreement with the Bangladeshi company to supply fire-rated glass.

Fire-rated glass is specially designed to prevent the spread of flames and smoke and depending on product make-up, the transfer of radiant and conductive heat.

“Fire-resistant glass has good potential in Bangladesh as high-rise residential, commercial and industrial buildings are being erected. Fire-resistant glass can play a vital role in reducing the damage from fire incidents,” said Md Mahmudur Rashid, managing director of Grasshopper Group.

In Bangladesh, the use of fire-resistant glass has already



begun in a small scale.

“The glass can prevent fire from spreading for four to five hours. Hopefully, people will use it and take advantage to save valuable properties and life from accidental fires.”

Rashid said when a fire erupts in a building, it gradually spreads from one floor to another if the normal glass is used in the structure.

People normally use board and wood as a partition in office rooms, which instigates fire. “If we use the fire-resistant glass, the blaze will not spread

easily.”

Citing the fire incidents at Bashundhara Shopping Complex and Banani Commercial Building, Rashid said if the buildings had been built with fire-rated glass, the blazes would not have spread from one floor to another. As a result, the collateral damage would not have been higher.

GGC organised an interactive session styled “Fire-Safe Glazing For Architecture” at the Hotel InterContinental in Dhaka recently.

Rashid claimed that

GGC is the first company in Bangladesh to bring this type of glass to the local market.

GGC plans to set up a factory to produce fire-resistant glass in Bangladesh in the future.

Prof Khandaker Shabbir Ahmed, president of the Institute of Architects Bangladesh, Tariq Kachwala, a director of FG Glass, and Helmut Kugelman, director for sales (fire resistant and security glazing) at SCHOTT, a German multinational glass company, spoke.

Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association, AR Rafiq Azam, principal architect of Shatotto, Mamnoon Murshed Chowdhury, architect and partner of DWM4 Architects, Major (retd) AKM Shakil Newaz, former director for operation and maintenance at the Bangladesh Fire Service and Civil Defense, and Zahir Uddin Babar, president of the Electronics Safety and Security Association of Bangladesh, also spoke.

## NRBC Bank wins two global awards

STAR BUSINESS DESK

NRBC Bank has recently won two awards – “Most Innovative Mobile Banking App (NRBC Planet)” and “Fastest Growing Micro-Finance Bank” – presented by Global Economics Ltd, a UK-based financial publication and a quarterly business magazine.

Parvez Tamal, chairman of NRBC Bank, received the awards at a function in Dubai on Thursday, said a press release.

AKM Mostafizur Rahman, Mohammed Nazim, directors of the bank, Golam Awlia, managing director, Didarul Haque Miah, head of information and communications technology division, were present.

The organisers at the event said that NRBC Bank is one of the trendsetters in the banking industry of Bangladesh by making the best use of information technology.

The bank launched a special micro credit programme in March 2021 for marginalised people of rural areas of the country and this service has been spread all over Bangladesh in a very short time.

More than 50,000 people have already received micro-loans from the bank. The Fastest Growing Micro Finance Bank-2022 award was given in recognition of the bank’s rapid expansion of this service.

Besides, the bank launched its innovative mobile app “NRBC Planet” to bring comfort and mobility to banking services in 2019.

Account-holders will get numerous banking services through this app, such as notifications, fund transfer, credit card bill payment, top up services, balance inquiry and so on.

The Most Innovative Banking Mobile App (NRBC Planet)-2022 has been awarded in recognition of the bank’s new innovation of services.

“The award will be another steppingstone for NRBC Bank towards its ultimate goal of becoming the best bank of the country,” said chairman of the bank.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JAN 28, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	1.5 ↓	5.47 ↑
Coarse rice (kg)	Tk 46-Tk 52	0	3.16 ↑
Loose flour (kg)	Tk 58-Tk 60	-3.28 ↓	66.2 ↑
Lentil (kg)	Tk 95-Tk 100	-4.88 ↓	-1.52 ↓
Soybean (litre)	Tk 168-Tk 170	-3.43 ↓	14.58 ↑
Potato (kg)	Tk 25-Tk 30	44.74 ↑	66.67 ↑
Onion (kg)	Tk 35-Tk 40	-11.76 ↓	25 ↑
Egg (4 pcs)	Tk 40-Tk 45	16.46 ↑	19.72 ↑
SOURCE: TCB			



Selim RF Hussain, managing director of Brac Bank, cuts a cake to inaugurate the bank’s new banking service styled “Borenno” for small and medium entrepreneurs at its head office in Dhaka recently.

PHOTO: BRAC BANK

## Brac Bank launches ‘Borenno’ for SME customers

STAR BUSINESS DESK

Brac Bank has launched a premium banking service styled “Borenno” for clients in the small and medium enterprise (SME) industry.

Selim RF Hussain, managing director of the bank, inaugurated the new service at the bank’s head office in Dhaka recently, said a press release.

As an SME-focused bank, Brac Bank strives to provide comprehensive banking products and services designed specifically for SMEs.

Borenno is a bundle of services for SME priority customers with specialised banking services to fulfil their needs and choices.

The service will bring SME customers under the umbrella of premium banking services, giving high-value customers unrestricted privileges and exclusive perks.

Customers will get priority service in all aspects – deposits, lending, general banking services and so on.

Syed Abdul Momen, deputy managing director of the bank, M Masud Rana, deputy managing director, Md Mahiul Islam, head of retail banking, and Sheikh Mohammad Ashfaq, head of branches, were present.



ABM Azad, secretary and chairman of the governing body of Jamuna Oil Company, virtually presides over the company’s 47th annual general meeting yesterday. The shareholders approved 120 per cent cash dividend.

PHOTO: JAMUNA OIL COMPANY



Azizul Huque, managing director of Golden Harvest Infotech (GHI), attended a seminar on “Islamic shariah-based banking platform” organised by GHI in association with Finastra, a leading core banking solution provider, at the Sheraton Dhaka Banani hotel in the capital recently. Samir Safa, strategic adviser of Finastra, Priya Pillai, regional sales director, Shaker Shamim, director of GHI, and Abdul Huque, chief executive officer, were present.

PHOTO: GOLDEN HARVEST INFOTECH

## Govt moves to frame logistics dev policy

FROM PAGE B4

Exporters fetched more than \$52 billion from overseas sales in the previous fiscal year but it would be possible to earn at least \$63 billion if the logistics services were improved, according to the Policy Exchange of Bangladesh, a private research firm.

More than 80 per cent of the respondents in a recent survey said finding the availability of transport and logistics services were relatively easy, but the cost of logistics services was excessively high, said the Business Climate Index report published on Thursday by

the Metropolitan Chamber of Commerce and Industry and the Policy Exchange.

Bangladesh ranked 100th overall with a score of 2.58 in the logistics performance index in 2018 while India was placed at 42nd, Indonesia 51st, and Vietnam 45th.

## EU cap to limit

FROM PAGE B4

Moscow’s ability to fund its war in Ukraine which it waged nearly a year ago.

Analysts say these measures are already working and the price cap is expected to exacerbate Russia’s budget deficit.

“Russia may struggle to offload its diesel to other buyers with key customers in Asia being more interested in feeding their refineries with heavily discounted Russian crude, which can then be turned into fuel products selling at the prevailing

global market price,” Saxo Bank analyst Ole Hansen said.

Other analysts say that the proposed price cap is near enough to current spot oil product prices to allow Moscow, in theory, to continue exporting to some regions.

“Embedded in our analysis is the assumption that products price cap is set at levels high enough to allow Russian exports to keep flowing,” analysts at JP Morgan said. The bank attributes a recent rally in oil prices to volatility in the oil products markets.





Haor farmers in Sylhet are currently toiling away to plant boro paddy with an aim to harvest their crop ahead of the coming rains as much of the paddy grown last year was washed away by early flooding. The photo was taken from Gowainghat upazila recently.

PHOTO: SHEIKH NASIR

# USDA revises up Bangladesh's rice production forecast

SOHEL PARVEZ

The US Department of Agriculture (USDA) has revised upward its forecast regarding Bangladesh's rice production in the marketing year (MY) 2022-23 beginning from last May.

Production of the staple grain is forecasted to be 3.58 crore tonnes in MY23, up from the USDA's official estimate of 3.56 crore tonnes, the agency said in its Grain and Feed Update on Bangladesh released by the end of last week.

The USDA said it increased Bangladesh's rice harvested area and production forecast because of good Aman season rice harvest during the marketing year that begins with Boro and ends with Aman rice.

The USDA said it hiked MY 2022-23 Aman season rice harvested area and production forecasts to 58.5 lakh hectares and 1.41 million tonnes respectively, which is higher than its estimates for MY 2021-22.

The Bangladesh Bureau of Statistics has yet to release its estimate for rice production in the three-crop season --

Boro, Aus and Aman -- for 2022.

"Aman rice production exceed the target in many areas of the country," said the US agency, citing proper sunlight, irrigation and balanced fertiliser application for boosted yields.

"Moreover, there was no flooding during this season, which also helped to have good production. But despite the good yields, farmers incurred higher production costs due to fuel and fertiliser price hikes during planting," the USDA said in its report.

The agency estimates 1.97 crore tonnes of rice was produced during the last Boro season in MY23, which is 2 per cent higher than the 1.93 crore tonnes produced previously.

However, cultivation of Aus season rice, which took place in March and April 2022 and was harvested in July and August, dropped 24 per cent from the previous year as severe floods affected the north and north-eastern parts of the country during planting.

Yet, overall production was equal to the 3.58 crore tonnes estimated by the USDA

for MY22 thanks to higher yields of Boro and Aman.

And despite no change in overall production, prices of all types of rice prices remained high through the third and fourth quarters of 2022.

"Usually, rice prices decline at harvest; however, higher production costs, high milling and transportation costs, appreciation of the US dollar, and high inflation were the major factors contributing to the high rice prices this year," the USDA report said.

In December 2022, the average retail price of coarse rice reached Tk 50.55 per kilogramme, which was approximately 7 per cent higher than what it was during the same period the year before.

This season, farmers harvested Aman rice in November and December 2022. The average retail price of high-quality nonaromatic (fine) rice hit Tk 75 per kilogramme last December, up by approximately 3 per cent compared to the same period the year prior, it added.

While prices of wheat flour hit a record high in January 2023, the average retail

price of unpacked coarse wheat flour, also called aata, hit a record of Tk 61.6 per kilogram, up approximately 70 per cent year-on-year, the USDA said.

At the same time, the average retail price of fine quality unpacked wheat flour, called maida in Bangladesh, reached Tk 72 per kilogramme, which was also a record high.

The USDA report said since the Russian invasion of Ukraine began in February 2022, all types of wheat flour prices have been rising due to supply chain disruptions and higher international prices.

India's wheat export ban on May 13, 2022, and the appreciation of the US dollar against Bangladesh's taka aggravated the situation further as most wheat is imported.

"Due to the high price of all types of wheat flour, demand has fallen significantly at the consumer level," the USDA said, citing industry contacts that high wheat flour prices would likely continue until the wheat harvest begins in Bangladesh in April 2023 and India allows exports again.

## Trade thru Hili land port resumes after 2-day holiday

UNB

Export-import activities between Bangladesh and India through the Hili land port in Dinajpur resumed yesterday after a two-day holiday on the occasion of India's Republic Day.

Abdur Rahman Liton, president of Hili Customs C&F Agents Association, said trade via the land port was suspended on January 26 and 27 due to India's 74th Republic Day and weekly holiday.

"Export and import of goods via the port has restarted. Vehicles with goods started entering Bangladesh from India since noon," said Abdur Rahman.

However, the movement of travelers through the land port was normal, said Md Badiuzzaman, in-charge of the Hili immigration check post.

## China, US spar at WTO meeting over disputes

REUTERS, Geneva

China and the United States exchanged sharp criticism at a World Trade Organization meeting on Friday, with Beijing calling Washington a "unilateral bully" and the US accusing its rival of illegal retaliatory measures.

China's ambassador to the WTO Li Chenggang spoke at a meeting on trade disputes shortly after the United States lodged an appeal against a series of WTO rulings involving China, Turkey, Norway and Switzerland which found that US metal tariffs breached global rules.

"These troubling behaviors of the US have clearly depicted an image of the US as a unilateral bully, a rule breaker, and a supply chain disruptor," he said, according to a copy of his speech obtained by Reuters.

The WTO has made important rulings against the United States in recent weeks, including the metals ruling involving China and a separate dispute with Hong Kong over labeling which Washington also appealed.

Washington, which has long criticised the WTO dispute system for overreach and is leading discussions on reforming it, has criticised both rulings.

The United States said it regretted the metal tariffs dispute with China was even on the agenda at the meeting and accused Beijing of imposing "illegal unilateral retaliatory measures" on US exports.

"A WTO that serves to shield China's non-market policies and practices is not in anyone's interest," said Deputy United States Trade Representative Maria Pagan, according to a copy of her speech.

The WTO will not be able to review Washington's appeal of the metals case because its top appeals bench is paralysed after the United States blocked new judges.

## Gas price hike to fuel costs

FROM PAGE B1

Rashid went on to say that factory owners are willing to pay more for gas if they are ensured an uninterrupted supply as global prices for the fuel have risen.

He also alleged that ceramics makers are being unable to open letters of credit to import raw materials as they fall under the non-essential products category.

With this backdrop, the executive committee of the BCMEA will soon organise a meeting to decide on price adjustments in line with the higher cost of production.

However, they will have to keep the economy's present condition in mind, so there is no scope to increase prices illogically, Rashid added.

There are more than 70 active ceramic manufacturers in Bangladesh, as per BCMEA data.

Total investment in the industry, both local and international, amount to about \$1.70 billion, of which 62 per cent was spent for making tiles, 23

per cent for tableware and 15 per cent for sanitaryware.

The sector has lured foreign investment mainly from China and the Middle East. The joint venture partners include RAK Ceramics, Fu-Wang and China-Bangla with the largest being RAK of the UAE.

BCMEA data shows that the sector is capable of manufacturing 308 million pieces of tableware, 210 million square meters of tiles, and 19 million pieces of sanitaryware each year.

Local companies have been expanding their operations with plans to fully cater to the \$905 million ceramics market in Bangladesh.

The total annual consumption of tiles in the country is worth \$650 million while it is \$75 million for tableware and \$180 million for sanitaryware.

Local producers currently cater to about 74.38 per cent of the domestic market with 25.62 per cent being imported.

## Holiday trips within China surge after lifting of Covid curbs

REUTERS, Beijing

Lunar New Year holiday trips inside China surged 74 per cent from last year after authorities scrapped Covid-19 curbs that had stifled travel for three years, media reported on Saturday.

The Lunar New Year is the most important holiday of the year in China, when huge numbers of people working in prosperous coastal cities head to their hometowns and villages for family reunions.

But for three years people were told not to travel during the holiday, with those who insisted facing the risk of snap lockdowns, multiple Covid tests, quarantine and even admonishment by their work units.

An estimated 226 million domestic trips were made by all

means including plane during the holiday week that ended on Friday, state broadcaster CCTV reported, citing government figures.

That compares with about 130 million domestic trips during the holiday week last year, according to the transport ministry.

In the last Lunar New Year holiday before the novel coronavirus emerged in late 2019 in the central city of Wuhan, some 420 million trips were made internally.

As for travel abroad, inbound and outbound cross-border trips jumped 120.5 per cent from last year to 2.88 million, the National Immigration Administration said on Saturday.

During the Lunar New Year holiday in 2019, 12.53 million cross-border trips were made, the Xinhua news agency reported.

China abandoned its strict "zero Covid" policy in early December after protests against the restrictions, allowing people to travel and the virus to spread rapidly throughout the country.

Now that majority of the population had been infected, China has achieved herd immunity, Jiankang Shibao, a state-backed newspaper with a focus on health reported, citing Shanghai-based medical professor Fang Bangjiang.

On the economic outlook, analysts at Japanese brokerage Nomura said in a research note that holiday consumption of in-person services had recovered notably, as seen in the rebound in travel, but households were likely to be moderate in releasing pent-up demand, given their worsening balance sheets.

## Japan eyes easing South Korea export controls

REUTERS, Tokyo

Japan is considering relaxing controls on exports to South Korea as its president, Yoon Suk-yeol, seeks to improve ties amid a strained East Asian security environment, the Sankei newspaper reported on Saturday.

Japan will decide whether to ease the curbs on shipping high-tech materials, which it imposed in 2019 over a dispute about Japan's wartime forced labour of Korean workers, as the neighbours hold a series of talks aimed at solving the dispute, Sankei said, citing unidentified government sources.

Japan's foreign ministry and trade ministry officials were not immediately available for comment on the report when Reuters contacted them outside regular business hours.

The issue of the export curbs would likely be resolved during consultations between South Korea and Japan on various issues including forced labour, South Korea's foreign ministry said in a statement.

"Given the growing need to promote cooperation among countries sharing universal values at a time when the importance of economic security is increasing, we hope that Japan will judge wisely," the South Korean ministry said.

Foreign ministers of the two countries met for talks in Tokyo this month. Their diplomatic officials are due to meet on Monday in the South Korean capital, Seoul, as they near a conclusion of a plan for the resolving their dispute, Jiji news reported on Friday.

The East Asian neighbours, both important US allies, share a bitter history dating to Japan's colonisation of the Korean peninsula from 1910 to 1945.

Yoon, who became South Korea's leader in May last year, has also made increasing cooperation with Japan a core goal despite the lingering disputes.

## Sugar prices edge up

FROM PAGE B1

said they would not sell sugar to me if I ask for any receipts."

After a gap of about a month, he received 40 kg of sugar from the dealer yesterday, he said.

Mohammad Bablu, another retailer in the same market, said he bought branded sugar at Tk 115 per kg and loose sugar at Tk 110 per kg yesterday.

During visits to 15 shops in Karwan Bazar, sugar was found in six of them. Three were selling branded sugar.

The last time sugar prices were hiked at the retail level was on November 17 last year when the rate for loose sugar was hiked from Tk 95 per kg to Tk 107 and the branded ones to Tk 102.

Retailers in Khulna and Sylhet say they are selling sugar at higher prices since they are buying at higher rates.

Abdur Rahim, a retailer in Sylhet city, said he is not getting an adequate supply of sugar.

In Bangladesh, the sugar market

has been facing a supply crunch for five to six months.

The retail price of sugar has increased by 50.33 per cent in the last one year and 2.22 per cent in the past one week, data from the Trading Corporation of Bangladesh showed yesterday.

Taslim Shahriar, senior assistant general manager at Meghna Group of Industries, one of the biggest commodity importers and processors in Bangladesh, hopes that sugar will be sold at the new rates.

Sugar imports have fallen owing to the dollar shortage caused by the fast depletion of foreign currency reserves, hurting supply. The production cost has also increased due to the spike in gas and electricity tariffs, said a commodity importer.

The country's annual demand for sugar is 25 lakh tonnes but domestic production can supply only 1 lakh tonnes while the rest comes from abroad. About 95 per cent of imported sugar is unrefined.

## Higher input, dollar costs

FROM PAGE B1

Md Jahidul Hasan Khan, manager for purchase and logistics at Nippon Paint (Bangladesh) Private Limited, blamed the significant depreciation of the taka for the higher price of raw materials and thus, a sharp drop in sales.

The industry depends on imported raw materials.

"The hike in the cost of production has increased, thus eating into margins," he said.

He said the industry is in trouble since manufacturers can't open LCs to import raw materials.

"We need to open LCs worth \$1.2 million per month but it came down to \$0.2 million in December. So, we can't import necessary raw materials and produce products as per market demand," Khan noted.

Even when LCs were opened at Tk 86 per dollar, manufacturers had to settle the LCs at Tk 108 three to four months later, which raised the cost of production, he said.

Nippon was able to grab a 5 per cent market share in just seven years after establishing the factory in 2014. The company had a turnover of Tk 300 crore before the pandemic.

"But the ongoing situation is not favourable for the paint industry due to the economic uncertainty," Khan said.

A higher price of crude petroleum oil has been a blow for the local manufacturers as well, since crude and crude derivatives account for 40 per cent of the key ingredients they use.

The price of oil hit an all-time low of \$30 a barrel in 2020 as demand plummeted owing to the pandemic.



## Bproperty to merge with Digital Classifieds Group

STAR BUSINESS REPORT

Bproperty, a real estate solutions provider in Bangladesh, has announced that it will merge with Australian-based Digital Classifieds Group (DCG).

To this end, an agreement was signed between two companies at the office of Bproperty in Dhaka yesterday, according to a press release.

The deal means Bproperty now has access to even more resources to enhance its services, while DCG substantially grows its footprint in frontier markets, it said.

DCG has built dominant property classifieds in frontier markets since 2009, and is operating in Cambodia, Papua New Guinea, Laos and Fiji, under a joint venture with FazWaz Group, a Thailand-based property technology firm.

Bproperty is creating a secure property marketplace where sellers, buyers, landlords, and tenants can safely engage in a streamlined and transparent process to achieve their goals, the press release added.

## US and EU to launch first ever AI deal

REUTERS, Washington

The United States and European Union on Friday announced an agreement to speed up and enhance the use of artificial intelligence to improve agriculture, healthcare, emergency response, climate forecasting and the electric grid.

A senior US administration official, discussing the initiative shortly before the official announcement, called it the first sweeping AI agreement between the United States and Europe. Previously, agreements on the issue had been limited to specific areas such as enhancing privacy, the official said.

AI modeling, which refers to machine-learning algorithms that use data to make logical decisions, could be used to improve the speed and efficiency of government operations and services.

"The magic here is in building joint models (while) leaving data where it is," the senior administration official said.

## Govt moves to frame logistics dev policy

### Forms 29-member panel

STAR BUSINESS REPORT

The government has formed a 29-member committee to ensure an efficient transportation of goods and services and the overall development of the logistics sector in Bangladesh.

M Tofazzel Hossain Miah, principal secretary to the prime minister, will chair the committee titled "National Logistics Development and Coordinating Committee", according to a gazette notification issued on January 25.

As per the notification, the committee will formulate the National Logistics Development Policy, provide policy support and facilitate existing policy frameworks to attract investment in the logistics sector.

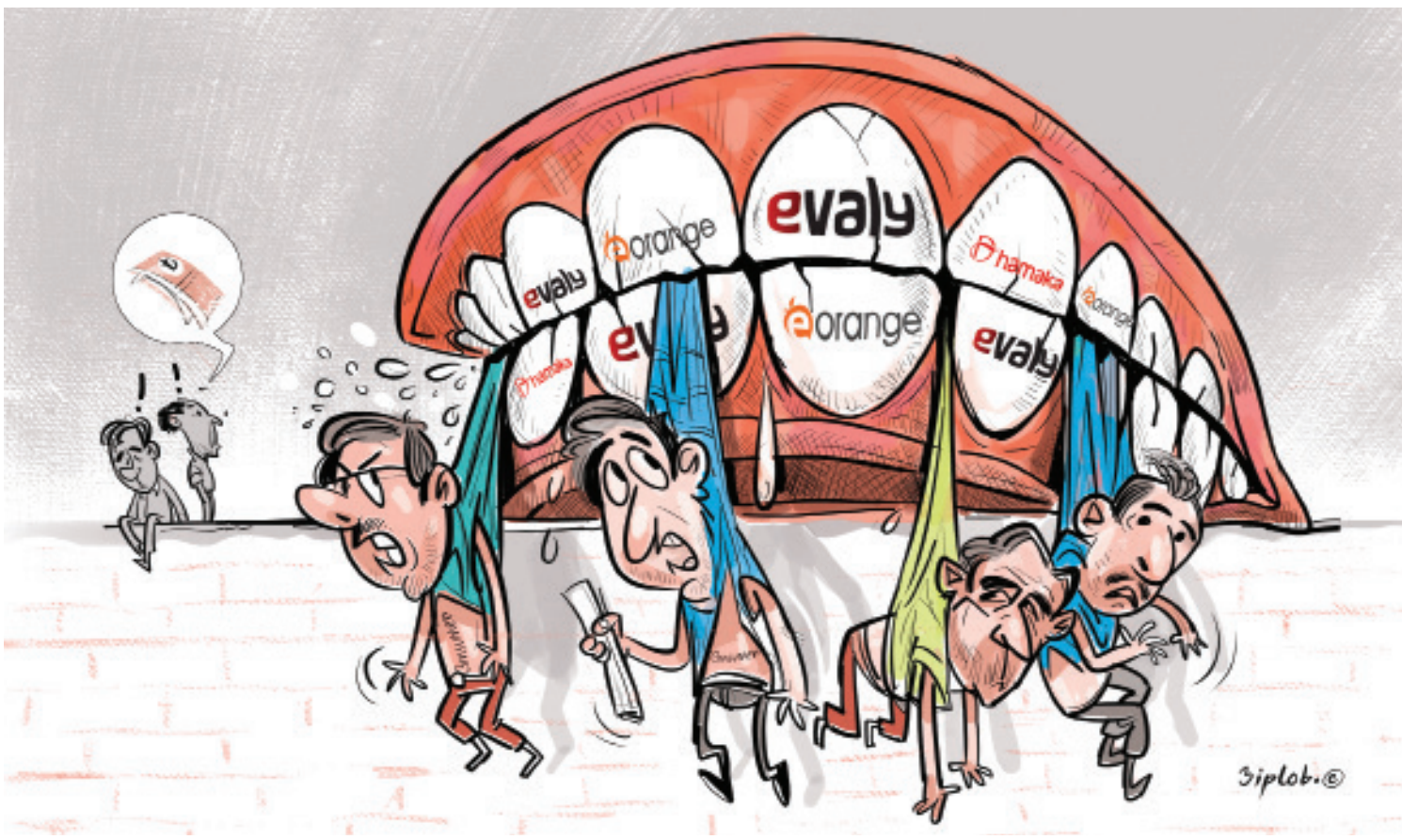
It will also provide overall guidance in formulating policies and development strategies for the logistics sub-sector.

On top of that, the committee will monitor, review and evaluate the progress of implementing the overall logistics development strategy.

The move comes as the logistics sector is failing to support the fast-growing economy.

Due to poor logistics and clearance services in the country's ports and highways, Bangladesh is missing out on at least 20 per cent of its export potential.

READ MORE ON B2



## Draft digital commerce act draws mixed reactions

MAHMUDUL HASAN

A draft of the new digital commerce law has drawn mixed reactions from industry people and customers alike as some believe a legal framework is necessary to prevent fraud while others opined that it would lead to increased bureaucracy in the emerging sector.

The law comes amid widespread scams centring the e-commerce sector in 2021 as some fraudulent platforms embezzled thousands of crores of taka from customers and merchants.

The commerce ministry has already sent the draft "Digital Commerce Act 2023," to different stakeholders and formed a committee to review it.

In absence of recognised laws in the field of digital commerce, some irregularities have been observed and a legal framework is needed to prevent them, according to the commerce ministry.

The Digital Commerce Act aims to facilitate expansion and maintain discipline by preventing, suppressing and prosecuting fraudulent activities in the sector.

Besides, a Digital Commerce Authority, featuring a director general and three directors, will be established to implement the act.

Certain players in the e-commerce sector have expressed displeasure regarding the proposed measures, saying that it is unnecessary to form a dedicated regulatory body as the existing legal framework is sufficient to ensure discipline.

"We don't need a new law or regulatory body, what we need is proper implementation of the existing laws," said Fahim Mashroor, chief executive officer of Bdjobs.com and AjkerDeal.

Had not the Directorate of National Consumers' Right Protection (DNCRP) turned a deaf ear to the thousands of complaints on Evaly and other platforms, there would not have been any such scams in the sector.

He then said it is enough to increase the capacity of the DNCRP, the state agency responsible for hearing and addressing consumer complaints about goods and services, to bring discipline in the sector.

Md Hafizur Rahman, additional secretary of the commerce ministry and chief of the digital commerce cell, tried to quell these concerns by stating that the act is merely in its draft phase.

"A committee has been formed to evaluate it thoroughly," he said.

"The law will not do any harm to the sector.

There was an instruction from the high court to formulate a law and the national digital Bangladesh committee also directed it," Rahman added.

The Daily Star spoke to several e-commerce customers to get their opinion about the law. Some expressed support, describing it as a positive step forward, while others are suspicious about the effectiveness and see it as damaging for the sector.

**The Digital Commerce Act aims to facilitate expansion and maintain discipline by preventing, suppressing and prosecuting fraudulent activities in the sector. Besides, a Digital Commerce Authority will be established to implement the act.**

Md Jahidul Alam, a private sector employee, said there was enough scope for government bodies to prevent fraud in past years, but they failed in this regard.

"So, I am not sure if it [the proposed law] will bring any positive change or choke off the sector with more surveillance," he added.

However, Md Hussain, a resident of Dhaka's Agargaon, said without a regulatory body and law, it is impossible to weed out deceitful practices in the sector.

Biplob G Rahu, chief executive officer of eCourier, said a new regulatory body is needed for the sector, but the draft should be amended thoroughly.

### THE DRAFT LAW

As per the draft Digital Commerce Act, online platforms will be fined three times the value of goods and services sold if they

fail to deliver them within the stipulated time. In addition, failure to pay such fines will result in a maximum of three months of imprisonment.

For advertising illegal goods and services or organising online gambling and betting, there will be a fine of Tk 3 lakh or three years of prison or both.

The draft states that arranging lotteries, creating digital wallets and cash vouchers without permission is punishable by a fine of Tk 2 lakh, six months imprisonment or both.

The proposed law also makes it mandatory for online platforms to disclose accurate information about the description, size and measurement of goods and services in the digital marketplace.

A customer can pay cash on delivery or make advance payments and digital commerce organisations should have such alternatives.

As such, customers can use any credit card, debit card or mobile financial services approved by Bangladesh Bank for advance payment, it added.

However, under no circumstance can funds be deposited directly into the bank of the digital merchant or online seller. So, businesses must have an agreement with a payment gateway organisation.

As per the draft, e-commerce platforms will have to specify the maximum purchase orders for a customer. For daily essentials, the maximum purchase order limit is five per product and the limit is two for luxury goods.

However, if the value of a luxury good is less than Tk 1,000, customers can purchase five at a time.

An executive of an e-commerce platform said this will put an end to online business-to-business platforms.

Rahman of the commerce ministry said this provision will be scrapped from the draft, enabling customers to purchase as much as they want.

Mashroor of AjkerDeal said making it mandatory to have a digital business identity in the law will discourage women and small and medium sized platforms from entering digital commerce.

## Trade-based money laundering threat to economy

MAMUN RASHID

Trade-based money laundering (TBML) is a silent killer that is undermining the very foundations of Bangladesh's economic growth. As an emerging economy and, more so, an expanding trading nation that is going through LDC graduation, Bangladesh is particularly vulnerable to TBML. This illicit activity is weakening financial institutions, eroding foreign currency reserves, and undermining international trade, leaving the country's economy in shambles and stakeholders in despair.

TBML, also known as trade mis-invoicing, has become rampant primarily to evade taxes and hide the source of illicit funds. By using over-invoicing technique, the value of goods or services is artificially inflated, allowing the launderer to move more money out of the country than would otherwise be possible.

The opposite of this trade involves artificially deflating the cost of goods or services on invoices, thereby evading tax. Mis-invoicing is also largely used where goods or services are misclassified on invoices to avoid customs duties or taxes. For example, declaring a shipment of machinery as "machinery parts" instead of "machinery".

Another way is using trans shipment, which involves shipping goods to an intermediary destination before they are shipped to their final destination. This can be done to inflate the value of goods or avoid duties or taxes. Ghost-shipping, multiple invoicing, and falsifying trade documents are also commonly used to avoid taxes and tariffs and conceal the true nature of the transactions.

These methods can be quite difficult to detect. The lack of good governance and weak regulatory oversight in Bangladesh is exacerbating the problem of TBML. The Bangladesh Financial Intelligence Unit (BFIU) and the National Board of Revenue (NBR) have primary responsibilities for scrutinising trade transactions for TBML, but they may be under-resourced and lack the necessary expertise to detect and prevent TBML.

One of the preventive measures that can be implemented is to carry out due diligence on trade transactions, especially in high-risk sectors, trade routes and parties involved. Banks can significantly contribute by doing know-your-customer checks as part of increased due diligence while onboarding new clients. Technological advancements, particularly in the areas of big data and analytics, can aid in making connections and preventing and combating TBML. The use of Artificial Intelligence and data analytics can help give banks and financial institutions a complete picture of their client data. Moreover, the use of blockchain technology can be helpful in detecting TBML by providing transparency and immutability of trade transactions.

Raising public awareness and providing training and capacity-building for law enforcement agencies, financial institutions, and trade-related businesses on how to detect and prevent TBML can also be effective in preventing TBML. Analysts working with TBML alerts frequently struggle to comprehend challenging paperwork, complicated items, and pricing-related concerns. The anti-money laundering compliance teams need to engage in specialised knowledge building and training.

The role of the customs officials is also very important because they may compare the amount and quality of the goods with the price that the trader has specified and look for discrepancies in the product description and pricing. TBML poses a significant threat to the economy and society of Bangladesh. To effectively prevent it, a comprehensive approach that combines multiple strategies is needed. This includes significant investments in resources and technology, strengthening regulations and oversight, enhancing transparency and information sharing, and enhanced cooperation between government, private sector, and international partners, and, maybe, more importantly, political commitment and business accountability.

The author is an economic analyst

The author is an economic analyst

The author is an economic analyst

## DIESEL PRICE EU cap to limit Moscow's choice of buyers

REUTERS, London

A proposed EU price cap on Russian diesel may be high enough to allow Moscow to continue exporting the fuel, but in practice could deter big Asian buyers who have become used to buying cheap Russian crude to refine it themselves, analysts say.

The European Commission is proposing that the EU set a \$100/bbl price cap on Russian diesel and a \$45/bbl per barrel cap on discounted products like fuel oil, EU officials said.

The February 5 price caps and EU ban on Russian oil product imports are part of several measures the West is using to slash Russia's export revenues, limiting



Due to poor logistics and clearance services in the country's ports and highways, Bangladesh is missing out on at least 20 per cent of its export potential, according to a think-tank.

PHOTO: STAR/FILE

READ MORE ON B2