Increase industrial energy efficiency to cut costs

KfW Development Bank director says

STAR BUSINESS DESK

Increasing industrial energy efficiency is an effective way for Bangladesh to achieve significant cost savings and long-term energy security, said Michael Sumser, director of KfW Development Bank, at an event.

He made the comment at a programme styled "New Financing Solutions for Energy Efficiency Interventions", orgainsed by Infrastructure Development Company Ltd (Idcol) at InterContinental Dhaka on Sunday, said a press release.

Idcol has financed/approved over Tk 2,500 crore in RMG, textile, cement, steel, and commercial/industrial building sectors for energy efficient machinery

The event highlighted new financing solutions of Idcol.

In addition to long-term concessional taka loans, Idcol will be able to offer long-term fixed-rate Euro and USD loans in association with KfW and GCF.

"Idcol has already financed/approved more than Tk 2,500 crore in RMG, textile, cement, steel, and commercial/industrial building sectors for energy efficient machinery and equipment," said Alamgir Morshed, executive director and CEO of Idcol.

"Various initiatives have been undertaken by the government to promote energy efficiency and conservation across different industries," said Md Khurshid Alam, executive director of Bangladesh Bank.

A man shops imported perfumes in a shop in Peshawar, Pakistan on February 15. Parliament approved on Monday a supplementary finance bill that increases sales tax from 17 to 25 per cent on imports ranging from cars and household appliances to chocolates and cosmetics.

PHOTO: REUTERS/FILE

Pakistan hikes tax on luxury goods for IMF deal

AFP, *Islamabad*

Pakistan's parliament has given the go-ahead for the government to raise taxes on a raft of luxury imports and services in a bid to unlock the next tranche of an International Monetary Fund (IMF) loan.

Faced with critically low foreign exchange reserves, the government has already halted most imports -- apart from food and pharmaceuticals -- but hopes to boost revenue with the broad tax hike.

Years of financial mismanagement and political instability have pushed Pakistan's economy to the brink of collapse, exacerbated by a global energy crisis and devastating floods that submerged a third of the country in 2022.

However, with an election due by the end of the year, the government is reluctant to be too harsh in case it is punished at the polls.

Parliament approved on Monday a supplementary finance bill that increases sales tax from 17 to 25 per cent on imports ranging from cars and household appliances to chocolates and cosmetics.

People will also have to pay more for business-class air travel, wedding halls, mobile phones, and sunglasses.

A general sales tax was raised from 17 to 18 per cent.

Faced with critically low foreign exchange reserves, the government has already halted most imports -- apart from food and pharmaceuticals

"The prime minister will also unveil (further) austerity measures in the next few days," Finance Minister Ishaq Dar told the national assembly as the bill was passed, adding "we will have to take difficult decisions".

Pakistan is desperate to unlock the next tranche of a $6.5 billion loan facility with the IMF but struggling to meet tough conditions set by the global financier.

The IMF is demanding that Pakistan boosts its pitifully low tax base, ends exemptions for the export sector, and raises artificially low energy prices that are meant to help poor families.

"Those who are making good money in public or private sectors need to contribute to the economy," IMF Managing Director Kristalina Georgieva told German state broadcaster Deutsche Welle at the weekend.

"It shouldn't be that the wealthy benefit from subsidies. It should be the poor who benefit from them." Dar told parliament when tabling the bill this month that the luxury tax would generate an additional 170 billion rupees ($650 million).

"These are the items which are widely used by the rich class," he said, adding it would "put minimum burden on the common man".

While an IMF cash injection will not be enough to rescue Pakistan on its own, it is necessary to boost confidence and open the doors for friendly nations such as Saudi Arabia, China and the United Arab Emirates to offer further loans.

UL Solutions, BGMEA for collaboration on RMG safety

STAR BUSINESS DESK

A delegation of UL Solutions, a global independent safety science company, met with Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), at BGMEA Complex in Uttara, Dhaka on Monday to discuss possible collaboration in providing safety solutions and services to garment factories in Bangladesh.

Charan Singh, senior director of regional operations of UL Solutions, led the delegation, said a press release.

The discussion also focused on how UL Solutions could support the factories in maintaining compliance with regulations and standards and reducing environmental impacts

Golam Sarwar, country manager of UL Bangladesh, Sharif Mollah, business development manager of emerging markets, and Rashed Ahmed, head of business, were also in the delegation.

They discussed how UL Solutions could support Bangladeshi garment factories in remaining up to the mark in terms of industry safety requirements.

The discussion also focused on how UL Solutions could support the factories in maintaining compliance with regulations and standards and reducing environmental impacts of their operations, the press release also said.

UL Solutions delivers testing, inspection and certification services together with software products and advisory offerings that support customers' product innovation and business growth.

Neela Hosna Ara, director of the BGMEA, was present.

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (FEB 21, 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 48-Tk 52	2.04 ↑	7.53 ↑
Loose flour (kg)	Tk 55-Tk 58	-4.24 ↓	61.43 ↑
Lentil (kg)	Tk 95-Tk 100	-4.88 ↓	0
Soybean (litre)	Tk 168-Tk 172	0.59 ↑	6.25 ↑
Potato (kg)	Tk 20-Tk 22	-6.67 ↓	20 ↑
Onion (kg)	Tk 30-Tk 35	-18.75 ↓	-31.58 ↓
Egg (4 pcs)	Tk 47-Tk 50	14.12 ↑	27.63 ↑

SOURCE: TCB

Hassan O Rashid, managing director of Prime Bank, and Nazeem Noordali, chief operating officer of International Islamic Trade Finance Corporation (ITFC), exchanged signed documents of a master murabaha agreement on trade facility at a hotel in Dhaka recently. Abdihamid Aweis Abu, general manager of trade finance of the ITFC, Faisal Rahman, additional managing director of the bank, and Shams A Muhaimin, deputy managing director, were present.

PHOTO: PRIME BANK

Kazi Mahbubul Alam, district commissioner of Gopalganj, attended the disbursement of agricultural loans of AB Bank to 400 small and marginal farmers through smart cards at Sheikh Fazlul Haque Mani Stadium in Gopalganj yesterday. Mahabub Ali Khan, president of Gopalganj District Awami League, Abdul Kader Sarder, deputy director of the Department of Agricultural Extension in Gopalganj, Tarique Afzal, managing director of the bank, and other officials were present.

PHOTO: AB BANK

Economy bleeds

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nearly 80 per cent of the country's total external demand.

Remittances are not rising to the expected level although Bangladesh sent a record number of workers abroad last year.

Rising prices of fertiliser may cause some farmers to reduce their use of the input, leading to lower agricultural production and higher food prices at a time when the world is facing a food crisis.

According to the Agricultural Market Information System, an inter-agency platform based in Rome, fertiliser prices have decreased 40 per cent since hitting record nominal highs last spring. Still, prices remain nearly twice their level of two years ago.

And Mokhlesar Rahman, a farmer in Bogura, told The Daily Star yesterday: "This was the first time in many years, we have had to buy fertiliser by standing in line."

The war has hurt the employment sector since businesses have adopted a wait-and-see approach when it comes to investments as uncertainty persists.

Falls in employment are larger than those in GDP at 1.6 per cent, said the International Food Policy Research Institute (IFPRI) in a paper on the impacts of the war on Bangladesh's economy in July.

"Overall, the combined effect of the world price shocks is a decline in consumption for all households, with larger declines for households toward the lower end of the income distribution. The result of the global crisis is, therefore, an increase in inequality within Bangladesh."

Falling household consumption leads to greater poverty, particularly in rural areas. According to the most recent household survey in Bangladesh, 14 per cent of the country's population has an adult equivalent consumption level that falls below the $1.90 poverty line.

The increase in world prices raises the national poverty headcount rate in Bangladesh by 3.3 percentage points, equivalent to an additional 5 million people falling below the poverty line, said the IFPRI.

The heightened uncertainty has forced Bangladesh to turn to the International Monetary Fund (IMF) for support with a view to tackling macroeconomic instability and protecting the vulnerable. The lender has approved a $4.7 billion fund.

The war also showed how important it has been for Bangladesh to bring in structural reforms in some areas that have been neglected for years.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says that the global commodity market has almost absorbed the price shock emanating from the war-induced crisis. But Bangladesh has failed to contain the prices in the domestic market.

Although the price of fertiliser has decreased significantly in recent times, there is still uncertainty. Russia, Ukraine, and Belarus are the key producers of fertilisers globally.

The price of LNG has decreased to a tolerable level in the global market as well.

"Good things are happening in the global market. But they have not brought any major impact to our economy as we have not taken any time-befitting initiatives after the war," he said.

"We have failed to absorb the shock. And the common people are now suffering because of the wrong decisions taken by the policymakers."

According to Mansur, uncertainty is deepening amid the dollar crisis.

"The central bank should have allowed the floating exchange rate and withdrawn the cap on the lending rate."

The former official of the IMF suggested taking measures to help the country ride out the crisis.

"If we don't take the issue with the utmost importance, the economy will fall into deep trouble in the days to come."

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says that the country is facing imported inflationary pressure derived from the price hike in the global commodity market.

"This has worsened the living standard of the people. And the global supply chain disruption has threatened the food and energy security of the country."

He said Bangladesh was now in a critical condition because of the ongoing geopolitical tension.

"It is difficult for us to side with any particular county. The tension has even brought a negative impact on the implementation of development projects."

Zahid Hussain, a former lead economist of the World Bank Bangladesh, said there was no alternative to increasing the supply of US dollars.

"Only administrative measures on import controls will not bring much benefit."

He said the exchange rate volatility has shown that attempts to manage it artificially might not work ultimately.

"In fact, since the dollar rate for remittances was left largely to the market, money sent home by our workers has started picking up."

The economist recommended examining how the country could cut tax exemptions.

Bangladesh would have to see how it could explore natural resources such as gas in order to cut the country's heavy reliance on imports, Hussain added.

Mustard farmers

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Latif Akanda, a director of the ORC.

The agency provided seeds of the Bari Mustard-14, Bari Mustard-17 and Bari Mustard-18 varieties, he added.

Similarly, the Bangladesh Agricultural Development Corporation (BADC) increased its distribution of mustard seeds to expand cultivation, said Md Mostafizur Rahman, member director for seed and horticulture at BADC.

BADC supplied 1,000 tonnes of mustard seeds in 2022 and aims to provide 2,200 tonnes this year in an effort to support the government's plan to increase domestic production of oilseeds and thereby reduce imports.