Workers in Barishal city unload sand sourced from Sylhet. Working while daylight prevails earns each of them Tk 700 a day. The photo was taken near Beltola Ferry Ghat two weeks ago.

PHOTO: TITU DAS

MCCI for continuation of energy subsidies

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) has requested the government to continue the subsidy on the energy sector so that the private sector can stay afloat amid the double blow dealt by the coronavirus pandemic and the Russia-Ukraine war.

The pandemic hit the economy in 2020, its second wave came in 2021, and Bangladesh is yet to recover from it fully.

At a time when the economy was trying to return to its high growth trajectory, the war emerged out of nowhere, derailing the recovery and dealing a major blow to businesses.

"The government can think of continuing the subsidy in the energy sector at least by another year considering the double effect," said Md Saiful Islam, president of the MCCI.

He made the request while speaking to reporters at the office of the country's oldest trade body.

"If the energy prices go up, it would increase the production costs and reduce the competitiveness in the export market," he said.

On the other hand, if the subsidy is withdrawn in line with the conditions of the International Monetary Fund (IMF), it will impact the inflationary pressure within the country as well, he said.

The multilateral lender has laid out 20 conditions recently for Bangladesh with its $4.7 billion loan programme. The conditions include reducing subsidies.

A number of officials of the finance ministry recently said the subsidy for gas and electricity will be increased by Tk 17,000 crore to Tk 40,000 crore in the revised budget.

MCCI RECOMMENDS...

- Continue subsidy on energy prices for one year
- Clarify the processes of price adjustment
- Extend time for licence renewal
- Ease imports of raw materials, capital machinery
- Automate NBR

"We are going through an unusual situation so the government can think if it can extend a relief to businesses at least for one year," said Islam.

About the recent economic situation, the entrepreneur said the foreign exchange reserve slightly rose in the last eight weeks.

"Export and remittance receipts are also rising while foreign assistance is also flowing in. So, the pressure on the balance of payments might be easing in the upcoming days."

Foreign currency reserves stood at $32.45 billion on February 22, down nearly 30 per cent from $45.84 billion a year ago, Bangladesh Bank data showed.

"Nevertheless, businesses should have a clear direction about how the energy prices would be adjusted as the government has announced that it would make a gradual adjustment in the prices of energy," said Islam.

"Then it would be better for businesses to make plans."

Islam said the MCCI is well aware of the challenges facing the country.

"We also know that the government will not be able to offer much support after the graduation of Bangladesh to a developing country from the group of the least-developed countries in 2026."

"So, we are focusing on policy support for the ease of doing business in the long run."

"Every country in the world is providing policy support to their businesses. But it is meagre in our country," he said, adding that policy support can reduce the hassles for entrepreneurs.

The MCCI chief pointed out that local businesses need to take several licences and the process of getting licences and having them renewed is a complex task.

"In rural areas, getting trade licences and renewing them is like a nightmare. But there is no binding anywhere in the world that that a trade licence has to be renewed every year," he claimed.

For the ease of doing business, the government should issue all licences related to the environment and fires for five years, Islam said.

"In the meantime, government agencies will carry out inspections and will revoke licences if any breach of laws is detected."

About the import restrictions maintained by the government, the MCCI president said it is a good step if it can restrict the inflow of luxury items.

"But if the step impacts the import of raw materials and capital machinery, it would be a matter of concern because raw materials are used in import-substitute industries. Then it may give a spike to the import of finished products."

He said though the central bank has put no restriction on the import of raw materials, in reality, banks can't open letters of credit until they have adequate dollars.

"So, it takes longer to import raw materials."

During the media briefing, MCCI Vice-president Habibullah N Karim and Director Syed Tareque Md Ali were also present.

India's economic growth likely slowed further

REUTERS, *Bengaluru*

India's economic growth likely slowed further in the October-December quarter amid weakening demand and is set to lose more momentum as a series of interest rate hikes weigh on activity, according to a Reuters poll of economists.

Gross domestic product (GDP) growth in the last quarter slipped to an annual 4.6 per cent, according to the median forecast of 42 economists in the February 10-24 survey.

The economy had expanded 13.5 per cent in April-June -- boosted largely because of pandemic-related statistical distortions -- before moderating to 6.3 per cent in July-September.

The monthly survey also showed growth in Asia's third-largest economy was expected to slow further to 4.4 per cent in the current quarter, and across 2023/24 would average 6.0 per cent, lower than the 6.5 per cent official government estimate published on January 31.

Forecasts for the October-December data, due on February 28, ranged widely, from 4.0 per cent to 5.8 per cent. However, all survey respondents predicted growth to be lower than the previous quarter and three-quarters of respondents forecast growth below 5.0 per cent.

"There are base effects that are normalising and pulling down the annual numbers. The support from agriculture might be lower and also manufacturing could be a drag," said Sakshi Gupta, principal economist at HDFC Bank.

She added that on the demand side, exports and consumer demand were likely to have contributed to the slowdown, while investments held steady.

"Inflation is continuing to remain very high and interest rates are increasing. Pent-up demand has also started moderating," said Gupta.

The Reserve Bank of India has raised interest rates by a cumulative 250 basis points since last May to tackle inflation and is likely to do so again in April. Those past moves are expected to have a lagged effect on consumption and economic growth.

US dollar holds seven-week high

REUTERS, *New York*

The dollar held a seven-week peak on Friday, as another round of data showing still-high inflation reinforced expectations that interest rates could stay higher for longer.

Hotter-than-expected data has helped the greenback to strengthen against many of its major peers this week, sending the dollar index up 0.6 per cent at 105.20 to a seven-week high and putting it on track to post its largest weekly gain since late September.

The euro was also on pace to post its biggest weekly loss against the dollar since late September.

Stoking the dollar's recent surge is the personal consumption expenditures (PCE) price index, tracked by the Federal Reserve for monetary policy, which rose 0.6 per cent last month after gaining 0.2 per cent in December. The PCE price index accelerated 5.4 per cent in the 12 months through January, after rising 5.3 per cent in December.

Palm oil Tk 10 costlier

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notification last December, the price of a five-litre bottle of soybean oil was supposed to be sold at Tk 906 (meaning a litre was costing Tk 181).

Refiners stopped giving a discount of Tk 40 on each carton (20 litres) of soybean oil and a 5 litre bottle is now selling for at Tk 880-890, said Mohammad Bablu, manager of Mayer Doya General Store in Karwan Bazar.

Five days ago, each maund (around 37 kilogrammes) of palm oil was Tk 4,770 and now it is Tk 4,820 to Tk 4,830, informed Siddique.

He also claimed that refiners were leaving 20 per cent to 25 per cent of his demand unmet.

Refiners might be charging more for rises in the international market, said Abul Hashem, general secretary of Bangladesh Edible Oil Wholesalers Association.

Indonesia has reduced palm oil exports, for which each maund was costing $80 to $90 more in the international market, said Taslim Shahriar, senior assistant general manager at the Meghna Group of Industries, one of the country's biggest commodity importer and processor.

Indonesia is the world's biggest palm oil producer having a major control of the international market.

Futures price rose 1 per cent on Thursday, trading near a seven-week high, as higher crude oil prices made palm a more attractive option for biodiesel feedstock, according to Reuters.

Lingering concerns about tight supply from top producer Indonesia and weaker Malaysian production outlook have supported the market over the past two weeks, it said.

Palm oil is affected by price movements in related oils as they compete for a share in the global vegetable oils market, it added.

The country's annual demand for cooking oils stands at around 2.2 million tonnes, 90 per cent to 92 per cent of which is imported, according to the commerce ministry.

Of the import, 42 per cent is soybean oil and 50 per cent palm oil as of 2022.

ICT can play key role

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Danish Ambassador to Bangladesh Winnie Estrup Petersen said: "The potential that Bangladesh has for tech sector has brought our attention. It's the next tech powerhouse."

"The growth of Bangladesh's IT sector is undeniable and the government's commitment to digital Bangladesh must be commended and acknowledged," she said.

It is also important to make technology work for democracy, she added. The Denmark's ambassador said Danish companies have already discovered Bangladesh as an ICT sourcing destination. "And I am sure that it has huge potential in the years to come."

The Daily Star Editor and Publisher Mahfuz Anam moderated the session titled "Ambassadors Night".

"There is a hidden agenda in what we are doing tonight and that is to make the envoys as ambassadors of Bangladesh, promoting the potential of Bangladesh's IT sector in your country," Anam said.

"The local tech companies must have taken note that there is a brain gap. Let's fill up the gap."

Bangladesh's State Minister for Foreign Affairs Md Shahriar Alam said the government has always played a supporting role in the development of the technology sector.

"We will work with BASIS to build Smart Bangladesh. If BASIS wants, we can sit with its 2,000 members and formulate policies to form Smart Bangladesh."

Academia and the government should collaborate on research and development while promoting the sector and building skilled human resources to fuel IT service exports, said President of Bangladesh Association of Software and Information Services (BASIS) Russell T Ahmed.

Reuse of plastic waste

FROM PAGE B1

conglomerates including Pran-RFL Group and Akij Group have also invested in this sector.

The association estimates that Bangladesh now uses around 40 per cent of plastic waste through recycling plants whereas a World Bank's study found it to be 30 per cent in 2020, said Ahmed.

He finds four reasons for the increase in recycling in Bangladesh – growth of a circular economy, demand for recycled plastic from buyers, growing awareness and the government's National Action Plan for Sustainable Plastic Management.

According to Shamim, investors are automatically drawn to any manufacturing process that deals with plastic waste recycling.

Buyers now set preconditions when placing purchase orders for manufacturing processes to use at least 20 per cent recycled plastic with virgin materials, he said.

Against this backdrop, plastic exporters are sourcing recycled plastic flakes from local recyclers which in some cases were costlier than virgin plastic, he said.

The national action plan sets a target of recycling 50 per cent of the plastics used by 2025, phasing out single-use plastic by 90 per cent by 2026 and reducing plastic waste generation by 30 per cent by 2030, all from what was in fiscal year 2020-21.

Besides, the government's 8th Five Year Plan aims to phase out single-use plastic like cups, plates, stirrers and cutlery, candy wrappers, sachets, extruded polystyrene, cigarette filters, cotton swabs, water and juice bottles, bags and multilayer plastic packaging.

Meanwhile, the association and the Department of Environment has taken up initiatives to ban use of plastic cutlery, cotton swabs, coffee stirrers and water and juice bottles in coastal areas.

In 2020, a High Court also directed authorities concerned to ban single-use plastic in coastal areas and in all hotels and motels across the country.

And to embrace the country's heritage, many Bangladeshis are starting to use earthen pots, said Shamim.

He, however, acknowledged that the use of plastic and the amount of associated waste generated has increased due to the rapid pace of urbanisation and development despite an increase in waste collection.

He finds four reasons for the increase in recycling in Bangladesh – growth of a circular economy, demand for recycled plastic from buyers, growing awareness and the government's National Action Plan for Sustainable Plastic Management

The country's annual per capita plastic consumption in urban areas tripled to nine kilogrammes (kg) in 2020 from three kg in 2005.

Dhaka's annual per capita consumption of plastic is 22.5 kg, significantly higher than the national average.

Shamim believes the national action plan's target to phasing out single-use plastic by 90 per cent by 2026 and reducing plastic waste generation by 30 per cent by 2030 would be achieved.

Moreover, the plastic recycling industry will play a vital role in exports as well as creating employment, he said.

To make the initiatives stick there needs to be wider buy-in from all stakeholders, including the government, the private sector, development partners, and citizens, he said.

World's best green factory

FROM PAGE B1

A global champion in terms of the number of LEED certified factories, Bangladesh has 63 platinum-level garment units, 110 gold, 10 silver and four just LEED certified.

Besides, over 500 other garment factories are awaiting LEED certification for their green initiatives, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

China has the second highest number of platinum-level factories with only 10 and Pakistan third with nine. India and Sri Lanka have six each while Taiwan and Vietnam four.

Meanwhile, Myanmar and the US each have two platinum-level factories while Ireland, Italy, Indonesia, Mexico, Poland, Paraguay, Romania, Turkey and the UAE have one each, according to the council.

Local businesspeople started building LEED certified structures following two industrial disasters -- the Tazreen Fashions fire in 2012 and Rana Plaza collapse in 2013 – in a bid to brighten their image and thereby attract more international retailers and brands.

It is not mandatory for international clothing retailers and brands to pay extra for goods sourced from LEED certified industries even though these manufacturers spend millions to make their factories green.

Still, buyers prefer to place work orders at green units as they know the goods are produced in compliance with environmental and safety standards.

International retailers and brands do not pay more for products of the green factories, said Tanvir Ahmed, managing director of Green Textiles Limited, one of the owning companies of Green Textile Limited Unit 4.

But the buyers prioritise green factories when placing work orders, he said.

The green garment factories of the group exports woven shirts and trousers worth $80 million per month, he added.

Confidence on Bangladeshi garment items have grown a lot among international clothing retailers and brands because of green initiatives, said Mohiuddin Rubel, a director of the BGMEA.

As a result, international retailers and brands are coming here with a lot of work orders even when times are bad, Rubel said.