

Star BUSINESS



Banks asked to give Tk 25 lakh each for football tournament

STAR BUSINESS REPORT
The Bangladesh Association of Banks (BAB), a platform of the sponsors of lenders, has asked 41 commercial banks in the country to pay Tk 25 lakh each to help organise an inter-bank football tournament.
The BAB has formed a committee led by Exim Bank Sponsor Director AKM Nurul Fazal Bulbul to hold the Sheikh Hasina Inter-Bank Football Tournament "successfully and in a grandiose manner".
The association sent a letter to all member banks, asking them to deposit the fund in favour of the BAB by March 16. It will raise

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Why BGMEA seeking extension of LDC trade benefit?

- Fall in demand for apparel work orders
- Severe fallout from Russia-Ukraine war
- Severe impact of pandemic

WHAT BANGLADESH IS DOING

- Govt started lobbying for LDC trade benefit extension for six more years
- BGMEA will lobby with trading partners for the extension from next month

OTHER RISKS IN POST-LDC ERA

- Loss of preferential trade benefit
- Loss of market share
- Erosion of trade competitiveness in global market
- Drop in market share in global garment trade
- May lose nearly \$5b worth of garment business in EU annually
- May face 12% duty on apparel export to EU

GARMENT EXPORT SITUATION

- Shipment declined in volume but rose in value over the last six months
- Shipment to new markets rising

Watermelon enters export basket

DWAIPAYAN BARUA, Chattogram

In a first for Bangladesh, a consignment of watermelon has been shipped to Malaysia through Chattogram port by Sattar International, a vegetable exporter based in the port city.
The consignment of more than 13 tonnes of watermelon and 5 tonnes of tomato had reached a private inland container depot last week. The goods were then packed into a 40-foot refrigerated container after customs and quarantine tests.
The container, which was loaded onto the MV Integra, left the seaport last Friday.
Abdul Kaiyum, proprietor of Sattar International, said the value of the 5 tonnes of tomato alone is worth \$3,000.
The firm has been exporting various vegetables, including potato, tomato, cabbage and cauliflower to different Malaysian buyers for the last three years. Kaiyum informed that one of his Malaysian buyers previously expressed interest in importing watermelon from Bangladesh.

READ MORE ON B3

BGMEA to go all out for post-LDC duty benefit

Will lobby for doubling duty-free transition period

STAR BUSINESS REPORT

Apparel exporters will begin lobbying with major trading partners and blocs from next month to win their support for Bangladesh's efforts aimed at retaining duty benefits for six more years after the graduation of the nation from the group of least developed countries.
Bangladesh is expected to lose its duty-free market access following its graduation to a developing country in 2026. But the European Union and the UK have already announced a three-year transition period to help the country graduate smoothly amid challenges posed by the coronavirus pandemic.
But the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) wants a six-year transition period since apparel exporters are expected to face tough competition in the global markets after losing the duty-free trade benefit.
The trade body has long been seeking an extension of the transition period, but its lobbying has not been that strong. The outbreak of the Russia-Ukraine war and the dragging fallout of Covid-19 have prompted the association to rethink its



strategy as consumers around the world have cut back on their consumption owing to a sharp rise in inflation.
"As part of the negotiation, we will meet the director general for trade of the European Union, senior officials of Germany and many other major trading partners so they agree to the extension of the LDC-related trade benefit to at least six more years," said Faruque Hassan, president of the BGMEA, at a press conference at his office in Dhaka.
"We want to make the best of the LDC benefit as our trade has been affected severely owing to the fallout of the war and Covid-19."
Bangladesh, along with other LDCs, has been lobbying with the developed and developing nations and the EU and the World Trade Organisation (WTO), for an

extension of the trade benefit to ensure a smooth transition for graduating LDCs.
During the 13th Ministerial Conference in Geneva in June, WTO members also recognised the importance of the extension. But they did not come up with a decision exactly when and how the benefit will be extended.
A decision on the extension may come at the 14th WTO Ministerial Conference in the UAE in 2024.
Hassan said he had already held talks with WTO Director-General Ngozi Okonjo-Iweala and sought 10 years as the transition period. But she advised them to lobby for a six-year transition period.
The government has already demanded an extension of the LDC-linked trade benefit for six years. It reiterated the call at the LDC-5 Plan of Action in Doha last

week.
On a number of occasions over the last few years, the business community of Bangladesh said that the LDC graduation would not affect the business severely, citing the US market as an example.
Local exporters are performing strongly in the US markets despite a 15.62 per cent duty, on the back of a robust shipment of apparel items to the single largest export destination for Bangladesh.
However, the recent export trend of apparel shows that the preferential trade benefit is needed for the smooth continuation of shipments.
At the press conference, Hassan said the BGMEA was going to demand a duty-free market access for the apparel items made with US cotton and shipped to the US markets.
The BGMEA leader also said it has started working with the US government to address the issue of counterfeit goods through the introduction of a QR code for more traceability of the origin of goods.
It came after the US government lodged complaints with the government about the shipment of counterfeit products from Bangladesh.

Reforms need political will, not IMF

Economists say

STAR BUSINESS REPORT
Reforming economic policies in Bangladesh to avoid corruption and disparity and ensure good governance requires strong political will, not the conditions of the International Monetary Fund (IMF), said economists yesterday.

Their comments came at a webinar titled "IMF's loan: who consume, who repay" organised by the Forum for Bangladesh Studies, a platform of academics, analysts and researchers.
On January 30, the IMF approved a \$4.7 billion loan programme which would run for 42 months and has as many as 30 conditions falling under three categories: quantitative performance criteria, structural performance criteria and general commitment.
"The state of governance corruption cannot be changed by the IMF's conditions because these cannot be bought by money. Rather the political intent is necessary," said Ahsan H Mansur,

"The state of governance corruption cannot be changed by the IMF's conditions because these cannot be bought by money. Rather the political intent is necessary," said Ahsan H Mansur, executive director of Policy Research Institute of Bangladesh

executive director of Policy Research Institute of Bangladesh.

The amount of the loan is not that big compared to the size of the economy but its conditions may contribute in taking some necessary steps, he said.
The government did not focus on reforming policies to stop capital flight and improve the tax to GDP ratio. "So, the government's fiscal space is being squeezed," he said.
In fiscal year 2021-22, the tax-GDP ratio was only about 7.5 per cent which was over 12 per cent a few years back, he added.
Meanwhile, the exchange rate was fixed for so many years that the dollar became overvalued by around 40 per cent and it has been adjusted by only 25 per cent, he said.
Now the exchange rate has become almost fixed again, he said.

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STOCKS		WEEK-ON-WEEK
DSEX	0.64%	6,220.24
CASPI	0.52%	18,352.71

COMMODITIES		AS OF FRIDAY
Gold	\$1,988.11	(per ounce)
Oil	\$66.29	(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.62%	▲ 1.20%	▲ 0.88%	▲ 0.73%	
57,989.90	27,333.79	3,183.28	3,250.55	

EVs to dominate future car market

But progress slow for lack of policy, industry people say

JAGARAN CHAKMA

Electric vehicles (EVs), including plug-in hybrids, will one day dominate the automobile market in Bangladesh as the demand for cars run on alternative fuel is slowly gaining ground, according to importers and distributors.
Around 20 EVs of global automotive brands such as Tesla and Porsche have been registered with the Bangladesh Road Transport Authority (BRTA) since September 2022, when EV registration was first introduced.
Market insiders say around 50 to 60 per cent of all passenger car imports are now either plug-in hybrid or hybrid cars.
"I imported Tata EVs to display them at the auto show in Dhaka," said Abdul Matlub Ahmad, chairman of Nitol-Niloy Group, local distributor of Tata Motors.
Ahmad plans to eventually start manufacturing EVs at his proposed plant in Ishwardi upazila of Pabna.
He blamed the government for delaying the formulation of the EV policy while stating that an imported unit priced at Tk 29 lakh would cost around Tk 12.5 lakh if locally made.

"Huge foreign direct investment would come for manufacturing EVs if the policy provides favourable incentives such as tax holidays," Ahmad said, adding that it would help develop vendors for EV components as well.
Md Habib Ullah Dawn, president of the Bangladesh Reconditioned Vehicles Importers and Dealers Association (BARVIDA), said EV imports have not sped up for three reasons, namely complex registration process, lack of charging stations and higher price compared to fossil fuel cars.
Still, EVs will dominate the passenger car market as they are environment friendly and fuel efficient.
The National Board of Revenue currently exacts 20 per cent supplementary duty on EV imports while the customs duty is 72 per cent.
Against this backdrop, the BARVIDA president demanded the withdrawal of these taxes to reduce the price of EVs and thereby increase demand.
He also said EVs are at least 30 per cent costlier than traditional cars for their sophisticated technology.

READ MORE ON B3



Electric vehicles designed by India's Tata Motors are seen on display at the 16th Dhaka Motor Show last week. Huge foreign direct investment would come for manufacturing EVs if the policy provides favourable incentives such as tax holidays, businesses think.

PHOTO: RASHED SHUMON



'EV industry to draw millions of dollars'

JAGARAN CHAKMA
Bangladesh has the potential to become a hub for manufacturing electric vehicles (EV) as industries for the production of components such as batteries and tyres have already been established while the growing population assures market viability.
"EV needs less components than fossil

READ MORE ON B3

Gold sparkles in stormy week for markets

REUTERS

Gold prices surged more than 2 per cent on Friday as a wave of banking crises shook global markets and put bullion on track for its biggest weekly rise in three years, while bets solidified for a less aggressive Federal Reserve in its fight against inflation.

Spot gold climbed 2.8 per cent to \$1,971.95 per ounce by 1:47 pm ET (17:47 GMT), highest since April 2022. Bullion has added about 5.6 per cent this week, the most since March 2020.

US gold futures gained 2.6 per cent to settle at \$1,973.50.

"Gold is surging on fears that more bad banking news could appear over the weekend and hopes that the Fed will pause its rate hikes next week," said Tai Wong, an independent metals trader based in New York.

The collapse of Silicon Valley Bank in the US has highlighted banks' vulnerabilities to sharply higher rates, while a rout in Credit Suisse shares has added to the market turmoil.



"Gold is likely to shine through the chaos as investors adopt a guarded stance," said Lukman Otunuga, senior research analyst at FXTM.

The dollar and stock markets slid, making bullion a more attractive investment. While it is considered a hedge against economic uncertainties, gold's opportunity cost rises when interest rates are increased.

The Fed will raise interest rates by 25 basis points on March 22 despite the recent banking sector turmoil, according to a majority of economists polled by Reuters.

Silver was set for the biggest weekly percentage rise among the four precious metals. It advanced 3.1 per cent to \$22.38 per ounce on Friday.

Platinum firmed 0.1 per cent to \$974.21, while palladium dropped 2 per cent to \$1,401.63.

"The sudden tightening in financial conditions won't help palladium, whose usage is largely industrial though it is technically in the precious complex," Wong said, adding that platinum "has just been a chronic underperformer and is struggling to shake its reputation".



The SME Foundation in partnership with the International Trade Centre has opened the hub, which will help women entrepreneurs tackle the obstacles they experience while accessing economic opportunities.

PHOTO: STAR/FILE

New platform to address barriers of women-led businesses

ITC SheTrades Hub opens in Bangladesh

STAR BUSINESS REPORT

The SME Foundation in partnership with the International Trade Centre has launched SheTrades Bangladesh Hub to address the barriers women face to access economic opportunities.

The hub was launched at an event in the capital on March 15, according to a press release.

This is the 13th hub under the ITC SheTrades Initiative, which has been established by the ITC to tackle the obstacles women experience while accessing economic opportunities.

SheTrades works to connect millions of women entrepreneurs to markets while promoting their full participation in international trade. It was also launched in Kenya, Nigeria, Argentina, Rwanda, Trinidad and Tobago, Uruguay, Vietnam, South Africa, the Philippines, Gambia, and Mauritius.

Apart from receiving capacity-building and business and investment opportunities through the initiative, the hub in Bangladesh will benefit from institutional strengthening and gender

mainstreaming services offered by the ITC.

The three-day launching event, workshops on visual communications for 50 Bangladeshi women-led businesses and SheTrades Outlook Validation were organised where stakeholders discussed results and policy recommendations derived from data collected from 19 public and private sector institutions.

"By equipping SheTrades Hub host institutions with the right set of technical skills and knowledge, we hope that they will design, tailor and implement their own programmes to address the specific needs of women-led businesses in their countries. This is why, the impact we make will be not only additive but also multiplicative," said Fiona Shera, director for sustainable and inclusive trade of the ITC, in the press release.

The SheTrades Bangladesh Hub will play a crucial role in supporting women-led businesses in the country and internationally, said Duncan Overfield, deputy development director of the Foreign, Commonwealth and Development Office of the UK.

"The continued UK contribution represents our commitment to the programme, which spans across policy reforms and public and private sector partnerships for the benefit of women in business. We look forward to seeing women-led businesses and entrepreneurs participating in SheTrades Hub activities to achieve their potential."

Every year, the SME Foundation provides services to more than 15,000 SME entrepreneurs. More than 60 per cent of its constituents are women.

The services include training on product design development, product diversification, export readiness, digital marketing, business and financial management, product marketing, and buyer-seller and entrepreneur-bankers matchmaking events.

"We look forward to bringing these services to the SheTrades Bangladesh Hub," said Masudur Rahman, chairperson of the SME Foundation.

Industries Minister Nurul Majid Mahmud Humayun was also present at the event.

First Security Islami Bank wins Wasa award

STAR BUSINESS DESK

First Security Islami Bank won a "Dhaka Wasa Bill Collection Award" for financial year 2021-22.

Syed Waseque Md Ali, managing director of the bank, received the award from Md Tazul Islam, the minister for local government, rural development and cooperatives, at a programme held at Pan Pacific Sonargaon Dhaka last week, said a press release.

Taqsem A Khan, managing director of Dhaka Wasa, Mohammad Muslim Chowdhury, comptroller and auditor general of Bangladesh, Muhammad Ibrahim, secretary to the local government division, and Gholam Mostofa, chairman of the Dhaka Wasa board, were present.

Walton launches products of 3 European brands

STAR BUSINESS DESK

Electrical and electronics manufacturer Walton has recently launched products availing trademarks of three European brands aiming to emulate the quality standards.

Eva Rizwana Nilu, deputy managing director of Walton Hi-Tech Industries PLC, launched the products at Walton Corporate Office in the capital, said a press release.

The company also aims to export the products, including compressors, refrigerators, televisions and air conditioners, of ACC, Zanussi Elettromeccanica and Verdichter abroad.

Maj Gen (ret'd) Ibne Fazal Shayekhuzzaman, additional managing director of Walton Hi-Tech Industries PLC, Nazrul Islam Sarker and Amdadul Hoque Sarker, deputy managing directors, Mohammad Rayhan, chief executive officer of Walton Plaza, Md Humayun Kabir, deputy managing director, Md Tanvir Rahman, Amin Khan, Md Shakhawat Hossen, Sohel Rana, Firoj Alam, Ariful Ambia, Al Imran and Tofail Ahmed, senior executive directors, and Didarul Alam Khan and Md Shahjada Salim, executive directors, were present.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAR 19, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	3.85 ↑
Coarse rice (kg)	Tk 46-Tk 50	-4 ↓	3.23 ↑
Loose flour (kg)	Tk 58-Tk 60	0	57.33 ↑
Lentil (kg)	Tk 95-Tk 100	0	-4.88
Soybean (litre)	Tk 168-Tk 172	0	0
Potato (kg)	Tk 16-Tk 20	-20 ↓	-10 ↓
Onion (kg)	Tk 25-Tk 35	-7.69 ↓	-29.41 ↓
Egg (4 pcs)	Tk 40-Tk 45	-11.46 ↓	14.86 ↑

SOURCE: TCB



Romana Rouf Chowdhury, chairman of Bank Asia Securities Limited, signed audited financial statements for the year that ended on December 31, 2022 during an annual general meeting at Bank Asia Tower in Karwan Bazar Dhaka last week.

PHOTO: BANK ASIA SECURITIES

Bank Asia Securities' AGM held

STAR BUSINESS DESK

Bank Asia Securities Limited organised its 12th annual general meeting (AGM) at Bank Asia Tower in Karwan Bazar, Dhaka last week.

Romana Rouf Chowdhury,

chairman of Bank Asia Securities Limited, signed the audited financial statement for the year that ended on December 31 last year, said a press release.

Nafees Khundker, Md Abul Quasem, Kazi Sanaul Hoq, Prof M Shahjahan Mina, Areef Billah

Adil Chowdhury, Md Sazzad Hossain, SM Anisuzzaman and Mohammad Ibrahim Khalil, directors, Sumon Das, chief executive officer, Md Anisul Alam Sarker, company secretary, and Md Nahid Raza, head of finance, were present.



Ali Reza Iftekhar, managing director of Eastern Bank, attended a daylong "BAMLCO and DAMLCO Conference 2023" at the bank's head office in Dhaka yesterday. MM Haikal Hashmi and M Khorsheed Anowar, deputy managing directors, were present.

PHOTO: EASTERN BANK

Banks asked to give Tk 25 lakh each

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a total of Tk 10.25 crore from the banks for the tournament.

But several managing directors and chairmen, on the condition of anonymity, said it would not be possible for some banks to pay the fund given their ongoing liquidity crunch.

Some shariah-based banks are facing cash shortages owing to irregularities, so they might face difficulties in coming up with the fund.

A chairman of a bank said: "The BAB can't instruct us officially to give the fund."

"My bank has recently provided money to arrange the Bangladesh Business Summit. We gave away Tk 25 crore last year for similar purposes. It is tough for us to pay such a huge amount of money every year."

Last week, the Federation of Bangladesh Chambers of Commerce and Industry organised the three-day Bangladesh Business Summit in the capital.

The chairman also said only a few members of the BAB usually take such decisions and a majority of the owners of banks don't play any role despite being members.

A managing director of a bank said banks usually had to acquiesce to the demand of the BAB.

"If a bank declines to take part in such a programme, it will face problems. So, banks are compelled to take part in such programmes."

Md Nazrul Islam Mazumder, chairman of the BAB, could not be reached for comments.

Each bank will form a football team for the tournament, according to the BAB letter.

The champion team will get Tk 50 lakh in prize money and the runners-up would receive Tk 40 lakh.



Mohammad Feroz Hossain, managing director of Exim Bank, exchanged signed documents of an agreement with Abdur Rouf Talukder, governor of Bangladesh Bank, at the BB headquarters in Dhaka last week over disbursing loans for export-oriented and production-based industries from a Tk 5000 crore "Green Transformation Fund" of the central bank. Kazi Saidur Rahman, deputy governor of the BB, was present.

PHOTO: EXIM BANK



Mamoon Mahmood Shah, managing director of NRB Bank, launched an Islamic credit card and contactless card at a Dhaka hotel last week. Md Shakir Amin Chowdhury, Kazi Ahsan Khalil and Md Shahin Hawladar, deputy managing directors, and Ahmed Kamal Khan Chowdhury, group adviser of SSL Wireless, were present.

PHOTO: NRB BANK



Md Mehmood Husain, managing director of National Bank, attended a "Town Hall Meeting 2023" at The Daily Star Centre in Dhaka yesterday. Syed Rois Uddin and Hossain Akhtar Chowdhury, deputy managing directors, were present.

PHOTO: NATIONAL BANK



Muskmelons being gathered for the market at Charbukhainagar village of Barishal sadar upazila, where farmers are selling every 100 for Tk 2,500. Planting runs from mid-October to mid-January whereas harvests from mid-February to mid-June, according to the Bangladesh Bureau of Statistics. Some 47,420 tonnes were produced around the country in fiscal year 2020-21. The photo was taken around a week ago.

PHOTO: TITU DAS

IT knowledge, infrastructure key to Smart Bangladesh

Experts say at ICAB conference

STAR BUSINESS REPORT

The government needs to emphasise on digital education, upskilling youths with IT knowledge and developing IT infrastructure in order to achieve its "Smart Bangladesh" initiative, according to experts.

They also recommended setting up technical schools, establishing more industries with export potential, digitising tax administration, increasing exports and remittance to this end.

These comments came at a conference on "Chartered Accountants' Role in Achieving Smart Bangladesh by 2041", organised by the Institute of Chartered Accountants of Bangladesh (ICAB) at Sheraton Dhaka yesterday.

They also demanded float bonds for large-scale infrastructure projects so that pressure on the country's foreign exchange reserves for financing development activities does not affect private sector growth.

Bikarna Kumar Ghosh, former

managing director of the Bangladesh Hi-tech Park Authority, presented a keynote at the conference.

He said the government has taken a mega plan to build a nationwide Hi-Tech Infrastructure Network, which includes setting up hi-tech cities, software technology parks, IT incubators and training centres across the country.

The domestic e-commerce market is currently worth around \$3.1 billion and is expected to have 80 per cent growth by 2025.

The government is planning for a smart and green economy by 2071, when the existence of pollution and other environmental threats to the economy will come into a very tolerable limit, Ghosh added.

Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bank Bangladesh, presented a keynote paper on "Smart Bangladesh, Achieving a Trillion-Dollar Plus Economy".

He said decision makers should have commitments to a sustainability strategy

optimising the risks that are appropriate to the industry.

They should prioritise investments in sustainable assets that create value for shareholders and customers and improve long-term cost efficiency by designing processes which flag environmental, social, and corporate governance risks as early as possible.

Bijoy said regulators should behave actively on the increased cost of compliance and erosion of shareholder value and advocate modernisation of acts like the Companies Act 1994 and Import and Exports Control Act 1950 to ensure smart governance and improve the ease of doing business.

Md Abul Kalam Azad, special envoy of the CVF presidency of Bangladesh; Kamal Quadir, CEO of bKash, Md Moniruzzaman, president of ICAB; MBM Lutful Haqee, vice president, and Shubashish Bose, CEO, also spoke.

The session was moderated by Md Humayun Kabir, chairman of ICAB 50th Anniversary (Golden Jubilee) Celebration

Committee.

The government set a goal to develop a smart government, smart citizens, smart economy and smart society to realise a Smart Bangladesh by 2041 so that the country achieves inclusive growth.

Speakers said Smart Bangladesh is a holistic concept and hence it will be myopic to define it only within digital space.

Apart from the four goals, there are many other underlying factors in each of these four components that require extensive input and chartered accountants could play an enabling role to support the government in achieving its target.

Various policy reforms need to take place to facilitate the journey towards achieving the Trillion Dollar plus GDP target, they added.

Reforms are needed in areas of taxation, foreign direct investment, education, cybersecurity, data sharing, export diversification, and simplification of government processes, the experts suggested.

Take cautious steps to face war-induced challenges

Former governor Atiur says

STAR BUSINESS REPORT

Bangladesh needs to take cautious steps and ensure proper coordination among macroeconomic policies to face the challenges brought on by the Russia-Ukraine war, experts said yesterday.

Owing to the fallout of the coronavirus pandemic, Bangladesh had been facing serious challenges even before the war broke out. The conflict, however, has intensified the macroeconomic crisis.

The inflow of remittance has fallen while export earnings are growing at a slower-than-expected pace, both because of the global crisis. On the other hand, import costs have fuelled, sowing the seed for the serious crisis Bangladesh is currently facing.

"If Bangladesh can overcome these challenges, macroeconomic stability will return easily," said Atiur Rahman, a former governor of the Bangladesh Bank.

"So, the country needs to be confident and adopt cautious steps."

Rahman made these remarks while making the keynote speech virtually at a seminar on "Post-Covid Impact and the Russia-Ukraine War: Economic Challenges and Way Forward for Bangladesh".

The Institute of Chartered Secretaries of Bangladesh (ICSB) organised the event at the auditorium of the Bangladesh Investment Development Authority (Bida) in the capital.

A massive supply-chain disruption and fuel price hike have occurred due to the ongoing war, Rahman said.

"The crisis may remain. But we will have to see how to overcome the supply-chain disruption."

The noted economist called for raising revenue generation to improve the fiscal space, continuing the support for agriculture and rural transformation, and ensuring a climate-resilient growth. At the event, Asif Ibrahim, chairman of the Chittagong Stock Exchange PLC, said the pandemic has had a severe impact on the economy.

Due to the pandemic, Bangladesh's apparel export fell by 17.2 per cent in 2020 and remittance declined by 8.6 per cent, he said.

Currently, Bangladesh is feeling the heat of the war in many ways.

"If the war persists, its impacts will intensify since export earnings might decline further while import bills might rise," said Ibrahim, also the vice-chairman of Newage Group of Industries.

To mitigate the impact of the global crisis, the country needs to adopt a multi-pronged approach, including ensuring support for informal sector workers and export-oriented industries, diversifying exports, and investing in renewable energy, he said.

Lokman Hossain Miah, executive chairman of the Bida, said the agency was trying to attract investors.

Mohammad Asad Ullah, president of the ICSB, M Nurul Alam, senior vice-president, and Tanvir Ahmed Siddiqui, company secretary of Prime Bank Limited, also spoke at the event.

Yellen says US banking system sound despite turmoil

AFP, Washington

The US banking system remains sound despite market anxiety over the recent collapse of Silicon Valley Bank (SVB) and Signature Bank, Treasury Secretary Janet Yellen told members of Congress on Thursday.

The consecutive bank failures are the sector's biggest casualties since the 2008 financial crisis, prompting US authorities to quickly step in to protect depositors.

Amid contagion fears, the US Federal Reserve also announced it would make extra funding available to banks to help them meet depositors' needs, which would include withdrawals.

"This week's actions demonstrate our resolute commitment to ensure that our financial system remains strong, and that depositors' savings remain safe," Yellen told the Senate Finance Committee.

"I can reassure the members of the committee that our banking system is sound," she added at the hearing, which also addressed President Joe Biden's latest budget proposals.

Fears of contagion have spread to Europe, with a market rout forcing Credit Suisse, Switzerland's second-biggest bank, to tap a financial lifeline from that nation's central bank.

SVB - the United States' 16th biggest bank by assets and a key lender to startups in the country since the 1980s - collapsed after a sudden run on deposits, prompting regulators to seize control on Friday.

EVs to dominate future car market

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"The time has come to welcome modern vehicles as the whole world will phase out fossil fuel cars within the next 15 years," Dawn added.

Sheikh Mohamamd Mahbub-e-Rabbani, director of the BRTA, said they consider the power capacity of an EV's battery when giving registration while it is the CC for fossil fuel cars.

He believes the number of EVs in the country will increase in the coming days, when the economy returns to normalcy.

Also, the BRTA is taking initiatives to set up infrastructure such as EV charging stations, Rabbani added.

According to BRTA sources, the "Electric Vehicle Charging Guidelines" have been prepared to provide a framework for establishing a wide network of charging stations across Bangladesh.

Only Tk 300 crore to Tk 500 crore is needed to establish an EV assembling and manufacturing plant while the backward linkage industries are growing rapidly, including the light engineering sector which supplies components, he said.

There is immense potential based on a study the association conducted on locally assembled battery-run three-wheelers in Bangladesh, he said during a conversation with The Daily Star last week.

The EV industry will enable environment protection through the use of green energy, create jobs and revolutionise the mass transportation system, said Moin.

There are around 20 lakh battery-run three-wheelers around the

Meanwhile, the government is planning to launch electric busses for long routes. As a part of this effort, the Bangladesh Road Transport Corporation (BRTC) will procure 100

double-decker electric busses under an Indian line of credit.

Local manufacturing is on the rise though as the Bangladesh Auto Industries Ltd (BAIL) has set up

its own EV production unit at the Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

BAIL aims to release locally manufactured EVs by this year. The company will make two-wheelers, three-wheelers, sedans, hatchbacks and sport utility vehicles. It also has plans to produce pick-ups, mini-trucks and other multipurpose vehicles.

Almost 60 per cent of the components used in the cars will be made locally, including the lithium battery, electric motor, software, and chassis.

Besides, Walton Digi-Tech Industries Ltd, a concern of Walton Group, last December launched Bangladesh's maiden electric bus for their staff, jumping on the bandwagon of a global shift towards eco-friendly transportation.

Moin believes other companies will also start investing in manufacturing EV and the figure will reach millions of dollars within the next decade, although it might seem unimaginable now.

Meanwhile the government is working towards creating a legal framework for registering and operating EV, with the Ministry of Road Transport and Bridges having already prepared a guideline.

The draft "Electric Motor Vehicle Registration and Movement Guideline 2021" emphasises ensuring safety standards and an adequate economic lifetime for EV.

Investments will start coming in once the EV registration guideline was ready, said Moin.

Reforms need

FROM PAGE B1

The tax structure was also convenient for big players, for which disparity has been rising and while the tax to GDP ratio going down, he said.

The IMF has been working with Bangladesh "sitting inside its office" and that also for many years but non-performing loans (NPLs) has remained high, said Prof Anu Muhammad.

Default loans in Bangladesh's banking sector jumped 17 per cent year-on-year to Tk 120,656 crore last year.

As a result, the ratio of bad loans rose to 8.16 per cent of the outstanding loans in December compared to 7.93 per cent in the same month in 2021, showed data from Bangladesh Bank.

One of the IMF conditions is to raise the tax to GDP ratio and now the government will raise tax and value added tax, increasing sufferings

of general people, said Muhammad.

Meanwhile the rich will remain as beneficiaries as their taxes are not that high, said the former chairman of the economics department of Jahangirnagar University.

Moreover, the loan will make it easy for the government to get more loans from other international bodies and increase the tax burden on general people, he added.

"We don't want to continue subsidy in electricity year after year but the government needs to find the reasons behind its high prices. How much money was spent in the name of capacity charge?" asked Muhammad.

The government should work on improving accountability in democracy to improve the economic situation, said Badiul Alam Majumdar, secretary to Shushashoner Jonno Nagorik.

Watermelon enters

FROM PAGE B1

Since then, he started exploring the opportunity and searched for good quality fruit and also contacting officials of the Plant Quarantine Station at Chattogram port to pave the way for a shipment.

The watermelons were collected from farmers in Shibganj upazila of Bogura. "If the buyer gives a positive vibe upon receiving the shipment, it will widen the country's export basket," he said.

Startups of India

FROM PAGE B1

all of its uncertainties in the coming month?" India's state minister for technology, Rajeev Chandrashekar said late Thursday night in a Twitter spaces chat.

Hundreds of Indian startups had more than a billion dollars of their funds in SVB, according to his estimate, Chandrashekar said.

Chandrashekar met more

than 460 stakeholders this week, including startups affected by SVB's closing, and said he had passed on their suggestions to Finance Minister Nirmala Sitharaman.

Indian banks could offer a deposit-backed credit line to startups that had funds in SVB, using those as collateral, Chandrashekar said, citing one of the suggestions he had passed on to the finance minister.

ECB does not see repeat of 2008 crisis

REUTERS, Brussels

ECB Governing Council member Pierre Wunsch does not expect a repeat of the 2008 financial crisis despite turbulence caused by the collapse of Silicon Valley Bank, arguing European banks were subject to tougher rules than regional US banks.

Banking stocks globally have been battered since Silicon Valley Bank collapsed and Credit Suisse was forced to tap \$54 billion in central bank funding, raising questions about other weaknesses in the financial system.

"We don't have any information indicating the European banks to be vulnerable," Wunsch, also governor of the Belgian central bank BNB, told Belgian newspaper L'Echo in an interview published on Saturday.

"If you look at the Belgian banks, they are more solid than the average of European banks. That's why it is very hard to imagine a repeat of the



financial crisis".

Wunsch said it was crucial to distinguish between Europe and the US, where a softer application of capitalisation rules had enabled some regional banks to run up higher interest rate risks than they would have been allowed to in Europe.

"It is important to make a distinction between Europe, where banks are subject to certain rules, and the US - with Credit Suisse, in my opinion, being a case apart," he noted.

"We do neither see a risk of contagion nor a risk of instability if we look at the figures from a rational perspective," the central bank governor said.

Asked about the future of Credit Suisse, Wunsch said he only saw a "very low" likelihood that the bank might go bankrupt.

"For one, according to the public figures its situation is not bad, in itself, and, secondly, the Swiss authorities would intervene if necessary as it is a bank of systemic importance," he said.



Labourers at a boatyard in Nizampur village under Kalapara upazila are seen working on the only wooden trawler being constructed so far this year. Ranging from 40 to 55 feet in length, each of these vessels can be used for sea fishing for about 10 years. PHOTO: SOHRAB HOSSAIN

Wooden trawler industry on the wane

SOHRAB HOSSAIN, Patuakhali

The once vibrant wooden trawler industry in Bangladesh is losing its sheen as the use of these vessels has gradually declined over the years, according to manufacturers.

More than 2,000 wooden trawlers would engage in sea fishing off the coast of Patuakhali just 15 years ago but now, their numbers have thinned to about 250 in face of various adversities.

The demand for new vessels has decreased as less people are interested in sea fishing due to a number of bans each year, the threat of being attacked by pirates, labour shortages and higher fuel costs.

Fishers and traders in the district say hundreds of wooden trawlers were built each year before Cyclone Sidr hit in 2007. At the time, thousands of carpenters across Kalapara upazila and Rangabali upazila earned a living from the industry.

But now, the demand for wooden trawlers has fallen to such an extent that only three or four new vessels are made each year.

Jasim Uddin, head craftsman of the wooden trawler industry in Kalapara's Mahipur area, said he has been making the vessels since 1995.

Built out of good quality sapwood, mahogany and chambal wood, these trawlers take about three months to make at a cost of around Tk 40 lakh.



Each trawler, which ranges between 40 and 55 feet in length, can be used for about 10 years.

Before Cyclone Sidr, Uddin would make three or four trawlers each year, earning him as much as Tk 4 lakh per vessel.

Shahjahan, a craftsman of the Alipur area, said around 1,000 people were working in the industry just 15 years ago. However, many of these workers have since become unemployed due to the lack of work.

Now, just 100 to 150 people are living off the profession with much difficulty, he added.

Yusuf Fakir of Nizampur village is the only local craftsman now to build new wooden trawler.

Fakir, who worked as a labourer on fishing trawlers since his childhood, had eventually decided to start making trawlers

seeing as it was all he knew. "I am still in this profession but it is not as profitable as before," he said.

Fakir went on to say that the government imposes numerous fishing bans each year.

Overall sea fishing is off limits for 65 days from May 20 to July 23 while Hilsa fishing is banned for 22 days from October 7 to 28 and Jataka Hilsa is conserved for eight months from November 1 to June 30.

"So, we are unable to fish for most of the year," he said.

Additionally, the seas are still plagued by pirates so even when fishers sail out, they are often attacked and looted for their catch, fuel, food and other goods.

Considering such losses, many people are leaving the job in search of work elsewhere. As a

result, the demand for wooden trawlers has dropped, Fakir added.

Yusuf Khan, a resident of the same area, said sea fishing was his ancestral profession. Following his father's death, Khan took over the family business in the year 2000. Having started with just two wooden trawlers, Khan went on to own a total of nine vessels within the next 10 years.

However, he started facing steep losses due to a surge in piracy with some fishers even being kidnapped and ransomed. Ultimately, Khan was forced to sell his vessels and leave the profession.

Other former fishers in the area, such as Zainal Majhi, Malek Howladar and Babul Majhi, echoed the same.

With this backdrop, Ansar Uddin Mollah, president of the Alipur Fishing Trawler Owners Association, said craftsmen are not making new trawlers for the lack of buyers.

Fazlur Rahman Gazi, president of the Mahipur Fish Market Owners Association, said many people have left the profession as profits are not adequate.

When the 65-day ban is in effect, trawlers from neighbouring countries invade the waters and take away fish. So, some 5,000 fishers have left the profession in the last 10 years due to dwindling profits.

As a result, there are no more people to invest in making new trawlers, he added.

US bank failures and role of central banks

MAMUN RASHID

We just witnessed the collapse of two large US banks - Signature Bank and Silicon Valley Bank (SVB). A few others are also reportedly in the same mess.

History taught us that banks do fail. But these circumstances are uncannily like 2008 and may be worse. We can easily remember the case of Lehman Brothers in 2008. However, SVB was no Lehman Brothers. Where Lehman had almost its entire balance sheet on risky mortgage bonds, SVB had a surprisingly conservative balance sheet. As of December 31, 2022, SVB had \$173 billion in customer deposits and only \$74 billion in loans.

SVB did not fail because it was making a bunch of high-risk NINJAS (no income, no job, and no assets) or dicey loans. SVB failed because it parked most of its depositors' money (\$119.9 billion) in US government bonds.

US government bonds are supposed to be the safest asset. But many didn't realise even government bonds can lose value. Most of SVB's portfolio was in long-term government bonds, like 10-year Treasury notes, and they are extremely volatile.

In March 2020, the Treasury Department sold 10-year Treasury notes at as low as 0.08 per cent. A week ago, the yield was more than 4 per cent.

As treasury managers, we were made to understand that bonds lose value as interest rates rise. And this is what happened to SVB. They were loaded with long-term government bonds when interest rates were much lower. The average weighted yield of its bond portfolio was just 1.78 per cent.

The same bonds that SVB bought two to three years ago at 1.78 per cent now yield between 3.5 per cent and 5 per cent, meaning that it was sitting on steep losses.

Its 2022 annual report, published on January 19, showed about \$15 billion in unrealised losses on government bonds. It only had about \$16 billion in total capital, so the \$15 billion in unrealised losses was enough to kill it.

Since the 2008 financial crisis, legislators and bank regulators have rolled out an endless number of new rules to prevent another banking crisis, but it seems without much results.

SVB passed its stress tests very satisfactorily. It also passed the examinations of the Federal Deposit Insurance Corporation (FDIC), the primary banking regulator in the United States, its financial audits, and its state regulatory audits. It was also followed by dozens of Wall Street analysts and many of them had previously issued strong 'BUY' advice on its stock.

SVB published its 2022 annual financial report after the market closed on January 19. This was the same financial report where it posted the \$15 billion in unrealised losses.

The day before the earnings announcement, SVB stock closed at \$250.04. The day after the earnings call, the stock closed even higher at \$291.44. This means despite SVB management disclosing that its entire bank capital was effectively wiped out, Wall Street investors excitedly bought the stock and bid the price up by 16 per cent. The stock continued to rise, reaching \$333.50 on February 1.

It told us that all the warnings were there but the experts failed again. The FDIC saw SVB's dismal condition and did nothing. The Federal Reserve also reportedly did nothing. Within a matter of days, its stock price plunged, depositors pulled their money, and the bank failed.

The same happened with Lehman Brothers in 2008 and to some extent with a few others too. What were the lessons learned?

Now is the time to return to basics: better liquidity management, better balance sheet management, and of course, better internal governance, not very good profit or fancy awards.

The author is an economic analyst



OECD raises global growth forecast But recovery fragile, it says

AFP, Paris

The OECD raised its global economic growth forecast on Friday as inflation eases and China emerges from Covid restrictions but warned of vulnerabilities as seen in the US bank sector turmoil.

The Organisation for Economic Co-operation and Development said it now expects the global economy to grow by 2.6 per cent this year compared to 2.2 per cent in its previous forecast in November.

But it remains under the 3.2 per cent expansion seen in 2022, the Paris-based OECD said in its updated economic outlook titled "A Fragile Recovery".

"More positive signs have now started to appear, with business and consumer sentiment starting to improve, food and energy prices falling back, and the full reopening of China," the OECD said in its Interim Economic Outlook report.

But it warned "the improvement in the outlook is still fragile. Risks have become somewhat better balanced but remain tilted to the downside".

It cited uncertainty over the course of the war in Ukraine, the risk of renewed pressure on energy markets and the impact of rising interest rates.

Central banks worldwide have hiked rates in efforts to tame decades-high inflation that soared after Russia invaded Ukraine, but markets fear rising borrowing costs could tip economies into recession.

"Signs of the impact of tighter monetary policy have started to appear in parts of the banking sector, including regional banks in the United States," the OECD said.



An aerial view shows people visiting a market in Ningbo, in China's eastern Zhejiang province, on March 3. China's abrupt decision to drop its Covid restrictions in December has led to an improvement in the global economic outlook. PHOTO: AFP

Startups of India have deposits of \$1b in SVB

REUTERS, Mumbai

Indian startups have deposits worth about \$1 billion with embattled Silicon Valley Bank and the country's deputy IT minister said he had suggested that local banks lend more to them going ahead.

California regulators shut down Silicon Valley Bank (SVB) on March 10 after a run on the lender, which had \$209 billion in assets at the end of 2022.

Depositors pulled out as much as \$42 billion on a single day, rendering it insolvent. The government stepped in to ensure that depositors had access to all their funds.

"The issue is, how do we make startups transition to the Indian banking system, rather than depend on the complex cross border US banking system with

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