

bti signs MoU with Japan's Shimizu Corp

STAR BUSINESS DESK

The Building Technology and Ideas Limited (bti), a real estate company of Bangladesh, recently signed a memorandum of understanding (MoU) with Shimizu Corporation, a Japanese construction company.

FR Khan, managing director of bti, and Manabu Hirose, general manager of Shimizu Corporation's Bangladesh branch office, inked the MoU at the bti corporate office in Dhaka, said a press release.

The MoU will benefit both bti and Shimizu in enhancing their technical capacities and financial strength. In addition, it will open a new window for foreign direct investment in the real estate sector of Bangladesh, the press release added.

"The MoU will accelerate our pursuit of excellence and help establish benchmarks in Bangladesh's real estate sector by broadening the arena with cross-border engagements," said Khan.

The Japanese company, which successfully carried out constructions of several mega projects in Asia, recently showed interest to invest in Bangladesh through partnerships with Bangladeshi organisations.



Using modern airflow technology, some 22 maunds of onion are being preserved at a storage owned by farmer Masud Khan in Poradanga village under Sujanagar upazila of Pabna. This method of storing onion leads to less rot among the crop, meaning that they can be kept for longer.

PHOTO: AHMED HUMAYUN KABIR TOPU

Onion farmers overjoyed by new storage equipment

Airflow technology introduced to reduce rot

AHMED HUMAYUN KABIR TOPU, Pabna

Although Bangladesh produces enough onion to meet its domestic demand each year, at least 30 per cent of the bulbs are damaged before reaching the market due to inadequate storage facilities.

But in a first for the country, onion farmers in Sujanagar upazila of Pabna have started using airflow machines to improve the preservation of their crop.

The new technology was introduced under an initiative of the Association for Social Advancement (ASA), which is a non-government organisation working to improve people's living standards.

"Traditionally, farmers preserve onions by keeping them in enclosures covered with bamboo or thatch to ensure airflow, which could result in as much as 50 per cent of the crop being damaged," said Md Shamsuddin, regional manager for agriculture at ASA.

"So, we introduced airflow machines in storage facilities for preserving onion to cut the losses caused by crop damage,"

he added.

Shamsuddin then said the technology has been implemented among a few farmers of Sujanagar upazila, the biggest onion producing region in Bangladesh.

Md Shahin Sheikh, a technical officer of ASA, said the machine works by pumping air from above the enclosure to its bottom, under the stacks of onion.

This helps circulate the air inside the enclosure, ensuring that the onions take far longer to rot.

The machine is capable of venting rooms that are 10 feet wide and equally long, where about 300 maunds (each maund equals roughly 37 kilogrammes) of onion can be preserved.

"The onions may lose 10 to 12 per cent of their weight using this method, which is normal, but there is no crop loss. Farmers in India use this technology, which was set up by our technical team," he added.

Following successful trials, ASA installed the technology at two villages in Sujanagar upazila.

Md Masud Khan, an onion farmer of

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Regional manager for agri
ASA

Poradanga village in Sujanagar upazila, said he lost 100 maunds of the crop last year as they became rotten for being preserved in the traditional manner.

Having sold most of his harvest this year, Khan is now preserving the rest in a storage facility featuring the airflow technology.

"I have stored 225 maunds of onion using the new method, for which I had to spend Tk 300 on electricity last month. However, the quality of the onion is looking very fine and so, I expect to get a good profit," he added.

Farmers have to spend Tk 20,000 for installing the machine at their storages while the technology has a more than 10-year lifespan.

So, this is a very cheap way for farmers to get the maximum benefit of their storage, according to ASA.

The association set up three machines at storages at Tantibando and Poradanga in Sujanagar upazila this year.

Md Jamal Uddin, deputy director of the Department of Agricultural Extension in Pabna, said Bangladesh has sufficient onion production but 30 to 40 per cent is lost each year due to the lack of modern storage facilities.

"The airflow machine is used in India and other countries. If we apply such technology, it will cut a huge amount of the losses from damage," he added.

Pandemic, war impeded South Asian growth

Says IMF Bangladesh mission chief

STAR BUSINESS REPORT

South Asian economic growth and poverty reduction process was impeded by the pandemic and Russia-Ukraine war, says Rahul Anand, division chief of International Monetary Fund's (IMF) Asia and Pacific department and Bangladesh mission chief.

His comments came at a discussion on a book, "South Asia's Path to Resilient Growth" at the finance division in the capital yesterday.

Over the past two decades, the number of people in extreme poverty declined from 500 million to fewer than 250 million in Bangladesh, Bhutan, India, the Maldives, Nepal and Sri Lanka, he said. Per capita income during this time has doubled, he said.

However, the pandemic and war's economic repercussions have slowed down the fight against extreme poverty and impeded the economic growth, he said.

About the book, he said it tackles these headwinds, first setting the stage by reviewing South Asia's experience during the pandemic and economic impact, and the post pandemic recovery marked by challenges.

The other part of the book shows how policies can make growth more resilient, covering a wide range of topics including the expenditure needs to meet the Sustainable Development Goals, improving equity through labour market and social protection reforms and gender policies, he said.

The session was chaired by Fatima Yasmin, senior secretary to the finance division, while Kabirul Ezdani Khan, additional secretary to the ministry, also spoke.

Abeywickrema new chair of Nestlé Bangladesh

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Deepal Abeywickrema, managing director of Nestlé Bangladesh PLC, has also been appointed as the chairman of the company, effective from April 6 this year.

With over 30 years of experience in Nestlé, Abeywickrema also served in expatriation to diverse countries like India, Australia and Malaysia where he gained a profound understanding of business dynamics, said a press release.

Under the astute and prudent leadership of Abeywickrema, Nestlé has widely been recognised as the leading nutrition, health, and wellness company in Bangladesh, ensuring long-term sustainable growth and creating shared value for society, it added.

Bangladesh lags behind rivals

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The United States, Germany, and the United Kingdom have been the top destinations for Bangladesh's exports, with textile products dominating the trade. The list of top-recipient economies has still been the same regardless of whether the content of Bangladesh's exports was dominated by domestic or foreign value-added.

The report stated that Bangladesh's global value chain (GVC) participation rate was relatively low, falling below the world average by around 20 percentage points.

"Further, backward participation has also outweighed forward participation throughout the years, implying that Bangladesh is located at more downstream stages of the GVCs it participates in."

From the value-added-based analysis, it is also seen that Bangladesh was more on par with its competitors like Cambodia and Pakistan in terms of export concentration.

Even though the textiles sector still comprised a major share of value-added exports, a more balanced distribution was observed, with sectors such as agriculture, wholesale, post and telecommunications and finance

making larger contributions to export production.

For Bangladesh, along with its impending graduation from the grouping of the least-developed countries (LDCs) in November 2026, comes the challenge of discontinuation of benefits granted by preferential trading schemes.

With more favourable rules of origin being established in 2011 as part of the Everything but Arms agreement, a substantial increase in the European Union-based preference utilisation immediately followed. For example, textile products exported to the EU amounted to \$17.3 billion in 2021.

"Thus, a considerable amount of export-driven income is being threatened by the imminent erosion of preferences," the report said.

As an alternative, the report suggested, Bangladesh can diversify its export destinations and expand market access by entering into new treaties such as regional trade agreements.

Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh, said since the second world war, trade has been the engine of global growth and global value chain growth.

"Global value chain contributes

to trade growth and trade growth is instrumental in the global economic growth. So, they are interlinked."

He said the rule-based trade order helped generate income and spurred globalisation and dismantling barriers in trade gave the opportunity to create value chain integration.

"But, now new terms such as reshoring, friend-shoring and strategic autonomy are emerging, leading to a fragmented globalisation. This is not good for the global value chain, global growth and international trade."

It is also not good for Bangladesh, said Sattar, adding that Bangladesh has been a big beneficiary of international trade and global growth.

The economist said the US-China trade tension is raising the cost of trade and the cost of production, forcing customers to pay higher prices for goods and services.

"To survive and prosper, we need a regional value chain. It would be more cost-efficient than the global value chain, giving a greater efficiency dividend."

According to Sattar, the challenge for diversification remains in Bangladesh and it is due to the tariff structure.

Other top local IT firms exporting to Japan are Shehala, Dream Door Soft, Banglafire Solution, BacBon, CSL Software Resources, Nascenia, W3 Engineers and Brain Station 23.

In early April, a 27-member delegation comprising representatives from 15 Bangladeshi IT companies took part in a three-day Japan IT Week 2023 at a convention centre Tokyo Big Sight.

One of them was Brain Station 23, which has around 700 employees.

"We got more than 30 leads from the IT week. Two more companies got more leads. Besides, I got to know more about Japan by talking to Bangladeshi engineers in Japan," said its co-founder and CEO, Raisul Kabir.

"The language remains a key barrier in Japan, but it is slowly dissipating, since there are now many Bangladesh people there who know English and they are available as translators or

Upskill labour force

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friendly programmes, she said. Bidisha made these comments at a panel discussion styled "On the Economy of Tomorrow" organised by non-profit German foundation Friedrich-Ebert-Stiftung at ALOKI Convention Centre in the capital's Tejgaon marking its 10th anniversary yesterday.

She also urged to take up strategies to focus on the young generation.

Citing that the labour market is very crucial for Bangladesh, she mentioned of other challenges like that from the pandemic, getting real wages and those related to macroeconomic issues such as the increase in inflationary pressure on people.

Many benefits will disappear after the LDC graduation, which may curtail the prosperity of small and medium enterprises (SME) in global competitiveness, said Mofizur Rahman, managing director of the Small and Medium Enterprise Foundation.

"If the SMEs particularly can not compete in the global market, they might have to be shut down or phased out of the market," said Rahman.

The SME sector is still suffering for a lack of skilled workers, technological advances and particularly a lack of export experiences, he added.

He also sought financial support for the SMEs and asked to change the mentality of commercial banks of shying away from lending to the SME entrepreneurs.

Moderating the event, Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the government was providing a lot of incentives through the Bangladesh Small and Cottage Industries Corporation.

"But we don't see the SMEs develop, which is so essential in employment generation for our economy to grow fast and remain competitive in the global market," he added.

Niloy Ranjan Biswas, an associate professor of the international relations department at the University of Dhaka, also spoke.

New policies on cards

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All rates, such as export, import, and remittance will not be the same. The rates will be kept within a band of two per cent," said Haque.

Besides, the central bank will start publishing both net and gross foreign exchange reserves from July as well.

The IMF has set the conditions while sanctioning loans amounting to \$4.7 billion to Bangladesh.

The multilateral lender has asked the central bank to calculate the reserves excluding the US dollar investments extended to exporters and others.

Haque was also asked about the unrealised export proceeds.

Some media outlets reported that the unrealised export proceeds stood at \$3 billion. But the central bank official explained that they might have used the data from the Export Promotion Bureau (EPB) to reach the figure.

The central bank and the EPB calculate the forex reserve differently,

Haque said.

"As per our calculation, the actual unrealised proceeds of exports now stand at \$1.4 billion."

He shared five major categories linked to the unrealised export earnings.

The unrealised export takings from the short-shipment category are \$255 million, \$40 million from the bankruptcy of exporters, \$20 million from the bankruptcy of importers, \$125 million from the fake exports, and \$251 million from litigations.

"The proceeds are awaiting repatriation. Some proceeds will be repatriated if the country wins litigations," Haque said.

An IMF staff mission came to the country on April 25 to monitor the implementation of the conditions and observe the macroeconomic progress of the country.

The team completed its visit yesterday after a series of meetings with various government agencies.

Incentives planned

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The panel found that the incentives can be given in alternative ways so the exports of the country remain robust and become more competitive after graduation, he said.

However, different sectors will enjoy different benefits that fit the sectors well, he said, adding that the garment sector may be given the duty waiver on the import of MMF from the next year's budget, for example.

"It is not possible to offer zero duty on the import of solar panels that businesses have demanded."

However, the government will have to reduce the duty on the import of solar panels to increase the use of renewable energy and meet a condition of the European Union.

The rules on getting refunds, such as that related to the advance income tax, will be simplified for exporters so that they can receive the money easily without any hassle, he added.

The continuation of policy support for the garment industry in the post-LDC period needs to be ensured as

the country's largest foreign currency earner will face difficulties after graduation, Ghosh also said.

Bangladesh may face barriers to the export of garment items in the post-LDC period. So, it is important to continue the policy support to maintain robust export growth and to be more competitive in the post-LDC period, said a statement from the BFTI.

Janata Bank's

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Deposits inched up 0.10 per cent to Tk 101,457 crore in 2022. However, fixed deposits dropped 9.38 per cent to Tk 50,519 crore.

Janata's loans and advances increased 21 per cent to Tk 85,208 crore. The advance deposit ratio improved to 82.93 per cent in 2022, an increase from 67.7 per cent a year ago.

The bank's paid up capital is Tk 2,314 crore. Its capital shortfall under BASEL III stood at Tk 1,737 crore at the end of 2022, up from Tk 723 crore in 2021.