Fish markets are understandably devoid of customers as the recent conclusion of Eid-ul-Azha celebrations means that most freezers are packed with beef, mutton and other meats. The photo was taken from Karwan Bazar kitchen market in the capital yesterday.

PHOTO: AMRAN HOSSAIN

Uninterrupted energy needed at affordable prices

Says Dhaka chamber's President Sameer Sattar

STAR BUSINESS REPORT

An uninterrupted energy supply and affordable pricing are necessary to maximise productivity and avoid exacerbating inflationary difficulties, said Md Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry (DCCI).

"For a sustainable energy sector, the government needs to enhance its investment in energy sourcing from diversified sources, apart from traditional sourcing destinations like Gulf Cooperation Council countries and Organisation of the Petroleum Exporting Countries."

He made the comments while sharing his expectations in the new fiscal year 2023-24, which began on July 1.

To enhance remittance inflow, the government needs to provide incentives to remitters to encourage them to send money through formal channels and ensure sending of skilled manpower abroad and cordial treatment of migrant workers at airports, according to Sattar.

Support for industrial inputs and restriction on luxury imports are necessary to diversify exports, he said.

He said Bangladesh consistently witnessed 6 per cent plus economic growth on average over the past decade before the coronavirus pandemic hit.

While the economy was recovering from the headwinds caused by the pandemic, the Russia-Ukraine war adversely affected the global supply and trade systems. The resultant supply crunch, price hikes and inflation hurt both developed and developing economies, including Bangladesh.

Still, Bangladesh managed to project a growth of 6.03 per cent in the just-concluded fiscal year but various macroeconomic challenges emanating from global uncertainties are hurting the country's progress in many ways.

In FY2023, declining international trade and foreign exchange reserves were the two major economic challenges that significantly affected the economy.

The consistent fluctuation in exchange rates and import of expensive raw materials used by export-oriented industries created challenges for the country's international trading system and resulted in a series of disruptions in the economy, exposing the local supply chain and businesses to damages.

Sameer Sattar

Due to the global energy supply crunch, the government raised the prices of petroleum products by up to 51.7 per cent and increased power and gas prices as well.

"The increase in energy prices hampered the overall business ecosystem," said Sattar.

Despite the global crisis, the entrepreneur said, Bangladesh achieved some major milestones during FY2023.

The long-awaited Padma bridge opened in June of 2022 which is estimated to boost the country's annual GDP by 1.23 per cent.

"The opening of the country's first metro rail in December last year added a new mode of public transport to Dhaka city which is expected to ease traffic congestion and spur economic activity."

He said the current inflationary pressure is expected to continue in the new fiscal year and even might worsen.

"As higher inflation impacts the cost of doing business and raises living expenses, it can undermine overall economic performance."

He said inflation needs to be tackled by adjusting the repurchase agreement rate and the reverse repo rate.

"In addition, strong market monitoring is required to tame inflation with the engagement of stakeholders. In order to bring stability in the foreign exchange market, strong monitoring should be in place by the Bangladesh Bank."

He expects the economy to return to its pre-pandemic growth trajectory in FY24 if the aforesaid measures are seriously considered.

Eastland Ins gets new independent director

STAR BUSINESS DESK

Hedayetullah Al Mamoon, former senior secretary, was recently appointed as an independent director of Eastland Insurance Company Limited.

Mamoon has 34 years of experience of government services in various higher positions, including over eight years as a senior secretary and secretary to the government.

He was a member of the Bangladesh Civil Service (administration cadre of 1982 batch) and retired as a senior secretary of the finance division of the Ministry of Finance.

He was promoted to the rank of secretary in April 2009 and subsequently to the rank of senior secretary in 2014, continuing in the position until October 4, 2017.

Prior to his assignment as the finance secretary, Mamoon worked as the senior commerce secretary for more than two years. He served as a secretary of information, cultural affairs, and civil aviation and tourism.

He also served as a member of the Planning Commission, secretary of Bangladesh Public Service Commission, and director general of the department of social services at the Ministry of Social Welfare.

Delwer becomes independent director of Standard Bank

STAR BUSINESS DESK

AKM Delwer Hussain has been appointed as an independent director of Standard Bank Limited.

Hussain was the president of the South Asian Federation of Accountants, the Institute of Cost and Management Accountants of Bangladesh (ICMAB), director of Rupali Bank Limited, chairman of the Bangladesh Sugar and Food Industries Corporation, said a press release.

His imaginative sense and inspired leadership combined with understanding knowledge and practical experience led to continuous and sustainable growth in every organisation he worked for, it said.

Hussain obtained his bachelor's and master's degrees in management from the University of Dhaka and was a fellow of Cost and Management Accountants from the ICMAB.

Polluting shipping sector to face climate reckoning

AFP, *London*

The hefty carbon footprint of global shipping networks that crisscross our oceans and keep the world's economy afloat will come under scrutiny next week, as countries wrestle over measures to slash planet-heating pollution.

Nations are under pressure to agree ambitious emission reduction targets and consider a tax on pollution by the sector at a key meeting of the International Maritime Organization. Currently shipping belches out roughly the same level of greenhouse gases as aviation.

The IMO Marine Environment Protection Commission (MEPC) meeting, held in London from Monday to Friday, is likely to pit climate-vulnerable nations -- particularly Pacific islands -- and some richer countries against big exporters such as China.

"The climate crisis is an existential threat to Pacific small island developing states, and many other countries, but can be seen as less urgent by countries with superior resources," Michael Prehn, the IMO delegate for the Solomon Islands, told AFP.

"This is why the Pacific has been consistently pressing for the highest possible ambition in climate regulation."

Shipping, which is responsible for around two percent of global greenhouse gas emissions, is judged to be off course in the fight against climate change.

Efforts to decarbonise so far centre around a 2018 IMO decision that instructed shipping firms to reduce CO2 emissions by 50 percent by 2050, from 2008 levels.

But that target is considered insufficient given the level of global emissions and compared to other industries, including aviation, which is aiming for net zero by the same mid-century deadline.

Nations in support of more ambitious cuts want the IMO to align its goals with the Paris Agreement's global warming limit of 1.5 degrees Celsius above pre-industrial times.

A shipping crane stands over a container ship at the Port of Oakland on March 08, 2023 in California. Shipping, which is responsible for around 2 per cent of global greenhouse gas emissions, is judged to be off course in the fight against climate change.

PHOTO: AFP

Opec oil output drops slightly

REUTERS, *London*

Opec oil output has fallen only slightly in June as increases in Iraq and Nigeria limited the impact of cutbacks by others, despite a wider Opec+ deal and voluntary cuts by several members to support the market, a Reuters survey found on Friday.

The Organization of the Petroleum Exporting Countries has pumped 28.18 million barrels per day (bpd) this month, the survey found, down 50,000 bpd from May's revised figure. In May, output dropped by 240,000 bpd as the latest cut took effect.

The survey suggests little further progress by Opec in limiting supply ahead of a further voluntary reduction by Saudi Arabia which takes effect in July, as part of the producers' latest agreement made in June to support the market.

Migrant workers sent home $21.61b

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In order to encourage the use of formal channels, the government provides a 2.5 per cent incentive and has introduced remitter-friendly processes.

But Selim Raihan, executive director of the South Asian Network on Economic Modeling, thinks if the exchange rate is left to the market, the incentive will not be required.

Currently, there are different exchange rates of the US dollar for exporters, importers, and remitters.

At present, more than 1.49 crore Bangladeshi migrants are working in 176 countries.

Remittance flow would grow by 10 per cent to $23.6 billion in the current fiscal year, according to the forecast of the BB.

New fiscal year, old challenges

FROM PAGE B1

than expected in June to 5.5 per cent amid sharp falls in the cost of energy.

Shipments from Bangladesh grew 7.11 per cent in July-May of FY23, down from 34.09 per cent year-on-year. The export might increase by 10 per cent in FY24, the Bangladesh Bank forecasts.

Imports, which have been at the heart of the crisis in Bangladesh as the country has had to pay more to buy goods and services from external sources owing to their elevated prices and the taka's 25 per cent fall against the US dollar, dropped 14.44 per cent in July-April of FY23 against a staggering 41.40 per cent growth during the same period of FY22.

The central bank has projected an 8 per cent import growth in FY24.

MM Akash, a professor at the economics department at the University of Dhaka, called for stepping up the government's intervention in the market to rein in the prices of essentials.

"We have not seen any significant measures in the FY24 budget to contain higher prices. But the price level will not come down unless such a step is taken."

He said adequate foreign currencies should be made available to import essential goods and those goods have to be sold at subsidised rates among the poor and low-income groups.

CPD's Rahman does not expect the geopolitical tension and the war situation to improve in FY24. "This means our export might continue to face a slowdown."

He said the improvement in the tax-to-GDP ratio and a lower budget deficit would be possible if the government gets down to work in a determined way.

"A lot of efforts will be needed to overcome macroeconomic challenges, bring down default loans, and restore discipline in the banking sector."

Default loans increased by Tk 10,964 crore in the first three months of 2023 to Tk 131,621 crore. The non-performing loans increased by 9 per cent from three months ago and 16 per cent from a year earlier.

Rahman pointed out that the government has targeted to lift private sector investment by five percentage points to 27 per cent in a single year.

"This will require a radical effort since private investment has remained stuck for many years."

Prof Rahman said there has to be good governance at all levels, institutional efficiency has to be enhanced, and public service delivery has to be ensured.

"I also would like to see what steps the government takes in FY2024 in order to raise the tax-to-GDP ratio, discipline the banking sector and ensure efficiency in the public expenditure management," said Prof Raihan of the Sanem.

An uninterrupted energy supply and affordable pricing are necessary to maximise productivity and avoid exacerbating inflationary difficulties, said Md Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry.

Two banks to raise

FROM PAGE B1

Prime Bank Ltd has received consent from the Bangladesh Securities and Exchange Commission to raise Tk 300 crore by issuing bonds.

The non-convertible, unsecured, fully redeemable, floating rate Prime Bank subordinated bond to be issued through private placement is aimed at enhancing the tier II capital base, the private commercial lender said in a post on the Dhaka Stock Exchange yesterday.

Tier 2 is designated as the second or supplementary layer of a bank's capital and is composed of items such as revaluation reserves, hybrid instruments, and subordinated term debt.