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Ali Reza Iftekhar

'Trade in rupee to save at least Tk 1 per dollar'

SOHEL PARVEZ

Trade settlement in rupee between India and Bangladesh would reduce pressure on US dollars and save at least Tk 1 on the exchange cost of each greenback, said Ali Reza Iftekhar, managing director and CEO of Eastern Bank Ltd (EBL).

He shared this information as the two countries are set to launch trade in the Indian rupee (INR) in an effort to cut dependence on the US dollar and reduce pressure on the foreign exchange reserves.

The use of the INR in India-Bangladesh trade provides a convenient and cost-effective mechanism for conducting cross-border transactions, says Ali Reza Iftekhar, managing director and CEO of Eastern Bank Ltd

Bangladesh's foreign exchange reserve, which was \$41.8 billion a year ago, stood at \$29.97 billion on July 6 as its payments for import bills continued to outpace receipts from exports and remittance.

BDT lost value significantly over the last one-and-a-half years and the depreciation continues.

With this backdrop and demands from some chambers, Bangladesh Bank earlier allowed EBL and Sonali Bank to open "vostro accounts" with the State Bank of India (SBI) and ICIC Bank in India to facilitate trading in INR.

Later, the Reserve Bank of India also gave permission to facilitate trade in INR between the two neighbouring countries that trade around \$16 billion yearly.

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KEY POINTS



Trade in rupee to begin on July 11



Businesses to see reduced exchange cost



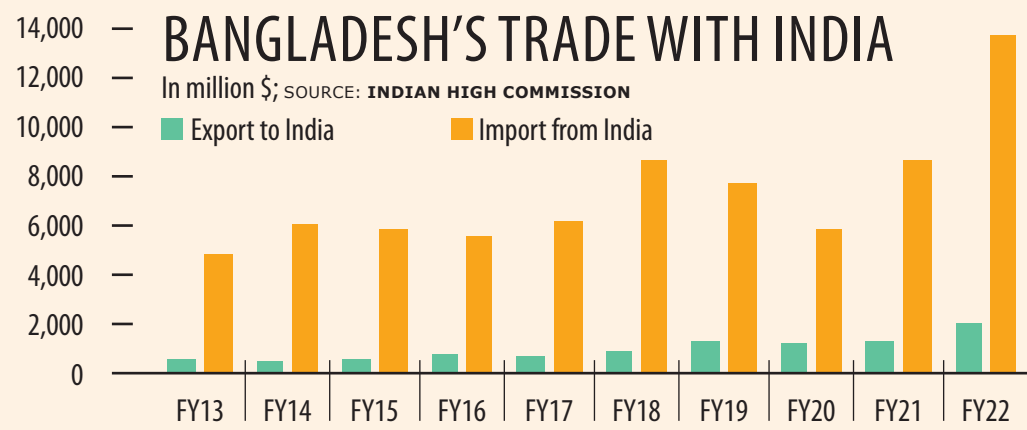
Rupee-taka exchange rate to be decided on a cross currency basis



Settlement will take place through SWIFT



The move will reduce pressure on forex reserves



A new era dawns in trade with India

AKM ZAMIR UDDIN

Bangladesh is set to join a global effort that is seeking to cut over-dependence on the US dollar when it comes to settling foreign trades as the country commences to use the rupee to carry out bilateral transactions with India from July 11.

The move may extend some respite to importers since they will be able to open letters of credits in the rupee to source a portion of the products from the neighbouring country, thus cutting the use of the US dollar to some extent.

The government has toughened import rules due to the shortage of American greenback, driven by higher import bills, with a view to stopping further depletion of the foreign currency reserve, which has fallen by nearly 30 per cent from a year ago.

Both the Bangladesh Bank and the Indian High Commission are expected to announce the move towards the Indian currency at an event at Le Méridien Hotel in Dhaka on Tuesday. The central bank governor and the Indian

high commissioner will join the event, a BB official said, wishing not to be named, as he is not authorised to speak to the media.

The BB has already given permission to three banks – Sonali Bank, Eastern Bank and State Bank of India (SBI) in Bangladesh – to open nostro accounts with their counterparts in the neighbouring country.

Private commercial bank Eastern Bank and the country office of SBI have already opened nostro accounts with Indian ICICI Bank and SBI, the BB official said, adding that state-run Sonali Bank will open the account in the quickest possible time.

Both the BB and the Reserve Bank of India (the central bank of India) have given permission to the two Indian banks to start settling the bilateral trade in the Indian rupee (INR), he said.

A nostro account is an account that a bank holds with a foreign bank in the currency of the country where the funds are held. It is used to facilitate foreign exchange and international trade transactions involving foreign currencies.

The ongoing crisis in the foreign exchange

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As per plans, ICICI Bank and SBI will be allowed to settle imports with Bangladesh in the rupee.

Indo-Bangla trade in rupee to benefit Bangladesh: MCCI

REFAYET ULLAH MIRDHA

The introduction of the Indian currency in settling transactions of bilateral commerce will cut Bangladesh's reliance on the US dollar and deepen two-way trade, said a top chamber yesterday.

Currently, both payments and receipts for international trade are carried out in the US dollar, the leading reserve currency of the Bangladesh Bank.

However, after the outbreak of the Russia-Ukraine war in February last year, payments for international goods and services have been affected because of a dollar shortage in many countries and the ban on the use of global payments network SWIFT while settling transactions with Russia.

Bangladesh, a major player in international trade, is also facing a shortage of the US dollar as its foreign exchange reserve level has plunged amid higher import bills against moderate remittance and export receipts.

"We, from the MCCI, suggested the central bank introduce a second currency in our international trade, like trading with India in the rupee," said Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry (MCCI), in an interview.

The MCCI, the oldest chamber in Bangladesh, was the first local trade body to formally propose the BB introduce the rupee trade as the forex reserve level has kept falling.

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Social Islami Bank holds business conference

STAR BUSINESS DESK

Social Islami Bank organised a daylong half-yearly "Business Conference-2023".

Zafar Alam, managing director and CEO of the bank, inaugurated the conference at the bank's head office in Dhaka yesterday, said a press release.

"The several achievements of the bank during the first half of the year have been possible for the sincere efforts of all despite the overall economic and various global crises," said Alam.

An initiative has been taken to turn the bank into a bank for the people through diversification of its products and services, he said, hoping that this progress will continue to achieve the goal of the bank with the collaborative efforts of all.

Mohammad Forkanullah, deputy managing director, presided over the programme, where Abdul Hannan Khan, deputy managing director, and divisional heads, zonal heads, branch managers and sub-branch in-charges along with around 2,000 employees of the bank virtually joined the programme.



Zafar Alam, managing director and CEO of Social Islami Bank, attends the bank's half-yearly "Business Conference-2023" at its head office in Dhaka yesterday.

PHOTO: SOCIAL ISLAMI BANK



Mohammed Monirul Moula, managing director of Islami Bank Bangladesh, inaugurates an orientation programme for newly appointed field officers of the bank at the Islami Bank Tower in Dhaka last week. Among others, JQM Habibullah, additional managing director, Mohammed Shabbir and Miftah Uddin, deputy managing directors, Mostafizur Rahman Siddiquee, chief human resources officer, ASM Rezaul Karim, senior executive vice-president, Md Shamsuddoha, M Zubayer Azam Helali and Nazmus Sakib Md Rezaul Rahman, executive vice-presidents, and KM Munirul Alam Al-Mamoon, principal (current charge) of the Islami Bank Training and Research Academy, were present.

PHOTO: ISLAMI BANK BANGLADESH

Turkey expects \$10b in Gulf investments

REUTERS, Ankara

Turkey expects Gulf countries to make direct investments of about \$10 billion initially in domestic assets as part of President Tayyip Erdogan's trip to the region in two weeks, according to two senior Turkish officials.

Erdogan is scheduled to visit leaders in Saudi Arabia, Qatar and the United Arab Emirates on July 17-19, in part to drum up foreign funding that would boost Turkey's strained economy after his re-election in May.

The sources, who spoke on condition of anonymity given the talks are private and deals are not yet finalised, said overall investments of up to \$30 billion are expected over a longer period in Turkey's energy, infrastructure and defence sectors.

Direct investments worth about \$10 billion "should come within a short time and this is crucial," said one of the officials. "Expectations are high for the Gulf visit. Some important agreements will be signed."

Oil prices up 3% to 9-week high

REUTERS, New York

Oil prices climbed about 3 per cent to a nine-week high on Friday as supply concerns and technical buying outweighed fears that further interest rate hikes could slow economic growth and reduce demand for oil.

Brent futures rose \$1.95, or 2.6 per cent, to settle at \$78.47 a barrel, while US West Texas Intermediate crude (WTI) rose \$2.06, or 2.9 per cent, to settle at \$73.86.

That was the highest close for Brent since May 1 and WTI since May 24. Both benchmarks ended up about 5 per cent for the week.

"We're knocking on the door of a major breakout to the upside. I think you're seeing some short covering here today ... because a lot of people have been betting on the short side, said Phil Flynn, an analyst at Price Futures Group.

After two months of price consolidation between roughly \$73-77, Brent moved into technically overbought territory for the first time since mid-April.

"The rally over the last week or so ... has been quite strong and backed by momentum - as well as fresh cuts from Saudi Arabia and Russia," said Craig Erlam, a senior market analyst at OANDA.

Top oil exporters Saudi Arabia and Russia announced fresh output cuts this week bringing total reductions by Opec+, the Organization of the Petroleum Exporting Countries (Opec) and its allies, to around 5 million barrels per day (bpd), or about 5 per cent of global oil demand.

"Opec+ production cuts are expected to tighten the market, driving supply deficits in the second half of 2023, supporting higher oil prices," analysts at US financial services company Morningstar said in a note.

Opec will likely maintain an upbeat view on oil demand growth for next year, sources close to Opec said.

Russia's latest pledge to reduce oil exports will not require a similar cut in production, a government source told Reuters.

Oil analytics firm Vortexa said there are currently 10.5 million barrels of Saudi

crude in floating storage off the Egyptian Red Sea port of Ain Sukhna, down by almost half from mid-June.

In the US, energy firms this week added oil and natural gas rigs for the first time in 10 weeks, due to the biggest weekly increase in gas rigs since October 2016, according to energy services firm Baker Hughes Co.

In Norway, Equinor ASA paused production at its Oseberg East oil field in the North Sea due to staffing shortages.

In Mexico, six people were injured after a fire broke out on Friday morning at an offshore platform run by state oil company Pemex in the Gulf of Mexico.

Also supporting crude prices, the US dollar, fell to a two-week low after data showed US job growth was lower than expected but still strong enough to likely lead the US Federal Reserve (Fed) to resume raising interest rates later this month as it has signalled.

A weaker dollar makes crude cheaper for holders of other currencies, which could boost oil demand.

Canada posts strong job gains

REUTERS, Ottawa

Canada's economy added far more jobs than expected in June, data showed on Friday, a result analysts said probably seals the deal for another Bank of Canada (BoC) interest rate hike next week.

Jobs increased by a net 59,900 in June, the most since January and higher than a forecast gain of 20,000, while the jobless rate rose to 5.4 per cent from 5.2 per cent as more people searched for work, Statistics Canada data showed on Friday.

The unemployment rate in June increased for the second consecutive month and is now at its highest level since February 2022, though still below a pre-pandemic 12-month average, Statscan said.

The June jobs report is the last major economic figure to be released before the BoC's rate announcement on Wednesday.

The jobs figures "are good enough to give the green light for the bank to hike next week," said Derek Holt, vice president of capital markets economics at Scotiabank. "We still have a jobs market that is holding on quite nicely."

The central bank raised its overnight rate to a 22-year high of 4.75 per cent last month on concerns about sticky inflation and said that further moves would be dependent on the latest economic figures.

Data in the past month have shown some signs of a slowdown - inflation cooling to 3.4 per cent, a tepid May jobs report and a surprise trade deficit in May - but not enough to diminish market expectations of another rate hike.

Growth has remained resilient despite nine rate increases totaling 450 basis points since March of last year. The economy regained momentum in May, likely growing 0.4 per cent on the month, after

stalling in April.

"The return to solid job growth in June should ... lock in a second consecutive 25-basis point rate increase next week as central bankers scramble to tamp down the surprisingly resilient economy and resultant excess inflationary pressures," said Royce Mendes, head of macro strategy at Desjardins Group.

A large majority of economists polled by Reuters also expect the bank to lift rates by another quarter-point and then hold well into 2024.

The Canadian dollar was trading 0.3 per cent higher at 1.3328 to the greenback, or 75.03 US cents.

The average hourly wage for permanent employees - a figure the Bank of Canada watches closely - rose 3.9 per cent from June 2022, compared with a 5.1 per cent year-over-year increase in May. It was the smallest increase in wages in 14 months.

Indo-Bangla trade in rupee

FROM PAGE B1

The reserve has fallen by about 28 per cent in the past one year.

Last month, BB Governor Abdur Rouf Talukder said Bangladesh is looking to carry out trades with India in the rupee up to the level that is covered by the export earnings from the country.

Bangladesh's imports from India far outweigh exports to the country. Its exports stand at \$2 billion against imports of \$18 billion through official channels.

If the trades through the unofficial channel are added, imports would go up to \$27 billion, Talukder had said. "We are trying to execute trades in the Indian currency. This will allow us to minimise exchange rate losses."

According to Islam, the trading in the rupee would ease the doing of business for local traders as they would not need to buy the US dollar.

Bangladesh is not the lone country that is seeking to settle trade in the

rupee.

All the members of the Asian Clearing Union, which includes all South Asian countries as well as Iran and Myanmar, have reached a consensus to settle trade in local currencies, including the rupee, to reduce dependence on the US dollar and the euro, according to a Bloomberg article recently.

And the MCCI chief said a second currency can move freely among the countries under the South Asian Association of Regional Cooperation and can strengthen regional trade.

"In the future, trade with India can go up," he said.

Islam said there are two avenues where local currencies could be employed, thus cutting the dependence on the use US dollar.

India paid Bangladesh more than \$8 billion under its line of credit and many Indian nationals are employed in the country drawing salaries nearly \$5 billion a year in foreign currencies,

he said.

If the payments for the loans and the payments to the Indian nationals may be done in local currencies, it will ease pressure on the reserve, he said.

If the economy of Bangladesh performs strongly and bilateral trade rises, the use of local currencies will go a long way and the new trading arrangement will be sustainable, he said. Islam said since many countries are trying to move away from the US dollar, Bangladesh may think accordingly and be part of the new world order.

Bangladesh's joining to the bloc named BRICS, which comprises Brazil, Russia, India, China and South Africa, will help the country's trade, he said.

China and India are the two largest trading partners of Bangladesh when it comes to imports.

Islam said the launching of a BRICS currency would also help decrease reliance on the US dollar, he said.

Meta's 'friendly' Threads

FROM PAGE B4

However, by hooking up Threads with other social media services like Mastodon, and given the appeal of microblogging to news junkies, politicians and other fans of rhetorical combat, Meta is also courting fresh challenges with Threads and seeking to chart a new path through them.

For starters, the company will not extend its existing fact-checking program to Threads, spokesperson Christine Pai said in an emailed statement on Thursday. This eliminates a distinguishing feature of how Meta has managed misinformation on its other apps.

Pai added that posts on Facebook or Instagram rated as false by fact-checking partners - which include a unit at Reuters - will carry their labels over if posted on Threads too.

Asked by Reuters to explain why it was taking a different approach to misinformation on Threads, Meta declined to answer.

In a New York Times podcast on



Thursday, Adam Mosseri, the head of Instagram, acknowledged that Threads was more "supportive of public discourse" than Meta's other services and therefore more inclined to draw a news-focused crowd, but said the company aimed to focus on lighter subjects like sports, music, fashion and design.

Nevertheless, Meta's ability to

distance itself from controversy was challenged immediately.

Within hours of launch, Threads accounts seen by Reuters were posting about the Illuminati and "billionaire satanists," while other users compared each other to Nazis and battled over everything from gender identity to violence in the West Bank.



A welder works at a supply and service company in Alberta, Canada.

PHOTO: REUTERS/FILE

Rupee logs worst week in seven

REUTERS, Bengaluru

The Indian rupee ended at an over one-month low against the US dollar on Friday, and logged its worst week in seven on worries that the Federal Reserve will raise interest rates more than expected this year.

The rupee ended down 0.28 per cent at 82.74 to the dollar compared with 82.51 in the previous session, after hitting its lowest level since May 30 earlier in the session at 82.75. The currency also logged its fourth straight session of losses.

For the week, the rupee fell 0.8 per cent, its biggest weekly decline since May 19.

Data in the US bolstered the bullish undertone in the dollar index, with the rupee also depreciating amid rising demand for dollars from importers, said Jigar Trivedi, senior research analyst - currencies & commodities at Reliance Securities.



Workers at a farm in Ikhri village in Terokhada upazila of Khulna are seen picking Hira paddy seedlings. Farmers prefer planting the Hira variety even amid the ongoing Aman paddy season as the former is comparatively more profitable.

PHOTO: HABIBUR RAHMAN

Strong industry-academia linkage will plug skills gap

Experts say at DCCI seminar

STAR BUSINESS REPORT

Around \$8 billion to \$10 billion is remitted from Bangladesh each year as salaries paid to foreign workers in absence of skilled manpower resulting from the lack of a quality education system in the country.

Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry (DCCI), made this comment while speaking at a seminar, styled "Industry-Academia Linkage: Employability of Graduates in the Changing Global Context".

The event was organised by the DCCI at its office in Dhaka yesterday.

Sattar stressed on creating skilled manpower in the country so that Bangladesh can save this valuable outward remittance.

"Industry-academia linkage is instrumental in creating a skilled and industry-oriented workforce," he said.

"It makes a workforce ready with a specialised skillset for relevant industries, but the linkage has still not been fully developed due to our conventional educational system," Sattar added.

He also said the absence of industry-academia harmony results in an

increasing skills gap in the workforce.

Besides, it is very important to focus on the industry-academia linkage in order to take full advantage of Bangladesh's demographic dividend, he added.

The DCCI president called for conducting joint research and development activities, developing education infrastructure, creating a national employment database, arranging need-based curriculum design and skills training as well as strengthening technical and vocational education systems.

Education Minister Dipu Moni stressed the need for soft skills, re-skilling and up skilling, teamwork development, technology adaptation, changing mindset, demand mapping and expediting technical and vocational education and training.

She informed that the present enrolment rate in the technical and vocational education system is 17 per cent.

"The diversification of education is more important, it will not be the right decision to attract our students only to the medical or engineering education system," the minister said.

Prof Satya Prasad Majumder, vice-chancellor of the Bangladesh University

It is very important to focus on the industry-academia linkage in order to take full advantage of Bangladesh's demographic dividend

Sameer Sattar
President of DCCI

of Engineering and Technology, said industries should come forward with more research and development with their own investment.

Nasreen Afroz, executive chairman of the National Skills Development Authority (NSDA), said they are keen on creating skilled manpower for export.

A "Skills Qualification Framework" has been formed under the chairmanship of the education minister. A total of 14 skills development councils have been formed already, she added.

Afroz expressed hopes that the relation

between industry and academia will be developed in future.

She also requested industry leaders to arrange such workshops and seminars incorporating relevant stakeholders.

The NSDA has been arranging funding from the Human Resource Development Fund of the finance ministry for those involved in conducting skills development training, Afroz said.

During the keynote presentation, Sayema Haque Bidisha, a professor of economics at the University of Dhaka, highlighted that one of the challenges of the domestic labour market is the absence of strong linkage between supply and demand, primarily between academia and industry.

To address the skills mismatch, strong industry-academia linkage is needed, she said. Prof Mohammad A Momen, director of the Institute of Business Administration at the University of Dhaka, stressed on developing need-based curriculum, enhancing IT infrastructure, offering skills training and adopting industry-specific programmes.

The participation of women in the country's industrial sector is very low, he added.

Yellen criticises China's 'punitive' actions against US companies

REUTERS, Beijing

US Treasury Secretary Janet Yellen called on Friday for market reforms in China and criticised its recent tough actions against US companies and mineral export controls, while China's premier called on her to "meet China halfway" and put bilateral relations back on track.



Yellen met with Premier Li Qiang on Friday during a visit to Beijing aimed at repairing fractious US-Chinese economic relations, but made clear in her public remarks that Washington and its Western allies will continue to hit back at what she called China's "unfair economic practices."

Despite talk of US-China economic decoupling, recent data show that the world's two largest economies remain deeply linked, with two-way trade hitting a record \$690 billion last year. "We seek healthy economic competition that is not winner-take-all but that, with a fair set of rules, can benefit both countries over time," Yellen told Chinese Premier Li Qiang in a meeting on Friday that the Treasury said was "candid and constructive."

China released a statement from Li calling for strengthened communication, consensus on economic issues and "candid in-depth and pragmatic exchanges, so as to inject stability and positive energy into Sino-US economic ties."

A new era dawns

FROM PAGE B1

market emanating from the shortage of the US dollar has prompted the BB to settle bilateral trade by using the currency of the neighbouring country.

The new arrangement will allow Bangladesh to perform foreign trades with India to the tune of \$2 billion, equivalent to its current annual export receipts from the country.

Last month, BB Governor Abdur Rouf Talukder said Bangladesh is looking to open up trade with India in the rupee up to the level that is covered by the export earnings from the country.

Bangladesh's imports from India far outweigh exports to the country. Its exports stand at \$2 billion against imports of \$18 billion through official channels.

If the trades through the unofficial channel are added, imports would go up to \$27 billion, Talukder had said.

HOW RUPEE SETTLEMENT WILL WORK

As per plans, ICICI Bank and SBI will settle imports with Bangladesh in the rupee. And the amount will be deposited with the Bangladeshi banks'

nostro accounts with the two.

In the second phase, the Bangladeshi banks will settle the import payments on behalf of the local importers by using the rupee deposited with the counterparts.

The central banker, however, says that the dependency on the dollar will not reduce immediately as only \$2 billion will be converted to the Indian rupee.

Bangladesh's imports stood at \$75.60 billion in 2021-22.

But local businesses will be able to avoid an exchange rate loss of around 1 per cent if they trade in the INR as they would not require to convert US dollars into the rupee, the central banker said.

A high official of a commercial bank in Dhaka says that some new windows to settle import payments and other foreign exchange-related transactions in the INR will open in the future.

For instance, if Bangladesh can manage credit lines from India in the INR, such loans may be used to carry out bilateral trades, including for the payments of credits.

Besides, local banks will be able to

Trade in rupee to save

FROM PAGE B1

Bangladesh's exports account for nearly \$2 billion of this amount while imports make up the rest, as per official data.

Ittekkhar said India is Bangladesh's second largest trading partner globally.

"The use of the INR in India-Bangladesh trade provides a convenient and cost-effective mechanism for conducting cross-border transactions, contributing to the strengthening of economic ties between the two nations," he said in an interview with The Daily Star.

Until now, businesses in Bangladesh and India settled trade payments by purchasing US dollars with their local currencies.

And importers have to buy the greenback using BDT to make payments for imports. After getting payments, exporters in India have to

convert the US dollar into INR.

"This will not be needed in INR trade. So, both of our exporters and importers will make exchange gains," he said. "I think, the exchange gains [for importers] will be at least Tk 1 per US dollar."

"Similarly, when Indian buyers will buy from us, they will give us payment in BDT," Ittekkhar added.

To determine the rate of BDT and INR, he said they will take the exchange rate of US dollar as a reference point.

"So, we will use the exchange rates of these currencies with the US dollar, but we will not touch the greenback," he said.

"This will help us save money. Exporters and importers will not need to face any exchange loss or pay fees, which they have to pay now for using the third currency," he added.

After the launch of trade in INR, Indian exporters will send invoices in

take loans in INR with prior approval from the BB, and the amount can be used to perform bilateral trade as well.

"Such windows will help reduce the dependency on the dollar during the difficult time like we are going through now," he said.

India started to allow to settle its foreign trade in the INR in July last year when the Reserve Bank of India (RBI) decided to facilitate international trade in the rupee.

MOVE AWAY FROM DOLLAR

Other nations are also exploring ways to cut reliance on the American currency, which was involved in nearly 90 per cent of global forex transactions in 2022, making it the single most traded currency in the FX market.

The move accelerated after the United States moved to hike policy rates aggressively to tame a record surge in inflation stemming from the impacts of the dragging pandemic and the Russia-Ukraine war.

Monetary tightening in the US has led to investors pulling their money out of Asian economies, triggering currency depreciation in most of the economies, according to a blog

published on the website of the Asian Development Bank.

Sharp currency depreciation generally increases inflationary pressures through higher import prices of food and energy, worsens the current account balance, and may thus result in countries having difficulty with paying for their essential imports or servicing external debts.

Countries such as Bangladesh are facing exactly the situation predicted by the blog writers.

More and more countries — from Brazil to Southeast Asian nations — are calling for trade to be carried out in other currencies besides the US dollar, reported CNBC in April.

China is one of the most active players in this push given its dominant position in global trade right now and as the world's second-largest economy.

Based on CNBC's calculation of the International Monetary Fund's data for 2022, China was the largest trading partner to 61 countries when combining both imports and exports. In comparison, the US was the largest trading partner to 30 countries.

In April, Brazilian President Luiz

Inácio Lula da Silva made a state visit to Beijing where he reportedly called for reduced reliance on the US dollar for global trade.

India and Malaysia have already agreed to settle trade in the Indian rupees, said the Hindu newspaper.

In March, India said banks from 18 countries were allowed by the RBI to open special rupee vostro accounts to settle payments in Indian rupees.

During a recent visit to China, Malaysia's Prime Minister Anwar Ibrahim was said to have suggested setting up an "Asian Monetary Fund" to reduce reliance on the US dollar.

At the ASEAN finance ministers and central banks meeting in Indonesia in March, policymakers also discussed the idea of cutting their reliance on the USD, the Japanese yen and the euro and "moving to settlements in local currencies" instead.

The dominance of the dollar has gradually declined in the last few decades. The dollar accounted for more than 70 per cent of global reserves at the turn of the century. The share declined to 58 per cent last year, IMF data showed.

dollar will not decline overnight.

"It is a journey and it will build slowly," he said. "It is a new future. Various countries have started and they are also under trial and correction."

India has already signed up with some other countries, such as Malaysia, for trading in INR. China is now suggesting payments through renminbi while Russia wants payment in rouble.

"All these have started. Let us start [to reduce dependence on dollars]," Ittekkhar said.

However, success of the initiative will depend on the efforts of banks and business chambers.

"We have to do marketing. We have to make customers understand the benefits. And it may not be limited to four banks, maybe after some months, Bangladesh Bank will allow more banks to do so," he added.

India's fuel demand slips

REUTERS

India's fuel demand eased 3.7 per cent in June month-on-month, government data showed on Friday, as monsoon rains restricted mobility in the world's third-biggest oil consumer.

Consumption of fuel, a proxy for oil demand, totalled 19.31 million tonnes in June, down from 20.06 million tonnes in May, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed.

Sales of diesel, mainly used by trucks and commercially run passenger vehicles, decreased about 3.7 per cent in June to 7.91 million tonnes from a month earlier.

In May, diesel sales hit an all-time high of 8.22 million tonnes, as per PPAC data going back until 1998.

"Seasonality is starting to kick in as the monsoon season-driven demand decline starts to transpire ... compared to June, we expect oil demand to come in only marginally lower in July," said Viktor Katona, lead crude analyst at Kpler.

Fuel demand in India, the world's third biggest oil importer and consumer, typically falls during the four-month monsoon season beginning in June as parts of the country are hit by heavy floods.

"Cyclone Biparjoy also adversely impacted bunkering operations across the country as ports in Gujarat were forced to shut for several days, adding to the seasonal downside," Katona said.

This year, the monsoon arrived on the coast of southern Kerala state on June 8, more than a week later than normal, and its progress was later stalled by severe cyclone Biparjoy.

Gasoil, or diesel, accounts for about two-fifths of refined fuel consumption in India and is directly linked to industrial activity.

Sales of gasoline, or petrol, were about 5.9 per cent lower than the previous month at 3.15 million tonnes.

Cooking gas or liquefied petroleum gas (LPG) sales fell 4.9 per cent to 2.23 million tonnes and naphtha sales dropped 15 per cent to 976,000 tonnes.

Sales of bitumen, used for making roads, ticked up 0.8 per cent, and fuel oil use fell 9.8 per cent in June.

STOCKS		WEEK-ON-WEEK
DSEX ▲	CASPI ▲	
0.25%	0.09%	
6,334.79	18,720.80	

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$1,925.89	\$73.75	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.77%	▼ 1.17%	▼ 0.28%	▼ 0.35%	
65,280.45	32,388.42	3,196.61	3,139.47	

Hili land port misses revenue target again

KONGKON KARMAKER

The Hili land port has failed to reach its revenue collection target for the second consecutive year by a big margin.

In 2022-23 fiscal year, the port in Hakimpur upazila of Dinajpur could collect Tk 424.31 crore in revenues, which was 30 per cent lower than the Tk 606.28 crore target set by the National Board of Revenue (NBR).

The revenue collection target for 2021-22 fiscal year was Tk 381 crore, when the port earned Tk 353.41 crore, according to the port officials.

Out of the 12 months of 2021-22 fiscal year, the port failed to reach collection target in 11 months.

It successfully surpassed the target only in FY22's March when the target was Tk 48.40 crore and the port collected around Tk 56.97 crore.

In 2022's December, the port earned Tk 28.36 crore,

In 2022-23, the port could collect Tk 424.31 crore in revenue, which was 30 per cent lower than the Tk 606.28 crore target set by NBR

which was nearly 60 per cent of the month's target of Tk 50.33 crore and the lowest monthly collection in 2022-23 fiscal year, according to the officials.

The traders blamed the land port's failure to reach revenue collection target on the lack of infrastructure, poor road connectivity and the banks' reluctance in opening letters of credit (LCs) for the ongoing dollar crisis.

The roads to and from the Hili land port are so dilapidated that goods-laden trucks often become victims of accidents, said Harun Ur Rashid, president of Hili Land Port Importers and Exporters Group.

Only a handful of items can be imported from India through the land port and most of them are duty-free, said Mostafizur Rahman, general secretary of the group.

The poor condition of the connecting roads and the banks' unwillingness to open LCs are pushing the traders to find other channels than the Hili port, which has played a big role in reducing the amount of the local port's revenue collection, said Jamil Hossain, general secretary of the C&F Agents Association of Hili Land Port.

AT A GLANCE

Demand for luxury and high-end cars fell **26%**

Monthly sales dropped to **635** units this year from **853** units

Price increased by **25%** to **30%**

MARKET SHARE

- Toyota Land Cruiser **60%**
- Mitsubishi Pajero **20%**
- Others **20%**

REASONS FOR SLOW DEMAND

- Increase of price
- Appreciation of US dollar
- Tendency to spend less amid economic crisis

POPULAR BRANDS

BMW, Audi, Mercedes-Benz, Lexus, Jaguar, Jeep, Tesla, Porsche, Range Rover, Toyota, Nissan and Mitsubishi



PHOTO: PALASH KHAN

High-end car sales in slow lane

Dollar crunch, austerity measures to blame; but BMW sees reverse

JAGARAN CHAKMA

Sales of sport utility vehicles (SUVs) and luxury cars are in the slow lane as the demand for high-end automobiles has fallen significantly amid the ongoing economic crisis, according to market players.

The government, businessmen and high officials of the corporate sector are the major clients of this segment of the vehicles but they are also spending less because of the surging prices of the vehicles resulting from a massive depreciation of the taka in the last one and a half years.

The austerity measures taken by the government also contributed to a decline in the sales of luxury cars.

SUV and luxury car sales slipped to 635 units per month since January this year compared to 853 units last year, as per data of the Bangladesh Road Transport Authority.

Market players say the demand for high-end automobiles is dominated by the Toyota Land Cruiser, which accounts for about 60 per cent of sales in the premium segment.

Meanwhile, the Mitsubishi Pajero is the second most popular model with a 20 per cent share.

Md Shafiqul Islam, head of operations at HNS Automobiles, said their SUV and luxury car sales have reduced by an average of 26 per cent year-on-year in the past eight months.

The company imports and retails reconditioned models of Japanese automobile brands.

"Even premium customers are not purchasing high-end cars considering the higher prices amid the liquidity squeeze," he added.

Islam said another reason for the lower sales is that in some cases, people are unable

to find their required model as imports have declined significantly for difficulties in opening LCs.

He also said car prices have increased by some 25 to 30 per cent as Bangladesh's taka was devalued by about 26 per cent against the US dollar due to shortages of the greenback over the past year.

Echoing the same, Safayet Bin Taiyab, country lead (sales) at Progress Motors Import Ltd, said they have been able to sell just six or seven units per month since November 2022, down from 12 units previously.

The government, businessmen and high officials of the corporate sector are the major clients of luxury vehicles but they are also tightening their belt because of surging prices

Imports by Progress Motors, the local distributor of German brand Audi, also declined due to difficulties in opening LCs. This includes having to deposit an extra 15 to 20 per cent security margin alongside 100 per cent advance payment against their purchase.

Additionally, the newly imposed carbon tax for people owning a second car has had a negative impact on premium customers and thereby reduced demand in the high-end segment, he said.

Redwanul Zia, chief executive officer at Rancon Motors Limited, the sole authorised distributor of Germany's Mercedes-Benz in Bangladesh, said their monthly sales have

declined by around 60 per cent.

According to him, they now sell two to three units per month while it was around eight units previously.

Zia pointed out that a Mercedes-Benz car currently costs Tk 50 lakh to Tk 60 lakh more than before due to inflation in Europe coupled with the devaluation of the local currency.

"So, these models have become more expensive and therefore less accessible for potential buyers," he said, adding that the high-end vehicle segment is in a tough situation due to the dull market.

On the other hand, sales of cars made by BMW, another German automobile company, increased by around 17 per cent over the past eight months as customers shifted away from other brands.

Executive Motors, a concern of Meghna Group, retails several models of BMW cars with prices ranging from Tk 90 lakh to Tk 4.20 crore.

Abdur Rahman, head of sales at Executive Motors, said they sell seven to eight units each month at present while the previous best was just six units.

With this backdrop, Executive Motors yesterday launched the highly anticipated BMW X1 model, which is a sports activity vehicle (SAV).

With a price of Tk 1.02 crore, the all-new BMW X1 is powered by a compact 1.5 litre engine featuring the company's twin power turbo technology in front-wheel drive.

The engine is paired to a seven-speed with double-clutch transmission, delivering 136 horsepower.

As such, the SAV accelerates from zero to 100 kilometres per hour (kmph) in just 9.2 seconds and reaches a maximum speed of 208 kmph.

Fiscal transparency in Bangladesh

MAMUN RASHID

Fiscal transparency can be defined as the wide availability and easy access of government financial information to encourage accountability and trust. It refers to the extent to which a government publishes and delivers accurate information about its financial activities and obligations.

Comprehensive budget documentation, public availability of financial information, clear and consistent accounting practices, and independent auditing are essential to improving fiscal transparency, promoting good governance and enabling informed decision-making.

In recent times, several initiatives have been undertaken to strengthen fiscal transparency in Bangladesh. In 2018, the Fiscal Responsibility and Debt Limitation Act was passed to promote fiscal discipline and transparency by setting limits to government borrowing and deficits.

The implementation of the Open Government Data portal to encourage citizens to monitor government spending and revenue generation, strengthening audit and oversight institutions, and enhanced reporting on development projects are some noteworthy initiatives in the right direction.

However, there are some areas where improvement is needed.

Lack of comprehensive and timely information about the budgetary process as well as inadequate information regarding the allocation of resources and objectives of spending have been persistent challenges in enhancing fiscal transparency.

According to the 2023 fiscal transparency report of the US State Department, Bangladesh's budget document is publicly available, contains reliable information, and provides a clear picture of planned revenue and expenditures. However, the end-of-year report was not public within a reasonable timeframe and budget documents were not prepared following international good practices and they lacked a breakdown of expenditure for executive offices.

While the law of Bangladesh specifies the criteria and procedures to be followed to award contracts for natural resource extraction, basic information on such awards has not been consistently made public.

The lack of transparency in awarding large and lucrative public sector contracts raises concerns among citizens and the international community regarding the possibility of such contracts not being awarded based on objectivity and fairness but rather based on undue influence, political pressure, and other unscrupulous means.

The existence of this kind of vagueness and obscurity in the government contract awarding process does not endow confidence and continues to only benefit those with corrupt motivations.

With questionable independence standards when compared to international practices, the effectiveness and reliability of external audits of financial statements have long been a concern. Moreover, the reports of the supreme audit institution of Bangladesh do not contain substantial findings and were not made public within a reasonable timeframe, according to the US State Department.

Strengthening systems for public expenditure management, increasing revenue transparency by providing clear and easier-to-understand information on tax policies, rates, and exemptions, enhancing transparency in public debt management, and increasing citizen engagement are some additional areas where improvement can be made.

A major deterrent to fiscal transparency is corruption as well as those influential officials who continue to indulge in corrupt practices. As a developing country with very limited resources, it is crucial for Bangladesh to create accountability of the government and foster trust between the public sector and the citizens.

Increased transparency in fiscal practices would contribute towards boosting investor confidence and attracting greater investment. It would also ensure equitable distribution of public benefits and improved public service delivery.

The author is an economic analyst

Meta's 'friendly' Threads collides with unfriendly internet

REUTERS, New York

Mark Zuckerberg has pitched Meta's Twitter copycat app, Threads, as a "friendly" refuge for public discourse online, framing it in sharp distinction to the more adversarial Twitter which is owned by billionaire Elon Musk.

"We are definitely focusing on kindness and making this a friendly place," Meta CEO Zuckerberg said on Wednesday, shortly after the service's launch.

ANALYSIS

Maintaining that idealistic vision for Threads - which attracted more than 70 million users in its first two days - is another story.

To be sure, Meta Platforms is no newbie at managing the rage-baiting, smut-posting internet hordes. The company said it would hold users of the new Threads app to the same rules it maintains on its photo and video sharing social media service, Instagram.

The Facebook and Instagram owner also has been actively embracing an algorithmic approach to serving up content, which gives it greater control over the type of fare that does well as it tries to steer more toward entertainment and away from news.

READ MORE ON B2



A 'Now Hiring' sign posted outside of a restaurant looking to hire workers on May 5 in Miami, Florida. Fewer new jobs have been created in the US than many had expected, meaning that the economy could be cooling down.

PHOTO: AFP

Hiring in US slows

AFP, Washington

Hiring in the United States slowed in June, the Labor Department said Friday, providing a much-needed signal that the American economy is cooling ahead of another interest rate decision later this month.

The figures came in below analysts' expectations, providing some respite for the US Federal Reserve as it mulls a return to interest rate hikes later this month to tackle inflation still well above its long-term target of two per cent.

The world's biggest economy added 209,000 jobs last month, down from a revised figure of 306,000 in May, the Labor Department said.

Meanwhile, the unemployment rate edged down to 3.6 per cent, remaining close to historic lows, underscoring the enduring strength of the labor market.