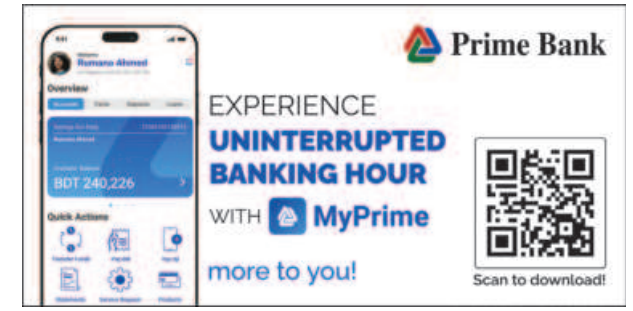
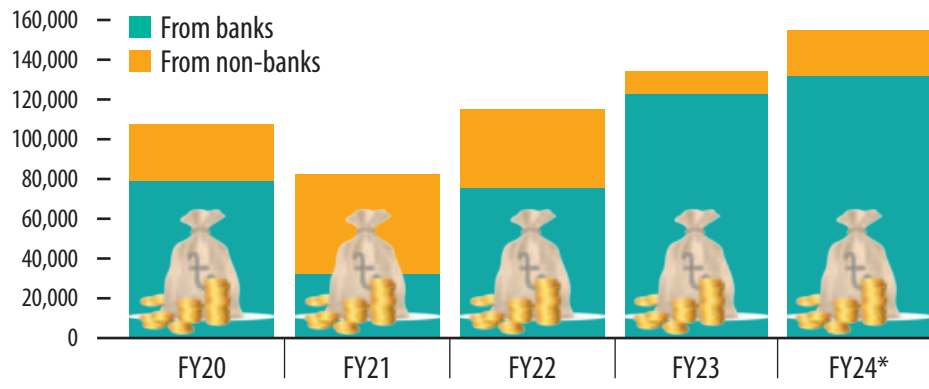


Star BUSINESS



GOVT BORROWING FROM DOMESTIC SOURCES

In crore taka; SOURCE: BB *Plan



Govt borrowing from domestic sources climbs 16%

STAR BUSINESS REPORT

The government's borrowing from domestic banks and non banking sources was 16 per cent higher in the just-concluded fiscal year as it had to rely on debts to finance public expenditures amid lower revenue collections.

The government took Tk 133,800 crore in loans from domestic sources in 2022-23, excluding the net sales of national savings certificates, according to data from the Bangladesh Bank. It was Tk 115,216 crore in 2021-22.

Of the sum, 73 per cent, or Tk 97,684 crore, came from the central bank in FY23, which may contribute to stoking inflationary pressures.

"This will create demand as the central bank is printing money to lend to the government. This fresh money is coming to the market. This will stoke inflation," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

If the government borrowed from banks, there would not have much effect on inflation, he said.

According to the economist, there is concern about the composition of debts.

"And the concern remains the same for the new fiscal year as the government keeps borrowing. The main reason is the failure to collect required amount of revenue. We are already seeing the consequence of that."

For the 11th consecutive year, the National Board of Revenue missed its tax target in FY23 in the face of slowing growth of collections amidst economic slowdowns and ambitious goals set by the government. The collection grew only 8 per cent in the year.

The government planned to borrow Tk 140,425 crore from domestic sources in FY23. And it managed to could keep debts within the plan although borrowing from the banking system exceeded its projection by 7 per cent year-on-year, BB data showed.

The government's debt from banks stood at around Tk 123,000 crore, up from Tk 115,425 crore. And in the first four days of the new fiscal year, it took Tk 3,538 crore as loans from banks.

READ MORE ON B3

Exports continue to depend on five key markets

MD ASADUZ ZAMAN

Five developed nations have continued to account for more than half of Bangladesh's export earnings, highlighting the country's narrow market base and the vulnerability it faces.

This also means Bangladesh's efforts aimed at diversifying exports in terms of both markets and products over the last decade have not brought about expected results.

The five countries – the United States, Germany, the United Kingdom, Spain and France – sourced products worth \$29 billion in the last fiscal year of 2022-23, making up more than 52 per cent of Bangladesh's annual receipts of \$55.56 billion, data from the Export Promotion Bureau showed.

The US led the pack with a 17 per cent share. Germany, the United Kingdom, Spain and France accounted for 12.74 per cent, 9.55 per cent, 6.62 per cent and 5.92 per cent of the earnings in FY23.

The five countries have been the top export destinations for Bangladesh for at least one decade, with their purchases making up about 50 per cent of the country's export receipts on average.

"Bangladesh's export market is still confined to a handful of countries and to some products such as readymade garments," said Muhammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, a think tank.

Due to a lack of diversification of products, the country has not been able to explore other markets. As a result, export earnings have not increased either, he said.

"Diversifying both markets and products simultaneously is challenging but we need to do that to ensure a sustainable journey of the economy."

READ MORE ON B2

SHARE OF TOP FIVE COUNTRIES

In %; Of FY23; SOURCE: EPB



EARNINGS FROM 5 COUNTRIES

\$29b (FY23)

TOTAL EXPORTS OF BANGLADESH

55.56 b (FY23)

EXPORT ITEMS

PRIMARY

Frozen and live fish, agricultural products

MANUFACTURED

Knitwear, woven garments, home textile, jute and jute goods, leather and leather goods, chemical products, handicraft, engineering products



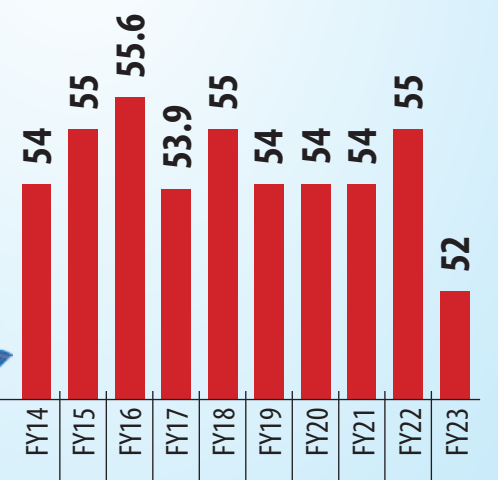
WHAT TO DO FOR MARKET DIVERSIFICATION

- » Revisit the trade policies
- » Explore new destinations
- » Prioritise products for exports
- » Give policy support

EXPORT EARNINGS FROM TOP 5 COUNTRIES

In % of total exports of Bangladesh

SOURCE: EPB



Bank Asia to invest in a digital bank

STAR BUSINESS REPORT

Bank Asia has decided to be a sponsor shareholder of a proposed digital bank by investing Tk 12.50 crore, said the private bank yesterday.

The board of directors of the bank approved a proposal in this regard.

The amount of investment is 10 per cent of the total paid-up capital of the digital bank, said the lender in a disclosure on the Dhaka Stock Exchange.

Shares of Bank Asia were unchanged at Tk 20.20 on the DSE yesterday.



"Our honourable board has expressed their keen interest to invest in the digital bank landscape as a sponsor shareholder aiming to bring more unbanked people into the banking network by boosting the ongoing financial inclusion initiatives across the country," Adil Chowdhury, president and managing director of the bank, told The Daily Star.

Bank Asia is 100 per cent committed to providing services to all segments of the society, including the marginalised people in rural and remotest parts of the country, Chowdhury said.

The Bangladesh Bank last month invited applications from entrepreneurs interested in establishing digital banks. It will accept applications until August 1.

On June 1, Finance Minister AHM Mustafa Kamal said a central bank committee was working to draw up strategies to broaden financial inclusion.

Investors willing to set up a digital bank will have to have a minimum paid-up capital of Tk 125 crore and the capital will have to come from sponsors.

New long-term USD loan facility for exporters, other firms

STAR BUSINESS REPORT

The central bank yesterday unveiled a long-term financing facility for private sector firms, mainly export-oriented manufacturers, to help them borrow in US dollars to purchase equipment and services needed to run sustainable operations.

Under the Bangladesh Bank-Long Term Financing Facility, the loan, which could be as high as \$10 million, will be offered in the US currency, according to a guideline.

Widespread opportunity for medium and longer term financing was inadequate in the country a decade ago and the constraint still persists.

And the financing of businesses for shorter-than-required tenure is creating a funding mismatch. As a result, the banking sector is finding it difficult to mitigate the long-term funding gap in both local and foreign currencies.

Recently, the BB completed the long-term financing facility (LTF) programme, which gave access to long-term funds in foreign currencies to capital-intensive manufacturing firms.



The success and popularity of the LTF prove that there exists a huge demand in the market for a sustainable longer-term credit facility, the guideline said.

So, the central bank has decided to continue providing long-term financing to private sector firms, mainly export-oriented manufacturing enterprises, so that they can adopt sustainable means of production and augment competitive advantage in the global value chains.

The financing will be given through banks, known as participating financial institutions,

authorised to deal with foreign exchange.

Among other qualifications, PFIs must have a minimum rating of three or better CAMELS ratings determined by the BB, must have less than 8 per cent non-performing loan, and meet the minimum regulatory capital adequacy requirement to be eligible to participate in the fund.

Problem banks or banks with large financial scams or those with an observer or coordinator placed by the central bank are ineligible, according to the guideline.

Refinancing from the fund against the loans that had been disbursed before January 1, 2021 will not be permissible.

A borrower can apply for BB-LTF for any amount not exceeding a maximum threshold limit of \$5 million through a single PFI and for any amount not exceeding a maximum threshold limit of \$10 million under syndicated financing through two or more PFIs.

The fund can be used to procure capital machinery, meet expenses related to their installation, and expand or set up new manufacturing industries.

READ MORE ON B3



A buyer is seen checking an umbrella at a market in Khulna city. The rainy season, which lasts from June to October in Bangladesh, is the peak sales season for umbrella makers in the country. The picture was taken recently.

PHOTO: HABIBUR RAHMAN

Bangladesh will again seek duty benefits in US

Ticfa meeting on Sep 11

REFAYET ULLAH MIRDHA

Bangladesh will again urge the US for duty-free access as the tariff imposed on exports from the country is one of the highest faced by goods entering the western nation, according to Senior Commerce Secretary Tapan Kanti Ghosh.

On Saturday, Ghosh told The Daily Star that he would raise this demand at the sixth edition of the Trade and Investment Cooperation Forum Agreement (Ticfa).

At the Ticfa, the United States Trade Representative may raise concerns on the condition of labour and intellectual property rights in Bangladesh

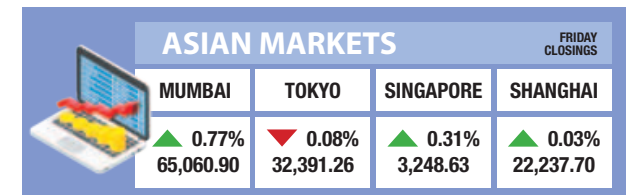
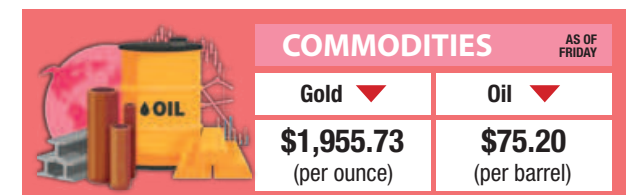
The two-day annual forum that aims to identify and address obstacles for increasing bilateral trade and investment between the two countries is set to kick off in Dhaka on September 11.

At the Ticfa, the United States Trade Representative (USTR), the chief trade negotiating body of the US, may raise concerns on the condition of labour and intellectual property rights in Bangladesh, among other trade related issues.

However, the main topic of discussion for Bangladesh will be about securing duty-free access or reduced tariff for exports to the US market, Ghosh added.

Exported goods, particularly garment items,

READ MORE ON B3



Bank Asia, BB hold training for SME entrepreneurs

STAR BUSINESS DESK

Bank Asia Limited, in association with Bangladesh Bank (BB), has organised a monthlong "Entrepreneurship Development Programme" for SME entrepreneurs in Cox's Bazar.

Md Nazrul Islam, additional director for the credit guarantee department of Bangladesh Bank, inaugurated the programme last week, said a press release.

M Eshamul Arephin, head of the Bank Asia Institute for Training & Development, presided over the programme, where Mohammad Jahid Iqbal, joint director of SME and special programmes department at the central bank, Nasim Ahmed, additional district commissioner in Cox's Bazar, and Abu Murshed Chowdhury, president of the Cox's Bazar Chamber of Commerce & Industry, were present.

The training programme is intended to develop new entrepreneurs with the required business skills so that they can contribute to the country's economic growth through facilitating employment generation.

The programme was funded by Asian Development Bank (ADB) and managed by the Skills for Employment Investment Programme (SEIP) of the SME and Special Programmes Department of the central bank.



Md Nazrul Islam, additional director for the credit guarantee department of Bangladesh Bank, poses for photographs with participating SME entrepreneurs of a training programme, styled "Entrepreneurship Development Programme", in Cox's Bazar last week. Among others, M Eshamul Arephin, head of the Bank Asia Institute for Training & Development, was present.

PHOTO: BANK ASIA



Md Jashim Uddin, chairman of Bengal Commercial Bank, raises the curtain to inaugurate the bank's 21st branch at Borogola in Bogura last week.

PHOTO: BENGAL COMMERCIAL BANK

Bengal Commercial Bank opens Borogola branch

STAR BUSINESS DESK

Bengal Commercial Bank recently opened its 21st branch at Borogola in Bogura.

Md Jashim Uddin, chairman of the bank, inaugurated the branch, said a press release.

Tarik Morshed, managing director and CEO of the bank, presided over the inaugural ceremony, where Prof Hosne-Ara Begum, founder executive director of Thengamara Mohila Sabuj Sangha, was present.

Other directors of the bank, high officials, clients, businessmen and local elites were also present.



Khairul Alam Choudhury, chairman of AB Bank, cuts a ribbon to inaugurate a sub-branch of the bank at Khan Jahan Shopping Complex on Sadar Road in Bhola recently.

PHOTO: AB BANK

Asian buyers dominate luxury auctions in first half of 2023

ANN/THE JAKARTA POST

Collectors from Asia contributed most to purchases at luxury auctions in the first half of the year, British auction house Christie's told a press briefing on Wednesday.

The region also contributed the lion's share of 38 per cent to the global luxury auction market, it said, followed by Europe, the Middle East and Africa (EMEA) at 34 per cent and the Americas making up the remaining 28 per cent.

Christie's luxury goods auction includes jewelry, timepieces and vintage clothing, with sales totaling US\$590 million in the first six months of 2023.

In terms of global sales from auctions and private purchases during the same period, however, share from Asia Pacific buyers contributed just 26 per cent of \$3.2 billion in total purchases, falling behind buyers from the Americas at 39 per cent and from EMEA at 35 per cent.

Meanwhile, overall global sales fell 23 per cent compared to the first half of 2022, according to the auction house.

It said spending among Asian consumers, particularly on jewelry in Hong Kong, was crucial in regaining market confidence. The 15.81-carat diamond called "The Sakura", for instance, brought in close to \$30 million in Hong Kong.

AB Bank opens sub-branch in Bhola

STAR BUSINESS DESK

AB Bank Ltd recently opened a sub-branch at Khan Jahan Shopping Complex on Sadar Road in Bhola Sadar.

Khairul Alam Choudhury, chairman of the bank, inaugurated the sub-branch, said a press release.

Swapan Kumar Das, executive director of Bangladesh Bank Barishal office, and Tarique Alzal, president and managing director of the bank, along with other directors of the lender were present.

Brac Bank signs deal with Westin, Sheraton Dhaka

STAR BUSINESS DESK

Brac Bank recently signed an employee banking agreement with The Westin Dhaka and Sheraton Dhaka, which are the prominent business entities of the Unique Hotel & Resort PLC in Bangladesh.

Md Mahiul Islam, head of retail banking of the bank, and Md Shakawath Hossain, chief executive officer of Unique Hotel and Resorts PLC, the owning company of The

Westin Dhaka and Sheraton Dhaka, inked the deal at The Westin Dhaka last week, said a press release.

Under this deal, employees of the hotels will enjoy a convenient and delightful banking experience, including salary account, multi-currency debit card, credit cards, loan facilities, deposit pension scheme, fixed deposit and a host of benefits and privileges of the Brac Bank employee banking proposition.

From The Westin Dhaka and

Sheraton Dhaka, Stephane Masse, general manager, Hassan Koubaissi, executive chef, and Subrata Sarkar, director of finance, along with their management team attended the programme.

Among others, Sheikh Mohammad Ashfaq, head of branches of the bank, Abu Sayem Ansari, head of premium banking, Borhan Uddin, cluster manager of distribution network, and AKM Shahadul Islam, head of employee banking, were present.



Md Mahiul Islam, head of retail banking of Brac Bank, and Md Shakawath Hossain, chief executive officer of Unique Hotel and Resorts PLC, owning company of The Westin Dhaka and Sheraton Dhaka, exchanged signed documents of an agreement at The Westin Dhaka last week.

PHOTO: BRAC BANK



Nazeem A Choudhury, deputy managing director of Prime Bank, and Md Saleudh Zaman Khan, managing director of NZ Tex Group, exchanged signed documents of an agreement on banking services at the latter's head office in Gulshan, Dhaka yesterday.

PHOTO: PRIME BANK

Prime Bank inks deal with NZ Tex Group

STAR BUSINESS DESK

Prime Bank Ltd and NZ Tex Group have signed a partnership agreement, enabling the latter's employees to avail special credit rates, loan facilities and other banking services.

Mamur Ahmed, head of consumer sales of the bank, and Md Saleudh Zaman Khan, managing director of NZ Tex Group, inked the deal at the latter's head office in Gulshan yesterday, said a press release.

"Providing customers with a more customised and need-based approach has been our strong suit and with NZ Tex Group as our partners, we want to craft the best benefits and services for their employees. We look forward to a great partnership," said Faisal Rahman, additional managing director of the bank.

Nazeem A Choudhury, deputy managing director of the bank, Sajid Rahman, area head for corporate and institutional banking, and SK Monirul Islam, director of NZ Tex Group, and Md Abi Abdulla Russell, group chief financial officer, along with other top officials from both organisations were present.

China economic recovery may fade quickly

REUTERS, Beijing

A flurry of economic data from China on Monday is expected to show its post-pandemic bounce is quickly fizzling out, raising expectations that Beijing needs to unveil more stimulus measures soon to shore up activity and shaky consumer confidence.

After a strong start to the year following the dismantling of tough Covid-19 measures, recent data have pointed to a sharp loss of economic momentum due to weak demand at home and abroad and a protracted slump in the country's property market, traditionally a significant growth driver.

The world's second-largest economy likely managed just 0.5 per cent growth in the second quarter compared with three months earlier, on a seasonally adjusted basis, according to economists polled by Reuters, with separate data for June expected to show industrial output, retail sales and investment continuing to cool.

Some economists have blamed the "scarring effects" caused by

years of strict Covid measures and regulatory curbs on the property and technology sectors — despite recent official efforts to reverse some curbs to support the economy.

With uncertainty running high, cautious households and private businesses are building up their savings and paying off their debts rather than making new purchases or investments. Youth unemployment has hit record highs.

Compared with a year earlier, gross domestic product (GDP) may have grown 7.3 per cent in April-June from a year earlier, compared with growth of 4.5 per cent in the first quarter, economist said.

However, that reading will be heavily skewed by a sharp slump in activity last spring, when parts of the country were in paralysing Covid-19 lockdowns.

Data on Thursday showed China's exports fell the most in three years in June, slumping a worse-than-expected 12.4 per cent year-on-year, as cooling global demand adds more stress on the economy.

UK signs up

FROM PAGE B4

It has been seen as a bulwark against Chinese dominance in the region, although Beijing has applied to join.

Badenoch said in an interview with Sky News that the deal showed the UK "looking outwards towards the world".

"We have a seat at the table in the fastest-growing region, countries are queuing up (to join)," she added.

"I'm really excited that we've brought home the biggest trade deal since we left the European Union."

London has been pushing a "Global Britain" strategy since formally severing nearly 50 years of ties with its nearest neighbours in the European Union three years ago.

Sunday's signing at a CPTPP meeting in Auckland was the formal confirmation of the agreement for UK membership after nearly two years of talks.

The government said it will cut tariffs for UK exports to CPTPP countries, which with UK membership will have a combined GDP of £12 trillion (\$15.7 trillion), and account for 15 per cent of global GDP.

It will give British businesses trade access to a market of more than 500 million people and access to the wider region, it added.

The agreement is expected to come into force in the second half of next year, after parliamentary scrutiny and legislation.

UK accession to the CPTPP — the successor to a previous trans-Pacific trade pact that the United States withdrew from in 2017 under president Donald Trump — has, however, been met with a mixed reception.

For Brexit supporters, it has been seen as a chance for the UK to join other trading blocs with faster-growing economies than those closer to home — and boost the country's international geopolitical and economic clout.

But critics say it will struggle to compensate for the economic damage sustained by leaving the 27-member EU — the world's largest trading bloc and collective economy.

Exports continue to depend

FROM PAGE B1

Razzaque thinks relying on a small basket of products and a small number of countries poses risks.

The economist explains that Germany, for example, is facing shocks due to recessionary effects and this may create an untoward situation for Bangladesh.

"The growth rate of Bangladesh's export has already slowed in the last six months."

Germany is the second-largest export destination of Bangladesh, taking in around \$37 billion worth of products in the last five fiscal years.

Razzaque said Bangladesh should retain the existing markets and explore new ones as local manufacturers have the capacity to supply goods.

India and China are two countries that can offer huge opportunities to Bangladesh thanks to their vast markets with around 2.8 billion people collectively.

India was the seventh-largest importer from Bangladesh in FY23 as it purchased products worth \$2.1 billion, up from \$1.7 billion a year ago.

"Bangladesh can intensify its efforts to explore export opportunity in the neighbouring markets through diversified products," the economist said.

Bangladesh lags far behind in the Chinese market.

Electrical and electronic products and leather and leather goods could help Bangladesh consolidate its share in the existing markets and reach new destinations, according to industry people.

"Vietnam has already captured a major share of the global market in the two segments over the years. Why should we then remain far behind?" Razzaque asked.

Bangladesh also has potential in agro products, shrimp, and non-leather footwear.

"If exporters can ensure supply quality agro-foods, it will bring huge success," said Razzaque, also the research director of the Policy Research Institute.

Towfiqul Islam Khan, a senior

research fellow at the Centre for Policy Dialogue, urged the government to revisit trade policies to allow manufacturers to explore market opportunities.

"We must find out new destinations while retaining existing markets," he said, adding that Latin American markets such as Mexico, Argentina and Brazil could be significant market for local exporters.

Khan thinks Bangladesh should think beyond RMG products, which currently account for nearly 85 per cent of national export earnings.

"We have to set our strategies to increase the shipment to new destinations."

Anwar-ul Alam Chowdhury, president of the Bangladesh Chamber of Industries, said Bangladesh is gradually raising its export share in the non-traditional markets.

For example, the export earnings have increased significantly in Japan and Australia over the last few years, he said.

Citing global fashion brands, the former president of the Bangladesh Garment Manufacturers and Exporters Association, says Bangladesh's future as a manufacturing hub is bright given its youth work force and the country's growing adoption of technologies.

"Bangladesh has to develop its market. If the government takes necessary steps, the export scenario will be better."

He, however, noted that consumption has decreased globally owing to higher inflationary pressures.

According to the World Bank, Bangladesh's progress towards upper-middle-income may waver without diversifying exports by increasing trade competitiveness.

Development of export infrastructure and negotiation of free trade agreements with main trading partners to provide a sustainable boost to exports of goods and services should be accompanied by further investment regime liberalisation and a reduction in tariffs, it said in April.

Tesla rolls out its first electric pickup

AFP, New York

US automaker Tesla on Saturday announced that its first electric pickup — a sleek-looking silver Cybertruck — had rolled off the assembly line at its huge plant near Austin, Texas.

"First Cybertruck built at Giga Texas!" says a tweet from the company, accompanied by a photo of the futuristic vehicle amid a sea of helmeted and yellow-vested Tesla workers.

Elon Musk, who owns both Tesla and Twitter, reposted the tweet with the comment "Congrats Tesla Team."

Tesla did not immediately respond to an AFP request for comment on Saturday. The company had promised in April that it would be rolling out the first Cybertrucks before the end of the year. Plans for the vehicle, with its silvery, tortoise-like shape and unusual angles, were first announced in November 2019.

Its original introduction went awry when Musk urged a Tesla employee to strike one of the prototype's windows with a hunk of steel to show its solidity. The window broke — drawing a laugh and a curse word from Musk — as did a second window on an ensuing attempt.



Wooden boats ready for sale are seen docked at Atghor Kuriana, a weekly market in Nesarabad upazila of Pirojpur. Mainly used for fishing in marshlands, these boats sell for up to Tk 6,000 per unit depending on the wood used. The picture was taken recently.

PHOTO: KM HABIBUR RAHMAN

Airlines grapple with rise in turbulent passengers

AFP, Paris

Viral videos of vulgar, intoxicated and violent airplane passengers have become common, but it is not just a social media trend: statistics confirm cases are on the rise.

The surge in incidents comes as the aviation industry is bouncing back from the Covid pandemic, with airlines expecting to fly a near-record 4.35 billion passengers this year.

According to the airline industry trade group IATA, one in every 568 flights had an incident linked to an unruly passenger in 2022, compared to one flight in 835 flights in 2021.

"Although non-compliance incidents initially fell after the mask mandates were removed on most flights, the frequency began to rise again throughout 2022 and ended the year some 37 per cent up on 2021," IATA said recently.

The most common incidents involved passengers smoking or vaping in the cabin or toilet, refusing to buckle their seatbelt, failing to respect baggage limits and storage instructions and consumption of their own alcohol on board.

While incidents of physical

aggression remain rare — only one flight in 17,200 in 2022 — that represents a 61 per cent jump from the previous year.

The United States saw a tenfold rise in violent incidents from 2017 to 2021 to 6,000, with the politicisation of mask wearing during the pandemic responsible for many confrontations.

"This was a crazy time, people did a lot of strange things," said JetBlue CEO Robin Hayes.

"That has come back down a lot since the masking levels went away, it's still slightly elevated compared to 2019 but it's largely back to normal," he added.

But Federal Aviation Administration data shows that in the first half of this year, incidents were nearly double the pre-pandemic rate. And this is despite the FAA's "zero tolerance" policy towards unruly passengers, imposing \$8.4 million in fines last year on passengers, who sometimes risked criminal prosecution as well.

For the European Aviation Safety Agency, the rate of incidents has fallen since peaking in the pandemic, but the seriousness of the issues "seems to have increased considerably".

Droughts hamper boat business

KM HABIBUR RAHMAN, Pirojpur

The lack of rain amid recurring heatwaves is hampering the wooden boat business in parts of Bangladesh as many inland waterbodies, such as canals and marshlands, have all but dried up.

The crisis is particularly acute at Atghor Kuriana, a market that opens twice weekly on Friday and Monday, in Nesarabad upazila of Pirojpur.

"We use boats to fish in marshlands but the water level is too low this year," said Abdul Hai, a local who went to the market to buy a boat.

"We use boats to fish in marshlands but the water level is too low this year," said Abdul Hai, a local who went to the market to buy a boat.

Other than people in Nesarabad upazila, many residents of Banaripara upazila in Barishal and Jhalakathi sadar upazila come to the market for buying boats.

Besides fishing, the vessels are used for

collecting cattle fodder, such as water hyacinth, moving from one place to another, and collecting guava and hog plums from orchards.

A boat purchased from the market can last up to three years depending on the quality of wood used. Boat builders typically use mahogany, raintree and teak among other varieties.

Each boat sells for between Tk 2,500 and Tk 6,000 depending on its make. Also, paddles, rudders and other components are sold for Tk 150 to Tk 300.

Additionally, second-hand boats are available for prices lower than Tk 2,000 per unit.

Local traders believe sales would improve if water levels start rising.

However, the business may recover without the need for continuous rainfall as the guava harvesting season will begin within the next few weeks, according to trader Kamrul Hasan.

This is because boats are the only means of harvesting guava and carrying them to the nearby floating markets for sale, he said.

Abdur Rahim, the lessee of Atghor Kuriana, said they currently sell around 100 boats each week compared to 300 units previously.

"We expect the situation to change within a month," he added.

Moody's updates City Bank's outlook

STAR BUSINESS DESK

Moody's Investors Service has released its latest credit opinion on City Bank, recognising its average profitability, and modest asset quality and capitalisation, which are balanced by its stable liquidity and improving deposit franchise.

City Bank has been affirmed issuer rating of B2 with a stable outlook, which reflects its moderate probability of support from the government of Bangladesh (B1 stable) and the bank's expected stability of credit fundamentals as gradual improvements in funding conditions balance rising asset risks, said a press release.

Superior strength on consumer banking and credit card segments and access to development funds from development financiers are recognised as credit strengths of the bank.

However, modest asset quality because of risks in rescheduled and restructured loans and moderate capitalisation strength have taken a toll on some of the key parameters of the rating, it said.

China to have world's biggest film market by 2025

ANN/ THE CHINA DAILY

China's film market, once affected by the Covid-19 pandemic, will rally in 2023, and take the lead in the world by 2025, according to a report released by global auditing and consultancy firm PwC last week.

In 2027, the country's movie box office revenue could hit \$13.2 billion, accounting for 27 percent of the global market, according to the report titled Global Entertainment and Media Outlook 2023-2027.



The report also estimated that the total revenue of China's entertainment and media industry will reach approximately \$479.9 billion by 2027, and the compound annual growth rate over the next five years will stand at 6.1 per cent, higher than the global rate of 3.5 per cent.

By 2027, the size of China's internet advertising market will reach \$146.4 billion, with a compound annual growth rate of 9 per cent, according to PwC.

China has already become the biggest video games and electronic sports market in the world, said the PwC, adding that the income of the industry will reach \$115.5 billion in 2027.

Bangladesh will again seek duty benefits

FROM PAGE B1

currently face 15.62 per cent duty when shipped to the US.

Ghosh said Bangladesh has already withdrawn the rule requiring double fumigation of US cotton, which was a long-time demand of the American government.

So, Bangladesh will now raise the issue of being granted duty-free access at the Tifca meeting.

The fifth round of the Tifca meeting was held in America's Washington in December last year.

The meeting was co-chaired by Christopher Wilson, assistant trade representative of the USTR for south and central Asian affairs, and Tapan Kanti Ghosh, senior secretary of the commerce ministry, according to a statement from the USTR.

Both delegations included officials from trade, labour, agriculture, and other relevant ministries, as per a statement from the USTR.

During the meeting, the US and Bangladesh discussed a range of issues impacting bilateral trade, including market access for agricultural products, labour rights,

digital trade policies, intellectual property protection, and policies impacting the investment climate.

The two countries stressed the importance of their strong economic and trade relationship, with the countries having surpassed \$10 billion in two-way trade in 2021.

At the fifth Tifca meeting, the US and Bangladesh made progress in reducing barriers to market access for certain agricultural products. They also discussed ways to further facilitate bilateral trade in food and agricultural products through the use of science and risk-based policies that ensure safe goods.

In addition, both sides affirmed the importance of Bangladesh's efforts to reform its labour laws and discussed the country's interest in restoring its beneficiary status under the generalised system of preferences of the US.

Consistent with the Biden administration's focus on worker-centric trade policies, the US highlighted its priorities in implementing and enforcing labour laws to protect workers'

rights to freedom of association and collective bargaining, and to a safe and healthy workplace, the USTR said.

The US emphasised greater alignment between Bangladesh's domestic labour laws and international labour standards, in particular by extending fundamental rights of freedom of association and collective bargaining to the export processing zones and special economic zones.

Bangladesh and the US had signed the Tifca in November in 2013 to resolve different trade related issues through bilateral discussions.

The global economic slowdown stemming from the Covid-19 fallout and the ongoing Russia-Ukraine war reduced merchandise shipments from Bangladesh to the US in the just-concluded fiscal year.

As such, shipments to the country's largest export destination slipped 6.82 per cent to \$9.70 billion in fiscal 2022-23 compared to \$10.41 billion the year prior, as per data from the Export Promotion Bureau.

to avoid increased debt servicing.

"By borrowing from the central bank, it will pay a low interest rate. And ultimately, the cost of loan will be zero as the earnings of the central bank will go to the state coffers."

On the other hand, if the government borrows from banks, it would require to pay a higher interest rate and the overall interest rate in the market would go up that would affect businesses.

"It appears that the government is not willing to dishearten businesses. But the irony is that it is the common people who will pay for higher inflation."

New long-term USD loan facility for exporters

FROM PAGE B1

The purchase of ocean going vessels and specialised transport vehicles supporting the transportation of goods manufactured in the country and establishing businesses that comply with environmental and social standards will be facilitated.

Financing will not be provided to any loans that result in direct economic, social or environmental impacts through land acquisition, involuntary resettlement, impact on

indigenous people, and loss of income sources or means of livelihood.

The maturity of the loans will be three to 10 years, including the grace period. The grace period will be determined by PFIs based on the projected timing of the cash inflows of individual projects.

The grace period will not be more than one year.

An indicative pricing range of 180-day average SOFR plus 0.25 to 1.25 per cent would be applicable to the PFIs.

The Secured Overnight Financing Rate (SOFR) is a benchmark interest rate for dollar-denominated derivatives and loans that replaced the London Interbank Offered Rate.

PFIs will determine their own loan interest rates to borrowers considering their cost of borrowing and operational expenses, plus a reasonable risk-adjusted spread and profit margin to be in the range of 1 per cent to 2 per cent above the cost of funds.

Govt borrowing

FROM PAGE B1

Fahmida Khatun, executive director of the Centre for Policy Dialogue, said the continued borrowing shows that the government's fiscal space is shrinking.

Fiscal space refers to the financial resources available to a government for policy initiatives through the budget and related decisions.

"The government's fiscal position is strained and it appears that it has no alternative but to borrow," she said, adding that the government would require an increased amount of fund in 2023-24 since the size of the national budget has increased.

The government plans to borrow about Tk 258,000 crore from local and foreign sources in FY24 to implement the Tk 761,785 crore national budget.

Of the amount, it wants to secure 60 per cent from domestic sources, mainly banks.

Fahmida said banks are already in liquidity stress and high borrowing from the sector might affect the credit flow to the private sector and investments.

Mansur, also a former economist at the International Monetary Fund, said the government might borrow a higher amount from the central bank to finance the budget in order

HBL HABIB BANK
হাবিব ব্যাংক

CREDIT RATING REPORT

RATING MODE	LONG TERM	SHORT TERM
Surveillance rating-2023	AA-	ST-2
Surveillance rating-2022	A+	ST-2
Outlook	Stable	
Date of Rating	June 20, 2023	
Valid up to	June 19, 2024	

CRISL has assigned Long Term rating of "AA-" (pronounced as double A minus) and reaffirmed "ST-2" rating in the Short Term to Habib Bank Limited-Bangladesh operations (HBL Bangladesh). The above ratings have been assigned after an in-depth analysis of the operational and financial performance of the bank up to December 31, 2022 and March 31, 2023 along with all its relevant quantitative factors up to the date of the rating.

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Imported stone being crushed right next to the Burimari land port in Lalmonirhat for the availability of cheap labour and easy transportation of the chips to markets around the country. The photo was taken recently.

PHOTO: S DILIP RO

Construction aggregate market grows sevenfold in a decade

JAGARAN CHAKMA

The sale of construction aggregates is growing steadily in Bangladesh in tune with increasing infrastructure development and economic activities, according to industry insiders.

Aggregates are a broad category of coarse particulate material including sand, gravel, crushed stone, slag, recycled concrete and geo-synthetic aggregates commonly used in construction projects for various purposes such as concrete production, road construction, and building foundations.

The country is fully dependent on the import of aggregates from Nepal, India, Bhutan, Indonesia and the Middle East.

According to the industry insiders, the country currently needs around seven crore tonnes of aggregates per year worth around Tk 35,000 crore.

It was at best Tk 5,000 crore prior to 2010, they said. This has prompted big corporations to enter what was mostly an informal market.

Use of natural aggregates increased last year and demand is mostly met with imports from Oman and Dubai, said Md Shamsul Hoque, physical infrastructure specialist and a civil engineering professor at the Bangladesh University of Engineering Technology.

Previously the demand was low and met with stone extracted locally, including from Sylhet and Chittagong Hill Tracts, he added.



"The lifecycle benefit of natural aggregate is higher than artificial one which people of Bangladesh can quite understand," he said.

According to him, the longevity of infrastructure made with natural aggregates is around 100 years whereas artificial aggregates only provide a temporary solution.

During the past decade, a huge amount of deployment work has been carried out which created a demand for natural aggregates as a part of a shift towards sustainable development, he said.

"Aggregates are more sustainable than the traditional brick chips because of their strength, durability and

workability," said Thuhidul Islam, head of communications, LafargeHolcim Bangladesh Ltd.

"The demand for aggregates is on the rise as developers and individual house builders are now focusing on the longevity of their buildings and other construction," he said.

LafargeHolcim commenced its aggregates business in 2021, he said.

Crown Cement PLC started supplying stone chips for government projects and the private sector around two years ago, said the company secretary, Md Mozharul Islam.

Use of stone chips has diversified from road and bridge construction such as for the construction of buildings for

the need for sustainability, he said.

According to him, the demand of aggregates is increasing with economic growth and heightened awareness about the environment and longevity of infrastructure.

Meanwhile, Shah Cement Industries Limited plans to enter the business next year, said a senior official.

"We just started using aggregates for construction of buildings and other infrastructure while developed countries started using aggregates a long time ago," said FR Khan, managing director of bti, one of the top developers in the country.

"For this reason, the demand for aggregates is increasing," he said.

As Bangladesh is prone to heavy rains during the monsoons, it is better to use stone chips rather than those of bricks, at least for the roof of buildings, he said.

Buildings built using stone chips on low-lying land do not suffer any damage from water inundation, he said.

In spite of the price difference, stone chips provide long-term benefits for being a natural product, he added.

Demand for stone chips has been increasing by around 8 per cent to 10 per cent annually over the past decade as people want their buildings to last longer, said Khandoker Kingshuk Hossain, chief marketing officer of Bashundhara Cement.

The company supplies stone chips through a ready-mix concrete, he added.

Digital refinance scheme's fund raised to Tk 500cr

STAR BUSINESS REPORT

Bangladesh Bank has raised the fund for the digital refinance scheme to Tk 500 crore from Tk 100 crore, dedicated for disbursement of "digital nano loan" among marginalised people.

The decision was taken to increase financial inclusion of marginalised people amid the growing demand for digital nano loans in the country, the central bank said in a circular yesterday.

The other purposes of the fund are to encourage and habituate marginalised people to do digital transaction, and enhance the progress of building "Smart Bangladesh", it added.

The Tk 100 crore refinance scheme was introduced on July 2 last year.

Participating banks of the refinance scheme will be able to disburse loans amounting to Tk 50,000 to individual customers with up to 9 per cent interest under the scheme.

The loans have to be disbursed entirely digitally by using internet banking, mobile apps, mobile financial services, or e-wallet services, according to the central bank.

Trust Bank's profit jumps

STAR BUSINESS REPORT

Profits of Trust Bank rose sharply in the April-June period of the current calendar year, owing to higher income.

The lender registered profits of Tk 110.6 crore in the second quarter of 2023 while it was Tk 72.7 crore during the same period of the previous year, according to the company's quarterly financial report.

At the same time, the bank's earnings per share rose to Tk 1.42 from Tk 0.94.

Established in 1999, Trust Bank saw its profits drop 72 per cent year-on-year to Tk 23 crore in the first quarter (January-March) of 2023.

Profits plunged in that quarter mainly due to lower net interest income and higher provisioning, it said. The bank's net asset value per share stood at Tk 27.57 by the end of the first half of the year while it was Tk 25.92 by the end of 2022.

Overall, Trust Bank recorded profits of Tk 133.69 crore in the past six months compared to Tk 157 crore in the same period of the previous year.

The lender provided 10 per cent cash and 10 per cent stock dividends for 2022.

Stocks of Trust Bank closed at Tk 31.70 at the Dhaka Stock Exchange yesterday.

Xiaomi bets bigger on India retail stores

REUTERS, New Delhi

China's Xiaomi will focus on boosting its India sales from retail outlets after years of big bets on e-commerce, its India president said, as the company seeks to revive smartphone sales after falling behind South Korea's Samsung.

E-commerce sales in India via Amazon and Walmart's Flipkart have surged in recent years, helping Xiaomi and others expand in one of the world's fastest-growing markets, with 600 million smartphone users. But while 44 per cent of India's smartphones sales are now online, the brick-and-mortar segment remains the bigger play and Xiaomi expects it to grow further.

"Our market position in offline is substantially lower than what it is online," Xiaomi's India head, Muralikrishnan B, said in an interview on Friday. "Offline is where you have other competitors who have been executing fairly well and have a larger market share."

Just 34 per cent of Xiaomi's India unit sales this year have come from retail stores, with the rest through websites that have long been its dominant sales generator, data from Hong Kong-based Counterpoint Research shows. Samsung, in contrast, gets 57 per cent of its sales from stores.

Twitter has lost half its ad revenue Musk says

AFP, New York

Twitter owner Elon Musk said Saturday that the social media platform he bought for \$44 billion last October has lost roughly half of its advertising revenue.

"We're still negative cash flow, due to -50 per cent drop in advertising revenue plus heavy debt load," the billionaire said in a post, responding to a user who was giving suggestions on financing for the platform.

"Need to reach positive cash flow before we have the luxury of anything else," he added, without further elaboration.

Insider Intelligence has reported that Twitter was set to earn less than \$3 billion in 2023, down one-third from 2022.

Changes instituted by Musk since his takeover of Twitter have turned off users and advertisers alike.

Earlier this month, Musk announced that Twitter was limiting verified accounts to reading 10,000 tweets a day.

Non-verified users - the free accounts that make up the majority of users - are limited to reading 1,000 tweets per day. New unverified accounts would be limited to 500 tweets.

A few days later Twitter said TweetDeck, a popular program that allows users to monitor several accounts at once, will be available only to "verified" users from next month.

The changes came as Threads, an app launched by Facebook parent Meta as a rival to Twitter, signed up more than 100 million users in its first five days.

Twitter is thought to have around 200 million regular users but it has suffered repeated technical failures since Musk bought the platform and sacked thousands of staff.

Musk has threatened to sue Meta for stealing trade secrets and intellectual property, claims denied by the company.



Bank buildings are seen in Canary Wharf financial district in London. London has been pushing a "Global Britain" strategy since formally severing nearly 50 years of ties with its nearest neighbours in the European Union three years ago.

PHOTO: AFP/FILE

UK signs up to trans-Pacific trading bloc

AFP, London

The UK government on Sunday hailed what it said was its biggest trade deal since Brexit, as it formally signed a treaty to join a major Indo-Pacific bloc.

Business and Trade Secretary Kemi Badenoch signed the accession protocol for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in New Zealand.

It makes the United Kingdom the first new member and first European nation to join the bloc since it was created in 2018.

The CPTPP comprises the UK's fellow G7 members Canada and Japan, plus long-standing allies Australia and New Zealand, alongside Brunei, Chile, Malaysia, Mexico, Peru, Singapore and Vietnam.

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