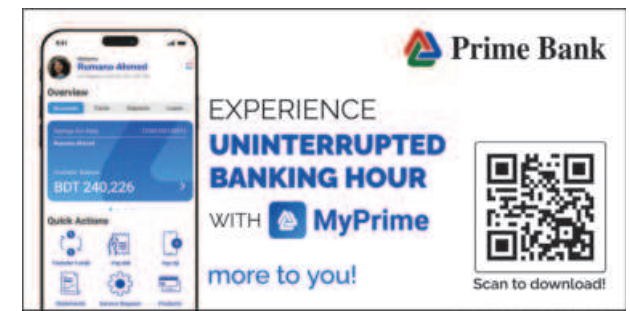


Star BUSINESS



PARTNERSHIP DEAL

Japanese minister to arrive next week for discussion

REFAYET ULLAH MIRDHA

Bangladesh and Japan will soon discuss the findings of a joint study on signing the proposed Economic Partnership Agreement (EPA) for furthering trade and investment between the two countries.

Yasutoshi Nishimura, the minister for economy, trade and industry of Japan, is scheduled to visit Dhaka on July 23, according to Yuji Ando, country representative of the Japan External Trade Organization (Jetro).

During his visit, Nishimura will participate in a business summit on Bangladesh-Japan trade, to be held at the Sonargaon Hotel in Dhaka.

Besides, he will meet Commerce Minister Tipu

During his visit, Nishimura will participate in a business summit on Bangladesh-Japan trade to be held in Dhaka

Munshi to hold talks on the joint study, which was launched in December last year, Ando said.

The EPA covers not only tariff rates, but also trade and investment components.

In April, the two countries signed a memorandum of understanding on the proposed EPA during the visit of Prime Minister Sheikh Hasina to Japan.

Formal negotiations on the EPA will start after finalisation of the joint study.

Nishimura is also scheduled to hold meetings with members of the Japanese Commerce and Industry Association in

READ MORE ON B3

AT A GLANCE

Bangladesh's exports to India stood at \$2b in FY23

Official import from India was \$18b in FY23

Bangladesh, India began trade in rupee from July 11

Bangladesh is the 19th country to trade in rupee

RECOMMENDATIONS

Reduce trade imbalance by increasing export to India

New line of credit from India should be made available in rupee

LIMITATIONS

Trade in rupee would be equivalent to only Bangladesh's export amount

BANKS IN BANGLADESH PART

Sonali Bank, Eastern Bank, SBI Bangladesh

BENEFITS FOR BANGLADESH

Trade settlement time will come down

Exchange conversion cost will be lower

Export to India may rise

Pressure on forex reserve may ease slightly in the long run

PROCESS OF TRANSACTION

Bangladeshi banks will open nostro accounts with Indian banks

Proceeds from Bangladesh's exports will be deposited in the nostro accounts in rupee

For import from India, LCs will be opened in Bangladeshi banks

Import payment will be made in rupee from the balance amount in the nostro accounts

BANKS IN INDIAN PART

ICICI Bank, SBI

BENEFITS FOR INDIA

Net demand for US dollar will fall

Rupee's acceptability will expand

Trade with Bangladesh will be easier

TRADE WITH INDIA IN RUPEE

How much will Bangladesh benefit?

AHSAN HABIB

Bangladesh and India began settling cross-border trades in the Indian rupee (INR) last week, a development that has been hailed as a landmark for the growing bilateral commerce in general and for Bangladesh in particular.

Initially, the scope of making import payments would be limited to the equivalent of Bangladesh's export earnings of around \$2 billion from India.

This means it might not immediately give a boost to Bangladesh's foreign currency reserve, whose level fell by about 30 per cent in the past one year owing to higher import bills against lower-than-expected export and remittance earnings.

As per new arrangements, Bangladeshi exporters will receive their proceeds in the rupee in the

nostro accounts opened with ICICI Bank and State Bank of India (SBI). The proceeds will be used to facilitate Bangladesh's import transactions with India.

Trade analysts describe the move as a welcome step, saying it would deepen trade ties between the two neighbours, reduce dependency on the US dollar, and cut the cost of business.

"Bangladesh has found a new currency to settle international

trades and this will bring benefit in the future," said Ahsan H Mansur, a noted economist.

Before the addition of the rupee to the list of currencies used to carry out cross-border trades, Bangladesh settled trades in the US dollar, the pound sterling, and the euro, with the American greenback dominating.

Mansur said the addition of the rupee will bring no major benefits immediately, especially

when it comes to alleviating the pressure on the reserve.

"This is because Bangladesh will receive rupees instead of US dollars against export proceeds since India will make payments in their currency to settle imports as well."

The trading arrangement will be beneficial for the businesses that import from India and export to the country. Besides, trade costs will be lower for them, said Mansur.

Mansur, also the executive director of the Policy Research Institute of Bangladesh, a private think-tank, however, says local businesses may attract more customers which will raise Bangladesh's exports to India.

Bangladesh's scope to open letters of credit has been squeezed to some extent owing to the fall in the forex reserve.

READ MORE ON B2

Internet banking transactions hit nearly Tk 50,000cr

SOHEL PARVEZ

Internet banking transactions reached a record high amount of nearly Tk 50,000 crore in May, signifying the enhanced cost and time savings and convenience enabled over visits to brick-and-mortar branches for a growing number of bank account holders.

The transactions soared 142 per cent year-on-year to Tk 49,930 crore, showed the latest Bangladesh Bank (BB) data.

On a month-on-month basis, it was a growth of 12 per cent.

This is also threefold the amount recorded in the whole of fiscal year 2014-15.

The all-time high also reflects customers increasingly switching to electronic fund transfers and banks focusing investments on developing technology to provide faster and hassle-free services.

"We see a spectacular increase in internet banking because it helps people do banking staying at home," said Md Mezbaul Haque, executive director of the BB.

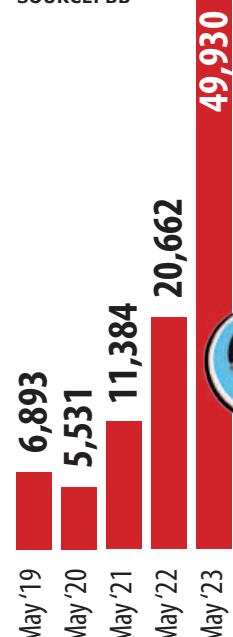
"We are promoting digital transactions and banks are also showing interest as going electronic is cheaper than conducting transactions through ATMs," he said.

"Many banks did not have any mobile app. Now more than 40 banks have apps to facilitate customers in carrying out banking digitally," he added.

TREND OF INTERNET BANKING TRANSACTION

In crore taka;

SOURCE: BB



Now customer literacy and awareness are needed as people are showing interest and banks are promoting electronic banking, said Haque.

To encourage digital banking, the central bank has extended regulatory support from time to time by increasing transaction limits for clients.

The rollout of Bangladesh Real Time Gross Settlement (BD-RTGS) and Bangladesh Electronic Funds Transfer Network (BEFTN) by the BB and increased use of smartphones also helped popularise digital banking, said bankers earlier.

There has been a massive growth in utility bill payments and

mobile top-ups through digital banking, said Mohammad Ali, managing director and CEO of Pubali Bank Ltd.

"Paying utility bills was a hassle. Now many people pay bills through mobile financial services by transferring money from their bank accounts," he said.

READ MORE ON B3

Bad news for wheat market as Russia pulls out of grain deal

SUKANTA HALDER and MOHAMMAD SUMAN

Bangladesh's wheat market may see fresh volatility after Russia pulled out of a United Nations and Turkey-brokered deal that could turn the global grain market unstable, importers warn.

Yesterday, importers called the development a matter of concern for Bangladesh. Russia and Ukraine meet 40 per cent of the country's wheat demand.

Russia has informed the UN, Turkey and Ukraine that it will not renew the deal, which allowed Ukraine to export grain through the Black Sea.

Abul Bashar Chowdhury, chairman of BSM Group, said the market condition will worsen in the coming days

The deal, which was reached in July and was renewed every two months, aimed to alleviate a global food crisis by allowing Ukrainian grain blocked by the Russia-Ukraine conflict to be exported safely. The deal expired on Monday.

The latest move comes after Russia had been saying for months that conditions for its extension had not been fulfilled.

"In fact, the Black Sea agreements ceased to be valid today (Monday)," said Kremlin spokesman Dmitry Peskov, according to Reuters.

"Unfortunately, the part of these Black Sea agreements concerning Russia has not been implemented so far, so its effect is terminated."

Due to the suspension of the deal, the price of wheat increased by \$10 to \$15 per tonne in international markets yesterday, said Md Aminul Islam, managing director of Nabil Group, one of the largest importers of wheat.

READ MORE ON B3

| STOCKS | |
|----------|-----------|
| DSEX ▼ | CASPI ▼ |
| 0.09% | 0.03% |
| 6,361.16 | 18,784.66 |

| COMMODITIES | |
|-------------|--------------|
| Gold ▼ | Oil ▼ |
| \$1,951.77 | \$75.00 |
| (per ounce) | (per barrel) |

| ASIAN MARKETS | | | |
|---------------|-----------|-----------|----------|
| MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
| ▲ 0.80% | ▼ 0.08% | ▲ 0.18% | ▼ 0.87% |
| 66,589.93 | 32,391.26 | 3,254.43 | 3,209.63 |

18

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Although Dhakai Muslin, black tiger shrimp, Fazli mango, Hilsa fish and other items have been added to the list of GI products in Bangladesh, exports are yet to pick up in absence of proper marketing and overall planning.

PHOTO: STAR/FILE

Businesspeople unable to benefit from GI products

Lack of marketing to blame, experts say

SUKANTA HALDER and ABRAR HOSSAIN

Although Bangladesh has secured geographical indication (GI) status for 15 products so far, local businesspeople have yet to benefit in absence of global demand for these goods, according to experts.

A major reason for their failure to take advantage of the certification is that there is a lack of adequate marketing for the country's GI products.

Besides, the export capacity of those who produce GI products should be enhanced through financial support, they told The Daily Star.

Products are granted the GI tag when they have unique characteristics that help identify their country of origin for being definable by the materials, climate and culture with which they were made.

This in effect highlights the traditions and reputation of products made within a particular area or country, helping fetch higher prices compared to similar products manufactured elsewhere.

And as a branch of intellectual property rights, the GI tag ensures that marketing rights and legal protection is reserved for the origin countries of certified products.

This recognition is provided by the Department of Patents, Designs and Trademarks (DPDT) of the industries ministry in accordance with rules set by the World Intellectual Property Organization.

The Geographical Indication (Registration and Protection) Act 2013 aims to grant intellectual property

protection for goods made using the ingenuity and traditional knowledge of local producers.

And although the country's 15 GI products have export potential, they are not seeing adequate global demand for the lack of proper marketing, such as trade missions abroad.

The Bangladesh Small and Cottage Industries Corporation (BSCIC) had applied to the DPDT for securing GI certification for Jamdani, a fine muslin textile mostly used for making saris, on September 1, 2015.

Jamdani, which has been produced for centuries in Narayanganj, then became the country's first GI certified product in 2016.

Then in 2019, the BSCIC applied for GI certification of Shataranji, a traditional fabric native to Rangpur. The product was finally granted GI status in 2021.

Akhil Ranjan Tarafder, general manager for marketing at the BSCIC, said neither GI tagged Jamdani or Shataranji products have been exported as of yet.

And while it has not been decided who will approve the GI tags to be used by exporters, an initiative of the DPDT has developed packets bearing the certification for Shataranji.

Hilsa fish received GI recognition in 2017 following an application from the Department of Fisheries.

In May 2019, the same agency had applied to the DPDT for GI certification of black tiger shrimp, which secured the status later in 2022.

"As far as I know, no business has been able to export hilsa or black tiger shrimp with the GI tag," said KH Mahbulul Haque, director general of the Department of Fisheries.

Citing how not a single business has contacted them regarding the issue, Haque said the government supports entrepreneurs through policies but it is up to them to do the rest.

Export capacity of those who produce GI products should be enhanced through financial support, experts say

Meanwhile, the Bangladesh Handloom Board got GI recognition for Dhakai Muslin in 2020.

And while commercial production of the fabric is yet to start, work is ongoing to handover the required technology to the private sector, said Ayub Ali, chief of planning and implementation at the BHB.

"Commercial benefits will be available for GI products when production starts in the private sector as there is a lot of demand for muslin in the international market," he added.

In May 2022, Chapainawabganj and Rajshahi registered themselves as producing regions of Fazli mango, meaning that the two northern districts

can use the GI tag on the fruit.

The Rajshahi Fruit Research Station and Chapainawabganj Krishi Association had both applied for the registration in March 2017.

Shafiqul Islam, principal scientific officer of the Rajshahi Fruit Research Station, and Munjer Alam, secretary, said not a single GI tagged Fazli mango has been exported as of yet.

Mokhlesur Rahman, chief scientific officer of the Regional Horticulture Research Centre in Chapainawabganj, said they applied for granting GI status to the Ashwina and Langra varieties in 2017.

However, the two types of mango were only recognised as GI products in the first week of July this year.

Rahman added that he is not aware if they have received any orders for these mangoes with the GI tag.

Khondoker Mostafizur Rahman, director general of the DPDT, said commercialisation activities for the country's GI products are in the early stages.

Mostafa Abid Khan, a trade policy analyst and negotiator for Bangladesh, said Bangladesh can only benefit from GI tagged products by establishing demand for them.

"The demand won't come on its own. That is why emphasis should be placed on branding and promotion," he added.

The DPDT recently granted GI status to traditional yogurt produced in Bogura as well as a variety of paddy, called Tulsimala, native to Sherpur.

Prime Bank's profit jumps 50% in Q2

STAR BUSINESS REPORT

Prime Bank Ltd made a 50.75 per cent year-on-year higher profit of Tk 114.36 crore in the second quarter of 2023.

The profit stood at Tk 75.86 crore during the identical quarter of 2022.

Thus, the consolidated earnings per share of the private commercial lender were Tk 1.01 in April-June this year, up from Tk 0.67 in the same three-month last year.

Half-yearly profit surged to Tk 218.53 crore from Tk 180.03 crore in January-June of 2022, a year-on-year spike of 21.38 per cent. So, the consolidated EPS rose to Tk 1.93 from Tk 1.59.

The consolidated EPS increased due to a rise in net interest and investment incomes, said Prime Bank in a filing on the Dhaka Stock Exchange.

Its consolidated net operating cash flow per share stood at a negative Tk 0.79 in January-June, which was Tk 1.26 in the similar half of 2022.

The consolidated NOCFPS was higher compared to the previous year because of the increase in deposits, said the filing.

The consolidated net asset value per share rose to Tk 28.56 on June 30 this year from Tk 26.19 on the same day last year.

Shares of Prime Bank were up 1.02 per cent to Tk 19.80 on the DSE yesterday.

Robi to borrow \$55m from owning company

STAR BUSINESS REPORT

Mobile phone operator Robi Axiata Limited has decided to take a \$55 million loan from its parent company Axiata Group.

The board of the third-largest mobile operator in Bangladesh approved the decision, according to a disclosure on the Dhaka Stock Exchange website yesterday. The tenure of the loan will be three years.

Robi also informed that it did not pledge any asset as collateral and did not create any charge with the Registrar of Joint Stock Companies and Firms (RJSC) in relation to the loan agreement.

Indian traders scoop up cheaper Chinese steel

Industry execs say

REUTERS, New Delhi

Indian traders have been scooping up Chinese steel at a deep discount, industry officials and analysts said, spooking Indian producers ahead of a seasonal pick up in domestic demand.

Lured by discounts of \$30 to \$50 a tonne on hot-rolled and cold-rolled products, Indian buyers are signing a flurry of import deals, they added. Domestic industrial activity is set to pick up over the next two months after the monsoon rains recede.

Indian traders are buying the grades used in automobiles and construction, main drivers of domestic steel demand, the officials and analysts said. "The Chinese are offering discounts because other markets are not doing well and we are seeing good growth in Indian automobile and construction sectors," said Snehdeep Bohra, a director at Fitch Ratings in India.

Traders near port cities in the eastern state of Odisha and the western state of Gujarat find it cheaper to import steel from China than spend on local freight, a senior executive at a major Indian steelmaker said on condition of anonymity.

What happens when the Black Sea grain deal expires?

REUTERS, London

A deal allowing Ukraine to export grain via the Black Sea will expire at the end of Monday after Russia said it will suspend its participation.

The deal, brokered by the United Nations and Turkey last July, aimed to alleviate a global food crisis by allowing Ukrainian grain blocked by the Russia-Ukraine conflict to be exported safely.

Why is it important?

Ukraine is a major producer of grains and oilseeds and the interruption to its exports at the outbreak of war pushed global food prices to record highs. The deal, agreed in July 2022 some five months after the war started, helped to bring down prices and ease a global food crisis.

Ukraine grain has also played a direct role with 725,200 tonnes, or 2.2 per cent, of the supplies shipped through the corridor used by the United Nations World Food Programme (WFP) as aid to countries such as Ethiopia, Somalia and Yemen.

What does this mean for food prices?

Prices for grains and oilseeds have already risen in response to news that Russia will suspend its participation in the deal. The increase will lead to higher prices for staple foods, such as bread and pasta, in the coming months.

The situation, however, is better than in the months after the war started as supplies of grain from other producers such as Brazil and Brazil have increased.

Prices for wheat, the main ingredient in bread, have fallen by about 14 per cent so far this year and corn is down around 23 per cent.

READ MORE ON B2

Storm clouds loom large over China's economy

AFP, Beijing

China's lower-than-expected growth in the second quarter comes as the world's second largest economy is hit by sluggish consumption, a real estate sector in crisis and worries over deflation.

Here is a look at the main storm clouds over China's economy:

For almost three years Beijing's strict zero-Covid policies meant repeated lockdowns, the fear of being arbitrarily quarantined and other draconian health measures that dragged down consumer spending.

When the restrictions were lifted at the end of 2022, millions flocked to restaurants, shopping malls and on long-awaited holidays.

But that optimism hasn't lasted, with the recovery running out of steam and the labour market under pressure -- more than one in five young people is unemployed.

"Companies are reluctant to hire due to soft consumer demand, and consumers are reluctant to spend" because of the economic situation, economist Larry Hu, of the investment bank Macquarie, told AFP.

"Such a self-fulfilled downward spiral bears some resemblance to Japan's 'lost

decades'," he warned, referring to years of stagnation in what is now the world's third largest economy.

Bricks and mortar are a pillar of the economy in a country where property has long been seen as a safe bet for

middle class Chinese seeking to grow their wealth.

That demand sent property prices soaring, while developers expanded at breakneck speed thanks to generous bank loans.



This aerial photo taken yesterday shows buildings in Shenyang, in China's northeastern Liaoning province. Consumption remains a driving force for the economic recovery of China, an economist says.

PHOTO: AFP