

EMPOWERING GROWTH

The Thriving Journey of Bangladesh's Cable Industry

The local companies now have the capacity to produce cables worth Tk 15,000 crore per year, fully meeting the cable demand in Bangladesh.

JAGARAN CHAKMA

The cable industry in Bangladesh is experiencing an impressive growth trajectory, with a projected annual growth of at least 12 percent over the next two decades. This upward trend can be attributed to several key factors, including rapid urbanization, expanded power supply coverage in rural areas, rising demand for data and telecommunication services, and ongoing infrastructure development.

According to research by 6Wresearch, the Bangladesh cables market is poised for further growth during 2022-2028, primarily driven by the increasing demand for telecommunications and data services. This positive trajectory is further bolstered by government initiatives and increased investments in infrastructure by private companies, international investors, and government entities.

BANGLADESH CABLE MARKET AND KEY PLAYERS

The size of Bangladesh's cable market is around Tk 10,000 crore. Of the total market size, branded cable caters worth Tk 7000 crore, non-branded and substandard Tk 1000 crore, and the remaining Tk 2000 crore are imported.

The annual turnover in the sector stood at Tk 2,000 crore just a decade ago when few local manufacturers were involved in making household and industrial cables, according to industry insiders.

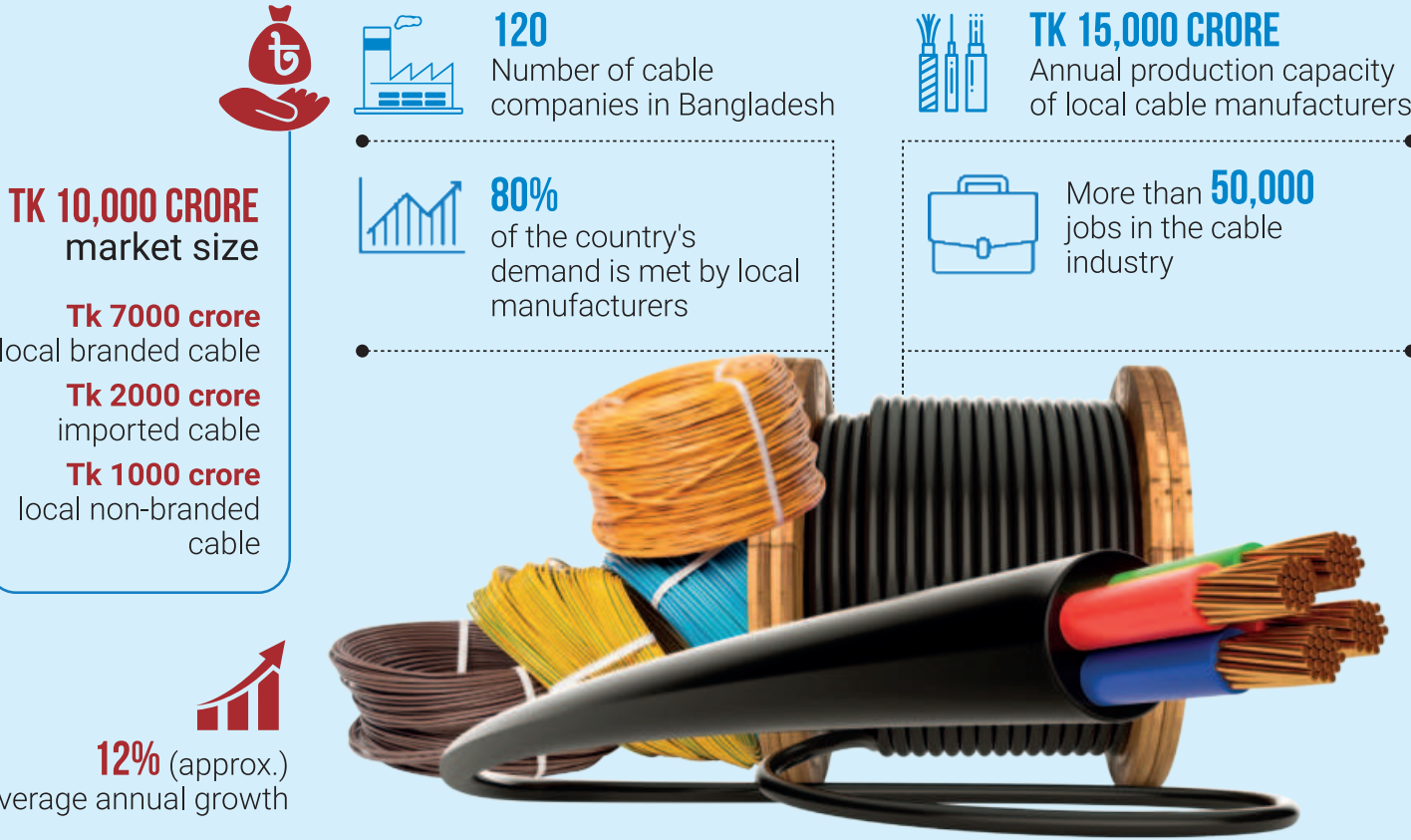
According to Mohit Chakraborty, head of marketing at Bizli Cables, a subsidiary of Pran-RFL Group, the cable industry has witnessed substantial growth, approximately 19 percent, over the past four years. This growth can be attributed to the expansion of power grids across the country and the increasing domestic wiring in alignment with urbanization trends.

The local companies now have the capacity to produce cables worth Tk 15,000 crore per year, fully meeting the cable demand in Bangladesh.

Rabiul Kamal, head of brand at BBS Cables, affirms, "Now we are capable of meeting 100 percent demand for cables in Bangladesh."

SEE PAGE J3

OVERVIEW OF BANGLADESH'S CABLE INDUSTRY



বিজলী
ক্যাবলস্



বাংলাদেশে প্রথম **XLPO** ইন্সুলেটেড ক্যাবল
যা ১২৬ ডিগ্রি সেলসিয়াস পর্যন্ত তাপমাত্রা সহনশীল

CABLES OF THE FUTURE

Advancements in Bangladesh's Cable Industry

The local manufacturers increased their production capacity with machine development. And with that came advancements in cable materials, whether it's household wires, building wiring, communication, or industrial cables.

SARAH BINTAY SHAKHAWAT

Amidst the constantly evolving technology, the cable sector has undergone a remarkable evolution, embracing new innovations. Bangladesh's cable industry, too, has experienced a significant transformation, aligning itself with the global transformations. From the seamless integration of state-of-the-art manufacturing techniques to the production of top-tier cables, this article delves deep into the transformative journey of Bangladesh's cable industry, highlighting the profound impact of cutting-edge technologies on reshaping its landscape.

When talking about technological advancement, the first reflection can be seen in machine upgrading. Previously, the manufacturers of the Bangladesh cable industry used traditional methods with a single extrusion line. The scene has changed with the adoption of the triple extrusion process, which is called CDCC (Continuous Dry Curing and Cooling). "There are two lines which are Catenary Continuous Vulcanization (CCV) and Vertical Continuous Vulcanization (VCV). VCV line is used for extra-high-voltage cables. And CCV line is used for medium voltage cables. This technology was introduced in Bangladesh almost ten years back by a Chinese company. Partex Cablex brought the CDCC CCV line in 2016 from Maillefer, Finland," shares A K M Ahsanul Haque, Chief Operations Officer, Partex Cables.

"Previously, curing was done in steam. But now nitrogen is used for dry curing. This international technological advancement has also reached our country," he adds.

The local manufacturers increased



PHOTO: COLLECTED

their production capacity with machine development. And with that came advancements in cable materials, whether it's household wires, building wiring, communication, or industrial cables.

With Flame Retardant PVC, Flame Retardant Low Smoke (FRLS), and Low Smoke Zero Halogen (LSZH) cables, domestic wires have become safer. Flame Retardant cables resist the spread of fire into a new area, while FRLS and LSZH cables have a flame-resistant jacket that doesn't emit toxic fumes, even if they burn. In most cases of fire accidents, people die from toxic

smoke rather than the fire itself, as ordinary PVC emits black smoke and toxic fumes that are acidic in nature.

"In 2017, BBS Cables Limited launched fire-resistant FR skin-coated cables. Before that, cables were made with colored mixing PVC, which consisted of combustible materials. The FR skin-coated cable has a coat of virgin PVC in white color around the pure copper, secluded from any combustible materials, and a color coating as the final layer. A special characteristic of this cable is that it does not let the fire spread beyond 1ft in case of any short-circuit," explains Rabiul Kamal, head

of brand at BBS Cables Limited. He also claims it to be the safest domestic cable wire.

"We also produce UV-protected domestic cables, which are used outside. UV protection shields the cable from UV rays as well as the heat from the sun," he adds.

Adding to the list, Mohit Chakroborthy, AGM Marketing at Bizli Cables, says, "Bizli Cables offers XLPO insulation which can withstand up to 125 centigrade temperatures, mostly used in industries where the cables have to carry high-voltage electricity."

Mohit further shares that Bizli


Cables is working towards making robotic cables and torsion cables that can endure high mechanical stress for the robotic industry. "We are also developing medium cross-section aluminum cables to be used in vehicle wiring systems," he adds.

One of the biggest developments in the cable industry is underground cables, which will eventually reduce the electric jungle that is so common on city streets. "Our government has already started to work on underground cables, which is a huge technological advancement in the cables industry. These cables come in two voltages: 11Kv and 33Kv. Earlier, our country used to manufacture up to 11kv, but at present, many companies are manufacturing 33kv+ capacity with CDCC line," says Ahsanul Haque.

He goes on to say, "We are preaching a Digital Bangladesh, and we are also working towards it. In this case, cables play a great role. There are two types of communication cables: fiber optic and Cat 5 (Category 5)." Currently, several Bangladeshi cable companies are producing optical fiber cables and Cat 5 cables.


The future of the Bangladesh cable industry seems electrifying with new possibilities. However, Engr. Md. Muhaimin, Assistant Professor & Head of the EEE Department at Bangladesh University, feels that Bangladesh still has a long way to go in the case of research and development of the cable industry. Most of the power laboratories in the country are not equipped for practical work. "There are a few universities that have well-equipped power labs. Yet, those are limited only to testing. To efficiently develop a product is quite hard with the available facilities," he adds.

BRIEF HISTORY OF WIRE AND CABLE



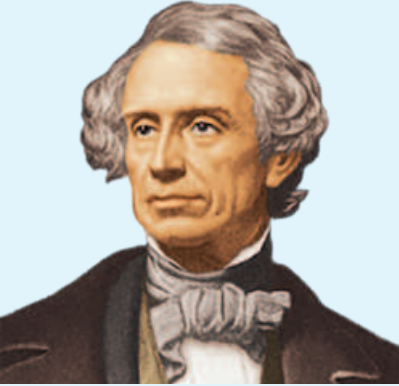
3100 BCE

Ancient Egyptians used copper for irrigation and likely knew how to draw wire too.



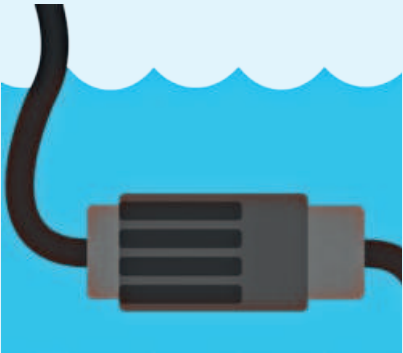
1825

English scientist William Sturgeon created the first practical electromagnet by winding copper wire around an iron core.




1844

Samuel Morse, the inventor of Morse code, transmitted the first successful telegraph message using copper wire.



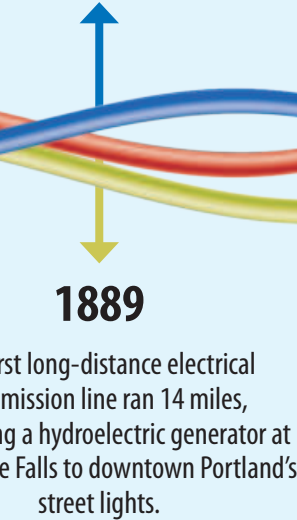
1858

The first submarine communication cables connected continents, enabling instant telecommunication.




1866

The first transatlantic telegraph cable connected Ireland and Newfoundland, linking Europe and North America.




1889

The first long-distance electrical transmission line ran 14 miles, connecting a hydroelectric generator at Willamette Falls to downtown Portland's street lights.



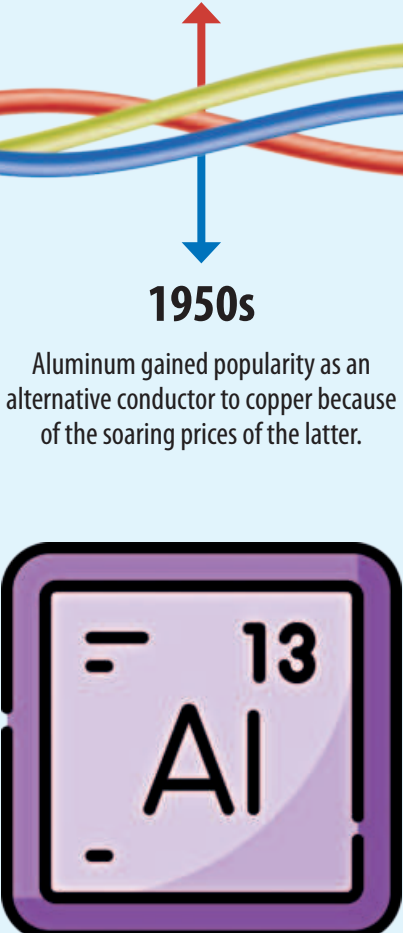
13 January, 1910

Lee De Forest achieved the first commercial radio broadcast using a coaxial cable in New York.



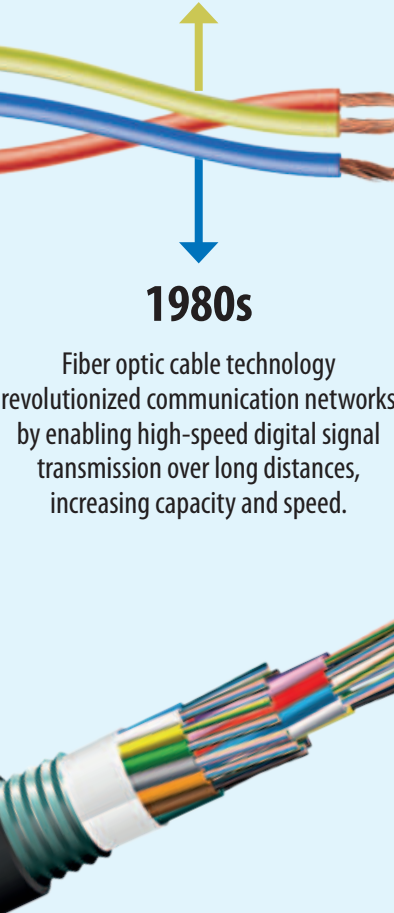
1930s

PVC insulation was first developed in Germany before World War 2.



1950s

Aluminum gained popularity as an alternative conductor to copper because of the soaring prices of the latter.



1980s

Fiber optic cable technology revolutionized communication networks by enabling high-speed digital signal transmission over long distances, increasing capacity and speed.

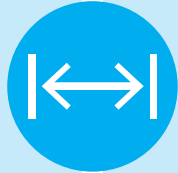


THINGS TO CONSIDER BEFORE BUYING CABLES



CABLE TYPE

Choose the right cable type for your specific needs (e.g., HDMI, USB, Ethernet, audio)



LENGTH

Determine the appropriate cable length for your setup.



COMPATIBILITY

Ensure the cable is compatible with your devices and ports.



QUALITY

Choose high-quality cables to ensure reliability and durability.



BUDGET

Consider your budget while selecting cables.

WHY SHOULD WE USE HIGH-QUALITY CABLE WIRES



Saves Electricity



Ensures better life of electrical appliances



Lower chances of electricity accidents



Highly durable & offers longer life

HOW TO ENSURE SAFE CABLE INSTALLATION

TRAINING

Provide safety training to maintenance providers.

SECURE MOUNTING

Avoid tripping and cable damage.

REGULAR INSPECTION

Check for damage and address issues promptly.

INSULATION

Ensure proper insulation to prevent hazards

CLEAR LABELING

Clearly label cables for easy recognition.

Content: Md. Fozlay Rabby Ansary
Infographic: Md. Akram Hossen

Empowering Growth The Thriving Journey of Bangladesh's Cable Industry

FROM PAGE J1

We produce all types of domestic cables, including low, medium, and high voltage cables for the Bangladesh market," he noted.

Around 120 cable manufacturers, including small-scale enterprises, operate in Bangladesh, with several major players dominating the market. Notable companies like BRB Cable Industries Ltd., Partex Cable, Bizli Cable, Eastern Cable, BBS, SQ, RR Electrical, and Poly Cable collectively meet 80 percent of the country's cable demand. The market leader, BRB, commands a 41 percent share, followed by Eastern Cable at 15 percent, BBS at 13 percent, and Partex and Bizli at 6.5 percent each. Other players collectively account for 22.2 percent of the market.

However, it's worth noting that only a handful of companies maintain international standard products. There are numerous small-scale companies that produce sub-standard cables to cater to those seeking cheaper house wiring options. However, opting for such cables can lead to significant risks and potential safety hazards.

TECHNOLOGICAL ADVANCEMENTS & QUALITY

Local manufacturers produce an extensive array of cables, including telephone wires, LAN cables, fiber optic cables, extra-high-voltage cables, and marine cables.

Bangladesh's cable industry has also made remarkable strides in technological advancements.

Highlighting this point Rabiul Kamal, head of brand, BBS Cables said "Now in Bangladesh, we have manufactured up to 245Kv high voltage cables. We use the world best Sikora technology to produce electric cables.

Similarly, Partex Cablex brought the CDCC CCV line in 2016 from Maillefer, Finland, informs A K M Ahsanul Haque, Chief Operations Officer, Partex Cables.

CHALLENGES AND OPPORTUNITIES

The cable industry faced significant challenges during the pandemic,

with halted production and temporary shutdowns due to a shortage of the workforce nationwide. However, despite such challenges, the local industry has shown resilience and continues to cater to most of the cable demand in Bangladesh.

However, industry insiders alleged that the government still needs to import electric and internet cables as the government is implementing a number of projects with bilateral financing. For this reason, the government is bound to import cables under the project as per the agreement, despite the local industry being capable of catering

Around 120 cable manufacturers, including small-scale enterprises, operate in Bangladesh, with several major players dominating the market. Notable companies like BRB Cable Industries Ltd., Partex Cable, Bizli Cable, Eastern Cable, BBS, SQ, RR Electrical, and Poly Cable collectively meet 80 percent of the country's cable demand.

to 100 percent demand for cables in Bangladesh.

Rafiqul Islam Rony, director of marketing and sales at BRB Cable Industries Limited, echoes this sentiment, stating, 'Despite local manufacturers producing world-class cables, the government needs to import cables for foreign-funded projects.' He highlights that contractors in such projects often resort to using sub-standard products due to the lack of opportunities to inspect the quality.

Nevertheless, Rony mentions that the government has now shifted its focus towards emphasizing quality

transmission and distribution to minimize system losses. In light of this development, he proposes that the government extend support to local companies to reduce their dependence on imports. According to him, these local manufacturers have already established the capacity to manufacture cables meeting international standards.

It may be noted here that the government is still the major client of local manufacturers, particularly Bangladesh Rural Electrification Board (REB).

Local cable manufacturers heavily rely on raw material imports from countries like Chile, China, India, Oman, Malaysia, South Korea, and Singapore. Pointing to this fact, Mahbub Hossain Mirdha, Director, and CEO of RR-Imperial Electricals Ltd, suggests that if the government lowers taxation on importing copper, it will discourage the use of low-quality or scrap-made copper and incentivize the production of high-quality Copper Cathode by local industries.

The local producers have also urged the government to impose higher taxes on foreign cables to incentivize local production and reduce reliance on foreign imports. Additionally, they have requested the government to engage in policy-level negotiations with foreign donors to facilitate local production of quality cables for the G2G project and other mega projects.

The Bangladesh cable industry's journey has been marked by steady growth, spurred on by technological advancements, government initiatives, and increased investments. As the demand for telecommunications, data services, and power supply continues to rise, the industry has embraced opportunities to diversify its offerings. Local manufacturers have demonstrated their capacity to meet domestic demands and even export quality products. With a focus on research and development, along with government support, the future of Bangladesh's cable industry appears very promising.

আগুন থেকে
রাখে নিরাপদ

অগ্নি প্রতিবন্ধক
ইন্সুলেশন

সীসা মুক্ত স্কিন
কোটেড ইন্সুলেশন

কম ধোঁয়া
নিঃসরণ

হ্যালোজেন
ফ্রি

Environment Friendly
Cables



Building a robust cable industry in Bangladesh: Key recommendations from market leaders

Engr. Mohammad Badrul Hassan
Managing Director
BBS Cables Ltd



The government should engage in policy-level negotiations to facilitate local production of quality cables for the G2G project and other mega projects.

Utilize locally-manufactured cables in mega projects, including large power plants, to support domestic industries and boost the economy.



Lower the tax on importing raw materials while imposing a higher tax on foreign cables to incentivize local production and reduce reliance on foreign imports.

Mahbub Hossain Mirdha
Director and CEO
RR-Imperial Electricals Ltd



Ensure strict adherence to quality assurance and compliance standards as a critical factor for the industry's success.

Lower taxation on importing copper to discourage the use of low-quality or scrap-made copper and incentivize the production of quality Copper Cathode by local industries.



Encourage companies to embrace recyclable materials and promote the recycling of old cables to reduce the environmental impact of the industry.

R N Paul
Managing Director
RFL Group



Government should lower the tax on importing raw materials while imposing a higher tax on foreign cables to promote local production.

Address the shortage of skilled manpower through a well-structured plan to increase skilled workers in the industry.



Formulate a policy that encourages the use of locally produced cables to reduce reliance on foreign imports and improve price and quality competitiveness.

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**First &
Only**

**UL & VDE Certified
Cable In Bangladesh**



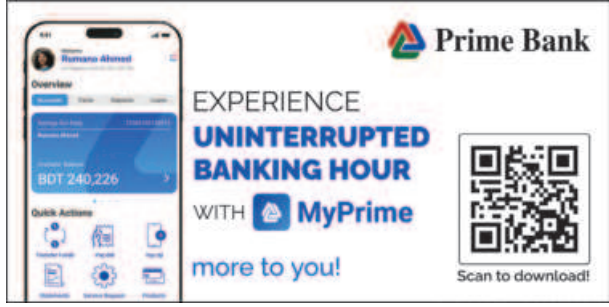
**100% Flame Retardent
Skin Coated Technology**

Manufactured By:

RR IMPERIAL
ELECTRICALS LIMITED

An ISO 9001:2015 Certified JOINT VENTURE Company





Rod prices drop as rains dampen demand

JAGARAN CHAKMA

The price of mild steel (MS) rod of grade 60 has gone down slightly since Thursday thanks to a decline in demand due to a slowdown in construction and physical infrastructure development works for the monsoon rains.

According to the Trading Corporation of Bangladesh, each tonne was retailing at Tk 99,500 on Thursday whereas earlier it was Tk 101,500.

"Demand has come down due to the rains," said Tapan Sengupta, deputy managing director of Bangladesh Steel Re-Rolling Mills Ltd (BSRM).

"...all construction work including government projects under annual development programme have been going slow since the start of the rainy season. For this reason, manufacturers have reduced the price," he said.

Just four months ago Bangladesh's construction sector was facing challenges due to frequent hikes in the price of MS rod and other major construction materials while slow development activities put many workers out of a job, according to industry people.

The price of MS rod crossed Tk 1 lakh per tonne in March for a rise in production costs fuelled by increasing fuel and energy prices amidst a US dollar crisis.

If bought directly from the company, the prices are even lower, around Tk 95,500 to Tk 97,500 per tonne, said Sengupta.

There is scope to reduce the price further as scrap iron, the raw materials for making steel, had now become cheaper, around \$430 per tonne, whereas earlier it was \$560 in the international market, he said.

However, with restrictions on opening letters of credit (LCs) yet to be withdrawn, manufacturers still cannot import the low-priced scrap iron, he said.

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WEEKLY INTERVIEW



Mahbul Alam

Lay emphasis on power supply

New FBCCI president says

SUKANTA HALDER

The government should lay emphasis on the electricity transmission and distribution system to ensure uninterrupted supply, said Mahbul Alam, the newly elected president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Industries badly need uninterrupted power supply to flourish and it is very important for the country's ongoing economic development, he said.

Voltage fluctuations and frequent and unexpected power outages are age-old problems. Consumers are said to be deprived of quality service even though the government prioritised increasing power generation, said the country's apex trade body's president.

In fiscal year 2007-08, Bangladesh's economy stood at less than \$100 billion and now it is moving towards a trillion dollars. It remains to be seen whether the business community is prepared, said Alam.

The business community has a responsibility here and this is where the FBCCI has to work on, he said.

Many countries, including Bangladesh, suffered economically for the Russia-Ukraine war but Bangladesh is still in a fairly good position, he said.

"There are challenges and possibilities for us in the coming days. Traders will have to move forward keeping two things in mind," said Alam.

To deal with the challenges, the things that have to be done have to be more focused on a particular matter, he said.

Small and medium industries are the main driving force of a country's economy. Such businesses which are far

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Farmhands wrap plastic over Thai guava to protect against insect attacks at an orchard in Rangpur Pashkhali village of Khulna's Dumuria upazila. The orchard owner, Sarjit Biswas, earns around Tk 5 lakh to Tk 6 lakh harvesting fruits from 1,100 guava and 600 sweet orange trees grown on six bighas of land. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

Beef prices stay the same despite promises

SUKANTA HALDER and MD ABU TALHA SARKER

Beef is still selling at the going market rate of Tk 750 to Tk 800 per kilogramme (kg) in Dhaka even though the Bangladesh Dairy Farmers' Association (BDFFA) recently reduced the price by Tk 50.

Last Monday, the BDFFA decided to bring down the price of beef with immediate effect in a bid to provide people some relief amid the inflationary pressure that has curbed their purchasing power.

Imran Hossain, president of the BDFFA, had made the announcement during a workshop organised by the Directorate of National Consumer Rights Protection (DNCRP) at the National Press Club.

But the move of the association has had no impact on the overall retail prices at kitchen markets in Dhaka, according to various traders.

During a visit to kitchen markets in the Mirpur, Mohammadpur, Farmgate and Khilgaon areas of Dhaka yesterday, it was found that beef is indeed being sold

for at least Tk 750 per kg.

Pappu Rahman, who owns a butchery called Pappu Gosto Bitan at Kalshi Bazar in Mirpur, has been selling beef at Tk 800 per kg since Eid-ul-Azha.

Restaurants want to import meat

STAR BUSINESS REPORT

An association of restaurant owners yesterday sought permission from the government to import broiler chicken, mutton and beef to counter a rise in their prices.

"The prices will go down only if the government allows imports," said Imran Hasan, secretary general of the organisation, at a

READ MORE ON B3

Similarly, a few butchers at Muslim Bazar in the same area said they are selling it at Tk 780 per kg.

Another local butcher said they have to buy cattle at the same price as before and so, it is not possible to reduce the price of beef.

Echoing the same, Ramzan Dewan, a butcher at the Town Hall kitchen market in Mohammadpur, said they too have been selling beef for Tk 780 per kg.

However, Imran Hossain, president of the BDFFA, said they have been selling beef for Tk 50 less as announced.

"I spoke to traditional meat traders in Dhaka, who said the demand for beef has not returned to previous levels following Eid," he said.

So, even though the price of cattle has come down, they are not able to sell the beef at lower prices, Hossain added.

DNCRP Director General AHM Shafiquzzaman, said BDFFA members who used to sell beef at Tk 750 per kg are now selling it at Tk 700 per kg.

He said this impact of reducing prices will gradually fall on kitchen markets.

Banks' profits hit by lower income from forex market

AHSAN HABIB

The combined profits of 35 listed banks in Bangladesh dropped 9 percent year-on-year to Tk 4,160 crore during the first half of 2023 as volatility in the country's foreign exchange market has curbed their commissions from forex dealings.

As per their financial statements for the January-June period of the current calendar year, a majority of these lenders logged higher profits with just 13 registering reduced earnings.

However, the profit-making banks saw comparatively slow growth, allowing the loss-making ones to outpace the combined gains of the profit makers.

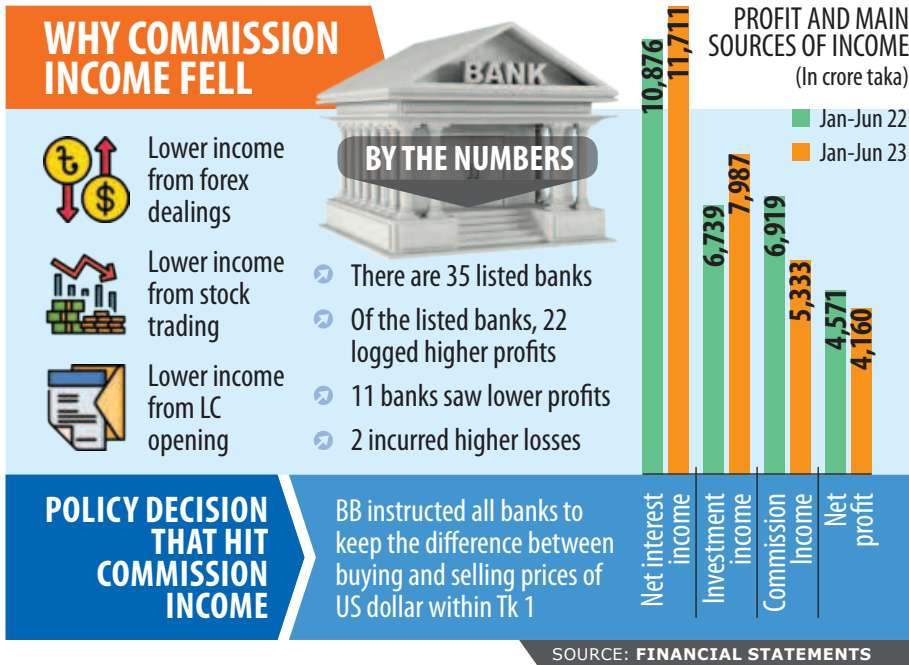
For example, profits of Bank Asia soared 52 percent to Tk 354 crore during the six-month period while losses of National Bank sank further by some 262 percent to Tk 626 crore.

"The amount of tax evasion is estimated to be eight times the social safety net and welfare expenditures."
Khondaker Golam Moazzem
Research director of CPD

"The banks saw their profits fall this year due to lower income from commissions and brokerage fees," said Ali Imam, managing director and CEO of Edge Asset Management.

The company manages assets worth about Tk 140 crore, most of which is invested in stocks, including banking scrips.

Their commission income fell as Bangladesh Bank had squeezed the



spread on the purchase and sale of US dollars in a bid to reign in forex market volatility resulting from a shortage of the greenback.

In August 2022, the central bank instructed all lenders in the country to maintain a margin of Tk 1 when buying and selling the US dollar.

Imam said the brokerage fees paid to banks also came down this year as activities in the stock market have been slow due to the implications of the floor-price mechanism.

In addition, commissions from opening letters of credit (LCs) were hit as the government imposed stringent conditions for non-essential imports to stem the persisting foreign exchange crisis.

Besides, interest income, the main source of income for banks, did not compensate for lower commissions as the

ceiling on interest rates stymied growth in this segment, he added.

The combined interest income grew 7 percent year-on-year to Tk 11,711 crore during the January-June period while investment income edged up 18 percent to Tk 7,987 crore at the same time.

"More importantly, the government relaxed the rules for accounting non-performing loans [NPLs]," Imam said.

But despite the move, the total value of reported NPLs has reached a significant level.

"So, NPLs are acting as a systematic threat to the whole banking sector," he added.

The second top profit-maker after Bank Asia was Islami Bank, which saw its gains for the January-June period drop 1 percent year-on-year to Tk 343 crore.

On the other hand, profits of Pubali Bank, Shahjalal Islami Bank and Jamuna

Bank rose to Tk 278 crore, Tk 272 crore and Tk 256 crore respectively.

ICB Islamic Bank was the second biggest loss-maker as the lender registered losses of Tk 26 crore compared to profits of Tk 1 crore during the same period of the previous year.

Mirza Elias Uddin Ahmed, managing director and CEO of Jamuna Bank, said the banking sector is in a slightly stressed position due to high NPLs, and the gloomy business climate resulting from inflationary pressure and political tension.

NPLs in the overall banking sector stood at Tk 131,621 crore as of March 31, up 9 percent from three months back and 16 percent year-on-year, shows updated data of Bangladesh Bank.

And due to the high NPLs, banks are being denied a proper income from those loans.

Private sector credit growth also slowed as entrepreneurs are being cautious about investing for now considering the current political tension and pressure on foreign exchange reserves, he added.

Private sector credit growth hit a 15-month low of 11.1 per cent in May, the data shows.

This is because many good clients are already overburdened and do not need fresh loans as they are already facing challenges in repaying the existing ones, Ahmed said.

Regarding the lower commission income, Ahmed said reduced LC opening is to blame.

Private and public entities opened LCs amounting to \$69.36 billion in fiscal 2022-23, down 26 percent year-on-year, as per central bank data.

But despite the situation, some banks that have low NPLs managed to log higher profits.

"The banking business will do better once the political tension is wiped out," Ahmed added.

Visa sees potential in smarter digital services

STAR BUSINESS REPORT

Visa, the American multinational financial services corporation, sees potential in working and partnering with the government for smarter digital services for citizens and businesses.

For a country to be ahead in its digitalisation journey, it is important to digitalise consumers and businesses, said Sandeep Ghosh, group country manager of Visa for India and South Asia.

But it is also important to make it possible for the voluminous payments by and to the government to be made digitally, he told journalists during a visit to Dhaka last Wednesday.

For a country to be ahead in its digitalisation journey, it is important to digitalise consumers and businesses, said Sandeep Ghosh, group country manager of Visa for India and South Asia.

Visa provides a broad range of services, which include authorisation, clearing, and settlement services for financial institutions and merchants, according to investopedia.com.

The company does not issue credit or debit cards, rather its clients are the ones that issue the cards. It makes its profits by selling services as a middleman between financial institutions and merchants.

Visa so dominates the market that it has only a handful of big rivals, including Mastercard Inc and American Express Co, as well as digital payments companies like PayPal Holdings Inc.

Providing network services for digital transactions for the past 35 years, Visa currently

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STOCKS		WEEK-ON WEEK
DSEX ▼	CASPI ▼	
0.15% 6,329.86	0.16% 18,689.69	

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$1,942.8 (per ounce)	\$82.70 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.74% 65,721.25	▲ 0.10% 32,192.75	▼ 0.35% 3,292.39	▲ 0.23% 3,288.08	

City Bank to fund research at Hajee Danesh university

STAR BUSINESS DESK

City Bank recently signed an agreement with Hajee Mohammad Danesh Science and Technology University (HSTU).

Prof M Kamruzzaman, vice-chancellor of the university, and Mashrur Arefin, managing director and CEO of the bank, signed the deal at the latter's head office in Dhaka, said a press release.

Under this agreement, the bank will provide a sizable fund to the HSTU for its plant and animal disease diagnostic unit as part of the bank's corporate social responsibility.

The research facilities of the university will be strengthened through purchase of new equipment for plant and animal disease diagnosis at the university's central laboratory with the support of City Bank.

Prof SM Harun-Ur-Rashid, director of the Institute of Research and Training at the HSTU, Sheikh Mohammad Maroof and Mohammad Mahbubur Rahman, additional managing directors of the bank, and high officials of both organisations were present.



Prof M Kamruzzaman, vice-chancellor of Hajee Mohammad Danesh Science and Technology University, and Mashrur Arefin, managing director of City Bank, exchange signed documents of an agreement at the latter's head office in Dhaka recently.

PHOTO: CITY BANK

Oil price rises for 6th week as supplies tighten

REUTERS

Oil prices rose more than a dollar a barrel on Friday to record a sixth consecutive week of gains, after top producers Saudi Arabia and Russia extended supply cuts through September, adding to undersupply concerns.

Brent crude futures rose \$1.10, or 1.3 percent, to settle at \$86.24 a barrel, while the US West Texas Intermediate crude gained \$1.27, or 1.6 percent, to close at \$82.82 a barrel. Both benchmarks hit their highest levels since mid-April on Friday.

Saudi Arabia on Thursday extended a voluntary oil production cut of 1 million barrels per day to the end of September, keeping the door open for another extension. Russia has also elected to reduce its oil exports by 300,000 barrels per day next month.

Brent crude futures rose \$1.10, or 1.3 percent, to settle at \$86.24 a barrel, while the US West Texas Intermediate crude gained \$1.27, or 1.6 percent, to close at \$82.82 a barrel

"With the production cut extended, we anticipate a market deficit of more than 1.5 million barrels per day (bpd) in September, following an estimated deficit of around 2 million bpd in July and August," UBS analysts wrote in a note.

On the demand front, global oil consumption could grow by 2.4 million bpd this year, Russian Deputy Prime Minister Alexander Novak said on Friday after a ministerial panel meeting of the Opec+ group - the Organization of the Petroleum Exporting Countries and allies.

The meeting yielded no changes to output policy. The panel noted that it could take additional measures at any time, which could mean additional cuts if market conditions worsen, the UBS note added. UBS said it expects Brent prices to trade in the \$85 to \$90 per barrel range over the coming months.



Zakia Sultana, director of Mastercard Bangladesh, and Khondoker Tasfin Alam, chief operating officer of Daraz Bangladesh, pose for photographs with winners of the "Save, Spend & Win Campaign 2023" at the prize-giving ceremony held at the latter's head office in Dhaka recently.

PHOTO: DARAZ BANGLADESH

Mastercard, Daraz declare winners of campaign

STAR BUSINESS DESK

Mastercard, in collaboration with e-commerce marketplace Daraz Bangladesh Ltd, has announced the winners of the "Save, Spend & Win" campaign 2023.

Under the campaign, which was designed to promote digital payments on Daraz, a total of 13 Mastercard cardholders with the highest number of transactions win exclusive prizes, said a press release.

Kawsarul Islam, a Mastercard cardholder of LangkaBangla Finance Ltd, won the first prize and was awarded a 2-night, 3-day couple trip with air tickets and accommodations in Dubai.

The second prize winner, Mominul Haque, a Mastercard cardholder of AB Bank Ltd, was awarded a 2-night, 3-day couple trip with air tickets and accommodations in Bangkok. Shamim Reza, a Mastercard cardholder of Eastern Bank Ltd, won the third prize and was awarded a 2-night, 3-day couple trip with air tickets and accommodations in Cox's Bazar.

UCB holds training for agri entrepreneurs

STAR BUSINESS DESK

United Commercial Bank (UCB) organised a skills development training for agriculture entrepreneurs under its agri-CSR project "Voroshar Notun Janala" at the Navy Convention Centre in Chattogram yesterday.

Saifuzzaman Chowdhury, minister for land, inaugurated the event as chief guest, said a press release.

"Creating and encouraging agricultural entrepreneurs is now very important for improving the agriculture sector and for food security," the minister said.

"The training for about 12,500 agri entrepreneurs is being organised in 64 districts under the project with the aim of expanding the opportunities of humanitarian financing in the development of advanced and prosperous agriculture," said Arif Qadri, managing director and CEO of the bank.



Saifuzzaman Chowdhury, minister for land, inaugurates a skills development training programme for agriculture entrepreneurs under an agri-CSR project "Voroshar Notun Janala" organised by United Commercial Bank at Navy Convention Centre in Chattogram yesterday.

PHOTO: UNITED COMMERCIAL BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (AUG 5, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	-1.46 ↓
Coarse rice (kg)	Tk 48-Tk 52	2.04 ↑	2.04 ↑
Loose flour (kg)	Tk 50-Tk 52	-4.67 ↓	24.39 ↑
Lentil (kg)	Tk 90-Tk 100	0	-9.52 ↓
Soybean (litre)	Tk 160-Tk 165	-4.97 ↓	-0.91 ↓
Potato (kg)	Tk 36-Tk 40	-2.56 ↓	31.03 ↑
Onion (kg)	Tk 35-Tk 65	-16.67 ↓	47.06 ↑
Egg (4 pcs)	Tk 48-Tk 50	0	19.51 ↑
SOURCE: TCB			



PHOTO: PRAN-RFL GROUP

Anika Fariha Zaman Aurna, daughter of Rajshahi City Corporation Mayor AHM Khairuzzaman Liton, cuts a ribbon to inaugurate an outlet of Daily Shopping near Nagar Bhaban in Rajshahi recently.

Daily Shopping opens outlet in Rajshahi

STAR BUSINESS DESK

Retail chain shop Daily Shopping, a concern of Pran-RFL Group, has recently opened an outlet near Nagar Bhaban in Rajshahi city.

Anika Fariha Zaman Aurna, daughter of Rajshahi City Corporation Mayor AHM Khairuzzaman Liton, inaugurated the outlet, said a press release.

Daily Shopping is now operating across the country with 67 outlets.

Among others, Galib Farrokh Bakht, chief operating officer of the company, Feroz Alom, deputy general manager, and Omar Faruk, senior manager (marketing), were present.

Visa sees potential

FROM PAGE B1

holds over 70 per cent of the market share in Bangladesh's card business and is in collaborations with 54 banks, according to Sandeep Ghosh.

Transactions through Visa cards rose by 30 per cent last year, he added. In May, about 72.65 per cent of credit card transactions were through VISA cards, about 1640 per cent through Mastercard and the remaining through other types of cards, according to Bangladesh Bank data.

The digital services are available in 200 countries through deals with 17,000 banks and financial institutions, he said.

The government's push for digitalisation will help realise Bangladesh's Smart Vision 2041, he said, adding that adoption of digital payments by an emerging country can add up to 3 per cent to its economy.

Visa sees four opportunities to

accelerate the country's journey towards a "digital government" and "smart cities", Sandeep Ghosh said.

These include public fund expenditure with more efficient government procurement processes and expense management alongside efficient disbursement of social welfare and subsidies to individuals and small business, he said.

The other two are digitalisation of revenue collection alongside protection of security of payments data and supporting government initiatives such as tourism recovery, urban planning, and economic health measurement through data insights, he added.

On whether Bangladesh Bank's digital card scheme "Taka Pay" will have any impact on the business of global card service providers, Sandeep Ghosh said there was no possibility of it for "unique features in our card services".

NRB Bank plans

FROM PAGE B4

Bank, aims to revolutionise payment systems, enhance convenience, and promote financial inclusion throughout the country.

It will revolutionise the payment landscape and bring forth a host of benefits for individuals, businesses, and the economy as a whole, according to the banker.

"We will keep investing in digital transformation so that we can provide consumers with a larger selection of products and services via online and mobile channels," he said.

"We want to facilitate financial inclusion through basic banking solutions online and through mobile," Mamoon added.

As a part of its focus on financial inclusion, NRB Bank's financing to small and medium enterprises (SMEs) accounts for almost 33 per cent of its portfolio, said the CEO. Besides, the lender is setting up desks

for SME and women entrepreneurs in its branches so that it can cater to their demand.

Responding to a question regarding the performance of new banks, Mamoon said there is a shortage of good governance in the overall banking sector.

"In our case, there might be initial hiccups. Now, we are trying our best to make good governance and good management prevail. Every decision is taken here at the management level. There is no interference," he said. "We have been able to establish good governance."

"Also, we have been able to properly manage our balance sheet, portfolio and risks to ensure sustainable finance. The result of this is reflected through the recognitions we get," he said, citing how NRB Bank was recognised as a sustainable bank by the central bank.

"It is not only that we are

doing business and our NPL (non-performing loans) is rising," added Mamoon.

NRB Bank's NPLs dropped to 3.22 percent by the end of 2022 from 3.39 percent a year ago.

"We managed to lower the NPL by conducting thorough credit assessments, implementing effective collection strategies, regular and effective credit monitoring, and maintaining prudent underwriting standards," he said.

Mamoon also said he aims to take the bank to "a new height by providing the best services to customers at all times and ensuring sustainability through green and environment-friendly financing".

"We will invest a substantial part -- 50 to 60 percent -- under sustainable finance. Though we are a commercial bank, we have some social obligations as well. So, we will go for green finance to ensure that," he added.

How El Nino threatens

FROM PAGE B4

Southern Africa, Central America and the Caribbean and parts of Asia are of "particular concern" due to already high levels of food insecurity, according to the Food and Agriculture Organization of the United Nations (FAO).

David Rees, senior emerging markets economist at Schroders, warned that a strong El Nino could push emerging market food inflation back into double digits in 2024.

Significant changes to rainfall, or prolonged droughts, could also impact hydropower output and boost gas and coal prices as a result, according to Capital Economics.

"Several countries, mostly in Africa, are heavily reliant on hydroelectricity," the note said. "Lower rainfall could hinder electricity generation and possibly lead to power rationing."

Energy prices are also a key driver

of food inflation, they warned, while warmer temperatures could increase demand for air conditioning.

Latin American central banks were among the first to ramp up interest rates after Covid-19 to fight rising prices, and are the first to kick off easing, led by Chile and Brazil.

But the El Nino impact on agricultural production and electricity generation could complicate disinflation, and lead to higher-for-longer rates.

"Colombia and Peru are the most exposed countries, followed by Chile and Brazil to a lesser extent," said BofA's Latam local market strategist Antonio Gabriel.

BofA estimates that El Nino would be "at least of moderate intensity this year", but severe intensity could raise inflation by up to 2.5 percent in Colombia and 1.5 percent in Peru.

"Mexico seems mostly isolated," Gabriel added.

Maersk sees

FROM PAGE B4

In the second quarter Maersk's container ship division saw its revenue halved from the same period last year -- when companies were trying to stock up to meet pent-up demand following the end of pandemic lockdowns in most countries -- to \$8.7 billion.

The drop was "driven by a decrease in freight rates and loaded volumes", it said. Overall revenues fell 40 percent to \$12.9 billion, in line with analyst expectations.

Strong demand saw freight rates swell, but these have since fallen back to normal levels.

Net profits fell by 83 percent to \$1.45 billion, but were much better than the \$686 million analysts expected, which the company put down to measures to reduce costs.

"Cost focus will continue to play a central role in dealing with a subdued market outlook that we expect to continue until end year," said chief executive Vincent Clerc.

TikTok unveils changes to meet tough new EU rules

AFP, Brussels

Video-sharing platform TikTok announced Friday changes to meet strict EU rules including allowing European users to turn off the addictive feature that shows content based on their interests.

Under the new rules, internet giants will be forced to take stronger action on data privacy, child protection, disinformation and hate speech.

The web's 19 biggest players including TikTok as well as Amazon, Apple, Google, Meta and Microsoft, have until August 28 to comply.

European commissioner overseeing the digital market, Thierry Breton, warned TikTok last month to accelerate its adoption of new standards.

Heeding that warning, TikTok said it would allow users in Europe "to turn off personalisation", referring to the "For You" feed that keeps people watching videos with recommended content based on their personal interests.



People work at the silk factory in Thakurgaon yesterday. A local business house named Suprio Group took the factory on a five-year lease against payment of Tk 1.60 lakh per year.

PHOTO: QUAMRUL ISLAM RUBAIYAT

India may cut or scrap wheat import tax

REUTERS, New Delhi

India is considering cutting or even abolishing a 40 percent import tax on wheat and lowering a limit on the amount of wheat stocks millers and traders can hold, a government official said on Friday, as part of efforts to boost supplies.

"We have options like lowering or abolishing the wheat import duty and tweaking the stock holding limits to control prices," Sanjeev Chopra, the most senior civil servant at the federal food ministry, told reporters.

"The options are under consideration. The government is committed to controlling prices," Chopra said.

India in June imposed a limit on the amount of wheat stocks traders can hold in an effort to bring down prices. The government is also offering wheat to bulk buyers such as biscuit makers to augment supplies in the local market.

Wheat prices in New Delhi have jumped 12 percent in the past four months to 25,174 rupees (\$303.85) a metric ton, the highest in nearly six months, as trade and industry officials say production was hit by erratic weather.

There was no proposal to import wheat from Russia in a government-to-government deal, Chopra said.

Wheat output rose to a record 112.74 million metric tons in 2023, up from 107.7 million metric tons a year earlier, according to the Ministry of Agriculture & Farmers Welfare. India consumes around 108 million metric tons of wheat annually.

But a leading trade body told Reuters in June that India's wheat harvest in 2023 was at least 10 percent lower than the farm ministry's estimate.

Still, wheat stocks at government warehouses were at 28.3 million tonnes against a target of 24.5 million tonnes.

The decisions to lower or axe the wheat import tax and tighten local stock holding limits would help boost supplies "during the festival season", said Rajesh Paharia Jain, a New Delhi-based trader.

Festival demand for foodstuff peaks around October.

India banned exports in May 2022 after a sudden rise in temperatures clipped output, even as exports picked up to meet the global shortfall triggered by Russia's invasion of Ukraine.

Silk factory in Thakurgaon resumes production after 21 years

QUAMRUL ISLAM RUBAIYAT

After nearly 21 years, Thakurgaon Silk Factory resumed its production last week with the new name 'Suprio Silk Factory'.

Lawmaker from Thakurgaon-1 constituency Ramesh Chandra Sen inaugurated the factory operation at Gabindanagar in Thakurgaon municipality, reports our local correspondent.

A local business group 'Suprio Group' took a five-year lease on the factory against payment of Tk 1.60 lakh per year, said factory sources.

The factory is likely to produce 100 metres of silk in eight hours a day using 20 power looms and 20 hand looms, they said.

Bablur Rahman, chairman of Suprio Group, told The Daily Star that initially they have planned to run the factory for eight hours daily and they

will extend the operation time on a demand basis.

Replying to a query, Bablur expressed his hope that the factory will bring good profit as Thakurgaon silk clothes have a good reputation.

Factory sources said the non-government organisation Rangpur Dinajpur Rural Service set up the Thakurgaon Silk Factory in the 1975-76. Later in 1981, it was handed over to Bangladesh Sericulture Development Board.

Gradually, the factory wrapped up its production showing a loss every year.

The factory restarted its operation later but it was declared laid off on November 29, 2002, on the same ground. At that time, around 10,000 trained mulberry farmers and 75 workers were involved with the factory.

Thakurgaon silk, which was famous for its quality, was also exported abroad, Bablur added.

Local company buying new oil tanker for the first time

STAR BUSINESS REPORT

For the first time, a local private company is going to buy a new oil tanker instead of purchasing a second hand one to avail better performances and a longer service period.

MJL Bangladesh, a joint venture of East Coast Group and state-owned Jamuna Oil Company, has placed an order to buy an oil tanker at \$75 million (over Tk 800 crore) from South Korean shipbuilder DH Shipbuilding, said a top MJL official.

The ship has a 115,000-tonne capacity and is expected to be delivered in the first quarter of 2026, said Azam J Chowdhury, managing director of MJL Bangladesh.

Ship owners in Bangladesh have had a tradition of buying second hand ships, meaning those that were already aged 10 years to 12 years and which could be operated for a maximum of 12 more years, he said.

"But a new ship can be operated for up to 25 years. So, we thought to graduate from this in order to get better performance," he said, adding that the contract was signed at the end of last month.

The new tanker will have a scrubber, or an exhaust gas cleaning system, to take out sulphur and it will be able to carry crude oil and later diesel, said Chowdhury.

MJL currently has two oil tankers having 107,000 tonnes capacity. Besides, it operates five carrier vessels, including one for carrying liquified petroleum gas.

China relaxes visa, other rules to boost economy

AFP, Beijing

China will allow some foreigners to obtain visas on arrival and rural residents to settle more easily in cities as part of a series of measures aimed at boosting its flagging economy.

The relaxations aim to "promote the free movement" of "people, vehicles, information and data", an official from the Ministry of Public Security said Thursday.

China's post-Covid recovery has run out of steam in recent months, dragged down by sluggish consumption and a real estate sector in crisis.

GDP growth increased by just 0.8 percent from the first to second quarter of the year, and youth unemployment has reached record highs at over 20 percent.

In response, the ministry announced 26 new measures on Thursday, including a new visa policy for foreign businesspeople.

Those who come to China to participate in trade negotiations, expos, conferences or to invest will be able to obtain visas on arrival, provided they present the necessary documents.

Previously, travellers had to apply for a visa at a Chinese embassy or consulate in their country of departure.

Opec+ panel suggests keeping output strategy unchanged

AFP, Vienna

A committee of major oil producers recommended Friday to keep the cartel's current output strategy unchanged after heavyweights Saudi Arabia and Russia extended their cuts despite recovering prices.

Oil prices have picked up in recent months due to high demand coupled with tighter supply, sending the price for Brent crude up to \$85 a barrel -- its highest level in over three months.

Following Russia's invasion of Ukraine in February 2022, oil peaked at more than \$130 dollars per barrel.

In a virtual meeting on Friday, the group's Joint Ministerial Monitoring Committee (JMMC) "reaffirmed the commitment of its member countries" to the production reduction strategy "which extends to the end of 2024", a press release said.

The JMMC also expressed its "appreciation for the kingdom (of Saudi Arabia)'s additional voluntary cut of one million barrels per day (bpd)", which the country had extended until September on Thursday in an effort to prop up prices.

In addition to Riyadh's cut that took effect in July, a further cut of 300,000 bpd for September was announced by Russian deputy prime minister Alexander Novak.

For the month of August, Moscow had pledged to cut production by 500,000 bpd.

In June, the 13 members of the Organization of the Petroleum Exporting Countries (OPEC) headed by Riyadh and their 10 allies led by Moscow agreed to reduce output in 2024.

Robust rains accelerate rice planting in India

REUTERS, New Delhi

Indian farmers have planted 28.3 million hectares (69.9 million acres) with summer-sown rice, according to the farm ministry's latest data, up 3.28 percent from the same period last year, as robust monsoon rains encouraged the expansion of acreage.

Higher rice planting in India, the world's second-biggest producer of the grain, will ease concerns about lower output of the staple.

India late last month ordered a halt to its largest rice export category a move that will roughly halve shipments by the world's largest exporter of the grain.

Farmers typically start planting rice, corn, cotton, soybeans, sugarcane and peanuts, among other crops, from June 1, when monsoon rains are expected to begin drenching India.

Summer rains are crucial as nearly half of India's farmland lacks irrigation.

Restaurants want

FROM PAGE B5

press conference organised by the association at Police Convention Hall.

Beef sold for Tk 750 to Tk 780 per kilogramme in kitchen markets in Dhaka yesterday while mutton for Tk 1,000 to Tk 1,100 and broiler chicken for Tk 175 to Tk 180, according to the Trading Corporation of Bangladesh.

In the last one year, the price of beef has increased by 15.04 percent, mutton by 16.67 per cent and broiler chicken by 9.91 percent.

Owners of large-scale farms are forming syndicates to raise prices

of broiler chicken and beef and this has led to a fall in sale at hotels and restaurants by 30 percent, he claimed.

The world is going through a crisis due to the Russia-Ukraine war and Bangladesh is no exception, as prices of fish and meat are increasing every day, said Hassan.

"We have come to know that the government will export beef. But there is not enough beef in our country. The price of beef in our country is much higher than that in other countries. How can we go for exports?" he said.

Lay emphasis

FROM PAGE B1

from the city centres have been facing some challenges for a long time. "Work will be done to resolve those issues," he mentioned.

Those who are dependent on electricity will not be able to sustain themselves if they do not get uninterrupted power supply. Employment will not be generated, he added.

Therefore, there is a need to give a lot of importance on solving the

problems of the SME sector, said Alam.

"Japan and Korea are dependent on SMEs. We have to work in the places where there are gaps in the development of SMEs," he said.

"We businessmen want political stability. If the stability of the country remains the same as it was in the last 14 years, then the country's economy will improve further and the common people of the country will benefit," he said.



According to the Trading Corporation of Bangladesh, each tonne of rod was retailing at Tk 99,500 on Thursday whereas earlier it was Tk 101,500.

PHOTO: STAR/FILE

Rod prices drop

FROM PAGE B1

Kabir Steel Re-Rolling Mills Ltd (KSRM) is offering each tonne at Tk 96,000 at the mill gate whereas earlier it was Tk 97,000 crore, said Md Jashim Uddin, director (sales and marketing).

He believes the price would continue to go down throughout the rainy season, which lasts until October.

However, there will be no significant change in prices as the manufacturers cannot avail the low-priced scrap iron for the restrictions

on opening LCs, he said.

Prices have gone down owing to low demand and a reduction in the price of scrap iron in international markets, said Abu Jubaid Md Rassel, head of marketing at Anwar Ispat.

"During rainy season in Bangladesh the demand for steel slightly goes down while development activities of the government go slow. For this reason, demand for steel declined and price has also come down," he said.

According to him, prices at the

mill gates were ranging between Tk 95,500 and Tk 97,500 depending on the brand.

The downtrend will continue until October with the demand reducing by at least 30 per cent, he said.

The government purchases over 40 percent of the industry's steel and the reduction in development spending amidst the economic crisis understandably will have an effect steel consumption, he said.

However, the price will not fall drastically as had been during the pandemic, he said.

China's importance to German exporters on the wane

REUTERS, Berlin

China is losing importance as a market for German exporters, with data showing a steady decline in its share of total exports, a trend set to continue as Berlin and Beijing rethink their economic ties.

Despite hopes of a trade boost after Beijing lifted pandemic restrictions, exports to China made up just 6.2 percent of total German exports in the first half of the year - the lowest share since 2016 - according to data from the German statistics office to which Reuters had access on Friday.

After peaking at 7.9 percent in 2020, the share of Germany's exports going to China has been on a steady decline, falling to 7.5 percent in 2021 and to 6.8 percent in 2022.

China's emergence as a market economy in the 2000s provided a massive boost to German companies and has proved a big contributor to the overall health of the German economy since.

However, this driver of growth for Europe's largest economy is set to lose steam in the coming years.

"For some years now, euro zone exports to China have no longer been growing faster than overall exports, and recently they have even been somewhat weaker, which has weighed more heavily on Germany's manufacturing sector than on that of its peers," Commerzbank's chief economist Joerg Kraemer said.

Despite hopes of a trade boost after Beijing lifted pandemic restrictions, exports to China made up just 6.2 percent of total German exports in the first half of the year - the lowest since 2016



ANALYSIS

One reason for the slowdown is that growth in the Asian giant is faltering. China's economy grew just 0.8 percent in the second quarter as a post-Covid recovery faltered, after 2.2 percent growth in the first quarter.

Carsten Brzeski, global head of macro at ING, said it was too early to speak of the end of the China boom, since the Chinese economy could yet recover and the US economy cool, changing trade dynamics.

"In the long term, however, China's share of our exports will decline significantly, and we should prepare ourselves for the fact that China will no longer save our export sector," Brzeski said.

Germany exported goods worth 791.5 billion euros (\$866.61 billion) in the first half of the year, posting a 3.2 percent increase compared with the same period last year.

A breakdown by destination shows Germany exported 78 billion euros in goods to the United States in the first half of 2023, a 4.8 percent increase on the year, while China received exports from Germany to the value of 49.4 billion euros, an 8.4 percent decline.

That China is increasingly able to produce goods it previously bought from Germany is weighing on German exports, Brzeski noted. "At the same time, however, Germany's import dependence on China remains high as the energy transition is currently impossible without Chinese raw materials or solar panels," he said.

China is climbing the technological ladder, said trade expert Vincent Stamer of the Kiel Institute for the World Economy (IfW) in Germany. With its growing technological progress, the country is able to create an increasing part of the value added itself.

"This then no longer has to be imported from Germany and the rest of the world," he said.

However, Stamer believes it is premature to sound the death knell for China as a customer.

"China will remain an important sales market in the coming decade. However, the dependence of many companies on the Chinese market will no longer be so visible in export figures, but in their balance sheets," Stamer said.

Maersk sees weaker demand for shipping

AFP, Copenhagen

Maersk, the world's second-largest container shipping firm, said Friday it expects shipping volumes to fall this year as companies continue to reduce inventories.

The Danish firm had previously expected shipping volumes to be flat or dip slightly this year, but now sees them down one to four percent.

"The inventory correction observed since (the fourth quarter of) 2022 appears to be prolonged and is now expected to last through year end," it said, adding it expected its volumes to evolve in line with the market.

It said market demand would likely remain subdued as long as companies reduce their inventories.

READ MORE ON B2

How El Nino threatens emerging market economies

REUTERS, London

Countries around the world are battling heatwaves and floods fuelled by El Nino, a naturally occurring climate phenomenon that has a 90 per cent probability of persisting in the second half of 2023, according to the World Meteorological Organization.

The worldwide impact can be enormous, but the stakes are higher for emerging markets, which are more exposed to swings in food and energy prices and production and often have smaller fiscal buffers that limit their ability to cushion the impact.

India and Egypt are among the economies that are overall most vulnerable to El Nino's impact this year, according to an index by Standard Chartered Bank, taking into account the weight of the primary sector, the share of food in inflation baskets and a country's ability to offset through fiscal support.

Ghana, Kenya and the Philippines are also high up on the list while countries such as South Africa and Chile are among the least vulnerable - together with most of the developed market economies such as Germany or the United States.

"We believe that the country's most at risk from an El Nino event this year are those that have relatively weak economic fundamentals and

that experienced relatively weak agricultural production during the 2014-16 El Nino period," said Eugene Klerk, head of ESG Research at Standard Chartered Bank.

Sudden changes in rainfall or temperature can wreak havoc on crops. With agriculture accounting for a larger share of the economy and employment in Africa and South Asia

than elsewhere, these regions are especially vulnerable to the El Nino fallout.

"A sharp reduction in the volume of crops that can be exported could



Farmers plant rice saplings at a field on the outskirts of Srinagar, India on June 19.

Sovereign credit rating: past, present and future

MAMUN RASHID

Sovereign credit ratings (SCR), determined based on a country's willingness and ability to pay its principal and interest obligations on time, are qualitative indicators that determine a nation's likelihood of default. Countries' borrowing costs from international financial markets depend on their SCR. A better SCR means more favourable cost of borrowing and lower SCR means higher cost of borrowing.

SCR also affects foreign direct investment (FDI). SCR provides a potential foreign investor a standardised outlook into the economic risk level of a target investment destination.

I am happy for my humble contribution in the process of Bangladesh's sovereign credit rating determination process. It was tough to convince the late finance minister Mr Kibria but the job was a little easier with the late finance minister Mr Muhith, who was keen on Bangladesh to access the international debt market instead of continuously depending on concessional debt.

Thanks to the contribution of various persons at home and abroad and our business leaders, we could get our first sovereign credit rating done smoothly.

Recently, Moody's Investors downgraded the country's credit rating from BA3 to B1. Besides that, while they did not downgrade the rating, S&P Global changed Bangladesh's long-term credit outlook from "Stable" to "Negative" in May 2023 due to rising risk pertaining to the country's external liquidity position.

Currently, Bangladesh receives concessional financing from development partners at rates ranging from 1-2 percent on an average. However, in the medium to long run, this rate will surely increase.

With imminent LDC graduation being one of the reasons for a potential increase in the interest rate of concessional financing, SCR downgrade will also play a role. There are instances when downgrade in SCR is included as a covenant or pricing trigger in foreign loan facility documents. For external loans in Bangladesh with similar loan terms, future interest payment will rise.

Regarding FDI inflows, I believe empirical evidence from sub-Saharan Africa is relevant. One study on effects of credit rating on sub-Saharan Africa suggests there is significant correlation between SCR and FDI inflows to the countries analysed.

Besides, the study also indicates an interesting fact. After control measures for offsetting impacts of global financial crises are put into implementation by countries, the reliance in sovereign credit rating by the investors increases compared to periods without crisis.

It is important to analyse the reasons behind the rating downgrades to understand what the required interventions are and what are the indicators the rating agencies will monitor. S&P global expects Bangladesh economy to grow at 6-6.4 percent during 2024-2026.

In the recent past, Bangladesh witnessed shrinkage in foreign reserve and subsequent inability to pay for fuel imports. There also remains likelihood of lower current account receipts, increase in current account deficits and slow regeneration of foreign exchange reserve.

It is important for Bangladesh to promote transparency, improve governance, implement sound policy measures, and increase ease of doing business to attract foreign investment. Trade diversification is another avenue that is essential. New export destinations and new export products must be explored. Ways to decrease dependence on certain countries for importing raw materials and essential goods must also be looked at to safeguard against potential external shocks.

Keeping import restrictions imposed for a long run will adversely affect the economy with an increase in scarcity for capital goods, machineries, and essential raw materials. Besides these, Bangladesh should also maintain an open dialogue with development partners and develop strong mid and long-term strategic plans.

The author is an economic analyst



NRB Bank began its journey on August 4, 2013 with a vision to be the leading financial institution for non-resident Bangladeshis (NRBs) to invest in Bangladesh, and for Bangladeshi individuals and corporates to access international markets.

PHOTO: PRABIR DAS

NRB Bank plans to introduce neo-banking services

SOHEL PARVEZ

NRB Bank is planning and working to onboard digital banking facilities as well as introduce neo-banking services for its customers, according to the top official of the private bank.



Mamoon Mahmood Shah

The new digital banking platform will be introduced in conjunction with telecom operators and mobile financial services, and this will make it simpler for clients to do banking online and on mobile devices, said NRB Bank Managing Director and CEO Mamoon Mahmood Shah.

"We are focusing on integration and partnering with front-end-focused neo-banks to create exclusive and innovative banking offerings," Mamoon said in an interview with The Daily Star marking the bank's 10th anniversary.

"The neo-bank service will provide more features and facilities while being easier to use. We are constantly exploring new approaches to better serve our clients," he added.

Mamoon also said NRB Bank has plans to expand its branches and ATM networks in the near future.

NRB Bank began its journey

on August 4, 2013 with a vision to be the leading financial institution for non-resident Bangladeshis (NRBs) to invest in Bangladesh, and for Bangladeshi individuals and corporates to access international markets.

"The journey has been exciting and we have travelled a long way. We have come up with a lot of products with a lot of innovation," he added.

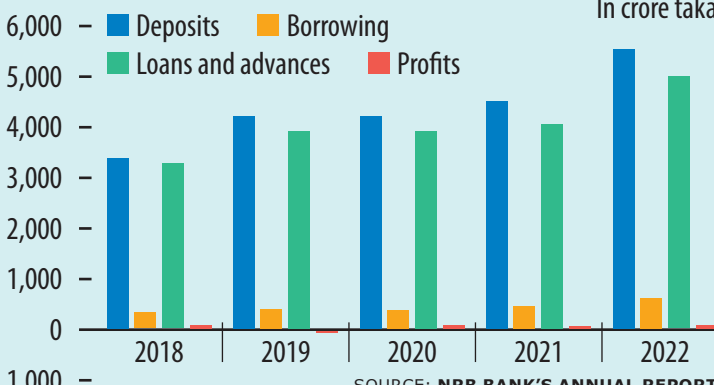
Today, the private bank has 50 branches, 27 sub-branches and 308 agent outlets. It has plans to open 12 more sub-branches to reach the doorsteps

Bank and it has introduced a wide range of financial products tailored to the requirements of its customers.

"Our bank continuously develops new and innovative financial products to cater to evolving customer needs and preferences," he said. "We opened home loans for NRBs and fine-tuned our consumer banking products in line with customer demand."

Besides, NRB Bank will continue increasing its range of products and services to better serve a wider spectrum of

KEY DATA OF NRB BANK



of customers.

Over the last 10 years, NRB Bank's total assets increased to Tk 7,467 crore in 2022 from nearly Tk 600 crore in 2013.

NRB Bank also registered a surge in deposit growth. The lender, which attracted Tk 188 crore deposits by the end of 2013, had around Tk 6,500 crore deposits by the end of last year, according to its annual reports.

Mamoon said customer satisfaction is the priority of NRB

clients, Mamoon added.

He said the banking industry is changing and gradually moving towards the digital platform.

"We have started this much ahead. We are closely linked with Bangladesh Bank to attain the goal of making 75 percent of transactions cashless by 2027," he added.

Mamoon said the ambitious project, driven by Bangladesh

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