



A hawker goes round selling mats in villages some 20 kilometres away from Gaibandha district headquarters. The photo was taken at Baje Fulchhari Char in Fulchhari upazila recently.

PHOTO: MOSTAFA SHABUI

## German business activity slumps

REUTERS, Berlin

German business activity contracted at the fastest pace for more than three years in August, a preliminary survey showed on Wednesday.

The HCOB German Flash Composite Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 44.7 from July's 48.5, hitting its lowest since May 2020 and confounding analysts' expectations for a reading of 48.3.

The indicator was below the 50 level denoting growth in activity for the second consecutive month.

The composite PMI index tracks the services and manufacturing sectors, which together account for more than two-thirds of Germany's economy. A deepening downturn in manufacturing output was accompanied by a renewed contraction in services activity.

"Any hope that the service sector might rescue the German economy has evaporated," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank. "Instead, the service sector is about to join the recession in manufacturing, which looks to have started in the second quarter."

Business activity in the services sector contracted for the first time in eight months. The sector reading fell to 47.3 from 52.3, marking a nine-month low.

The manufacturing PMI rose to 39.1 in August from 38.8 in July but remained deeply in contraction territory, the survey showed.

# India set to ban sugar exports for first time in seven years

REUTERS, Mumbai/New Delhi

India is expected to ban mills from exporting sugar in the next season beginning October, halting shipments for the first time in seven years, as a lack of rain has cut cane yields, three government sources said.

India's absence from the world market would be likely to increase benchmark prices in New York and London that are already trading around multi-year highs, triggering fears of further inflation on global food markets.

"Our primary focus is to fulfil local sugar requirements and produce ethanol from surplus sugarcane," said a government source who asked not to be named in line with official rules. "For the upcoming season, we will not have enough sugar to allocate for export quotas."

India allowed mills to export only 6.1 million tonnes of sugar during the current season to September 30, after

letting them sell a record 11.1 million tonnes last season.

In 2016, India imposed a 20 percent tax on sugar exports to curb overseas sales.

Monsoon rains in the top cane growing districts of the western state of Maharashtra and the southern state of Karnataka - which together account for more than half of India's total sugar output - have been as much as 50 percent below average so far this year, weather department data showed.

Patchy rains would cut sugar output in the 2023/24 season and even reduce planting for the 2024/25 season, an industry official, who declined to be named, said.

Local sugar prices jumped this week to their highest level in nearly two years, prompting the government to allow mills to sell an extra 200,000 tonnes in August.

"Food inflation is a concern. The recent increase in sugar prices

eliminates any possibility of exports," said another government source.

Retail inflation in India jumped to a 15-month high of 7.44 percent in July and food inflation to 11.5 percent - its highest in over three years.

India's sugar production could fall 3.3 percent to 31.7 million tonnes in the 2023/24 season.

"We've allowed mills to export large volumes of sugar during the past two years," said the third government source. "But we also have to ensure sufficient supplies and stable prices."

India surprised buyers last month by imposing a ban on non-basmati white rice exports. New Delhi also imposed a 40 percent duty last week on exports of onions as it tries to calm food prices ahead of state elections later this year.

A Mumbai-based dealer with a global trade house said lower output in Thailand was also expected to reduce shipments and major producer Brazil would alone not be able to fill the gap.

## Oil price dips amid cautious trading

REUTERS, London

Oil prices dropped on Wednesday, as traders were cautious ahead of potentially gloomy manufacturing data and an annual meeting at Jackson Hole, where heavy-hitter central bankers including from the United States will talk interest rates.

Brent crude was down 51 cents to \$83.52 a barrel at 0738 GMT, while US West Texas Intermediate crude was at \$79.15 a barrel, down 49 cents.

Markets await hints on the outlook for interest rates when Federal Reserve officials and policy makers from the European Central Bank, the Bank of England and the Bank of Japan head to Jackson Hole, Wyoming, for an annual meeting later this week.

"Investors are reluctant to take big positions ahead of the Jackson Hole symposium as they want to find clues for the next step by the US Federal Reserve," said Hiroyuki Kikukawa, president of NS Trading, a unit of Nissin Securities.

Earlier on Wednesday, Japan posted shrinking factory activity for a third straight month in August, and the euro zone, France, Germany, Britain and the United States are set to release their own purchasing managers' index (PMI) data later in the day.

"What oil watchers should be concerned with is that all of the predictions of their manufacturing PMIs are under 50, therefore they are all in contraction territory and readings below expectations will sound warnings again of lower oil demand," said John Evans of oil broker PVM.

Crucial to shoring up oil demand over the rest of the year is China, the world's second-largest economy. But weak growth has frustrated markets as pledged stimulus has fallen short of expectations, including a smaller-than-expected cut in a key lending benchmark on Monday.

On the supply side, members of the Organization of the Petroleum Exporting Countries and its allies have opted to curb supplies to buoy prices, with Saudi Arabia cutting output by another 1 million barrels per day (bpd) from July through September. Russia plans to reduce exports in August by 500,000 bpd.

STOCKS		
DSEX ▲	CASPI ▲	
0.20%	0.08%	
6,275.75	18,561.33	

COMMODITIES		
Gold ▲	Oil ▼	
\$1,901.71	\$78.68	
(per ounce)	(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.33%	▲ 0.48%	▲ 0.45%	▼ 1.34%	
65,433.30	32,010.26	3,174.18	3,078.40	

## UK economy on course to shrink

REUTERS, London

Britain's economy looks on course to shrink during the current quarter and risks falling into a recession, as a survey on Wednesday showed a slump in factory output and broader weakness in the face of higher interest rates.

The S&P Global/CIPS composite Purchasing Managers' Index (PMI) tumbled to 47.9 in August from 50.8 in July, according to a preliminary estimate which was below all forecasts in a Reuters poll of economists.

The reading was the lowest since January 2021, when Britain was in a Covid-19 lockdown, and the first fall below the 50 level which divides growth from contraction since January this year.

Britain's economy - struggling with high inflation as well as the after-effects of the coronavirus pandemic and Brexit - last shrank in the third quarter of 2022, when many businesses closed to mark Queen Elizabeth's funeral. Since

then it has defied widespread forecasts of recession but has grown slowly.

Chris Williamson, chief business economist at S&P Global Market Intelligence, said the PMI pointed to a 0.2 percent fall in overall economic output during the three months to the end of September.

"The fight against inflation is carrying a heavy cost in terms of heightened recession risks," he said.

The eurozone composite PMI also came in below all economists' forecasts at 47.0, down from 48.6 in July. Sterling fell against the dollar and the euro and British government bond yields headed for their biggest daily fall in more than a month as investors scaled back expectations for further interest rate rises.

The Bank of England has raised rates 14 times since December 2021, taking them to a 15-year high of 5.25 percent. Financial markets still expect a further rate rise to 5.5 percent in September, but now expect rates to peak at 5.75 percent rather than 6 percent.

## Experts don't see

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However, the new wave of protectionism and subsequent impact of unilateral measures that are incompatible with WTO rules undermine global economic growth and development.

"We therefore need to reaffirm our position that economic growth must be underpinned by transparency and inclusiveness," he added.

If BRICS forms an economic bloc in the future, Bangladesh may enjoy greater access to big markets like China and India after graduating from a least developed country in 2026, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

Bangladesh has been a primary member of the BRICS' New Development Bank (NDB) since 2021. From the NDB, the country can receive a handsome amount of low-cost funds for infrastructure development.

BRICS members are also members of the G20, Rahman said, adding that Bangladesh needs to establish a warm relationship with those members so that their trade potentials can be

utilised more.

Ahsan H Mansur, executive director of the Policy Research Institute, said there is nothing to be gained from BRICS now as it is still a political platform.

"Still, it is better to have a warm relationship with such major global economies," he added.

Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, said no immediate benefit can be gained from joining BRICS if the country's membership is approved.

But joining the BRICS bloc would increase the investment flow in the next three to five years as its members are major economies of the world, he added.

Razzaque also said Bangladesh would be benefitted if the BRICS members sign full-fledged free trade agreements (FTAs) among themselves in the future.

However, signing FTAs among the members is extremely difficult and time consuming, he added.

## Export gains limited

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Bangladesh enjoys duty-free market access for most of its products in India, China and South Korea.

"As Bangladesh is set to graduate from the LDC group, we need to change our approach to getting market access without reciprocity. Rather, we need to give concessions to other countries to ink trade and investment agreements with them as well as blocs such as Regional Comprehensive Economic Partnership," said Khan.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the role of the regional trading agreements signed by Bangladesh is insignificant.

"The country is mainly benefiting as an LDC."

The government is in talks to sign a Comprehensive Economic Partnership Agreement with India and Japan.

Moazzem thinks it is vital for

Bangladesh to start negotiations as soon as possible as the country will not get duty-free benefits in the Safta and Apta member countries after the LDC graduation in 2026.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the progress aimed at inking trade deals has been sluggish so far although it takes several years to complete negotiations.

"Bangladesh is yet to start negotiations. It appears that we have not taken the issue of free trade agreement seriously," he said, adding that Bangladesh also needs to open its market for others to strike trade pacts.

"We need to come out of the LDC mentality of receiving tariff benefits only."

AHM Ahsan, vice-chairman of the EPB, acknowledges that exports have not increased to the countries with

South African organisers say there will be no discussions over a common BRICS currency, which was an idea floated by Brazil as an alternative to dollar dependence, according to Reuters.

Russia is keen to show the West it still has friends but India has increasingly reached out to the West, as has Brazil under its new leader, the Reuters report said.

India and China have also periodically clashed along their disputed border, adding to the challenge of decision-making in a group that relies on consensus, Reuters added.

The African Continental Free Trade Area creates a single market that is expected to grow to 1.7 billion people and nearly \$7 trillion in consumer and business spending by 2030, Ramaphosa said.

With the outbreak of the Russia-Ukraine war in February last year, the importance of BRICS reemerged as major economies of the world are trying to have dominance of their own currencies in international trade.

whom Bangladesh has struck trading agreements.

"But shipments might have grown at a slower pace if we had no preferential trade agreements."

He said not all member countries of the OIC have ratified the TPS and the product coverage under the D-8 is small.

"Our export basket is also narrow. So, we have not been able to reap the full benefit of trading agreements."

Turkey is a big market for jute goods. However, the export of jute goods to the country is suffering as a section of buyers have shifted to alternative yarn after the spike in prices of raw jute in Bangladesh, he added.

According to Ahsan, Bangladesh is benefiting from the Apta as exports to South Korea are growing.

"The government is preparing strategies to overcome the challenges that might appear following the LDC graduation."

## FBCCI chief wants FTA

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the country, made the call at a meeting with US Embassy's Commercial Counselor John Fay at the FBCCI office in Dhaka.

The USA is the single largest export destination of Bangladesh and this is the right time for signing an FTA between the two nations in order to take advantage of the supply chains for enhanced mutual benefit, Alam said in a statement of the FBCCI.

The FBCCI is hopeful of building a diversified portfolio in trade relations with the USA in the days to come, he added.

The president of the apex trade body also wants to launch a platform for networking and business contacts and to arrange meetings and trade fairs for the Bangladeshi and American entrepreneurs to strengthen trade cooperation.

Bangladesh's main export items to the USA are woven garments, knitwear, home textile, footwear, leather, agriculture and frozen foods.

## Khairuzzaman new finance secretary

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additional secretary at the finance ministry.

Fatima, the country's first female finance secretary, is scheduled to leave her current position at the finance ministry to join the ADB this month. This will be the first instance a Bangladeshi finance secretary is set to join a high-ranking position at the development lender.

She will be responsible for management of the newly created Sectors Group and the Climate Change and Sustainable Development Department under ADB's new operating model.

Md Nurul Alam, a former additional secretary of the power division, has been made the new secretary of the energy division.

## Unscrupulous traders

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among the Bangladesh Trade and Tariff Commission, the Bangladesh Competition Commission and the National Board of Revenue.

"Strict monitoring is needed to minimise price variation for similar products," he said, calling for proper coordination between businesses and government agencies.

Dhaka North City Corporation Mayor Atiqul Islam said the focus on market monitoring should be strong and collaboration among all stakeholders is a must.

He urged the government to end the harassment facing the business community.

Mahbubul Alam, president of the Federation of Bangladesh Chambers