

## Executive Motors brings BMW electric vehicle

### STAR BUSINESS REPORT

Executive Motors Limited yesterday unveiled the BMW iX3 M Sport, the first-ever electric vehicle from BMW, for the Bangladesh market.

The vehicle has a price tag of Tk 1.55 crore.

"We are immensely proud to introduce the BMW iX3 M Sport, the first-ever BMW electric vehicle in Bangladesh. This marks a pivotal moment for both the BMW brand and our valued customers here," said Ashique Un Nabi, director for operation at Executive Motors.

"The entire world is experiencing an electric vehicle revolution, which will eventually supplant automobiles that run on fossil fuels. In keeping with that, Executive Motors Limited began the iX3's journey within the entire country."

"The vehicle maintains BMW's performance, technology, and tradition while promoting a cleaner and better environment in our nation," he added.

The BMW iX3 M Sport represents a paradigm shift in the realm of sustainable mobility, combining BMW's iconic design language and innovative technologies to deliver an exhilarating, emission-free driving experience, Executive Motors said in a press release.

Executive Motors will set up BMW standard charging stations at 16 locations across the country for the convenience of customers, which will mark an important milestone for the nation's journey of electric vehicles, according to the statement.

## Oil futures up 1%

REUTERS, New York

Oil futures climbed about 1 percent to a one-week high on Friday as US diesel prices soared, the number of oil rigs dropped, and a fire broke out at a refinery in Louisiana.

Brent futures rose \$1.12, or 1.3 percent, to settle at \$84.48 a barrel, while US West Texas Intermediate (WTI) crude rose 78 cents, or 1.0 percent, to settle at \$79.83.

Diesel futures soared about 5 percent to a near seven-month high, boosting the diesel crack spread, a measure of refining profit margins, to its highest since January 2023.



A farmer works on an Aus paddy field in Nandigram upazila of Bogura yesterday. Aus cultivation starts from the March-April period and harvest continues from July to August.

PHOTO: MOSTAFA SHABUI

# Bangladesh's rice acreage, production to drop

USDA says, blames late monsoon, heatwave

SOHEL PARVEZ

Land use for rice cultivation in Bangladesh is likely to decline in marketing year (MY) 2023-24, which began on May, forecasted the US Department of Agriculture at the end of last week.

The late arrival of monsoon rains and a heatwave during the Aus season may result in rice cultivation area being 1.7 percent lower to 1.16 crore (one crore = 10 million) hectares of land than the 1.18 crore hectares it had previously forecasted, said the USDA.

Accordingly, total milled rice production is expected to decline to 3.64 crore tonnes, down 1.6 percent from its earlier prediction of 3.7 crore tonnes.

There was 16 per cent lower rainfall than the average in June whereas nearly 51 percent below normal in July. Monsoon rains are likely to be normal in August, forecasted Bangladesh Meteorological Department earlier this month.

"The reduction is due to the decrease in acreage and production of the last Aus season rice and current Aman season rice," said the USDA in its latest Grain and Feed Update on Bangladesh.

The agency considers Boro, the dry season crop requiring irrigation, to be the first rice season for the marketing year.

And in the MY24, production of the Boro rice, planted between December 2022 and January 2023 and harvested from April to May, was 2 crore tonnes, it added.

The Bangladesh Bureau of Statistics is yet to publish its estimate on the production of Boro rice.

The Aus rice is the second crop in the marketing year and its cultivation starts from the March-April period whereas harvests from July to August.

The USDA report, citing estimates by the Department of Agricultural Extension (DAE) and agricultural officials, said lower rainfall and a heatwave hampered the Aus season rice cultivation in many areas of the country this year.

As a result, the area coming under Aus season rice cultivation declined to 10.5 lakh hectares of land, down 5 percent from its previous forecast.

**There was 16 per cent lower rainfall than the average in June whereas nearly 51 percent below normal in July. Monsoon rains are likely to be normal in August.**

Production of the crop is expected to fall 4 percent to 24 lakh tonnes as well, it said, adding that the crop heavily depends on rainfall and contributes less than 10 percent of the annual rice production.

Adequate and timely rains are important for good yields of the post-monsoon Aman season rice, whose seedling are grown in seedbeds prepared early July and which are transplanted in the August-September period, said the report.

Delayed monsoon rains and a lack of rainfall in July affected the preparation of seedbeds for the Aman rice this season, said the US agency.

Farmers adopted to supplemental irrigation to prepare and flood their lands for the transplantation of seedlings. The costs of irrigation vary for each farmer, but it is Tk

2,000 per acre (0.4 hectares) on an average, it said.

The USDA has lowered its forecast for the MY24 Aman season rice cultivation area and production by 3 percent and 4 percent to 57.5 lakh hectares of land and 1.40 crore tonnes respectively.

With lower production, the agency revised upward its forecast of rice imports by Bangladesh to 10 lakh tonnes from a previous 900,000 tonnes.

In terms of consumption of rice, the staple food in Bangladesh, the US agency said overall consumption of the grain may slightly decline to 3.8 crore tonnes in the MY24 from its previous forecast of 3.82 crore tonnes for the lower production of rice production.

The agency also highlighted the issue of production costs increasing for farmers. Citing its contacts, the USDA report said currently farmers were using both chemical and organic fertilisers for Aman rice cultivation.

There is no shortage of chemical fertilisers this season, it said.

"However, farmers are paying slightly higher prices than the government rate to buy chemical fertilisers," said the USDA referring to its contacts.

Farmers' profits from rice cultivation are getting lower as costs of inputs, including seeds, fertilisers, herbicides and pesticides, are increasing, said the report.

"Moreover, higher labour costs also affect the total cost of rice production. The cost of irrigation has also gone up recently due to higher fuel prices," it said.

"By having to use supplemental irrigation during what is normally a rainfed rice season is also increasing the cost of production," it said.

## Can we be optimistic about Bangladesh?

MAMUN RASHID

Of course. Despite challenges around, we have many reasons to be optimistic about Bangladesh.

On the face of it, Bangladesh's economic situation may not give us much hope but on a deeper analysis of the underlying situation, there is a lot to be optimistic. The major challenges for Bangladesh right now are clear: currency devaluation, shrinking reserves, corruption, talent drain of skilled workers, policy ambiguity, challenges of graduation from LDC and an unstable and undercapitalised financial sector. The positives we will focus on are the key strengths which have recently gotten overlooked such as the population dividend of Bangladesh, the strength of consumption and the continuing interest of international organisations.

The population dividend of Bangladesh is yet to be fully realised and even though the state of education needs serious attention, the size of the population presents a strong value proposition for businesses. Production is cost-competitive and despite the upcoming graduation to a middle-income country, including the loss of trade advantages, labour-intensive industries will continue to find the lower wages a competitive advantage. The RMG industry, especially, needs to adapt to the new situation by investing in man-made fibre and alternative textiles in order to move into higher value-added items. The positive news is that some of the biggest exporters in the country are already moving into these items. I met seniors from two development partners and eight local corporates from Dhaka and Chittagong last week. Though some of them looked uncertain and to some extent confused, they still are thinking of expansion, further investment and going beyond.

The strength of the consumption market is one of the biggest success stories in Bangladesh and has been the result of a sustained multi-decade campaign by consumer companies in Bangladesh. Despite the impact of Covid-19, when spending slowed down in many ways, we saw the consumer market sustain demand and companies were able to raise revenue even though their bottom lines took a hit due to rising input costs. Consumption is expected to continue rising and prominent companies as mentioned are highly optimistic about the economy.

There is large incoming investment in the infrastructure across sectors and we can expect that there will be a lot of investment with foreign and local partners to improve all economies. Padma Bridge is the first of a series of major infrastructural projects such as the Matarbari port and a series of public-private partnership projects are likely to super-charge economic activity.

We have also been seeing a renewed interest in automobile and consumer companies in entering Bangladesh. These companies are emblematic of the belief in Bangladesh as an economy. HSBC's recent report of Bangladesh becoming a trillion-dollar economy by 2030 is also based on the power of consumption. Added to this also their new report on the prospects of Bangladesh capital market.

One of the major roadblocks to private and public investment is of course the upcoming election. Both private companies and international organisations are unsure about their investment plans as they wait to see who will be coming to power and how do they prioritise their reforms agenda. However, irrespective of who comes to power, the development partners are likely to support the private sector and ensure the growth continues.

I would today conclude with a simple sentence that I heard from the head of a development partner institution mainly supporting private sector investment in this region. It seemed to him "foreigners are more optimistic about Bangladesh than we locals are".

Hence, it is time to justify our faith in Bangladesh's growth story and move forward with more hopes, confidence and innovation. May be, we professionals need to be more articulate, steadfast and logically courageous too.

The writer is an economic analyst.



### ENLARGED BRICS

## Investors see long wait for economic boon

REUTERS

The expansion of the BRICS group of developing countries could provide a lifeline to capital-starved new entrants Iran and Argentina, but investors and analysts say a broader economic boon for the bloc's members is far from certain.

Leaders of the BRICS - Brazil, Russia, India, China and South Africa - invited the two as well as Saudi Arabia, the United Arab Emirates (UAE), Ethiopia and Egypt into the club at a summit this week in Johannesburg.

The move is aimed at increasing the BRICS' clout as a champion of "Global South" nations, many of which feel unfairly treated by international institutions dominated by the United States and other wealthy nations.

The additions are a mixed bunch: Saudi Arabia and the UAE are wealthy oil producers, inflation-wracked Argentina is desperate for foreign investment, Iran is isolated by Western sanctions, Ethiopia is recovering from a civil war and Egypt's economy is in crisis.

Some investors and economic analysts are sceptical that expansion will lead to increased foreign direct investment (FDI) within the bloc.



Still, BRICS leaders and other investors touted the increased economic heft from the expansion. The new members would grow the bloc's share of global GDP to 29 percent from 26 percent and trade in goods to 21 percent from 18 percent, Li Kexin, a senior Chinese foreign ministry official, told a press briefing on Thursday.

"I don't know if I would say it's a game changer, but in terms of opening up consumer markets there is scale there," said Ola El Shawarby, deputy portfolio manager for the Emerging Markets Equity Strategy at Van Eck in New York.

Increasing trade links between existing and prospective members of the bloc have garnered attention.

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## India expands curbs on rice exports

REUTERS, Mumbai

India has imposed a 20 percent duty on exports of parboiled rice with immediate effect, a move that could further reduce shipments from the world's largest exporter and lift global rice prices, which are already trading near their highest levels in 12 years.

Last month, India surprised buyers by imposing a ban on exports of widely consumed non-basmati white rice, following a ban on broken rice exports last year.

The ban prompted some buyers to increase purchases of parboiled rice and lifted its prices to record highs, said a Mumbai-based dealer with a global trade house.

"With this duty, Indian parboiled rice would become as expensive as supplies from Thailand and Pakistan. There is hardly any option for buyers now," the dealer said.

India exported 7.4 million tons of parboiled rice in 2022.

In July, the United Nations food agency's rice price index jumped to its highest level in nearly 12 years as prices in key exporting countries jumped on strong demand after India imposed restrictions on the exports.

India accounts for more than 40 percent of world rice exports, and low inventories with other exporters mean any cut in shipments could inflate food prices already driven up by Russia's invasion of Ukraine last year and by erratic weather.

India has now imposed restrictions on all kinds of non-basmati rice, which poor consumers in Africa and Asia usually prefer,

said a New Delhi-based dealer with a global trade house.

"Global rice prices had begun to moderate in the last few days after rallying more than 25 percent due to India's restrictions last month. However, prices are expected to rise again," the dealer said.

The recent curbs on exports of food



PHOTO: AFP/FILE

Labourers use shovels to separate rice husk from the grain at a wholesale grain market in Amritsar.