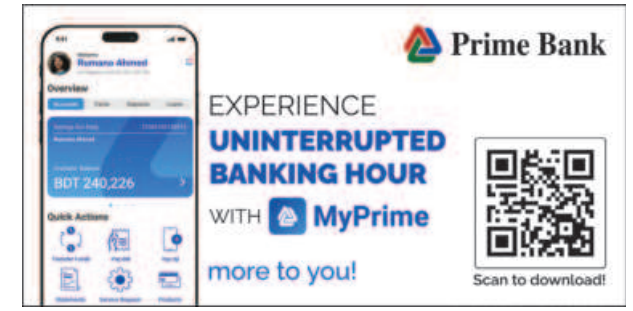


Star BUSINESS



Tk 1,243cr LNG to be imported from spot market

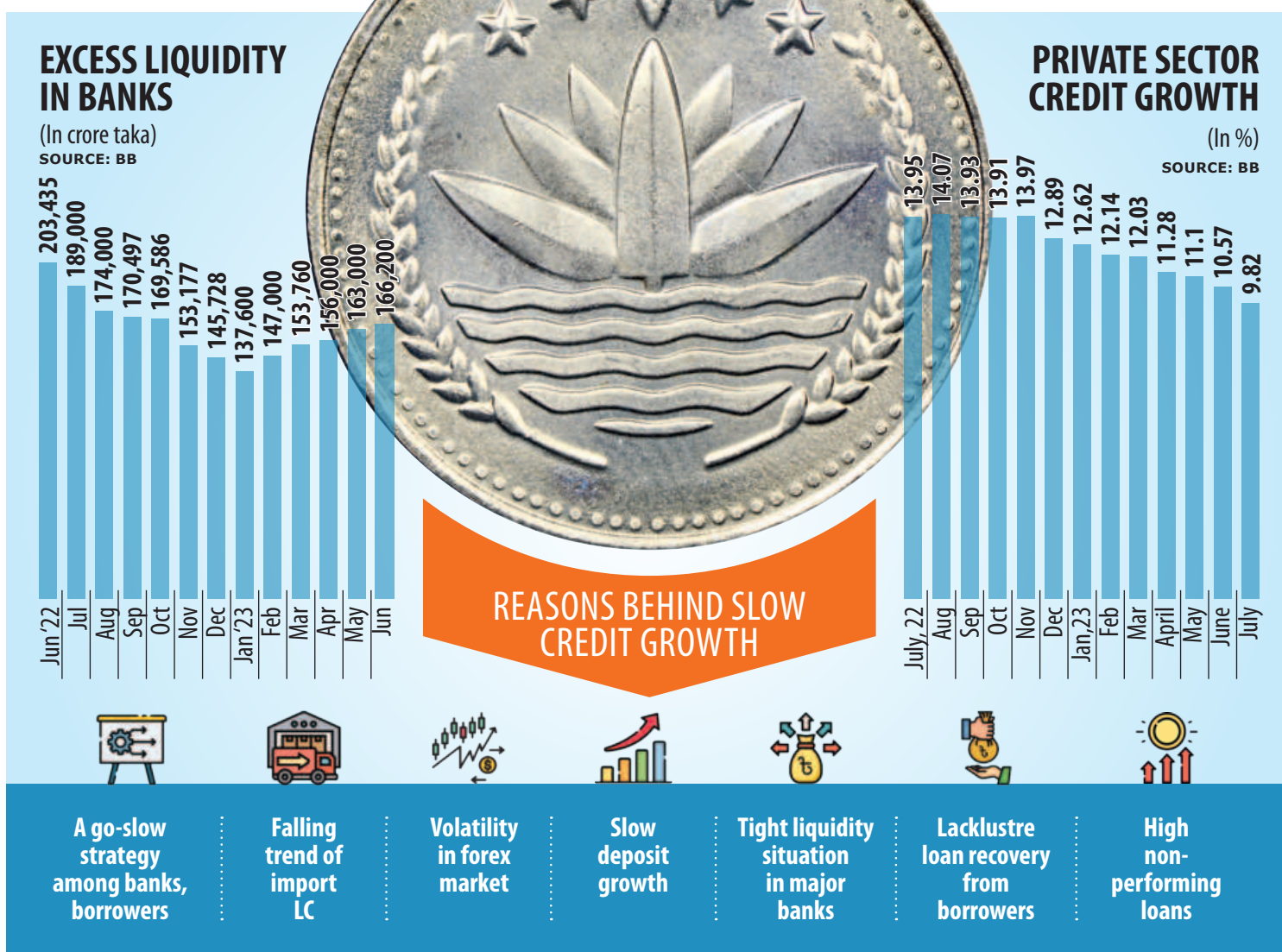
STAR BUSINESS REPORT

The government yesterday approved two proposals seeking to buy 67.20 lakh tonnes of liquefied natural gas (LNG) worth Tk 1,243 crore from the international spot market to alleviate the energy shortage facing the economy.

The cabinet committee on purchase gave the nod during a meeting at the secretariat in Dhaka. Finance Minister AHM Mustafa Kamal presided over the meeting.

The spot market is where financial instruments, such as commodities, currencies, and securities, are traded for immediate delivery.

Of the LNG, 33.60 lakh MMBTUs would be supplied by Switzerland's TotalEnergies Gas & Power Ltd. Per unit will cost \$13.77.



Apparel shipment to US plunges 20% in Jan-Jul

REFAYET ULLAH MIRDHA

Bangladesh's apparel shipments to the US declined 19.82 percent year-on-year in the January-July period this year in spite of a gradual improvement in retail sales.

Though the US is Bangladesh's single largest export destination, the drop has been recorded by other countries as well, as American retailers are still struggling to recover from the severe fallouts of the pandemic and Russia-Ukraine war.

Shipment of garments from all over the world to the US has been declining because of inflation and bank interest remaining high in America over the last three years for the pandemic and war.

Shipment of garments from all over the world to the US has been declining because of high inflation and bank interest

However, retail sales in the US have also been growing recently as inflation is cooling down.

For instance, the National Retail Federation (NRF), the largest retail association in the US, in August said retail sales reversed their downward trend in July.

This was due to Amazon's Prime Day and major promotions by other brands prompting increased shopping while wage increases gave consumers more money to spend.

"July retail sales show consumers continue to drive the economy through this period of economic pressure with robust spending supported by steady job growth and wage gains," said NRF President and CEO Matthew Shay.

"Retailers remain focused on providing essential items at competitive prices for families and students as we approach the end of an

READ MORE ON B3

Private sector credit growth drops to single digit

July's credit expansion lowest in 21 months

MD MEHEDI HASAN

The private sector credit growth in Bangladesh nosedived to single digit in July as both banks and borrowers face multiple challenges amid lingering economic uncertainty at home and abroad and the growing political crisis centring next year's national elections.

In the first month of the current financial year of 2023-24, the credit growth fell to 9.82 percent from 10.57 percent a month ago, Bangladesh Bank data showed.

July's credit expansion was the lowest since October 2021 when it stood at 9.44 percent.

A tight liquidity situation in the banking sector, falling trend of the opening of letters of credit (LCs), volatility in the foreign exchange market, slow deposit growth, and lacklustre loan recovery pushed down the credit growth, said bankers.

July's growth was 1.08 percentage points lower than the BB target of 10.90 percent set for the first half of the fiscal year.

The lower credit growth might be interpreted as a blessing in disguise since it may contribute to reining in runaway inflation

and the lowering of demand for the US dollar, which has strengthened by as high as 30 percent against the taka in the past one year, making imports costlier.

But a lower loan growth might

\$4.37 billion, down 31.19 percent from \$6.35 billion registered in the same month in the previous fiscal year, according to BB data.

LC opening for capital machinery import fell 22.17 percent to \$179 million while

Bangladesh, a platform for chief executives of lenders.

Forced loans are created when clients fail to make their LC payments on maturity.

Banks' capacity to lend has also come under strain as the sector is facing tight liquidity, driven largely by slower deposit growth and a persistently higher exchange rate of the taka against the US dollar.

In June, the surplus liquidity in the banking sector slipped to Tk 1,66,200 crore from Tk 2,03,435 crore a year ago, BB data showed. The private sector credit growth is projected at 11 percent at the end of FY24.

"Consumer demand has been adversely impacted by the skyrocketing inflation, which has led to a slower credit demand," said Sohail RK Hussain, managing director of Meghna Bank.

Inflation stood at 9.69 percent in July but it was at 9.94 percent in May, an 11 year high, as per the Bangladesh Bureau of Statistics.

Hussain said imports of luxury products, including automobiles, have sharply dipped due to the austerity measures taken by the government and the central bank

READ MORE ON B3



STOCKS	
DSEX ▼	CASPI ▼
0.15%	0.07%
6,307.08	18,652.38

COMMODITIES	
Gold ▲	Oil ▼
\$1,920.44	\$86.89
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI ▲	TOKYO ▼	SINGAPORE ▲	SHANGHAI ▼
0.58%	0.75%	0.12%	1.13%
66,277.56	32,991.08	3,226.59	3,122.35



PHOTO: HABIBUR RAHMAN

A worker collects bobbins drying out in the sun in front of Mujgunni Nesaria Madrasa in Khulna city's Khalishpur area. Made out of recycled paper, these bobbins are sold to jute mills for Tk 3 to Tk 7 apiece for use in winding yarn. The photo was taken recently.

DSE plans to get green garment factories listed

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) is planning on wooing garment factories which adopted environment-friendly practices to get listed so that the opportunity to invest in good stocks arises while the factories can diversify their financing portfolio.

The premier bourse of the country is going to sign a memorandum of understanding in this regard with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The DSE's board of directors already approved the terms and conditions of the MoU for it to be signed within this month.

"Under the MoU, the BGMEA will inform all its members about facilities of the stock market while we will take some joint initiatives on promotional programmes," said M Shaifur Rahman Mazumdar, acting managing director of the DSE.

"Our primary target is to bring in the Leadership in Energy and Environmental Design (LEED) companies and gradually we will try to attract other companies with sustainable practices which have gained reputation doing business for long," he said.

Currently, Bangladesh is home to 9 out of the 10 top "green" industrial units worldwide.

Being the global champion in LEED certified factories, Bangladesh has 73

platinum rated garment units while another 113 are gold rated, 10 are silver rated and four are just certified.

Platinum certification is the highest category in the ranking system while gold is the second highest and silver third. The fourth category for industrial units is just for meeting the minimum requirements.

The premier bourse is going to sign a memorandum of understanding in this regard with the BGMEA

"We will inform them how they can offload shares and get several benefits of the listing," said Mazumdar.

Some entrepreneurs do not want to split their ownership. In this case, the DSE will advise them to raise funds by issuing green bonds, he said.

The interest rate of the banks is much higher so their costs will be lower if they raise funds through bonds, Mazumdar clarified.

There are some foreign investors who are seeking sustainable bonds, so this can play a positive role in bringing in foreign investment in the country, he said.

READ MORE ON B3

Islami Bank gives Tk 1.25cr for DU special convocation

STAR BUSINESS DESK

Islami Bank Bangladesh PLC yesterday provided Tk 1.25 crore as one of the sponsors of a special convocation of the University of Dhaka.

Muhammad Qaisar Ali, managing director (current charge) of the bank, and Md Akiz Uddin, deputy managing director, handed over the sponsorship cheque to Prof Md Akhtaruzzaman, vice-chancellor of the university, at the latter's office in Dhaka, said a press release.

Prof Mamtaz Uddin Ahmed, treasurer of the university, Probr Kumar Sarker, registrar, Mohammad Shaiful Islam, director of accounts of the bank, and Nazrul Islam, head of brand and communication division of the bank, were present.



Professor Md Akhtaruzzaman, vice-chancellor of the University of Dhaka, receives a sponsorship cheque worth Tk 1.25 crore from Muhammad Qaisar Ali, managing director (current charge) of Islami Bank Bangladesh, and Md Akiz Uddin, deputy managing director, at the former's office in Dhaka yesterday.

PHOTO: ISLAMI BANK BANGLADESH

Eurozone inflation stagnates

AFP, Brussels

Eurozone inflation remained unchanged in August, official data showed Thursday, leaving the European Central Bank faced with a conundrum over whether to continue hiking interest rates amid fears of a deepening economic downturn.

The ECB has hiked interest rates to their highest level since May 2001 to tame red-hot inflation, but its president Christine Lagarde has suggested there could be a pause at the next rate-setting meeting on September 14.

Analysts don't agree on what the ECB will do. Some avoided making a prediction that the data would not dramatically change the ECB's trajectory, but others said they still expect a hike.

Consumer prices reached 5.3 percent in August after a smaller drop in energy prices and despite a slowdown in the rise of food and drinks costs, the EU's statistics agency said.

A consensus forecast by analysts compiled by FactSet and Bloomberg had predicted a slight drop in consumer prices to 5.1 percent.

The figure is far higher than the ECB's two-percent target.

"The small upside surprise to euro-zone headline inflation in August was entirely due to energy, while the core rate edged down. We don't think these data will tip the balance of opinion at the ECB decisively towards a hike or a hold at the meeting," said Jack Allen Reynolds, deputy chief eurozone economist at Capital Economics.



Farhad Hossain, state minister for public administration, cuts a ribbon to inaugurate Komarpur branch of Agrani Bank at Mujibnagar upazila in Meherpur yesterday.

PHOTO: AGRANI BANK

Agrani Bank opens branch in Mujibnagar

STAR BUSINESS DESK

Agrani Bank extended its operational network further with the inauguration of Komarpur branch, the 972nd branch of the bank, at Mujibnagar upazila in Meherpur yesterday.

Farhad Hossain, state minister for public administration, inaugurated the branch, said a press release. Hossain expressed his gratitude to Agrani Bank for their commitment to establishing Komarpur branch. He recognised the importance of accessible banking services for local communities and commended Agrani Bank's dedication to fulfilling this need.

Md Nurul Huda, general manager of Khulna circle of the bank, conducted the inauguration ceremony, where Md Murshedul Kabir, managing director and CEO, was present.

Among others, Md Shamim Hasan, deputy commissioner of Meherpur, Md Rafiul Alam, superintendent of police, and Shyamal Krishna Saha, deputy managing director of the bank, were present.

NRBC Bank inks deal with ICB Asset Management

STAR BUSINESS DESK

NRBC Bank recently signed an agreement with ICB Asset Management Company Limited (IAMCL) to sell the latter's 15 open end mutual funds as a sales representative.

Golam Awlia, managing director and CEO of the bank, and Mahmuda Akhter, chief executive officer of IAMCL, inked the deal to this end at the bank's head office in Dhaka, said

a press release.

"We are ensuring the safeguard of public deposits through transparency and accountability. We expect investors will benefit from this agreement with ICB Asset Management," said Awlia.

"NRBC Bank is providing services through more than one and a half thousand service points across the country. We will work with NRBC Bank to make the public more interested in mutual funds," said Hossain.



Golam Awlia, managing director of NRBC Bank, and Mahmuda Akhter, chief executive officer of ICB Asset Management Company, exchange documents of an agreement on open-end mutual funds at the bank's head office in Dhaka recently.

PHOTO: NRBC BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (SEP 7, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 72	-2.22 ↓	0
Coarse rice (kg)	Tk 48-Tk 50	-2 ↓	-1.01 ↓
Loose flour (kg)	Tk 45-Tk 50	-6.86 ↓	-4.04 ↓
Lentil (kg)	Tk 95-Tk 100	2.63 ↑	-7.14 ↓
Soybean (litre)	Tk 155-Tk 160	-3.08 ↓	-9.22 ↓
Potato (kg)	Tk 42-Tk 45	14.47 ↑	61.11 ↑
Onion (kg)	Tk 80-Tk 90	9.68 ↑	100 ↑
Egg (4 pcs)	Tk 50-Tk 53	-1.9 ↓	24.1 ↑

SOURCE: TCB



ABM Mokammel Hoque Chowdhury, managing director of Union Bank, poses for photographs with participating officers of the bank after a half-month-long foundation training course at its training institute in Dhaka recently. Among others, Md Mainul Islam Chowdhury, executive vice-president of the bank, and Md Hedayet Ullah, principal of Union Bank Training Institute, were present.

PHOTO: UNION BANK

Why Chinese response

FROM PAGE B4

Analysts say these trends are increasingly pushing China's annual growth objective of around five percent out of reach.

Property development and linked industries have been a key pillar of the Chinese economy in recent years, providing a sizeable chunk of its GDP.

But the sector is in a deep crisis.

Many leading developers including Evergrande and Country Garden have come under increasing financial pressure lately, with their astronomical levels of debt bringing bankruptcy concerns to the fore.

Any implosion of these firms could

have dire consequences for China's financial system, resulting in vast amounts of unfinished housing, mass layoffs, and tens of thousands of people unable to recover their funds.

And the property turmoil is fuelling doubt among potential buyers, adding further pressure to developers' budgets.

The economy is also feeling the effects of sluggish global demand, which has dragged on Chinese exports, as well as flagging domestic household spending.

Anxious to shore up finances, China has opted for prudent and targeted measures instead of a

broader but costly recovery plan advocated by many economists.

Authorities unveiled steps in July aimed at stimulating the purchase of home appliances and electric vehicles.

This was followed by tax benefits for households and businesses in a bid to support consumption.

And to further boost activity, China's central bank has recently cut two reference rates, hoping to encourage commercial banks to grant more credit and on more attractive terms. But the most important announcements — directed at the country's flailing real estate industry — were made last week.



Prof Prashant K Kalita, director of Appropriate Scale Mechanisation Consortium, and Sadid Jamil, managing director of The Metal, cut a ribbon to jointly inaugurate a technology park at Purbadhala in Netrokona on Wednesday. Among others, Md Monjurul Alam Champak and Chayan Kumar Saha, professors at the Bangladesh Agricultural University, were present. Story on B3

PHOTO: THE METAL

Government of the People's Republic of Bangladesh
Office of the Executive Engineer
Department of Public Health Engineering
Joypurhat District, Joypurhat
www.dphe.joypurhat.gov.bd
Telephone: 02589915132

Invitation for Tender Notice

1	Ministry/ Division	Local Government Division
2	Implementing agency	Department of Public Health Engineering
3	Project/ program name	Project for Safe Water Supply Throughout the Country (PSWSC)
4	e-Tender ID/Re-Tender ID	870352, 868662, 868664, 868665 & 868666
5	Description of work:	<p>a) Installation of 234 Nos. Shallow Tara System Tube-well with 6 No. Hand Pump (Non extractable) at Sadar Upazila of Joypurhat District under the Project for Safe Water Supply Throughout the Country (PSWSC) during FY (2023-2024).</p> <p>b) Installation of 208 Nos. Shallow Tara System Tube-well with 6 No. Hand Pump (Non-extractable) at Panchbibi Upazila of Joypurhat District under the Project for Safe Water Supply Throughout the Country (PSWSC) during FY (2023-2024).</p> <p>c) Installation of 130 Nos. Shallow Tara System Tube-well with 6 No. Hand Pump (Non extractable) at Kalai Upazila of Joypurhat District under the Project for Safe Water Supply Throughout the Country (PSWSC) during FY (2023-2024).</p> <p>d) Installation of 130 Nos. Shallow Tara System Tube-well with 6 No. Hand Pump (Non extractable) at Khetlal Upazila of Joypurhat District under the Project for Safe Water Supply Throughout the Country (PSWSC) during FY (2023-2024).</p> <p>e) Installation of 130 Nos. Shallow Tara System Tube-well with 6 No. Hand Pump (Non extractable) at Akkelpur Upazila of Joypurhat District under the Project for Safe Water Supply Throughout the Country (PSWSC) during FY (2023-2024).</p>
6	Name, designation, & address of official inviting tender	Mst. Ummay Roman Khan Jony Executive Engineer, DPHE, Joypurhat District.
7	This is online tender, where only e-Tenders will be accepted in the National e-GP Portal and no offline or hard copy will be accepted. Interested persons/ firms can see details in the website: www.eprocure.gov.bd	

Mst. Ummay Roman Khan Jony
Executive Engineer
DPHE, Joypurhat District

GD-1367

German industrial output dips again

AFP, Frankfurt

German industrial production fell for a third straight month in July, official data showed Thursday, adding to fears of a prolonged downturn in Europe's largest economy.

Output fell by 0.8 percent compared with the month before, according to seasonally adjusted figures from statistics agency Destatis, following a 1.4-percent drop in June.

Analysts surveyed by FactSet had forecast a smaller decline of 0.35 percent.

North-West Power Generation Company Ltd
ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified
(An Enterprise of Bangladesh Power Development Board)

Office of the Plant Manager (Superintending Engineer)
Sirajganj 225 MW Combined Cycle Power Plant (Unit-2)
Soydabad, Sirajganj.

Ref: 27.28.8878.201.07.001.21.287 Date: 07/09/2023

e-Tender Notice

The following e-Tender is invited in the National e-GP System Portal (www.eprocure.gov.bd):

Sl. No.	Tender ID	Brief Description of Tender	Publication Date	Last Selling Date & Time	Opening Date
1	864326	Procurement of Spare Parts for DC System of Sirajganj 225 MW CCPP (Unit-2)	27-Aug-2023	24-Sep-2023 15:30 PM	25-Sep-2023
2	864019	Supply of Spare Parts and Consumables for NG Conditioning Station and Final Filtering Skid.	03-Sep-2023	26-Sep-2023 14:00 PM	27-Sep-2023

This is an online tender where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP System Portal (www.eprocure.gov.bd) is required. Further information and guidelines are available in the National e-GP System Portal and e-GP Help Desk (helpdesk@eprocure.gov.bd).

Engr. Md. Asad Halim
Plant Manager (Superintending Engineer)
Sirajganj 225 MW CCPP (Unit-2)
NWPGL, Soydabad, Sirajganj.

GD-1371

'Hyundai Exchange Fair' at Banani Bidyaniketan Sep 15-16

STAR BUSINESS DESK

Fair Technology, a concern of Fair Group and local distributor of Hyundai in Bangladesh, will organise a car exchange programme styled "Hyundai Exchange Fair" at Banani Bidyaniketan School and College on September 15-16.

Mutassim Daiaan, chief executive officer of the company, made the announcement at a press conference at Hyundai Experience Centre on Tejgaon Link Road in Dhaka, said a press release.

"This programme has brought a great opportunity to upgrade your car and your standard of life as well," he said.

"Bangladeshi car enthusiasts would love to embrace the latest innovations and uniqueness of Hyundai brand new cars by exchanging their used old cars of any brand," he said.

Air Astra, Secret Recipe and RTV are partners of the programme.

Hyundai has enlisted Mutual Trust Bank, Eastern Bank, Brac Bank, United Commercial Bank, Dhaka Bank, IPDC Finance Limited and Strategic Finance and Investments Ltd as auto-finance partners.

JM Taslim Kabir, head of marketing of Fair Group, Hasnain Khurshed, head of communications, Abu Nasser Mahmood, head of sales, Muhammad Sajjad Mahmud, marketing manager of Fair Technology, and KSM Mohitul Bari, business head of Secret Recipe, were present.



Workers at a paddy field are seen enjoying their lunch break after planting saplings amid the ongoing Aman season. Each worker earns about Tk 600 for toiling from 8:00am to 4:00pm each day. The picture was taken from Nakta village in Jhalakathi recently. PHOTO: TITU DAS

Commonwealth trade and investment forum from Sep 13

STAR BUSINESS REPORT

A two-day "Commonwealth trade and investment forum" (CTIF) will be held at InterContinental Dhaka from September 13.

The Commonwealth Enterprise and Investment Council, which is the Commonwealth's accredited business network, Bangladesh Investment Development Authority (Bida), the Ministry of Foreign Affairs and Zi Foundation, a family-run foundation that offers support to vulnerable people, will jointly organise the event.

The Commonwealth is a voluntary association of 56 countries, home to one-third of the world's population. Bangladesh joined the Commonwealth as its 34th member in 1972.

The forum was previously organised in other member states of the Commonwealth such as in the UK, Singapore, Kenya, Rwanda and Malta.

The organisers say the aim is to promote innovation, trade, investment and economic growth, enhance partnerships and explore

ways towards sustainable and inclusive economic development for Bangladesh.

Prime Minister Sheikh Hasina is scheduled to inaugurate the event at Bangabandhu International Conference Center in Dhaka and present a "Commonwealth Bangabandhu Sheikh Mujibur Rahman Green Investment Award".

The forum will give Bangladesh a "tremendous opportunity" to grow trade and investment, Salman F Rahman, the prime minister's private industry and investment adviser, told a press conference at Bida yesterday. Bangladesh has been an active part of the Commonwealth since gaining independence, he said.

"During the forum, Bangladesh will be able to showcase its trade and investment opportunities in front of the Commonwealth countries. It will be positive for everyone," said Rahman.

Highlighting the country's various socio-economic achievements, the prime minister's adviser said Bangladesh has achieved significant progress in the past 14 and a half

years and a number of startups have sprung up in line with the "Smart Bangladesh" vision.

Responding to a question, Salman F Rahman said they have invited all Commonwealth countries to attend the upcoming forum and countries like Nigeria, Kenya, Rwanda and Ghana have already confirmed their participation.

Meanwhile, top representatives of public and private sectors from Bangladesh and various Commonwealth member countries will participate in 12 sessions in total and the country's 4th Industrial Revolution will get focus, he said.

Up until now, 250 foreign participants are scheduled to come to Bangladesh and this number will increase to 300, including 13 foreign ministers and members of parliament, Rahman noted.

"We hope for the forum to provide an excellent opportunity to expand business between Commonwealth countries. The economy of Bangladesh has changed in the past years," said Md Lokman Hossain Miah, executive chairman of Bida.

BFIU worried over money laundering thru MFS platforms

STAR BUSINESS REPORT

Bangladesh Financial Intelligence Unit (BFIU) yesterday requested mobile financial service (MFS) providers to take necessary steps to stop illegal online gambling, gaming, and betting through such digital platforms.

"Financial crimes like illegal online gambling, gaming, betting and forex and crypto trading are on the rise and boosting money laundering," said the BFIU, which works to combat money laundering and terrorist financing.

By exploiting the digital payment system, these crimes are simplifying and accelerating the illegal hundi processes, it said. Hundi is an informal method of transferring money from one country to another.

Head of the BFIU, Md Masud Biswas, held a meeting about the issue yesterday with representatives from the Payment Systems Department and Foreign Exchange Policy Division of Bangladesh Bank.

Also present were the managing directors and chief executive officers of bKash, Nagad, Rocket and Upay, read the press release.

The BFIU called upon stakeholders to ensure that MFS accounts were not used as a means of payment in online gambling, gaming, betting and forex and cryptocurrency trading.

Tech park opens in Netrokona

STAR BUSINESS DESK

The Metal Pvt Ltd, in association with Appropriate Scale Mechanisation Innovation Hub (ASMIH)-Bangladesh project of Bangladesh Agricultural University (BAU) and Single Shade Service Point (SSP), opened a technology park at Purbadhala in Netrokona on Wednesday.

Prof Prashant K Kalita, director of Appropriate Scale Mechanisation Consortium, and Sadid Jamil, managing director of The Metal Pvt Ltd, jointly inaugurated the park, said a press release.

This park exhibits modern machinery and serves as a training and service centre for farmers, offering guidance on the operation and maintenance of these advanced agricultural tools.

Aliyu Faye, director of ISRA-CERAAS, Senegal, Md Monjurul Alam Champak and Chayan Kumar Saha, professors at the BAU, and TM Achadur Rahman, head of marketing at The Metal Pvt Ltd, were present.

China's economic gloom hangs over Japan's long-awaited recovery

REUTERS, Tokyo

Policymakers in Tokyo believe China's deepening economic woes could hit Japan's fragile recovery, especially if Beijing fails to shore up demand with meaningful stimulus, potentially delaying an exit from ultra-loose monetary policy.

China's downturn would leave Japan's export-reliant economy with little external support as aggressive Federal Reserve interest rate hikes cool growth in the United States, another key driver of global activity.

The risks from China will be among key topics of debate at the Bank of Japan's September policy meeting, say five sources familiar with the bank's thinking, and raise fresh questions about Governor Kazuo Ueda's efforts to wean the economy off the massive monetary stimulus of the past decade.

"What's happening in China is worrying and could deal a huge blow to Japan's economy," said one of the sources, who spoke on condition of anonymity due to the sensitivity of the matter.

"A downturn in China may diminish the chance of Japan achieving sustained wage growth," which is a crucial condition for phasing out monetary stimulus, another source said.

In a sign of growing pessimism over China, the government also said its monthly economic report for August that "concern over China's outlook" was among risks to Japan's recovery. "China is over," a senior Japanese government official told

Reuters on condition of anonymity because of sensitivity of the issue. "I think China will never return to 5 percent growth."

Having taken steps in July to make its ultra-loose policy sustainable, the BOJ is widely expected to keep monetary settings unchanged at its September 21-22 meeting.

While many Japanese policymakers expect China to avert a hard landing, thanks in some part to Beijing's recent support measures, the stakes for Japan are high.

China is Japan's largest trading partner, accounting for 20 percent of its exports, having replaced the United States in 2020. Exports to China fell 8.6 percent in the first half of this year as demand for cars, steel and electronics wilted.

Economists believe China's downturn could knock 1-2 percentage points off Japan's annual growth, fuelling fears of a prolonged slowdown in Asia's two biggest economies, which combined account for about a fifth of global gross domestic product.

China is also losing its appeal as a production hub for Japanese firms with some already reducing exposure to the country.

Komatsu Ltd, was among them. The world's No. 2 construction machinery maker has shifted some operations away from China, its chief executive Hiroyuki Ogawa told Reuters this week.

Ogawa said going forward Komatsu will "cut down on production capacity in a way to match actual demand in China."

Diplomatic tensions may also be a factor.

Suntory Holdings chief executive Takeshi Niinami warned China's economy is in an "extremely difficult" situation, which may be contributing to a rising backlash against Japan over the release of treated Fukushima water into the ocean.

Those bilateral strains could additionally dash hopes of a revival in Chinese tourists, delaying a broad-based recovery in Japan's service sector.

The risks from China heighten challenges for the BOJ in winding down its bond yield control, a key part of its monetary policy aimed at sustainably relating stagnant consumer demand.

"Exports to China had already been weak and headwinds to inbound tourism are clearly bad for Japan's economy," said Toru Suehiro, chief economist at Daiwa Securities. "All in all, it's hard to justify tightening monetary policy any time soon."

Japan's core inflation hit 3.1 percent in July, exceeding the BOJ's 2 percent target for the 16th straight month. Firms also promised wage hikes unseen in three decades this year, heightening the case for a retreat from decades of ultra-loose monetary policy.

While some BOJ policymakers began dropping hints of a near-term policy shift, Governor Ueda has stressed the need to wait until domestic demand and wage growth replace import costs as a key driver of consumer inflation.

Apparel shipment to US

FROM PAGE B1

expected record back-to-class shopping season," he said.

"Retail sales growth has been slowing, but July got a midsummer boost from special deal days offered by multiple retailers," said NRF Chief Economist Jack Kleinhenz.

The NRF in a statement last month said overall retail sales in July were up 0.7 percent from that in June and up 3.2 percent year-over-year.

Clothing and clothing accessory sales were up 1 percent month-over-month and up 0.9 percent year-over-year.

by American retailers and brands registered a 22.28 percent negative growth to stand at \$45.74 billion, it added.

The US work orders are dwindling now as the retailers and brands are not running like that during the pre-pandemic and pre-war era, said Kutubuddin Ahmed, chairman of Envoy Legacy, a leading garment exporter to the US.

However, there is a positive trend as retail sales are picking up and in July it grew by more than 3 percent, Ahmed said.

Denim will perform well in the US market in the future as the retailers

the US have increased by 12.99 percent year-on-year to \$3.26 per unit this year, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

This is due to the production of high value-added garment items and prices of garment items being adjusted to the higher prices of raw materials like cotton and yarn, he said.

In 2023, work orders globally have been coming about slowly because of the volatile economic situation. But the situation is improving gradually, he added.



PHOTO: STAR/FILE

The drop in apparel shipment to the US has been recorded by other countries as well.

Among all other competing countries, Bangladesh's exports to the US fared comparatively better.

Garment shipment to the US from China, the world's largest apparel supplier, fell by 28.75 percent year-on-year to \$9.12 billion in the January-July period, according to the Office of Textiles and Apparel (OTEXA) under the US Department of Commerce.

Meanwhile, garment shipments to the US from Vietnam also declined by 24.76 percent to \$8.21 billion, it said.

and brands are coming up with work orders for denim items, he said.

Similarly, AK Azad, chairman and chief executive officer of Ha-Meem Group, which ships nearly 90 percent of its garment products to the US, said it would take the next six months for there to be a rebound in the US markets for the shippers.

It is expected that a significant quantity of the old unsold stock in stores will be sold off in the upcoming Christmas period, he said.

The good sign is that the prices of locally made garment items going to

So, at the end of this year the exports will witness a strong rebound to the US, Hassan said.

Mohammad Abdur Razzaque, research director of Policy Research Institute, said Bangladesh needs to rebuild its capacity as there was a possibility of the inflow of a huge volume of work orders from the US in the near future.

The energy and production capacity should be improved so the future work orders can be catered to as some countries are reducing their dependence on China, he said. The US markets may bounce back soon, he added.

DSE plans to get green garment factories

FROM PAGE B1

"We are hopeful of bringing some green companies either to offload equity or at least to issue green bonds," he added.

The DSE held a number of meetings with the BGMEA, a platform of owners of the apparel industry, in this regard.

In the July-August period, the first two months of the current fiscal year, apparel shipments, which account for over 85 percent of national exports, grew by 12.46 percent year-on-year to \$7.99 billion, said EPB data.

At present 58 companies are listed in the textile category with the DSE. Of them, eight companies are categorised as junk stocks due to their lacklustre performance.

Tk 1,243cr LNG to be imported

FROM PAGE B1

The cabinet meeting approved a proposal seeking to import 30,000 tonnes of superphosphate fertiliser from OCP Group of Morocco at Tk 129.10 crore. Each tonne will be priced at \$393.

Some 40,000 tonnes of di ammonium phosphate, popularly known as DAP, will be purchased from Saudi-based Ma'aden at a total price of Tk 237.61 crore. The price will be \$542 per tonne.

A proposal from the Payra Port Authority received the consent to procure two mobile harbour cranes and allied equipment worth Tk 109.53 crore for the Payra Sea Port. Saif Powertec Ltd will deliver the items.

Private sector credit growth drops

FROM PAGE B1

to save foreign currencies, whose reserves have declined by about 25 percent.

The senior banker also blamed the slower credit recovery for the decline in the availability of loanable funds.

Customers have adopted a wait-and-see approach centring the national election, he said.

"Businesses are also facing difficulties in importing raw materials and capital machinery

due to the ongoing US dollar crisis. A number of expansion projects have been deferred."

Md Shahidullah Azim, vice president of the Bangladesh Garment Manufacturers and Exporters Association, said business activities are squeezing so businesspeople are not interested in securing fresh bank loans.

"Export orders have fallen due to the volatility in the global economy."

Azim, also the managing director of Classic Fashion

Concept Ltd, said the inflow of US dollars has reduced significantly in recent times.

"This has negatively affected imports and thus production. After all, banks are very conservative in disbursing loans."

Salehuddin Ahmed, a former governor of the central bank, said the private sector credit growth falling to single digit is not a good indicator.

He warned that employment generation would not pick up if the

economy and the business sector stagnate.

According to the economist, banks are witnessing a fund crisis as people are holding more cash owing to a number of recent loan scams and a weighted average deposit rate that continues to be way lower than the inflation rate.

Cash outside the banking system soared to Tk 2,91,913 crore in June from Tk 2,55,829 crore in May, according to central bank data.

Brazil to pass US as world's top corn exporter

AFP, Rio Janeiro

Brazil is set to pass the United States this year as the world's top corn exporter, ending years of US dominance thanks to a bumper harvest, officials said Wednesday.

The South American agricultural giant, already the world's top producer and exporter of soybeans, is on track to export 50 million tonnes of corn in 2023, "surpassing US exports," the state-run National Supply Company (Conab) said in its latest production report.

The forecast roughly aligns with projections from the US Department of Agriculture, which had said in an August report that Brazilian corn exports were on track to reach 56 million tonnes this year, surpassing the United States, at 41.3 million.

However, the US remains the world number one corn producer, at 348.8 million tonnes, more than double



Production of feature phones more than doubled in July as consumers seek cheaper alternatives to smartphones amid the rising cost of living. However, a hike in prices due to increased costs of production has seen sales decline.

PHOTO: STAR/FILE

The South American agricultural giant, already the world's top producer and exporter of soybeans, is on track to export 50 million tonnes of corn in 2023

Brazil's forecast of 131.9 million.

Brazil's claim to the corn export crown comes largely thanks to a climate that allows its farmers to harvest three times a year, with particularly good weather conditions this year fueling a bumper crop.

Productivity gains also played a big role.

Brazil's corn harvest is set to increase by 16.6 percent this year, boosted by an increase in productivity per hectare (acre) of 13 percent, including record-breaking levels in the key central-western grain-producing state of Mato Grosso, Conab said.

The country's farmers planted a record 22.3 million hectares (55.1 million acres) of corn this year, up 3.2 percent from last year.

Brazil had only broken US farmers' decades of dominance in corn exports once previously, in 2013.

Brazil also has a record soy crop this year, with 154.6 million tonnes harvested, up 10.9 percent from the previous record, in 2020-2021.

Feature phone production doubles in July

Sales still low due to rising price, inflation

MAHMUDUL HASAN

Feature phone production has more than doubled month-on-month in July as consumers turn to more affordable alternatives to smartphones amid sustained high inflation.

Local manufacturers produced 17.29 lakh feature phones or 2G phones in July, a 104 percent increase compared to June, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC).

Meanwhile, smartphone production dropped by 7.35 percent month-on-month in July to 5.92 lakh.

Of the 23.21 lakh phones manufactured in July, feature phones accounted for 74.48 percent while smartphones made up the other 25.52 percent.

Industry insiders said smartphone prices had been steadily climbing for the past one-and-a-half years due to increased prices of raw materials on the international market. The depreciating rate of the taka against the dollar caused import costs to soar further.

Consumers in the nation, who are facing hardships due to inflation and an economic downturn, have turned to either feature phones or low-cost smartphones that are smuggled into the local market.

However, sales of feature phones are still drastically low compared to the first quarter of 2022, when the global economic downturn gathered steam.

"Our sales are very low," said Md Asraf Uddin, managing director at Anira international, a manufacturer that primarily produces feature phones. "At the beginning of 2022, we would sell about two lakh phones per month. Now it has dropped to 70,000."

Production of handsets has made impressive strides in Bangladesh in recent years, aided by huge tax benefits unveiled by

the government in the 2017-18 fiscal year. Since then, 15 factories have been set up, creating jobs for around 15,000 people.

But Asraf blamed recent tax and VAT increases for the downturn in business.

Prior to the last fiscal year that began on July 1, 2022, there was a 58 percent tax on smartphone imports. On the other hand, tax on locally-assembled and manufactured handsets was between 15 to 20 percent.

Local manufacturers made 17.29 lakh feature phones or 2G phones in July, a 104 percent increase compared to June, according to BTRC data.

But now, taxes on locally-assembled and manufactured handsets stands between 30 to 35 percent due to the imposition of five percent VAT on each of the three stages of sales, encompassing factories, distributors and retailers.

In a further blow to manufacturers, the National Board of Revenue has imposed more VAT on the production stage.

Additionally, two per cent VAT was imposed for the first time on production that made use of wholly locally-manufactured components from this fiscal year. Moreover, the VAT applicable on handsets produced with at least two components made locally was increased from three percent to five percent.

Similarly, VAT on handsets assembled wholly with imported components increased from five percent to 7.5 percent.

On top of that, import costs have increased due to the taka's sharp depreciation against the US dollar while the foreign reserve crisis has made it challenging to open letters of credit.

All these combined factors have led to an increase in the price of locally-manufactured

phones.

A major factor behind falling sales is the fact that a section of unscrupulous businesses have swarmed the market with phones imported through unauthorised channels.

Rizwanul Haque, vice-president of the Mobile Phone Industry Owners' Association of Bangladesh, told The Daily Star that a key factor in the smartphone market's downturn was an expansion of the grey market.

Representatives from the industry have appealed to the government, suggesting that if reducing taxes appears impractical, measures should be adopted to curb the prevalence of the grey market.

One proposed solution is the implementation of the National Equipment Identity Register (NEIR) to safeguard the domestic smartphone manufacturing sector.

Established by the BTRC in 2021, NEIR is a system designed to ensure the usage of legitimate mobile devices within the country by linking their International Mobile Equipment Identity (IMEI) numbers with the customer's national identification and SIM card details.

However, as of now, some of its essential functions, such as the ability to block counterfeit, unauthorised, or cloned handsets on the network, have not been put into practice.

Mohammad Mesbah Uddin, the chief marketing officer of Fair Electronics, Samsung's local assembly partner, noted that while Bangladesh had taken an early lead in the establishment of NEIR, other nations were already implementing it.

For instance, both Pakistan and Nepal are actively using NEIR to combat illegal trade and encourage local manufacturing opportunities.

He further emphasised that the government had already invested in NEIR infrastructure, but has yet to initiate the process of blocking unlawfully imported mobile phones.

Family business: echoes of a cracking tower!

MAHTAB UDDIN AHMED

Property disputes are nasty, but it is particularly distasteful when it follows the death of a parent. And this phenomenon of fighting over inheritance continues to be a part of human history, no matter which part of the world you are in.

According to a study by John Ward of Loyola University in Chicago, 40 percent of inheritance survive through the second generation, 15 percent gets to the third generation, and only 1 percent makes it to the fourth generation.

A survey by PWC in 2019 suggests that 91 percent of family businesses in Bangladesh have plans to pass on management and/or leadership to the next generation. In 72 percent of cases, both management and leadership are passed on to the next generation, and not to the board or a professional management body. This is significantly higher compared to the global average of 57 percent.

Since my column last year titled "Is the next generation ready to take the baton", the situation at business giants in the country has further deteriorated with several more business empires joining others on the threshold of collapse. All these are billion-dollar companies, including a listed company with a large market cap, and a giant conglomerate with its presence in commodity and manufacturing.

Another perceptibly stable group of companies with close friends in partnership also got into a legal battle.

Most of these big groups date back to either the post-liberation period or the eighties and have a single individual's hard work behind their success.

When it is a "one-man show" the collapse is predictable, for death and old age don't spare even legends.

The key problem lies in succession. Unfortunately, the next generation never seems to be ready to take the baton. Unlike their parents, they remain aloof from local culture, being raised in the lap of luxury and sent abroad for the best education.

From my knowledge, only a few companies like Square, Transcom, Apex, BSRM and

Pran could transition reasonably well through generations. But in most cases, the legend only seems to leave behind echoes of a cracking tower.

Factors that contribute to the poor succession of family businesses commonly include a lack of preparation of the next generation, family conflict, inadequate succession planning, and external factors. What is too often ignored is the importance of early planning for succession and getting everyone concerned involved in the process.

It is also very important to bear in mind that what made one generation successful in the last 50 years may not guarantee success in the next 10 years. Hence, the next generation should be transformational with a professional attitude, with a new set of skills and competencies.

The most common reasons for failure include family problems, informal professional culture, absence of formal coaching and counselling of both generations, waning family talent, weak succession planning, and a lack of practical bearing of the new generation. Successful parents often dent their children's motivations and self-esteem with their high expectations, leaving them feeling intimidated and overshadowed, although the opposite can also occur. Some children may try to emulate or surpass their parents, while others may rebel or find comfort in distancing themselves.

When a family business empire starts to crack, its impact can be felt all the way from the top to the bottom. Hence, it is important for families to have clear foresight, act much beforehand on a succession plan, and manage risks effectively. Clear communication among the family members is key to solving many problems. At the same time, it is very important to have the right attitude to impending changes with a clear vision of success and seek professional help sincerely, if required, for after all Rome was not built in a day.

The author is founder and managing director of BuildCon Consultancies Ltd



ECONOMIC CHALLENGES

Why Chinese response is not working

AFP, Beijing

Data from China on Thursday showing falling exports fanned more fears about a slowdown in the world's second biggest economy, which has struggled with its post-Covid recovery.

Governments and markets alike are concerned about these indicators -- the size of China's economy and its connections with the rest of the world mean any ups and downs are felt far and wide.

Here is a rundown of the problems facing China's economy, and why analysts believe Beijing is not doing enough to fix them:

The abandonment of tight pandemic restrictions in December set off a gradual resumption of consumer activity in China as people started dining out, shopping and using public transport more frequently.

But the highly anticipated economic rebound was weaker than expected and did not reach all sectors -- industrial production, for example, is still struggling. And a post-Covid rally has since completely run out of steam.

As many other major economies grapple with inflation, consumer prices in China fell by 0.3 percent year-on-year in July to enter deflation -- a sign of sluggish demand.

Youth unemployment rose so high in June that authorities suspended the publication of that data, while traditional growth engines such as exports, real estate and consumption remain stalled.

READ MORE ON B2

China exports, imports fall again

AFP, Beijing

China's exports and imports sank again in August, data showed Thursday, adding to growing pressure on authorities to introduce fresh stimulus for the world's number two economy even as the figures showed some sign of improvement.

The threat of recession in Europe and high inflation in many major economies has contributed to a plunge in demand for Chinese goods, which has been compounded by tensions with the United States and a move by parts of the West to reduce dependence on Beijing.

On top of that, a much-anticipated strong recovery following the lifting of painful zero-Covid rules at the end of last year has run off the tracks, while the gargantuan property sector continues to teeter.

All of which has given leaders a headache as they try to reinvigorate growth while at the same time trying to recalibrate the economy from one driven by state investment to one that is consumer-led and more sustainable.

Customs figures Thursday showed they have a long way to go to achieve the latter, with imports shrinking 7.3 percent on-year last month as consumers remained reluctant to

purchase while prices fell in July for the first time in more than two years.

Exports -- which have historically served as a key growth engine for China -- sank 8.8 percent.

Still, the pace of contraction in both was slower than the previous month and was better than the nine percent drop

forecast by economists in a survey by Bloomberg News.

Shipments to Western countries in August fell significantly on year, with US-bound goods diving 17.4 percent and those to the European Union 10.5 percent lower.

At the same time exports to Russia

remained robust -- surging 63.2 percent -- demonstrating the continued strength of economic ties between the neighbours despite Moscow's war in Ukraine.

The drop in trade was "in line with expectations", given persistently weak external demand, economist Zhiwei Zhang of Pinpoint Asset Management said in a note.

"The focus of the policymakers is on the domestic economic challenges, particularly the property market," wrote Zhang.

China's property sector remains in turmoil, with major developers failing to complete housing projects, triggering protests and mortgage boycotts from homebuyers. Authorities have come under increasing pressure to introduce fresh support after months of debilitating data.

Rather than adopt a broad but costly stimulus, Beijing has so far adopted more targeted measures such as easing restrictions on mortgages and cutting key interest rates.

But that has left investors and observers frustrated and warning the economy could fall into a period of stagnation similar to that experienced in Japan since an economic bubble burst at the start of the 1990s.



A worker assembles an engine at an engine manufacturing factory in Qingzhou, in China's eastern Shandong province, recently.

PHOTO: AFP