

Govt eases rules for release of seed varieties

STAR BUSINESS REPORT

The government has eased rules regarding registration of new seeds of vegetables and other crops, barring only crops such as rice, wheat, jute and sugarcane.

From now on, firms will be able to apply for the release of seeds one year after their registration as a seed dealer or seed marketer with the agriculture ministry, according to an amendment made to Seed Rules 2020 at the end of last month.

Prior to the revision, a firm or seed seller had to wait for five years before applying to the agriculture ministry to release seeds of crops, namely vegetables and maize.

"The easing of the rule will encourage foreign companies to sign up for seed businesses, bringing



A farmer in the Anantapur region of Sylhet's Kandigaon Union tends to the bottle gourds on his vegetable patch. The demand for vegetable seeds in the country stood at 2,750 tonnes in FY2021-22. The photo was taken yesterday.

PHOTO: SHEIKH NASIR

Growth relies on better public service, productivity

Says chief economist at the UK's Foreign, Commonwealth & Development Office

STAR BUSINESS REPORT

Bangladesh needs to provide quality public goods and services, raise productivity and adapt to technological advancement-induced challenges to maintain its growth towards its aim to become an upper-middle-income country, said an economist working for the British government yesterday.

Soon to make the status graduation from a least-developed country (LDC), Bangladesh will face a new set of challenges, said Professor Adnan Khan, chief economist and director for Economics and Evaluation Directorate at the Foreign, Commonwealth & Development Office.

"So, it will have to provide high-quality goods and develop deeper sustained capacity for doing so, enable private entrepreneurs to unlock growth through raising productivity, and innovate and adapt to future challenges of the transformation of technology."

Khan was delivering a public lecture titled "State Effectiveness and the Challenge of Development" organised by the Policy Research Institute of Bangladesh (PRI) at the Amari Dhaka hotel.

Bangladesh's success in the economic and social indicators was miraculous, driven by a large domestic market, a demographic dividend, remittance flows, garment exports and relatively stable macroeconomic conditions, he said.

"Bangladesh is an unsung development story...an example for developing countries."

However, the economy has been facing some challenges over the last decade, said Khan.

This remarkable progress has slowed partly for global conditions and partly for domestic reasons, he said, citing data of slow gross domestic product (GDP) growth rate, decline

in job growth and shrinking contribution of exports to the GDP.

Inflation has also remained persistently high since the middle of 2022.

As Bangladesh is going to be an upper-middle income country, it will need high levels of revenues to deliver high-quality public services, he said.



Adnan Khan

"The tax system should be broad-based and equitable for all."

The tax to GDP ratio in Bangladesh was 7.6 percent in 2021 which was below the average of 10.7 percent for middle-income countries.

In order to improve tax mobilisation, Khan suggested ensuring quality public services so that people become encouraged to pay taxes.

"The key to improving taxation lies in the effectiveness of the state in providing public services."

The economist also went on to say that the government needed to increase the use of technology and information, ensure enforcement of laws and incentivise tax inspectors.

"Low revenue mobilisation is not due to low

tax rates, but rather due to fewer instances of law enforcement. So, enforcement is crucial."

To raise tax collection, Khan recommended improving the trust people have on the government.

"Where there are more checks and balances, there is higher trust. And when trust is higher, voluntary compliance to pay tax is higher."

Khan also touched upon climate change increasing the risks towards growth and resilience, recommending focusing on investments in adaptation in the delta regions.

"Greater export diversification and more foreign direct investment will help the economy reach the goal of upper-middle income status."

Khan also suggested improving the quality of education so that it could help make the economy more productive and narrow the gap in human capital with other countries in the region.

"Skills of tax officials need to be improved so that their understanding on financial statements is up to the mark," said Mashiur Rahman, the prime minister's economic affairs adviser.

Sometimes, tax officials create problems for entrepreneurs by being unable to properly understand financial reports, he said.

"The tax rate should be such that taxpayers are incentivised to invest and create more jobs."

He said many companies do not properly maintain financial records, which creates a big problem in tax collection.

On improving education, Rahman said primary and secondary education should be attuned to enabling the country to switch to advanced technology.

Zaidi Sattar, chairman of the PRI, chaired the session.

Japan's ITOCHU Corporation enters Bangladesh

Its bags will be available at YELLOW from Sep 20

JAGARAN CHAKMA

Japanese trading company ITOCHU Corporation is set to enter the Bangladesh market by offering bags of its OUTDOOR PRODUCTS brand through YELLOW, a fashion and lifestyle brand of Beximco Group.

The products will be launched at YELLOW's Gulshan outlet on September 20 as per a distribution and licencing contract signed between ITOCHU Corporation and YELLOW.

"We are confident that the simple yet high-quality hiking backpacks, school backpacks, travel duffels and messenger bags will resonate with Bangladeshi consumers," Shehryar Burney, executive director of YELLOW, told The Daily Star.

Initially the bags will be imported and, through capacity developments, they will be made in Bangladesh for export followed by apparel items, said officials of the ITOCHU.

The OUTDOOR PRODUCTS brand originated in the US in 1973 and has a range of outdoor, hiking and sports products. ITOCHU Corporation acquired its trademark rights in 2012.

ITOCHU Corporation is engaged in trading textile, machinery, metals, minerals, energy, chemicals, food, general products, real estate, information and communications technology, and finance alongside business investments in Japan and overseas.

Established over 160 years ago, the company now has approximately 90 bases in 61 countries.

HB Tetsuro Kano, chief representative and general manager of ITOCHU Corporation's Dhaka liaison office, believes Bangladeshis will be happy with the OUTDOOR PRODUCTS brand.

"We hope it will lead to more retail business by ITOCHU in the big retail market of Bangladesh with a population of 170 million."

"We believe Bangladesh will keep growing, upgrading the lifestyles and income of its huge population."

"After Puma and Nike, we are going to launch our brand...I hope other Japanese companies also start to bring their brand...we hope for other brands of the world to follow us," he said.

Puma and Nike opened outlets in Bangladesh in April 2019 and last July respectively through franchisee and apparel exporter DBL Group.

According to Burney, Beximco Group has been engaged in partnerships with ITOCHU Corporation over multiple projects for more than five years. He did not elaborate.

Chinese firm to invest \$12.2m at Adamjee EPZ

STAR BUSINESS REPORT

Chinese company Cherry Button Limited will invest \$12.2 million to establish a garment accessories manufacturing factory at the Adamjee Export Processing Zone in Narayanganj.

To this end, the Bangladesh Export Processing Zones Authority (Bepza) and Cherry Button signed an agreement at the Bepza Complex in Dhaka yesterday, according to a press release.

The company will produce 1,650 million pieces of metal buttons, plastic buttons, metal zippers, vision zippers, nylon coil zippers, and other accessories like eyelets, rivets, stoppers, badges, buckles, and suspender buckles annually.

The investment will create jobs for 1,068 Bangladeshi nationals.

Ali Reza Mazid, investment promotion member of Bepza, and MA Miaoyan (Jasika), chairman of Cherry Button, signed the agreement, the press release added.

German economic weakness belies France's outperformance

REUTERS, Paris

Germany's economic weakness is casting a flattering light on France's relative resilience that belies the otherwise middling performance of the euro zone's second-biggest economy, economists say.

The European Commission said on Monday the two economies were on diverging paths this year with Germany forecast to be in a recession with a 0.4 percent contraction and France expected to grow 1.0 percent.

With weak construction and declining construction investment weighing on Europe's biggest economy, Germany's outlook was slashed from a previous forecast for 0.2 percent growth while France was upgraded from 0.7 percent.

However, France's improved outlook stems in no small part from a particularly strong second quarter when the economy grew 0.5% thanks to exceptionally strong exports of aircraft and the delivery of an ocean liner, not to mention a boost from firms rebuilding inventories.

"Germany's not doing very well, that's for sure, but to say that means France is doing well would be pushing it," said Mathieu Plane with the OFCE economics think tank in Paris.

The contrasting fortunes of the euro zone's two biggest economies can also be explained by tailwinds working against Germany and headwinds helping France.



Cranes move shipping containers stacked along the dockside at the Seayard Co. terminal, operated by the Marseille-Fos port authority in Fos sur Mer, France.

PHOTO: REUTERS

China says its economy is 'resilient'

REUTERS, Beijing

China's economy is resilient and has not collapsed, the Chinese foreign ministry said on Tuesday, rejecting claims from the West that its economy is faltering and could cause wider problems.

Officials from countries including Australia and the United States have publicly raised concerns about the world's second-largest economy.

US President Joe Biden called China's economic situation a "crisis" while Australian Treasurer Jim Chalmers said a slowing Chinese economy could in turn weigh on Australia's.

"It seems that there will be various theories of China's collapse every once in a while," Mao Ning, a ministry spokesperson, told a regular news briefing.

"The fact is that China's economy has not collapsed," Mao added, without naming Biden or Chalmers.