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Star BUSINESS

Adnan Khan

'Go for innovation for further development'

STAR BUSINESS REPORT

A supportive economic policy, diversification of export products, innovation in products and domestic resource mobilisation are needed for further economic growth in Bangladesh, said Adnan Khan, chief economist of the UK's Foreign, Commonwealth & Development Office.

He was speaking to a group of journalists at the British High Commission on Wednesday during a visit to Dhaka.

Adnan spoke on Bangladesh's development

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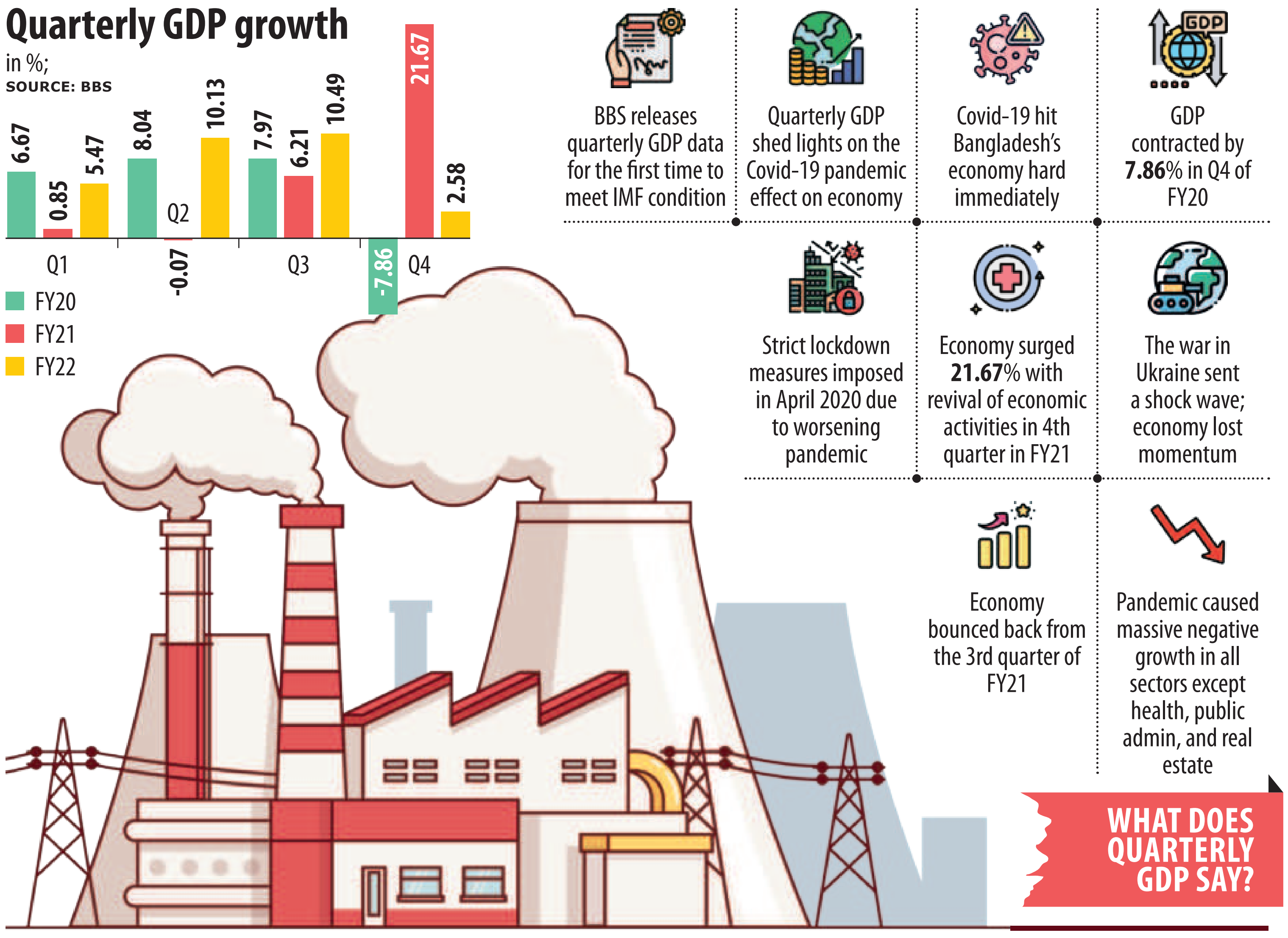

BBS data lays bare devastating impact of Covid-19

REJAUL KARIM BYRON *and* MAHMUDUL HASAN

The scale of the immediate but devastating effects of the Covid-19 pandemic on Bangladesh's economy emerged for the first time after the Bangladesh Bureau of Statistics (BBS) published the quarterly data of the GDP to meet IMF's conditions.

The economy contracted by a massive 7.86 percent in the last quarter of the fiscal year of 2019-20, when the virus began to spread and the death toll started climbing.

Bangladesh reported its first coronavirus death in the third week of March 2020 and embraced a strict lockdown from April 14 amid a worsening Covid-19 situation.

Barring emergency services, all government and private offices and factories remained closed. Public transport services were suspended for much of the quarter, forcing many out of jobs.

Ziauddin Ahmed, a director at the BBS, said the agency had started publishing quarterly GDP (gross domestic product) data and had initially released figures for 2016-17 to 2021-22.

By November this year, the quarterly GDP of 2022-23 will also be published, he said.

He said it takes 90 to 100 days to publish the GDP data of a quarter as per international standards after the end of the three-month period.

"The figures of the first quarter of the current fiscal year will be published by January 2024," Ahmed added.

"We are going to release the quarterly GDP figures from this fiscal regularly. We are on track to meeting the IMF condition."

The release of quarterly data is one of the conditions that the International Monetary Fund (IMF) has set before approving a $4.5 billion loan for Bangladesh in January.

According to the BBS, the economy grew about 6.5 to 8 percent in the first three quarters of 2019-20. But the pandemic shocked every sector, barring health, public administration and real estate, leading to a massive negative growth.

For example, the industrial sector, which accounts for around 33 percent of GDP, shrank 15.01 percent in the last quarter of the fiscal year while the service sector, which makes up 53 percent of the GDP, contracted 2.76 percent. The agriculture sector contracted 3.16 percent.

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DSE, BGMEA sign deal to get green cos listed

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) signed a memorandum of understanding (MoU) with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday targeting to get green garment manufacturing companies listed.

M Shaifur Rahman Mazumdar, acting managing director of the DSE, and Faruque Hassan, president of the BGMEA, inked the deal on the former's office premises.

Under the agreement, the DSE and BGEMA will collaborate on promoting the companies through the capital market and identifying financing prospects and problems.

They will also organise trainings, seminars and awareness programmes among entrepreneurs and officials on corporate governance, capital restructuring and fundraising.

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Unruly dollar aggravates market stress

MD MEHEDI HASAN

A uniform exchange rate has remained a far cry in Bangladesh despite banks moving to embrace a single rate of the US dollar amid a deepening shortage of the American greenback.

As a result, clients are opening letters of credit (LCs) on the condition of deferred payments.

It comes after the Bangladesh Foreign Exchange Dealers Association (BAFEDA) and the Association of Bankers, Bangladesh (ABB) on August 31 fixed the single exchange rate.

They had decided to buy the US dollar at Tk 109.50 and sell them at Tk 110 from the first working day of this month.

But the chief executives of four private commercial banks yesterday said the fixed rate is not market-based, so it has not been implemented yet.

The foreign exchange market has become volatile due to the "policing" of the central bank, they said.

Seeking anonymity, they said they are not able to open LCs at Tk 110 per dollar due to the dollar crunch.

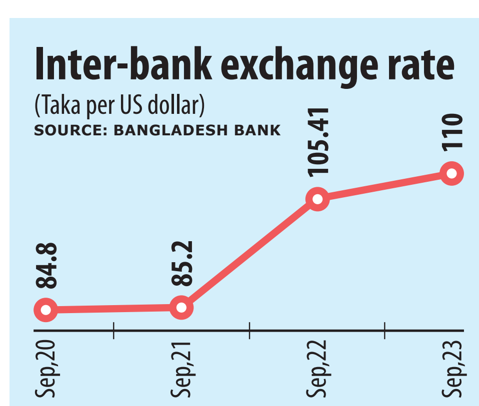
Banks are facing the crisis due to the higher demand of the currency against a lower supply caused by the decline in remittance earnings and slower-than-expected export receipts.

In August, migrant workers sent home $1.59 billion, down 21.5 percent year-on-year, the sharpest drop since April 2020. Export earnings registered a 3.8 percent growth, down from 36 percent in the identical month last year.

One CEO said that his bank is opening LCs on the condition of deferred payments requested by clients.

When importers agreed to open LCs on the condition of deferred payments, banks charged Tk 5 to Tk 10 per USD on top of the fixed rate, he said.

Another CEO said his bank is not getting US dollars at the fixed buying rate of Tk 109.50.



Banks are selling US dollars at as high as Tk 117 and quoting Tk 114 to Tk 115 while buying the currency from exporters.

"Now there is a huge mismanagement in the forex market due mainly to the central bank's inappropriate decision aimed at introducing a fixed exchange rate. If it continues, the economy will face a disaster."

The four CEOs urged the central bank to let the exchange rate of the US dollar reflect the market realities, saying a fixed exchange rate does not bring any positive impact in an open economy.

"The dollar supply will increase if a floating exchange rate is allowed," said one of them.

An official of National Polymer Group said it has opened LCs at the rate of Tk 110 in recent times, but it has had to pay an additional Tk 3 per dollar unofficially.

The additional payment has to be made in cash or cheque, he said.

"We are helpless since we have to open LCs to run our business and ensure timely shipments," the official said.

"We know that it is a violation of the central bank's order, but we have no other alternative."

However, Fazle Rabbi, head of marketing at Partex Star Group, said it has opened LCs at Tk 110 recently.

"The dollar rate also depends on clients' relations with banks and the amount of transaction."

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters

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STOCKS

DSEX ▼	CASPI ▼
0.04%	0.02%
6,302.03	18,626.59

COMMODITIES

Gold ▼	Oil ▲
$1,907.18 (per ounce)	$89.09 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.07%	▼ 0.21%	▲ 0.95%	▲ 0.11%
67,519.00	32,706.52	3,249.51	3,126.55

Company non-existent, yet stocks fetching good money

STAR BUSINESS REPORT

While a number of blue chip stocks are trading at less than Tk 60 at the Dhaka Stock Exchange (DSE), shares of a company recently found to be non-existent were trading at Tk 195.6 yesterday.

A DSE team went to inspect Northern Jute Manufacturing Company Limited's factory on September 4 as a part of an initiative to identify whether companies that have been performing poorly over the years have any potential.

The team found the factory premises closed, said the DSE in a website disclosure yesterday.

The next day, when the team visited the company's registered head office in Dhaka, it was found to be occupied by another company, OMC Ltd, said the country's premier bourse.

"We could not communicate with any officials of the company," a top DSE official told The Daily Star preferring anonymity.

Although the company is not in operation, its share price is rising based on rumours. As the number of shares of the company is low, a group of people are taking advantage of it by spreading rumours about it, he added.

Listed in 1994, the z category company has 21 lakh shares, 15.09 percent of which are held by sponsors and directors and 84.91 percent by general investors.

The company last provided a 5 percent cash dividend in 2020 and informed the DSE that it had a paid-up capital of Tk 2.1 crore.

People gather before a truck of state-run Trading Corporation of Bangladesh selling four essential commodities at subsidised rates among the corporation-issued "family cardholders". Rice is selling at Tk 30 per kilogramme, lentil Tk 60 and sugar Tk 70 and soybean or rice bran oil at Tk 100 per litre. The initiative aims to cushion the impact of soaring food and non-food prices on poor and low-income families. The photo was taken at Nazirpur upazila in Pirojpur on Wednesday.

PHOTO: HABIBUR RAHMAN

Soybean oil price cut by Tk 5 per litre

STAR BUSINESS REPORT

Refiners in Bangladesh yesterday cut the price of soybean oil by Tk 5 and palm oil by Tk 4 a litre after edible oil prices declined in the international market.

The new price will be effective in the retail market from September 17, said the Bangladesh Vegetable Oil Refiners and Vanaspati Manufacturers Association in a press release.

As per the new rate, the price of a litre of soybean oil will be Tk 169 from Tk 174 now. Similarly, each litre of non-branded palm oil will be retailed at Tk 124 instead of Tk 128.

A five-litre cane of soybean oil will cost Tk 825, down from Tk 850.

The price reduction came at a time when people in Bangladesh are struggling with high inflationary pressure.

READ MORE ON B3

StanChart takes part in Regional Climate Summit 2023

STAR BUSINESS DESK

Standard Chartered Bangladesh joined the "Regional Climate Summit 2023" as a sustainable investment partner of the programme.

The three-day event brought together over 100 policymakers, diplomats, experts, academics, researchers, community members, and senior stakeholders from both private and public sector organisations in Dhaka recently.

The Climate Parliament Bangladesh, The Earth Society, Observer Research Foundation (ORF), and the Climate Parliament jointly organised the programme, which was themed "Towards a Resilient South Asia" for this year's summit.

A key area of discussion was the need for climate adaptation.

"The communities who are most vulnerable to climate change are not necessarily the ones receiving the most funds. Leveraging innovative and sustainable financing instruments -- such as green bonds, blue bonds, and sustainability-linked loans -- can be an answer to addressing this disparity," said Enamul Huque, managing director and head of client coverage, corporate, commercial and institutional banking at Standard Chartered Bangladesh.

He was speaking as a panelist on "Equity and Justice in Access to Climate Finance: International and Regional Perspective".

PHOTO: STANDARD CHARTERED

Enamul Huque, managing director and head of client coverage, corporate, commercial and institutional banking at Standard Chartered Bangladesh, pose for photographs with participating policymakers, diplomats, experts, academics, researchers, community members, and senior stakeholders from both private and public sector organisations in the "Regional Climate Summit 2023" held in Dhaka recently.

Tata Motors tests export markets for EVs

REUTERS, *New Delhi*

Tata Motors, India's biggest electric carmaker, is testing its electric vehicles in some global markets where it could look at a potential launch if the experiment succeeds, its managing director told Reuters.

The tests are in early stages and based on how the cars perform, Tata may need to make some changes to the product before it can finalise and develop a "go to market" strategy, Shailesh Chandra said in an interview.

"It is about which markets I should be in, with what products and with what kind of distribution strategy. We are assessing some markets, running our cars, discussing with business partners," he said.

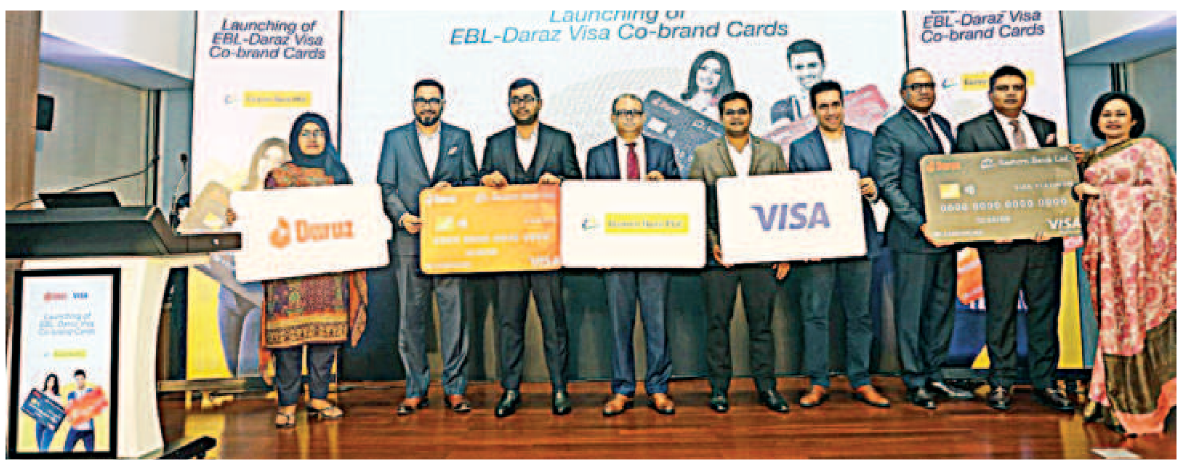
Chandra said it was too early to discuss details of the export markets and there would be more clarity next year.

Tata also plans to roll out new car dealerships over coming quarters in some Indian cities that will exclusively sell EVs as sales of its clean cars gain momentum and it lines up faster launches of new electric models, Chandra said.

Sales of EVs globally have been growing as tighter emission regulations push carmakers to increase the share of electric cars in their portfolio. While Tesla still leads the EV race, Chinese rivals like BYD are catching up with new factories and aggressive exports.

Tata Motors, which already sells three EV models, launched its fourth electric car in New Delhi on Thursday - a new version of its Nexon electric SUV with a starting price of 1.5 million rupees ($18,000), which can be driven for 465 kilometres (289 miles) on a single charge.

The EV maker has a more than 80 percent share of India's electric car market, which is small but growing, and where it competes with China's MG Motor and home-grown Mahindra & Mahindra. Tesla is also eyeing an India factory and is in talks with the government to build a $24,000 car.



Ali Reza Iftekhar, managing director of Eastern Bank, Syed Mostahidal Hoq, managing director of Daraz Bangladesh, and Soumya Basu, country manager of Visa for Bangladesh, Nepal and Bhutan, inaugurate EBL-Daraz co-brand cards at the bank's head office on Wednesday. PHOTO: EASTERN BANK

Eastern Bank, Daraz launch Visa cards

STAR BUSINESS DESK

Eastern Bank PLC and Daraz Bangladesh have launched cobranded Visa cards through a programme at the bank's head office on Wednesday.

Ali Reza Iftekhar, managing director and CEO of the bank, Syed Mostahidal Hoq, managing director of the e-commerce platform, and Soumya Basu, country manager of Visa for Bangladesh, Nepal and Bhutan, lunched the cards, said a press release.

Rishi Chhabra, vice-president of Visa and head of merchant sales and acquiring for India and South Asia, M Khorshed Anowar, deputy managing director and head of retail and SME banking of the bank, Khondoker Tasfin Alam, chief operating officer, and AHM Hasinul Quddus Rusho, chief corporate affairs officer of Daraz, were present.

Oil hits 2023 highs

REUTERS, *London*

Oil rebounded on Thursday, with Brent crude topping $93 a barrel for the first time this year, as expectations of a tighter supply outlook for the rest of 2023 overshadowed concerns over weaker economic growth and rising US inventories.

Saudi Arabia and Russia's extension of oil output cuts will result in a market deficit through the fourth quarter, the International Energy Agency said on Wednesday before a bearish US inventories report prompted a brief pullback in prices.

"That this genuinely bearish stock report only led to a brief temptation to sell speaks volumes and underlines the market mentality," said Tamas Varga of oil broker PVM.

Brent crude was up $1.45, or 1.58 percent, at $93.33 by 1336 GMT after touching $93.38 for its highest since November 2022. US West Texas Intermediate crude (WTI) gained $1.38, or 1.56 percent, to $89.90, having also hit a 10-month high of $90.06 during the session.

Both benchmarks had slipped on Wednesday after a US supply report showing rising crude and refined product stocks.

AB Bank inks MoU with Air Astra

STAR BUSINESS DESK

AB Bank Ltd signed a memorandum of understanding (MoU) with private airline Air Astra at the former's head office in Dhaka yesterday.

Syed Mizanur Rahman, deputy managing director of the bank, and Mohammad Mozammel Haque Bhuiya, head of marketing and sales of the airline, signed the MoU, the lender said a press release.

Under the MoU, the bank's cardholders will enjoy a 10 percent discount on the basic fare for air tickets on domestic routes.

Senior officials of both organisations were present.

Syed Mizanur Rahman, deputy managing director of AB Bank, and Mohammad Mozammel Haque Bhuiya, head of marketing and sales of Air Astra, exchange signed documents of a memorandum of understanding at the former's head office in Dhaka yesterday. PHOTO: AB BANK

PHOTO: MUTUAL TRUST BANK

Ali Reza Mazid, member of Investment Promotion at the Bangladesh Export Processing Zones Authority, inaugurates a carnival styled "MTB Home Loan Carnival 2023" organised by Mutual Trust Bank (MTB) at Dhaka Export Processing Zone (DEPZ) on Wednesday. Among others, Syed Mahbubur Rahman, managing director of MTB, Md Ahsan Kabir, executive director of DEPZ, and FR Khan, managing director of bti, were present.

Syed Habib Hasnat, managing director of Global Islami Bank, virtually inaugurates the operation of seven sub-branches at Bhujpur and Parua Hazarihat of Chattogram, Kazipara and Azampur of Dhaka, Gouripur and Eliotgonj of Cumilla and Mathbari of Gazipur from the bank's head office in Dhaka yesterday. Among others, Md Golam Sarwar and Kazi Mashiur Rahman Jayhad, additional managing directors of the bank, and Ataus Samad and Sami Karim, deputy managing directors, were present. PHOTO: GLOBAL ISLAMI BANK

Ukraine lowers key interest rate to 20%

REUTERS, *Kyiv*

Ukraine's central bank cut its key interest rate on Thursday to 20 percent to support economic recovery after nearly 19 months of war with Russia, and signalled further reductions were possible.

It was the second consecutive cut in the key rate by the National Bank of Ukraine (NBU), which had lowered the rate to 22 percent from 25 percent on July 27 in the first reduction since Russia's full-scale invasion in February 2022.

"The further pullback in inflation and the NBU's ability to ensure FX market sustainability are making it possible to continue the cycle of key policy rate cuts while maintaining the sufficient attractiveness of hryvnia savings," the central bank said in a statement, referring to the local currency.

"Such a step will support the economic recovery without posing threats to macroeconomic and financial stability," it said.

The central bank said it planned to continue its key policy rate-cutting cycle, but that it would act cautiously given the uncertainty and risks related to the war.

The bank also lowered rates for deposit certificates and on refinancing loans by two percentage points to 16 percent and 22 percent, respectively.

The cut had been expected by bankers and analysts as inflation has been slowing faster than anticipated so far this year. In August, consumer price inflation slowed to 8.6 percent year-on-year.

Interest rate cliffhanger

FROM PAGE B4

The weak data has fuelled calls for the ECB to pause its hiking cycle for fear it could deepen a downturn, and president Christine Lagarde finally opened the door to doing so at the bank's last meeting in July.

On the other hand, consumer prices, which began surging after Russia's invasion of Ukraine due to galloping energy costs, continue to rise strongly.

This would support arguments for another hike to borrowing costs, with the aim of further depressing demand and slowing inflation.

Consumer price rises came in unchanged at 5.3 percent in August, way above the ECB's two-percent target.

While inflation has slowed since last year as energy costs fall, officials are now worried that other factors, particularly wage increases in a tight labour market, are keeping it elevated.

The data makes for a "very complicated mixed bag", said ING economist Carsten Brzeski.

"We expect a very heated debate with a close outcome."

Even if the ECB does opt to stay its hand Thursday, analysts still think it is likely to impose at least one more hike at a later meeting.

This would be similar to what the US Federal Reserve has done -- taking a break in June before resuming lifting rates again in July.

The Fed and the Bank of England are due to hold their next meetings the week after the ECB.

ECB officials have insisted their decision will depend on incoming data, which has put the focus on updated forecasts the central bank is also due to release on Thursday.

In the run-up to the meeting, they have mostly been cagey about what will happen, a contrast to other recent meetings where the decision was usually well telegraphed in advance.

And mixed signals have emerged.

Governing council member Peter Kazimir called for another 25-basis-point hike, with the Slovak central bank chief writing in an op-ed it is "better to be safe than sorry".

But another member, Italian central bank boss Ignazio Visco, disagreed with those who think it is better to overdo it, rather than undershoot, while ECB chief economist Philip Lane welcomed signs inflation was easing in some areas.

Analysts stressed it was far from clear whether the "hawks", backers of further tightening, or "doves" -- proponents of a pause -- would prevail on Thursday.

There are "few powerful arguments to win over either side", noted Gilles Moec, chief economist at Axa insurance.

India has no immediate

FROM PAGE B4

Wheat prices are trading near their highest level in seven months, while sugar prices on Thursday rose to their highest in six years.

Chopra said the country is holding 8.5 million tonnes of sugar, sufficient to fulfil requirement of more than three and half months.

"Despite sufficient stocks, a sense of artificial shortage is being created in the country," he said.

"The government is fully prepared to meet festival demands for rice, wheat and sugar," he said.

India is the world's second biggest producer of sugar and wheat.

Edible oil prices have come down in the last few weeks, tracking price movements in overseas markets, but there is no proposal to raise import duty on edible oil, he said.

India rupee ends marginally down as traders await fresh triggers

REUTERS, *Mumbai*

The Indian rupee declined slightly on Thursday as the impact of equity inflows and some softness in Brent crude oil futures was more than offset by importer hedging and oil companies' dollar demand, traders said.

The rupee closed at 83.03 against the US dollar, compared with 82.9850 in the previous session.

The rupee's depreciation is capped at 83.30 currently, while its strength seems to be limited at 82.85/90, said Arnob Biswas, head of foreign exchange research at Kotak Securities.

"To break that, we need the dollar index to be lower."

The dollar index was largely unchanged at 104.78. Asian currencies were mixed, with the offshore Chinese yuan weakening by 0.09 percent to 7.2765.

Brent crude oil futures softened to $92.44 per barrel after touching a year-to-date high of $92.84 on Wednesday.

Indian banks, both private and state-run, were seen offering dollars in the spot market, while oil companies were seen on the bidding side, a foreign exchange trader at a foreign bank said

Indian banks, both private and state-run, were seen offering dollars in the spot market, while oil companies were seen on the bidding side, a foreign exchange trader at a foreign bank said.

"Offers are likely to continue close to 83 levels, supporting the rupee."

The rupee has held in a narrow range of 82.8225 and 83.05 so far this week. Equity inflows worth $500 million-$550 million related to FTSE index rejig are expected on Friday and should support the rupee, traders said.

Meanwhile, the US will report initial jobless claims later today, which could offer further cues on the state of labour market, a key determinant of US Federal Reserve policy.

Investors will also be keeping an eye on the European Central Bank's rate decision due later yesterday.

Markets are factoring in a 65 percent chance of a 25-basis-point hike that could take Europe's key interest rate to a record peak.

Locals collect water lilies, stalks and all, from Joyrabad Beel in Jashore's Abhaynagar upazila for sale at Tk 10 per bundle of seven flowers. While the mere sight of the national flower of Bangladesh buoys spirits, the stalks and underwater stems buried in the mud serve as nutritious food for containing a good amount of starch, dietary fibre, vitamins and minerals. Popularly they are mashed, fried and added to many traditional dishes. The photo was taken on Tuesday.

PHOTO: **HABIBUR RAHMAN**

Forum commits to enhancing Commonwealth investment

Two-day event wraps up

STAR BUSINESS REPORT

The Commonwealth Trade and Investment Forum concluded yesterday with the promise of enhancing cross-border investment to flourish economies in the bloc.

Speaking at a seminar on the concluding day of the two-day gathering at the InterContinental Dhaka, Planning Minister MA Mannan urged the businesses in the Commonwealth nations to invest in Bangladesh as the country has made strides in infrastructure development, according to a press release.

He said investors can reap economic benefits from the developments.

"There is a huge potential in Bangladesh for investments, especially in the pharmaceutical industry. We need capital support. Come and invest in Bangladesh and do business according to our laws."

Bangladesh hosted the conference for the first time in collaboration with the Commonwealth Enterprise and Investment Council. Prime Minister Sheikh Hasina inaugurated the event on Wednesday.

Nine sessions on investment, banking, technology, Cameroon's economy, pharmaceuticals and public health, SMEs, green finance, tourism and international supply chain took place simultaneously yesterday.

In the seminar on investment potential in Cameroon, State Minister for Foreign Affairs Shahriar Alam said the government has adopted the "Look Africa" policy.

"Under the policy, we have opened embassies in many African countries."

In another session, Bangladesh Bank Governor Abdur Rouf Talukder expressed hope that digital banks will reduce risks in the financial sector by providing paperless financial services.

He said in the case of conventional loan disbursement, verifying documents consumes time and creates risks sometimes.

"There will be no risk in digital banks as credit ratings will be done virtually. Customers' digital transactions will be considered as proof of their financial capability."

Abrar A Anwar, chief executive officer of Standard Chartered Mauritius, said that the concept of "banking as a service" has gained traction for global financial inclusion where startups and other technology-based platforms are providing services by verifying customer's identity.

Senior Commerce Secretary Tapan Kanti Ghosh, Togo Investment Minister Rose Kayi Mivedor, Tuvalu Deputy Prime Minister Kitiona Tausi, Ugandan Minister Francis Mibisa, Bida Executive Chairman Lokman Hossain Miah, Beza Executive Chairman Shaikh Yusuf Harun and City Bank Managing Director Mashrur Arefin attended various sessions.

PwC Bangladesh Managing Mamun Rashid, Charlton Managing Partner Julia Charlton, and Banctrust Executive Director Isil Caglayan also spoke.

The Bangladesh Investment Development Authority (Bida), the foreign affairs ministry, and ZI Foundation were partners of the conference where about 300 international representatives and 13 ministers from Commonwealth countries participated, the press release said.

Benjamin Parkin, South Asia correspondent for the Financial Times, moderated a seminar on "Tech and Change: Commonwealth Innovation."

The Commonwealth of Nations, better known as the Commonwealth, is an organisation of 56 member states, most of which are former territories of the British Empire.

Simplify customs clearance to improve logistics

Analysts tell seminar for forming national policy

STAR BUSINESS REPORT

The simplification of customs clearance processes is needed for the improvement of the logistics sector in Bangladesh, analysts told a seminar yesterday.

The modernisation of ports and capacity enhancement of railway and inland water transport is also crucial, they added.

"Digitalisation and elimination of redundancies in customs processes are the major challenges for Bangladesh," said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

The seminar on "Logistics Sector of Bangladesh: Challenges and Way Forward" was jointly organised by the Prime Minister's Office (PMO) and Economic Relations Division (ERD) at Bangabandhu International Conference Center in the capital.

Bangladesh's freight traffic volume is projected to increase sevenfold by FY 2040-41 compared to what it was back in FY 2020-21, he said.

He also observed that there were a lot of investment potentials in various fields of Bangladesh's logistics sector.

M Tofazzel Hossain Miah, principal secretary to the PMO, was present as chief guest while Tapan

Bangladesh's freight traffic volume is projected to increase sevenfold by FY 2040-41 compared to what it was back in FY 2020-21, said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

Kanti Ghosh, senior secretary to the commerce ministry, was present as special guest.

The organisers said a high-powered "National Logistics Development and Coordination Committee", headed by the principal secretary to the prime minister, had been formed for overall development of the logistics sector.

In this context, the seminar was organised to identify the gaps and challenges in the logistics sector as well as to discuss the strategies and way forward for formulating a National Logistics Policy for necessary improvement in this area.

M Tofazzel Hossain Miah said the government had already taken various steps to improve the logistics sector in the country. "The National Logistics Policy that the country will formulate should be action oriented," he said.

He urged for the active participation of the private sector in this process.

Chairing the event, ERD Secretary Sharifa Khan emphasised the need for policy support for trade facilitation as well as to enhance the competitiveness of export-oriented sectors to prepare the country for the post-LDC scenario.

Ghosh also emphasised decreasing lead times for export.

Farid Aziz, additional secretary to the ERD, Md Masud Sadiq, member of the National Board of Revenue, and Rear Admiral Mohammad Sohail, chairman of Chittagong Port Authority, also spoke at the event.

Japan sees positive signs to escape deflation

REUTERS, *Tokyo*

Japan's new Economy Minister Yoshitaka Shindo said on Thursday that positive signs were emerging in output gaps and other areas for the economy to escape deflation.

However, Shindo told his inaugural press conference that those signs must gather strength before declaring victory over deflation, a cycle of persistent price declines that stunts economic growth.

"It's important to achieve private demand-led growth and exit from deflation," Shindo said, echoing the resolve expressed by Prime Minister Fumio Kishida a day earlier.

Asked whether the end of deflation is prerequisite for phasing out monetary stimulus, Shindo declined to comment on monetary policy.

Shindo replaced Shigeyuki Goto as economy minister in a cabinet reshuffle on Wednesday and will play a pivotal role in compiling the new economic package.

"I want to make it bold," he said.

The new package could further strain a public debt burden that is running at more than double the size of the economy, the world's third largest and the heaviest among industrialised nations.

"The primary balance target can be met by putting the economy on track for growth ... We must achieve both growth and fiscal reform," Shindo said.

Kishida said on Wednesday that he would order his cabinet next month to compile a new economic package to ease the pain of rising fuel and other living costs, and to craft a supplementary budget to fund it at an appropriate time.

'Go for innovation for further development'

FROM PAGE B1

success story, the main challenges facing the nation as it graduates from least developed country (LDC) status and the role of development partners.

He also spoke about how the Bangladesh economy could unleash its potential and discussed the role of the state, the tax regime and other possible avenues to explore in future.

He mentioned that the tax-to-GDP ratio in Bangladesh was still very low.

Bangladesh's tax-to-GDP ratio is still at 7 percent whereas the average tax-to-GDP ratio of developing countries is 10 to 15 percent. In the case of developed countries, it is 32 to 35 percent.

Even the ratio of tax-to-GDP in Nepal is 17 percent, he said.

Bangladesh now needs innovation and diversification in the export of goods as the garment industry has already proved its worth, he said.

He said once Bangladesh attains the developing nation status, it would need to be innovative in exports as the government would have to stop paying direct cash incentives on exports.

The UK's Developing Countries Trading System (DCTS) will ensure duty-benefit for 98 percent products of Bangladesh to the UK even after LDC graduation.

The DCTS will support the export of diversified goods like leather goods and agro-processed foods to the UK after the LDC graduation, he said.

The UK's DCTS will also ensure duty benefits after 2029, when the LDC benefits will cease to come into effect. The LDC trade benefits may be extended further since negotiations are ongoing, he said.

Khan said Bangladesh needs less direct financial support now but needs more policy support to attract foreign direct investment.

"Go for manufacturing of goods for which there is demand currently to increase exports," he said.

He also emphasised the need for quality education and healthcare in Bangladesh as the country has performed well compared to other South Asian countries.

While Bangladesh will not be able to give direct subsidies on exports after the LDC graduation in 2026, garments can continue to be the main export item because it has potential, he said.

Raising productivity could be another solution after the LDC graduation for the garments business as it still has the opportunity to thrive further, he added.

BBS data lays

FROM PAGE B1

However, the public administration and health sectors, the operations of which were not impacted much by Covid-19 restrictions, grew by 11.05 percent. The real estate sector was up 5.49 percent.

During the pandemic, surveys of different think-tanks found that the economic shock induced by the pandemic had pushed millions into poverty.

Government officials criticised these surveys, but the BBS's quarterly GDP figures now strengthen the authenticity of the research.

In 2020-21, the downturn in the economy continued in the first two quarters as lockdowns were imposed during various phases. Since shops, hotels and restaurants were closed, millions of people remained unemployed.

The economy bounced back from the third quarter of FY21 after the government eased restrictions. In the last quarter of the fiscal year, the economy boomed 21.67 percent.

In 2021-22, the pandemic waned significantly and the economy was on track to reach pre-pandemic levels. From the first quarter to the third quarter, the GDP witnessed a substantial rise, with over 10 percent expansion in January-March.

But the economy faced another shock in the last quarter due to the fallout of the Russia-Ukraine war and supply chain disruptions in the global markets, bringing the economic growth rate down to 2.58 percent.

The growth of the GDP in the industrial sector for that quarter was only 2.66 percent, down from 34.64 percent in the same period of the previous fiscal year.

The service sector dropped to one-fifth compared to the same period of the previous fiscal as prices of raw materials in the international market rose.

The downturn was also felt in the agriculture sector, which increased by only 1.22 percent in April-June of 2021-22.

Unruly dollar

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Association, said exporters are getting Tk 109.5 a dollar.

"The problem exists in the case of imports."

"In paper, the cost of the greenback is Tk 110. In reality, businesses have to pay more to import," said Hatem, adding that they have to pay up to Tk 5 for a dollar in cash to banks unofficially.

He said the latest central bank directive aimed at ensuring a market-based exchange rate has created the scope for banks to cash in on the foreign exchange shortage.

Citing a major knitwear exporter, Hatem said exporters could earlier sell the greenback to another business if they maintained accounts with the same bank.

"Now, they cannot do this. This curb has created the scope for banks to make additional profits."

A top official of a commodity importer and processor said in the case of small-scale imports valued $1,000 to $100,000, banks impose a fixed rate. The rate moves up if import bills go beyond the range.

Contacted, ABB Chairman Selim RF Hussain said: "We met with the Bangladesh Bank but there is no news to share."

Md Mezbaul Haque, an executive director and spokesperson of the central bank, described the meeting on the forex market as a regular one.

Replying to a question, Haque said if a bank quotes a higher rate than the BAFEDA-ABB fixed rate, the central bank will take action against them.

The central bank recently sought explanations from 13 private commercial banks for allegedly violating the fixed exchange rate.

Speaking to The Daily Star recently, Centre for Policy Dialogue Executive Director Fahmida Khatun said the forex market mechanism can't work when the exchange rate is fixed.

"It is not a sustainable solution when the exchange rate is fixed artificially. We badly need a market-based exchange rate."

Bangladesh has been witnessing volatility in the forex market for the past one year and a half owing to the sharp depletion of the forex reserves.

The gross international reserves came down to $21.70 billion on September 13.

DSE, BGMEA sign

FROM PAGE B1

The garments sector is playing a major role in developing the Bangladesh economy, Prof Hafiz Md Hasan Babu, chairman of the DSE, said at the signing ceremony.

If the green garment manufacturing companies get listed, their brand value and image will get a boost, he said.

Foreign buyers also perceive listed companies as well-governed and regulated and so the listing will help garner more of their attention, he said.

Of the 15 top green factories in the world, 13 are in Bangladesh. In total, there are 202 green factories in the country, said Faruque Hassan.

The local garments factories are now mainly dealing with five types of products but they have the capability to diversify their portfolio. If they need capital, the stock market can be an option, he added.

Md Shakil Rizvi and Sharif Anwar Hossian, directors of the DSE, were also present at the event.

Soybean oil price

FROM PAGE B1

Inflation advanced 23 basis points to 9.92 percent in August propelled by food inflation, which hit a 12-year high.

In August, food inflation soared 278 basis points to 12.54 percent -- the highest since October 2011, according to the Bangladesh Bureau of Statistics.

Harsh weather to affect $27b RMG export from Bangladesh

Cornell University study finds

STAR BUSINESS REPORT

Apparel shipment worth $26.78 billion from Bangladesh might be affected due to extreme weather conditions like heat and floods by 2030, according to a study of Cornell University in the US.

The study carried out by the university's Global Labor Institute and Schroders finds extreme heat and flooding are threatening key apparel production hubs globally.

Four countries vital for global fashion production are at the risk of losing $65 billion in export earnings and 1 million potential jobs by 2030, it said.

In the case of Bangladesh, the impact will be $26.78 billion while Cambodia will lose $6.75 billion, Pakistan $7.59 billion, and Vietnam $24.77 billion, the study said.

Four countries vital for global fashion production are at the risk of losing $65 billion of export earnings and 1 million potential jobs by 2030

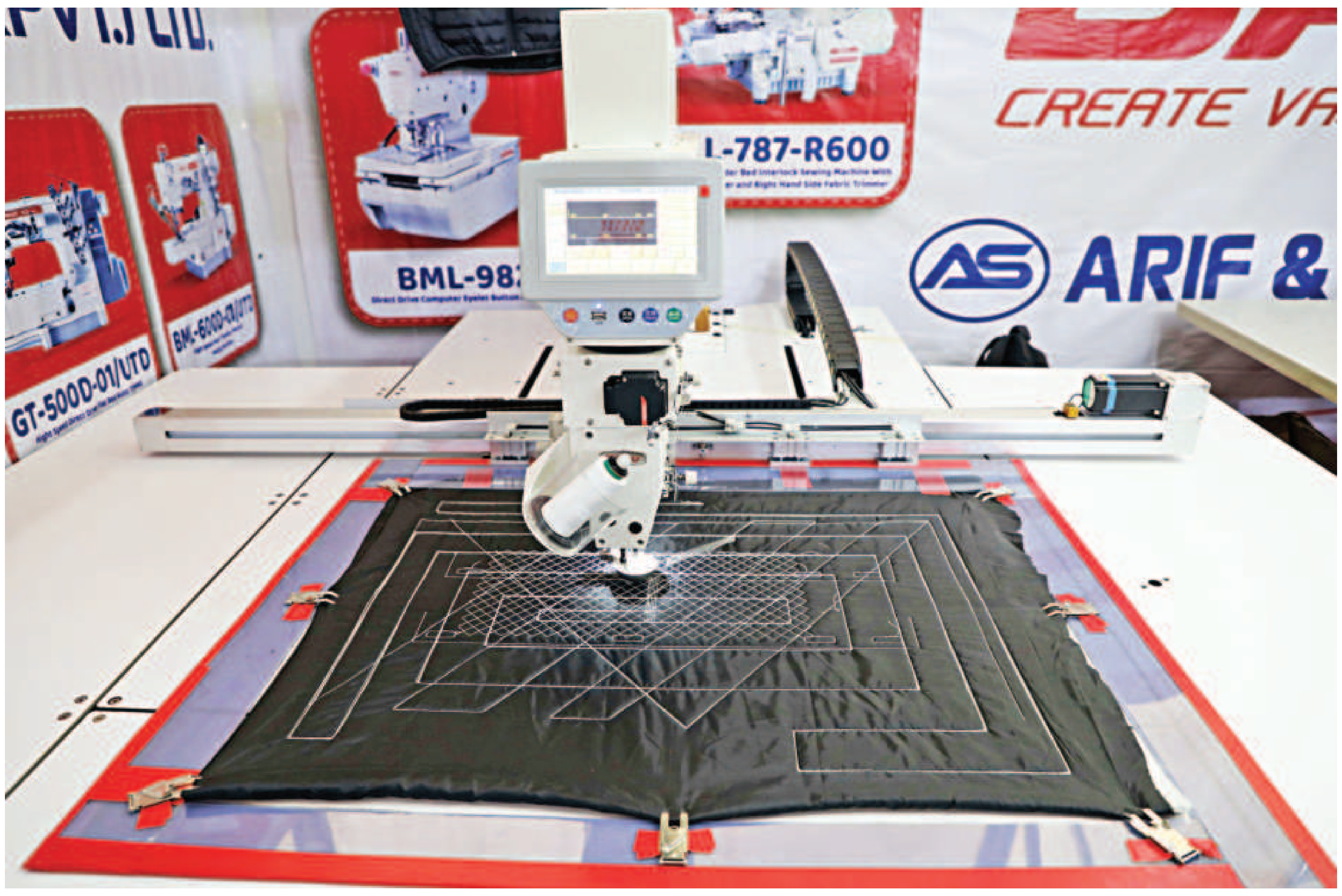
The study identifies Karachi, Colombo, Managua, Mauritius, and Dhaka as the most climate-vulnerable manufacturing centres.

"The investors say adaptation measures aren't factored in risk plans because the industry is focused on mitigation."

The report called for climate adaptation finance that redistributes costs and risks away from apparel workers.

The study compared estimates for future temperatures and flooding in 30 apparel manufacturing hubs around the world. It also looked at the impacts on apparel workers in the four countries and how climate change is already affecting them.

The study suggested changes that unions, employers, governments, apparel buyers and investors should make to protect workers and apparel manufacturing from extreme weather events.



A programmable machine puts stitches on a piece of fabric on the opening day of a four-day 22nd Textech Bangladesh 2023 International Expo organised by CEMS-Global USA, an exhibition and convention organiser, at the Bangabandhu Bangladesh–China Friendship Exhibition Center in Purbachal, Dhaka on Wednesday. PHOTO: PALASH KHAN

Maddhapara Granite Mining Co struggles to boost sales

KONGKON KARMAKER

Maddhapara Granite Mining Company Limited (MGMCL) is struggling to give a much-needed boost to its sales despite producing high-quality hard rocks and higher demand for the construction raw material amid ongoing infrastructure development in Bangladesh.

The preference for cheap imported stones among traders has further exacerbated the company's financial burden.

Since 2007, the state-run company has incurred losses amounting to Tk 565 crore, driven by its failure to sell high-quality hard rocks.

Located in Parbatipur upazila of Dinajpur, MGMCL, a subsidiary of Petrobangla, has seen its daily production rise to an average 1.3 lakh tonnes per month since November.

In July, the company produced 1.39 lakh tonnes, the highest single month output since May 2020. However, it managed to sell only 58,000 tonnes of rock in the first month of the current fiscal year of 2023-24.

In the last fiscal year, MGMCL produced around 11 lakh tonnes of hard rock. Of them, 5.75 lakh tonnes were sold, leaving more than half of the output unsold.

Currently, there is a stockpile of about 6 lakh tonnes of hard rock. MGMCL is facing difficulty in maintaining the stock owing to severe space constraints and unsold rocks are being stored throughout the mining area.

Stocks of hard rocks have piled up on the premises of Maddhapara Granite Mining Company Limited in Parbatipur upazila of Dinajpur owing to lower sales amid higher production of the construction raw material. The photo was taken recently. PHOTO: KONGKON KARMAKER

MGMCL witnessed robust sales in 2018-19 and 2019-2020.

In 2018-19, the company produced 10.67 lakh tonnes of rock and sold around 7.31 lakh tonnes, earning Tk 163 crore in revenue and Tk 7.26 crore in profit.

In 2019-2020, despite a four-month suspension of mining due to the Covid-19 pandemic, 8.23 lakh tonnes of rocks were produced and around 8.64 lakh tonnes were sold. It generated a revenue of Tk 207.81 crore and an annual profit of Tk 22.40 crore.

The profit in the two consecutive years was attributed to the disruption faced by the import of rocks from countries such as India and Nepal through land ports.

The situation changed when MGMCL raised its prices in 2022, prompting local construction firms to opt for cheaper imported rocks. In response, the state-run company cut prices in May this year but importers still prefer imported stones.

MGMCL officials say the decline in sales has been primarily due to traders' preference for imported rocks. However, some contractors in Dinajpur have cited high transportation costs as a deterrent to using Maddhapara's hard rock.

The contractors have urged the authorities to consider lowering the price of rocks further.

Abu Daud Md Fariduzzaman, managing director of MGMCL, said his office is working tirelessly to boost sales.

When MGMCL began operations under the North Korean company Nam-Nam in 2007, its contribution to national infrastructure development was nominal. In the six years to 2013, the company produced only 20 lakh tonnes of rock during the period, inflicting a loss of Tk 132 crore on MGMCL.

In 2013, MGMCL signed a contract with GTC (Germina Trest Consortium), a joint venture between Belarusian state concern for oil and chemistry JSC Trest Shakhtospetsstroy and Germania Corporation Limited of Bangladesh, for mine management, maintenance, development and production.

GTC is now producing around 1 million tonnes of rock annually.

Jabed Siddiqui, managing director of GTC, said the company is working to maximise production in order to help MGMCL generate higher revenue from exports.

He urged local firms to utilise the hard rock produced at Maddhapara.

The annual demand for hard rock in Bangladesh is around 10 million tonnes, valued at Tk 6,000 crore. MGMCL can supply up to 1 million tonnes annually, officials of the company said.

Overhyped 5G fails to deliver on promises

MAHTAB UDDIN AHMED

A teacher was once pranked by two students. They tricked him into thinking that he was experiencing a 5G-enabled VR application that turned out to be a nightmare. They hacked into his smartphone and VR headset to create a customised frightful VR environment and recorded his reactions as he suffered in the VR world.

While it made them laugh to tears, they simply failed to understand the agonies they put him through, let alone the fact that they violated the law. 5G, therefore, is not a joke, but a responsibility.

According to South Korea's biggest mobile telco, 5G has failed to deliver on its promises due to unrealistically high consumer expectations against an underdeveloped ecosystem. It issued an unflattering assessment, claiming 5G was sold as an enabler of autonomous driving, unmanned aerial vehicles, extended reality, and digital twins.

It points out that while those applications were possible, they failed to take off not so much because of issues with 5G network performance, but because of a combination of "device form factor constraints, immaturity of device and service technology, low or absent market demand, and policy/regulation issues."

Some of the applications and services not delivered but promised by 5G include remote surgery, autonomous vehicles, smart cities, and virtual reality. These require ultra-low latency, high reliability, and massive connectivity which was not possible or got delayed owing to technical, ethical, and social challenges, which were not conveyed to consumers, encouraging naive expectations and disappointment henceforth.

However, for operators, there are some wins in 5G. As per the experience of the leading South Korean Telecom, 5G offers 70 percent reduction in data cost per gigabyte compared to LTE, and 50 percent more data usage compared to LTE. Consumer expectations could have been met if all participants in the ecosystem worked together paving the way for expanded use cases, better spectrum management, more use of open interfaces, and simpler architecture options.

As for 5G in Bangladesh, in an earlier article, I had advised to go slow and delay the rollout for it requires high infrastructure investment and deployment, and renders technical, regulatory, and financial challenges for network providers.

The challenges include upgrading existing equipment, acquiring new spectrum licences, securing network access points, and ensuring interoperability and compatibility with legacy systems. In that respect, it was good that none of our local operators went aggressive on the 5G roll-out.

Considering the 5G delivery status in developed countries and our readiness, the Bangladesh Telecommunication Regulatory Commission (BTRC) must advise the operators to go slow and invest selectively based on proven use cases.

In Bangladesh, 5G device penetration is well below 3 percent against the global average of 17 percent and GSMA prediction of 4 percent in Asia Pacific by 2024. 5G should be categorised as a non-essential investment for the next few years by the BTRC. The emphasis should instead be more on high-quality 4G/LTE rollout in remote areas.

It is important that regulators understand the technological trend better than the operators. For instance, the 3G launch in 2013 was a wrong decision as it was declared a dead technology while operators wasted a huge sum in investment.

In 2009 while 4G/LTE technology was introduced and being rolled out in most countries, Bangladesh was busy with its 3G launch.

For all the doom and gloom on 5G, GSMA declared it "the fastest generational rollout when compared to 3G and 4G" -- which really ought to count for something. Patience should be our motto here as Bangladesh does not have the luxury to gamble with a billion-dollar investment.

The author is founder and managing director of BuildCon Consultancies Ltd

Interest rate cliffhanger as ECB mulls hike or pause

AFP, *Frankfurt*

Eurozone interest rate setters face the toughest call of their long battle against red-hot inflation Thursday, when they decide whether to raise borrowing costs again or finally pause the unprecedented hiking campaign.

The European Central Bank is struggling to navigate competing data that could push them either way -- prices continue to rise fast, but the outlook in the single currency area is also deteriorating rapidly.

The central bank for the 20 countries that use the euro has already lifted rates by 4.25 percentage points since July last year to combat runaway consumer prices.

But analysts are divided on whether they will implement another 25-basis-point increase -- which would be the 10th straight hike and take the closely watched deposit rate to a record high -- or take a pause.

Whether the ECB lifts rates "one final time... remains a close call", said Berenberg Bank economist Holger Schmieding.

On the one hand, prospects for the single currency area are looking bleaker.

Recent data showed eurozone second-quarter growth reached just 0.1 percent, lower than previously estimated, and the EU on Monday slashed its 2023 and 2024 GDP forecasts for the single currency area -- pointing in particular to weakness in Germany.

Europe's top economy is struggling to get back on its feet after sliding into recession around the turn of the year, hit by an industrial slowdown, high energy costs, and slowing exports to key partners such as China.

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A shopper pays with a ten Euro bank note at a local market in Nice, France on June 7, 2022. PHOTO: REUTERS

India has no immediate plan to scrap import duty on wheat

REUTERS, *New Delhi*

India has no immediate plans to abolish the import duty on wheat, but it will reduce the limit on the number of stocks that traders and millers can hold, Food Secretary Sanjeev Chopra told reporters on Thursday.

New Delhi was considering cutting or even abolishing a 40 percent import tax on wheat as part of efforts to boost supplies, a government official said last month.

India will release more wheat stocks into the open market if required to curb prices during the coming festive season, Chopra said.

"There's adequate availability of wheat, rice and sugar in the country but some unscrupulous elements are trying to take advantage of rumours about supplies," he said.

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