

## Chinese travel demand back

REUTERS, Berlin

Demand for foreign travel in China has reached its highest level in two years, the organisers of the ITB travel conference said on Tuesday citing a survey in which some 80 percent of respondents said they planned to travel abroad in the next 12 months.

A survey for the IPK travel consultancy, a partner of the conference, found that around half of those canvassed said they not only intended to travel abroad in the next 12 months but to do so more frequently than in the past, if possible.

**The rising willingness of the Chinese to travel abroad more in the coming months lays a solid foundation for a significant recovery**

"The rising willingness of the Chinese to travel abroad more in the coming 12 months lays a solid foundation for a significant recovery in 2024," the ITB organisers said in a statement.

Interest in travel to Europe was higher than seen in previous studies, when Chinese travellers favoured neighbouring countries, said the organisers of the ITB, one of the world's leading tourism fairs, which takes place annually in Berlin.

They attributed this to a catch-up effect after travel restrictions made Europe virtually inaccessible to Chinese tourists during the pandemic.

However, Chinese visitors are likely to come back thriftier than before, according to the survey, in which respondents expressed an interest in saving on travel costs by travelling off-season, shortening their stay or looking for cheaper accommodation.



Currently there are seven container scanners at the Chattogram port, all being used to look into imports.

PHOTO: STAR/FILE

## 2 more scanners to reach Ctg port soon

Will enable checking of export containers

DWAIPIYAN BARUA, Ctg

Two more container scanners are going to arrive at the Chattogram port within a couple of days, enabling checking of contraband and the prevention of money laundering.

Chittagong Port Authority (CPA) paid Tk 89 crore to purchase the two from Chinese firm Nucotech Company Limited.

The scanners are enroute on a vessel that left China on September 4 and are expected to arrive at Chattogram on September 22, said the CPA sources.

Currently there are seven container scanners at the port, all being used to look into imports.

All export containers have so far been shipped through the port without being scanned.

The CPA started improving the port's security systems since 2004 in compliance with an international ship and port security code ratified by International Maritime Organization.

Moreover, United States Coast Guard in 2017 had recommended scanning the export containers, said CPA Secretary Md Omar Faruk.

The two scanners will enable scanning over 50 per cent of export containers, said CPA Director (Security) Lt. Col. Mostafa Arif-ur Rahman Khan.

He hoped for the two to be fully operational within November. The National Board of Revenue is purchasing four more scanners which are expected to arrive by December, he said, adding that those would enable scanning all export containers.

## Faulty bidding leads to time, cost overruns: expert

STAR BUSINESS REPORT

A lack of monitoring and faulty bidding process in government procurement can contribute to time and cost overruns in project implementation in many countries, including least developed economies, said an analyst yesterday.

"Bidding in the procurement process needs to be well designed. Conventional processes allowing aggressive competition can result in poor project outcomes," said Fahad Khalil, a professor at Washington University in the USA.

"Monitoring in the post-bidding phase is important as even a good bidder can become a failure without adequate monitoring."

Khalil made the comments while speaking at a seminar on "Competitive Procurement and Ex Post Moral Hazard", organised by the Bangladesh Institute of Development Studies (BIDS) at its conference room.

He said that insisting on giving work to the lowest bidder or simply relying on competition does not always lead to good outcomes.

"Because in many cases, if competition is high, bidding can be too aggressive, leading to poor quality of work."

There is scope to rethink the tender process for large government procurement. In particular, there are lessons to be learnt from the methods used in developed countries such as South Korea.

Echoing those sentiments, Binayak Sen, director general of BIDS, said there are numerous instances of increases in the deadlines and costs of infrastructure development projects in Bangladesh.

In some cases, the same contractor was getting various contracts. Low-cost considerations should not be a big deal when it comes to procurement, he said.

"There is scope to reform the procurement rule here. The government can think about it."

Abdus Sattar Mandal, former vice chancellor of Bangladesh Agricultural University, said the e-Government Procurement is doing a good job in curbing corruption. "But we need to expand our thinking beyond conventional notions," he added.

## Fed to hold rates steady

REUTERS, Washington

The US Federal Reserve kicked off a two-day policy meeting on Tuesday with officials widely expected to keep interest rates on hold for now, but also flagging in new economic projections whether they feel rates still need to rise further before the end of the year.

A new policy statement and interest rate decision will be released at 2 pm EDT (1800 GMT) on Wednesday, with Fed Chair Jerome Powell scheduled to hold a press conference at 2:30 pm to elaborate.

Investors in contracts tied to the federal funds rate consider it a near certainty the US central bank will leave the benchmark federal funds rate at the current range of between 5.25 percent and 5.5 percent, a step consistent with the Fed's shift to a slower and more considered pace of rate increases.

From March 2022 through May 2023 the Fed raised rates at 10 successive meetings - by anywhere from a quarter to three quarters of a point - as it fought the worst rise of inflation since the early 1980s.

In June the Fed paused, but the quarterly economic projections accompanying that decision showed 12 of 18 policymakers still anticipated two more quarter-point rate increases by the end of the year.

**A new policy statement and interest rate decision will be released on Wednesday, with Fed Chair Jerome Powell scheduled to hold a press conference**

One of those came at the July meeting. While the Fed's slower, "data dependent" pacing may lead officials to skip over September, analysts say there has been little in recent economic news that would prompt policymakers to take that last rate increase off the table. The logic "is partly inertia, as Committee participants might not want to mess with what's working," said JP Morgan economist Michael Feroli.

Additionally, data since the Fed's last meeting, while generally supporting the view of slowing inflation alongside continued economic growth, has been somewhat mixed as the pace of headline price increases recently jumped.

As of the July meeting "it was still the case... that most participants continued to see significant upside risks to inflation," Feroli said, quoting from the minutes of that meeting. While inflation has slowed from its peak last year, underlying measures show prices still rising at about double the Fed's 2 percent target.

Policymakers, and notably Powell, have also been reluctant to show any give in their inflation fight, even if it means higher interest rates than expected and greater risk to an economy that has produced more jobs and growth than anticipated given the rapid tightening of monetary policy.

A higher Fed rate leads banks and financial firms to raise their own rates as well for things like home mortgages, business loans, credit cards and a variety of other types of financing - discouraging investment and household spending and, through that drop in demand, lowering inflation.

## EU risks depending on China for batteries

REUTERS, Madrid

The European Union could become as dependent on China for lithium-ion batteries and fuel cells by 2030 as it was on Russia for energy before the war in Ukraine unless it takes strong measures, a paper prepared for EU leaders said.

The document, obtained by Reuters, will be the basis of discussions on Europe's economic security during a meeting of EU leaders in Granada in Spain on October 5.

Worried by China's growing global assertiveness and economic weight, the leaders will discuss the European Commission's proposals to reduce the risk of Europe being too dependent on China and the need to diversify towards Africa and Latin America.

The paper said that because of the intermittent nature of renewable energy sources like solar or wind, Europe will need ways to store energy to reach its goal of net-zero carbon dioxide emissions by 2050.

"This will skyrocket our demand for lithium-ion batteries, fuel cells and electrolyzers, which is expected to multiply between 10 and 30 times in the coming years," the paper, prepared by the Spanish presidency of the EU, said.

While the EU has a strong position in the intermediate and assembly phases of making electrolyzers, with a more than 50 percent global market share, it relies heavily on China for fuel cells and lithium-ion batteries crucial for electric vehicles.

"Without implementing strong measures, the European energy ecosystem could have a dependency on China by 2030 of a different nature, but with a similar severity, from the one it had on Russia before the invasion of Ukraine," it said.

According to the European Commission, in 2021, the year before the Russian invasion of Ukraine, the EU took more than 40 percent of its total gas consumption, 27 percent of oil imports and 46 percent of coal imports from Russia.

Ending most energy purchases from Russia caused an energy price shock in the EU and a surge in consumer inflation, forcing the European Central Bank to sharply raise interest rates in a move that has curbed economic growth.

Lithium-ion batteries and fuel cells were not the only area of EU vulnerability, the Spanish presidency paper said.

"A similar scenario could unfold in the digital-tech space," the document said. "Forecasts suggest that the demand for digital devices such as sensors, drones, data servers, storage equipment and data transmission networks will rise sharply in this decade."

"The EU has a relatively strong position in the latter, but it shows significant weaknesses in the other areas," it said.

By 2030, this foreign dependency could seriously hinder the productivity gains that the European industry and service sector urgently require and could impede the modernisation of agriculture systems essential to addressing climate change, it said.

## Erdogan asks Musk to build Tesla factory in Turkey

REUTERS, Istanbul

Turkish President Tayyip Erdogan asked Tesla CEO Elon Musk to build a Tesla factory in Turkey, the country's communications directorate said on Monday.

It cited Musk as saying that many Turkish suppliers are already working with Tesla and that Turkey was among the most important candidates for its next factory.

Tesla did not immediately respond to requests for comment.

Erdogan and Musk were speaking during a meeting at Turkish House, a skyscraper near the United Nations in New York, Turkey's state-owned Anadolu news agency reported. Erdogan is in the US to attend the 78th session of the UN General Assembly.

Erdogan also said during the meeting that Turkey was open to cooperation on artificial intelligence and Starlink, the satellite internet venture of Musk's SpaceX, the communications directorate said.

It cited Musk as saying SpaceX wished to work with Turkish authorities to obtain the necessary licence to offer Starlink satellite services in Turkey.

It also said Erdogan invited Musk to attend Turkish aerospace and technology festival Teknofest in Izmir at the end of September and cited Musk as saying he would gladly attend.

Musk is also set to meet Israeli Prime Minister Benjamin Netanyahu in California on Monday. Musk posted on social media platform X that their talks would focus on artificial intelligence technology.

## Banks' lending Foreign loan utilisation

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The lending to the agriculture sector rose 3.37 percent, way lower than 7.41 percent in April-June of 2022, BB data showed.

A top official of a bank said banks are facing a liquidity shortage, so they are careful when it comes to lending.

"Moreover, the interest rate spread fell, so banks prefer to invest in other securities."

Deposits at scheduled banks increased 4.59 percent to Tk 16,87,024 crore in April-June riding on higher savings by urban people.

The weighted average interest rate on deposits rose to 5.03 percent in the second quarter from 4.37 percent three months earlier. The lending rate ticked up to 7.34 percent from 7.29 percent.

This means the overall spread - the gap between the interest rate charged by banks on loans and the interest rate paid by lenders for deposits - dropped to 2.31 percent from 2.92 percent, according to central bank figures.

In June, the surplus liquidity in the banking sector stood at Tk 1,66,200 crore, down from Tk 2,03,435 crore a year ago.

Of the surplus liquidity, Tk 63,600 crore were with state-run banks, Tk 68,300 crore were held by private commercial banks, and the rest of Tk 34,300 crore belonged to foreign banks.

The senior banker said political tension is mounting centring the upcoming election, so banks are cautious in disbursing loans.

A banker in Chattogram says in the past, banks even gave out loans by taking risks. "That tendency is no longer there as borrowers are now more prone to defaulting on repayments."

The loan growth was the lowest at Islamic banks at 2.18 percent. It was 2.92 percent for private banks, 2.5 percent for state-run banks, 3.22 percent for foreign banks and 5.75 percent for specialised state-run banks.

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The government should be more aware when implementing project with foreign funds, he said.

Besides, some projects that made use of foreign funds, such as that of the Padma bridge, have already been completed, which might have led to the decrease, said Mansur, also executive director of the Policy Research Institute of Bangladesh.

Mansur was also asked about the performance of the LGD, which deals with construction, maintenance and management of upazila, union and village roads, bridges and culverts, and development of water supply, sanitation, drainage and sewage disposal in rural and urban areas.

It could have been carried out to appease the public keeping the upcoming national elections in mind,

## Payment service providers

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The PSPs will have to have arrangements with foreign PSPs to receive foreign currency in their account and taka of equivalent value will be credited to the wage earners' PSPs accounts, reads the central bank notice.

The BB said the foreign PSPs shall subsequently provide credit to the designated authorised dealers banks' nostro account.

A nostro account is a bank account held in another country by a domestic bank, denominated in the currency of the overseas country.

## Bangladesh to attain

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lakh hectares the previous season.

Md Shahjahan Kabir, director general of Bangladesh Rice Research Institute, said increased production of every crop is vital in view of the lower crop prospects in India, Thailand and China.

"We are in a favourable position so far because of good production," he said, adding that agricultural agencies were encouraging all to

he said.

"The government appears to have been motivated by the polls due in January next year," he added.

The government has had to cut down its overall cost and move it to the LGD, he added.

Meanwhile, the government managed to spend Tk 6,854 from its own funds, which was Tk 5,658 in the same period of last fiscal year.

The overall ADP implementation declined slightly to 3.84 percent. It was 3.85 percent last fiscal year.

Six out of 56 ministries and divisions could not spend a single penny in the last two months.

These are the Ministry of Water Resources, Ministry of Foreign Affairs, Medical Education and Family Welfare Division, Ministry of Chittagong Hill Tracts Affairs, Internal Resources Division and Bangladesh Public Service Commission.

On receiving the amount in taka, wage earners can use the PSPs' accounts abroad to do all transactions in taka, it said.

Now, there are eight PSPs operating in the market - iPay Systems Ltd, D Money Bangladesh Ltd, Recursion FinTech Ltd, Green & Red Technologies Ltd, Progoti Systems Ltd, ABG Technologies Limited, Digital Payments Limited and Sheba Fintech Limited.

Last year the BB had allowed mobile financial service providers to bring in wage earners' remittance to Bangladesh.

take care of crops by providing supplementary irrigation in case of scant rainfall to ensure good yield.

Last month, the US Department of Agriculture (USDA) forecasted a decline in Bangladesh's overall rice cultivation area and Aman production.

Earlier this month, the USDA said global rice production forecasts were lower, with smaller crops in India, Bangladesh, Burma, and Thailand.