Bangladesh to attain Aman rice acreage target: officials

STAR BUSINESS REPORT

Bangladesh is likely to achieve the cultivation target for Aman, the second biggest rice crop, to bag an increased amount of the grain and ensure domestic self-sufficiency amid volatility in the global market, said agricultural officials.

Farmers have transplanted and broadcasted the paddy on 58 lakh hectares until September 18 against the 59.3 lakh hectares fixed by the government, said Md Tajul islam Patwary, director general of the Department of Agricultural Extension (DAE).

The agency had set a goal to ensure transplantation of paddy on 56.5 lakh hectares this season and it could achieve 99.46 percent of the target. However, the rate of attainment of broadcasted Aman rice is much lower than transplanted crops.

"We hope overall Aman cultivation area will exceed our target."

Patwary said the rest of the target would be achieved as farmers in some parts of the haor areas in the northeast and southeast were transplanting the staple crop in couple of more days.

"We hope overall Aman cultivation area will exceed our target," he said over phone.

If achieved, the area of Aman crop will be higher than the acreage during the last Aman season.

Bangladesh bagged close to four crore tonnes (1 crore equals 10 million) of rice in the fiscal year 2022-23 and Aman rice, transplanted in August and September months, accounted for over 38 percent of total production, according to estimates by the Bangladesh Bureau of Statistics and the DAE.

The agriculture ministry aims to bag 1.71 crore tonnes of rice from the Aman crop, which will begin to be harvested in November.

"The field condition looks good so far," said the official.

The DAE's data projection comes after farmers could grow rice in fewer areas during the Aus season due to the late arrival of monsoon rains and a heatwave. Farmers grew Aus, another rice variety, on 10.54 lakh hectares, down from 10.60

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Farmers in Sylhet's Gowainghat upazila tend to their crops. The agriculture ministry aims to bag 1.71 crore tonnes of Aman rice this season. The photo was taken yesterday.

PHOTO: SHEIKH NASIR

Innovation key to avoiding middle-income trap

Says World Bank economist while sharing South Korea's success story

STAR BUSINESS REPORT

Bangladesh needs to invest in innovation, technology and productivity in order to avoid the middle-income trap, said economists yesterday.

They said many countries managed to attain the middle-income status but they could not advance further and become developed nations as they did not take proper policies on time.

On the other hand, some middle-income nations emerged as developed countries within a short time on the back of prudent policies and measures. South Korea is one of them.

In 1995, Korea crossed the World Bank's gross national income per capita threshold for high-income economies. Its per capita income surged to $34,998 and became the 10th largest economy in the world in 2021.

"Korea's growth benefited from contributions from both investment and productivity improvement," said Hoon Sahib Soh, practice manager for macroeconomics, trade and investment and public sector at the WB.

He spoke at a seminar on "avoiding a middle-income trap in Bangladesh: lessons from Korea" at the Renaissance Hotel in Dhaka.

After the Asian Financial Crisis, Korea transitioned to a more productivity-led growth from input-led growth, he said in a keynote paper.

By 2000, Korea's manufacturing sector's labour productivity reached 75 percent and the country accelerated global value chain integration in the mid-1990s through the expansion of outward direct investments and became a major exporter of key intermediate goods and high-technology products.

Also, the Korean government launched a major tariff rate reduction programme in the 1980s and the simple average tariff rate of all products was reduced from 23.7 percent in 1983 to 8 percent in 1994.

Since the mid-1990s, important liberalisation was pursued through more than 50 free trade agreements, the economist said.

Some middle-income nations emerged as developed countries within a short time on the back of prudent policies and measures. South Korea is one of them.

Korea topped the 2021 Global Survey of Digital and Sustainable Trade Facilitation and came 17th out of 139 nations in the 2023 Logistics Performance Index.

Producing skilled workforce, investment in technologies and digital adoption, financial sector reforms, capital market liberalisation, and policy shift from promoting large to small firms were behind the success of Korea, according to Soh.

"Sustainable investment in human capital, investments in infrastructure, effective bureaucracy, macroeconomic stability, manufacturing export through industrial policies, and private sector-led growth laid the foundations for Korea's growth."

He said the transition to a more market-led economy, sustainable promotion of private enterprises, adoption of technologies, investment in human capital development and building support for reforms through social consensus are lessons from Korea for developing countries.

Soh listed a number of challenges facing the developing nations, including low productivity growth, the persistent productivity gap between large and small firms, aging, declining population, a low fertility rate, and a higher gender gap.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, a private think tank, identifies higher tariffs and the poor quality of education as major challenges for Bangladesh.

"For a healthy financial sector, the country needs to invest in innovation, technologies and productivity."

Md Fazlul Hoque, managing director of Narayanganj-based Plummy Fashions, said the investment is not fully utilised.

He said many students are not interested in studying at vocational training institutes because of poor standards.

"On the other hand, export diversification is not happening and productivity is one of the lowest in Bangladesh."

The business leader called for improving productivity by 25 percent from the current level.

Zaidi Sattar, chairman and chief executive of the Policy Research Institute of Bangladesh, said incentives should be equal for all sectors and the higher tariff regime should be liberalised.

Park Young Sik, ambassador of Korea to Bangladesh, talked about the pension scheme for older people that was introduced in his country in 1988.

State Minister for Planning Shamsul Alam said the best way to break syndicates in the market is to allow imports. So, the government has allowed the import of eggs.

Unique Hotel's profit nearly doubles

STAR BUSINESS REPORT

Unique Hotel & Resorts PLC posted a 92 percent year-on-year increase in profit to Tk 189 crore in the year that ended on June 30 on the back of higher revenue and capital gains.

The profit stood at Tk 98.33 crore in 2021-22.

Thus, the hotel and hospitality management company reported earnings per share of Tk 6.42 for 2022-23 against Tk 3.34 in 2021-22.

The net asset value per share improved to Tk 88.51 from Tk 84.91 while the net operating cash flow per share jumped to Tk 5.13 from Tk 0.60, according to a filing on the Dhaka Stock Exchange yesterday.

Unique Hotel said the revenue surged 55 percent in FY23. Moreover, there was an unrealised gain of Tk 15.46 crore on investment in quoted shares at Chartered Life Insurance Co Ltd.

Furthermore, the company recorded a capital gain of Tk 112.88 crore on the sale of 2.45 percent ordinary shares of Unique Meghnaghat Power Limited.

The board recommended a 20 percent cash dividend for FY23, the highest in four years.

Shares of Unique Hotel & Resorts, however, dropped 3.37 percent to Tk 68.80 on the DSE yesterday.

Nepal can be a source of clean energy: FBCCI

STAR BUSINESS REPORT

Nepal can be a good source of clean energy for Bangladesh, said Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Bangladesh is facing a growing demand for power and energy to meet its Vision 2041 to build Smart Bangladesh and the energy sector is one of the most attractive areas of cooperation between Nepal and Bangladesh, he said.

Importing power especially clean energy from Nepal will help Bangladesh meet the world trade compliances and increase the use of renewable energy, he added.

The FBCCI president made the comments during a meeting with the members of a delegation from Nepal at the FBCCI building in the capital yesterday.

Baburam Gautam, director general of the Department of Industry of the government of Nepal, led the Nepalese delegation, the FBCCI said in a press release.

The FBCCI president recalled the signing of a memorandum of understanding between Bangladesh and Nepal to import 500 MW of electricity from the landlocked country.

Different Bangladeshi export items, including readymade garments, have high demand in the Nepalese market, Gautam said.

Eurozone inflation eases

AFP, *Brussels*

Eurozone inflation slowed slightly in August, the EU statistics agency said on Tuesday, revising its previous figure.

Consumer prices in the 20-country single currency area fell to 5.2 percent in August from 5.3 percent in July, according to Eurostat.

The agency had previously put August inflation at 5.3 percent.

Eurostat also said food and drink prices rose by 9.7 percent in August, revising its 9.8 percent figure published on August 31.

Working in China harder than ever

Foreign business lobbies warn

AFP, *Shanghai*

Foreign business confidence in China has reached its lowest in years, US and European enterprise lobbies warned Tuesday, as slowing growth and geopolitical tensions hit investment prospects.

There was a burst of consumer exuberance after China lifted its strict zero-Covid policies late last year.

But weak consumption, a crisis in the massive property sector and soft demand for China's exports has complicated the recovery.

US firms in China now report "record-low" optimism and are increasingly looking to move investment away from the country, the American Chamber of Commerce (AmCham) Shanghai said.

"2023 was supposed to be the year investor confidence and optimism bounced back after years of Covid disruptions and restrictions," AmCham said in a report released Tuesday.

"According to our 2023 survey of US businesses in China, however, the rebound has not materialised and business sentiment has continued to deteriorate," it added. A report released the same day by the Chamber of Commerce of the European Union expressed similar concerns.

"European companies' perception of the Chinese market as predictable, reliable and efficient has been steadily eroded," the Chamber -- which represents some 1,700 EU companies based in China -- said.

"For decades, European companies thrived in China," the Chamber's president Jens Eskelund said.

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OECD sees 'sub-par' global growth as high rates bite

AFP, *Paris*

The OECD raised its global economic outlook for 2023 on Tuesday but cut the growth forecast for next year as "painful" interest-rate hikes aimed at curbing inflation take their toll.

The world economy is now expected to grow 3.0 percent this year, up from the 2.7 percent forecast in the June outlook of the Organisation for Economic Co-operation and Development.

But it said global growth was projected to remain "sub-par", slowing to 2.7 percent next year -- down from 2.9 percent in the previous forecast.

"After a stronger-than-expected start to 2023, helped by lower energy prices and the reopening of China, global growth is expected to moderate," the OECD said in its report.

"The impact of tighter monetary policy is becoming increasingly visible, business and consumer confidence have turned down, and the rebound in China has faded," it added.

Central banks worldwide have sharply increased borrowing costs in an effort to tame consumer prices which soared in the wake of Russia's invasion of Ukraine last year.

"We are all seeing the tightening of monetary policy working its way through our economies. This is necessary to reduce inflation, but it is painful," OECD chief economist Clare Lombardelli said at a press conference.

The European Central Bank raised a key interest rate to a record high last week but hinted this might be its last hike, while the US Federal Reserve is expected to pause its own campaign on Wednesday.

An employee produces components for a new vehicle at a factory in Ruichang, in southeastern China's Jiangxi province.

PHOTO: AFP

"Inflation is projected to moderate gradually over 2023 and 2024 but to remain above central bank objectives in most economies," the OECD said.

Inflation remains well above the two-percent targets of the Fed and ECB, and oil prices have rebounded in recent weeks. EU data on Tuesday showed eurozone inflation slowed slightly to 5.2 percent in August from 5.3 percent the previous month.

The Bank of England and its peers in Norway, Sweden and Switzerland are also making interest rate decisions on Thursday.

"Even if policy rates are not raised further, the effects of past rises will continue to work their way through economies for some time," the OECD said.

Borrowing costs for companies and households have risen, while credit conditions have tightened, it said.

"Some countries are already seeing rising loan and credit card delinquency rates and increases in corporate insolvencies," the OECD said.