A farmer applies fertiliser to his vegetable patch in Gorokmandal village in Kurigram's Phulbari upazila. Farmers expressed frustration as the essential farming component is being sold at Tk 4-5 more than the government-fixed price, raising concern that prices may balloon further if demand rises. The photo was taken recently. PHOTO: S DILIP ROY

N Mohammad Group defers expansion plan till 2025

Blames high raw material prices, costly dollar

JAGARAN CHAKMA

Mohammad Plastic Industry Limited, a concern of Chattogram-based N Mohammad Group, has deferred its Tk 500 crore expansion plans by around two and a half years citing construction materials and the US dollar turning costlier.

As per an August 2021 land lease agreement with Bangladesh Economic Zones Authority, three factories were to be set up inside Bangabandhu Sheikh Mujib Shilpa Nagar to initiate commercial production of plastic products from June 2022.

The company has already developed the site on 10 acres of land at Chattogram's Mirsarai alongside factory designs spending over Tk 60 crore.

"...but suddenly the price of construction materials increased (since October 2022) when we started to construct the factory," said Managing Director Mohammad Nazrul Hoque.

"Against this backdrop, we were compelled to postpone construction work and investment will go up, which is an impact of the Russia-Ukraine war," he said.

Now the plan is to start the construction work from next February as the price of the dollar is gradually becoming stable, he said.

The investment will definitely need to be increased by at least 25 percent to 30 percent as per primary estimates, he said.

"...we are committed to going into commercial production by January or February 2025," added Hoque.

Currently the company manufactures around 1,500 types of household items such as wood plastic composite doors, boards, pipes and fittings alongside furniture.

The new units will produce flexible or plasticised polyvinyl chloride (PVC) furniture and doors, high-density polyethylene pipes and fittings, wood plastic composites, flexible packaging and moulds for the domestic market.

According to Hoque, they will be able to provide import substitutes of packing raw materials and moulds for local footwear industries and ensure exports as well.

The value of their annual exports to India, Japan and the Middle East has gone down to around $22 million last fiscal year from an average of $24 million, he said.

Their average annual turnover from local sales is around Tk 600 crore but business is slow at the moment due to inflationary pressure and economic uncertainties, he added.

Around Tk 40,000 crore worth plastic items are annually sold in Bangladesh, undergoing a growth of about 20 per cent every year, according to the Bangladesh Plastic Goods Manufacturers and Exporters Association.

Products manufactured in the country can be broadly listed under 142 categories, of which intermediate products like film plastic, household items and garment accessories are mainly exported.

Exporters' dollar retention limit lowered again

STAR BUSINESS REPORT

The Bangladesh Bank has once again lowered the US dollar retention limit that exporters have to maintain in their foreign currency accounts from the shipment proceeds as Bangladesh continues to face the shortage of the American greenback.

Traders are allowed to keep a portion of their earnings in the export retention quota (ERQ) accounts to settle back-to-back letters of credit liabilities without facing exchange losses.

For example, merchandise exporters are entitled to a foreign exchange retention quota of 60 percent of repatriated FOB (free on board) value of their exports.

> **Traders are allowed to keep a portion of their earnings in the export retention quota accounts to settle back-to-back letters of credit liabilities without facing exchange losses**

For the shipment of goods having a high import content like products such as naphtha, furnace oil and bitumen, garments made of imported fabrics and electronic goods, the retention quota is 15 percent, according to the central bank guideline of 2018.

Exporters of software, data entry and processing and other ICT-related services may retain 70 percent of net export earnings.

But in July last year, the BB asked banks to encash 50 percent of the balance held in the ERQ accounts immediately.

It also ordered them to revise downwards the retention limit from 15 percent, 60 percent and 70 percent to 7.50 percent, 30 percent and 35 percent, respectively.

The tenure of the reduced limit ended on December 31, meaning the cap went back to the previous level from January 1 since no order was issued by the central bank immediately.

Yesterday, the central bank brought down the limit to 7.5 percent, 30 percent, and 35 percent, again. This time, the central bank, however, has not said how long its latest instruction would remain in place.

In July of 2022, the BB had said the retention of foreign currencies in such accounts for a longer period without using them is a cost to exporters since deposits in the taka bear adequate yield.

The latest move from the BB comes as the country continues to witness the forex shortage owing to the depletion of the forex reserves amid higher import bills against lower-than-expected remittance and export receipts.

Thus, the forex reserves came down to $21.45 billion on September 21.

A central banker yesterday said if exporters keep a lower amount of export proceeds in the ERQ accounts, the liquidity in the banking system improves.

China seeks energy partnership with Arab states

ANN/CHINA DAILY

China is willing to work with Arab states to build a strategic energy partnership featuring mutual benefits and long-term friendship and explore the possibility of a renminbi settlement for oil and gas trade, a senior Chinese official said on Thursday during the sixth China-Arab States Expo.

China will join hands with Arab states to develop a new framework for multi-dimensional energy cooperation, said Zheng Jianbang, vice-chairman of the Standing Committee of the 14th National People's Congress, at the event's opening ceremony in Yinchuan, Ningxia Hui autonomous region.

China will further promote the "oil and gas plus" cooperation model, expand oil and gas cooperation regarding upstream field development, engineering services, storage, transportation and refining, and advance clean, low-carbon and green cooperation with Arab states, as part of the efforts to maintain the security and stability of the global energy supply chain, Zheng said.

Fed official calls for more rate hikes

AFP, *Washington*

The US Federal Reserve has more work to do to tackle high inflation despite making "considerable" progress in the last 18 months, a senior bank official said Friday.

Earlier this week, Fed officials unanimously voted to hold interest rates at a 22-year high while indicating they expect another hike will be needed to bring inflation down to the US central bank's long-term target of two percent.

The decision postponed additional pain for millions of Americans already struggling with the impact of the Fed's existing hikes on mortgages and other loans.

Although the Fed has made "considerable progress on lowering inflation," it remains "too high," warranting further action, Fed Governor Michelle Bowman told a conference in Colorado, according to prepared remarks.

"I continue to expect that further rate hikes will likely be needed to return inflation to two percent in a timely way," she added.

Bowman said it would be appropriate for the Fed's rate-setting committee to hold interest rates "at a restrictive level for some time," in order to bring inflation down to target, mirroring the Fed's forecast of just two interest rate cuts next year.

UK consumers most optimistic since early 2022

REUTERS, *London*

British consumers are their most optimistic since the start of 2022 as they turn more hopeful about the economy with inflation on the wane and wages growing, a survey showed on Friday.

The GfK consumer sentiment indicator rose for a second month in a row to -21 in September, the highest since January last year, from -25 in August although it remained below the average of -10 for the survey, which has been running since 1974.

Economists polled by Reuters had forecast a fall to -27.

"While this month's improved headline score is good news, it's important to note many households are still struggling with the cost-of-living crisis and that economic conditions are tough," Joe Staton, GfK's client strategy director, said.

"The reality is that consumer confidence remains suppressed, and the financial mood of the nation is still negative."

Households' expectations for their personal financial situation over the coming year edged up to -2 to -3. A year ago, the reading stood at -40 after energy prices soared.

Malaysia's medical tourism sector alive and well

ANN/ THE STAR

Medical tourists are returning to Malaysia in full force and are expected to surpass the pre-Covid-19 pandemic level in 2019 thanks to the reopening of borders, quality healthcare and competitive pricing.

The top countries of origin for these travellers include Australia, Bangladesh, China, India, Indonesia and Japan.

Based on data provided by the Malaysia Healthcare Travel Council (MHTC), the number of healthcare travellers showed an increasing trend, reaching a peak of 1.22 million individuals in 2019.

However, there was a significant decline in 2020, with only 689,000 healthcare travellers recorded. This downward trend continued in 2021, with the number further decreasing to 561,000.

The figure picked up to 850,000 last year, contributing RM1.3bil in revenue to the country.

Among the top treatments sought after in the county are general health screening, cardiology, fertility, oncology and orthopaedics, including medical and surgical-related as well as cancer treatments.

"The industry is projected to make a full recovery, potentially setting a record high for industry achievement," said acting CEO Farizal Jaafar, adding that in the first half of this year, Malaysia's healthcare travel industry recorded a revenue of over RM900mil.

"The healthcare travel industry is well on its way to achieving post-pandemic recovery, having reached 76 percent of its pre-pandemic performance of RM1.7bil in 2019," he added.

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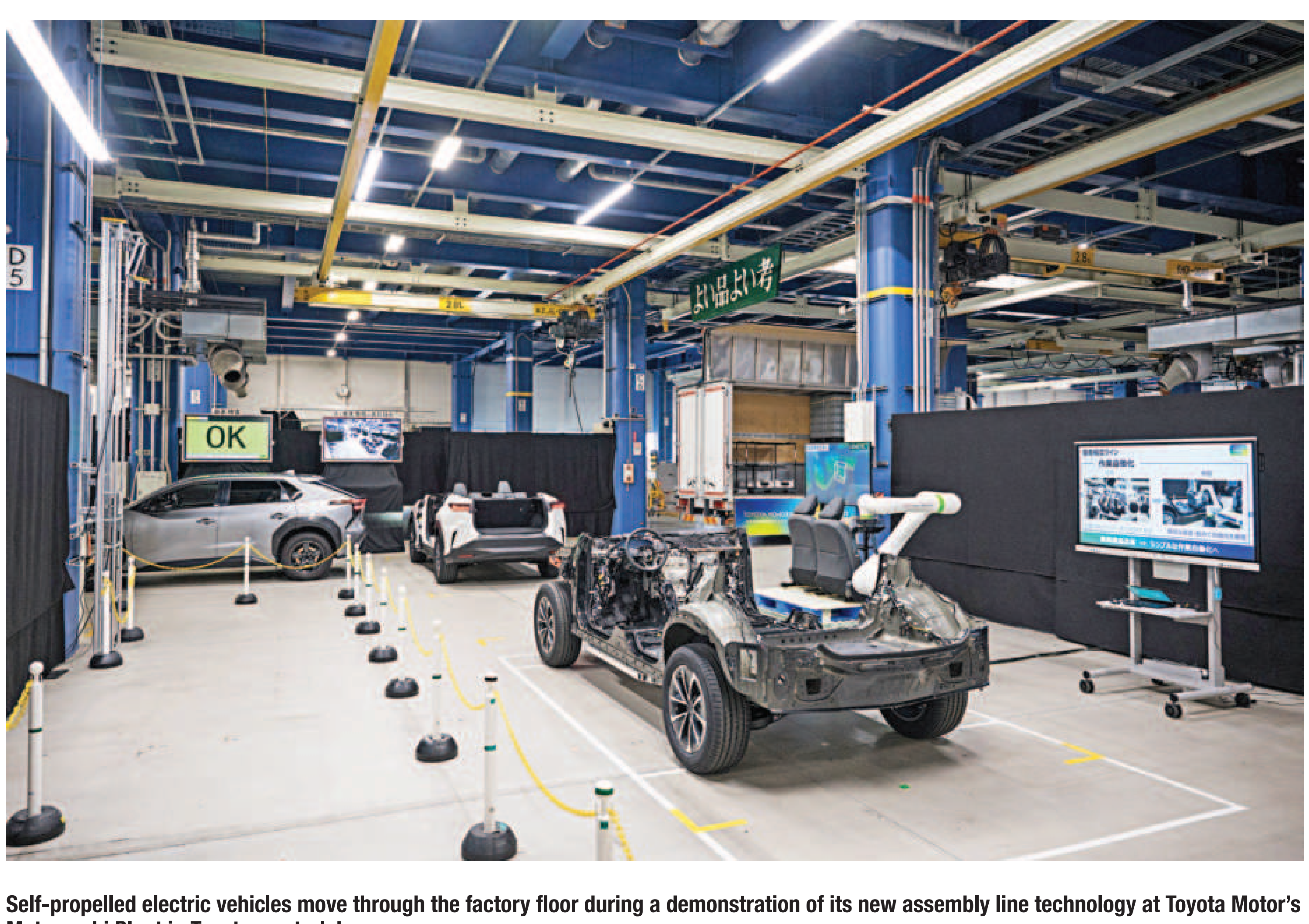

Self-propelled electric vehicles move through the factory floor during a demonstration of its new assembly line technology at Toyota Motor's Motomachi Plant in Toyota, central Japan. PHOTO: TOYOTA HANDOUT VIA REUTERS

Toyota to speed up EV production

REUTERS, *Tokyo*

Toyota Motor will speed up production of electric vehicles of its Toyota and luxury Lexus brands, the Nikkei newspaper reported on Friday.

The Nikkei report said the Japanese automaker was likely to step up production of battery-powered vehicles over the coming years to reach annual output of more than 600,000 vehicles in 2025.

Toyota declined to comment on the report.

The company has previously said it targets sales of 1.5 million EVs annually by 2026 and 3.5 million, or about one-third of current global volume, by 2030.

Toyota last year sold fewer than 25,000 EVs, including of its Lexus brand, worldwide.

It sought to raise EV production to about 150,000 vehicles in 2023 and gradually increase it further to the 190,000-vehicle range next year, Nikkei said.