

## IEA, ECB urge Europe to move faster on energy transition

AFP, Paris

Europe must invest more quickly and massively in its energy transition if it wants to remain a global industrial power, top policymakers warned on Friday.

The plea was made at a conference on the clean energy transition hosted by the International Energy Agency, the European Central Bank and the European Investment Bank in Paris.

The leaders said private sector investment faces barriers including policy uncertainty, bureaucratic red tape that delays projects, and higher energy costs.

At the same time, the United States, China, India, Japan and South Korea are deploying ambitious industrial programmes, they warned.

Friday's conference focused on the financial and public policy tools that could unleash the investments needed for the

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clean energy transition.

"Despite its large internal market, skilled workforce and world-beating research and development, we're yet to see how Europe will put its ambitions into practice," said IEA executive director Fatih Birol.

"Policymakers must take bold action, and soon, for the region to remain a global industrial power," Birol said.

ECB president Christine Lagarde called on Europe to "avoid procrastination".

"While it is tempting to think that we can smooth out the cost of the transition by pushing back climate targets, the evidence suggests that this will not be the case," she said.

"Procrastinating is likely to increase the bill we will end up having to pay," Lagarde said. "Pushing back targets will not buy us more time for the investment required."

Werner Hoyer, president of the European Investment Bank, said industries "must be prompt and embrace change, or risk being left behind".

"Only massive and swift investment in net zero technologies will make sure that Europe remains an attractive place to do business, a place where innovation thrives, where new ideas flourish, and wealth and jobs are created," Hoyer said.



Farmers in Shajahanpur upazila's Shahnagar village use row covers to protect their plants from the effects of adverse weather. Excessive heat and rain in Bogura led to around 50 percent of saplings being damaged, denting supply and causing a surge in prices. PHOTO: MOSTAFA SHABUJ

## Winter vegetable saplings get 4-5 times costlier

MOSTAFA SHABUJ and  
SUKANTA HALDER

Due to an increase in import costs and supply failing to keep up with demand, winter vegetable saplings have become four to five times costlier this year in Bogura's sapling villages in the Shajahanpur upazila.

Importers and traders said it was because the price of seeds was higher than last year due to costlier US dollars and a failure to open letters of credit as per demand.

Another reason behind the price hike is the lack of supply, with a lot of saplings damaged this season by inclement weather.

Owners of sapling gardens in the area informed that around half of their saplings had been damaged due to excessive heat.

Farmers from around 35-40 districts visited the Shahnagar area to buy winter vegetable saplings, according to traders.

However, farmers said they would have to begin counting their losses if the yield was not good because costs of production were higher than ever.

Rashedul Islam, a farmer from Jamalpur's Madarganj upazila, came to Shahnagar village to buy chilli saplings. He said: "10 farmers came here to buy chilli saplings but the prices are very high this year. It was Tk 200-300 per thousand chilli saplings last year but now it is Tk 1,400 per



thousand."

Similarly, eggplant saplings were Tk 400-500 per thousand and cauliflower saplings were Tk 500-700 per thousand, but this year they are selling for Tk 800 and Tk 1,600 per thousand respectively.

Tomato saplings cost Tk 400 per thousand but are now selling for Tk 1,800-2,000 per thousand, said Foizul Islam, a farmer who came to buy winter saplings from Gaibandha.

According to the Department of Agricultural Extension of Bogura, there are 250 to 300 farmers in the Shajahanpur upazila cultivating around 30-40 hectares of land per year.

Nadim Islam, a farmer from Bogura's Shajahanpur upazila, said that his costs of production had also increased. As farmers got good prices for vegetables this summer, many increased cultivation, he added.

He was worried that low yields or a fall in prices would lead to losses.

Rekha Dutta, a resident of Singair upazila of Manikganj district, said that every year in winter, she plants different types of vegetable seedlings to meet her family's needs.

Last week, she went to the market to buy seedlings of several vegetables, including eggplants, and saw that the price of each piece was double compared to last year.

The fact that the price has doubled within a year is quite disappointing, she added.

Amzad Hossain, president of the Shahnagar Sobji Malik Somity, said they had a target to produce five crore saplings this year.

But around 15-20 days ago, 50 percent of the saplings were damaged due to heat.

Besides, prices of seed and polythene as well as labour costs

increased. As the demand is high and supply is low, prices increased rapidly, he said.

Zillur Rahman, owner of the Zillur Beez Bhandar, said the first round of saplings were damaged due to excessive heat and rain. In addition, they had to buy seeds at a higher price this year.

When asked if the high prices would have an impact on the vegetable market, Amena Khatun, Shajahanpur upazila agriculture officer, said: "If the yield is good, there will not be any impact on the kitchen markets. If the yield is not good, prices will increase a bit."

Abdul Latif, owner of Borhan Nursery of the Shahnagar village, said vegetable seeds had become costlier this year, increasing from Tk 4,000 to Tk 8,000 per kg.

Omar Al Faruque, a seed importer and seller in Dhaka, added that a large quantity of seeds have to be imported.

Now, due to the dollar shortage, LCs cannot be opened as per demand. At the same time, the increase in the price of the US dollar is also one of the reasons behind the increase in the price of seeds, he said.

Faruque claimed that he was able to import only half of the seeds he needed.

In the fiscal year 2021-22, the demand for vegetable seeds in the country was 2,750 metric tonnes and 3,407 metric tonnes were produced, according to the Ministry of Agriculture.

## Why do corporations need ESG?

MAMUN RASHID

Compliance with the ESG standards is not going to be an option soon for business enterprises functioning even in developing countries like Bangladesh. But as Bangladesh becomes more connected with the rest of the world and international trade becomes much more prevalent, complying with global ESG standards will become a mandatory practice for all businesses which wish to play with the rest of the world.

As the abbreviation "ESG" suggests, there are three major factors the investors consider when assessing the potential of a business enterprise and they are environmental, social and governance.

Environmental factors encompass a company's efforts to reduce its carbon footprint, manage natural resources efficiently and implement sustainable practices to mitigate risks tied to climate change and resource scarcity. This, in turn, can reduce operational costs, enhance resource utilisation and attract eco-conscious investors and customers. Investors nowadays seek firms committed to renewable energy, efficient waste management and environmental transparency.

Social aspects involve evaluating a company's treatment of employees, diversity and inclusion policies, and community engagement. Socially responsible initiatives, like fostering diversity and inclusion or engaging in philanthropy, contribute to a positive organisational image. A strong societal reputation can bolster brand loyalty, attract top talent, and improve stakeholder relationships, translating into a stronger market position. Investors look for businesses that prioritise fair labour practices, employee wellbeing and engagement with local communities.

Governance factors assess a company's leadership and board structure and adherence to ethical and legal standards. Shareholders seek transparent governance, effective risk management and accountability mechanisms to ensure long-term stability and ethical conduct within the organisation. Sound governance practices, including transparent decision-making and effective risk management, build trust with investors and stakeholders. This trust can lower the cost of capital and enable long-term growth and stability.

As more investors look to put money into companies with stronger ESG performance, larger pools of capital will be available to those companies not only in equity markets but also in loan markets, where banks are linking interest rates on loans to ESG performance.

Positive action and transparency on ESG matters can help companies protect their valuations as more global regulators and governments mandate ESG disclosures. After the European Union announced broader disclosure requirements, the stock market reacted positively to firms with strong ESG disclosure. Many emerging markets, including South Africa, Brazil, India and China, are also adopting and enforcing disclosure regulations.

As more investors with more assets under management commit to ESG investing, they will have more voting power to effect changes. Shareholders in a number of companies have already put forward proposals to improve gender diversity on the boards, garnering a level of support that was unimaginable before.

As ESG-minded business practices gain more traction, investment firms are increasingly tracking their performance. Financial services companies such as JPMorgan Chase, Wells Fargo and Goldman Sachs have published annual reports that extensively review their ESG approaches and the bottom-line results. The ultimate value of ESG investing will depend on whether they encourage companies to drive real change for the common good, or merely check boxes and publish reports. That, in turn, will depend on whether the investment flows follow ESG tenets that are realistic, measurable and actionable, according to investopedia.com.

The author is an economic analyst.



## What happens if US govt enters a shutdown?

AFP, Washington

The United States is heading toward a government shutdown this weekend with no foreseeable way out of a deadlock in Congress over headline Republican calls for deep spending cuts.

The new US fiscal year begins on October 1, but sharp disagreements in the Republican Party over the scale of federal debt has prevented passage of the bills needed to keep the government funded and open.

The credit ratings agency Moody's warned this week that a shutdown would be "credit negative" for US sovereign debt, threatening its top-tier rating and raising the prospect of higher borrowing costs.

Here's what is likely to happen beginning Sunday if the US government shuts down.

Hundreds of thousands of federal employees would be furloughed without pay, while members of the military and other workers deemed to be essential would continue working without a paycheck.

The American Federation of Government Employees (AFGE) union estimates a full shutdown would mean almost 1.8 million federal workers would not be paid for the duration.

Around 850,000 non-essential workers would be furloughed, according to the non-partisan Committee for a Responsible Federal Budget.

Once a funding deal is reached these restrictions would be lifted and all affected employees would be paid retroactively, according to the AFGE.

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A worker checks a rotor core used for wind turbines at a factory in Nantong, in China's eastern Jiangsu province, on September 20. China's factory output and retail sales growth accelerated while declines of exports and imports narrowed and deflationary pressures eased. PHOTO: AFP

## China factory activity returns to expansion

REUTERS, Beijing

China's factory activity expanded for the first time in six months in September, an official survey showed on Saturday, adding to a run of indicators suggesting the world's second-largest economy has begun to bottom out.

The purchasing managers' index (PMI), based on a survey of major manufacturers, rose to 50.2 in September from 49.7, according to the National Bureau of Statistics, edging above the 50-point level demarcating contraction in activity from expansion. The reading beat a forecast of 50.0.

The PMI, the first official statistics for September, adds to signs of stabilisation in the economy, which had sagged after an initial burst of momentum early in the year when China's ultra-restrictive Covid-19 policies were lifted. READ MORE ON B2