

Union Capital's loss widens

STAR BUSINESS REPORT

Union Capital Limited incurred a loss of Tk 24.51 crore in the July-September quarter of 2023 because of higher non-performing loans and a fall in income from brokerage commission.

The non-bank financial institution suffered a loss of Tk 14.15 crore in the third quarter of 2022.

Thus, the consolidated earnings per share (EPS) were Tk 1.42 negative in July-September this year against Tk 0.82 negative in the same quarter of 2022.

The consolidated EPS decreased due to a fall in interest income owing to the down gradation of NPLs, increasing provision requirement against NPLs, and a reduction in brokerage commission amid a sluggish trend in the capital market, according to a filing on the Dhaka Stock Exchange.

Its loss stood at Tk 127.53 crore in January-September of 2023, which was Tk 94.23 crore in the nine-month period a year prior. Therefore, the consolidated EPS widened to Tk 7.39 negative from Tk 5.46 negative.

The consolidated net operating cash flow per share rose to Tk 2.18 in the quarter from Tk 0.61 in the same period of 2022.

The consolidated net asset value per share stood at a negative of Tk 23.25 on September 30 this year from a negative of Tk 15.86 on December 31 last year.

The NAV decreased owing to a consolidated net loss after tax of Tk 127.52 crore, the filing added.

Shares of Union Capital closed unchanged at Tk 7.30 on the DSE yesterday.

US tightens curbs on AI chip exports to China

AFP, Washington

The United States on Tuesday said it was tightening curbs on exports of state-of-the-art AI chips to China, sending the share price of Nvidia and other semiconductor companies plummeting on Wall Street.

The measures are the latest chapter in the policy started under the Trump administration to limit Beijing's ability to gain ground and become a leading tech economy.

"Today's updated rules will increase the effectiveness of our controls and further shut off pathways to evade our restrictions," said US Commerce Secretary Gina Raimondo.

The new rules tighten measures taken a year ago that banned the sale to China of microchips that are crucial to the manufacturing of powerful AI systems.

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But calls to further close the supply chain grew after the world discovered the powers of AI with the launch of ChatGPT.

Also causing alarm in Washington was news that China-owned Huawei had released a new smartphone that featured a powerful home-grown advanced chip.

In a statement filed late Tuesday, Nvidia said the new rules "may impact the Company's ability to complete development of products in a timely manner, support existing customers of covered products, or supply customers of covered products outside the impacted regions."

The rules may even "require the Company to transition certain operations out of one or more of the identified countries," it added.

When announcing the beefed-up curbs, Raimondo insisted they were intended to close loopholes and prevent China's development of AI for military use.

"It's true that AI has the potential for huge societal benefit. But it also can do tremendous and profound harm if it's in the wrong hands and in the wrong militaries," she told US media.

Attention has been focused on Nvidia's industry-leading H100 chip, which is crucial for the creation of generative AI, the technology behind ChatGPT and other powerful systems.

Tuesday's update widened the ban to other, lower-performing chips made by Nvidia and other manufacturers that were going to China unrestricted.



ICC chairperson says...

- » Bangladesh should sign trade agreements and liberalise trade urgently
- » Trade liberalisation has huge benefit for the society
- » Bangladesh should sign FTA with the EU to retain the duty benefit
- » Bangladesh progressed a lot in attaining food sufficiency
- » Countries are coming back to protectionism in trade
- » Knowledge sharing can reduce food prices globally

Nations should liberalise trade: ICC chair

REFAYET ULLAH MIRDHA

Countries, including Bangladesh, should open up and liberalise their economies as it has been proven with sufficient data that countries which have done so have grown economically.

But in recent years, the return of protectionist measures in countries across the world has become noticeable, making the liberalisation of the economy and signing of trade agreements quite urgent for Bangladesh.

Just last year, 3,000 more protectionist measures were put in place worldwide and the trend shows no signs of slowing, Maria Fernanda Garza, chairperson of the International Chamber of Commerce (ICC), told The Daily Star during an interview in Dhaka on Tuesday.

The ICC chairperson came to Bangladesh on a three-day visit to attend meetings with ICC Bangladesh as well as business communities and Commerce Minister Tipu Munshi. She left Dhaka on Wednesday.

To reap all the benefits from the liberalisation of trade, countries need to take measures from within to support people, especially the most vulnerable segments of their population.

Liberalisation of trade offers huge benefits for society, but some sectors should be kept outside that process, she added.

The Bangladesh Trade and Tariff Commission recently formulated guidelines on trade liberalisation as the country is going to graduate from a least developed country (LDC) to a developing nation in 2026.

Garza, who hails from Mexico, suggested Bangladesh sign Free Trade Agreements (FTAs) with major trading partners like the European Union in order to

retain duty benefits even after LDC graduation.

Mexico, which has 32 FTAs with different countries, can also be a good candidate to sign an FTA with Bangladesh. Commerce Minister Munshi visited Mexico last month to start a new initiative to open more trade between the nations.



Maria Fernanda Garza

Many member countries of the ICC and the World Trade Organisation (WTO) want to continue providing subsidies after LDC graduation, but many nations, particularly developing and developed countries, do not want continuation of subsidies. A separate ICC body is working on the issue, she said.

It is also important to rethink the way the WTO operates and Garza hoped countries would realise they need stronger representation. The global south also has a strong voice in global trade. "We are standing with the global south to raise their voices in global trade," she said.

During the conversation, she also said Bangladesh had a strong case for the extension of LDC trade facilities for some years because there were a lot of disruptions due to the Covid-19 pandemic and Russia-Ukraine war.

"I think you have a strong case and you may win," Garza said about Bangladesh's negotiation for an extension of the LDC trade benefit after graduation.

But she added that the nation should do its homework and prepare to face the challenges that come along with LDC graduation.

Currently, the ICC has 170 members and continues to promote trade facilitation, which can reduce costs of different industries, including the food value chain, thereby reducing inflationary pressure.

Member countries should also share their best practices with each other to become more efficient in trading food items so prices can be reduced to some extent.

For example, Argentina imposes export duties on food items like meat and soybean, Garza said replying to a query about combatting global food inflation, which has been affecting millions worldwide, especially since the breakout of the Russia-Ukraine war in February 2022.

Argentina is one example to follow, but knowledge sharing and adaptation of digitalisation can also greatly reduce costs. Another step that would help lower costs is increasing the efficiency of customs authorities and shedding unnecessary bureaucracy.

Garza opined that the economic progress of Bangladesh, led by the private sector, had been amazing, but added that the country needed a diversified export basket.

Bangladesh has progressed a lot in terms of food self-sufficiency and can now feed 170 million people, which Garza

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CLIMATE ADAPTATION Investment can deliver 10-fold returns

BITOPI DAS CHOWDHURY

Positive climate action at scale has never been more urgent. For Bangladesh, a low-lying and densely populated country which finds itself on the frontlines of climate change, this need is more pressing than others. Our summers are becoming hotter, rainfall untimely, monsoon irregular. Increasing frequency, intensity and recurrence of floods are affecting lives, as is rising sea levels and salinity intrusion along the coast.

In recent years, the world has largely rallied around the need to limit global warming to 1.5°C in line with the goals of the Paris Agreement. Hundreds of billions of dollars of 'mitigation finance' have been mobilised and directed at the energy transition and technologies to reduce carbon emissions. For emerging markets, for many of whom are facing extreme climate events at an increasing frequency, there is a more pressing need for climate adaptation.

The United Nations Environment Programme estimates that developing countries require \$160-340 billion per year to adapt to increasing climate impacts. This initial amount is projected to increase to \$315-565 billion by 2050. Even if this funding is attained, it is a fraction of what is truly required. Delivering enough funding necessitates a shift in strategy – the sort of shift that inspires significant collaboration between governments, central banks, commercial banks, multilateral development banks, institutional investors, and other financial actors.

Examples of climate adaptation projects include the creation of coastal barrier protection solutions for areas vulnerable to flooding, the development of drought-resistant crops, and early warning systems against pending natural disasters. The Paris Agreement, the Green Climate Fund, which pledges a 50:50 balance, and the latest Glasgow Climate Pact all stipulate a balance between mitigation and adaptation. Despite this, the bias for mitigation is evident in private, bilateral, and multilateral funding.

Standard Chartered recently conducted a study titled The Adaption Economy, which assesses how 10 emerging economies are disproportionately impacted by climate change and builds a clear case for early intervention to prevent economic and social losses. The report reveals that, by investing \$1.2 billion in adaptation by 2030, Bangladesh could prevent projected damages and lost GDP growth of \$11.6 billion – nearly 10 times that amount.

Private sector involvement is essential to meet the huge investment need. Adaptation – particularly in the most vulnerable, low-income regions – often brings public benefits rather than opportunities for private financial return. However, a good business case can be established through blended finance structures. Substantive changes to the existing regulatory framework can also further enable resource mobilisation.

Through sustainable community engagement projects, the private sector can also make direct contributions.

Standard Chartered Bangladesh and Friendship implemented a comprehensive environmental project for 750 residents of Ghughumari char, a remote sedimentary island in Kurigram. Under the framework of this project, the previously off-grid island has been supported with a 54-kilowatt solar microgrid, 60 tube wells, and a tree plantation initiative.

This effort has been designed with adaptation in mind, it is flood-tolerant and can be relocated in response to extreme climate events. The tube wells ensure access to safe and clean drinking water while the tree plantation initiative helps to arrest soil erosion.

The scale of the challenge ahead is immense. But the stakes are high, and our time is limited. We have no choice but to act now.

The author is head of corporate affairs, brand and marketing at Standard Chartered Bangladesh

China's economic growth slows in Q3

AFP, Beijing

China's economy grew more than expected in the third quarter, data showed Wednesday, but the reading was still below target and officials continue to face calls for more stimulus while struggling to contain an unprecedented property crisis.

The 4.9 percent expansion in July-September was helped by forecast-beating retail sales figures and follows a series of broadly positive readings that point to a period of stability following months of weakness despite the lifting of strict zero-Covid measures.

But authorities are still on edge over turmoil in the real-estate sector, which has long accounted for a quarter of the country's gross domestic product, supports thousands of companies and is a major source of employment.

The industry enjoyed dazzling growth for decades, but the recent woes of key developers including Evergrande and Country Garden are now fuelling buyer mistrust while homes lie unfinished and prices plummet.

Country Garden, one of China's biggest property firms and long believed to be financially sound, failed last month to repay interest on a loan totalling \$15.4 million. The group has been granted

a 30-day grace period which ends on Wednesday, and risks default if it does not honour the repayment.

The country faced a "grave and complex international environment and challenging tasks in promoting reform, development and stability at home" in the first three quarters of 2023, the National Bureau of Statistics said on Wednesday.

Authorities are still on edge over turmoil in the real-estate sector, which has long accounted for a quarter of the country's gross domestic product.

Authorities have stepped up incentives for property purchases in recent months to reinvigorate the sector, but buyers remain cautious.

Households are watching their spending amid sluggish growth, which has hurt consumption this year, though a week-long national holiday in October helped boost spending on tourism and other services.

Retail sales, the main indicator of household consumption, rose a better-than-expected 5.5 percent on-year in September.

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The photo shows residential buildings under construction in Ningbo, in China's eastern Zhejiang province. China's economy grew more than expected in the third quarter, though it is struggling to contain an unprecedented property crisis.

PHOTO: AFP