Argentina, Bangladesh ink MoU for bilateral cooperation in agriculture

STAR BUSINESS REPORT

Bangladesh and Argentina have signed a memorandum of understanding (MoU) for bilateral cooperation in the field of agriculture for the first time.

The MoU was signed between the two countries in the Ministry of Agriculture conference room at the Secretariat yesterday, according to a press release.

Agriculture Minister Muhammad Abdur Razzaque signed the MoU on behalf of Bangladesh.

The agreement was earlier signed by Argentina's Minister of Economy Sergio Tomas Massa, and Marcelo Carlos CESA, ambassador of Argentina to Dhaka, was present on his behalf.

Razzaque said: "With the signing of this MoU, we will be able to bring wheat and soybean from Argentina at a better price."

Bangladesh imports wheat, soybeans and various livestock feed from Argentina while the minister opined that mangoes and pineapples could be exported to Argentina, adding that there are also plans to export potato chips.

"They will help improve our agriculture. We will also work together on various international issues, including the climate crisis," he said, adding Bangladesh would get priority in smart agro-technical cooperation, including import of wheat and soybean.

"I firmly believe that we will get cooperation from Argentina to set up surplus agro-processing industries in the days to come. We will get Argentina's support in the field of improved crop varieties and bio-technology," the minister said.

Razzaque said Bangladesh imports soyabean worth about $2 billion. Poultry protein depends on soybeans, he added.

Bangladesh imports wheat, soybeans and various livestock feed from Argentina while the minister opined that mangoes and pineapples could be exported to Argentina, adding that there are also plans to export potato chips.

There are many opportunities between the two countries in terms of cooperation in agriculture, said Ambassador Marcelo Carlos CESA.

The MoU opens up opportunities to work together in those sectors, he said.

Paddy and other crops grown in chars on the Jamuna river along Gaibandha district are brought for sale at this ghat in Phulchari upazila every Tuesday and Saturday. The large boats are used by traders from adjoining areas to take away the goods. The market also serves as a source of household necessities, salt for instance, for residents of the remote chars. The photo was taken at the end of last month. PHOTO: MOSTAFA SHABUJ

Employment jumps 16-fold in areas surrounding EPZs

STAR BUSINESS REPORT

Employment in areas neighbouring eight export processing zones (EPZs) across Bangladesh jumped by almost 16-fold since industrial enclaves were established, according to a study by the Bangladesh Institute of Development Studies (BIDS).

As per a census conducted by BIDS in 2015, around 2,413 people living within a one-kilometre radius of the EPZs have become involved in the economic activities of backward linkage and ancillary industries in adjacent areas.

Meanwhile, the number of enterprises established centring the EPZs has surged by at least 10-fold to 889, according to Mohammad Yunus, research director of BIDS.

"The growth of linked and ancillary enterprises of the EPZs in terms of number, employment and turnover is remarkable," he said.

He made these remarks while presenting a paper, styled "Export Processing Zones in Bangladesh. Enclave Industrialization Redux?", at an annual BIDS conference in Dhaka yesterday.

BIDS had conducted the census to compare the number of employment opportunities in areas surrounding EPZs before and after their establishment.

The study also found that the average turnover of businesses within surveyed areas has increased by around 58 percent to Tk 21 lakh.

Neighbouring areas of the Chittagong Export Processing Zone saw the most robust growth, accounting for nearly half of the total employment generated around the EPZs.

During his presentation, Yunus also shared the cost-benefit analysis of the EPZs, which shows that only the Mongla EPZ is lagging behind in terms of economic viability.

"Overall, the cost-benefit results are positive and investment in establishing the EPZs has been worthwhile," he said, adding that there is still a need to upskill workers to increase productivity.

Yunus also questioned whether the Bangladesh Small and Cottage Industries Corporation (BSCIC), Bangladesh Export Processing Zones Authority and Bangladesh Economic Zones Authority should act as separate agencies or come under one umbrella.

Mashiur Rahman, former economic affairs adviser to the prime minister, said the BSCIC works for small entrepreneurs while the EPZs are meant for large-scale units, especially export-oriented ones.

HSBC wins CorporateTreasurer Awards

STAR BUSINESS DESK

The Hongkong and Shanghai Banking Corporation Limited (HSBC) Bangladesh has won awards in two categories at the CorporateTreasurer Awards 2023.

The categories are: "Best Cash Management Bank" and "Best Transaction Bank".

The CorporateTreasurer Awards is an annual award programme organised by CorporateTreasurer, an independent print publication in Asia, to recognise the treasury industry.

"This set of awards is just the latest example of how we are delivering our strategy and putting our clients at the centre of everything we do. We will continue to innovate and enhance our transaction banking and global payment solutions to empower our customers," said Gerard Haughey, country head of wholesale banking at HSBC Bangladesh.

The bank's digital capabilities in using cutting edge technologies like blockchains continuously make international trade faster, safer, and simpler every day.

Premier Bank gets new DMD

STAR BUSINESS DESK

The Premier Bank PLC has appointed SM Wali Ul Morshed as deputy managing director (DMD).

Morshed was serving as senior executive vice-president and head of foreign exchange branch of Shahjalal Islami Bank PLC prior to joining Premier Bank.

Morshed is a banker with 24 years of professional experience in the banking industry, mainly in the fields of over branch banking, credit management, quality asset and liability management, and risk mitigation.

He started his career in Prime Bank Ltd as a senior officer in 1999. Later, he worked for United Commercial Bank PLC followed by Shahjalal Islami Bank.

He obtained his master's degree in management from Jagannath University and did MBA in finance from the University of Dhaka.

Russia pledges more oil data to ship trackers to soothe Opec+

REUTERS

Russia has pledged to disclose more data about the volume of its fuel refining and exports after Opec+ asked Moscow for more transparency on classified fuel shipments from the many export points across the vast country, sources at Opec+ and ship-tracking firms told Reuters.

Russia is the only member of Opec+ which contributes to export cuts rather than production cuts as part of its participation in the group's agreement to curb supplies. Market analysts have struggled to verify the exact volumes of cuts achieved by Moscow.

Deputy Energy Minister Pavel Sorokin made the offer to provide more information last week in a call with six ship-tracking consultancies and price reporting agencies tasked by Opec+ to work with Moscow on the issue, three sources told Reuters.

Sorokin told the firms - S&P Global Platts, Argus Media, Energy Intelligence, Wood Mackenzie, Rystad and Kpler - Moscow would provide more data on crude production, inventories and refinery fuel output to give a more comprehensive picture on its compliance, according to the sources, one of whom attended the meeting.

"Sorokin was trying to persuade the trackers that Russia fully complied with the deal," one of the sources said.

Details of the call, which took place on November 28, have not been previously reported.

Sorokin did not respond to a request for comment.

Rystad said it was one of the secondary sources chosen by Opec and its estimates were available for Opec's research organization. Argus, Woodmac and Kpler declined to comment, while Energy Intelligence and S&P Global Platts have not immediately replied to requests for comment.

Russia has made its oil production and exports data classified since the West imposed sanctions on Moscow following the start of the conflict in Ukraine in February 2022.

Russian officials have said the country should not reveal information that would make it easier for its foes in the West to monitor and sanction Russian shipments.

Russia is the world's second-largest oil and fuel exporter after Saudi Arabia with overall volumes of around 6-7 million bpd.

Russian fuel exports were complex to tally even before they became a state secret as the country uses dozens of ports, rail terminals and border crossings to export many different fuels.

Russia has around 30 large and 80 small refineries, which together process over 5 million barrels per day (bpd) of crude.

Opec+ delayed its meeting last week by several days to November 30 due to what sources said were disagreements over production levels by some members, including Nigeria and Angola. The group finally agreed to deepen cuts to around 6 million bpd or 6 percent of global output.

Under an earlier deal with Opec+, Russia pledged to reduce its oil exports by 300,000 bpd until the end of 2023. The latest deal calls on Russia to additionally cut its fuel exports by 200,000 bpd in the first quarter of 2024.

Saudi Energy Minister Prince Abdulaziz bin Salman said in an interview with Bloomberg that Opec+ wanted more assurances from Moscow it would deliver on its pledge. He said Russia would be meeting with the ship tracking firms every month to provide data but gave no further detail.

Prince Abdulaziz said he would have preferred to see Russia cutting oil output rather than exports.

But he added he understood the challenges Russia was facing with cutting oil output in winter months because doing so in freezing temperatures can damage reservoirs.

Low revenue forces govt to scale back

FROM PAGE B1

The finance ministry official said the government's main objective in the next budget will be to control high inflation like in the current budget.

Headline inflation averaged 9.02 percent in FY23 -- the highest in more than a decade -- and stood at 9.49 percent in November this year and shows no sign of cooling off since the factors responsible for the higher prices -- from the Russia-Ukraine war and higher global commodity prices to the significant depreciation of the local currency and market imperfections -- are still in play.

The government's target is to limit inflation to 6.5 percent in FY25. It is 6 percent for FY24 but is expected to be revised upwards to 7.5 percent.

The official said market monitoring will be enhanced and the open market sales of subsidised essentials by the Bangladesh Trading Corporation will be expanded.

The government will target a gross domestic product (GDP) growth of 6.75 percent in FY25 and is expected to revise it down to 6.5 percent from 7.5 percent in FY24 since almost all macroeconomic indicators are under pressure.

The higher GDP growth target was aimed despite the raging Russia-Ukraine war, the instability in the foreign exchange market and dwindling foreign currency reserves.

The official said the government will not entirely leave the exchange rate in the hands of the market. Rather, it will be made more market-oriented.

Besides, the existing interest rate-setting mechanism will continue in the next fiscal year. The efforts, however, will be there so that rates reflect market realities, he said.

In July, the central bank withdrew the lending rate cap and introduced a new interest rate-setting formula known as Six Months Moving Average Rate of Treasury Bills (SMART).

For FY25, the government will set a Tk 555,000 crore revenue generation target.

The target is Tk 500,000 crore for FY24 and it could be revised down to Tk 470,000 crore, the official said.

Buyer to drop sanction clause

FROM PAGE B1

attention causing panic and confusion. Therefore, I am writing to share the correct information on this matter," said BGMEA President Faruque Hassan.

"So, rumours that a sanction might be imposed on Bangladesh stemming from the LC clause is baseless and incorrect," he added.

It should be noted that LCs are private commercial instruments, not statutory orders or notices. So, they should not be misinterpreted as a measure of trade enforcement or economic sanctions.

"Moreover, the BGMEA did not receive any information from our diplomatic mission or from any official source to support any sanction or trade measure," Hassan said.

"In this context, we urge all the valued brands, retailers and their agents not to complicate trade with external issues, particularly by inserting any unnecessary clause creating such confusion," he added.

Hassan also urged BGMEA members not to accept any LCs with such clauses, and to communicate with the respective buyer(s), solicit clarification or amendments if any such clause is found in an LC.

RMG shipment

FROM PAGE B1

If textile and apparel shipments are taken into consideration collectively, the earnings stand at $6.51 billion, a decrease of 25.25 percent year-on-year.

Last year, Bangladeshi suppliers shipped garment items worth $10.02 billion to America, the highest in a single year.

In January-October this year, the USA's overall apparel import fell by 22.71 percent year-on-year to $67.26 billion, OTEXA data showed. The decline stands at 21.46 percent, to $90.04 billion, if both textile and apparel products are considered jointly.

Garment shipments to the USA have been falling because of high inflation and because buyers still have old stockpiles of goods in stores of American clothing retailers and brands.

Moreover, American apparel retailers and brands imported a lot of garment items after recovering from the impacts of Covid-19 but sales did not pick up in line with supply as inflation rose due to the severe fallout of the Russia's invasion of Ukraine.

Exporters believed the declining trend reflected the US market correcting itself after clothing shipments to America witnessed more than 50 percent growth last year.

AK Azad, chairman and chief executive officer of Ha-Meem Group, a top garment exporter to the US, said sales of clothing items in US stores could not gather steam because of inflation.

At the same time, American retailers and brands imported a lot of garment items last year, he said.

The National Retail Federation (NRF) recently forecast holiday spending to reach record levels during November and December and to grow between 3 percent and 4 percent over 2022 to between $957.3 billion and $966.6 billion.

"It is not surprising to see holiday sales growth returning to pre-pandemic levels," NRF President and CEO Matthew Shay said. "Overall household finances remain in good shape and will continue to support the consumer's ability to spend."

Despite a slower growth rate compared to the past three years, when trillions of dollars of stimulus led to unprecedented rates of retail spending during the pandemic, this year's holiday spending is consistent with the average annual holiday increase of 3.6 percent from 2010 to 2019.

Online shopping has witnessed one of the biggest shifts in consumer behavior from the Covid-19 pandemic. Online and other non-store sales, which are included in the total, are expected to increase between 7 percent and 9 percent to a total of between $273.7 billion and $278.8 billion.

That figure is up from $255.8 billion last year.

"Consumers remain in the driver's seat and are resilient despite headwinds of inflation, higher gas prices, stringent credit conditions and elevated interest rates," NRF Chief Economist Jack Kleinhenz said.

"We expect spending to continue through the end of the year on a range of items and experiences, but at a slower pace. Solid job and wage growth will be contributing factors this holiday season, and consumers will be looking for deals and discounts to stretch their dollars," Kleinhenz said in the statement.

US oil prices slide below $70 a barrel

AFP, *New York*

US oil prices finished below $70 a barrel for the first time since July on Wednesday on a mixed day for global equities, as traders pondered hopes for interest rate cuts from the European Central Bank and the US Federal Reserve.

West Texas Intermediate oil for delivery in January fell 4.1 percent to finish at $69.38 a barrel. The drop came as markets eyed signs of weakening demand amid skepticism that the Opec + coalition's efforts will meaningfully restrain supply.

Overdue payment

FROM PAGE 1

In addition to a short-term private sector debt of $12 billion, Bangladesh has many other unpaid liabilities, which need to be quantified comprehensively, he said.

Right now, he said, there is no comprehensive, publicly available official picture.

Some of the other overdue payments include over $4 billion to energy companies and unknown but sizable amounts to international airlines and fertiliser importers, he said.

Some are for settling letters of credit (LCs) and others in the form of some profit and dividend yet to be repatriated by foreign companies, he said.

The schedule for these payments has to be restructured, added Mansur, who worked in different capacities at International Monetary Fund, including as mission chief for Saudi Arabia, Kuwait and Oman.

"There is also a huge pent-up demand for imports, which could not be met due to shortage of dollars," said the economist.

"The economy is already paying some of the costs," he said, adding that fees or charges for LC settlement has gone up significantly.

The rating agencies have downgraded Bangladesh and its economic and BoP outlook, he said.

Airlines have increased their airfares in and out of Bangladesh and some international airlines have reduced their flights to Bangladesh, said Mansur.

"The total amount, although unknown, may easily be close to the available reserves of Bangladesh Bank," he said.

"Thus, paying all of these private creditors at this time is not a viable option. The authorities need to work out a comprehensive plan to mitigate this," he added.

Gas crisis

FROM PAGE B1

Over 1,500 industrial units at Narayanganj have been facing challenges in running operations because of the gas crisis, for which problems may arise in ensuring timely payments to workers, read the letter.

This may lead to labour unrest, said Osman, urging the government to increase the gas supply to industrial units at Narayanganj.