

Star BUSINESS

Claim settlement rate in the insurance sector has risen by more than four percentage points within a year



Story on B4

Bangladesh to enjoy duty benefit until 2029 as WTO members allow extension

Latest outcome

- Bangladesh will enjoy trade benefits for three more years after LDC graduation
- The decision was taken at the 13th WTO conference in Abu Dhabi on Friday night

LDC trade benefits

- Bangladesh's 73% int'l trade is tied to LDC benefits
- Bangladesh alone utilises 67% of all LDC benefits
- Currently Bangladesh enjoys LDC trade benefits in 38 countries



Post-LDC era

- After LDC graduation, Bangladesh may lose \$7b worth of trade in a year
- A core committee has been assigned to oversee sustainable LDC graduation



REFAYET ULLAH MIRDA

Bangladesh will keep enjoying duty-free market access for three more years after its graduation to a developing nation in 2026 as the extension was endorsed by 166 members of the World Trade Organisation (WTO) at its Ministerial Conference that concluded in Abu Dhabi on Friday night.

"A member that graduates from the LDC category shall continue to be eligible for LDC-specific technical assistance and capacity-building provided under WTO's Technical Assistance and Training Plan for a period of three years after the date on which the decision of the UN General Assembly to graduate that member from the LDC category becomes effective," said the WTO.

After an intense negotiation for more than five days at the 13th WTO Ministerial Conference between February 26 and March 1, the member countries reached the consensus on the extension of the trade benefits for the LDCs (least-developed countries) that graduate.

Bangladesh joined the LDC group in 1975 and is going to leave it on November 24 of 2026.

And until Friday, there was uncertainty that the country would lose \$7 billion worth of trade a year following the graduation because of the erosion of the preferential trade facility after graduation as suggested by various studies. That uncertainty is over until 2029.

The three-year extension came after the LDC group, chaired by Djibouti, applied to the WTO and other UN bodies in 2020 for the continuation of the market access to graduating LDCs for 12 more years as their economies were jolted by the severe fallout of the Covid-19 pandemic.

The outbreak of the Russia-Ukraine war in February 2022, which hit hard the LDCs and the low-income countries,

emerged as an even bigger blow for the group and made their demand more justifiable.

The WTO countries agreed to extend

What was agreed at WTO negotiations?

REUTERS, Abu Dhabi

World Trade Organization (WTO) negotiators failed to break a deadlock on major reforms in the early hours of Saturday despite talks extending deep into overtime in Abu Dhabi, in what some delegates said was a triumph of national interest over collective responsibility.

Here is a summary of what was achieved and what was not:

- Countries agreed to extend a moratorium on placing tariffs on digital goods until the next ministerial conference in two years'

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the trade benefit to the graduated LDCs at the 12th Ministerial Conference in Geneva in June 2022 although no time was specified at that time.

The demand was considered in the WTO general council meeting on October 23 last year and the ministers have now endorsed the decision, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD), a think-tank in Bangladesh.

"Since Bangladesh will obtain the LDC-related trade benefit even after graduation, it has created an opportunity for all other graduating LDCs as well," he said.

He said Bangladesh can now negotiate for trade benefits with the European Union, China, India, the UK, South Korea and other countries where it qualifies for the facility.

Bangladesh, however, will not enjoy trade benefits in the US even though the American negotiator endorsed the extension. This is because the world's largest economy currently has no preferential duty programme for the LDCs.

Bangladesh's international trade has grown mainly riding on the duty benefit under the LDC category. Currently, 73

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Robi invests \$13m to open country's first private Tier-IV data centre

MAHMUDUL HASAN

Telecom operator Robi Axiata has launched Bangladesh's first commercial Tier-IV data centre in a move to expand its portfolio and cater to the increasing need for data storage driven by surging internet usage amid digitalisation of services.

The subsidiary of Axiata Group, which operates in 10 countries, spent \$13 million to establish the data centre at the Sheikh Hasina Software Technology Park in Jashore.

This marks the third data centre under the group's portfolio across Asia, with the other two being located in Sri Lanka and Nepal.

The investment comes as Robi, which now brands itself as a technology company instead of a telecommunications company, looks to strategically diversify its offerings with a shift towards digital services.

It has already established three subsidiaries: startup investment firm r-Ventures, and IT and IT-enabled service providers Red.Digital and Axentec, under which the data centre called Cypher was built.

It received "Tier-IV Certification of Design Documents" from "Uptime Institute". The certification signifies that a data centre's infrastructure design meets the highest standards for fault tolerance and redundancy. This ensures maximum reliability and availability, minimising the risk of downtime for critical operations.

Cypher is backed by a "2N+1" power control system, which refers to a redundancy configuration to ensure uninterrupted power supply through redundant power supply connections coming

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STOCKS		WEEK-ON-WEEK
DSEX	0.31%	6,254.54
CASPI	0.42%	17,928.38

COMMODITIES		AS OF FRIDAY
Gold	\$2,082.55	(per ounce)
Oil	\$79.79	(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 1.80%	▲ 1.90%	▼ 0.19%	▲ 0.39%	
73,806.15	39,910.82	3,135.76	3,027.02	

WEEKLY INTERVIEW



Imran Hassan

'Almost all restaurants lack fire suppression systems'

JAGARAN CHAKMA

There is hardly any restaurant in Bangladesh with a proper fire suppression system while only a handful among the owners are aware of fire safety measures, said a top leader of the Bangladesh Restaurant Owners' Association (BROA) yesterday.

There are at least 25,000 small and big restaurants in Dhaka city, of which around 5,000 are registered with the authority concerned, said Imran Hassan, secretary general of the BROA.

At least two and a half lakh workers

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Entrepreneurs brace for another blow as electricity tariff goes up



THE WEEKLY VIEW

AHSAN HABIB

Entrepreneurs who have been finding it difficult to keep their head above water for the past two years owing to higher prices of energy, raw materials and massive depreciation of the local currency are staring at another blow as their cost of production is set to rise following the hike in electricity tariffs.

In order to lessen its subsidy burden, the government on Thursday increased electricity prices by Tk 0.70 a unit effective from February 1.

Earlier, last week, the authorities increased by Tk 0.75 per cubic metre the price of gas supplied to power plants and for captive power generation.

The spike in energy prices is not new for industries.

For example, electricity tariffs rose roughly 5 percent three times in the last financial year of 2022-23, resulting in a compound increase of around 15.7 percent. Likewise, the price of diesel rose 37 percent and furnace oil 41.4 percent.

Similarly, the price of gas for industries was hiked by 150 percent



PHOTO: HABIBUR RAHMAN

A welder repairs a vehicle at Zero Point in Khulna city yesterday. The recent hike in energy prices has left them, like many others, staring at increased costs of production without a means to offset that additional expense.

to 178 percent in FY23.

Besides, driven by a 25 percent fall in the price of the taka against the US dollar in the past couple of years, the overall raw materials price increased by 10 percent to 20 percent. And the shock from the depreciation shows no signs of easing as the foreign

currency reserves have plummeted amid higher outflows of US dollars against lower inflows.

"Businesses are already facing hardship because of the higher cost of production and the existing business environment. The price hike of electricity will add insult

to their injury," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

Despite the rising prices of gas and electricity, entrepreneurs are not getting a credible supply of power and an adequate pressure of

natural gas, he alleged.

Industries and businesses face other major challenges as well.

For example, since the country is suffering from a dollar crisis, an adequate volume of US dollars is not available to open letters of credit (LCs).

The interest rate of bank loans has been on the rise after the central bank moved away from the 9 percent lending rate cap in July last year as part of its efforts to tame higher inflation. As a result, the cost of funds has gone up by as high as four percentage points in the first seven months of the current financial year of 2023-24, a development that will raise the expenses for businesses and industries.

The apparel sector has also seen an upward revision in the wages and salaries of workers.

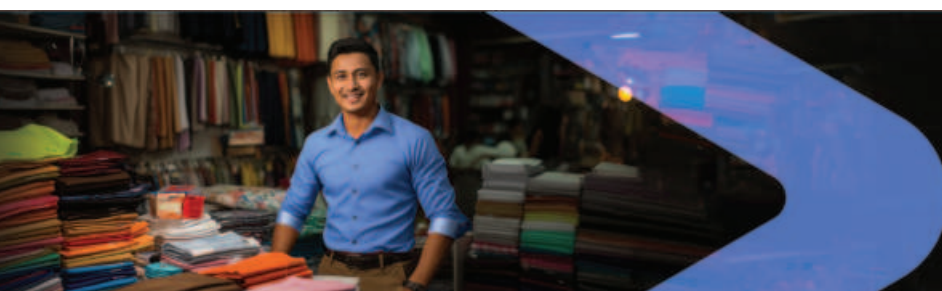
"Under the circumstances, the higher energy price will add to costs and reduce the competitiveness of exporters.

If export earnings fall, the economy will also feel the pinch," Hatem said.

The spiraled cost of production hit businesses in FY23, which ended in June. For instance, of the 158 listed companies that published financial reports for the last financial year, 99 companies, or 62 percent of the total, saw a drop in profits.

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