Prof Md Jonaid Shafiq

Jonaid Shafiq becomes director of Meghna Bank

STAR BUSINESS DESK

Professor Md Jonaid Shafiq, a renowned physician, has been elected as director of Meghna Bank.

Shafiq is a pain medicine specialist and the founder of the pain medicine unit of Bangabandhu Sheikh Mujib Medical University, the bank said in a press release.

He is the managing director of Japan Bangladesh Friendship Hospital and Navana Pharmaceuticals Ltd.

He is also a founder member of the Bangladesh Society for Study of Pain.

Shafiq is the co-chairman of Japan Bangladesh Friendship Foundation, under which there are three nursing institutes, a nursing College, a technology institute and a physiotherapy college.

US trade body reiterates support for GSP revival

REFAYET ULLAH MIRDHA

The American Apparel & Footwear Association (AAFA) has expressed support for revival of the Generalised System of Preferences (GSP) to reduce costs faced by US citizens.

Introduced in 1976, the GSP was a trade scheme allowing least developed and developing countries to export goods to the US at low duties, and, in some cases, none at all.

Bangladesh was suspended from it in June 2013 after two industrial disasters, the Tazreen Fashions fire and Rana Plaza building collapse, which highlighted serious shortcomings in labour rights and workplace safety.

The scheme was cancelled for all beneficiary countries in December 2020.

"The apparel and footwear industry encourages Congress to quickly pass the GSP Reform Act," said Steve Lamar, president and chief executive officer (CEO) of the AAFA, in a statement on April 15.

"GSP has always had bipartisan support, and the record long lapse has been unexplainable and damaging to American businesses, American workers, and beneficiary countries alike, all while handing a huge trade win to China," he said.

"This retroactive renewal is far more effective at making our trusted partners more competitive than misapplied tariffs will ever be," he said.

"This GSP program is also helpful to mitigate the costs faced by our nation's supply chains during this time of continuous disruption," said Lamar.

"Once renewed, this can have a very real impact on the cost and offering of everyday goods such as luggage for summer travel and backpacks for school in the fall," he said.

"We were pleased to see several proposed reforms, including measures to update the competitive need limitation mechanism and open a process to consider currently ineligible products," said Beth Hughes, vice president of the AAFA for trade and customs policy.

Bangladesh has been putting in the effort to enjoy the duty benefit on exports, State Minister for Commerce Ahasanul Islam Titu told The Daily Star over the phone yesterday.

Bangladesh has fulfilled 16 conditions for the reinstatement of the GSP and submitted the progress report to the United States Trade Representative twice.

However, on different occasions the US has been saying that Bangladesh needs to do more.

Prior to the suspension, Bangladesh was exporting goods, such as dry fish, tobacco items and ceramics.

Excluding the main export item, garments, such goods worth $34 million were sent under the GSP.

MJL to double stake in Prime Bank

STAR BUSINESS REPORT

MJL Bangladesh, one of the nation's leading lubricants companies, is going to buy 2.20 crore shares of Prime Bank in order to increase its stake in the lender.

At the current market price, the shares will cost Tk 48 crore.

MJL Bangladesh, now a corporate shareholder of Prime Bank, wants to buy the shares at the prevailing market price through the Dhaka Stock Exchange (DSE) within 30 working days, the lender said in a disclosure on the DSE website yesterday.

Once the purchase is completed, MJL's stake in Prime Bank, one of the leading private commercial banks in Bangladesh, will stand at 4 percent, according to officials.

At present, the company holds a stake of around 2 percent.

"We are investing in the bank with the expectation that it will make good profits and we will get a good return," said Azam J Chowdhury, managing director of MJL Bangladesh.

The disclosure by MJL Bangladesh comes just two days after Prime Bank reported a 20 percent year-on-year rise in profits, to Tk 480 crore, in 2023.

The bank also recommended a 17.50 percent cash dividend for its shareholders for 2023. Prime Bank has over 113.22 crore outstanding shares, each with a face value of Tk 10.

Officials said MJL Bangladesh, a joint venture between East Coast Group's subsidiary EC Securities and state-owned Jamuna Oil Company, began to purchase shares of Prime Bank in the second half of last year.

Prime Bank shares gained 0.22 percent to reach Tk 22 on the DSE yesterday while MJL Bangladesh advanced 0.60 percent to Tk 83.5 in the market, which closed on a downbeat note for a third consecutive day.

Stocks fall for 3rd day straight

STAR BUSINESS DESK

Although companies listed with the Dhaka Stock Exchange (DSE) regained some strength in the early hours of trading yesterday, they eventually ended in a decline extending the losing streak for the third day straight.

The DSEX, the benchmark index of the premier bourse of Bangladesh, shed 10.80 points, or 0.19 percent, to close the day at 5,763.77 points.

Likewise, the DSES, an index that represents Shariah-compliant companies, slipped by 1.65 points, 0.13 percent, to 1,266.41 points.

The DS30, which comprises blue-chip stocks, fell by 5.36 points, 0.27 percent, to 2,014.93 points.

Daily turnover, which indicates the volume of shares traded during the session, stood at Tk 482 crore, down 10.68 percent from the previous trading session.

According to the daily market update of UCB Stock Brokerage, the travel and leisure, IT, and tannery sectors closed in the positive while the ceramics, mutual fund and non-bank financial institution sectors closed in the negative.

The pharmaceuticals sector dominated the turnover chart, covering 17.10 percent of the total market turnover.

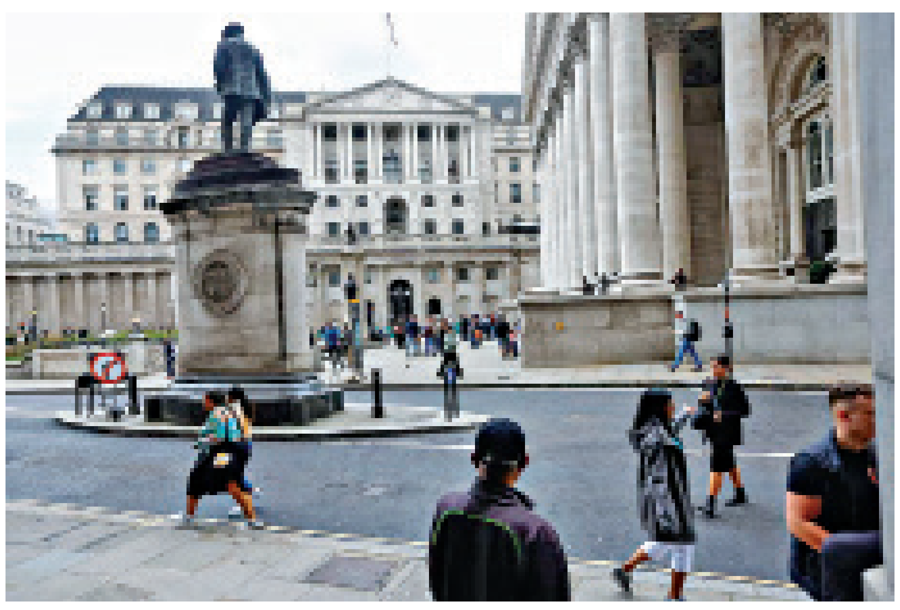
In its daily market update, BRAC EPL Stock Brokerage said the market closed in the red as most large-cap sectors posted negative performances.

The non-bank financial institution sector experienced the highest loss of 0.82 percent followed by engineering (0.64 percent), fuel and power (0.30 percent), telecommunication (0.25 percent), pharmaceuticals (0.18 percent), bank (0.18 percent), and food and allied (0.08 percent).

Block trades contributed 2.1 percent of the overall market turnover. Asiatic Laboratories was the most traded share with a turnover of Tk 26.4 crore and rise of 1.3 percent in share value.

Of the issues traded at the DSE, 106 nudged higher, 222 declined, and 67 did not see any price movement.

Coppertech Industries topped the gainers' list with a rise of 9.82 percent followed by SEML Lecture Equity Management Fund, ACME Pesticides, and BD Thai Food & Beverage with 8.54 percent, 6.05 percent, and 5.41 percent respectively.



People walk outside the Bank of England in London. The central bank is worried that a smaller workforce will sustain inflation by increasing labour shortages and keeping pressure on wages.

PHOTO: REUTERS/FILE

UK lags G7 as labour market 'inactivity' hits eight-year high

REUTERS, *London*

Four years since the outbreak of the Covid-19 pandemic, Britain remains beset by a persistent rise in working-age people who do not have a job and are not seeking one, a trend that sets it apart from its peers.

Britain is the only Group of Seven economy where the share of working-age people outside the workforce remains higher than before the pandemic, slowing its growth and boosting inflation.

A smaller size of the workforce in proportion to the population typically reduces average economic output, which if not matched by an equivalent drop in demand for goods and services puts upward pressure on inflation.

The country's fiscal watchdog, the Office for Budget Responsibility, says rising labour market inactivity is likely to cancel out the positive impact on the economy of a growing population and last month it cut its estimate for output per person, in part because of the problem.

Last July, the OBR estimated a 1.2 percentage point rise in the inactivity rate would reduce gross domestic product by 1.5 percent and increase annual government borrowing by 21 billion pounds ($26 billion).

The Bank of England is worried that a smaller workforce will sustain inflation by increasing labour shortages and keeping pressure on wages, making it harder to cut interest rates.

Official data published on Tuesday showed the inactivity rate hit an eight-and-a-half year high, with more than one in five Britons aged 16-64 neither working nor looking for work.

"Rising inactivity - and its impact on the public finances, the benefits system, and people's wider health and wellbeing - is one of the biggest economic challenges facing both this government, and whoever wins the next election," said Charlie McCurdy, an economist at the Resolution Foundation think tank.

Ravine sits in the industrial Donbas area in the Donetsk region.

People are considered economically inactive if they do not have a job and have not looked for work in the past four weeks, or are not ready to start one in the next two weeks.

That can include full-time students - whose education is usually pays off over the longer term - and a small number of people who have given up looking for a job. But it also covers the sick and early retirees.

Before the pandemic, British rates of inactivity had been falling steadily since 2010, dropping to their lowest in nearly 50 years at 20.5 percent of the population aged 16-64 immediately before the Covid-19 lockdowns in early 2020.

Labour market participation fell and inactivity rates then rose, hitting their highest since mid-2015 in the three months to February at 22.2 percent, Tuesday's data showed.

Unemployment hit a six-month high of 4.2 percent in the same period but remains low by pre-pandemic standards.

Inactivity appears to be becoming more persistent, too.

The proportion of inactive working age people who tell the Office for National Statistics that they want a job has fallen steadily since 2015 with the exception of a sharp jump at the start of the pandemic. It was just 18.1 percent in the three months to February, its lowest in records dating back over 30 years.

The number of Britons aged 16-64 who are outside the workforce has risen by more than 850,000 over the past four years to 9.4 million, the highest since 2012.

US bakery brand Cinnabon opens outlet in Dhaka

STAR BUSINESS REPORT

US Ambassador to Bangladesh Peter Haas yesterday inaugurated an outlet of American bakery brand Cinnabon in the capital, according to a statement from the US embassy.

Cinnabon's expansion into this market not only tantalises tastebuds but also bolsters the trade and investment relationship between the US and Bangladesh, he said as he inaugurated the outlet at Kemal Ataturk Avenue in Banani.

Foreign Commercial Service Officer John Fay and Public Diplomacy Counselor Stephen Ibelli of the US embassy echoed the same sentiments for the growing presence of American franchises in Bangladesh.

"Cinnabon joins a growing number of American franchises interested in operating in Bangladesh," said Fay, emphasising the role of American businesses interested in investing in Bangladesh, fostering cultural exchange and economic cooperation.

Founded in Seattle in 1985 and now based in Atlanta, Cinnabon is the market leader among cinnamon roll bakeries, according to its website. The company serves fresh, aromatic, oven-hot cinnamon rolls, as well as a variety of other baked goods and specialty beverages. As of June 2023, Cinnabon had more than 1,850 locations worldwide.

Social safety net

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raised from Tk 800 to Tk 1,000. Also, senior citizens aged 80 and above will get allowances of Tk 900 per month from FY25 compared to Tk 600 presently.

Under the financial support programme for cancer, kidney and liver cirrhosis patients, 30,000 beneficiaries are being given a one-off payment of Tk 50,000 this fiscal year. The number of beneficiaries will go up to 50,000 next fiscal year.

The Ministry of Liberation War Affairs recommended raising the allowance for freedom fighters by Tk 10,000 to Tk 30,000. However, the committee has not taken any decision to this effect.

At present, two lakh freedom fighters enjoy an allowance of Tk 20,000 monthly.

The government set aside Tk 43,389 crore for 1.39 crore beneficiaries under its 10 core social safety net programmes. Of them, 8 lakh retired government employees will get Tk 27,413 crore.

Allowances through MFS linked to national ID cards

In a circular issued earlier this month, the ministry said all funds for the social safety net programmes must be provided through mobile financial services that are registered using the national ID card of the beneficiary. This must be ensured by June 30 of 2025.

At present, allowances for many programmes are disbursed through MFS, but they are often not registered using the beneficiaries' national identity cards. So, it is sometimes misused.

If a beneficiary can't provide fingerprints or does not have a national ID card, the rule may be relaxed for them.

Comprehensive report on safety net programmes

The finance ministry prepares a detailed report of social safety net programmes each year. This year, it is going to include some new issues in order to get a clearer picture of who the beneficiaries are and which regions are being benefited most.

The government provides safety net benefits under around 130 programmes and the total allocation is Tk 126,000 crore for FY24.

Analysts question whether some of the programmes are truly benefitting poor people. They also say a huge amount is being wasted, pointing to allegations of corruption in distribution channels.

Therefore, the finance ministry has ordered all ministries concerned to submit reports detailing who is receiving allowances and the goals of the programme by April 30.

Based on the reports, the finance ministry will prepare a comprehensive report as per the recommendations of the World Bank and the International Monetary Fund.

US trade bodies oppose

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The RILA is the trade association for leading retailers while the USFIA represents textile and apparel brands, retailers, importers and wholesalers based in the US and doing business globally.

The four associations comprise hundreds of members, recording sales amounting to several trillion dollars annually.

The USITC is conducting an investigation -- under the name of Apparel: Export Competitiveness of Certain Foreign Suppliers to the United States -- into the sudden price hike and the supply glut of garment items to the US markets from five countries: Bangladesh, India, Indonesia, Cambodia, and Pakistan.

The joint letter comes two weeks after the commission held a hearing on the issue on March 11.

In the letter, the associations strongly disagreed with the move to raise the tariff rates on the imports of apparel items.

During the commission's hearing attended by the leaders of the trade bodies, it was said that the US imposes higher most-favoured-nation duty rates on apparel products than nearly any other sector and factor into the cost competitiveness of source countries.

Bangladeshi apparel exporters are facing one of the highest tariffs at 15.62 percent in the US, which imported more than $116 billion worth of garment items last year. Bangladesh's share stands at 9.3 percent.

Bangladesh, India, Indonesia, Cambodia, and Pakistan are, respectively, the third, fourth, fifth, sixth and the eighth largest apparel supplier to the US.

Bangladesh exports products such as denim, woven shirts, woven pants, t-shirts, active fleeces, and basic sweaters to the US.

Despite ineligibility for duty-free treatment under the generalised system of preferences (GSP), which excludes apparel products, the five countries remain competitive.

"In part, this reflects the important role these countries play for apparel brands and retailers' broader supply chain diversification efforts," the letter said.

"While some have suggested that the US should impose higher tariffs on apparel products from these and other countries, we strongly disagree."

The leaders also said they experienced through the imposition of tariffs on products from China, tariffs increase costs for US businesses and American consumers, not for foreign exporters.

Tariffs are taxes that are paid by importers and eventually imposed on consumers. Current tariffs on apparel especially impact low- and middle-income consumers, who would be further harmed in the case of higher tariffs on clothing, the leaders told the hearing.

If the administration is serious about its desire for US companies to reduce dependencies on any single country, imposing tariffs on other source countries would be counterproductive, they said.

"Instead, we encourage the US government to take additional steps to help further accelerate the ongoing supply chain diversification efforts. This includes immediate retroactive renewal of the GSP programme, as well as expanding GSP to include certain apparel products."

Currently, the US does not provide the GSP to any country. The tenure of the latest GSP programme came to an end in 2020 and the US Congress has not revived it since.

The US suspended the GSP facility for Bangladesh in 2013, citing poor labour rights and poor workplace safety following the Tazreen Fashions fire and the Rana Plaza building collapse.

The USITC heard during the hearing that the decision to source products from a particular country depends on a variety of factors.

They include vertical integration, speed to market, cost competitiveness, product capability, the skillset of the available labour force, geopolitical stability, proximity to raw materials, adherence to quality, social and environmental compliance standards, and capacity.

In the case of Bangladesh, India, Indonesia, Cambodia, and Pakistan, the members report that these countries have well-established textile industries, characterised by highly skilled labour forces and advanced sewing capabilities, the letter said.

"India and Pakistan are also vertically integrated. And increasingly, members report that apparel products sourced from Bangladesh, Cambodia, India, Indonesia, and Pakistan contain inputs also sourced from within these countries."

Traders get nod

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The price of medium and fine grains also increased, according to market price data collected by the Trading Corporation of Bangladesh.

Bangladesh produced 3.9 crore tonnes of rice in fiscal 2022-23, up 2.49 percent year-on-year.

The NBR cut customs tariff on rice in early February to cut import costs and encourage businesses to bring in more rice.

The food ministry said the importers will have to inform district food controllers about the quantity of imported rice, stocks and marketing.

Imported rice cannot be repackaged in the name of the proprietor's organisation. Also, the rice has to be sold in imported bags, it added.

Drones to help assess crop losses

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how to collect ground data using mobile devices.

"Proper assessment of crop diseases and losses are critical to take appropriate measures to ensure agricultural productivity and food security in the context of growing threats of climate change in Bangladesh," said ADB Country Director Ginting.

"The ADB will continue to bring in innovative solutions, including advanced technologies, to help Bangladesh tackle climate impacts," he added.

"With advanced geospatial technology, our officers will be able to assess crop damage and provide effective government programs to mitigate the expected damage caused by climate change in the future," said Badal Chandra Biswas, director general of the DAE.