



Businesses spend six times more than official fees to obtain licences

Says CPD's Golam Moazzem

STAR BUSINESS REPORT

Entrepreneurs in Bangladesh need to spend six times more than the official rates to obtain licences and other permits from government offices to do business, an economist said yesterday.

At least 20 licences are required to establish a garment factory in Bangladesh, which eats away at time and money, said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD).

"Similarly, entrepreneurs are facing difficulties in obtaining loans at competitive rates due to the presence of a massive amount of defaulted loans in the banking sector, owing to which banks are charging higher interest rates."

Also, they face a cumbersome process while trying to obtain loans from banks, Moazzem said while presenting a paper on "Business Related Barriers and Possible Way Out" at the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka.

The FBCCI, in collaboration with the CPD and German development agency GIZ, organised the discussion, which

was attended by ministers, diplomats, businesspeople and bureaucrats. FBCCI President Mahbubul Alam chaired the discussion.

Moazzem said Bangladesh needs to find ways to do away with the need for businesses to repeatedly submit documents to collect and renew licences.

OBSERVATIONS

- Entrepreneurs spend six times their regular fees for obtaining licences
- Garment entrepreneurs need to collect 20 licences for setting up factories
- Trade barriers need to be removed
- Licences' tenure should be extended to five years
- Exports should be diversified
- Repetitive submission of documents needs to be removed
- New markets like Germany and India need to be explored

MD MEHEDI HASAN

The interest rate of treasury bills has jumped to a record high of 12 percent days after the central bank reinstated the market-based lending rate, an indication that funds will become costlier in the months ahead.

Known as the yield, the interest rate of treasury bills now ranges from 11.60 percent to 12 percent whereas it was 6.75 percent to 7.75 percent in June last year, Bangladesh Bank data showed.

The spike came during the auctions for the securities on Monday when the yield was quoted 12 percent, said a senior official of the central bank.

On Wednesday, the BB scrapped the SMART (Six-month Moving Average Rate of Treasury bills) formula, which had been used by banks since July last year to set the interest rate of loans.

The cost of funds for banks has increased after the announcement of the market-based lending rate system. As a result, they have been forced to quote the higher yield, the official pointed out.

Currently, the government is borrowing heavily from commercial banks using the tool as the central bank has suspended injecting fresh money into the economy to avoid fuelling inflation, which has stayed above 9 percent for the past 20 months.

From July last year to April 22 this year, the government's borrowing from the banking sector amounted to Tk 65,432 crore, according to the BB. It was Tk 5,334 crore in the identical 10 months of the last financial year. Finally, it shot to Tk 98,000 crore at the end of 2022-23.

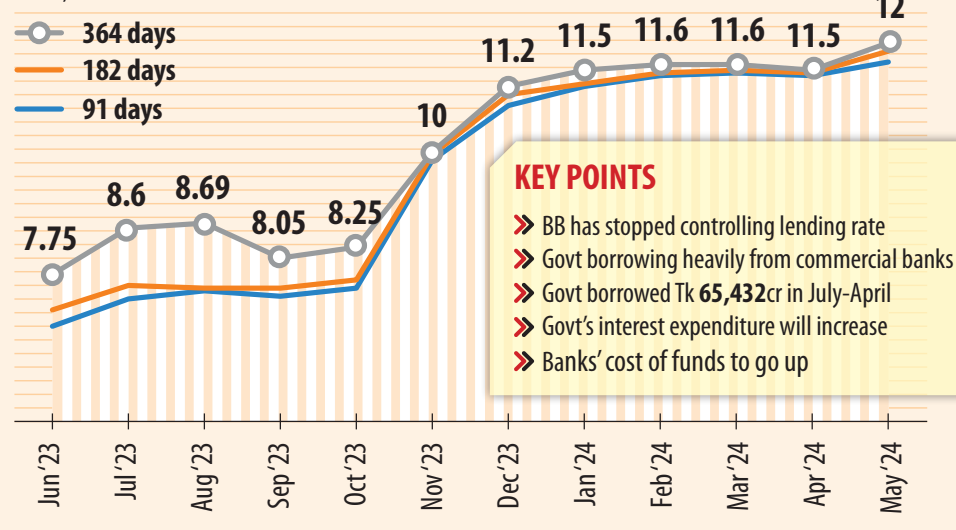
Separate auctions were also held on Monday for treasury bills that mature in 91 days, 182 days, and 364 days. The yield of the three bills was 11.60 percent, 11.80 percent, and 12 percent, respectively.

The government raised Tk 3,038 crore through the sales of the treasury bills on the day.

Yield on treasury bills climbs to record 12% as govt borrowing intensifies

Yield of treasury bills in recent months

In %; SOURCE: BB



KEY POINTS

- BB has stopped controlling lending rate
- Govt borrowing heavily from commercial banks
- Govt borrowed Tk 65,432cr in July-April
- Govt's interest expenditure will increase
- Banks' cost of funds to go up

Mohammed Nurul Amin, a former chairman of the Association of Bankers Bangladesh, a platform of the chief executives of banks in the country, said the money market is facing pressure owing to the government's tight fiscal situation.

Since the country's revenue earnings are not growing in line with the expenditure, it has become fully dependent on the banking system for funds in order to meet the budget deficit, he said.

"The higher bank borrowing at an elevated interest rate will increase the interest expenditure of the government."

The government had set a borrowing target of Tk 132,395 crore from the banking sector for 2023-24. It also aims to mobilise Tk 23,000 crore from the non-banking sector.

The CEO of a private commercial bank told this newspaper that a record increase

in the yields of treasury bills and bonds has encouraged banks to invest in the securities instead of lending to the private sector.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said recently that he didn't consider the government's increased borrowing from commercial banks instead of the central bank as bad.

"Had the government continued to borrow from the central bank, inflation would have been fuelled further."

He said the borrowing from banks would accelerate in the remaining two months of the fiscal year because the government's expenses usually go up in May and June.

"The interest payments of the government will also increase," he said, adding that the higher bank borrowing will crowd out the private sector.



He suggested introducing digital document verification systems.

Heavy reliance on the single biggest export item, garments, has led to little growth in other sectors, according to the economist.

Foreign investors are

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BRAC Bank to get \$50m from UK investor

STAR BUSINESS DESK

BRAC Bank will get a loan of \$50 million from British International Investment (BII), a development finance institution and impact investor of the UK.

An agreement to this effect was signed at the bank's head office in Dhaka on May 13, BRAC Bank said in a press release.

With this loan, BRAC Bank will support 3,500 micro, small and medium enterprises (MSMEs) and women-led businesses in Bangladesh via its extensive network.

Sarah Cooke, the British high commissioner to Bangladesh, said: "This will enable small businesses and female entrepreneurs in Bangladesh to take up more economic opportunities and create more jobs."

"This investment reinforces the UK's commitment to support inclusive and sustainable development in Bangladesh and is a great demonstration of the UK's modern economic partnership with Bangladesh," she added.

With this loan, BRAC Bank will support 3,500 MSMEs and women-led businesses

Rehan Rashid, country director for Bangladesh at the BII, said: "We are proud to work with BRAC Bank again with a bigger mandate to support small businesses and women entrepreneurs in Bangladesh."

"Since we made our first investment in BRAC Bank in 2019, we have been looking to increase lending

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Bar non-compliant banks from giving new loans

PRI vice-chairman Sadiq Ahmed says

STAR BUSINESS REPORT

Non-compliant banks should be barred by the central bank from providing new loans until they ensure compliance, according to a top economist.

Sadiq Ahmed, vice chairman of the Policy Research Institute, also said that Bangladesh Bank's action plans for non-performing loans (NPLs) are inadequate.

"The best way to reduce the NPL ratio and lower the risk to the banking sector would be to restrict these non-compliant banks from new lending until such a time that they are able to restore compliance with the Basel 3 capital adequacy norm and reduce the NPL to below 10 percent," Ahmed said.

He was speaking at a discussion titled "Stabilising the Macroeconomy of Bangladesh: Issues and Challenges" organised by the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) at its office in Gulshan yesterday.

Ahmed added that the central bank's action plans to improve governance in the banking sector fall short in a major way because there is little discussion of how the governance structure of state-owned commercial banks (SoCBs) will be reformed to avoid the future growth of NPLs.

The only sustainable way to reduce NPLs and rescheduled loans in SoCBs is for these banks to be converted into profit-making enterprises with a professional board and management, he said.

Citing BB data, he said there were 16 banks where the NPL ratio exceeded 10 percent and 9 banks where the NPL ratio exceeded 20 percent as of June 2023.

"They must be fully supervised by BB and subject to full regulatory and prudential norms with compliance within a reasonable but strict timeline.

"There can be no political interference in lending decisions or loan repayment terms. BB needs to think through carefully whether the SoCBs governance reform challenge has been adequately addressed by the action plan," Ahmed said.

He added that a high and growing share of NPLs is a signal that the concerned banks are not managed well.



Sadiq Ahmed

Recommendations

Non-compliant banks should be barred from new lending

Governance reforms needed for state-owned banks

Supervision and compliance essential for NPL reduction

BB intervention necessary for poorly managed banks

So, BB intervention is needed.

The main macroeconomic concerns can be summarised in four parts, according to him.

Firstly, owing to global inflation, imports surged by an unprecedented 18 percent in FY2022, leading to a large trade and current account deficit.

Secondly, even with the imposition of import controls and tariff escalation, the government could not stem the loss of foreign exchange reserves and was forced to let some of the adjustment happen through the exchange rate.

Thirdly, the annualised rate of inflation surged from 5.9 percent in January 2022 to 9.9 percent in August 2023.

Fourthly, domestic revenue growth was adversely affected by external shocks, but no serious effort has been made to reverse the effects of these shocks and increase the tax-to-GDP ratio for a long time.

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Prime Bank wins 3 awards at Asset Triple A Awards 2023

STAR BUSINESS DESK

Prime Bank won accolades in three categories at The Asset Triple A Awards 2023 in Bangladesh for its contribution to sustainable finance.

The categories were the "Best Syndicated Loan - Microfinance & Agribusiness", "Best Syndicated Loan - Energy Efficiency" and "Best Loan Adviser", according to a press release.

The "Best Syndicated Loan - Microfinance & Agribusiness" was given to Prime Bank for its syndicated term financing of Tk 5 billion for Sajida Foundation.

Similarly, the bank secured the "Best Syndicated Loan - Energy Efficiency" award for its syndicated term financing of \$26 million for Meghna Ceramic Industries.

Faisal Rahman, additional managing director of the bank, underscored the significance of these awards, emphasising the bank's dedication to sustainable finance and its role in driving economic development.

He expressed gratitude to clients, regulators and stakeholders for their unwavering support in Prime Bank's 29-year journey towards excellence.

In addition to these accomplishments, the bank recently received other noteworthy awards, including the "Best Private Commercial Bank" and "Most Sustainable Bank in Bangladesh" by Brands Review Magazine in 2024.

The bank was also honored as the "Most Innovative SME Bank in Bangladesh" by the International Finance Award.

SBAC Bank launches 'SBAC Smart Banking Services'



RAM Obaidul Mukhtar Chowdhury, minister for housing and public works, inaugurates a digital products platform, named "SBAC Smart Banking Services", at the Sheraton Dhaka recently in celebration of SBAC Bank's 11th founding anniversary. PHOTO: SBAC BANK

STAR BUSINESS DESK

SBAC Bank recently launched a new digital products platform, styled "SBAC Smart Banking Services", in celebration of the bank's 11th founding anniversary.

RAM Obaidul Mukhtar Chowdhury, minister for housing and public works, inaugurated the platform at the Sheraton Dhaka, the bank said in a press release.

Abu Zafar Mohammad Shofiuddin

(Shamim), chairman of the bank, and AKM Nurul Fazal Bulbul, vice-chairman of Central Depository Bangladesh Ltd, attended the programme as guests of honour.

Habibur Rahman, managing director and CEO of the bank, presided over the programme, where Mohammad Nazmul Huq, Hafizur Rahman Babu, Mohammad Nawaz, Anwar Hussain, Mohammad Mahbubur Rahman, Shohel Ahmed

and Md Emdadul Hoque, directors, and Mohammad Moqbul Hossain Bhuiyan and Ziaur Rahman Zia, independent directors, were present.

Among others, Jahangir Alam, former mayor of Gazipur City Corporation, Md Nurul Azim, additional managing director of the bank, along with heads of division, senior management, branch managers and different professionals were also present.

Mahbubur, Jahangir elected PDBL chairman, vice-chairman



Syed Mahbubur Rahman

Mohammad Jahangir

STAR BUSINESS DESK

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, and Mohammad Jahangir, managing director and CEO of Rupali Bank, have been elected as chairman and vice-chairman respectively of Primary Dealers Bangladesh Limited (PDBL).

Ashim Kumar Saha, deputy managing director and head of treasury of Mercantile Bank, was re-elected as convener of the technical committee of the PDBL at its 14th annual general meeting in Dhaka recently, Mutual Trust Bank said in a press release.

Md Afzal Karim, managing director and CEO of Sonali Bank, chaired the meeting.

IFIC Bank gets new AMD

STAR BUSINESS DESK

IFIC Bank has recently promoted an official to the post of additional managing director (AMD).

The promotee, Md Nurul Hasnat, was serving the bank as a deputy managing director, read a press release.

Hasnat joined IFIC Bank in 2013 as an executive vice-president (EVP) and served in various corporate branches as chief manager.



Nurul Hasnat

NRB Bank, AMZ Hospital sign deal on service facilities

STAR BUSINESS DESK

NRB Bank has recently signed an agreement with AMZ Hospital Ltd on service facilities.

Md Shaheen Howlader, deputy managing director of the bank, and Col (ret'd) Md Arshaduzzaman Khan, adviser of the hospital, penned the deal at the bank's corporate head office in the capital's Gulshan, the bank said in a press release.

Under this agreement, all cardholders and employees of the bank will enjoy up to a 30 percent discount from the hospital.

Khaja Wasiullah, in charge of card division of the bank, Md Shafiqul Hassan, head of strategic alliance, and Faysal Halim, manager business development of the hospital, along with other senior officials from both organisations were also present.



Md Shaheen Howlader, deputy managing director of NRB Bank, and Col (ret'd) Md Arshaduzzaman Khan, adviser of AMZ Hospital, exchange signed documents of an agreement at the bank's corporate head office in the capital's Gulshan recently. PHOTO: NRB BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAY 14, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 64-Tk 76	-7.1 ↓	3.70 ↑
Coarse rice (kg)	Tk 50-Tk 54	1.96 ↑	8.33 ↑
Loose flour (kg)	Tk 35-Tk 45	-8.05 ↓	-30.43 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 155	1.69 ↑	-16.67 ↓
Potato (kg)	Tk 48-Tk 55	8.82 ↑	37.33 ↑
Onion (kg)	Tk 65-Tk 75	16.67 ↑	7.69 ↑
Egg (4 pcs)	Tk 47-Tk 50	18.29 ↑	2.11 ↑

SOURCE: TCB



Sarah Cooke, British high commissioner to Bangladesh, Rehan Rashid, country director of Bangladesh at British International Investment, Meheriar M Hasan, chairperson of BRAC Bank, and Selim RF Hussain, managing director and CEO of BRAC Bank, pose for photographs after signing a \$50 million long-term debt facility at the bank's head office in Dhaka on Monday. PHOTO: BRAC BANK

National Finance holds 21st AGM and 5th EOGM

STAR BUSINESS DESK

National Finance recently organised its 21st annual general meeting (AGM) and 5th extraordinary general meeting (EOGM) at the Radisson Blu Dhaka Water Garden.

Md Abdul Mannan Bhuiyan, chairman of the non-bank financial institution, presided over the meeting, read a press release.

In his speech, Bhuiyan highlighted National Finance's contribution to the economic growth of the country.

Inamul Haq Khan, vice-chairman of the NBF, Irteza Ahmed Khan, managing director, and Pulak Choudhury, company secretary, attended the meeting.

Among others, Roushan Akter, Sharif Zahir, Arifa Kabir, Maruf Akter Mannan, Asif Zahir, Rozina Y Kabir and Fahima Mannan, directors, and Yawer Sayeed, independent director, along with shareholders were also present.



Md Abdul Mannan Bhuiyan, chairman of National Finance, poses for photographs at the 21st annual general meeting and 5th extraordinary general meeting of the non-bank financial institution at the Radisson Blu Dhaka Water Garden in the capital recently. PHOTO: NATIONAL FINANCE

US to raise Steel consumption

FROM PAGE B4
But Brainard accused Beijing of powering its growth "at the expense of others."

"As a result of unfair practices, China's anticipated manufacturing capacity in solar is more than double the forecasts of near term global demand," she said.

Brainard also took aim at the Trump administration, saying it "failed to follow through" with investments, and to ensure China complied with a deal marking a truce in the trade war.

The so-called Phase One agreement "did not deliver on its promises to increase exports to China from the US, to create manufacturing jobs here in America, or to end China's unfair practices," she said.

Hiking tariffs on Chinese EVs would be "a pre-emptive strike" given that few such cars are imported, said Paul Triolo, partner for China at Albright Stonebridge Group.

The impact from EV tariffs alone is expected to be minimal.

"It is really a signal to US automakers that the Biden administration is protecting the industry from Chinese EVs," he told AFP.

But tariffs covering EV batteries and supply chains would be "a much bigger issue, because of the dominance of Chinese companies in the finished battery space and for critical mineral across the battery supply space," he said.

Beijing is likely to retaliate with tariff increases of its own, Triolo said. But he does not expect US levies alone to upset current stability in US-China ties.

Beijing is likelier to retaliate strongly if Washington takes measures seen as suppressing Chinese companies, like imposing more trade restrictions on semiconductor firms.

Treasury Secretary Janet Yellen told reporters Monday, when asked about possible tariffs: "I'm hopeful that they will see that the actions that we're taking are targeted."

FROM PAGE B4
director of Metrocem Steel, said Bangladesh currently imports around 55 lakh tonnes of scrap steel to manufacture steel rods, adding that imports would increase within 2 to 3 years as demand and manufacturing capacity are growing.

While addressing the inaugural session of the 4th Bangladesh International Trade Summit 2024 at the Pan Pacific Sonargaon, Nurul Majid Mahmud Humayun, minister of industries, said Bangladesh's economy is imbued with potential, dynamism and resilience.

It is one of the fastest-growing countries in the world in terms of GDP with an average growth rate of 7 percent, he added.

The country is now looking to the future by embracing sustainable solutions for industries and power generation, he said.

Aameir Alihussain, managing director of BSRM Bangladesh, said: "We will need to ensure uninterrupted electricity supply to factories in the future."

"Of course, there are challenges of high inflation and high interest rates. Hopefully, this will ease in future," he said.

India, moderated the session of the two-day summit, which will end tomorrow.

About 450 delegates, including industry leaders, policymakers, traders and investors, from 35 countries, including Bangladesh, Germany, Australia, Turkey, India, Austria, Russia, Taiwan, China, Japan and the US, took part in the summit.

Mill owners along with mill machine manufacturers, industrial consultants, materials suppliers and industrial group engineers also participated in the conference.

FROM PAGE B4
The bot served as an interpreter from English to Italian, interpreted facial expressions and walked one user through a difficult algebra problem.

The company said that GPT-4o had the same powers as the previous version when it came to text, reasoning, and coding intelligence, and set new industry standards for multilingual conversations, audio, and vision.

In one demonstration, ChatGPT successfully interpreted an employee's surroundings through a smartphone camera, speaking in a friendly, feminine voice, not unlike the AI bot in the film "Her".

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"Hmmm from what I can see it looks like you're in some kind of recording or production set-up with lights, tripods... you might be gearing up to shoot a video or make an announcement?" the ChatGPT bot said.

Anticipation was high in recent weeks that OpenAI would release an AI amped version of an online search tool to compete with Google search engine, but on Friday Altman said this would not be the case.

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Dollar steady

REUTERS, Singapore

The dollar was steady on Tuesday as investors awaited the crucial inflation report this week that will likely shape the US rates outlook, while the yen was hovering near a two-week low, stoking intervention worries.

The currency market has been sedate this week, with investors seeking to gauge what path the Federal Reserve will take this year in the wake of recent softer-than-expected US labour market data and comments from officials that indicated the US central bank was unlikely to raise rates further.

Investors have had to dial back their expectations of rate cuts this year due to sticky inflation and are now pricing in 42 basis points of easing this year, compared with 150 bps of easing anticipated at the start of 2024.

They are also pricing in a 60 percent chance of a cut in September, versus 75 percent a month earlier, according to CME FedWatch tool.

All eyes this week will be on the consumer price index (CPI) on Wednesday which is expected to show that core consumer prices rose 0.3 percent month-on-month in April, down from 0.4 percent growth the prior month, according to a Reuters poll.



But before that, US Producer Price Index (PPI) is due to be released later on Tuesday, which analysts will parse through to get a sense of whether inflation is heading towards the Fed's target of 2 percent.

"A softer CPI, coming on the heels of a weaker payrolls report, will reignite market expectations of a July rate cut, weighing on the dollar," said Nicholas Chia, Asia macro strategist at Standard Chartered.

The euro eased a bit to \$1.0786 but is up 1 percent against the dollar so far this month, while sterling last bought \$1.2559, up roughly 0.5 percent so far in May.

The dollar index, which measures the US currency against six rivals, was last at 105.27. The index has slipped about 1 percent in the month.

Nearly two-thirds of economists expect the Fed to cut its key interest rate twice this year, starting in September, a Reuters poll showed. That's up from a just over half of economists in the previous survey.

With no rate cuts possible until July and not likely until September, and the next earnings season two months away, there are no apparent catalysts to change the near-term direction of markets other than inflation and economic data, said Vasu Menon, managing director of investment strategy at OCBC.

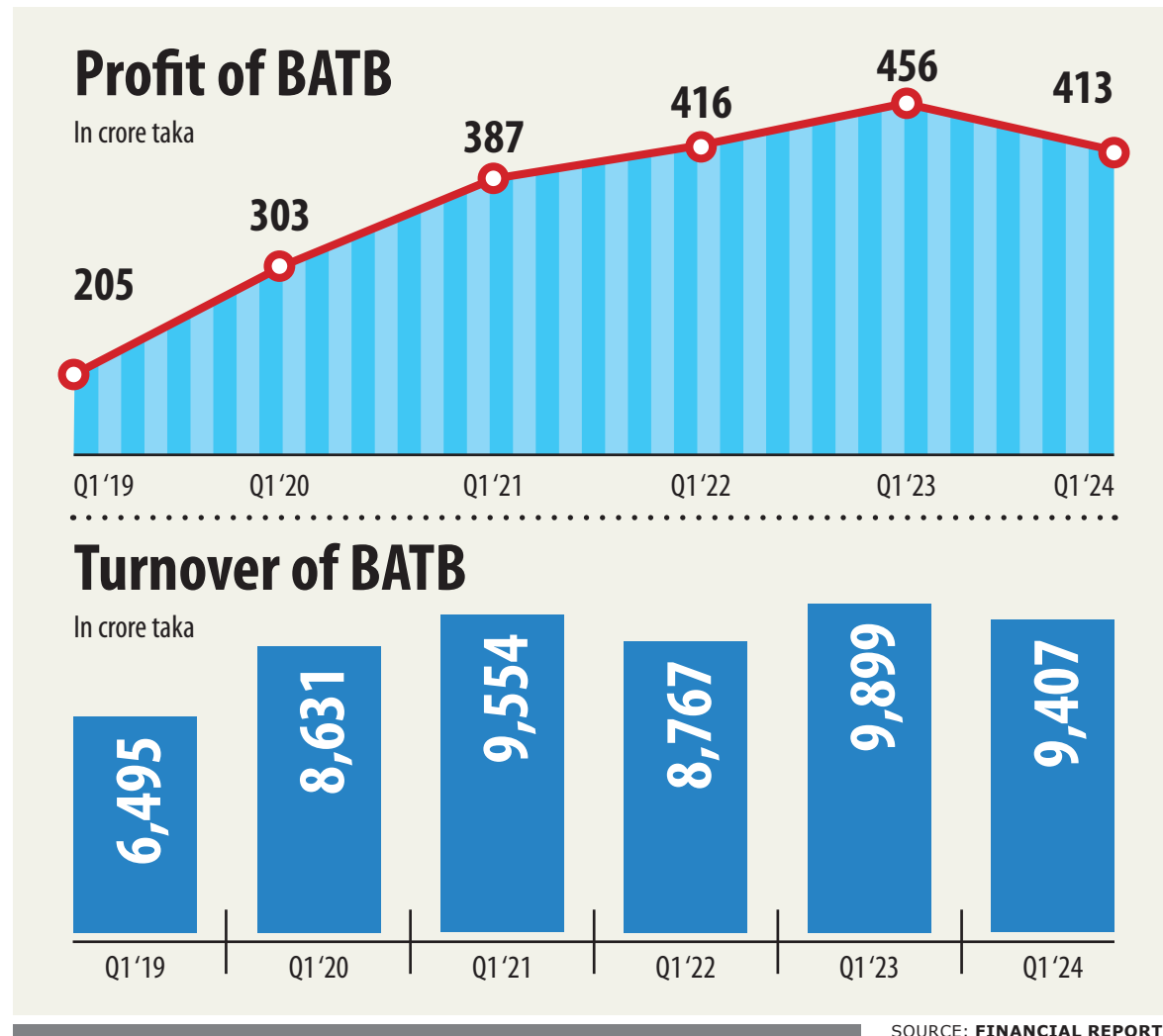
US retail sales will also be reported on Wednesday and industrial production data on Thursday.

"Any signs that the US economy is cooling should be positive for global markets because it also means a benign outlook for US inflation and interest rates," Menon said.

Traders are back on tenterhooks as the yen nears levels that saw suspected interventions by Tokyo. It was last at 156.41 per US dollar, having touched a two-week low of 156.50 earlier in the session.

Japan's Ministry of Finance is suspected to have intervened in the currency market at the end of April through early May after the yen hit a 34-year low of 160.245 on April 29.

BATB's profit drops as high inflation deters smokers



STAR BUSINESS REPORT

British American Tobacco Bangladesh (BATB) saw a drop in its profits and sales in the January-March period of 2024, reasoning that people had cut back on smoking cigarettes amidst high inflationary pressure.

The listed multinational tobacco company registered 4 percent lower sales year-on-year to Tk 9,389 crore in the first quarter of the current year.

At the same time, its profits fell 9 percent to Tk 413 crore.

Thus, BATB's earnings per share stood at Tk 7.65 in the first quarter of 2024 compared to Tk 8.44 in the same quarter of 2023.

The 113-year-old company stated in its financial statements that its earnings decreased from the same period last year due to lower sales and tobacco leaves exports.

It sold 1,612 crore cigarettes in the three-month period, which represented a year-on-year drop of

10 percent.

At the same time, BATB's revenue from export of tobacco leaves plunged 81 percent to Tk 18 crore.

The company has cigarette factories in Dhaka and Savar, a green leaf threshing plant in Kushtia and a green leaf redrying plant in Manikganj.

A mid-level official of the company, preferring anonymity, said people had cut back on smoking cigarettes mainly due to high prices as inflationary pressures had reduced their disposable income.

The inflation rate in Bangladesh has remained above 9 percent since March last year.

As a result, most people were forced to cut back on their expenses, including on purchasing cigarettes, so it had an impact on the revenue of the company, he added.

The company provided 100 percent cash dividend to shareholders for 2023, the lowest in

at least the past decade.

The Dhaka Stock Exchange (DSE) data showed that it had Tk 4,826 crore in cash reserves, meaning funds set aside to cover costs or expenses that are unplanned or unexpected.

BATB was listed with the stock exchange in 1977 and since then it has provided high dividends every year.

Its sponsors and directors hold around 73 percent of shares while institutional investors account for around 13 percent, foreign investors 6 percent and general investors the rest.

The company has Tk 540 crore in paid-up capital, meaning the amount of money received from shareholders in exchange for the shares of stock.

The A category company's stocks dropped 2.57 percent to Tk 363 at the DSE yesterday.

With that, the company's share price remains at its lowest in at least the past year.

Bangladesh-Netherlands joint initiative to ensure healthy food

STAR BUSINESS DESK

In the wake of massive adulteration of food, Bangladesh and the Netherlands yesterday launched a joint initiative to produce healthy food and market them in Bangladesh through Fargo Private Limited.

The initiative was unveiled at a press conference held at Fargo's office at Niketan, according to a press release.

M Riaz Hamidullah, ambassador of Bangladesh to the Netherlands, thanked Fargo for taking the joint initiative in a video message.

Hamidul Haque Khan, managing director of Fargo, and Ele Jan Saaf, agriculture, food and environment expert of the Netherlands, put forward the matter in detail at the conference.

According to the press conference, this joint venture will accelerate the process of ensuring quality and healthy food products in Bangladesh by developing food production and processing technology, ensuring traceability and compliance.

The joint venture will also enhance food and agricultural exports to Europe and the Middle East.

Entrepreneurs said that Fargo collects fruits and vegetables from Bangladeshi farmers trained by "Solidarity" of the Netherlands and "Syngenta Foundation" of Switzerland.

These farmers work with safe, natural and 100 percent chemical- and poison-free farming in more than 40 countries of the world.

In addition, international organisations such as IFAD, USAID, and World Bank procure healthy dry fruits, spices and other safe and nutritious food from such marginal farmers and entrepreneurs trained in eco-friendly agriculture.

At the event, Haque said that non-communicable diseases in Bangladesh have posed a serious threat to public health and increased medical expenses manifold. To prevent the spread of non-communicable diseases, the World Health Organization recommends five components of a healthy diet, namely whole grains, quality protein, plant-based oils, fruits and vegetables, and safe water.

STOCKS

DSEX ▼	CASPI ▼
1.43%	1.04%

China's economy showing signs of modest recovery: analysts

ANN/CHINA DAILY

China's economy is showing fresh signs of modest recovery, while pressures from still-weak demand remain, heightening the need for more stimulus to bolster the world's second-largest economy, analysts said.

They also said that policy easing is likely to continue in the following months, including a small uptick in the fiscal impulse and further reductions in banks' reserve requirement ratio — the proportion of deposits that banks must keep in cash as a reserve — and policy benchmarks for interest rates.

Their comments came as data from the National Bureau of Statistics showed on Saturday that the country's consumer price index, which is a key indicator of inflation,

rose 0.3 percent year-on-year in April after a 0.1 percent gain in March.

The core CPI, which excludes volatile food and energy prices and is deemed a better gauge of the supply-demand relationship, grew 0.7 percent year-on-year in April, after a 0.6 percent increase in March.

"The improvement in the CPI indicates that China's economy is steadily recovering and the economy's endogenous driving force is strengthening. The consumer demand recovery trend has been further consolidated," said Zhang Xuewu, head of the price analysis and forecasting division at the National Development and Reform Commission's Price Monitoring Center.

Zhang said he anticipates a modest rise in overall price levels, as

domestic demand is set to continue to improve, with a series of policies aimed at boosting consumption and expanding investment taking effect, such as advancing large-scale equipment renewal and trade-in of consumer goods.

Wu Chaoming, deputy director of the Chasing International Economic Institute, estimated that the CPI may rise around 0.2 percent year-on-year in May.

While China's consumer prices stabilized in April, the growth in the nation's producer price index, which gauges factory-gate prices, stayed negative for the 19th consecutive month, dropping 2.5 percent year-on-year in April, following a 2.8 percent fall in March, the NBS said.

Wu said he anticipates that the PPI decline may narrow to

1.6 percent in May amid policy support, even though it is likely to register negative growth for the full year.

The persistently low price levels have received attention from policymakers. The People's Bank of China, the country's central bank, said on Friday in its first-quarter monetary policy report that it "will treat maintaining price stability and promoting moderate price recovery as key considerations in the formulation of monetary policy".

The PBOC report said the fundamental reason for current low price levels is insufficient demand compared with supply in the real economy, instead of inadequate money supply, adding that price levels are expected to mildly recover during the rest of the year.

Bar non-compliant banks

FROM PAGE B1

The external shocks increased budget subsidies, which have also not been tackled with domestic reforms.

He said although the government lays the blame for the macroeconomic difficulties on external shocks, a careful review of the facts suggest that the fundamental source of the current macroeconomic imbalances lies in several policy mistakes and the absence of adequate corrective policy measures.

"The external shocks simply exposed the underlying macroeconomic vulnerabilities," he opined.

He further said many of the sources of macroeconomic difficulties have been long simmering.

These include weaknesses in the management of the exchange rate, ineffective tax policy management, taking control of interest rates in April 2020, the growing incidence of fiscal subsidies owing to poor pricing policies, and inefficiencies in managing the state-owned enterprises.

"The adverse pressure of such weak policy management has been building up slowly, but the acceleration of GDP growth, owing to the contributions of the RMG sector, foreign remittances, and

the agricultural sector, clouded the visibility of these problems. The series of external shocks related to Covid-19, global inflation and the Russia-Ukraine war ignited the flame that exposed the underlying macroeconomic problems."

He added that Bangladesh had made tremendous progress since independence, as indicated by rising per capita income, acceleration in GDP growth, rapidly declining poverty, and impressive progress with social indicators, especially in terms of improved life expectancy and gender balance.

"A key factor facilitating rapid GDP growth was macroeconomic stability, reflected in the single-digit inflation rate, low and stable debt-GDP ratios, low current account deficit and rising foreign exchange reserves. This long-term development progress has come under threat over the past four years, triggered by a series of external shocks."

MCCI President Kamran T Rahman stressed that stakeholders and policymakers must have a comprehensive understanding of how multiple factors collectively shape economic dynamics.

He believed this knowledge would help create strategies for economic stability and growth.

Businesses spend six times more than official fees

FROM PAGE B1

facing difficulties in repatriating profits from Bangladesh due to the current US dollar crisis, he said.

At the discussion, businesses called for the withdrawal of trade barriers such as the requirement to repeatedly renew licences and for simplifying business processes to gain competitiveness.

The Bangladesh Investment Development Authority (BIDA) should help expedite all business processes and all kinds of licences need to come with a validity period of five years, the CPD researcher said.

Bangladesh has not yet become an attractive destination for German investment although there is a potential, said Jan Janowski, deputy

head of mission of the German embassy in the country.

Other countries like India, Indonesia and Vietnam are enjoying Germany's China Plus One investment policy that aims to relocate German investment from China to other nations, he said.

German companies' arrival in Bangladesh increased by 20 percent over the last two years because of the China Plus One policy, but the potential is still high, he said.

After the Rana Plaza building collapse, reforms have come about in Bangladesh, he said, suggesting meeting compliance standards to obtain the Generalised Scheme of Preferences (GSP) Plus of the European Union.

"Regulatory barriers are major

challenges to businesses," said Mostafa Abid Khan, a former member of the Bangladesh Trade and Tariff Commission.

One major barrier is the process to avail licences and it should be addressed as it costs time and money, he said.

Import and export registration certificates need not be renewed every year. India issues it just once and that works for the lifetime of businesses, Khan also said.

State Minister for Commerce Ahasanul Islam Titu said his ministry has already digitalised many systems.

He suggested doing more business with emerging markets like India and China to reduce overdependence on some selective markets.

Germany can be a good market

for Bangladesh as the European nation imports goods worth more than \$1,998 billion per year and Bangladesh exports goods worth only \$8 billion to the country, Titu said.

Ahsan Khan Chowdhury, chairman and chief executive officer of PRAN-RFL Group, said Bangladesh was a growing economy.

With regard to compliance, he said Bangladesh was not falling behind China in the garment sector and Bangladesh needs to do good business with India.

Lokman Hossain Miah, executive chairman of the BIDA, said 125 licences have already been issued under its One Stop Service (OSS) and 25 services will be brought under the OSS within the next three months.

BRAC Bank to get \$50m

FROM PAGE B1

and with trusted partners like BRAC Bank, we can reach more people that need support the most and are truly instrumental in driving the country's progress and prosperity," he added.

Selim Rf Hussain, managing director and CEO of BRAC Bank, said: "It will help micro-entrepreneurs expand their product basket, penetrate new markets and create jobs invigorating the rural economy."

"Our strong partnership with the UK's development finance institution aims to create opportunities for the unserved and underserved businesses."

"The injection of \$50 million from BII will also ameliorate the foreign exchange crunch in Bangladesh," he

added.

The loan will provide vital foreign currency funding support for its offshore banking clients, the bank said in the press release.

It said the agreement supports United Nations Sustainable Development Goal (SDG) 5 on gender equality, SDG 8 on decent work and economic growth, and SDG 9 on industry, innovation and infrastructure.

Among others, Duncan Overfield, deputy development director and head of prosperity and economic growth at the British High Commission in Dhaka, Shahnur Shikder, private sector development adviser, and Meheriar M Hasan, chairperson of BRAC Bank, were also present.

Steel prices set to rise in Bangladesh

Analysts say dollar rate hike will lead to increased raw material costs

STAR BUSINESS REPORT

Globally, steel raw material prices are stable now, but Bangladesh will have to spend higher for its import because of the US dollar rate hike since the introduction of the crawling peg system, analysts said yesterday.

"Despite the stable international rates, the import cost of scrap steel will increase in Bangladesh as US dollar prices have increased substantially in the country," said Abhijeet Mahanta, marketing and sales director for South Asia at Atlas Commodities in India.

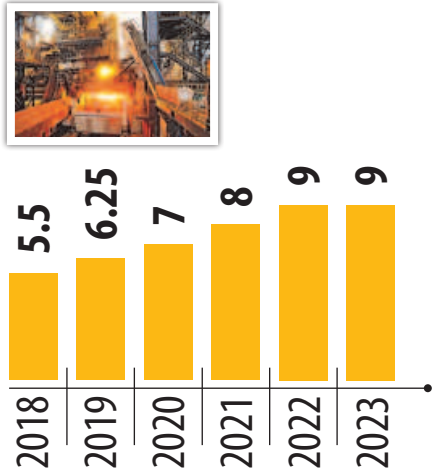
He spoke at a session of the fourth Bangladesh International Trade Summit 2024 at Pan Pacific Sonargaon in Dhaka. Bigmint, a platform for price reporting, market intelligence and consulting for commodities of India, organised the summit.

Bangladesh's steel sector annually needs six million tonnes of scrap steel, where imports meet 90 percent of the demand and the rest come from the local market, industry insiders said.

Import of finished steel is prohibited in Bangladesh so the local millers need to collect scrap steel from local and foreign sources, said Sanjoy Kumar Ghosh, head of supply chain

BANGLADESH'S STEEL PRODUCTION CAPACITY

(In million tonnes)



management at BSRM Bangladesh.

The steel sector has great potential in Bangladesh as the country needs huge infrastructure development, which will require a continuous flow of steel.

Steel demand is low at present in Bangladesh due to the ongoing economic vulnerability, but Ghosh believes the situation will improve in the next one year.

The steel millers suffered supply chain disruptions in the last few years because of the Russia-Ukraine war, he said.

"The use of scrap steel is increasing in the US and India, for which we are now looking for new sources in Australia, Malaysia and West Africa to meet our demand for steel raw materials," Ghosh added.

The growing demand has also created a supply shortage of scrap steel,

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Steel consumption to increase 25% by 2027: study

JAGARAN CHAKMA and SUKANTA HALDER

Steel consumption in Bangladesh is projected to rise by 25 percent to around 1.06 crore tonnes in 2027 from 85 lakh tonnes in 2024 thanks to growing infrastructure development projects and individual consumption, according to Bigmint.

Bigmint, an India-based

platform for price reporting, market intelligence and consulting for commodities, made this projection at its 4th Bangladesh International Trade Summit 2024.

As consumption is expected to rise, manufacturers are already enhancing their production capacity while investors are pouring money to set up new steel mills, according to industry insiders.

Six conglomerates — including Meghna Group of Industries, PHP Group of Industries, Bashundhara Group and Anwar Group of Industries — are setting up new factories and expanding manufacturing capacities.

Meghna Group of Industries is investing an estimated \$400 million to establish a steel plant with an annual production capacity of 14 lakh tonnes at the Cumilla Economic Zone.

PHP Group plans to establish a steel factory at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in

Zones Authority. More than 20 lakh tonnes of hot-rolled coils will be produced annually at the two mills.

Anwar Group, in order to raise its market share, also has investments of more than Tk 4,000 crore in the pipeline to build a new factory in Gajaria of Munshiganj.

At present, around 40 steelworks are active in Bangladesh with a combined capacity of 90 lakh tonnes of steel. Bangladesh currently requires around 85 lakh tonnes of steel annually.

According to Bigmint's projection, Bangladesh's steel production capacity will increase to 1.30 crore tonnes by 2027.

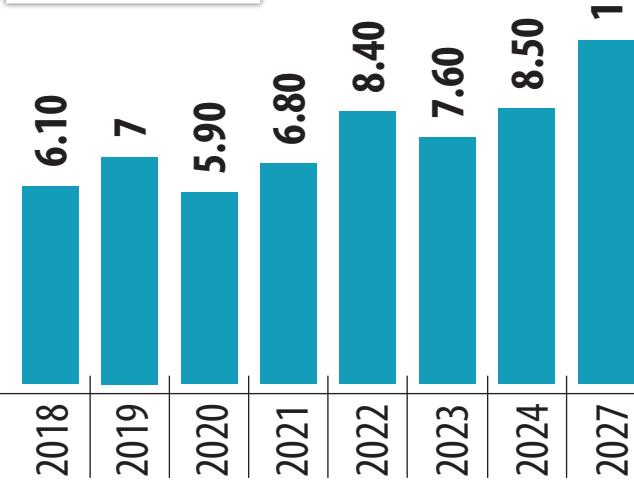
Bigmint also said that despite having more steel mills, the Dhaka zone's production capacity is less than Chattogram's.

It said Chattogram accounted for 62 percent of the total steel-melting capacity while Dhaka only met 32 percent.

"The demand for steel will increase day by day if the

STEEL CONSUMPTION IN THE COUNTRY

Compound annual growth rate in % (2027 figure is projection)



SOURCE: BIGMINT

Chattogram's Mirsarai. At peak production, it can churn out 30 lakh tonnes of steel annually.

Bashundhara Group, one of the largest business groups in Bangladesh, has almost completed setting up two steel mills with a total investment of \$500 million at the BSMSN, according to sources at the Bangladesh Economic

economy just starts to recover. The demand will increase by at least 30 lakh tonnes within the next three years," said Tapan Sengupta, deputy managing director of BSRM, the largest steel maker in the county.

Sengupta said the requirement for scrap steel will also increase by around 20 lakh tonnes just for the manufacture of rods.

Md Shahidullah, managing

READ MORE ON B2

Bank Asia's Q1 profit down 41%

STAR BUSINESS REPORT

Bank Asia PLC's profit plunged 41 percent year-on-year to Tk 77.88 crore in the first quarter of 2024.

The private commercial bank logged a profit of Tk 132.9 crore in the January-March quarter of 2023.

Therefore, the earnings per share (EPS) dived to Tk 0.67 from Tk 1.14, according to the unaudited financial statements.

Bank Asia attributed the decline in the EPS mainly to higher provisions that it had to maintain in the quarter compared to the previous year's identical period.

The net operating cash flow per share went up to Tk 17.44 from Tk 13.77, thanks to an increase in cash inflows, a spike in deposits, and a lower growth of loans.

The net asset value per share increased to Tk 25.85 from Tk 23.98.

Bank Asia was established in 1999 and it acquired the business operations of the Bank of Nova Scotia in Dhaka, the first of its kind in the country. It also took over the Bangladesh operations of Muslim Commercial Bank Ltd.

Last month, its board approved the private commercial lender's plan to acquire the local unit of Bank Alfalah Limited.

Bank Asia operates 135 branches. It pioneered the agent banking service in Bangladesh and currently has 5,000 agent banking outlets across the country.

Shares of Bank Asia were unchanged at Tk 19.8 on the Dhaka Stock Exchange yesterday.

Green Delta logs Tk 8cr profit in Q1

STAR BUSINESS REPORT

Green Delta Insurance Ltd reported a profit of Tk 8 crore in the first quarter of 2024, an increase of 8 percent year-on-year.

The insurer booked a profit of Tk 7.4 crore in the corresponding period of 2023.

The earnings per share were Tk 0.8 in January-March, up from Tk 0.74 in the first quarter of last year, according to the unaudited financial statements.

Green Delta also registered a higher net operating cash flow of Tk 0.13 per share. It was Tk 0.02 previously.

Although the profit and the cash flow increased, the net asset value per share decreased because of a decline in the investment value of shares trading on the stock market, said Green Delta in a disclosure.

Shares of Green Delta declined 2.86 percent to Tk 54.4 yesterday.

Oil price steady

REUTERS, Singapore

Oil prices were little changed on Tuesday as investors eyed fresh drivers, including upcoming US inflation indicators and a monthly report from the Organization of the Petroleum Exporting Countries this week.

Brent crude futures inched 11 cents higher to \$83.47 a barrel at 0630 GMT, while US West Texas Intermediate crude futures rose 9 cents to \$79.21 a barrel.

The benchmark contracts settled higher on Monday on signs of improving demand in the US and China, the world's top two oil consumers.

"Oil prices were slightly higher overnight but remain in a broad holding pattern over the past week, with the lead-up to the upcoming US inflation data keeping some reservations in place," said Yeap Jun Rong, market strategist at IG.

Investors are watching the US Consumer Price Index data due on Wednesday for clues to when the Federal Reserve will consider cutting interest rates, which could spur economic growth and therefore oil demand.

ChatGPT gets new powers to see, hear

AFP, San Francisco

OpenAI on Monday released a higher performing and even more human-like version of the artificial intelligence technology that underpins its popular generative tool ChatGPT, making it free to all users.

The update to OpenAI's flagship product landed a day before Google is expected to make its own announcements about Gemini, the search engine giant's own AI tool that competes with ChatGPT head on.

"We're very, very excited to bring GPT-4o to all of our free users out there," Chief Technology Officer Mira Murati said at the highly anticipated launch event in San Francisco.

The new model GPT-4o — the "o" stands for omni — will be rolled out in OpenAI's products over the next few weeks, the company said, with paid customers having unlimited access to the tool.

The company said the model could generate content or understand commands in voice, text, or images.

"The new voice (and video) mode is the best computer interface I've ever used. It feels like AI from the movies," said OpenAI CEO Sam Altman in a blog post.

Altman has previously pointed to the Scarlett Johansson character in the movie "Her" as an inspiration for where he would like AI interactions to go.

"Talking to a computer has never felt really natural for me; now it does," he added.

Murati and engineers from OpenAI demonstrated the new powers of GPT-4o at the virtual event, posing challenges to the beelined-up version of the ChatGPT chatbot.

The demo mainly featured OpenAI staff members asking questions to the voiced ChatGPT, which responded with jokes and human-like banter.

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US to raise tariffs on \$18b of China imports, including chips

AFP, Washington

The United States is hiking tariffs on \$18 billion worth of imports from China, targeting strategic sectors like electric vehicles, batteries, steel and critical minerals, the White House said Tuesday.

The decision comes as President Joe Biden gears up for a re-run of his 2020 contest with Republican rival Donald Trump in November's election, with officials criticizing Trump's record on trade as they made the announcement.

The tariff rate on EVs is set to quadruple to 100 percent this year while the one for semiconductors will surge from 25 percent to 50 percent by next year, said the White House.

The action is aimed at encouraging China to "eliminate its unfair trade practices regarding technology transfer, intellectual property, and innovation," it added in a statement.

This follows a review of tariffs imposed during a trade war between Washington and Beijing, during which then president Trump introduced levies on some \$300 billion in goods from China.

The so-called Section 301 investigation was the primary tool the Trump administration used to justify tariffs, and

the US Trade Representative is required to look into the impact of the levies after four years.

Tuesday's actions were also taken under Section 301 of the Trade Act.

Beyond EVs and semiconductors,

Washington is roughly tripling tariffs on some steel and aluminum products, and on lithium-ion EV batteries and battery parts.

The tariff rate on natural graphite and some other critical minerals will surge

from zero to 25 percent, and that on solar cells doubles as well from 25 percent to 50 percent.

But some tariff hikes, such as on non-EV lithium-ion batteries, take effect later to allow for a transitional period as the country builds up its domestic battery production, a senior US official said on condition of anonymity.

Beijing's foreign ministry said it "opposes unilateral tariff hikes in violation of WTO rules" when asked about reports of the new measures.

China "will take all necessary measures to safeguard its legitimate rights and interests", spokesperson Wang Wenbin said on Tuesday.

The latest moves impact both products already targeted by Trump tariffs, alongside additional ones.

The levies will ensure that investments in jobs, spurred by Biden's policies, are not undercut by "underpriced exports from China," National Economic Advisor Lael Brainard said.

The Biden administration has pumped massive funding into areas like semiconductor manufacturing and research, alongside efforts to boost green investments.

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PHOTO: REUTERS/FILE

Electric vehicles made in China are on display at a shopping mall in Beijing. The US tariff rate on China-made EVs is set to quadruple to 100 percent this year.