

EU to deter any illegal China subsidies

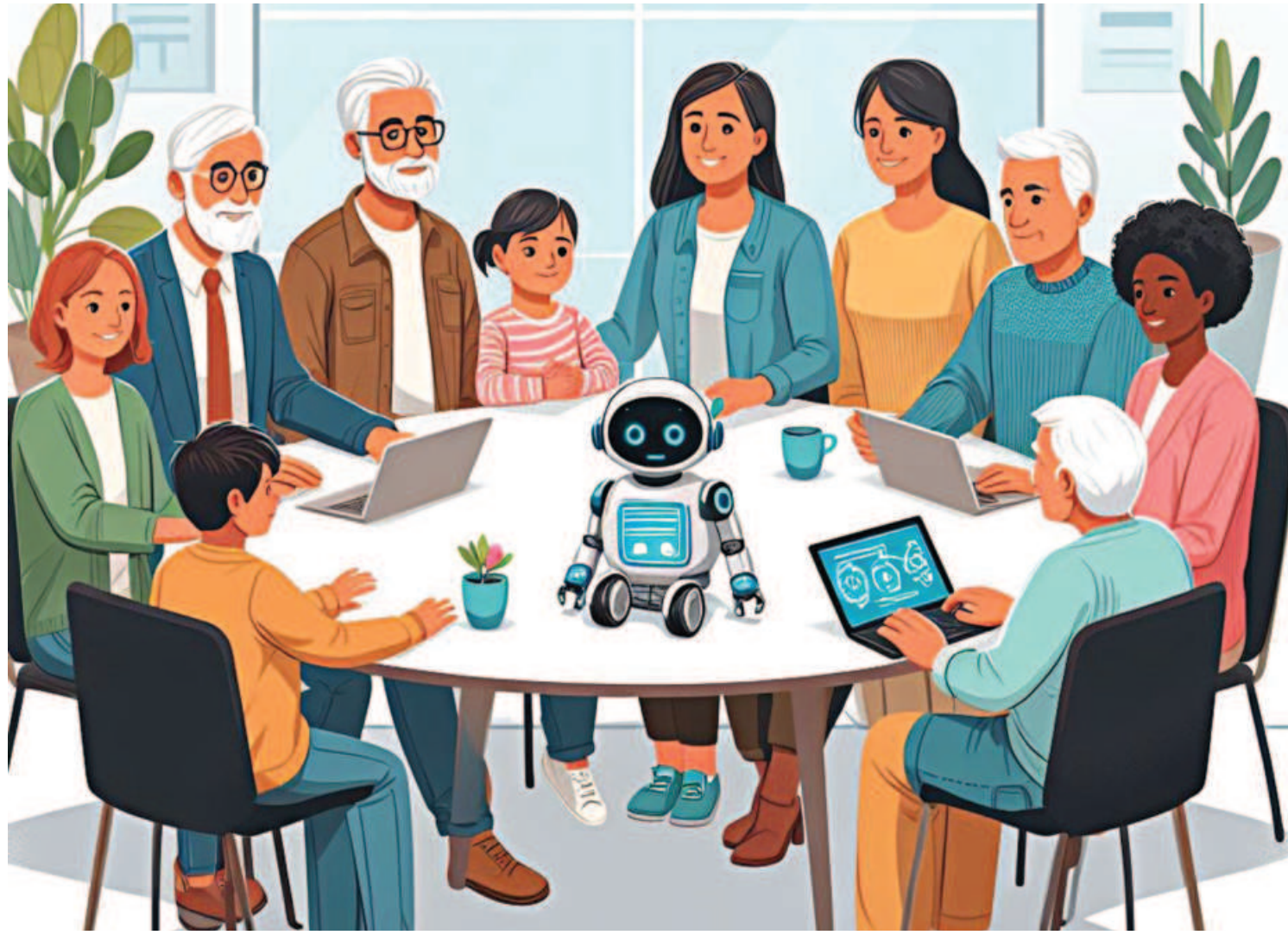
AFP, Brussels

The EU would impose "targeted" duties on Chinese electric cars if Beijing's state aid for the sector is proven to be illegal, bloc chief Ursula von der Leyen said Tuesday.

Brussels last year angered China after launching an anti-subsidy investigation into Chinese electric cars with growing expectations the EU will slap on duties in response.

The United States earlier this month sharply raised tariffs on Chinese-made electric vehicles, but von der Leyen insisted the EU would take a different approach.

"I can guarantee that the level of the duties we would impose is correspondent to the level of damage, so much more targeted, much more tailored," the European Commission president said.



AI-GENERATED IMAGE

Nurture tech companies to build Smart Bangladesh

Speakers say at Youth Tech Summit

STAR BUSINESS REPORT

Skill development, research and investment are crucial to facing the challenges of AI (Artificial Intelligence) and transforming them into opportunities, young tech entrepreneurs said yesterday.

As AI is going to bring a transformative impact on their businesses, the entrepreneurs said staying abreast of rapid AI advancements is also necessary.

IT firms must invest substantially in AI technology, infrastructure, research and development, and skill enhancement to maintain a competitive edge and foster innovation, they added.

They were speaking at the "Youth Tech Summit" with the theme "Are you ready for AI", jointly organised by 14 non-profit organisations in the technology sector.

They also called for government support to transform those challenges into opportunities.

More than 2,000 people, including young tech entrepreneurs, professionals, business leaders, and students

WHAT TECH ENTREPRENEURS SAY

- Skills development needed to unlock opportunities
- Keeping up with advancements in AI crucial for transforming businesses
- IT firms should invest in AI infrastructure
- Govt support required to tackle AI challenges
- Proactive AI adaptation crucial for business survival

participated in the event at the Krishibid Institution in Dhaka.

There were 40 speakers, including 20 tech founders, who are working in different fields such as agriculture technology, educational technology, healthcare technology, outsourcing, and product development.

The young founders argued that tax incentives are vital for enabling tech companies to allocate enough resources towards AI research and development and workforce development.

They warned that imposing taxes could hinder these critical investments, potentially stalling the industry's progress and innovation.

Proactive adaptation to AI is not just beneficial but necessary, and supportive policies are key to ensuring that businesses can thrive in this rapidly evolving landscape, they said.

Sayem Faruk, founder of Airwrk, said AI will revolutionise human civilisation in the next few years.

"Jobs will be lost while countless new jobs will be created and supported. As a nation whose only true resources are human resources, it is imperative that we nurture the fledgling companies spearheading this massive change."

"Instead of clipping their wings by imposing taxes, policymakers should nurture them till they take off and soar. Only

then can we create a true Smart Bangladesh." Shahir Chowdhury, founder and CEO of Shikho, said the advancement in AI has huge implications for education technology companies like his.

"In the next three to five years, EdTech will have even more powerful use cases, empowering both teachers and students. AI technology can potentially allow personalised tutoring for every student at a very large scale."

Ahsan Khan Chowdhury, chairman of PRAN RFL Group, said he is excited about the energy and talent of the youth.

Fahim Mashroor, CEO of bdjobs, urged Chowdhury to invest in startups founded by youths in Bangladesh. In reply, he said, "If your idea is good and honest, [PRAN-RFL] will be with you with investment. And we will be encouraged to work on the success of your companies."

Mashroor also said this is the first time that so many young successful tech founders have gathered under a single platform to talk about technological trends and disruptions.

Visa's digital payments rise 25% during Ramadan

STAR BUSINESS REPORT

Global digital payments leader Visa has achieved over 25 percent growth in digital payments during Ramadan of 2024, particularly through cards, and nearly 70 percent of it came through e-commerce.

"It is exciting to see the speedy adoption of card payments by the consumers," said Sabbir Ahmed, country manager for Bangladesh, Nepal and Bhutan of Visa.

An increase in e-commerce spending accounted for nearly 70 percent of Ramadan spends, he said. "We expect this momentum in digital payment usage to continue during Eid-ul-Azha."

The parallel growth of credit and debit card use underscores the confidence and trust people place in Visa, he said.

During Ramadan, retail spends picked up pace with consumers exercising their purchasing power and paying through both debit and credit cards, Visa said in a statement.

Visa Consulting & Analytics shared that during the holy period of Ramadan in 2024, people transacted more online as compared to in-store (face-to-face) shopping, it added.

This year, the share of e-commerce in overall spends rose by 6 percentage points over 2023, with Visa cardholders spending most on travel, education and utilities.

Visa also observed that both online and in-store spends increased, by nearly 50 percent and 15 percent respectively and almost 70 percent of in-store shopping happened on credit cards.

The young tech-savvy population, high smartphone adoption and government initiatives favouring digital transformation are creating a promising future for Bangladesh, said the Visa country manager.

"While cash used to be the primary mode of payment, there is a clear shift underway, and we are delighted to help power this change towards becoming Smart Bangladesh."

"We continuously work with our bank and merchant partners to increase card usage and acceptance innovatively, so that consumers nationwide can use their Visa cards anywhere at any time - conveniently, easily, and safely," Ahmed said.

Gold slips

REUTERS

Gold prices slipped on Wednesday as investors strapped in for minutes from the Federal Reserve's most recent policy meeting for further insights on the timeline for interest rate cuts.

Spot gold eased 0.3 percent at \$2,413.99 per ounce, as of 0838 GMT. Prices had scaled a record high of \$2,449.89 on Monday. US gold futures were down 0.4 percent at \$2,417.50.

"Gold is just consolidating after its big run up. In the short term, it can potentially not go higher without additional support from dollar with focus on the outlook for rate cuts. But it has been an incredibly strong market and buy on dip mentality is still there," Ole Hansen, head of commodity strategy at Saxo Bank said.

US existing home sales slip in April on still high mortgage rates



A for sale sign is seen in front of a home in Arlington, Virginia on November 19, 2020. Existing home sales in the United States crept lower in April as mortgage rates remained elevated, industry data showed on May 22.

PHOTO: AFP

AFP, Washington

Existing home sales in the United States crept lower in April as mortgage rates remained elevated, industry data showed Wednesday.

Sales of previously owned homes dipped by 1.9 percent from March, reaching a seasonally adjusted annual rate of 4.14 million, according to the National Association of Realtors (NAR).

Analysts had expected a slight uptick last month.

"Home sales changed little overall, but the upper-end market is experiencing a sizable gain due to more supply coming onto the market," NAR chief economist Lawrence Yun said in a statement.

Total housing inventory at the end of April was up nine percent from March, and was 16.3 percent higher from a year ago.

But the level of 1.2 million units remains markedly below the pre-pandemic period, Yun told a press

briefing, adding that inventory remains "tight."

- 'Frustrating market' -

Mortgage rates have surged in recent years as the Federal Reserve rapidly hiked the benchmark lending rate to tackle stubborn inflation.

For now, the central bank continues to hold rates steady as it seeks to stamp out price increases.

As of May 16, the popular 30-year fixed-rate mortgage averaged 7.02 percent, up from 6.39 percent a year prior, according to home loan finance firm Freddie Mac.

But in mid-May 2021, the rate was around three percent.

Higher rates have weighed on transactions, as homeowners who locked in lower rates previously remain reluctant to enter the market.

"It is a very frustrating market out there" for homebuyers, Yun told reporters. "Home prices are at record high, mortgage rates are high."

India inspects spice companies after contamination claims

AFP, Mumbai

India's government spice board has launched factory inspections of two top companies in the wake of foreign bans following accusations some products were tainted with pesticides, media reports said Tuesday.

India is a key spice producer making up some 12 percent of global exports, totalling \$4.25 billion last year, according to the Global Trade Research Initiative (GTRI).

The Spices Board of India launched checks at processing plants of popular producers MDH and Everest - together making up more than a quarter of India's market - to ensure that they meet global standards, the Economic Times reported.

Both companies deny their spices pose a health risk, and MDH last month said the claims were "untrue and lack any substantiating evidence".

Last week Nepal became the latest jurisdiction to impose bans on the import and sale of some spice products by the two brands, following restrictions imposed by both Hong Kong and Singapore.

Restrictions were slapped on after tests detected the presence of ethylene oxide, according to media reports. Besides its use as a pesticide, ethylene oxide is used as a sterilising agent in spices to prevent illnesses caused by salmonella and E.coli bacteria.

Regular exposure to the colourless and odourless compound increases the "risk of cancers of the white blood cells", according to the US Environmental Protection Agency.

There was no immediate response from the Spices Board, and the media reports did not specify exactly when the factory checks began.

But the reported checks come after the board earlier this month ordered exporters to "test raw materials, processing aids, packaging materials and finished goods" for ethylene oxide contamination.

Consumption stays low

FROM PAGE B1

owing to an unprecedented depletion of foreign currency reserves and a rapid depreciation of the taka.

As a result, the inflation rate has surged to record levels.

Arman Hossain, a resident in the capital's Pallabi, said that his family has been forced to cut expenses by 30 percent because everything has become costlier.

"However, my salary has not increased in line with the expenditures," said the 30-year-old, who works for a private company.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said the low-income group is finding it difficult to keep their heads above water, so a lower consumption growth rate is normal.

"People's purchasing power has been declining for the past two years. On the other hand, the wage growth rate is not rising at the same pace as inflation. Instead, the real wage growth has turned negative," he said.

In 2022-23, the average inflation rate was 9.02 percent, far higher than the average of 6 percent in recent years. The Consumer Price Index grew by around 9.5 percent in the first 10 months of FY24, BBS data showed.

"The elevated level of consumer prices has forced many people to cut consumption," said Towfiqul Islam Khan, a senior research fellow of the Centre for Policy Dialogue.

Since wages and incomes did not rise in line with the prices of essential goods and services, people were forced to adopt a coping mechanism.

"The relatively low-income people are the main sufferers in this situation. As a coping mechanism, they have reduced their consumption and savings and expenses aimed at education and health. The same was seen during the peak of the pandemic," Khan said.

Private consumption is projected to grow by 3.32 percent in FY24 while

it was 1.98 percent in the previous year. In 2021-22, the consumption of the private sector increased by 7.47 percent, according to the national statistical agency.

"Because of lower consumption, people's nutrition and future investments will be impacted," Khan said, adding that child marriage and the infant mortality rate may increase because of lower consumption as well.

Sabbir Hasan Nasir, managing director of Shwapno, the largest grocery chain in Bangladesh, said the market is not growing the way it expanded in 2021 or 2022.

"The consumption growth has slowed since 2022," he said.

Shwapno has the data of 1.5 million customers, so it can see changes in consumer behaviour by analysing it, he said.

"Volume-wise, there is massive de-growth in many places."

Helal Uddin, president of the Bangladesh Shop Owners Association, backed the data of the BBS.

"Our sales have declined since many low-income and lower-middle-income households cut back on purchases because the prices of almost all products have gone up. It has continued for a couple of years," he said.

Helal added that the cash-poor people are dipping into their savings to survive.

The government consumption growth was projected to be 5.67 percent in FY24, down from 8.53 percent in the previous year.

Overall consumption in terms of gross domestic product also fell. It stood at 72.39 percent in the current fiscal year, down from 74.24 percent in FY23.

Private consumption slipped to 66.78 percent of GDP from 68.58 percent while the government's consumption dipped from 5.67

percent to 5.61 percent.

"Consumption growth is low if volume is considered. As essential commodities have become dearer, overall consumption has fallen," said Eleash Mridha, managing director at Pran Group, the biggest food processor and exporter.

"If we talk about our company, the growth rate was in double digits in the past. However, it has now slipped to single digits."

Govt likely to announce tax rates in advance

FROM PAGE B1

Not only investors, but also individuals will benefit from the move as they will be able to take decisions about their businesses or personal finances in advance, he added.

Therefore, the new system should be continued to grow confidence of investors, he said.

Kabir also mentioned that the government once implemented this system at least two decades ago. "But it was discontinued after two years," he said.

Kamran T Rahman, president of the Metropolitan Chamber of Commerce and Industry, also welcomed the move.

"Investors will receive a positive signal. A stable tax environment will increase their confidence," he said.

In Bangladesh, there are over one crore people who have taxpayer identification numbers.

In 2022-23, taxpayers submitted 41 lakh returns, which represented a year-on-year increase of 17 percent.

Meanwhile, some 35,976 companies filed returns, up 6 percent year-on-year, according to NBR data.