

Star BUSINESS

Bangladesh's high youth unemployment rate necessitates specific remedial steps, which the national budget lacks

Story on B4



BSEC suspends several BO accounts of RACE

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) suspended several beneficiary owners (BO) accounts of Bangladesh RACE Asset Management to protect the interest of unitholders of the mutual funds and shield them from mismanagement of assets.

RACE manages 10 closed-end mutual funds with holdings totalling approximately Tk 3,000 crore.

In an order issued yesterday, the stock market regulator said the asset manager opened and maintained BO accounts in different brokerage houses, namely Multi Securities, Smart Traders, and Trust Bank Securities for the mutual funds under its management.

This is a breach of rules as securities under mutual funds are supposed to be kept under the safe custody of the approved custodian of the respective mutual fund.

The rules were made to protect the interests of unitholders of mutual funds and shield them from mismanagement of assets and securities by the asset manager.

It is urgently required to review the role of the parties concerned with mutual funds, including trustees, custodians and asset managers, and see whether they were negligent in ensuring the safe custody of securities of the mutual funds, the BSEC said in the order.

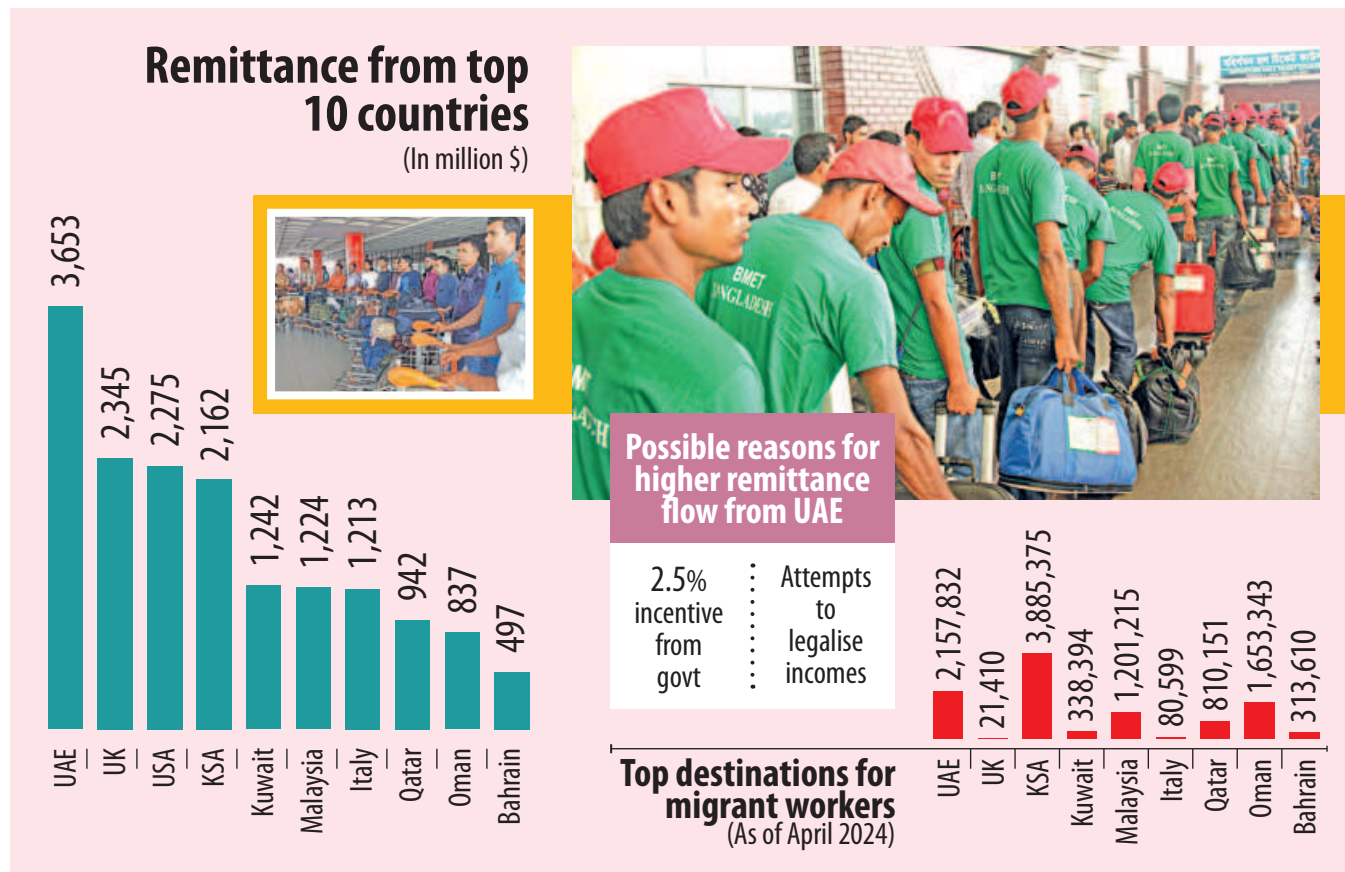
In this regard, the regulator instructed the Central Depository Bangladesh Ltd, exchanges, trustees, custodians and asset managers to suspend those BO accounts which are not maintained with approved custodians of the respective mutual funds.

Each respective trustee of the mutual funds under the management of RACE shall take control of all the BO accounts opened and maintained with any stock broker in the name of the respective mutual funds under its trusteeship, the regulator said.

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UAE emerges as top remittance source for Bangladesh

Experts cite incentives and money whitening attempts for the change



AM JAHID

Bangladesh received the highest remittance from the United Arab Emirates in the first 10 months of the outgoing fiscal year, well ahead of traditional powerhouses such as Saudi Arabia and the United States, central bank figures showed.

The second-highest volume came from the United Kingdom, with the US was at third and Saudi Arabia at fourth.

The spike in the funds remitted from the UAE has been good news for Bangladesh since it gave a much needed fillip to an economy reeling under the foreign currency reserves crisis for the past two years.

Experts, however, have raised questions about whether the smuggled money is returning in the form of remittance to enjoy incentives and legalise it.

UAE-based remitters sent \$3.65 billion in July-April of 2023-24, which was 52 percent higher than the receipts of \$2.41 billion in the same period of the previous fiscal year. It was third-placed in July-April of 2022-23.

The flow from the UAE constituted 19 percent of the \$19.11 billion migrant workers transferred during the period, according to Bangladesh Bank data.

It comes as the Gulf nation has become a major hub for investments for Bangladeshis although how the financing could not be known immediately since only a handful of companies have received permission from the BB to invest abroad.

Many Bangladeshis have allegedly laundered money to the UAE illegally and invested there, according to media reports.

Dubai, the most populous city in the

UAE, and the capital of the Emirate of Dubai, is currently one of the favourite destinations among the wealthy population in the world to siphon money, according to experts.

The fact that the UAE is not the largest destination for Bangladeshi expatriates has also deepened the suspicion.

Bureau of Manpower, Employment and Training (BMET) data showed 21.58 lakh people have gone to the country in search of jobs since 2004, which is 44.5 percent lower than the 38.85 lakh people who departed for Saudi Arabia, home to the largest number of migrant workers from the South Asian nation.

However, remittance receipts from the UAE were 40.8 percent higher than that of Saudi Arabia in the first 10 months of FY24. In July-April, \$2.16 billion came from Saudi Arabia, down from \$3.04 billion a year ago.

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Matiur's stock scandal just the tip of the iceberg

AHSAN HABIB



Md Matiur Rahman, the disgraced senior official of the National Board of Revenue (NBR), opened a Pandora's Box when he claimed during an interview with a local television station that he received placement shares of a company below the face value.

Placement refers to the sale of securities to a group of investors, either on a public or private level.

Companies can't sell their shares at a discount without getting any special approval from the High Court. Therefore, how the influential tax man got the share of Fortune Shoes at Tk 8 instead of the face value of Tk 10 before it went public in 2016 raised questions.



Analysts have long alleged that most of companies are compelled to give shares to the influentials sometimes at a price that is lower than the face value and sometimes free. And without issuing shares to powerful people, companies will face difficulties in getting listed and running their business, they said.

Furthermore, some companies gift placement shares to the vested quarters to avail illegal benefits from authorities and regulators.

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| STOCKS | |
|----------|-----------|
| DSEX ▼ | CASPI ▼ |
| 0.51% | 0.64% |
| 5,220.18 | 14,726.14 |

| COMMODITIES | |
|-------------|--------------|
| Gold ▲ | Oil ▲ |
| \$2,325.55 | \$81.01 |
| (per ounce) | (per barrel) |

| ASIAN MARKETS | | | |
|---------------|-----------|-----------|----------|
| MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
| ▲ 0.17% | ▲ 0.54% | ▲ 0.25% | ▼ 1.17% |
| 77,341.08 | 38,804.65 | 3,314.14 | 2,963.10 |

Two Indian SEZs saw no visible progress in over two years. Here's why

JAGARAN CHAKMA

India's Prime Minister Narendra Modi emphasised the need for initiating operations fast at two special economic zones (SEZs) meant for Indian companies on meeting with his Bangladeshi counterpart Sheikh Hasina in Delhi on June 22.

However, the Adani Ports and Special Economic Zone (APSEZ), the company contracted to develop one of them in Mirsharai, has taken a go-slow policy due to global economic crisis.

Bangladesh Economic Zones Authority (Beza) signed a memorandum of understanding with APSEZ in October 2019 for the SEZ's development on 900 acres of land inside Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram's Mirsharai.

In April 2022, they signed another deal on the terms of forming a joint venture (JV) for the purpose.

"We sent a draft (on how the JV would be run) to the APSEZ. But we are yet to receive final feedback from them," said Shaikh Yusuf Harun, executive chairman of Beza.

Besides, two Indian companies selected by the Indian government to place bids for the SEZ's earth filling project informed of their withdrawal just a day before the February 29 tender submission deadline this year, he said.

As such, Beza wrote to the Exim Bank of India and Indian authorities to allow Bangladeshi firms to participate in the bidding process, an option unavailable under

AT A GLANCE

- Work on special economic zones (SEZ) for India stagnant for over two years
- India to provide \$115m under its LoC for the Mirsharai project
- Negotiation on SEZ in Mongla is about to complete
- India to provide \$15m for the SEZ in Mongla

TIMELINE: Indian SEZ in Mirsharai

February 2019

Ecneec gives nod for a project worth Tk 845cr for Indian special economic zone in Mirsharai

April 2019

Beza teamed up with Adani Ports and Special Economic Zone (APSEZ) to run the SEZ

April 2022

Terms sheet was signed between Beza and APSEZ to form a joint venture

July 2022

Beza sent a draft to APSEZ to form JV

an Indian line of credit (LoC) for implementing the project, he said.

Another condition stipulates that 65 percent of components must be purchased from India during the implementation of any project under the Indian LoC, which is another obstacle to implementing the Indian SEZ, he noted.

Against this backdrop, the progress of the Indian SEZs has stagnated over the past two years, the Beza executive chairman said.

However, officials of APSEZ, preferring anonymity, told The Daily Star that they were following a go-slow strategy due to the

ongoing global economic crises.

"If APSEZ was to implement the project at this moment, there is no possibility of getting investment from Indian companies due to the impacts of the ongoing global economic crises," an official said.

The official added that they would stick to their plans even though they were being delayed by present realities.

Harun said they are ready to implement the project at Mirsharai as they have already received approval for \$115 million in financing support under a third Indian LoC, amounting to \$4.5 billion.

Why the delay

APSEZ is following go-slow policy due to global economic crisis

APSEZ is yet to send any final feedback to form JV to run the SEZ

Two Indian firms refused to join bidding on February 28, 2024

He added that Beza was ready to hand over the land to APSEZ so that it could begin relevant construction work.

In February 2019, the Executive Committee of the National Economic Council approved a project worth Tk 845 crore, including the acquisition of 1,000 acres of land in Chattogram's Mirsharai for Indian investors.

The implementation of the SEZ would bring down the trade gap between Bangladesh and India, which is currently heavily tilted towards the latter, Harun said.

The purpose of this project is to establish a

READ MORE ON B3

South Korea offers \$100m in budget support

STAR BUSINESS REPORT

The government is going to get \$100 million in budgetary support from South Korea to fund a "Second Strengthening Social Resilience Program, Subprogram-1".

The annual interest rate for the loan will be 1 percent and it will have a maturity period of 25 years, which includes a grace period of a total of seven years, according to a statement of the Economic Relations Division (ERD).

Mirana Mahrukh, additional secretary to the ERD, signed a deal in this regard with Hwang Kiyeon, executive director of the Export-Import Bank of Korea (Korean Eximbank), at a programme, read the statement.

The deal aims at bolstering social resilience and improving the inclusiveness and responsiveness of social protection systems in the country, the ERD said.

The policy reform programme crafted by the Finance Division in collaboration with other relevant ministries outlines measures to enhance social resilience.

The loan agreement underscores the ongoing partnership between Bangladesh and Korea.

Korea Eximbank has extended soft loans to various key development projects in Bangladesh since 1993.



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Philippe Varin

Varin elected ICC chairman

STAR BUSINESS DESK

Philippe Varin has been elected chairman of the International Chamber of Commerce (ICC), a global business organisation representing over 45 million businesses.

Varin succeeds Maria Fernanda Garza, who now becomes ICC's honorary chairperson, after a unanimous vote of the organisation's 90 plus national committees at its global headquarters in Paris recently, ICC Bangladesh said in a press release.

Varin is an operating partner of the GVP Climate Investment Fund and chairman of the C'Possible partnership to enhance vocational education opportunities in France.

He served as group executive vice-president for aluminum at Pechiney before becoming chief executive officer of Corus in 2003, overseeing its acquisition by Tata in 2007.

Varin also chaired PSA Peugeot Citroen from 2009 to 2014 and Areva and Orano until 2020.

He led France Industrie and the Conseil National de l'Industrie from 2017 to 2021, chaired Suez from 2020 to 2022 and has co-chaired the World Materials Forum since 2015.

Eastern Bank opens ATM at Agargaon metro station



MAN Siddique, managing director of Dhaka Mass Transit Company Limited, and Ali Reza Iftekhar, managing director of Eastern Bank, cut a ribbon to inaugurate ATM services at the Agargaon metro rail station in the capital yesterday. PHOTO: EASTERN BANK

STAR BUSINESS DESK

Eastern Bank launched ATM services at the Dhaka Metro Rail station in Agargaon, aiming to provide seamless services to metro rail passengers and others.

MAN Siddique, managing director of Dhaka Mass Transit Company Limited (DMTCL), and Ali Reza Iftekhar, managing director of the bank, inaugurated the ATM at the Agargaon metro station in the capital

yesterday, according to a press release.

"This initiative aligns with Eastern Bank's mission to make banking more accessible and convenient for all, reinforcing its position as a leader in digital banking," Iftekhar said.

MKhorshed Anwar, deputy managing director of the bank, Ziaul Karim, head of communications and external affairs, Ahsan Ullah Chowdhury, head of digital financial services, and Zahidul Haque,

chief technology officer, were also present.

Earlier this year, Eastern Bank signed an agreement with DMTCL to set up ATMs at all 16 metro rail stations of MRT Line 6, which runs from Diabari to Motijheel.

Currently, the bank operates 247 ATMs, 71 CRMs, and 33 RTDMs across the country. Among others, Tasnim Hussain, head of cards, Riyadh Ferdous, head of brand, and Amin Md Mehedi Hasan, head of digital banking, were also present.

Kaiser, Khaled re-elected as City Bank's chairman, vice-chairman



Aziz Al Kaiser



Hossain Khaled

STAR BUSINESS DESK

Aziz Al Kaiser and Hossain Khaled have been re-elected as chairman and vice-chairman of City Bank respectively. This marks their fourth consecutive term in these positions.

Kaiser, a founding director of the bank, first took on the role of chairman in 2007, steering the bank through three successive years of growth, according to a press release.

He also holds the position of director at Partex Star Group and is the chairman and managing director of several of its entities.

Under his guidance, the bank has evolved from a conventional banking institution to a technology-focused entity.

Consequently, the bank's net profit surged from Tk 222 crore in 2018 to Tk 638 crore in 2023.

Hossain Khaled, another sponsor director of the bank, joined the Anwar Group of Industries in 2000.

Khaled was the youngest president of the Dhaka Chamber of Commerce & Industry and co-chairman of the Bangladesh Better Business Forum.

He is the first president of the Entrepreneurs' Organisation (EO) Bangladesh and serves as the group managing director of the Anwar Group of Industries.

He also holds the position of chairman of City Brokerage and City Hong Kong.

Khaled obtained his bachelor's degree in accounting from the University of Toledo in Ohio and master's degree in international banking from Texas A&M University.

ONE Bank, NEC Money Transfer strike deal on remittance

STAR BUSINESS DESK

ONE Bank recently signed an agreement on remittance services with NEC Money Transfer Limited, a Bangladesh-owned fintech-based remittance transfer company.

Md Monzur Mofiz, managing director of the bank, and Ikram Farazy, chairman of the remittance transfer company, penned the deal at the bank's head office in the capital's Karwan Bazar, the bank said in a press release.

The service will facilitate Bangladesh bound remittances from Italy, South Africa, Australia, Canada, the UAE, the UK, and other EU countries, allowing Bangladeshi wage earners to easily send remittances through any branch/sub-branch of ONE Bank.

Senior officials from both organisations were among others present.



Md Monzur Mofiz, managing director of ONE Bank, and Ikram Farazy, chairman of NEC Money Transfer Limited, shake hands and exchange signed documents of an agreement at the bank's head office in the capital's Karwan Bazar recently. PHOTO: ONE BANK

| PRICES OF KEY ESSENTIALS IN DHAKA CITY | | | |
|--|-----------------------|----------------------------|--------------------------|
| | PRICE (JUNE 24, 2024) | % CHANGES FROM A MONTH AGO | % CHANGE FROM A YEAR AGO |
| Fine rice (kg) | Tk 68-Tk 78 | 7.35 ↑ | 8.15 ↑ |
| Coarse rice (kg) | Tk 50-Tk 54 | 4.00 ↑ | 6.12 ↑ |
| Loose flour (kg) | Tk 40-Tk 45 | 6.25 ↑ | -20.56 ↓ |
| Lentil (kg) | Tk 105-Tk 110 | 0 | 13.16 ↑ |
| Soybean (litre) | Tk 150-Tk 155 | 3.39 ↑ | -10.82 ↓ |
| Potato (kg) | Tk 55-Tk 60 | 11.65 ↑ | 57.53 ↑ |
| Onion (kg) | Tk 85-Tk 90 | 20.69 ↑ | 16.67 ↑ |
| Egg (4 pcs) | Tk 50-Tk 54 | 6.12 ↑ | 11.83 ↑ |

SOURCE: TCB

India's LNG surge supports Asia's imports in June

REUTERS, Launceston

Asia's imports of liquefied natural gas (LNG) are expected to dip slightly in June from May, with strength in India holding up the top buying region's appetite for the super-chilled fuel.

Asia is on track to import 23.18 million metric tons of LNG in June, down a touch from May's 23.55 million, but up 8.9 percent from the 21.28 million from June last year, according to data compiled by commodity analysts Kpler.

The largely steady outcome in June from the prior month reflects the little change in arrivals to China and Japan, the world's two biggest LNG importers respectively.

China is on track to import 6.17 million tons in June, little changed from May's 6.19 million and the 6.20 million from June 2023.

Japan's arrivals are estimated at 4.69 million tons in June, down marginally from May's 4.80 million and 4.92 million in June 2023.

The real reaction in Asia's LNG market is in India, the continent's fourth largest importer, which is slated to see arrivals of 2.72 million tons in June, the second highest on record and up from May's 2.46 million.

The June imports are also 54 percent higher than the 1.77 million tons from the same month in 2023, and first half imports of 13.71 million are almost one-third above the 10.44 million from the same period last year.

The breakdown of India's imports also shows a strong increase in arrivals from the United States, with a record 960,000 tons expected to

be landed in June.

This is up from 470,000 tons in May, and almost double the previous record month of 580,000 tons from June 2021.

There are likely two dynamics at work with the rising shipments from the United States, then first being that US producers are looking for alternative markets to Europe, where LNG imports have declined in recent months.

The second factor is likely that US cargoes are being offered at a lower price to those from other top shippers Qatar and Australia, especially since US natural gas prices remain at levels that would allow their plants to offer competitively priced cargoes and still make profits.

Another factor that shows India is keen to buy LNG currently is that it imported a cargo from Australia in June, with 70,000 tons arriving on June 11 from Chevron's Gorgon plant in Western Australia.

India rarely buys from Australia, with June's shipment being only the second cargo this year after one in April. Prior to the April shipment, the last cargo that India imported from Australia was in June 2023.

India's demand for LNG is being boosted by the strong rise in power demand amid an ongoing heatwave and robust economic growth.

Gas-fired electricity generation normally only accounts for around 2 percent of the India total, with coal supplying 75 percent.

However, in May gas-fired generation rose to 3.1 percent of the total, up from 1.6 percent in the same month in 2023, according to data from Grid India.

What's missing for young people in the budget?

FROM PAGE B4

The government is also setting up four engineering colleges in Chattogram, Rajshahi, Khulna and Rangpur. It is acquiring land to establish technical schools and colleges in 329 upazilas.

"While skilled people are important to ensuring quality supply in the labour market, an incremental demand from the private sector would ensure job creation," said Khan.

Private investment is a major factor for job creation and it must be increased, he said.

In the post-Covid era, the BBS statistics indicate that new jobs were largely created in the agriculture sector, which accounts for 45 percent of the labour force, he said.

Indeed, the services sector should now get focus from an employment perspective, he added.

Sayama Haque Bidisha, a professor of economics at the University of Dhaka, said the government usually sets lofty goals for job creation in its budget. But it rarely is achieved through actual expenditure, she said.

In his budget speech, Finance Minister Ali said 37.46 lakh young people have been provided with skills development training from FY09 until February of FY24.

In the same period, it gave Tk 1,437 crore in loans to the youth, he said.

Thanks to this initiative, skilled youth became self-reliant through self-employment, he said.

However, the finance minister did not specify the number of people who got jobs.

Haque suggested that the government adopt separate programmes for rural and urban areas targeting young people who fall under the NEET category.

China wants EU to remove tariffs on EVs

FROM PAGE B4

fellow at Bruegel, an influential EU affairs think tank, on whether the planned curbs could be dropped.

"The Commission can't change a decision it has been pondering for months on months," she added. "Yes, China is putting pressure on the member states, but they would need to vote with a qualified majority against the Commission."

The tariffs are set to be finalised on November 2 at the end of the EU anti-subsidy investigation.

"The EU side emphasised that any negotiated outcome to its investigation must be effective in addressing the injurious subsidisation," a Commission spokesperson said on Monday.

The Chinese commerce ministry did not immediately respond to a Reuters request for comment.

Siegfried Russwurm, head of Germany's biggest industry association BDI, said it was a "good sign" that both sides would hold talks in the ongoing dispute.

"You know the old saying: as long as there are talks you're not shooting at each other," he told German public broadcaster Deutschlandfunk.

Russwurm, who also serves as

chairman for German conglomerate and car supplier Thyssenkrupp, said tariffs was the last thing Germany needed as a major exporting nation.

At the same time, Brussels' move to apply tariffs of varying degrees suggested a thorough analysis has taken place and that this was not an effort that targets the entire Chinese car sector in equal measure.

Meantime, Maximilian Butek, executive director at the German Chamber of Commerce in China, said there was "zero chance" that the preliminary tariffs would be removed by July 4 unless China eliminated all the issues flagged by the European Commission.

EU trade policy has turned increasingly protective over concerns that China's production-focused development model could see it flooded with cheap goods as Chinese firms look to step up exports amid weak domestic demand.

China has rejected accusations of unfair subsidies or that it has an overcapacity problem, saying the development of its EV industry has been the result of advantages in technology, market and industry supply chains.

"When European Commission

President Von der Leyen announced she would investigate China's new energy vehicles ... I had an intuitive feeling it was not only an economic issue but also a geopolitical issue," said Zhang Yansheng, chief research fellow at the China Center for International Economic Exchanges.

Trade relations between the 27-strong bloc and the world's No. 2 economy took an abrupt turn for the worse in May 2021 when the European Parliament voted to freeze ratification of what would have been a landmark investment treaty because of tit-for-tat sanctions over allegations of human rights abuses in China's Xinjiang region.

They came to blows again that year when China downgraded diplomatic ties with Lithuania and told multinationals to sever relations with the Baltic state after Vilnius invited democratically governed Taiwan, which China claims as part of its territory, to open a representative office in the capital.

Although calling for talks, Beijing has also indicated that it has retaliatory measures ready if the EU does not back down, and that it considers Brussels wholly responsible for the escalating tensions.

Red Sea gives shipping

FROM PAGE B4

expand the scope of their own tariffs on Chinese electric vehicles. If Donald Trump gets re-elected in November as the new US president, he may be inclined to do more. After all, he slapped tariffs on \$300 billion of Chinese goods during his last term.

The final piece of the puzzle is the Red Sea closure itself. Sailing around Africa via the Cape of Good Hope adds two weeks of travel in the case of Asian cargo destined for the Mediterranean and Europe, which means more ships are needed to maintain trade levels. With 1 million TEU of new ships already hitting the waters this year, the percentage of idle fleets still fell to 0.6 percent, per

AXSMarine. That's the lowest since around February 2022, and way below a normal healthy level of around 3 percent.

For shipping companies whose bottom line is closely correlated with the freight rates, this is all very handy. The higher their exposure to spot prices, the better. Shares of \$2 billion Israeli shipping company Zim Integrated Shipping Services, which was among the first to divert from the Red Sea and which has about 65 percent of its contracts signed on spot rates, have risen over 170 percent since mid-December. Denmark's Maersk only gained 15 percent, as its spot contract exposure is typically only about 35 percent. But given fixed

contracts typically get renegotiated twice a year, and shippers frequently impose ad hoc surcharges, it's unlikely to entirely miss out on the windfall.

It's possible that the current demand-inflating noise surrounding tariffs, economic recoveries and port strikes fizzles out later this year. But more than six months after the Houthis attacks hit, shipping companies like Hapag-Lloyd show no sign of wanting to return to the Suez. Freight rates for certain routes could rise to up to \$9,000 in the next few months, according to Freightos estimates. When it comes to adhering to the balance of supply and demand, Ubers and ocean-going tankers are more similar than they might appear.



Traders must sit with their bowls of fish fry on the flatbeds of trucks during transportation to constantly churn the water with their hands to ensure aeration. Fry of rohu, katla and other fish varieties are spawned in nurseries in Barakpur village at Khulna's Digholia upazila. Here they are being taken away for sale around 50 kilometres away in Bagerhat at Tk 220 to Tk 350 per kilogramme. The photo was taken at Aronghata union of Digholia recently.

PHOTO: HABIBUR RAHMAN

Jewellery machinery expo from July 4

STAR BUSINESS REPORT

A three-day exhibition of machinery used in the manufacture of jewellery will begin in Dhaka on July 4.

International Jewellery Machinery Exhibition Bangladesh 2024 will be organised by Bangladesh Jeweller's Association (Bajus) in the capital's International Convention City Bashundhara.

Themed "Technological touch in jewellery", the exhibition is scheduled to be participated by over 30 companies from 10 countries, including India, Italy, Turkey, United Arab Emirates, Germany, China and Thailand, according to the organiser.

Of the companies attending the first-of-its-kind exhibition, six are from India, three each from Italy and Turkey, one each from Germany and China and five from Bangladesh.

The central leaders of Bajus and foreign partners of the exhibition shared the information at a press conference held at Bashundhara City Shopping Complex in Dhaka yesterday.

The exhibition aims at enriching the domestic industry and utilise export potentials of Bangladeshi jewellery, they said.

Bajus hopes the exhibition, through the showcasing of modern machinery from different countries, will encourage entrepreneurs to set up new jewellery factories in the country.

The exhibition will remain open for all from 11:00am to 7:00pm every day.

Bajus General Secretary Badal Chandra Roy, former president Dilip Kumar Roy, Vice President Samit Ghosh Apu, Adviser Ruhul Amin Rasel and KNC Services Founder and CEO Kranti Nagvekar were also present in the press conference.

Gold ticks up

REUTERS

Gold prices edged up on Monday as US Treasury yields eased, while investors awaited inflation reading due later this week that could influence the Federal Reserve's interest rate trajectory.

Spot gold was up 0.4 percent at \$2,330.56 per ounce as of 0834 GMT, after dropping 1 percent on Friday due to a stronger dollar. US gold futures rose 0.5 percent to \$2,343.30.

Benchmark 10-year US Treasury yields edged down, making non-yielding bullion more attractive for investors.

"The focus remains on incoming US economic data and if that data confirms a soft landing, allowing the Fed to cut interest rates," UBS analyst Giovanni Staunovo said.

"We continue to see gold supported, targeting a price of \$2,600 per ounce at the end of the year."

The Personal Consumption Expenditures (PCE) data, the Fed's preferred measure of inflation is due on Friday. Through this week, at least five Fed officials will speak, including San Francisco Fed President Mary Daly, Fed Governors Lisa Cook, and Michelle Bowman.

Traders are currently pricing in a 66 percent chance of Fed rate cut in September, according to CME FedWatch Tool.

Lower rates reduce the opportunity cost of holding bullion.

Dhaka stocks snap five-day gaining streak

STAR BUSINESS REPORT

The benchmark index of Dhaka Stock Exchange (DSE), the premier bourse of Bangladesh, fell yesterday after a five-day gaining streak.

The DSEX, the key index of the bourse, slipped 26.95 points, or 0.51 percent from that on the preceding day, to close at 5,220.18.

Likewise, the DSES, the index that represents Shariah-compliant firms, dipped 3.80 points, or 0.33 percent, to 1,142.85.

The DS30, the index that comprises the best blue-chip companies, dropped 9.51 points, or 0.51 percent, to 1,867.99.

Turnover, meaning the total value of shares changing hands on a day, giving an indication of the amount of trading activity, decreased by 1.41 percent to reach Tk 479 crore, according to the daily market update by UCB Stock Brokerage.

Of the total turnover, food and allied

sector accounted for the biggest share of 10.93 percent.

Block trades contributed 28.9 percent of the overall market turnover.

A block trade is a high-volume transaction in a security that is privately negotiated and executed outside the open market for that security.

Linde Bangladesh was the most traded share with a turnover of Tk 23.2 crore.

Non-bank financial institution (NBFI), engineering and cement sectors closed in the positive while travel and leisure, services and real estate and general insurance closed in the negative.

NBFIs booked the highest gain of 3.63 percent, followed by engineering (0.71 percent), telecommunication (0.29 percent), bank (0.30 percent), fuel and power (0.44 percent), pharmaceuticals (0.47 percent), and food and allied (0.70 percent).

Out of the 395 scrips that were traded on the DSE, 255 declined, 92 edged up and 48 did not see any fluctuation.

Samata Leather Complex took the top position on the gainers' list, rising by 9.98 percent.

Pacific Denims, Investment Corporation of Bangladesh, Evince Textiles, Dulamia Cotton Spinning Mills, Dragon Sweater and Spinning, Salko Spinning Mills, Khulna Printing and Packaging, and Active Fine Chemicals were also on the gainers' list.

Turnover, meaning the total value of shares changing hands on a day, decreased by 1.41 percent to reach Tk 479 crore yesterday

Apex Spinning & Knitting Mills shed the most, falling 2.99 percent, followed closely by Al-Haj Textile Mills, Sonali Paper and Board Mills, New Line Clothings and Gemini Sea Food with identical losses of 2.99 percent each.

In its daily market update, BRAC EPL Stock Brokerage said companies which account for large amounts in market capitalisation posted a mixed performance.

Market capitalisation refers to the value of a company calculated by multiplying the total number of shares by the present share price.

Among those companies, Prime Bank, Al-Arafah Islami Bank, Unilever Consumer Care, LafargeHolcim, BRAC Bank, Shahjalal Islami Bank and Grameenphone performed well.

On the other hand, the shares of BAT Bangladesh, Beacon Pharmaceuticals, Square Pharmaceuticals, Kohinor Chemicals, Khan Brothers PP Woven Bag Industries, Best Holdings, Jamuna Bank and Eastern Bank did not perform that well.

Chittagong Stock Exchange also saw a similar trend with its all-share price index gaining 95.57 points, 0.64 percent, to settle at 14,726.14.

E-commerce drives China's air cargo market

ANN/CHINA DAILY

The rise of cross-border e-commerce is lifting the global air cargo market like never before, with China leading the way, boosted by Air Silk Road or air routes that connect the country with the economies participating in the Belt and Road Initiative, industry experts said.

From flowers and fruits to consumer electronics containing lithium-ion batteries, all are par for the air cargo course now, they said.

Besides generating cargo business for airlines, this trend has boosted trade in certain niche sectors like smart wearable and electronic products produced by Chinese enterprises. They are now welcomed by overseas consumers, fueled by a boom in cross-border e-commerce that has sent demand for air cargo transportation soaring.

With innovation enhancing consumer products and consumers pursuing lifestyles characterized by increasing use of "intelligent" products, competition in the global consumer electronics market has intensified, giving superior Chinese products, marked by intelligent and personalized designs, a clear edge, industry observers said.

This, in turn, is spurring the air cargo market. Guangzhou-based State-owned carrier China Southern Airlines said that in the past few years, the international air cargo market has experienced significant changes. A large part of traditional bulk trade cargo transportation has been replaced by cross-border e-commerce cargo transportation.

"The air cargo transportation market has been undergoing constant changes, and cross-border e-commerce business has driven the fast growth of demand for air cargo transportation," said Peter Gao, Boeing's vice-president for China commercial sales and marketing. In 2023, China's imports and

exports of cross-border e-commerce products were worth 2.38 trillion yuan (\$328.3 billion), up 15.6 percent year-on-year. Products exported for cross-border e-commerce alone reached 1.83 trillion yuan, up nearly 20 percent year-on-year, according to the General Administration of Customs.

As e-commerce involves products that were not part of traditional trade, new trade models and transportation methods have arisen, spawning new requirements for China's international air cargo services and boosting the nation's capabilities.

For instance, products that contain lithium-ion batteries were hitherto classified as dangerous goods for air transportation. But now, cross-border e-commerce entails transportation of a large volume of such products.

In early June, China Southern operated its first cross-border chartered cargo flight that transported goods containing lithium-ion batteries from Guangzhou, Guangdong province, to London. Those products included electric fans and Bluetooth earphones, marking a breakthrough in China's air cargo transport.

The robust growth of China's cross-border e-commerce has necessitated new international air cargo routes. In late March, Shenzhen Bao'an International Airport launched a dedicated cross-border international freight route connecting Shenzhen, Guangdong province, with Budapest in Hungary. It is the first such route launched this year.

In early April, Chengdu Tianfu International Airport launched its first international air freight route connecting Chengdu, Sichuan province, with Oslo in Norway. The route focuses on transporting cross-border e-commerce products in small packages.

UAE emerges as top remittance source

FROM PAGE B1

Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said there is no major differences between the workers who went to the UAE and those who went to Saudi Arabia in terms of skills and salaries.

"So, it is necessary to see who are sending the money from the UAE and why is this sudden spike?" Rahman asked.

Historically, Saudi Arabia had been the top remittance sender for Bangladesh. In the second half of 2022, it lost the spot to the US for a brief period, which came as a surprise. Still, Saudi Arabia retained the top spot at the end of FY23.

The UAE has been the top remitter since the beginning of FY24.

In order to attract remittances, the government introduced a 2 percent incentive in 2019, and it was later raised to 2.5 percent.

Rahman called for a thorough investigation to find out whether the money that was smuggled out

of the country is being brought back to secure the incentives and legalise them.

He termed it as the "round trip" of the money.

"Although remittances are good for the foreign exchange reserves and the balance of payments, it is needed to probe whether there is any other purpose behind it."

Mohammed Nurul Amin, a former managing director of Meghna Bank and NCC Bank, said many rich people have settled in Dubai as it has now become a lucrative destination.

Now, the expatriates are getting incentives if they send funds to their beneficiaries back home through formal channels.

This might be a reason behind the higher remittance flow from the UAE, he said.

Expats sent \$2.35 billion from the UK in July-April, data from the BB showed. Remittances from the US dropped 25.33 percent to \$2.28 billion during the period.

BSEC suspends several BO accounts of RACE

FROM PAGE B1

They will also have to report to the commission with detailed holding status within seven working days from the issuance of the order, it said.

Every custodian of the funds shall take steps to close the BO accounts opened and maintained in the broker houses in lieu of the custodian of the mutual fund.

They should also transfer all securities from the BO accounts in brokerage houses to the BO accounts maintained with the

respective custodian within seven working days.

In the case of a failure to transfer the securities, any type of trading of securities in the name of the mutual fund shall be suspended till further instruction and the trustee shall report to the commission within three days, the BSEC said.

Each concerned party of the mutual funds shall report to the commission in detail about their steps and compliance status under this order within 10 days, it said.

Matiur's stock scandal

FROM PAGE B1

However, these transactions are not reported in the financial reports of companies though auditors or regulators can detect them by checking the track records of the fund transfers needed to purchase the placement shares.

Anyone can buy placement shares. However, companies usually sell them to friends and family members. Such shareholders need to hold the securities for one year or more before getting the chance to sell them in the secondary market after the listing and earn a profit.

Matiur Rahman received more than three crore placement shares from 10 listed companies. During the interview with NTV, he admitted that he got shares from one company at lower than the face value. This gave an idea of what could happen in the case of other companies.

Rahman is not the lone person who received placement shares in such a manner.

The Bangladesh Securities and Exchange Commission (BSEC) detected that many received shares of Ring Shine Textiles who had no proper documents of paying the due amount. The names of many influential people were also disclosed in 2021.

There are also instances when some companies issued shares

to people at higher prices before discarding their plan to go public. As a result, general people lost their funds. However, the regulator has not asked the companies to repay the funds to the affected investors.

Since the BSEC has failed to curb irregularities related to private placement, many influential people are still taking advantage of lax law enforcement, said several analysts.

Matiur Rahman acknowledged his wrongdoing on June 19, but the BSEC has yet to take any action against him or the company. On Sunday, he was removed from the NBR and attached to the finance ministry.

But the BSEC should have opened an investigation into Rahman's case to find out how deep the irregularities were and how he manipulated the system and abused the power. But the BSEC has remained silent.

It is normal for a company to issue shares to raise funds before it is going to be listed. However, the process of share allocation should be transparent so that none can receive stocks at a discounted rate or without paying any money.

A thorough investigation is necessary to find out how the system has been gamed and how it can be mended. The influential must be brought to book to restore investors' confidence in the stock market.

Two Indian SEZs saw no visible progress

FROM PAGE B1

separate zone to attract Indian

The main work of this project is to complete land development and establish connecting roads, administrative buildings, security systems, water supply systems, telecom network equipment, water treatment plants and other investment-friendly facilities.

The Beza executive chairman added that there was a slight

development regarding the other Indian SEZ at Mongla as the process to form a JV and start implementation of the project has begun.

Beza has already acquired 100 acres of land in Mongla for the Indian SEZ, with ARTELIA Consulting set to work on implementing the project.

"All negotiations have been completed. We are just waiting for approval from the Prime Minister's Office to form the JV," Harun said.

Apple holds talks with rival Meta over AI

AFP, Washington

Apple is talking to major rival Meta about integrating the Facebook parent company's generative AI into its products, as it tries to catch up with rivals on artificial intelligence, the Wall Street Journal reported Sunday.

The report comes after Apple also struck a deal with OpenAI, the creator of ChatGPT, to help equip its Apple Intelligence suite of new AI features for its coveted products.

For months, pressure has been on Apple to persuade doubters on its AI strategy, after Microsoft and Google rolled out products in rapid-fire succession.

It has developed its own, smaller artificial intelligence but said that it will turn to others such as OpenAI to boost its in-house offering.

According to the Journal, which cited sources close to the matter, Meta has held discussions with Apple over integrating its own generative AI model into Apple Intelligence.

For months, pressure has been on Apple to persuade doubters on its AI strategy

Apple senior vice president of software engineering Craig Federighi said in early June that Apple also wanted to integrate capabilities from Google's generative AI system, Gemini, into its devices.

The big challenge for Apple has been how to infuse ChatGPT-style AI — which voraciously feeds off data — into its products without weakening its heavily promoted user privacy and security, according to analysts.

Apple Intelligence will enable users to create their own emojis based on a description in everyday language, or to generate brief summaries of e-mails in the mailbox.

Apple said Siri, its voice assistant, will also get an AI-infused upgrade and now will appear as a pulsating light on the edge of your home screen.

Launched over 12 years ago, Siri has long since been seen as a dated feature, overtaken by the new generation of assistants, such as GPT-4o, OpenAI's latest offering.

According to Canalis, 16 percent of smartphones shipped this year will be equipped with generative AI features, a proportion it expects to rise to 54 percent by 2028.



KEY NUMBERS

- Total population in Bangladesh: **16.98cr**
- Labour force: **7.30cr**
- Total unemployed people: **25.82 lakh**

YOUTH

- Youth Labour force [15-29 years]: **2.68cr**
- Total youth unemployment: **21.48 lakh**
- Unemployment among graduates: **27.8%**

NEET people

(not in employment, education or training)

- Number of total young people who are NEET: **96.49 lakh**
- NEET as % of youth working population: **22%**

What's missing for young people in the budget?

MD ASADUZ ZAMAN

Bangladesh's high youth unemployment rate necessitates specific remedial steps, including ways for employment generation and adoption of prerequisite education and training, which the proposed national budget for fiscal year 2024-25 did not include, according to analysts.

Moreover, it does not delineate a definite plan addressing the needs of youth who are not in education, employment or training (NEET), they said.

The budget provided little hope to young people, talking about initiatives the state has already taken towards the creation of vocational training facilities.

This contradicts the priority paced by the incumbent government, which has come to power for a fourth consecutive term in January this year, on employment generation in tune with the nation's 8th Five-Year Plan.

According to Labour Force Survey 2022 of the Bangladesh Bureau of Statistics (BBS), there were 7.30 crore people in the labour force.

Of them, 2.68 crore were youths, meaning those between the ages of 15 to 29 years.

Around 21.48 lakh of these youths were unemployed. This is 83 percent of the total unemployed people in Bangladesh.

Of the unemployed youths, 28 percent have passed the tertiary level of education or graduates.

A study by the Bangladesh Institute of Development Research recently revealed that as many as 28 percent of students remain unemployed even three years after graduating from the colleges under National University.

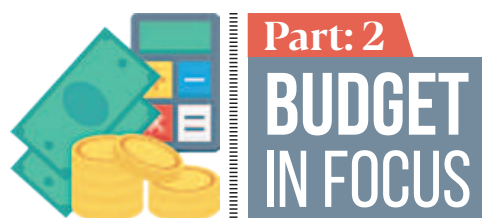
Besides, there are 96.49 lakh youths under the NEET category. Of them, 63 lakh are females.

"The youth and the job seeking population as a whole have been left to fend

for themselves. There is no good news for them," said Rizwanul Islam, a former special employment adviser of International Labour Organization.

There has been a lot of talk on issues like youth unemployment in recent times and not over NEET. "And yet, the budgetary exercise has not shown any sensitivity to the situation," he said.

Islam added that employment was not an issue to be dealt with just by one budget or any other instrument through a one-off intervention.



"It requires a multi-pronged approach with an integrated application of monetary, fiscal, industrial, trade and other policies. There has never been such an approach in Bangladesh," he said.

"Even if one talks about limited fiscal intervention, this year's budget is an example of broken promises and dashed expectations in that there were some mentions of it in the ruling party's election manifesto and in the pre-budget statements," he said.

"And yet, one finds precious little in the actual budget."

Islam added that when an economy goes through a growth recession, the strategy could be recalibrated to seek more jobs from a given amount of output growth. "No thinking along such lines is seen," he said.

Economist Hossain Zillur Rahman said: "In this proposed budget, the youth is a kind of ignored or overlooked subject. Adequate

understanding of the issues of young people is missing."

The existing budget for fiscal year 2023-24, which ends this month, contains a Tk 100 crore special allocation for the youth and women to facilitate professional skills development, he said.

But there has been no such announcement for the next fiscal year and no follow-up on the existing allocation, he said.

"What has happened to the fund?" questioned Rahman, also executive chairman of the Power and Participation Research Centre.

"It seems that they take sudden one-off decisions without following a systematic way," he said.

Bangladesh is passing through a critical time when it is crucial to reap the demographic dividend and for this, issues involving young people are vital, added Rahman, also chairman of BRAC, the world's largest NGO.

Towfiqul Islam Khan, a senior research fellow at the Centre for Policy Dialogue, said employment creation has been featured as a priority in the election manifesto of the incumbent government.

"Regrettably, the budget did not mention any target for the upcoming fiscal year," he said.

Vocational training programmes gained importance in this budget in tune with that over the last couple of years, he said.

In his budget speech, Finance Minister Abul Hassan Mahmood Ali, who placed his maiden budget, said there was an ongoing programme to establish 100 technical schools and colleges in each of the 100 upazilas.

Of them, 91 newly-constructed technical colleges have started educational programmes. He also mentioned that the establishment of four women's polytechnic institutes in Sylhet, Barishal, Rangpur, and Mymensingh divisions was underway.

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The decline of marble industry in Bangladesh

RASHADUR RAHMAN

Marble, once a symbol of luxury, no longer holds its esteemed position in Bangladesh's market. Today, the industry is suffering, and customers are facing numerous challenges. The number of suppliers has increased dramatically.

Today, customers do not need to visit the market to choose their marble. When a construction site needs marble or granite, countless vendors bring samples directly to the site. There are so many samples that they could cover a couple of rooms for free. With so many suppliers, customers are forced to haggle over prices, choosing the lowest offer.

Unlike other flooring materials, marble samples can be misleading. A small, attractive piece of marble is easy to provide, even from low-quality slabs. When the actual marble slab arrives at the site, it is usually unpolished, making it hard for customers to see the true colour and quality.

The client hires an installer to cut and polish the slabs. Then comes the surprise! The finished marble often looks very different from the sample. There are colour variations, dark spots, and flaws, making the floor look unpleasant. By this time, it is too late to complain.

Suppliers include a small clause on their invoice stating, "Sample provided is a mere example and being a natural material, shades and colour may vary." This statement, though true, is used unfairly.

The problems do not end there. Over time, homeowners or office residents start noticing cracks in the marble. They have no choice but to live with these defects because replacing the marble is too costly and disruptive.

Over time, the government has increased taxes on raw marble and granite blocks but has lowered the import tax on finished marble slabs. This has resulted in lost revenue for the government and difficulties for factory owners

A significant issue in the industry is that today anyone can import marble and granite blocks at the same tax rates as industrial importers. Traders often import very low-quality blocks and use multiple trade licences to avoid taxes and value-added taxes.

Some factories equipped with poorly functioning processing machines cut these blocks for a small fee without taking into consideration the final output. Factories processing these blocks also do not pay VAT properly.

To survive in this competitive market, many factories are compromising on quality. With huge bank loans, high energy and overhead costs and big tax claims, these factories are struggling because of unfair competition with traders. The result is unhappy customers, struggling factory owners, and lost tax-revenue for the government.

Only factory owners should be allowed to import raw blocks. This would ensure proper tax collection, improve the quality of imported materials, and guarantee better products for customers.

Over time, the government has increased taxes on raw marble and granite blocks but has lowered the import tax on finished marble slabs. This has resulted in lost revenue for the government and difficulties for factory owners. Addressing this issue would help the government increase tax collection and support the industry.

By implementing these measures, the government can restore the marble industry's reputation and ensure sustainable growth for both factory owners and customers. This will lead to happier customers, healthier factories, and better tax revenues for the government.

The author is managing director of Marble Di Carrara (Pvt.) Ltd.

China wants EU to remove tariffs on EVs by July 4

REUTERS, Beijing

Beijing wants the EU to scrap its preliminary tariffs on Chinese electric vehicles by July 4, China's state-controlled Global Times reported, after both sides agreed to hold new trade talks.

Provisional European Union duties of up to 38.1 percent on imported Chinese-made EVs are set to kick in by July 4 while the bloc investigates what it says are excessive and unfair subsidies.

China has repeatedly called on the EU to cancel its tariffs, expressing a willingness to negotiate. Beijing does not want to be embroiled in another tariff war, still stung by US tariffs on its goods imposed by the Trump administration, but says it would take all steps to protect Chinese firms should one happen.

Both sides agreed to restart talks after a call between EU Commissioner Valdis Dombrovskis and China's Commerce Minister on Saturday during a visit to China by Germany's economy minister, who said the doors for discussion are "open".

China's Global Times, citing observers, said the best outcome is that the EU scraps its tariff decision before July 4. But the Commission, analysts and European trade lobby groups stressed that talks would be a major undertaking and China would need to come willing to make major concessions.

"Nobody will dare to do this now. Not before the elections in France," said Alicia Garcia Herrero, senior

READ MORE ON B2

Red Sea gives shipping an Uber-style price surge

REUTERS, London

Anyone who has tried to secure an Uber at a busy time of day will have experienced the ride-hailing app's least appealing feature: surge pricing. Too many punters and too few available cars mean the cost of getting from A to B spikes. Something similar is currently afflicting the global shipping sector.

In the wake of Iran-aligned Houthi militants launching missiles at ships heading for the Suez Canal, freight rates more than doubled from around \$1,200 per trip in 2023 to a January peak of \$3,400. That's according to an index compiled by shipping platform Freightos, which tracks spot prices for 40-foot containers in 12 major trade lanes. Prices fell back in March and April, but since May they've rebounded to hit \$4,500 — over triple their pre-crisis level.

On the face of it, the recent shipping cost spike is odd. The traditional peak season for exporters filling Christmas orders is some way off. And unlike the aftermath of the pandemic in 2021, when rates ballooned to nearly \$12,000, there should be enough ships — in fact, the industry has struggled to absorb a record number of new vessels ordered in

response to the Covid-era disruptions. In 2023, new deliveries of container ships added record capacity of 2 million 20-foot equivalent containers (TEU), according to AXSMarine analyst Jan Tiedemann. Another 3 million will be added this year and a further 2 million TEU in 2025.

Yet a host of countervailing forces

are inflating rates. One is the cyclical rebound of the world economy. Global manufacturing output accelerated, its fastest year-on-year pace in 22 months in May, according to a Purchasing Managers' Index produced by S&P Global. Combine that with major port strikes that have hit Germany, and France, and could

also affect the United States on the East Coast and Gulf of Mexico, and rates would have upward pressure even if two other unusual factors weren't at play.

French business leaders don't seem too worried about the economic platform of far-right leader Marine Le Pen.

One of these unconventional drivers may be that exporters have been trying to speed up cargo deliveries to avoid what they fear is increasingly protectionist trade policy. In May US President Joe Biden announced sharply raising tariffs on \$18 billion of Chinese goods including electric vehicles, batteries, semiconductors, steel, solar cells and medical products.

With some of these expected to take effect as soon as August, this threat has triggered a race to front-load Chinese exports and stockpiling for importers, according to analysts at China Industrial Bank-affiliated CIB Research. The United States contributed the biggest growth among developed markets in China's exports of goods in May, official data showed.

The trouble for exporters and importers is that geopolitical tensions may get worse. US allies such as the European Union are already under pressure to



A Maersk container ship is seen in the Strait of Gibraltar, heading towards the port of Algeciras, Spain. Freight rates more than doubled from around \$1,200 per trip in 2023 to a peak of \$3,400 in January this year, according to an index compiled by shipping platform Freightos.

PHOTO: REUTERS/FILE

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