PHOTO: HABIBUR RAHMAN

Farmers specialising in rearing fry of rohu, katla and other fish varieties collect them once they turn into juvenile fish, meaning around one or two inches in length, for sale at around Tk 220 to Tk 350 per kilogramme. These farmers purchase the fry from hatcheries and sell the juveniles to another group of farmers who again rear them for around one year in big ponds till they weigh around a kilogramme or so and are ready for the market. The photo was taken at Ghona village in Khulna's Dumuria upazila recently.

Garment exports to EU go up 2% in July-May

STAR BUSINESS REPORT

Garment exports to the European Union (EU) rose by 2 percent year-on-year to $21.64 billion in the July-May period of the current fiscal year.

Shipments to Spain, France, the Netherlands, Poland and Denmark grew by 6.23 percent, 1.02 percent, 16.27 percent, 17.28 percent and 26.96 percent, respectively.

On the other hand, garment exports to Germany, the largest EU market for Bangladesh, declined by 10.12 percent year-on-year, according to data from the Export Promotion Bureau compiled by the Bangladesh Garment Manufacturers and Exporters Association yesterday.

Apparel exports to Italy also declined by 6.1 percent in the 11 months to May this year.

Meanwhile, apparel exports to the USA hit $7.46 billion in the period, posting a 3.43 percent fall.

At the same time, exports to the UK grew by 12.34 percent year-on-year to $5.15 billion and to Canada it declined by 0.31 percent to $1.3 billion.

However, garment export to non-traditional markets grew by 6.47 percent year-on-year to $8.18 billion.

Among the major non-traditional markets, shipments to Japan, Australia and South Korea posted respectively 1.83 percent, 11.76 percent and 14.34 percent growth.

But apparel exports to India decreased by 23.11 percent.

Stocks rise for second day

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange (DSE) climbed for the second consecutive day yesterday as investors showed increased interest in buying issues, especially large-cap stocks.

Among the large-cap shares, Beximco Pharmaceuticals, Robi Axiata, Grameenphone, BAT Bangladesh, Beacon Pharmaceuticals, LafargeHolcim, Square Pharmaceuticals, Orion Infusion, Heidelberg Materials Bangladesh, and Olympic Industries performed well.

Beximco Pharmaceuticals topped the pullers' chart with 8.05 percent, followed by Robi and GP with 5.08 percent and 4.67 percent, respectively.

The benchmark DSEX index rose by 60.88 points, or 1.16 percent, to 5,302.

The DSES index, which represents Shariah-compliant companies, was up 1.42 percent to 1,165.83 points, while the DS30 index, which consists of blue-chip companies, gained 1.38 percent to 1,903.83 points.

Turnover rose 15.36 percent to Tk 605 crore. The increase in turnover had a positive impact on the market, according to the daily market update by UCB Stock Brokerage.

Sector-wise, the telecom, engineering and cement sectors finished the day's trading on a positive note while travel and leisure, jute and non-bank financial institutions (NBFIs) ended on a negative note.

The food and allied sector dominated the turnover chart covering 15.87 percent of the market's total daily turnover.

Saif Powertec, AD Ports team up for developing ports, container depots

STAFF CORRESPONDENT, *Chattogram*

Bangladesh's leading logistics provider Saif Powertec has teamed up with UAE-based AD Ports Group, a global leader in facilitating trade and logistics, for the development of ports, container depots and logistics facilities in Chattogram, Mongla and Dhaka.

The two would establish a joint working group to share expertise, studies, strategies, technical assistance and implement joint activities, according to a press release issued by AD Ports Group.

AD Ports Group Managing Director and CEO Mohamed Juma Al Shamisi and Saif Powertec Managing Director Tarafder Md Ruhul Amin signed a memorandum of understanding (MoU) in this regard at a programme at Abu Dhabi in the UAE yesterday.

This is for the first time a Bangladeshi company has signed an MoU with one of the global leading logistics firms, which would help in attracting a huge amount of foreign investment for the country's port and logistics development, Saif Powertec's managing director told The Daily Star.

"This cooperation highlights our ongoing commitment to unlocking fresh opportunities globally," AD Ports managing director said at the programme.

ADP spending in July-May hits four-year low

AM JAHID

Spending under the annual development programme (ADP) hit a four-year low in the first 11 months of the current fiscal year, owing to a slower implementation rate centring the national elections.

Development spending dropped 4.19 percent in the July-May period of FY24 compared to the same period of the year prior.

The government managed to spend Tk 146,375 crore from the ADP in the 11-month period, according to data of the Implementation Monitoring and Evaluation Division (IMED).

The development spending amounted to Tk 146,021 crore, or 61.73 percent of the ADP, in the same period of the previous fiscal year.

In the first 11 months of FY24, the implementation rate reflected 57.54 percent of the total ADP allocation of Tk 254,391 crore.

During the 11-month period over the past five years, the lowest ADP implementation rate was seen in FY20, when it hit 57.37 percent.

That year, the government managed to spend Tk 122,131 crore out of a total allocation amounting Tk 209,272 crore.

Of the total ADP allocation in FY24, the government so far spent Tk 161,500 crore from its own fund, which represents 63.48 percent of the total spending.

Another Tk 83,500 crore was spent from foreign loans, which accounted for 32.82 percent of total expenditure, and around 3.69 percent of the total spending came from state-owned enterprises.

Among the 15 highest recipients of ADP allocations, the power division was the top performer in the July-May period in terms of implementation rate.

It spent 77.01 percent of its allocation, amounting to Tk 2,315 crore, followed by the science and technology ministry at 72.89 percent.

The shipping ministry was the worst-performing division in the July-May period, spending 42.43 percent of its budget.

Ashikur Rahman, principal economist of the Policy Research Institute of Bangladesh, said the ADP execution may have slowed for around three months during the time of the national elections.

"The government agencies could not fill up the gaps due to uncertainties centring the election," he said.

Rahman added that the average implementation rate in Bangladesh had been nearly 85 percent over the years, which should be over 90 percent to make the economy more functional.

Gold falls near two-week low

REUTERS

Gold prices fell to their lowest in nearly two weeks on Wednesday as the dollar firmed, while investors awaited a report on the Federal Reserve's preferred inflation gauge due later this week for the latest clues on the central bank's rate cut prospects.

Spot gold fell 0.5 percent to $2,308.00 per ounce by 1059 GMT, hitting its lowest since June 14. US gold futures also fell 0.5 percent to $2,319.50.

"Gold flashed red on Wednesday thanks to hawkish comments from a Fed official in the previous session and a stronger dollar," said FXTM senior research analyst Lukman Otunuga.

Fed Governor Michelle Bowman on Tuesday reiterated her view that holding the policy rate steady "for some time" will probably be enough to bring inflation under control, but also repeated her willingness to raise borrowing costs if needed.

Higher interest rates increase the opportunity cost of holding non-yielding bullion.

The dollar rose 0.3 percent against its rivals, making gold more expensive for other currency holders, while benchmark 10-year yields also edged higher.

"This could be a wild week for gold due to economic and political forces. The Biden Vs. Trump face off and PCE report could inject the precious metal with renewed volatility. In the near term, support can be found at $2300 and resistance at $2340," said Otunuga.

Investors will be watching out for the US first-quarter gross domestic product estimates and a crucial debate between US President Joe Biden and Republican rival Donald Trump on Thursday, and the personal consumption expenditures (PCE) price index report on Friday.

Phasing out tax holiday

FROM PAGE B1

the recent proposed removal of incentives to EZs is incompatible with medium-term to long-term economic growth policies," Kiminori said.

Bangladesh has been attracting attention as a promising investment destination for Japanese companies in recent years, but there is a great concern that this measure will damage trust in the Bangladesh government's industrial and economic policies, he said.

He also said it would result in the country being removed from the list of promising investment destinations compiled by international companies.

Increasing tax revenue is understandably an urgent issue as Bangladesh is going to graduate from least developed country status and aims to become an upper middle-income country by 2031 and a developed country by 2041, said Kiminori.

"However, we must emphasise the importance of foreign direct investment to bring industrial diversification, macroeconomic stabilisation and job creation," he said.

The Japanese ambassador requested the Bangladesh government to take steps to retain the investment incentives for the BSEZ, also known as the Japanese economic zone, at Araihazar in Narayanganj.

According to him, the BSEZ has already received investments from eight international companies while a few others showed interest following its inauguration.

Japanese companies in particular place great importance on policy consistency, long-term commitments and contributions to the local society, said Kiminori.

The letter said Sumitomo Corporation, Japan International Cooperation Agency and Bangladesh Economic Zones Authority (Beza) signed a joint venture agreement to form a company named BSEZ to develop and operate the zone as a flagship project of the Japanese and Bangladesh governments.

The BSEZ signed another development agreement with Beza which clearly states the tax benefits and incentives set out in the BEZA Act 2010, it said.

Afterwards, the BSEZ signed contracts with tenant companies based on the development agreement, he said.

The reduction or elimination of investment incentives will have a significant impact on the international tenant companies that decided to invest based on their trust in the Bangladesh government's investment attraction policies, he said.

"We have requested the Prime Minister's Office and the National Board of Revenue to retain existing customs duty, value added tax, and income tax facilities," Shaikh Yusuf Harun, executive chairman of Beza, told The Daily Star yesterday.

The government is focusing on planned industrialisation and increased investment inflows and appropriate decisions will be taken, he said.

"Investors of the private EZs may enjoy the existing facilities but they will have to meet some new conditions," a finance ministry official told The Daily Star on Tuesday.

As part of government efforts to spur industrialisation, augment export earnings and create jobs through the setting up of 100 economic zones across the country, Beza has already granted approvals to establish 29 private economic zones.

Of them, eight are already operational.

Currently, investors in the EZs qualify for a tax break for a decade starting from the first year of their operations. They are entitled to a full tax waiver in the first three years.

The investors are granted an 80 percent tax waiver in the fourth year, 70 percent in the fifth year, and 60 percent in the sixth year.

The tax waiver declines by 10 percentage points in each subsequent year before standing at 20 percent in the 10th year.

Team up with India

FROM PAGE B1

citizens. This prompted the government to unveil measures to secure the GI status for the Tangail sari. On April 25 this year, the GI certificate for Tangail Sari was issued.

Both countries have registered some other products, such as Nakshi Katha, Khirsapat Mango, Fazli Mango, Muslin, Jamdani Sari and Rasogolla, as their own, according to the presentation.

The GI is a name or sign used on some products to certify that they possess certain qualities enabled by the environment, weather and culture of a country. This facilitates branding highlighting traditions and reputations in the global market and creates a separate demand for the product.

The path to commercial production, marketing rights and legal protection is paved. GI-tagged products fetch higher prices compared to similar products in other countries.

The CPD said if there is confusion about the geographical origin, the concerned members should seek a mutually agreed upon solution.

As per WIPO (World Intellectual Property Organisation), when GIs are assigned to shared resources, an honest use of GI can be possible across countries provided that the indications designate the true GI of the products on which they are used.

The CPD called for a legal framework towards a shared GI agreement since such disputes can be repeated. It said Bangladesh should look for a predictable legal solution to the issue of shared geographical resources.

"Given the contingency of geographical proximity and shared natural resources, it is now obvious that we need to find a mechanism to have shared GIs as global members have for this purpose."

The CPD said Bangladesh and India need to adopt a collaborative approach.

"A joint approach for exploiting trans-border GIs would be the best commercial strategy to enhance the recognition and value of the shared resources of both countries in international markets."

The think-tank urged the government to join the European Union's Regional Agreement and the Geneva Act of the Lisbon Agreement 2015.

Once both Bangladesh and India sign up for the Geneva Act, discussions can be initiated on submitting joint applications under the law for all trans-border GIs, it said.

Professor Mustafizur Rahman, another distinguished fellow of the CPD, said the crisis that has arisen over the Sundarbans' honey should be resolved through a bilateral agreement so that both countries can benefit.

"If marketing is not done properly after obtaining GI certification, it will not be beneficial."

Fahmida Khatun, executive director of the CPD, said "If we don't gain the GI status for our traditional products, we will never be able to claim them as our own. Then, others will take them."

Naima Jahan Trisha, a programme associate of the CPD, also spoke.

IMF flags nine risks for Bangladesh

FROM PAGE B1

Furthermore, greater exchange rate flexibility has warranted a tighter monetary policy stance to counter inflationary pressure stemming from the exchange rate pass-through to inflation.

The taka has lost its value by 35 percent against the US dollar in the past two years amid fast depletion of the reserves.

The pass-through of the sharp depreciation of the currency accounted for half of the inflation surge seen in Bangladesh in the last financial year, according to the IMF. Inflation has stayed above 9.5 percent in the current financial year as well.

The IMF said further scaling back of non-monetary use of forex reserves could provide some short-term relief.

Gross forex reserves currently cover about 2.5 months of imports. It is projected to increase to 3.6 months by 2026-27. Over the medium-term, policies to expand and diversify export earnings, and attract FDI inflows should help in maintaining adequate coverage, the IMF said.

It said the monetary policy should continue to focus on addressing internal imbalances.

"Still, elevated inflation and inflation expectations will require continued monetary policy tightening until inflation consistently slows down to BB's medium-term target range of 5-6 percent."

The IMF also identified some global risk factors like the escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and the disruption facing the trade of energy, food and supply chains, and the remittances, FDI and financial flows.

The main impact will be a disruption of wheat exports from Ukraine while fuel supply from Russia may increase import prices and reduce food availability, with adverse effects on activity, current account and inflation.

The commodity price volatility will widen the current account deficit and fiscal burden, pressures on the exchange rate, and the reserves.

The lender suggested targeted support to the poor and adopting an automatic fuel pricing mechanism.

Apart from externalities, the government's wrong policies and some local factors have also been responsible for the lingering macroeconomic instability over the last two years, local economists say.

The government has adopted a crawling peg as a transitional step toward greater exchange rate flexibility to address elevated inflation and falling reserves, said Finance Minister Abul Hassan Mahmood Ali in a letter to the IMF.