### DHAKA TUESDAY JULY 2, 2024, ASHAR 18, 1431 BS 9 starbusiness@thedailystar.net

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The Chattogram port reported a 5.36 percent year-on-year growth in container handling in the just concluded 2023-24 fiscal year.



Story on B4

Annual remittance

inflow

(In billion \$)

SOURCE: BB

FY20 FY21 FY22 FY23 FY24

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<u>3</u>,6,03

## Hasina's visit may open FTA talks with China: Titu

### A team from Exim Bank may visit Dhaka this week to discuss yuan-denominated loans

### **REFAYET ULLAH MIRDHA**

Bangladesh is expecting a formal declaration of the beginning of a negotiation of a free trade agreement (FTA) with China during Prime Minister Sheikh Hasina's visit to China next week, State Minister for Commerce Ahasanul Islam Titu said.

The commerce ministry has already sent a proposal to the foreign ministry to include the FTA issue as part of the agenda for discussion during the premier's four-day visit to China starting on July 8, he said.

The first round of talks for advancing the FTA between the two nations is yet to take place, but a joint feasibility study has already been conducted on the possible deal, Titu told The Daily Star by phone vesterday.

Bangladesh has been trying to sign trade deals with major partners, including China, the largest import source for the country, mainly to retain the duty benefit even after graduation from the least developed country (LDC) category.

"A team from the Chinese Exim Bank is coming to Dhaka today or tomorrow to discuss a \$5 billion trade facility and this issue may also be discussed during the prime minister's visit to China," Titu said.

Under the \$5 billion worth of loans to be disbursed in yuan, the local importers will be allowed to pay the import bills to China with yuan.

Being the second largest apparel exporter worldwide after China, Bangladesh heavily relies on China for its raw materials like fabrics and chemicals at competitive prices.

China is the single largest trading partner of Bangladesh now.

Bangladesh imports nearly \$23 billion worth of raw materials, capital machinery, textile fabrics READ MORE ON B3



#### COMMODITIES Gold 🔺 0il 🔺 4 OIL \$2,328.84 \$81.73 (per ounce) (per barrel)

### **BB** halts daily repo facility to meet IMF condition

Monthly remittance

inflow in FY24

SOURCE : BB

Sep Oct Nov Dec an '24 Feb Mar Mar May Jun

### STAR BUSINESS REPORT

Bangladesh Bank The (BB) has stopped the daily repo facility for banks in line with one of the conditions provided by the International Monetary Fund (IMF) for a \$4.7 billion loan programme.

The BB said the repo auctions, through which banks borrow funds from the central bank, will take place twice a week from now, according to a circular issued yesterday.

The BB said that auctions will take place on Monday and Wednesday every week. If there is a holiday, the auctions will be held on the next business day.

Repurchase agreements, or repos, are a form of short-term borrowing by banks.

lenders keep The government securities with the central bank with the condition of buying them back at a specific date, usually for a higher price, to get funds and meet their

### MD MEHEDI HASAN

After hovering around the \$21-billion mark for the previous two fiscal years, total remittances sent home by Bangladesh's migrant workers reached nearly \$24 billion in the just concluded fiscal year of 2023-24, providing some breathing space amid the forex crunch.

As per the latest data from the Bangladesh Bank, remittance inflow stood at \$23.91 billion in FY24, rising by 10.66 percent compared to the year prior.

"We put all our efforts to collect remittance as banks were very thirsty for foreign currencies to pay import bills. This helped boost remittance earnings," said Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank.

Bangladesh's migrant workers sent home an increased amount of foreign currencies in the last two months of FY24 as the gap between the formal exchange rate and informal exchange rate narrowed due to the introduction of a flexible exchange rate, he added.

On May 8, the central bank introduced the

inflow stood at \$2.54 billion, up 15.59 percent travelling were relaxed. year-on-year. Remittance inflow stood at \$2.25 billion in May and \$2.04 billion in April,

Rahman, also a former chairman of the Association of Bankers Bangladesh (ABB), said remitters sent more money through banking channels in FY24 as the dollar rate was better than in previous years.

He added that some banks were providing incentives from their own fund, adding to the government incentives, which further boosted remittance inflow.

Rahman also attributed the increased remittance inflow to higher manpower exports.

Until May of FY24, around 11.42 lakh people left Bangladesh for work compared to 11.37 lakh in FY23, according to data from the Bureau of Manpower, Employment and Training (BMET).

In FY22, around 9.88 lakh individuals went abroad, the data also showed.

Rahman hoped the upward trend of remittance inflow would continue.

Bangladesh received a record \$24.77 billion as remittance in FY21 because of illegal channel that facilitates cross-border transactions -- due to the halt of international

At the same time, the gap between the formal and informal exchange rates adversely impacted remittance inflow through banking channels.

Mohammad Ali, managing director and CEO of Pubali Bank, told The Daily Star that remittance inflow increased in FY24 due to policy initiatives, including the introduction of a flexible exchange rate.

He said the use of hundi had come down

Ali added that over-invoicing and underinvoicing had also been curbed by strict monitoring.

He also said that the country's forex

Industry insiders alleged that some banks were providing a higher rate for dollars than the official rate in case of collecting remittance, which the banking regulator was not addressing.

Bangladesh received the highest remittance, amounting to around \$441 million, BB data crawling peg exchange rate system, allowing the disruption of the hundi system - an showed. Agrani Bank received \$171 million and Janata Bank \$127 million. The growing trend of remittance will provide breathing space in the upcoming The amount fell to around \$21 billion months as the country has been contending **READ MORE ON B3** 

in the final months of FY24, which positively impacted remittance earnings.

market is liquid now because of the increased remittance earnings.

In the first 21 days of June, Islami Bank

BB data also showed.

in FY24, highest in three years

FY18

FY17

FY16

**Remittance hit \$24b** 

SOURCE: BMET

FY19

FY20

FY22

FY21

FY23

=γ24\*

**ANNUAL TREND OF PEOPLE** 

**GOING ABROAD FOR JOBS** 

In lakh; \*Until May

liquidity requirements. Banks can generally borrow from the central bank through repo, assured liquidity support (ALSF), facility and READ MORE ON B3

banks to buy and sell US dollars within a fixed band at around Tk 117. The inter-bank exchange rate stood at Tk travel amid the Covid-19 pandemic.

118 per dollar yesterday.

In June, the last month of FY24, remittance in both FY22 and FY23 after the rules for

ASIAN	r <b>s</b>		
MUMBAI	ТОКҮО	SINGAPORE	SHANGHAI
0.56%		<b>0.17%</b> 3.338.57	0.92% 2.994.73
	MUMBAI	MUMBAI TOKYO	▲ 0.56% ▲ 0.12% ▲ 0.17%

## **NBR** abandons plans to cut tax for AC, fridge and bike makers

### MD ASADUZ ZAMAN and SUKANTA HALDER

The tax administration backtracked from its decision to levy a 5 percent tax on incomes generated by manufacturers of motorcycles, air conditioners and refrigerators until 2032, raising it to the previous rate of 10 percent.

The 10 percent tax rate will be effective from July 1, the start of the 2024-25 fiscal year, according to a gazette notification issued by the National Board of Revenue (NBR) on Sunday

Around a month prior, on May 29, the NBR issued a gazette announcing that the income tax rate for manufacturers of such products would be reduced to 5 percent for the next 12 years.

But within the span of a month, the revenue administration issued a new gazette, abolishing the statutory regulatory order issued at the end of May.

A senior official of the NBR said: "We had issued May's gazette mistakenly. But the NBR corrected the gazette before the effective start date of July 1."

The NBR began offering tax privileges to manufacturers of freezers, refrigerators and motorcycles in July, 2009, providing the benefit for 12 years at a rate of 5 percent.

The benefit continued thereafter, but the tax rate was raised to 10 percent from FY21 and air conditioners were also included.

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## FY24: A brutal year that gutted stock investors

#### MD ABU TALHA SARKER and AHSAN HABIB

For stock investors in Bangladesh, the just-concluded fiscal year was the worst in four years, with the benchmark index of Dhaka Stock Exchange losing over 1,000 points.

The last time it was this bad was in year 2019-2020, when the key fiscal index, DSEX, lost 1,395 points to close at 3,989.

The DSE opens for trading today in a new fiscal year at 5,328. It had started off the last fiscal year at 6,343.

The flow of liquidity into the market has dropped too. Daily average turnover fell 22 percent year-on-year to Tk 621 crore. That means it was Tk 792 crore in fiscal year 2022-23.

The scenario was the same for market capitalisation, or the total value of shares of listed companies at the DSE. On June 30, the last day of fiscal year

2023-24, market capitalisation stood at Tk 6,62,155 crore.

It was 14.24 percent lower than that on the last of fiscal year 2022-23.

Overall, these translate to a decrease in prices of shares, causing losses for Daily average turnover **CHANGE IN MAJOR INDICES** of DSE At the beginning | At the end In crore taka; SOURCE: DSE of FY24 of FY24 530 11,031 11,374 DSEX 5,328 6,344 DSES 1,377 1,180 DS30 2,192 1,909 Market capitalisation 772,028 662,156

investors who have long been waiting for the stock market to gain some vibrancy.

"It was a bad year for us," said investor Hedayetul Islam.

To him, the market performed well during the first quarter of last fiscal year. No good news came afterwards for most investors

"Now, the market is in a bad condition... And the situation is deteriorating...I am doubtful whether even one out of 1,000 investors was able to make gains in the last three months," said Islam.

The Bangladesh Securities and Exchange Commission (BSEC) launched

the floor price, which is the lowest price at which a stock can be traded, for the second time in July of 2022.

The aim was to halt the free-fall of the indices amid uncertainties brought on by the lingering fallout of the coronavirus pandemic and the Russia-Ukraine war.

The price control could do little to provide investors some confidence, for which the market remained dull, prompting the regulator to lift the restriction in February 2024.

This caused prices to fall amidst persistent economic challenges.

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## Cabinet approves new export policy

### STAR BUSINESS REPORT

The cabinet yesterday approved the draft export policy for 2024-27, keeping in mind the challenges presented by Bangladesh's graduation from a least developed country (LDC) to a developing one in 2026.

Under the new policy, the government aims to export \$110 billion worth of goods by FY27, cabinet Secretary Mahbub Hossain said after a cabinet meeting led by Prime Minister Sheikh Hasina at her office in Dhaka.

The government has devised strategies to enhance the competitiveness of local exporters in the global markets as Bangladesh will lose special trade preferences once it graduates from LDC status, Hossain added while briefing journalists at the secretariat in Dhaka.

The prime minister directed local exporters to promote not only software but also electronic devices, the cabinet secretary added.

She also suggested increasing exports to new markets and providing special facilities to female exporters and the pharmaceuticals and medical equipment sector.

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### DHAKA TUESDAY JULY 2, 2024 ASHAR 18, 1431 BS The Daily Star

## **BRAC Bank, National** Finance sign deal on employee banking

### STAR BUSINESS DESK

BRAC Bank recently signed an employee banking agreement with National Finance Limited (NFL), a non-bank financial institution (NBFI) in Bangladesh.

Md Mahiul Islam, deputy managing director and head of retail banking of the bank, and Irteza Ahmed Khan, managing director of the NBFI, penned the deal at the latter's head office in Dhaka, the bank said in a press release.

Under the agreement, the company's employees will enjoy a convenient banking experience, including salary account, multi-currency debit card, credit cards,

loan facilities, deposit pension scheme, fixed deposit and a host of benefits and privileges from BRAC Bank.

Through this partnership, BRAC Bank reaffirms its commitment to elevating the retail banking experience, offering a diverse array of benefits and privileges tailored to the unique needs of institutional clients.

AKMShahadulIslam, head of employee banking of the bank, Mahabubul Farook Khan, head of retail sales, and Zebun Nahar, senior relationship manager of employee banking, along with other officials from both organisations were present.



Md Mahiul Islam, deputy managing director and head of retail banking of BRAC Bank, and Irteza Ahmed Khan, managing director of National Finance Limited, pose for photographs after signing an agreement at the latter's head office in Dhaka recently. PHOTO: BRAC BANK



Md Jashim Uddin, chairman of Bengal Commercial Bank, presides over the 31st meeting of the board of directors of the bank at its head office in the capital's Gulshan recently. Mahbubul Alam and Ghulam Mohammed Alomgir, vice-chairmen of the bank, and Tarik Morshed, managing director and CEO, among others, were also present. PHOTO: BENGAL COMMERCIAL BANK

## MTB CEO honoured by Business Tabloid magazine

### STAR BUSINESS DESK

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank (MTB), has been honoured with the "Most Influential Banking Leader, Lifetime Achievement Award - Bangladesh" by Business Tabloid magazine.

This accolade underscores Rahman's leadership and strategic acumen, which have profoundly influenced Bangladesh's banking sector, according to a press release.

Under Rahman's guidance, Mutual Trust Bank has achieved remarkable success, emerging as an industry frontrunner.

heartfelt "We extend our

congratulations to Syed Mahbubur Rahman on this well-deserved recognition and reaffirm our dedication to flourishing under his visionary leadership," the press release also said. "His ongoing guidance remains crucial to MTB's continued innovation and strategic advancement in the banking sector."

His innovative strategies and adept handling of market dynamics have fostered a culture of empathy, transparency, and responsiveness within the organisation, it added.

Rahman's proficiency in leveraging technology has not only enhanced operational efficiency but also elevated customer satisfaction, solidifying his esteemed reputation.

## Asian Automotive organises its first 'Dealer Meetup' in Bangladesh

### STAR BUSINESS DESK

Asian Automotive Ltd, the official customers," he said. distributor of Pirelli tires in Bangladesh, recently organised its first "Dealer Meetup" in a bid to strengthen the relationship between the company and its network of dealers.

Dewan Shajedur Rahman, managing director and chairman of the automotive company, inaugurated the event at the Six Seasons Hotel in Dhaka, according to a press release.

In his speech, Rahman highlighted

dedicated partners who help us bring the excellence of Pirelli tires to our

Avik Anwar, a prominent racer and the first Bangladeshi to win an international motorsport event, attended the event.

Anwar shared his enthusiasm for Pirelli tires and their role in enhancing vehicle performance.

"I always put my trust in Pirelli tires," he said.

One of the highlights of the event was an award ceremony that recognised the top-performing dealers for their the importance of dealer collaboration exceptional sales performance and and the company's commitment to dedication to promoting Pirelli tires in providing high-quality Pirelli tires. Bangladesh. Other senior officials were "We are proud to work with such also present.

# BUSINES

## Chairman and vice-chairman of Midland Bank re-elected

### STAR BUSINESS DESK

Nilufer Zafarullah and Md Shamsuzzaman have been re-elected as chairman and vice-chairman of Midland Bank respectively for the next two years.

Nilufer served the bank as vice-chairman since its inception until 2018 and has been serving as chairman since, the bank said in a press release.

She was also a member of the 9th and 10th parliament. An architect by profession, she contributed to the education and development sector for over 40 years.

She is renowned for her humanitarian efforts. Nilufer is also a member of the board of trustees of Independent University Bangladesh and Chittagong Independent University.



Md Shamsuzzaman Nilufer Zafarullah

She is a director of Hong Kong Shanghai Manjala Textiles and a donor trustee of the Begum Zebunnesa & Kazi Mahabubullah Jono Kallyan Trust

On the other hand, Shamsuzzaman is a nominee director of Liberty Knitwear in the board of Midland Bank. He previously acted as the chairman of the risk management committee and member of the audit committee of the bank.

He is a textile engineer and a prominent industrialist.

He is active in many community development and social service programmes. Shamsuzzaman is the managing director of Liberty Knitwear, Orient Chem-tex, Micro Fibre, Midland Knitwear, A-One Polar, Tangon Garments and Tubingen Chemicals (BD).

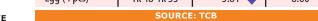
PRICES OF KEY ESSENTIALS					
PRICE	% CHANGES	% CHANGE			
(JULY 1,	FROM A	FROM A			
2024)	MONTH AGO	YEAR AGO			

	2024)	MONTH AGO	YEAR AGO	
Fine rice (kg)	Tk 60-Tk 78	1.47 🔶	2.22 🕇	
Coarse rice (kg)	Tk 48-Tk 52	0 🕇	2.04 🕇	
Loose flour (kg)	Tk 40-Tk 45	-5.56 🔶	-20.56 🔶	
Lentil (kg)	Tk 105-Tk 110	0	13.16 🕇	
Soybean (litre)	Tk 145-Tk 152	1.69 🕇	-12.28 🔶	
Potato (kg)	Tk 55-Tk 65	9.09 🕇	60.00 🕇	
Onion (kg)	Tk 90-Tk 100	18.75 🔶	40.74 🕇	
Egg (4 pcs)	Tk 48-Tk 53	-3.81 ↓	8.60 🕇	



### Dewan Shajedur Rahman, managing director and chairman of Asian Automotive Ltd, poses for photographs with participants of a "Dealer Meetup" programme at

the Six Seasons Hotel in Dhaka recently. PHOTO: ASIAN AUTOMOTIVE





Bashir Ahmed, vice-chairman of United Commercial Bank, presides over the bank's 41st annual general meeting held virtually yesterday. The meeting announced a 10 percent dividend, including a 5 percent cash dividend, for 2023. PHOTO: UNITED COMMERCIAL BANK

## **United Commercial Bank** declares 10% dividends

### STAR BUSINESS DESK

United Commercial Bank (UCB) yesterday announced a 10 percent dividend, including a five percent cash dividend, for the year that ended on December 31, 2023.

The announcement came at the bank's 41st annual general meeting (AGM), which was held virtually, according to a press release.

Bashir Ahmed, vice-chairman of the bank, presided over the meeting. In his speech, Ahmed said that

UCB had generated attractive financial results in the previous year, logging tremendous growth in areas such as operating profit, loan and advances, and deposits.

He also expressed that UCB would continue to serve the interests of shareholders, clients and communities.

Arif Quadri, managing director and CEO, said UCB developed a balanced and sustainable business model against all obstacles through organic growth.

ATM Tahmiduzzaman, company secretary, conducted the programme, where Touhid Shipar Rafiquzzaman, independent director and chairman of the audit committee, and Nurul Islam Chowdhury, chairman of UCB Foundation, were present.

Bazal Ahmed, Asifuzzaman Chowdhury, Md Nasim Kalam, Masuma Parvin, Syed Kamruzzaman, Muhammed Shah Alam, Kanak Kanti Sen, and Md Aksed Ali Sarker, directors of the bank, attended the AGM.

### গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

নির্বাহী প্রকৌশলীর কার্যালয়, সওজ

সড়ক বিভাগ, কুষ্টিয়া।

ফোন- ০২৭৭৭৮১৫৩৫; ই-মেইলঃ eekus@rhd.gov.bd

শ্মারক নং-৩৫,০১,৫০০০,৪৩৯,০৭,০৩,২১-২১৯৮(২৪)

তারিখ : ৩০/০৬/২০২৪ খ্রিঃ।

### সীমিত দরপত্র পদ্ধতিতে ঠিকাদার তালিকাভুক্তি/লাইসেন্স নবায়ন বিজ্ঞপ্তি

এতদ্বারা সংশ্লিষ্ট সকলের অবগতির জন্য জানানো যাচ্ছে যে, সড়ক বিভাগ, কুষ্টিয়া কর্তৃক পাবলিক প্রকিউরমেন্ট বিধিমালা- ২০০৮ এর আলোকে সড়ক ও জনপথ অধিদগ্তরের পরিচালন (রাজস্ব) বাজেটের আওতায় সীমিত দরপত্র পদ্ধতি প্রয়োগের মাধ্যমে প্রতিক্ষেত্রে ৩,০০ (তিন) কোটি টাকা পর্যন্ত প্রার্কলিত মূল্যের অভ্যন্তরীন ক্রয়কার্য (NCT-Works) সম্পাদনের লক্ষ্যে ২০২৪-২০২৫ অর্থবছরের জন্য ঠিকাদার তালিকাভুক্তি/নবায়ন করা হবে। সিপিটিইউ কর্তৃক নির্ধারিত আবেদন ফরম নির্বাহী প্রকৌশলীর কার্যালয়, সড়ক বিভাগ, কুষ্টিয়া অথবা উপ-বিভাগীয় প্রকৌশলীর কার্যালয়, সড়ক উপ-বিভাগ, কুষ্টিয়া হতে আগামী ০১/০৭/২০২৪ হতে ০১/০৮/২০২৪ খ্রিস্টাব্দ তারিখ পর্যন্ত অফিস চলাকালীন সময়ে সরবরাহ করা হবে। ১০০০.০০ (এক হাজার) টাকা অফেরতযোগ্য পে-অর্ডার/ব্যাংক ড্রাফট নির্বাহী প্রকৌশলী, সওজ, কুষ্টিয়া সড়ক বিভাগ, কুষ্টিয়া এর অনুকুলে জমা প্রদান করে অথবা মানি রিসিটের মাধ্যমে ১০০০.০০ (এক হাজার) টাকা পরিশোধ করত; আগ্রহী ব্যক্তি/প্রতিষ্ঠান নির্ধারিত আবেদনপত্র (ডকুমেন্ট) সংগ্রহ করতে পারবেন। নির্ধারিত আবেদনপত্র (ডকুমেন্ট) সঠিকভাবে পূরণ পূর্বক প্রয়োজনীয় কাগজপত্রসহ আগামী 0১ আগস্ট ২০২৪ খ্রিঃ বিকাল ৫:০০ ঘটিকার মধ্যে কুষ্টিয়া সড়ক বিভাগীয় অফিসে জমা প্রদান করতে হবে। সীমিত দরপত্র পদ্ধতি প্রয়োগের ক্ষেত্রে পাবলিক প্রকিউরমেন্ট বিধিমালা-২০০৮ এর বিধি ৬৩ অনুসরণযোগ্য এবং এ তালিকাভুক্তিকরণ দরপত্র আহ্বান/কাজ প্রদানের নিশ্চয়তা বিধান করে না।

উল্লেখ্য যে, অত্র দপ্তরের ২০২৩-২০২৪ অর্থবছরের নবায়নকৃত/তালিকাভুক্ত ঠিকাদারগণকে ২০২৪-২০২৫ অর্থ বছরের লাইসেন্স নবায়ন ফি বাবদ টাকা = ২,০০০/- (দুই হাজার টাকা) +১৫% জ্যাটসহ বিনা জরিমানায় আগামী ০১/০৮/২০২৪ খ্রিস্টাব্দ তারিখের মধ্যে অত্র দপ্তরে জমা প্রদান পূর্বক লাইসেন্স নবায়ন করার জন্য অনুরোধ করা হলো। 1600000 07 4122

(মুহাম্মদ মনজুরুল করিম) পরিচিতি নং- ৬০২০০০ নির্বাহী প্রকৌশলী, সওজ সড়ক বিভাগ, কুষ্টিয়া।

GD-1058

Government of the People's Republic of Bangladesh Local Government Engineering Department Office of the Executive Engineer "শেখ হাসিনার মূলনীতি District: Manikganj গ্রাম শহরের উন্নতি www.lged.gov.bd

Memo No: 46.02.5600.000.07.259.24-3344

Date:01/07/2024

Invitation for Tender (works)

### e-Tender Notice No.01/2024-2025

e-Tender's is invited in the National e-GP System Portal (http://www.eprocure.gov.bd) for the procurement of the following packages

SL Tender ID & No. Package No		Name of Works		Tender Proposal last selling & Submission Date and Time
1 1000824 GDP-3/ MA-129	Improvement of Kaccol-Intajgonj Bazar via Jamunabad Road by BC at Ch. 3850-5735m Under Upazila: Shibalaya, District: Manikganj [Road ID No: 356784012] (salvage Cost : Tk.1159168.00)	отм	24 July -2024 16:00 & 25 July-2024 16:00	

These are online Tender's where only e-Tender's will be accepted in the National e-GP portal and no offline/hard copies will be accepted. The fees for downloading the e-Tender Documents from the National e-GP System portal have to be deposited online through any registered Bank's branch. Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk (<u>helpdesk@eprocure.gov.bd.</u>)



GD-1061

## **BUSINESS**

## **Expedite negotiations** for trade deals: expert

### **REFAYET ULLAH MIRDHA**

Bangladesh should expedite talks for trade deals with major partners like Canada, India, Japan and China to retain duty benefits after graduating from the Least Developed Country (LDC) status in 2026. This is because following graduation,

the country's garment exports will face duty of 11.5 percent in the EU, 16 percent in Canada, 5 percent in China, 20 percent in India and 8 percent in Japan.

And although local garment makers will continue enjoying zero-duty benefits with the UK, they will face stringent conditions for accessing the market, according to MA Razzaque, national consultant of the Smooth Transition Strategy (STS) for Bangladesh.

The STS is a framework for facilitating a country's graduation from LDC status. The governments of graduating LDCs are responsible for developing their own STS taking into account their development goals and other priorities.

The STS for Bangladesh was recently prepared by a subcommittee of the Economic Relations Division in collaboration with other government bodies as well as the country's development and trading partners.

In a document presented recently at an event, Razzaque said Bangladesh should hold discussions with Canada for extending trade benefits under its General Preferential Tariff programme during the transition period.

He also suggested actively pursuing the continuation of duty-free access to India and other trade benefits for Bangladesh following its graduation from the LDC

He recommended that Bangladesh go for an Economic Partnership Agreement (EPA) with Japan and a trade deal with China.

Additionally, he urged for establishing a pool of negotiators, undertaking relevant capacity building measures and preparing negotiation programmes to enhance the country's bilateral trade agreements.

Besides, Razzaque suggested negotiating with the EU for removing its safeguards on textile and clothing imports, reviewing the rules of origin framework, and seeking financial and technical assistance for improving compliance with global production standards.

**Although local garment** makers will continue enioving zero-duty benefits with the UK, they will face stringent conditions for accessing the market, says an expert

He also placed importance on seeking an extension of the Trade Related Intellectual Property Rights (TRIPS) waiver and pursuing Bangladesh's inclusion as a net food importing developing country.

Net food importing developing countries are classified as those that have a limited food production capacity and therefore rely on imports to meet domestic consumption. The UN currently recognises 48 countries as net food importers.

In line with other strategies, Razzaque prioritised tackling inflation, ensuring effective exchange rate management, among all LDCs.

sustaining a uniform and market-oriented exchange rate system, continuing marketoriented interest rate policies, and seeking concessional long-term financing from development partners.

He also said Bangladesh should go for budget financing using sustainable debt management, reducing excessive domestic borrowing from banks, and implementing effective planning and budgeting practices for a smooth graduation.

Razzaque added that Bangladesh needs to improve its export preparedness by aligning its domestic product quality control measures with international standards.

Against this backdrop, he said it is vital to increase the capacity of the Bangladesh Standards and Testing Institution to conduct tests and develop a regulatory framework for enforcing compliance.

Razzaque urged for strengthening the legal framework, enhancing trade union rights, investing in workers' welfare and encouraging firms and businesses to disclose their Environmental Social and Governance (ESG) practices.

He suggested preparing and implementing comprehensive branding strategy for Bangladesh as well as engaging the country's embassies, foreign missions and communities abroad to promote locally produced goods and foster innovation and design.

Bangladesh is scheduled to graduate in November 2026 but is yet to sign any major trade deal other than a Preferential Trade Agreement with Bhutan.

Of the country's total exports, 73 percent is conducted under LDC benefits in 38 markets. As such, Bangladesh is the biggest beneficiary of such trade benefits

## Power sector suffering for the lack of a cohesive policy: experts

### STAR BUSINESS REPORT

The power and energy sector has been suffering from inconsistencies and inefficiencies due to a lack of a cohesive policy framework and arbitrary decisionmaking, experts said at a webinar yesterday.

They also called for steps like a comprehensive and coordinated policy that integrates the entire sector and ensures stakeholder participation.

Experts came up with the remarks at a webinar titled "Devising a Participatory Approach for Effective Policy Making in the Power and Energy Sector", organised by the South Asian Network on Economic Modeling (Sanem) yesterday.

Bangladesh last formed a National Energy Policy (NEP) in 1996, but in reality, it has remained mostly unimplemented, according to Sanem.

After a failed effort to update the NEP in 2004, a policy document for renewable energy development was mapped out in 2008, but the execution of the policy remained questionable.

"Despite having a plethora of plans in the power and energy sector, they failed to come under expert scrutiny due to a robust policy backing," said Sayema Haque Bidisha, professor of Economics at the University of Dhaka and research director of SANEM.

"One crucial challenge is the crumbling structure and a lack of coordination among the different stakeholders. That's why fostering a private-public partnership would be excellent."

She also mentioned the necessity for specific policies utilising solar power in the irrigation and housing sector.

"Reliable, timely and frequent data flow from the government agencies remains one United International University.

of the most pressing issues. So, there should be proper roadmap and goals to address both short and long-term challenges."

She further added that providing sustainable renewable energy in the context of Bangladesh should have been a crucial, non-negotiable goal.

At present, the government must identify the pressing concerns to achieve energy security and improve efficiency, said Sakib Bin Amin, associate professor of the department of economics at North South University.

### **Bangladesh last formed a National Energy Policy in** 1996, but it has remained mostly unimplemented, according to Sanem.

"We need to focus on the time-variant effective energy policies and work together by addressing the problem at the grassroots levels. Our policies should not focus on the short-term solutions only, but also shed light on the mid and long-term solution," he added.

Dipal C Barua, founder and chairman of Bright Green Energy Foundation, said that rooftop solar power generation should be given priority instead of exploiting agricultural land.

"Bangladesh shouldn't depend on import of diesel, furnish oil or even solar panels to ensure energy and food security."

"Power overcapacity is not a problem, as we have fuel diversification. So, to provide reliable and uninterrupted power, we need to have this capacity," said Md Shahriar Ahmed Chowdhury, assistant professor at

## Oil prices lifted by summer demand hopes

### REUTERS

FROM PAGE B1

prices rose on Monday, Oil helped by expected peak summer consumption and Opec+ production cuts, though gains were capped by rising output from other producers and the potential for economic volatility resulting from a changing political landscape.

Brent crude futures rose 54 cents, or 0.64 percent, to \$85.55 a barrel by 1105 GMT. US West Texas

Intermediate crude futures were up 49 cents, or 0.6 percent, at \$82.03.

Both contracts gained about 6 percent in June, with Brent settling above \$85 a barrel in the past two weeks after the Organization of the Petroleum Exporting Countries (OPEC) and its allies, a group known as Opec+, extended most of its deep oil output cuts well into 2025.

That led analysts to forecast supply deficits in the third quarter as transportation and demand for airconditioning during the summer eat into fuel stockpiles.

On Friday the Energy Information Administration (EIA) reported that oil production and demand for major products rose to a four-month high in April, supporting prices.

"Demand indicators look solid, especially in the all-important US market, and peak refinery demand for crude is now firmly in place and should last through August," JPMorgan analysts wrote in a client note.

## NBR abandons plans to cut tax

FROM PAGE B1

The facility was provided to boost domestically manufactured products with the "Made in Bangladesh" tag. If manufacturers were not afforded the benefit, they would be taxed between 20 to 27.50 percent.

On a positive note, the NBR scrapped a condition which stated that manufacturers would have to invest 10 percent of their tax-exempt income within three years to expand production capacity, purchase machinery, or construct physical infrastructure.

Manufacturers hailed the step, stating that the benefit would be instrumental to the development of the sector.

invest in these sectors," said Hafizur Rahman Khan, chairman of Runner Group.

Rahman also said scrapping provision that the obligated manufacturers to invest 10 percent of the exempted income was an industry-friendly decision.

Perhaps the government has withdrawn the obligation given the current economic crisis and overall situation in the country, he opined.

Echoing those sentiments, Nurul Afsar, deputy managing director of Electromart Limited, which manufactures and retails GREE ACs, said: "We can now invest as we wish. So. diversification will also be possible."

"It's a good move to extend since they were obliged to do so assembling, with around 400,000

At present, 10 local companies are making refrigerators, freezers and ACs.

Locally-manufactured ACs are starting to dominate the domestic market due to reasonable prices. Over the past decade, the AC market has been growing steadily in Bangladesh due to the country's hot and humid climate.

Meanwhile, sales of chest freezers declined by 13 percent ahead of this year's Eid-ul-Azha as consumers battled persistent inflationary pressures as well as an increase in the prices of home appliances, according to industry players.

About 10 companies are involved "Many companies used to invest in motorcycle manufacturing and

### Cabinet approves new export policy 3.42 percent, according to data from earnings to enhance the competitive suggested the Export Promotion Bureau (EPB). edge of local exporters. Earlier, the

Furthermore, she improving domestic facilities related to the alternative dispute resolution

Bangladesh Since

cannot highest rate was 20 percent.

From FY25, the maximum rate

mechanism so that any issue can be settled easily.

According to Hossain, the new export policy emphasises higher shipments of vegetables and stresses the need to maintain the quality of goods.

Bangladesh's total exports may reach \$70 billion in the outgoing fiscal year of 2023-24, which ended on Sunday.

Bangladesh exported goods worth \$55.55 billion in FY23 and services worth \$7.50 billion, with their combined growth rate standing at from 1 percent to 15 percent on export

continue to provide subsidies in the same structure once it becomes a Trade Organization's rules, the government also plans to phase out direct subsidies.

The government has cut export subsidies for almost all sectors to an Export Development Fund with reduce pressure on government coffers and encourage exporters to prepare to compete in the global market without state support.

Between February and June of the last fiscal year, the government consultancy and technical assistance provided cash assistance ranging

developing nation as per the World 10 percent and the minimum at 0.3 percent, the Bangladesh Bank said in a notice on Sunday.

As part of a financial package, the government has proposed forming the EPB, which may provide exporters with loans in the form of venture capital at a lower interest rate and on easy terms.

The government will also provide product development and for diversification of exportable goods.

FY24: A brutal year

#### FROM PAGE B1

Asset Management, fiscal year 2023-24 had both positive and negative developments.

"On the one hand, we saw most economic parameters like inflation, reserves and growth show a negative performance," he said.

"On the plus side, we are now following more prudent monetary and fiscal policies which should improve things over time. The key to getting back on track is proper reforms," he said.

Throughout the year, Bangladesh struggled to retain a healthy foreign

currency reserve, bring down For Asif Khan, chairman of Edge inflation and stop the slide in the value of the local currency, taka, against the US dollar, said Khan.

> the confidence level of both foreign and local investors. It was evident in the selloffs in recent months," he said. Rajesh Saha, chief executive officer

> of CAL Securities, said there was a huge impact on the national budget imposing a capital gains tax on investors.

The government plans to impose at least 15 percent capital gains tax on general investors if their income from share trading crosses Tk 50 lakh.

"Now we expect that the market has already come to a situation that it should make a turnaround," he said.

"The macroeconomic challenge hit BB halts daily repo FROM PAGE B1

standing liquidity facility (SLF). Islamic bank liquidity facility (IBLF) is also offered to Shariah-based banks. The BB said auctions of the remaining instruments would be held every working day.

The central bank took the decision in line with the recommendations of the IMF, which approved \$4.7 billion in loans for Bangladesh last year.

### Remittance hit \$24b

#### FROM PAGE B1

with a foreign exchange crisis for the past two and a half years.

Since August 2021, the forex reserves have fallen by \$24 billion.

As per the calculation method used by the IMF, Bangladesh's gross forex reserves stood at around \$22 billion on June 26 this year.

The foreign exchange market has been volatile because of higher US dollar outflow despite the government's austerity measures, including controlling import payments.

The \$4.7 billion loan provided to Bangladesh by the International Monetary Fund (IMF) has also played a big role in tackling the ongoing crisis.

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the benefits up to 2032 and will despite there being no need for it. It's of export incentive has been set at encourage many entrepreneurs to a good move for us," he said.

motorcycles being sold annually according to industry people.



স্মারক নং: ১২.২১.০০০০.০০৫.৬২.০০৩.১৮.৫৬৪৮

তারিখ: ৩০-০৬-২০২৪খ্রি

### আইন উপদেষ্টা (খন্ডকালীন) নিয়োগ বিজ্ঞপ্তি

মাসিক পাঁচ হাজার টাকা "**রিটেইনার ফি**" এর ভিত্তিতে বাংলাদেশ কৃষি গবেষণা ইনস্টিটিউটে ০২ (দুই) বছরের জন্য একজন আইন উপদেষ্টা (খন্ডকালীন) নিয়োগকল্পে বাংলাদেশের প্রকৃত নাগরিকদের নিকট হতে দরখাস্ত আহ্বান করা যাচ্ছে। প্রার্থীদের অবশ্যই নিম্নোক্ত যোগ্যতা ও অভিজ্ঞতা সম্পন্ন হতে হবেঃ

- একজন আইনজীবী হিসেবে ৫ (পাঁচ) বৎসরের হাইকোর্ট ডিভিশনে কাজ করার অভিজ্ঞতাসহ কমপক্ষে 3) ১০ (দশ) বংসরের প্রাকটিসের অভিজ্ঞতা এবং আপিল বিভাগে মামলা পরিচালনায় অভিজ্ঞতা থাকতে হবে;
- সুপ্রীম কোর্টের হাইকোর্ট ডিভিশন ও আপিল বিভাগে মামলা পরিচালনার সনদপত্র; 2)
- আইন পেশায় নিয়োজিত অবসরপ্রাপ্ত বিচার বিভাগীয় কর্মকর্তাগণও আবেদন করতে পারবেন। 0)

ইচ্ছুক প্রার্থীদেরকে সাদা কাগজে (ক) নাম (খ) পিতা/স্বামীর নাম (গ) মাতার নাম (ঘ) স্থায়ী ঠিকানা (ঙ) বর্তমান ঠিকানা (চ) শিক্ষাগত যোগ্যতা (ছ) জাতীয়তা (জ) বয়স (জন্ম তারিখসহ) (জ) প্রাকটিস আরম্ভ করার তারিখ (বা) কোর্টের নাম (দেওয়ানী/ফৌজদারী/রিট/রিভিশন/কনেটেম্পট/আপিল/রিভিউ/বিবিধ) উল্লেখসহ বিস্তারিত বিবরণ এবং সম্প্রতি তোলা ৪ (চার) কপি পাসপোর্ট সাইজের ছবিসহ আবেদন করতে হবে।

ইনস্টিটিউটের পক্ষে পরিচালিত নিম ও উচ্চ আদালতে মামলার হাজিরা, জবাব দাখিল, শুনানী, প্লেইন্ট এর খসড়া তৈরী ও দাখিল, কনটেম্পটের জবাব দাখিল, আপিল ও রিভিউ দাখিল, আপিল ও রিভিউ এর জবাব দাখিল, নথিতে মতামত প্রদান ইত্যাদি বিষয়ে দাবীকৃত ফিসের হার আইটেম-ওয়ারী আবেদনপত্রের সাথে উল্লেখ করতে হবে। অন্যথায় আবেদনটি অসম্পূর্ণ বলে বিবেচিত হবে। আবেদনকারীকে হাইকোর্টে চেম্বার, সহকারী ও অন্যান্য সুবিধা প্রদানে সক্ষম হতে হবে এবং আবেদনে তা উল্লেখ করতে হবে।

আবেদনপত্র মহাপরিচালক, বাংলাদেশ কৃষি গবেষণা ইনস্টিটিউট, গাজীপুর-১৭০১ বরাবরে আগামী ২১-০৭-২০২৪খ্রি. তারিখে অথবা তৎপূর্বে পৌঁছাতে হবে। অসম্পূর্ণ/ক্রটিপূর্ণ এবং বিলম্বে প্রাপ্ত আবেদনপত্র বাতিল বলে গণ্য হবে এবং নির্ধারিত তারিখের পর কোন আবেদনপত্র গ্রহণযোগ্য হবে না।

নিয়োগ সংক্রান্ত যে কোন সিদ্ধান্ত গ্রহণের ক্ষমতা নিয়োগকারী কর্তৃপক্ষ সংব্রক্ষণ

মহাপরিচালকের পশ্বে বাংলাদেশ কৃষি গবেষণা ইনস্টিটিউট, গাজীপুর-১৭০১

## Hasina's visit

### FROM PAGE B1

and chemicals, yarn, woven fabrics, garment articles and food items from China, according to the commerce ministry data.

Of the total annual import duty revenue of Bangladesh, one third comes from Chinese import duty. Bangladesh government earns more than Tk 25,000 crore or \$2.14 billion as duty on import of Chinese goods in a year.

However, if Bangladesh graduates to a developing nation from the LDC in November 2026, the country will not be able to collect this big amount of revenue as import duty from Chinese goods. Bangladesh will have to liberalise its tariff structure for other countries as a developing nation.

China signed 22 FTAs with 29

countries, including nations like Mauritius and Cambodia. Chinese investors and

entrepreneurs are interested to sign the FTA with Bangladesh mainly for two reasons. The primary reason is that the Chinese entrepreneurs want to relocate their old factories and other industries to Bangladesh and want to re-export goods from China under a liberal duty

structure. Bangladesh cannot utilise the Chinese trade facility of 98 percent duty privilege because of not having diversified export products.

Of the total annual exports of Bangladesh, over 84 percent are garment items while China, the largest apparel supplier in the world, imports garment items worth only \$10 billion a year.

## **BUSINESS**

# Ctg port saw 5.36% growth in container handling in FY24

### DWAIPAYAN BARUA, Ctg

The Chattogram port posted a 5.36 percent year-on-year growth in container handling in the just concluded 2023-24 fiscal year.

The port handled 31.69 lakh twenty-foot equivalent units (TEUs) of containers, including import, export and empty ones in FY24, up from 30.07 lakh TEUs in the previous fiscal, according to data provided by the Chattogram Port Âuthority (CPA).

The figure was prepared by calculating the number of containers loaded and unloaded at the main jetties of the port, Pangaon

The overall increase in handling of cargo and container in the concluded fiscal year is a testimony to the rise of foreign trade in **Bangladesh**, said CPA **Secretary Md Omar** Faruk

Inland Container Terminal at Keraniganj and Kamalapur Inland Container Depot in Dhaka, said CPA Secretary Md Omar Faruk.

The overall increase in container handling in the concluded fiscal year is a testimony to the rise of foreign trade in Bangladesh, overcoming the downtrend caused by the global economic turmoil amidst the Russia-Ukraine war, he said.

Different types of commercial items, commodity, machineries, chemical products and raw materials of all industries except cement and ceramics sector are imported through



containers while export goods are solely carried through containers. Overall handling of cargo

containerised and bulk experienced 4.18 percent year-onyear growth in FY24.

The port handled a record 12.32 crore tonnes of cargo in FY24, up from 11.83 crore tonnes in the previous year.

The authority is making continuous efforts to enhance the port's capacity and efficiency by expanding yard and equipment facilities, the CPA secretary added. The port's container storage

capacity was increased and different new equipment are also being added, he said.

The port saw a 7.62 percent year-on-year drop in container handling in FY23 after handling a record 32.55 lakh TEUs in FY22, which represented 5.11 percent year on-year

growth.

Container handling grew 3.1 percent year-on-year in FY21, 2.92 percent in FY20 and 3.9 percent in FY19.

The total volume of containers handled in FY21 was 30.97 lakh TEUs compared to 30.04 lakh TEUs in FY20 and 29.19 lakh TEUs in FY19.

### Ctg customs logged record revenue in FY24 Enhanced monitoring paid off, customs officials say

STAFF CORRESPONDENT. Chattoaram

Revenue collected by the Customs House, Chattogram (CHC) jumped 9.4 percent year-onyear to Tk 68,562.72 crore in the just concluded 2023-24 fiscal year.

This was the highest revenue generated by the customs house at the Chattogram port, the country's biggest port handling roughly 90 percent of total annual trade.

The increased collection was a direct outcome of enhanced monitoring efforts to deter misconduct and the revision of the Customs Act-1969 in June 2020, which empowered officials to impose a minimum penalty for inaccurate declarations of imported items.

On June 2020, the National Board of Revenue fixed a minimum fine for false declaration which is twice the amount of revenue dodged. Earlier, there was no minimum fine.

Revenue receipts stood at Tk 62,657.81 crore in fiscal 2022-23.

Revenue worth Tk 19,000 crore was generated through the imports of 12 products, including high-speed diesel, furnace oil, liquefied natural gas, apple cement clinkers, palm oil, broken or crushed stone, and petroleum oils.

The customs authorities reported a surge in the import of these items due to heightened demand in the energy, power, and construction industries. These products ranked as the most imported

goods over the last 10 years.

Other leading revenue-generating commodities included oranges, betel nuts, milk powder, scrap ships, automobiles, automotive components, finished ceramics, and electronic goods.

Custom House Commissioner Mohammad Fyzur Rahman attributed the higher revenue generation to the prevention of false declarations and implementation of good governance.

"We've enhanced surveillance to prevent irregularities in imports and put emphasis on setting tariffs as per actual prices of goods. The customs house has also worked to expedite assessment and clearance."

These efforts have deterred dishonest traders from engaging in irregularities, he added.

## Bangladesh an ideal investment destination

### Bepza executive chairman tells Chinese delegation

### STAR BUSINESS REPORT

Bangladesh is an ideal investment destination, exemplified by the fact that it is the second-largest garment exporter globally, said Maj Gen Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bangladesh Export Processing Zones Authority (Bepza), yesterday.

He was addressing a visiting a 13-member Chinese delegation from the Quanzhou Maritime Silk Road Industry and Commerce Association to the Bepza office, says a press release.

The delegation, led by Jinshan Xu, chairman of Qunfeng Intelligent Machinery Co, expressed interest in exploring potential investment opportunities in export processing zones (EPZ) and Bepza Economic Zone.

Earlier a seminar on promoting the investment opportunities in Bangladesh was organised by the association in Quanzhou city of Fujian province in China on April 30.

The Chinese delegation also visited the Chattogram EPZ and Bepza Economic Zone on June 30 to understand operational procedures, infrastructural facilities, wage structures, customs processes, and the tariffs for land and utilities.

The visit underscores ongoing efforts to strengthen economic ties and promote investment between Bangladesh and China, highlighting the potential for future industrial collaborations in the region, added the press release.

Jinshan Xu acknowledged the progress made by Bangladesh in fast developing new factories.

Md Ashraful Kabir, member of investment promotion, Bepza, laid emphasis on the support Bepza provides to EPZ investors and urged the Chinese delegation to invest in the zones.

Fazlul Haque Mazumder, executive director of investment promotion, Bepza, provided an overview of Bepza's operations, facilities and incentives.

## Confidence up among big Japan manufacturers

### AFP, Tokyo

A key survey of Japan's largest manufacturers showed Monday that business confidence rose for the first time in two quarters, while revised data showed the economy contracted further.

The Bank of Japan's closely monitored Tankan survey comes ahead of a policy meeting for the central bank later this month with speculation growing it will announce another interest rate hike.

The poll reports the difference between the percentage of firms that are upbeat and those not with a positive figure meaning more businesses feel optimistic. In June, the reading stood at plus 13, beating expectation of plus 11. It followed previous



eadings of plus 11 in March and plus 13 in December Separately on Monday, government data showed gross domestic product shrank 0.7 percent in the first three months of 2024, compared with the previous estimate of a 0.5 percent contraction.

## The risk of a euro crisis is rising

### **REUTERS**, Benahavis

One way of looking at the euro zone is as a forest where dry tinder is piling up. The locals are not doing much to clear the debris, and some are wandering around with naked flames. But they know it would be foolish to throw lit matches on the forest floor. Besides, there is a fire engine which will probably ride to the rescue.

In other words, the risks of a new crisis in the single currency area, like the meltdown it suffered over a decade ago, are rising. But the conditions are probably not ripe to trigger one yet.

The main current fear is that France, where the far-right Rassemblement National (National Rally) dominated the first round of snap parliamentary elections, may enter a period of extreme political instability and fiscal profligacy. This could lead to a sharp rise in yields on French government bonds.

Other highly indebted euro zone members, especially Italy, could suffer contagion. The single currency would then be on the ropes. France and Italy are much bigger economies than Greece and the other euro zone members which were at the centre of the last crisis.

But this scenario does not seem imminent because Jordan Bardella, the far-right candidate for prime minister, has been toning down his party's fiscal promises. The National Rally has its eye on winning the French presidential election in 2027 and would be foolish to undermine its credibility by provoking a financial crisis before then.

Investors are not very perturbed. Since President Emmanuel Macron called the election, the difference between yields on French and German 10-year government bonds has widened, from 49 basis points to 85 basis points. The contagion to Italy has been limited: the yield spread on its bonds relative to German bunds has risen

to 162 basis points, from 133 basis points. Back in 2011, when Silvio Berlusconi was prime minister, the gap reached 560 basis points.

That said, the medium-term outlook for the single currency is worrying. High debts, pressing spending needs and low growth in many countries at a time of rising nationalism and geopolitical conflict are storing up trouble.

The euro zone has ways to protect itself against a financial crisis. If the spreads on a country's bond yields widen sharply, the European Central Bank could step in and buy its debt. Its Transmission Protection Instrument (TPI) is designed to "counter unwarranted, disorderly market dynamics".



The central bank is much more willing to intervene than it was at the start of the last euro crisis. It was only after Mario Draghi became its president and promised to do "whatever it takes" in 2012 that the ECB developed a tool to fight market mayhem.

The central bank would probably throw its mantle of protection around any wellbehaved country which suffered a sharp increase in bond spreads. Even then, the TPI is not a blank cheque. The ECB says it will only ride to the rescue if a country pursues "sound and sustainable fiscal and macroeconomic policies". So a delinquent government could be left to face debt investors on its own, as Greece was until it adopted a responsible fiscal programme in 2015.

# Asian factories enjoy solid momentum, Europe faces setback

#### REUTERS, London/Tokyo

Manufacturing activity in Europe suffered a setback last month but Asian factories enjoyed solid momentum, offering policymakers some hope the region can weather the hit from soft Chinese demand, surveys showed.

The downturn in Europe was widespread, with Italy the only big player not to see a fall in its Purchasing Managers' Index (PMI) despite manufacturers largely cutting prices.

HCOB's final euro zone manufacturing PMI, compiled by S&P Global, fell to 45.8 in June from May's 47.3. It has been below the 50 mark separating growth from contraction for two years.

"What looks like the green shoots of recovery seem to be diminishing. We can't take a recovery for granted," said George Moran at Nomura.

Germany's factory sector, which accounts for about a fifth of Europe's biggest economy, experienced a retreat, while in France the manufacturing recession deepened.

France's far-right National Rally party scored an historic win in parliamentary elections on Sunday, stoking risks of a crisis in the euro area even as other political parties rushed to build a united front to block its path to power.

In Britain, which holds a national election on Thursday, manufacturing growth slipped in June from May's 22-month high as ongoing disruption to shipping in the Red Sea led to lower demand from overseas customers.

A euro zone index measuring output, which feeds into a composite PMI due on Wednesday that is seen as a good gauge of economic health, sank from May's 49.3 to a six-month low of 46.1, albeit just ahead of the 46 flash estimate.

A new orders index in the currency union dropped to 44.4 from 47.3, despite factories cutting prices charged for a fourteenth month.

But cost pressures weighed on manufacturers in countries like Japan, where a weak yen is boosting the price companies pay for fuel and raw material imports.

China's Caixin/S&P Global manufacturing

the fastest clip in more than three years and exceeded market forecasts of 51.2.

The private-sector reading followed official PMI data on Sunday showing China's manufacturing activity fell for a second month in June and services activity slid to a five-month low.

The surveys demonstrate how Chinese

PMI rose to 51.8 in June from 51.7. It marked further evidence that global industrial activity and trade are picking up," said Joe Hayes, principal economist at S&P Global Market Intelligence, on South Korea's factory activity.

"Viewed as a bellwether for exports due to its integration in supply chains for key intermediate goods like batteries and semiconductors, South Korean manufacturing



Employees are seen working on sun protection clothing at a factory in Fuyang, in eastern China's Anhui province. Chinese firms are ramping up production despite weak domestic demand. PHOTO: AFP/FILE

firms are ramping up production despite weak domestic demand, which Beijing has failed to reverse with a rescue package for an ailing property sector.

In a sign Asia is benefiting from solid global demand, South Korea's factory activity growth quickened in June to the fastest in 26 months n surging new orders, its PMI showed.

Factory activity also expanded in June at a faster pace than in May in Vietnam and Taiwan, other surveys showed.

"Another strong month of data provides

output and orders often provide leading signals for trends more broadly.

Japan's factory activity expanded in June, but at a slower pace than in May, as companies struggled with rising costs due to the weak yen. The final au Jibun Bank Japan manufacturing PMI was 50, on the break-even line, after a brief improvement to 50.4 in May.

A PMI gauging Japanese firms' future output expectations rose to a six-month high thanks to a better medium-term outlook for the car and chip sectors.