

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

category.

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 enjoying 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,

sustaining a uniform and market-oriented exchange rate system, continuing market-oriented 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 a 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 among all LDCs.

Power sector suffering for 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 decision-making, 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 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 Shahrir Ahmed Chowdhury, assistant professor at United International University.

Oil prices lifted by summer demand hopes

REUTERS

Oil prices rose on Monday, 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 air-

conditioning 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.

Cabinet approves new export policy

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

3.42 percent, according to data from the Export Promotion Bureau (EPB).

Since Bangladesh cannot continue to provide subsidies in the same structure once it becomes a developing nation as per the World Trade Organization's rules, the government also plans to phase out direct subsidies.

The government has cut export subsidies for almost all sectors to 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 provided cash assistance ranging from 1 percent to 15 percent on export

earnings to enhance the competitive edge of local exporters. Earlier, the highest rate was 20 percent.

From FY25, the maximum rate of export incentive has been set at 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 an Export Development Fund with 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 consultancy and technical assistance for product development and diversification of exportable goods.

FY24: A brutal year

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

"The macroeconomic challenge hit 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.

BB halts daily repo

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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

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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.

NBR abandons plans to cut tax

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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.

"It's a good move to extend the benefits up to 2032 and will encourage many entrepreneurs to

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

Rahman also said scrapping the provision that 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."

"Many companies used to invest since they were obliged to do so despite there being no need for it. It's a good move for us," he said.

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 in motorcycle manufacturing and assembling, with around 400,000 motorcycles being sold annually, according to industry people.

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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 আদান করা যাচ্ছে। প্রার্থীদের অবশ্যই নিম্নোক্ত যোগ্যতা ও অভিজ্ঞতা সম্পন্ন হতে হবেঃ		
১) একজন আইনজীবী হিসেবে ৫ (পাঁচ) বৎসরের হাইকোর্ট ডিভিশনে কাজ করার অভিজ্ঞতাসহ কমপক্ষে ১০ (দশ) বৎসরের প্রাকটিসের অভিজ্ঞতা এবং আপিল বিভাগে মামলা পরিচালনায় অভিজ্ঞতা থাকতে হবে;		
২) সুপ্রীম কোর্টের হাইকোর্ট ডিভিশন ও আপিল বিভাগে মামলা পরিচালনার সনদপত্র;		
৩) আইন পেশায় নিয়োজিত অবসরপ্রাপ্ত বিচার বিভাগীয় কর্মকর্তাগণও আবেদন করতে পারবেন।		
ইচ্ছুক প্রার্থীদেরকে সাদা কাগজে (ক) নাম (খ) পিতা/স্বামীর নাম (গ) মাতার নাম (ঘ) স্থায়ী ঠিকানা (ঙ) বর্তমান ঠিকানা (চ) শিক্ষাপত্র যোগ্যতা (ছ) জাতীয়তা (জ) বয়স (জন্ম তারিখসহ) (ঝ) প্রাকটিস আরম্ভ করার তারিখ (ঝ) কোর্টের নাম (দেওয়ানী/ফৌজদারী/রিট/রিভিশন/কনেটম্পট/আপিল/রিভিউ/বিবিধ) উল্লেখসহ বিস্তারিত বিবরণ এবং সম্প্রতি তোলা ৪ (চার) কপি পাসপোর্ট সাইজের ছবিসহ আবেদন করতে হবে।		
ইনস্টিটিউটের পক্ষে পরিচালিত নিম্ন ও উচ্চ আদালতে মামলার হাজিরা, জবাব দাখিল, শুনানী, প্রেইন্ট এর খসড়া তৈরী ও দাখিল, কনেটম্পটের 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 চেষ্টার, 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 পৌছাতে হবে। অসম্পূর্ণ/ত্রুটিপূর্ণ 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 সংরক্ষণ করেন।		
উপ-পরিচালক (প্রশাসন) মহাপরিচালকের পক্ষে বাংলাদেশ কৃষি গবেষণা ইনস্টিটিউট, গাজীপুর-১৭০১		