

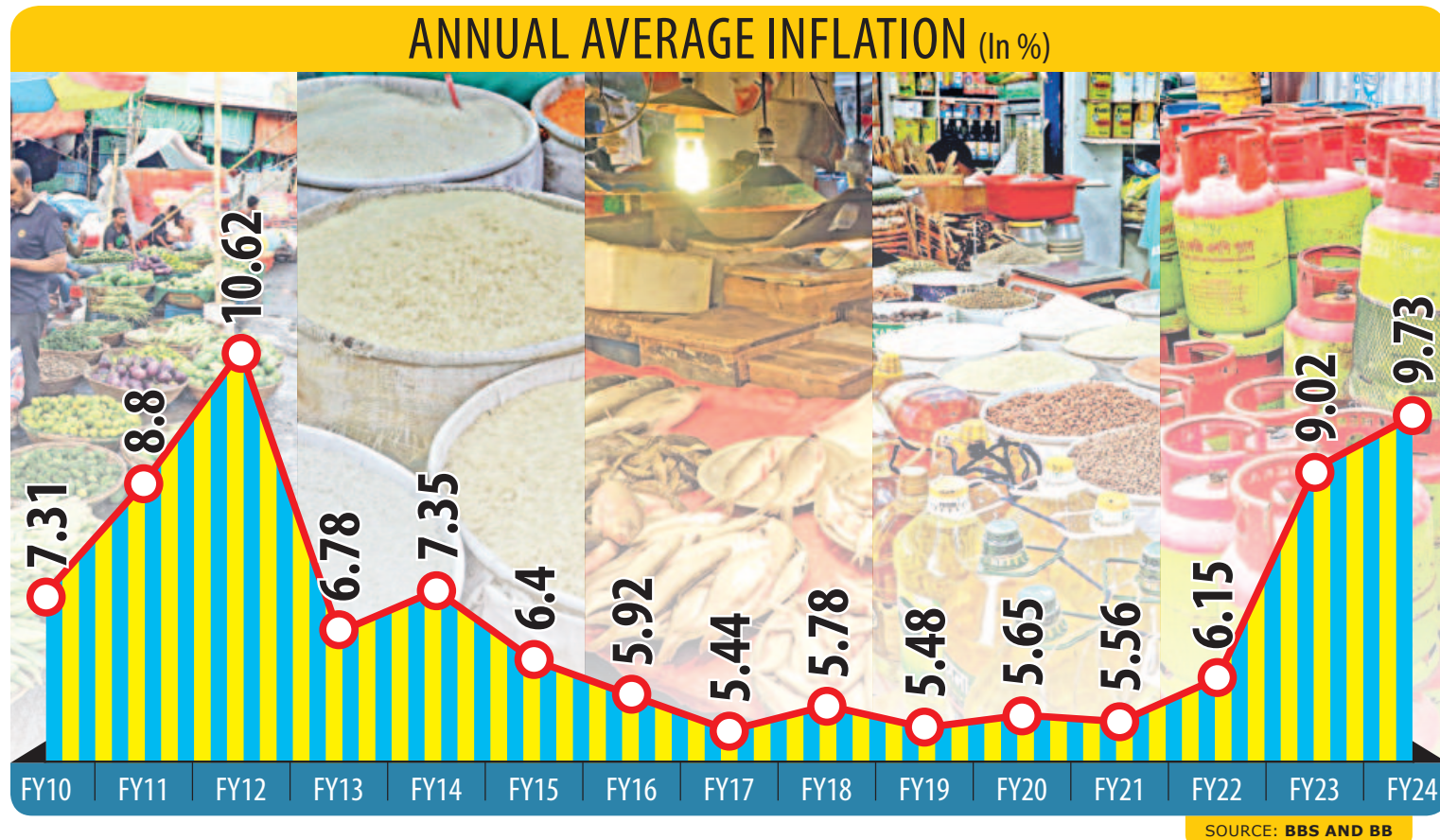
# Star BUSINESS

Bangladesh's \$8 billion food processing industry has annually grown by 8 percent on an average between 2005 and 2023, according to the USDA.



Story on B4

## Annual inflation hits 12-year high despite easing in June



SOHEL PARVEZ

The annual average price spike in Bangladesh surged to its highest level in 12 years in the just-concluded fiscal year despite easing in June, reflecting the persistent erosion of real income and the deterioration of the living standards of low-income groups.

Annual inflation rose to 9.73 percent in 2023-24, the highest since 2011-12 when it was 10.62 percent, overshooting the government's target of containing it to 7.5 percent, according to the Bangladesh Bureau of Statistics (BBS).

This is the second year the Consumer Prices Index, a measure of the increase in the prices of a basket of products and services, stood at more than 9 percent – a sign of sterility of the measures by the government and the central bank to contain prices.

"Inflation has been very high in the last two years, and policies were not taken at the right time and were unsuccessful," said Selim Raihan, executive director at the South Asian Network on Economic Modeling.

He blamed multiple failures. "There has been policy failure and there has been coordination and management failure."

Raihan, also a professor of economics at the University of Dhaka, said there is a huge imperfection in the market system.

"A section of businesses can see that the government is failing to regulate the market. Many of the businesses are also connected politically. There are also anomalies in the data related to supply, demand and production. Such information is not credible."

Inflation has persisted over 9 percent since March 2023. And except for monthly fluctuations, the rate has crossed 9.5 percent since January.

In June, inflation declined to 9.72 percent from 9.89 percent in May thanks to the decline in food and non-food prices. Inflation was 9.74 percent in April, BBS data showed.

Food inflation slipped to 10.42 percent last month from 10.76 percent a month ago. The non-food price growth slowed to 9.15 percent from 9.19 percent.

"We saw some fluctuations in the last several months. However, we have not witnessed a consistent downward trend," Prof Raihan said.

"It can be said that inflation is easing if there is a consistent decline," said MK Mujeri, a former director general of the Bangladesh Institute of Development Studies.

In its report following

the second review of the \$4.7 billion loan programme for Bangladesh in June, the International Monetary Fund (IMF) said higher inflation levels were mainly due to persistently strong high inflation expectations and the anticipated depreciation of the exchange rate.

The taka has lost its value by about 35 percent against the US dollar in the past two years, making imports costlier.

The Bangladesh Bank hiked the policy rate, the interest rate at which it lends to conventional banks, by 50 basis points (bps) to 8.5 percent on May 8 to tighten the money supply. In total, it has raised the rate by 400bps in the past two years.

It also made the lending rate in the banking sector completely market-based after four years and adopted a flexible exchange rate mechanism by allowing the dollar to trade within a band.

"However, the measures were not taken at the right. Therefore, they did not bring about the desired results," Prof Raihan said.

The IMF has suggested that the policy rate increase to a peak of 9 percent by the middle of the current fiscal year in order to tame inflation to 7 percent by the end of 2024-25 on the back of the continued tighter policy mix and projected lower global food and commodity prices.

"Should external and inflationary pressures intensify, a further tightening in policies is warranted," it added.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh,

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## Export data mismatch a result of double counting by EPB

Salman F Rahman says at a roundtable

STAR BUSINESS REPORT

One of the main reasons for the \$14 billion discrepancy in the export data was the Export Promotion Bureau's (EPB) double counting of exported garment items made in factories inside export processing zones (EPZs), Salman F Rahman, the prime minister's adviser on private industry and investment, said yesterday.

He also attributed the data mismatch to a lack of cooperation between the EPB, the central bank, and the National Board of Revenue (NBR).

The central bank recently corrected anomalies in export figures, revising down actual exports in the July-April period of fiscal 2023-24 by nearly \$14 billion compared to the data the EPB had published earlier.

As per data from the EPB, exports stood at \$47.47 billion in the first ten months of fiscal 2023-24. However, after the correction by the central bank, it has fallen by \$13.8 billion to \$33.67 billion.

The mistake that the EPB made was counting sales by companies in the EPZs twice – first during shipment from the EPZs to local firms and second during shipment from the ports by the exporters.

Rahman made the comments at a roundtable on digitalising international trade in Bangladesh, organised by the International Chamber of Commerce-Bangladesh (ICCB) at the Sheraton Dhaka. Alongside the prime minister's adviser, chamber leaders, government high-ups, trade-related experts, business leaders and exporters also participated.

Furthermore, in the case of garment orders under a manufacturing process known as cutting, making and trimming (CMT), the EPB calculated the prices of fabrics and all accessories, although it was supposed to consider only the fabric cutting cost, sewing cost and finishing cost.

The problem has been identified and it is expected that the EPB, BB and NBR will sit together to address it, Rahman said.

He added that Bangladesh has progressed a lot in the digital economy and the country is now thinking about introducing QR code-based payment systems.

He also said that international trade does not depend only on Bangladesh, highlighting the responsibility of counterparts. But major economies like China and the USA are becoming more protectionist and are maintaining very stringent controlling regulations for international trade.

ICCB vice-president AK Azad cited data from the World Trade Organization, saying that of the total merchandise trade worth \$25.3 trillion in 2022, average cross-border transactions required around 36 documents and 240 copies of papers.

As such, Azad called for the formation of a national committee to promote paperless transactions, thereby improving efficiency and reducing the cost of doing business.

ICCB Member Kutubuddin Ahmed said

the digitalisation of trade came with the risk of hacking. He said his office software was hacked and the hacker demanded a large sum as ransom. But Kutubuddin did not pay any money. Instead, he recovered the documents manually.

He added that although there may be some hiccups at the start, it is important to educate the people about digitalising trade.

Md Saiful Islam, former president of the Metropolitan Chamber of Commerce and Industry, said Bangladesh ranked 129th among 170 countries in global digital trade, indicating the poor state of the country's readiness for digital trade.

Competing countries such as Vietnam and Turkey were ranked 72nd and 66th respectively, he said.

He added that because of such a poor condition of digital trade, different bodies like BB, NBR and EPB are calculating different export figures.

Digitalising international shipping documents could generate an annual growth of \$30-\$40 billion in global trade, the ICCB said in a statement.

While moderating the roundtable, ICCB President Mahbubur Rahman said that digitalisation enhances efficiency, reduces

### SPEAKERS SAY...

- Export data mismatch happened due to double counting by EPB
- There was a lack of cooperation among the EPB, BB and NBR

- Major economies such as the USA, China and India are going for more protectionism
- Bangladesh progressed a lot in digitalisation

costs, and broadens market access.

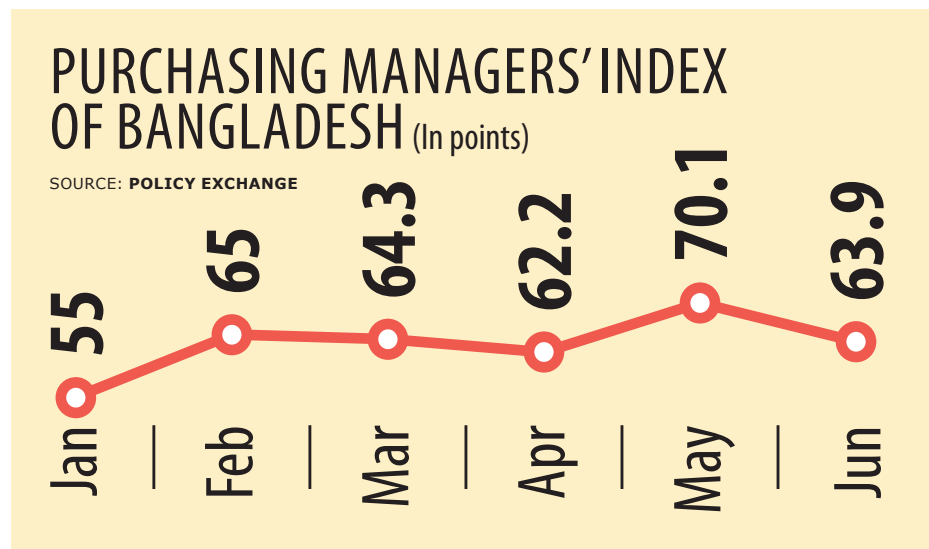
He said every year, ocean carriers issue about 45 million bills of lading, a crucial shipping document. Many international shipping documents are still not standardised and are mostly paper-based, requiring physical exchanges.

Using electronic bills of lading (eBLs) will speed up transactions and save costs by reducing administrative expenses for cargo handling and document processing while also reducing the risk of fraud through digital authentication, he said.

Edimon Ginting, country director of the Bangladesh Resident Mission at the Asian Development Bank, said effective digitalisation of trade would increase economic growth and create jobs by expanding access to global trade networks for developing economies.

Pamela Mar, managing director of the Digital Standards Initiative of the ICC, presented the keynote.

## PMI shows slower expansion rate in June



STAR BUSINESS REPORT

Bangladesh's Purchasing Managers' Index (PMI) pointed to a slower expansion rate in business activities in the key sectors of agriculture, manufacturing, construction and services in June compared to the month prior.

The PMI, which is seen as a good measure of overall economic growth, hit 63.9 last month, down 6.2 points from March's 70.1.

The PMI is a number from 0 to 100, with a reading above 50 indicating expansion and a reading below 50 representing contraction.

Policy Exchange Bangladesh disclosed

the data yesterday through a press release.

The agriculture sector recorded a sixth month of expansion after last contracting in December, but the rate of expansion slowed, with the agriculture PMI dropping from 79.3 in May to 70.2 in June.

The sector exhibited a slower expansion rate for the indexes of new business, business activity, employment, input costs, but the order backlog index contributed to a faster expansion rate, Policy Exchange Bangladesh said.

Similarly, the manufacturing sector saw a slower expansion rate, sliding from 76.3 in May to 61.7 in June.

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## Govt draws up list of 494 products for GI status

SUKANTA HALDER

The government has prepared a list of 494 products to secure geographical indication (GI) recognition for them in order to safeguard the source of their origin, enhance their economic value at home and abroad, and fetch financial benefits for producers.

The Department of Patent, Designs and Trademark (DPDT), an agency under the industries ministry, wrote to all divisional commissioners, deputy commissioners and several organisations in the first week of June asking them to apply to register them as GI-certified products.

It said there are many products in various districts. If the registration is done, the commercial value of products will increase, and producers will benefit financially.

"Besides, the image of the country will be brightened in foreign trade," the letter said.

There is also a directive from the Prime Minister's Office to register at least one product as a GI in every district, the DPDT added.

Munim Hassan, director general of the DPDT, said, "With the help of a non-government organisation, we have collected field-level information about 494 products and made a list."

The NGO, the e-Commerce Development Center, is a non-profit trust and carries out research and surveys on local products and the e-commerce sector. It is also dedicated to increasing the number of GI-certified products, according to its website.

It has been decided that these products will be given GI recognition if applications are

made and no objections are raised, Hassan said.

When the DC conference was held in March, the deputy commissioners were notified about the matter so that they take the issue seriously, he added.

The DPDT has so far granted GI status to 31 products. The official procedures to hand the status to three more products has been completed, and it is underway for another 15 products.

"If no one objects, about 20 more products will be recognised as GI by September," Hassan said.

In addition, the DPDT is examining the

possibility of awarding such a status to 25 more products. It has a target to register 100 products as GI by December this year.

Speaking to The Daily Star, Mahbubur Rahman, deputy commissioner of Thakurgaon, said Surjapuri mango is grown only in the district. "We will apply for the GI recognition for the mango."

He said a lot of information and documents are needed to apply, and the information and document collection is also almost finished.

"We will send the application to the DPDT this week." GIs are defined by the World Intellectual

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### GI STATUS GAINED

- Department of Patents, Designs and Trademarks (DPDT) so far granted GI status to 31 products
- From 2016 to 2022, DPDT recognised 17 GI products
- Another 14 products received the tag in the last eight months

### IN THE PIPELINE

- If nobody objects, another 20 products will get GI recognition by September
- DPDT targets to register 100 GI products by December this year



## Japan wholesale prices seen rising: poll

REUTERS, Tokyo

Japan's wholesale prices likely accelerated in June, a Reuters poll showed on Friday, reflecting a mix of a weak yen, higher commodity import bills and rising transportation costs piling up cost-push inflation pressures on the trade-reliant economy.

Separate data next week is expected to show core machinery orders rebounded in May from the previous month, according to the poll, which would be a source of relief for policymakers worried about the outlook for capital expenditure.

Japan's corporate goods price index (CGPI), a gauge of prices that firms charge each other, likely rose 2.9 percent in June from a year earlier, and accelerated from the prior month's 2.4 percent, the poll of 17 economists showed.

Inflation data will be scrutinised by the central bank, which in March raised interest rates for the first time since 2007, and decided last month to reduce its government debt buying as a step towards normalising monetary policy.

"On top of the yen weakening, crude oil and other commodity prices have rebounded early in spring, which will now heap upward pressure on import prices, spilling over energy and materials-related industrial products as well," said Takeshi Minami, chief economist at Norinchukin Research Institute.

Restrictions on logistics caused by the Middle East crisis and domestic curbs on working hours for truck drivers are also driving up the costs of transportation, Minami said.

# BRAC Bank, Manu Farms sign deal on financing for poultry farmers



Syed Abdul Momen, deputy managing director and head of SME banking at BRAC Bank, and Muhammad Shahin, co-founder and CEO of Manu Farms, pose for photographs after signing an agreement at the bank's head office in Dhaka recently. PHOTO: BRAC BANK

### STAR BUSINESS DESK

BRAC Bank recently signed a partnership agreement with Manu Farms, the proprietor of the integrated poultry management mobile application "Poultry Manager", to provide agricultural financing to poultry farmers through SME digital microloans.

Syed Abdul Momen, deputy managing director and head of SME banking of the bank, and Muhammad Shahin, co-founder and CEO of Manu Farms, penned the deal at the former's head office in Dhaka, according to a press release.

Under this agreement, the bank will provide financial services to Manu Farms' listed poultry farmers.

The project will initially be launched in Mymensingh, Rajshahi, and Gopalganj, extending banking facilities to farmers and entrepreneurs in these areas.

The "Poultry Manager" app, fully compliant with Poultry Blockchain and IoT devices, facilitates record-keeping and ensures traceability.

It also assures food safety for customers by providing information on poultry feed details, vaccination, and necessary dates.

Both partners seek to create an

ecosystem for micro, small and medium enterprises (MSMEs) nationwide such as marginal poultry farmers by integrating technology and financial services.

The app, which has 5,000 active users, received the Smart Bangladesh Award 2023 from the prime minister.

Among others, Tapos Kumar Roy, head of MFI and agriculture finance of the bank, and Mohammed Jakirul Islam, head of SME strategy, innovation and new business, along with Alif Binte Shahin, co-founder of Manu Farms, and DSM Weazadul Islam, manager, were also present.

## MTB wins award from Global Business magazine

### STAR BUSINESS DESK

Mutual Trust Bank (MTB) has been honoured with the "Excellence in Consumer Financing Bangladesh 2024" award by Global Business magazine.

This accolade recognises the bank's commitment to providing innovative and inclusive financial solutions tailored to meet the diverse needs of all segments of Bangladeshi society.

At the core of MTB's success is its "digital-first" philosophy, which emphasises fast, convenient, and cost-effective digital solutions for retail customers.

This approach ensures that MTB remains at the forefront of the banking industry by leveraging technology to deliver seamless and innovative financial services.



From personalised loan products designed to empower individuals and businesses to investment opportunities that foster financial growth, the bank ensures accessibility and reliability across its offerings.

This award solidifies the bank's leadership in consumer financing, reinforcing its reputation as a pioneer in delivering customer-centric banking solutions.

The bank continues to set benchmarks in the industry through its dedication to innovation, accessibility, and customer satisfaction, driving positive impact and contributing to a financially inclusive Bangladesh.

Moreover, MTB owns the highest number of lounges at both international and domestic airports in Bangladesh, providing a cozy and comfortable environment exclusively for MTB credit cardholders.

## Dhaka Bank celebrates 29th anniversary

### STAR BUSINESS DESK

Dhaka Bank celebrated its 29th founding anniversary recently with the slogan "Maintaining Steady Growth with Excellence".

Abdul Hai Sarker, chairman of the bank, and Mirza Abbas Uddin Ahmed, founder, inaugurated the celebrations at the bank's head office in Dhaka, according to a press release.

A "milad mahfil" was also arranged.

ATM Hayatuzzaman Khan, founder vice chairman, Mohammed Hanif, current vice chairman, Altaf Hossain Sarker, Md Amir Ullah and Rakhi Das Gupta, directors, and Feroz Ahmed and Ahbab Ahmed, independent directors, were present.

Emranul Huq, managing director & CEO of the bank, joined the event virtually.

AKM Shahnawaj, deputy managing director, and senior management also attended.

Around 150 branches, sub-branches and SME service centres of the bank across the country also celebrated the anniversary.

Managers from flagship branches along with regional managers also attended the programme.



Abdul Hai Sarker, chairman of Dhaka Bank, inaugurates the bank's 29th founding anniversary programmes at the bank's head office in Dhaka recently. Mirza Abbas Uddin Ahmed, founder of the bank, among others, was present. PHOTO: DHAKA BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JULY 7, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 78	0	2.22 ↑
Coarse rice (kg)	Tk 48-Tk 52	-3.85 ↓	2.04 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-20.56 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 155	1.69 ↑	-12.28 ↓
Potato (kg)	Tk 60-Tk 65	8.70 ↑	60.26 ↑
Onion (kg)	Tk 110-Tk 120	39.39 ↑	53.33 ↑
Egg (4 pcs)	Tk 45-Tk 50	-6.86 ↓	-1.04 ↓

SOURCE: TCB

## Barobi Design launches Jomoo's luxury bathware



Barobi Design officials and guests pose for photographs during the launching ceremony of Jomoo products at Barobi's flagship store in the capital's Banani recently. PHOTO: BAROBI DESIGN

### STAR BUSINESS DESK

Barobi Design launched the latest bathware products of Jomoo Group, a Chinese brand, during an event at its flagship store in the capital's Banani recently.

The event attracted industry leaders, designers, and luxury lifestyle enthusiasts, according to a press release.

Alongside Jomoo, Barobi's portfolio includes the UK sanitaryware brand Bagnodesign and the high-end Polish tiles manufacturer Tubadzin.

Jomoo has garnered numerous prestigious accolades worldwide, including the iF Design Award, Red Dot Design Award, and German Design Award. It showcased new products that blend advanced technology with elegant design for a unique experience.

The new collection includes smart restroom fixtures, such as touchless faucets and digital shower systems.

Guests were treated to exclusive previews of the collection, special promotional offers, and the opportunity to interact with Jomoo's design team, who flew in from China.

The evening concluded with a networking session, providing attendees with insights into the future of smart living.

## Why AI may fail to unlock

### FROM PAGE B4

there is early evidence in its favour. One recent study found that introducing AI-powered chatbots helped customer support functions resolve 14 percent more issues per hour. The caveat is that the likely aggregate impact of such efficiency improvements is surprisingly modest.

Daron Acemoglu of the Massachusetts Institute of Technology estimates that 20 percent of current labour tasks in the United States could be performed by AI, and that in around a quarter of those cases it would be profitable to replace humans with an algorithm. Yet even if this replaces nearly 5 percent of all work, Acemoglu calculates that broad productivity growth would increase by only around half a percentage point over 10 years. That is barely a third of the ground lost since 2008.

Any recovery in economic dynamism would be welcome. The third challenge, however, is that in an important class of cases, embracing AI may send productivity gains into reverse.

Some of the technology's early successes have come in its application to games. In 2017, for example, Google DeepMind's AlphaZero programme stunned the world by demolishing even its most advanced computer rivals at chess. This highlighted the potential to deploy AI's strategic nous in other competitive settings such financial trading or digital

marketing. The snag is that in real life - unlike in games - the other players can also invest in AI. The result is that spending which may be rational for any individual company is collectively self-defeating. An AI arms race will ramp up costs but leave overall revenues unchanged.

The history of quantitative investing provides a cautionary tale. In the early 1970s, investors first identified systematic factors such as value and momentum, and the few firms willing to spend money on statistical research enjoyed super-normal returns. By the end of the decade, however, their competitors were running the numbers too. The excess returns were competed away, but everyone continued to incur the costs.

The same self-defeating dynamic will apply elsewhere as well. In the analogue world, the dirty secret of advertising was that it is often a race to stand still. In one of Harvard Business School's most famous teaching cases, David Yoffie studied the so-called "cola wars" waged by Coca-Cola and PepsiCo between 1975 and the mid-1990s. Between 1981 and 1984, Coke doubled its advertising spend. Pepsi responded by doing the same. The net result was almost no change in the two companies' relative market share, achieved at higher cost all round. In the age of digital marketing, AI risks bringing the cola wars to every corner of the economy.

### REUTERS, New York

The US dollar index stayed slightly lower on Friday after data showed US job growth slowed marginally in June while the unemployment rate rose, underscoring the view the Federal Reserve could begin cutting interest rates in September.

Nonfarm US payrolls increased by 206,000 jobs last month, the Labor Department report showed. Data for May was revised sharply down to show 218,000 jobs added instead of the previously reported 272,000. The unemployment rate rose to 4.1 percent, slightly higher than the estimated 4 percent.

Investors have been watching the labor market and inflation data closely as they try to gauge when the Fed could begin cutting rates from nearly two-decade highs.

The dollar index initially extended declines after the data. The dollar weakened against the

yen before paring losses.

The dollar index, which measures the greenback against a basket of currencies, was last down 0.28 percent at 104.87 and hit a three-week low early. Against the Japanese yen, the dollar weakened 0.34 percent to 160.73. It was near 160.45 just after the US payrolls data.

"We see rates coming down across the curve on confirmation of a moderation in US labor markets. The unexpected rise in the unemployment rate, the deceleration in wage gains and revisions in prior months' headline gains all point to a slowing in labor market conditions," said Karl Schamotta, chief market strategist at Corpay in Toronto.

"This is... raising the likelihood that we do see (Fed) Chair Powell put a September rate cut on the table either at the July policy meeting or at the Jackson Hole conference in August."

Futures markets are now pricing in a roughly

72 percent chance for a 25 basis point rate cut at the Fed's meeting in September, up from a 57.9 percent chance seen a week ago, according to CME's FedWatch Tool.

The euro was last up 0.23 percent at \$1.0835 and on track for its biggest weekly gain of the year against the dollar.

The euro has been bolstered by signs France could be heading for a hung parliament in elections on Sunday rather than a ruling majority for the far-right National Rally.

Marine Le Pen's eurosceptic, anti-immigration National Rally (RN) topped the parliamentary election's first round with a third of the vote, opening the prospect of the far right leading a French government for the first time since World War Two.

The pound firmed as the Labour party secured a landslide victory in the UK general election. Sterling strengthened 0.46 percent to \$1.2814.

## US jobs market

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While there is some way to go, these indicators will likely give the US central bank more confidence to begin cutting interest rates -- after holding them at a high level in recent months to ease demand and lower inflation.

Rate cuts are expected to, in turn, give the economy a boost.

Rubeela Farooqi, chief US economist at High Frequency Economics, expects the Fed could start talks about cutting rates at their next policy meeting.

They could "lower the policy rate in September, if the data continue to show moderation," she said.

For now, she noted that even though wage growth has decelerated, the rates of change remain elevated compared to pre-pandemic trends.

On the data's bearing on Fed policy, Pollak earlier told AFP: "The trend that matters most is continued disinflation in the various measures of consumer and producer prices."

"The second-most important trend is deceleration in wage growth," she said.



A farmer spreads a mixture of phosphorus and potassium fertilisers on a piece of land being prepared for the transplanting of Aman season seedlings. The photo was taken in Charbaria area of Barishal sadar upazila a couple of days ago.

PHOTO: TITU DAS

## TCB to sell essentials at subsidised rates

### STAR BUSINESS REPORT

State-run Trading Corporation of Bangladesh (TCB) is going to sell essential commodities at subsidised rates from today for the month of July. Three items -- soybean oil, lentil and rice -- will be sold to one crore family cardholders across the country through designated dealers of the TCB.

Each consumer can buy two litres of soybean oil for Tk 110 per litre, two kilogrammes (kgs) of lentils for Tk 60 per kg, and 5 kgs of rice for Tk 30 per kg as per the latest subsidised rate, according to a press release.

The family cardholders have to visit the designated distributors to purchase their desired products.

Commerce Secretary Md Selim Uddin will launch sales for July in the capital's Karail.



## Stocks rise, major index crosses 5,500 points

### STAR BUSINESS DESK

Shares on the Dhaka Stock Exchange (DSE) rose yesterday as the benchmark index surpassed the 5,500-point mark after nearly two months as investors placed fresh bets on large-cap scrips to make quick gains.

Most of the large-cap sectors demonstrated positive performance with the food and allied sector booking the highest gain of 3.21 percent.

The other sectors that gained included telecommunication, banking, fuel and power, non-bank financial institutions, pharmaceuticals, and engineering.

BAT Bangladesh, Grameenphone, Khan Brothers PP Woven Bag Industries, BRAC

Bank, City Bank, United Commercial Bank, Eastern Bank, National Bank, Sonali Paper and Board Mills, and Rupali Life Insurance were among the large-cap shares that fared well.

The key index of the country's premier bourse, DSEX, jumped 61.38 points, or 1.12 percent, to close the day at 5,558.94.

Similarly, the DSES, the index that represents Shariah-compliant companies, climbed 6.13 points, or 0.51 percent, to 1,214.83.

The DS30 index, which is composed of the blue-chip firms, edged up 13.16 points, or 0.67 percent, to 1,964.49.

Turnover, which indicates the volume of shares traded during the session, stood at Tk 908 crore, an increase of 17.92

percent compared to the previous session. The pharmaceuticals sector dominated the turnover chart, accounting for 15.12 percent of the turnover.

Block trades, a high-volume transaction in a security that is privately negotiated and executed outside of the open market, contributed 9.7 percent to the turnover.

Sea Pearl Beach Resort & Spa was the most traded share with a turnover of Tk 34.6 crore. Apollo Ispat Complex and Delta Spinners shared the top spot, gaining 10 percent each.

Loss-making firm Khan Brothers PP Woven Bag Industries was also one of the index movers, advancing 3.67 percent.

S Alam Cold Rolled Steels, Zeal Bangla

Sugar Mills, Doreen Power Generations and Systems, Ring Shine Textiles, and GBB Power also gained.

New Line Clothings shed the most, losing 2.98 points. Walton Hi-Tech Industries, Zahintex Industries, Desh General Insurance Company, Rahima Food Corporation, and Crystal Insurance Company all suffered losses.

Out of the 398 issues that changed hands on the DSE, 305 advanced, 69 declined, and the rest did not see any price movement.

The Chittagong Stock Exchange also saw a similar trend as the Caspi, the key index of the bourse in the port city, went up 249.51 points, or 1.61 percent, to settle at 15,713.03.

STOCKS	
DSEX ▲	CASPI ▲
1.11%	1.61%
5,558.94	15,713.02

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▼	
\$2,391.59	\$86.86	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.06%	▼ 0.00%	▼ 0.85%	▼ 0.26%	
79,996.60	40,912.37	3,410.81	2,949.93	

## Annual inflation hits

### FROM PAGE B1

expects inflation to come down in the months ahead.

"You should give at least six months." The former economist at the IMF recommended the central bank raise the policy rate to 10 percent, if required.

The central bank is expected to announce the monetary policy for July-December later this month.

**Will monetary tightening be enough?**

Demand containment measures through monetary tightening alone might not work when it comes to curbing inflation. This is because there are a lot of distortions in the market and problems in the supply chain.

Both Raihan and Mujeri suggest the authorities address these issues.

Prof Raihan said initially, it was said that external factors such as the supply disruption caused by the lingering impacts of the coronavirus pandemic and the Russia-Ukraine war were behind the inflation spike in Bangladesh.

"The same can't be said now," he said, referring to many countries' success in reducing inflation although the two factors are still in play while the Middle East crisis has emerged as a new challenge. Mujeri said there are actors in the supply

chain who can influence the market and prices.

"They are abusing their market power. Thus, attention should be given to remove these weaknesses. Engaging law-enforcing agencies may work temporarily, but it is not a sustainable solution."

**Are govt interventions enough to protect the poor?**

Raihan said the high inflation has caused a massive erosion of people's real income.

"It hurts low-income people. But there is a shortcoming at the policy level in admitting this."

He urged the government to expand the coverage and allocation for social protection to support the poor until prices fall.

The government distributed 32.6 lakh tonnes of foodgrains in the last fiscal year, an increase of 13 percent from a year ago, food ministry data showed.

It plans to distribute 30.3 lakh tonnes of rice and wheat in FY25. Besides, the government is selling some essential food items at subsidised rates among one crore families.

"The government's intervention should continue. This will not make the poor richer. However, it will allow them to survive," added Mansur.

## China remains key to global auto industry: analysts

### ANN/CHINA DAILY

Despite the European Union's imposition of provisional import tariffs on Chinese electric vehicles from Friday, China's robust market and manufacturing capabilities remain pivotal for the world's green transition and the strategies of international automakers, analysts and business leaders said.

With multiple rounds of consultations held at the technical level between China and the EU, and a four-month window remaining before arbitration, advancing talks can help Beijing and Brussels to reach a mutually acceptable solution, they said.

On Thursday, the European Commission, representing the interests of the EU, confirmed that provisional tariffs of up to 37.6 percent will be imposed on Chinese EVs from Friday. The tariffs will remain in place until a final decision is taken in early November. If adopted, this decision could make the duties definitive for five years.

The German Association of the Automotive Industry said in a statement on Wednesday the tariffs will likely lead to countermeasures and retaliatory measures, and carry a real risk of escalating the trade conflict with China. In a separate statement, Oliver Zipse, board chairman of BMW AG, described the tariffs as a "dead end", arguing they would harm global companies, slow decarbonization by limiting the supply of EVs to Europe, and do nothing to strengthen European manufacturers' competitiveness.

Even though both sides have entered a negotiation phase, the EU's latest move was expected and it would not change in the short term, said Ji Xuehong, a professor at the School of Economics and Management at the Beijing-based North China University of Technology.

"Following the imposition of temporary tariffs and their implementation, both sides will move into the next round of negotiations and China will hold talks with relevant EU member states to reach a consensus," said Ji, adding the goal of these discussions is to prevent escalation of tensions.

Even with the imposition of provisional tariffs, Chinese EV manufacturers still have advantages in technology, efficiency and emissions reduction. It is difficult for the EU to keep them out of its markets, said Chen Bin, deputy director of the expert committee at the Beijing-based China Machinery Industry Federation.

## Rupee logs weekly decline

### REUTERS, Mumbai

The Indian rupee closed nearly unchanged on Friday as importer dollar demand weighed on the currency, even though most of its Asian peers gained ahead of the release of closely watched US jobs data later in the day.

The rupee ended at 83.4850 against the US dollar, barely changed from its close at

83.4925 in the previous session. The currency was down 0.1 percent week-on-week.

Major Asian currencies rose between 0.1 percent to 0.3 percent but the rupee lingered in a tight band as dollar demand from local oil companies and importers capped gains, traders said. The dollar index fell 0.2 percent to hit its lowest in three weeks at 104.95, pressured by strength in the euro and the British pound.

## Govt draws up list

### FROM PAGE B1

Property Organisation as signs used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. GIs guarantee intellectual property rights and their legal protection.

In Bangladesh, the recognition is provided by the DPDT.

The government has become active in securing GI status for the products manufactured or grown in the country after it came under heavy criticism following India's granting of GI status to Tangail's saris and Sundarbans' honey although both products are closely linked to Bangladesh.

On January 4, the Tangail sari was registered as a GI product of India. This led the Tangail district administration to apply for the GI recognition on February 6. The GI certificate for Tangail Sari was

issued on April 25.

India's West Bengal Forest Development Corporation Ltd applied for the GI rights for Sundarbans' honey on July 12, 2021, and the tag was issued on January 2, 2024.

In Bangladesh, the rush to obtain the GI status for Sundarbans' honey only gathered steam following a social media post by the forest department on May 16. The world's largest mangrove forest is spread out between Bangladesh and India, with around 60 percent lying within the former's borders.

Furthermore, the DC of Bagerhat applied for the GI level for the honey seven years ago. The DPDT took the initiative to register it on June 30.

From 2016 to 2022, seventeen products have been recognised as GI. Another 14 products received the tag in the last eight months.

## PMI shows slower expansion rate

### FROM PAGE B1

This was attributed to slower expansion for the key indexes of new orders, new exports, factory output, input purchases, employment, supplier deliveries, imports, and input prices. The order backlog index posted a

faster expansion rate.

The construction sector also posted a slower expansion rate for the indexes of new business, construction activity, employment, and input costs. As a result, the construction PMI fell from 79.3 in May to 65.1 in June.

The services sector saw the slightest dip, from 64.3

in May to 63.5 in June, posting a slower expansion rate for the indexes of new business and business activity, whereas faster expansion rates were recorded for the indexes of employment and input

costs.

In terms of the future business index, slower expansion rates were recorded for all key sectors of agriculture, manufacturing, construction, and services, it added.

The Metropolitan Chamber of Commerce

and Industry, Dhaka (MCCI) and private research organisation Policy Exchange Bangladesh

jointly launched the index few months back, with support from the UK Foreign, Commonwealth, and Development Office (FCDO).

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার  
নির্বাহী প্রকৌশলীর কার্যালয়, সওজ  
সড়ক বিভাগ, রাজবাড়ী  
ফোন: ০২-৪৭৮৮০৭৭২৮  
e-mail: rhdrajb@gmail.com

স্মারক নং-০৫.০২.৮২৭৬.৪৬৪.০৭.০১০.২৪-১৬৩৮ তারিখঃ ০৭-০৭-২০২৪ খ্রিষ্টাব্দ।

**"সীমিত দরপত্র পদ্ধতিতে টিকাদারী তালিকাভুক্তি/লাইসেন্স নবায়ন বিজ্ঞপ্তি"**

এতদ্বারা সংশ্লিষ্ট সকলের অবগতির জন্য জানানো যাচ্ছে যে, নিম্নবর্ণিত সময়সূচি মোতাবেক সড়ক বিভাগ, রাজবাড়ী এর ২০২৪-২০২৫ অর্থ বছরের সীমিত দরপত্র পদ্ধতিতে টিকাদারী তালিকাভুক্তি/লাইসেন্স নবায়ন করা হবে। আগ্রহী ব্যক্তি/প্রতিষ্ঠানের টিকাদারী লাইসেন্স নবায়ন/তালিকাভুক্তি করার জন্য অনুরোধ করা হলো।

ছক-১					
বিবরণ	নবায়ন ফি	ভ্যাট ১৫%	বিনা জরিমানায় নবায়নের সময়সীমা	৫০% জরিমানায় নবায়নের সময়সীমা	১০০% জরিমানায় নবায়নের সময়সীমা
টিকাদারী লাইসেন্স নবায়ন	২০০০.০০	৩০০.০০	০৭-০৭-২০২৪খ্রিঃ হতে ৩১-০৭-২০২৪খ্রিঃ পর্যন্ত	০১-০৮-২০২৪খ্রিঃ হতে ৩১-০৮-২০২৪খ্রিঃ পর্যন্ত	০১-০৯-২০২৪খ্রিঃ হতে ৩০-০৯-২০২৪খ্রিঃ পর্যন্ত

ছক-২				
বিবরণ	তালিকাভুক্তি ফরমের মূল্য	তালিকাভুক্তি ফি	ভ্যাট ১৫%	তালিকাভুক্তি ফরম সংগ্রহ ও জমা প্রদানের সময়সীমা
টিকাদারী তালিকাভুক্তি	১০০০.০০	৫০০০.০০	৭৫০.০০	০৭-০৭-২০২৪খ্রিঃ হতে ০৮-০৮-২০২৪খ্রিঃ পর্যন্ত

**শর্তাবলীঃ**

- ২০২৪-২০২৫ অর্থ বছরের লাইসেন্স নবায়নের জন্য অত্র দপ্তরের হিসাব শাখায় লাইসেন্স নবায়ন ফি ও ভ্যাট জমা পূর্বক মানি রশিদ সংগ্রহ করতে হবে।
- টিকাদারী তালিকাভুক্তির জন্য ১০০০.০০ (এক হাজার) টাকা মূল্যের তালিকাভুক্তি ফরম অত্র অফিস হতে সংগ্রহ পূর্বক ফরমে উল্লিখিত সকল শর্তাবলী পূরণ করে দাখিল করতে হবে। তালিকাভুক্তি কমিটি কর্তৃক যাচাই-বাছাই অত্র উর্দ্বীণ ব্যক্তি/প্রতিষ্ঠানের তালিকাভুক্তি ফি গ্রহণ পূর্বক টিকাদারী তালিকাভুক্ত করা হবে।
- নির্ধারিত তারিখের পরে কোনক্রমে টিকাদারী লাইসেন্স নবায়ন/তালিকাভুক্তি ফি গ্রহণ করা হবে না।
- টিকাদারী লাইসেন্স নবায়ন/তালিকাভুক্তির ক্ষেত্রে কর্তৃপক্ষের সিদ্ধান্তই চূড়ান্ত বলে গণ্য হবে।
- লাইসেন্স নবায়নের ক্ষেত্রে শুধুমাত্র ২০২৩-২০২৪ অর্থ বছরে নবায়নকৃত লাইসেন্স বহিঃ ২০২৪-২০২৫ অর্থ বছরে নবায়ন করা হবে।

০৭.০৭.২০২৪  
মোঃ রাজস খান  
পরিচিতি নং-৬০২৩০৪  
নির্বাহী প্রকৌশলী (চ.দা.), সওজ  
সড়ক বিভাগ, রাজবাড়ী।

GD- 22

# Processed food industry grew 8% annually since 2005

Rising middle class and urban consumer demand behind the push: USDA



## STAR BUSINESS REPORT

Bangladesh's \$8 billion food processing industry has annually grown by 8 percent on an average between 2005 and 2023, powered by rising middle-class and urban consumer demand for convenience, said the US Department of Agriculture (USDA).

"The processed food and beverage industry has seen notable growth in recent years," said the agency in a July 1 report prepared as a guide for US exporters on Bangladesh's market.

"The processed food market is highly competitive as the domestic food industry is expanding investments to export to the world. Popular processed foods include snacks, ready-to-eat meals, frozen items, drinks and beverages, and dairy products," it said.

And the expansion of modern retail is also a reason behind the increased demand for processed foods, it said.

The report said an increasing percentage of upper-middle to upper-

class consumers are shopping at modern retail outlets due to greater convenience.

"Consumers in higher income brackets prefer international brands, including products from a specific country of origin which, they believe, indicates safety and quality," it said.

It said the modern retail sector currently constitutes about 2 to 3 percent of total retail sales in Dhaka, Chattogram, and Sylhet.

Bangladesh's modern food retail industry has approximately 40 companies with over 750 outlets.

From 2015 to 2023, the annual turnover for members of the Bangladesh Supermarket Owners Association grew from around \$200 million to \$350 million, according to the report.

"Modern retailing, including supermarkets and convenience stores, is growing in Bangladesh as consumers attach more importance to appearance, ambience, comfort; and the availability of a vast range of products," it said.

The USDA report said modern retail chains are striving to differentiate themselves from wet markets by offering more varied, high-quality products and convenience.

"However, they also have challenges, such as cold chain capacity, food preservation and packaging, and general transportation logistics," it said.

The growth of e-commerce is thriving in the urban food and non-food retail market. The adoption of digital technologies and e-commerce is expected to play a crucial role in shaping the future of the sector, it said.

It said rising per capita income, increased urbanisation, higher female labour force participation and the resulting lifestyle changes are fuelling demand for processed dairy products, bakery products, readymade meals, confectionery, breakfast cereals, baby food and non-alcoholic beverages.

"A growing number of quick-service restaurants, and e-commerce

food delivery to meet the demand for Asian and Western cuisines are driving import demand," it added.

The USDA report said Bangladesh's import of consumer-oriented food products increased from \$1.7 billion in 2019 to \$2 billion in 2022.

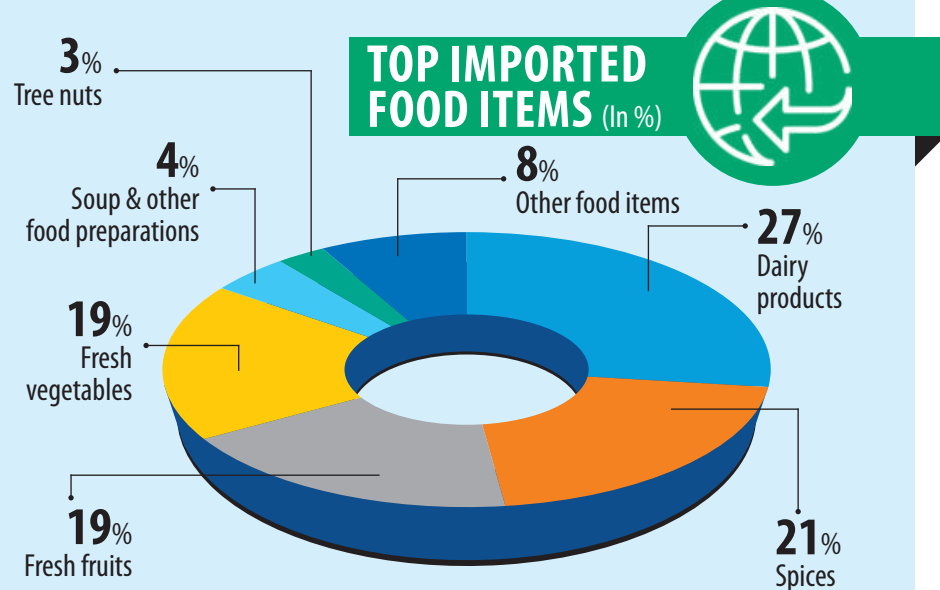
However, import of consumer-oriented foods declined slightly to \$1.99 billion in 2023, it said.

The report said the US was Bangladesh's 17th largest supplier in 2022, but in 2023, its position rose two spots to 15th.

This represents an 80 percent increase in its exports year-on-year to \$17.1 million in 2023, it said.

However, the value of consumer-oriented product exports from the US makes up less than one percent of its total agricultural exports to Bangladesh, it said.

Shipment of agricultural products from America fell 17 percent year-on-year to \$781 million in 2023, according to the report.



# How do we increase our exports to China?

MAMUN RASHID

China is the largest exporting and second-largest importing country in the world. The Chinese domestic market is also expanding fast with increasing consumerism and brand popularity. Yet Bangladesh's export to China is dropping despite signing the tariff waiver for many "Made in Bangladesh" products.

Since 2015, China offered Bangladesh extensions on the trade benefits for up to almost 99 percent of our goods. Still, the exports from Bangladesh have not picked up to the desired level.

Analysts blame the lack of product diversification and competitiveness as a major barrier. Bangladesh's major export is readymade garment, while China itself is the largest apparel and textile supplier worldwide, occupying nearly 32 percent of the global share.

China's imports of RMGs share are more where it has signed free trade agreements like in ASEAN countries. It has effective FTAs with countries which are our competitors, especially in the garment sector. Studies reveal that we have only about 3 percent market share in China for RMG whereas it is 18 percent for Vietnam, our competitor in the same domain.

Though fisheries and aquatic products have been accorded zero duty coverage by China, they often face non-tariff and technical barriers to trade under the guise of sanitary and phytosanitary measures leading to blockages.

We don't have a strong forward and backward linkage in RMG. This is a big handicap. Bangladesh's backward linkage industry in the textile sector is 5-8 percent of total demand. Due to this, raw materials like fabrics, trims, and accessories are being imported from other countries, especially China.

Analysts think that the granting of zero duty concessions and exemptions is a transient phase accorded to least-developed countries (LDCs) and a derogation from WTO principles. This is unlikely to be continued for an indefinite manner.

Ultimately, developed and industrialised countries should give special and differential treatment to developing countries as envisaged. Even the Chinese importers think of the zero duty concessions as a temporary phase.

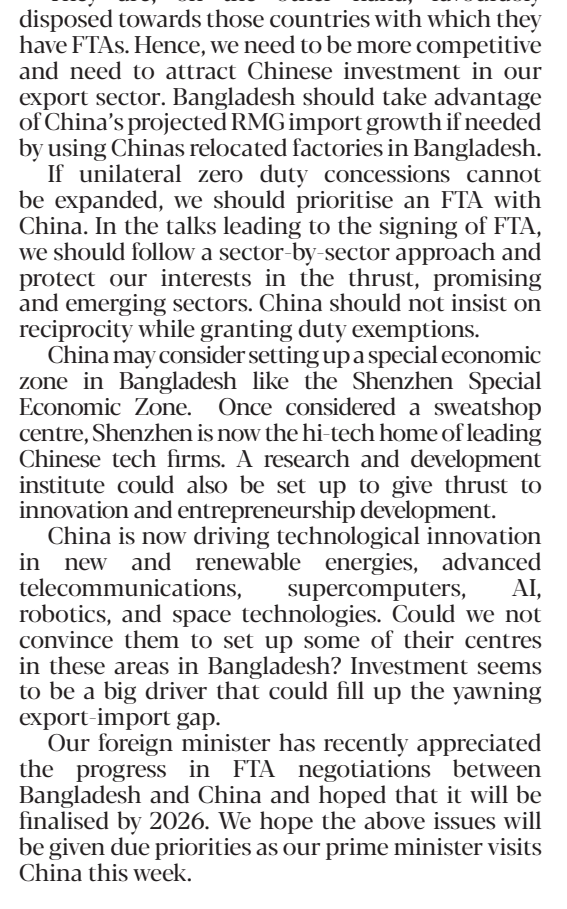
They are, on the other hand, favourably disposed towards those countries with which they have FTAs. Hence, we need to be more competitive and need to attract Chinese investment in our export sector. Bangladesh should take advantage of China's projected RMG import growth if needed by using China's relocated factories in Bangladesh.

If unilateral zero duty concessions cannot be expanded, we should prioritise an FTA with China. In the talks leading to the signing of FTA, we should follow a sector-by-sector approach and protect our interests in the trust, promising and emerging sectors. China should not insist on reciprocity while granting duty exemptions.

China may consider setting up a special economic zone in Bangladesh like the Shenzhen Special Economic Zone. Once considered a sweatshop centre, Shenzhen is now the hi-tech home of leading Chinese tech firms. A research and development institute could also be set up to give thrust to innovation and entrepreneurship development.

China is now driving technological innovation in new and renewable energies, advanced telecommunications, supercomputers, AI, robotics, and space technologies. Could we not convince them to set up some of their centres in these areas in Bangladesh? Investment seems to be a big driver that could fill up the yawning export-import gap.

Our foreign minister has recently appreciated the progress in FTA negotiations between Bangladesh and China and hoped that it will be finalised by 2026. We hope the above issues will be given due priorities as our prime minister visits China this week.



The author is an economic analyst.

# US jobs market sees gradual cooldown in June

AFP, Washington

US job gains eased slightly in June while unemployment edged up, government data showed Friday, in a sign that the world's biggest economy is cooling steadily as policymakers hope.

Wage growth decelerated, although it still outpaced consumer inflation. But this has not translated into rosy sentiment over the broader economy, adding to President Joe Biden's challenges as he seeks reelection.

"We have more work to do, but wages are growing faster than prices and more Americans are joining the workforce," Biden stressed in a statement after the report came out.

The country added 206,000 jobs last month, the Labor Department said, marking a slower pace of hiring than May's revised 218,000 figure.

The gains beat a Briefing.com consensus estimate of 185,000, signaling

that the labor market remains relatively resilient despite high interest rates.

The jobless rate ticked up from 4.0 percent to 4.1 percent.

For now, the figures point to a "very gradual, orderly cooling" in the market, ZipRecruiter chief economist Julia Pollak told AFP.

But she pointed to signs of weakness, including downward revisions to April and May hiring numbers by a cumulative 111,000.

The uptick in unemployment, though narrow, also marks the highest level since November 2021 — ending a 30-month stretch where the rate stood at or below 4.0 percent.

More than one-third of overall gains came from government employment, noted Mike Fratantoni, chief economist at the Mortgage Bankers Association. This means that headline numbers do not paint a full picture of the labor market's health.

"Other aspects of the data indicate a slowing job market," he said in a note.

Temporary hires dropped by 49,000, indicating that business demand for labor is falling, Fratantoni said.

Wage growth slowed from 0.4 percent in May to 0.3 percent last month, according to the report.

Compared with a year ago, the increase was 3.9 percent — also easing from before.

"Weakening demand for labor will lead to further moderation in wage growth," said economist Nancy Vanden Houten of Oxford Economics.

But this is likely to bolster the Federal Reserve's confidence that inflation is on a downward path to policymakers' two percent target.

The latest report comes on the back of a slump in business activity in the manufacturing and services sectors, alongside easing inflation.

# Indian consumer goods makers' sales growth picks up

REUTERS, Bengaluru

Indian consumer goods companies Marico, Dabur and Adani Wilmar reported a pick up in first-quarter revenue growth as demand improved gradually, with consumers spending more on personal care and cooking products.

Volume trends from key consumer goods companies, which sell everything from hair and cooking oils to oats, are seen as an important indicator of consumption patterns in the country.

Marico gets more than a quarter of its sales from rural India, while almost half of Dabur's sales is from villages and small towns. Both are expected to be key beneficiaries of the recovery in rural demand as companies cut prices, analysts said.

The recovery, though, is not complete from last financial year when persistently high inflation forced consumers to tighten their wallets.

# Oil settles 1% lower

REUTERS, Houston

Oil prices settled lower on Friday as the rising possibility of a ceasefire deal in Gaza outweighed strong summer fuel demand and potential supply disruptions from Gulf of Mexico hurricanes.

Brent crude futures settled down 89 cents, or 1.02 percent lower, to \$86.54 a barrel, after reaching their highest since April earlier in the session. US West Texas Intermediate (WTI) crude futures settled at \$83.16 a barrel, down 72 cents, or 0.9 percent.

For the week, Brent rose 0.4 percent, while WTI futures posted a 2.1 percent rise.

The head of Israel's Mossad has returned from Doha after an initial meeting with mediators trying to reach a Gaza ceasefire and hostage release deal, and negotiations will resume next week, Prime Minister Benjamin Netanyahu's office said on Friday.

Netanyahu's office said in a statement that gaps remain between the sides.

"Obviously a breakthrough there would help calm the waters," said John Kilduff, partner at Again Capital. An easing of the Middle Eastern conflict reduces the risk premium of barrels out of the region and weighs on oil prices.

WTI did not settle on Thursday due to the Independence Day holiday, giving way to thin trading, but prices have risen this week on strong summer oil demand expectations in the US.

"The last couple of days represent the peak of the drive season, in terms of demand and prices continue to creep higher. This is coming from stronger consumer demand and the effects of Hurricane Beryl," Tim Snyder, economist at Matador economics said in a note on Friday.

The US Energy Information Administration (EIA), on Wednesday, reported a much larger-than-expected 12.2 million barrel inventories draw last week, compared with analyst expectations for a draw of 700,000 barrels.

# Why AI may fail to unlock the productivity puzzle

REUTERS, London

The world's advanced economies are in the grip of a prolonged productivity crisis. In the decade following the financial crisis of 2008, the growth of output per hour worked in the Group of Seven rich countries slumped to less than 1 percent a year — less than half the rate of the decade before. This dismal performance is the single biggest economic problem facing the developed world — as well as the root of much of political and geostrategic angst.

Artificial intelligence is a potential breakthrough. BlackRock CEO Larry Fink claims it will "transform margins across sectors". Goldman Sachs predicts it will boost productivity growth by up to 3 percentage points per year in the United States over the next decade. The McKinsey Global Institute says it could add up to \$26 trillion to global GDP.

Investors should beware of the hype. Four features of AI suggest that while its impact on the bottom line of some companies may be positive, its economy-wide consequences will be less impressive. Indeed, self-teaching computers may make the productivity crisis worse.

Start with AI's impact on the most fundamental driver of modern economic



An employee builds a Microsoft Copilot+ display at the Best Buy store in Miami, Florida. One recent study found that introducing AI-powered chatbots helped customer support functions resolve 14 percent more issues per hour. PHOTO: AFP/FILE

growth — the accumulation of new scientific knowledge. Its prodigious predictive powers have enabled notable advances in certain data-heavy areas of chemistry and biology. Yet the potential of science to generate useful knowledge relies on its ability not just to predict what happens, but to explain why it does so.

Ancient Babylonians, for example, were no slouches when it came to predicting

astronomical phenomena. Yet they never developed an understanding of the laws of physics that explain why these events occur. It was only with the discovery of the scientific method — constructing explanatory theories and subjecting them to experimental tests — that scientists began to grasp how the universe works. It is that ability to understand as well as predict that enables modern scientists to land a man on the moon — a feat of which their Babylonian ancestors could only dream.

AI models are digital Babylonians, rather than automated Einsteins. They have revolutionised the ability of computers to identify useful patterns in huge datasets, but they are incapable of developing the causal theories needed for new scientific discoveries. As University of California computer scientist Judea Pearl and coauthor Dana Mackenzie put it in their 2018 best-seller "The Book of Why": "Data do not understand cause and effect: humans do." Without causal reasoning, AI's predictive genius will not be making human scientists redundant.

A second argument made for AI is that it will reduce corporate costs by automating much more basic knowledge work. That is a more plausible claim, and