



BUSINESS

A longstanding political issue has now evolved from a financial concern to a structural problem in Bangladesh, according to Prof Rehman Sobhan.

Story on B4



'Climate change to affect aquaculture'

STAR BUSINESS REPORT

Climate change will affect aquaculture production in Asia, which accounts for almost 90 percent of global aquaculture production.

Consequently, aquaculture in Bangladesh, one of the most vulnerable countries to climate change, is also expected to suffer, said Cherdasak Virapat, director general of the Centre on Integrated Rural Development for Asia and the Pacific (Cirdap).

"Bangladesh, Cambodia, China, India, Nepal, the Philippines and Vietnam have been identified as the most vulnerable countries worldwide," he said.

The Cirdap and the Bangladesh Shrimp and Fish Foundation (BSFF) organised the seminar, styled 'Promoting Climate Resilient Aquaculture and Fisheries for Integrated Rural Development in Bangladesh', at the Cirdap Auditorium in the capital yesterday.

During his presentation, Virapat said: "The impacts of climate change are serious and must be addressed now because the longer we fail to take action, the bigger the cost to remediate the impacts."

Preemptive mitigation of climate change should be a key consideration for the sustainable development of the aquaculture sector, he added.

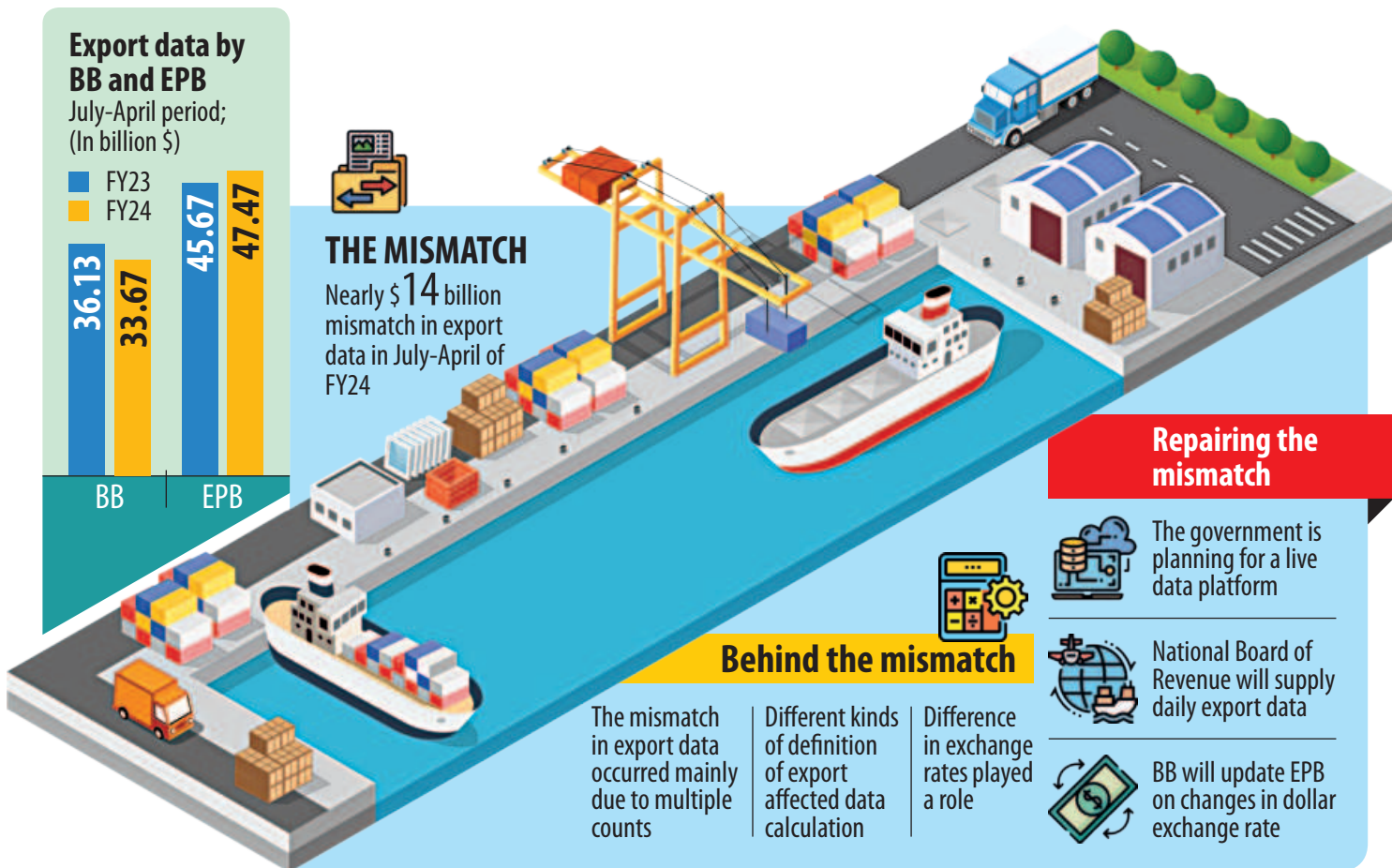
Speaking about overcoming these challenges, Virapat said four strategic actions need to be established.

The first is increasing climate resilience of farmers, farming systems, and breeds available for farming.

The second is to increase the capacity to manage short- and long-term climate risks and reduce losses from weather-related disasters. READ MORE ON B3

Bangladesh moves to put export data system in order

Real-time data platform will be rolled out



REFAYET ULLAH MIRDHA and MD ASADUZ ZAMAN

The government has initiated moves to correct the system to calculate national data in order to avoid the repetition of the shock after the central bank reported a massive statistical mismatch linked to exports.

As part of the process, it decided to introduce a platform to publish real-time data on the country's sales in global markets in order to ensure data accuracy and make policies evidence-based.

The primary decision of putting in place the live data platform was taken at a meeting at the Export Promotion Bureau (EPB) in Dhaka yesterday.

Representatives from the EPB, the Bangladesh Bank, the National Board of Statistics, and the Bangladesh Trade and Tariff Commission participated in the meeting.

It seemed that this was the first meeting since Wednesday when the central bank's

corrected figures on exports took many by surprise. Analysts have even termed it as one of the biggest shocks in the financial sector of Bangladesh in recent times.

BB data showed that actual exports in July-April of fiscal year 2023-24 were nearly \$14 billion below the shipment value of goods published by the EPB earlier.

This prompted the government to make the export data uniform as the release of shipment figures computed by various agencies of the government is creating confusion.

"The platform has been planned as the data mismatch is giving wrong signal to policymakers," said a senior official of the EPB who attended the meeting. He, however, could not say immediately when the platform would be rolled out and how it would be run as the idea is still in its infancy.

The EPB will brief the commerce ministry shortly about the issue, the official said, adding that funds would be needed for the creation of such a modern data platform.

Earlier this week, State Minister for Commerce Ahasanul Islam Titu told The Daily Star that a new project will be taken soon for the real-time export data platform.

Under the planned platform, the NBR will supply the daily export data to the EPB, and the BB will compute it on the basis of the real-time exchange rate.

This is because the customs department sends the figures on the volume of exported goods in the local currency, and the EPB converts them into US dollars, the official said.

However, a single data platform will remove all confusion as figures will be provided in real-time and calculated in a scientific manner, he said.

"This is a step in the right direction," said Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh.

He said there are some debates about what data should be considered as exports.

"It should be based on global standards. In order to do so, the International Monetary

READ MORE ON B3

Export data mismatch: Is it the tip of the iceberg?

AHSAN HABIB

Accurate data is a crucial input for taking effective policies and putting the economy on the right track. If the data is not correct or time-befitting, policies might be proved wrong. Then, development successes will be only on paper and will not reflect reality.

In Bangladesh, economists expressed their doubts about figures related to various economic indicators in the past and recommended the authorities correct them to ensure data accuracy and reliability, but their calls have remained unaddressed.



For example, over the years, questions were raised about the actual volume of default loans in the banking sector, production, demand and supply of major crops such as paddy, potato and onions, as well as the supply and demand of imported commodities. Timely data collection and their release were also an issue.

In recent years, exporters and observers have said that export data was inflated and did not portray the struggle entrepreneurs and industrialists had been experiencing in keeping their factories up and running, retaining global clients and preventing the cost from skyrocketing.

Therefore, whenever state-run Export Promotion

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STOCKS	
DSEX ▲	CASPI ▲
0.10%	0.51%
5,564.63	15,794.66

COMMODITIES	
Gold ▼	Oil ▼
\$2,371.99	\$82.29
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.04%	▼ 0.32%	▼ 0.19%	▼ 0.93%
79,960.38	40,780.70	3,404.47	2,922.45

GP users face disruption

STAR BUSINESS REPORT

Many Grameenphone users yesterday faced disruption in using internet and making calls for over 30 minutes due to "technical problems".

Mobile phone users from different parts of the country reported not being able to access Grameenphone's network after around 4.45pm.

Facebook was inundated with complaints from users, who were unable to make calls using their Grameenphone connections.

Later in a statement issued at 5.26pm, the operator said it had restored the network.

"Due to technical problems, some of our customers may have faced difficulties in using voice and data services for some time, which has already been restored by our network team. We apologise for the temporary inconvenience," said Sharfuddin Ahmed Chowdhury, head of communications at Grameenphone.

However, the company did not provide details on the "technical problems" nor shared the specific extent of the outage.

This is the third time in less than one and a half years that users experienced such an outage in the network of the country's top mobile phone operator, which has over eight crore customers or 43.52 percent of the total number of mobile subscribers.

Many vital government offices rely on Grameenphone using it as their official mobile network communication channel.

"We are observing the situation and will look into it," Md Mohiuddin Ahmed, chairman of Bangladesh Telecommunication Regulatory Commission, told The Daily Star yesterday.

In September last year, mobile phone users in different parts of the country complained about not getting access to Grameenphone's network for over half an hour due to a "technical glitch".

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Construction of Chinese economic zone makes no progress in 8 years

JAGARAN CHAKMA

Construction of the Chinese Economic and Industrial Zone (CEIZ) in Chattogram has not started despite eight years having passed since the Bangladesh Economic Zones Authority (Beza) first took the initiative to build the enclave in a bid to attract foreign investment.

Insiders said Beza had acquired 784 acres of land for the economic zone in the Anwara upazila of the port city and had already constructed a couple of roads and established other utility services for the zone.

However, construction work is yet to begin and a major reason for that was an unexpected change of developer.

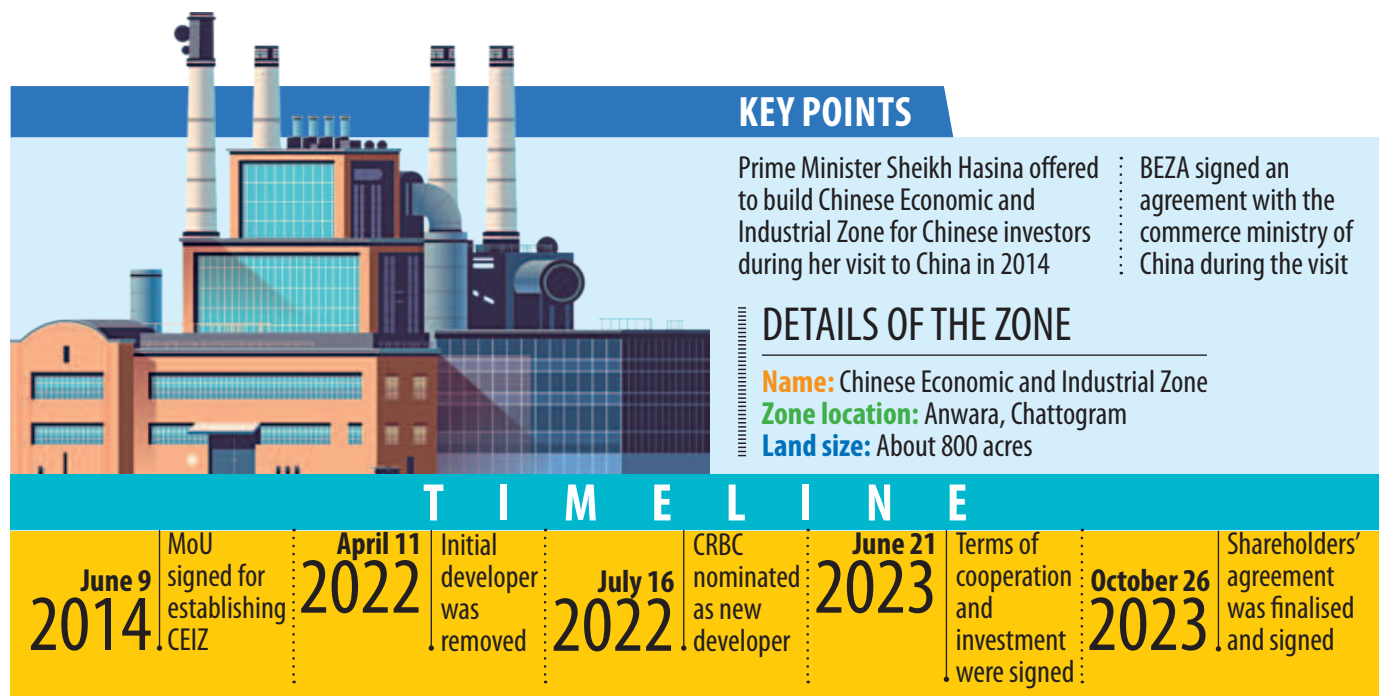
The Beza initially signed a contract with China Harbour Engineering Company Limited (CHEC) to establish the economic zone in October of 2016.

However, the developer agreement and land lease agreement could not be signed with CHEC due to various reasons and the initiative fell through in April of 2022.

Subsequently, on July 16 of 2022, the Chinese authorities nominated China Road and Bridge Corporation (CRBC) as the new developer.

In June the same year, the Beza inked the terms of cooperation and investment with CRBC.

Officials added that Beza had finalised the shareholder agreement with CRBC in October last year.



Sources also said the BEZA sent the final draft of the developer agreement and land lease agreement to the legislative and parliamentary affairs division and the finance division for approval last month.

The agency, which operates under the Prime Minister's Office, took the initiative to construct the industrial enclave in line with an offer from Prime Minister (PM)

Sheikh Hasina to Chinese investors.

During her visit to China in June of 2014, the PM offered an exclusive economic zone for Chinese investors in order to attract foreign investment.

The Beza also signed an agreement with the Commerce Ministry of China during her visit. Later, it took a Tk 420 crore project to implement the scheme.

China is providing a loan to fund part of the project.

Insiders said a Special Purpose Company (SPC) would be formed to undertake future development and management of the economic zone, which is expected to create a congenial business environment for Chinese companies and create employment for two lakh people.



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German exports down sharply in May

AFP, Frankfurt

German exports fell more sharply than expected in May, official data showed Monday, highlighting the challenges that Europe's biggest economy faces to emerge from the doldrums.

Exports dropped 3.6 percent from the previous month and stood at 131.6 billion euros (\$142.6 billion), federal statistics agency Destatis said in a statement.

It followed two months of slight increases, and was worse than forecast by analysts surveyed by financial data firm FactSet, who had been expecting a decrease of 2.5 percent.

Exports to the European Union fell 2.5 percent while beyond the bloc they were down 4.9 percent.

Exports to China, which was Germany's top trading partner in 2023, fell 10.2 percent.

The United States remained the biggest importer of "made in Germany" goods, although exports to the world's biggest economy declined 2.9 percent.

Germany imported 106.7 billion euros worth of products in May, down 6.6 percent from a month earlier, with its trade surplus coming in at 24.9 billion euros.

Germany was the only major advanced economy to shrink last year as it battled high inflation, a manufacturing slowdown and weakness in key trading partners.

A recovery is getting underway this year but recent indicators have suggested it may be slower than originally anticipated.

The German government is forecasting 0.3 percent growth for 2024.

BRAC Bank, CEAB sign deal to open China desk



Wang Hong Bo, vice-president of the Chinese Enterprise Association in Bangladesh, and Tareq Refat Ullah Khan, deputy managing director and head of corporate banking division at BRAC Bank, pose for photographs after signing an agreement at the former's office in the capital's Baridhara recently.

PHOTO: BRAC BANK

STAR BUSINESS DESK

BRAC Bank and the Chinese Enterprise Association in Bangladesh (CEAB) recently signed a partnership agreement under which the bank will set up a dedicated "China Desk" to enhance service offerings for CEAB members.

The desk will be staffed by Mandarin-speaking professionals, providing tailored support to the Chinese business community.

Tareq Refat Ullah Khan, deputy managing director and head of the corporate banking division at BRAC Bank, and Wang Hong Bo, vice-president of CEAB, penned the deal

at the latter's office in the capital's Baridhara.

Under this agreement, CEAB members will get access to the bank's products and services at preferential rates.

This partnership with CEAB signifies BRAC Bank's ongoing commitment to expanding its business with Chinese investors and companies in Bangladesh.

The bank has developed industry-specific solutions to meet the unique needs of various sectors.

CEAB is dedicated to promoting economic and trade cooperation, strengthening bilateral ties, and contributing to Bangladesh's socio-economic development. Recently, CEAB

inaugurated eight specialised industrial branches to enhance key sectors in Bangladesh.

With 280 large and medium-sized Chinese enterprises under its umbrella, CEAB has successfully constructed vital infrastructure projects such as highways, bridges, railways, and power facilities in Bangladesh.

AKM Faisal Halim, head of transaction banking of the bank, Musabbir Ahmed, unit head of transaction banking, Dilruba Sharmin Huq, team lead of transaction banking, and Yang Jianshi, Guo Hujing, and Han Jingchao, vice-presidents of CEAB's delegation, were also present.

Midland Bank opens relocated Madhabdi sub-branch in Narsingdi

STAR BUSINESS DESK

Midland Bank recently opened a relocated Madhabdi sub-branch in Narsingdi.

The sub-branch is equipped with modern banking facilities, including a cash recycling machine (CRM), which allows cash withdrawals and deposits.

Md Ahsan-uz Zaman, managing director and CEO of the bank, inaugurated the sub-branch, the bank said in a press release.

Md Rashed Akter, head of retail distributions of the bank, Nakul Chandra Debnath, head of GSD, Mahamudul Hasan, head of Narsingdi branch, Imran Al Habib, head of agent banking, Md Ashraf Islam, head of retail sales department, Md Abdul Barik, head of Panchrukhi branch, and Monir Hossain, head of Madhabdi sub-branch, were present.

Mosharraf Hossain Pradhan (Manik), mayor of Madhabdi Municipality, along with clients, businessmen and locals were also present.



Md Ahsan-uz Zaman, managing director and CEO of Midland Bank, poses for photographs before inaugurating a relocated Madhabdi sub-branch in Narsingdi recently.

PHOTO: MIDLAND BANK

BB, Dhaka Bank organise 'Customer Awareness Week, Khulna'

STAR BUSINESS DESK

The Financial Integrity and Customer Services Department (FICSD) of Bangladesh Bank, in association with Dhaka Bank, organised an event styled "Customer Awareness Week, Khulna- 2024" to raise banking awareness among customers.

The five-day event started at the Jashore IT Hotel Park in Jashore on Sunday and will end on July 11.

SM Hasan Reza, executive director of the Bangladesh Bank Khulna office, attended the inauguration programme as chief guest, according to a press release.

During the programme, Reza emphasised the responsibilities of bankers and the importance of customer awareness in banking services.

Abu Hena Humayun Kabir, director of the FICSD of the Bangladesh Bank, presided over the inauguration ceremony, where AKM Shah Nawaj, acting managing director of Dhaka Bank, Md Sirajul Islam, executive director of Bangladesh Bank, and



SM Hasan Reza, executive director of Bangladesh Bank Khulna office, poses for photographs with participants of "Customer Awareness Week, Khulna-2024" at Jashore IT Hotel Park in Jashore on Sunday.

PHOTO: DHAKA BANK

Shayema Islam, director, were present as special guests.

More than 70 officials from branches of different banks and financial institutions working in Khulna division took part in the event.

After discussions, presentations on various aspects of banking

services and protection of sensitive information were showcased.

Mohammad Mahenur Alam, additional director and head of FICSD Strategic Communication Team of Bangladesh Bank, along with senior officials from Dhaka Bank and Khulna office of Bangladesh Bank were also present.

Conference for CAMLCOs of insurance companies held

STAR BUSINESS DESK

The chief anti money laundering compliance officers (CAMLCOs) of insurance companies participated in a conference recently at a hotel in the capital.

The conference was held under a joint initiative of the Bangladesh Financial Intelligence Unit (BFIU) and the Insurance Companies CAMLCO Association of Bangladesh (ICCAB), according to a press release.

The day-long conference was inaugurated by Md Masud Biswas, chief of BFIU, while Probir Chandra Das, chairman of ICCAB and DMD & CFO of National Life Insurance, delivered the welcome speech.

Md Masud Biswas said the insurance sector could play an important role in preventing money laundering by strengthening corporate governance.

He also said CAMLCOs could report any suspicious financial transaction to the BFIU to prevent money laundering.



PHOTO: NATIONAL LIFE INSURANCE

Md Masud Biswas, chief of BFIU, and Probir Chandra Das, chairman of ICCAB and DMD & CFO of National Life Insurance, are seen along with other high officials at CAMLCO conference at a hotel in Dhaka recently.

Three panel discussions and an open discussion were also held, featuring experts from insurance companies, BFIU and the insurance industry.

Md Dalil Uddin, a member of the Insurance Development & Regulatory Authority, and BM Yusuf

Ali, president of the Bangladesh Insurance Forum, also spoke at the inaugural ceremony while Md Rafiqul Islam, deputy chief of BFIU, was also in attendance.

Md Kazim Uddin, CEO of National Life Insurance, and other senior officials also participated.

Meghna Bank celebrates half-yearly success

STAR BUSINESS DESK

Meghna Bank recently celebrated the success of its half-yearly closing (in the January-June period of 2024) at the bank's head office in Dhaka.

The bank achieved significant growth in deposits and in other parameters during this period.

HN Ashequr Rahman, founder and chairman of the bank, inaugurated celebrations as chief guest, the bank said in a press release.

Kazi Ahsan Khalil, managing director and CEO of the bank, presided over the celebration programme, where Imrana Zaman Chowdhury, vice-chairperson of the bank, was present.



HN Ashequr Rahman, founder and chairman of Meghna Bank, cuts a cake with members of the board of directors of the bank at its head office in Dhaka recently.

PHOTO: MEGHNA BANK

AB Bank opens sub-branch in Hemayetpur

STAR BUSINESS DESK

AB Bank inaugurated a sub-branch in Hemayetpur, Savar recently.

The sub-branch is located at the Hazi Ashraf Shopping Complex and Tower, Hemayetpur Road, Jadurchar, Savar, according to a press release.

Tarique Afzal, managing director of AB Bank, inaugurated the sub-branch, which is the bank's 54th sub-branch.

Other officials were also present.



Tarique Afzal, managing director of AB Bank, cuts a ribbon to inaugurate a sub-branch in Savar recently.

PHOTO: AB BANK

Oil price drops 1%

REUTERS

Oil prices fell 1 percent on Monday after gaining for four weeks as supply disruption worries eased on hopes of a ceasefire deal in Gaza, but the potential impact of Hurricane Beryl on supplies kept the slide in check.

Brent crude futures were down 88 cents, or 1 percent, at \$86.66 a barrel, as at 1016 GMT. US West Texas Intermediate (WTI) crude was at \$82.16 a barrel, down \$1, or 1.2 percent.

Talks over a US ceasefire plan to end the nine-month-old war in Gaza are under way and being mediated by Qatar and Egypt.

If anything concrete comes from the ceasefire talks, it will take some of geopolitical bid out of the market for now, said IG analyst Tony Sycamore.

"Oil did not take advantage of the weaker dollar, coming under some selling pressure on rising expectations of a ceasefire in the Middle East," said Charalampos Pissourous, senior investment analyst at brokerage XM.

Meanwhile, in the United States, Hurricane Beryl made landfall near Matagorda Texas on Monday. Ports of Corpus Christi, Houston, Galveston, Freeport and Texas City closed on Sunday to prepare for hurricane.

"Weekly settlement prices suggest that investors liked what they saw in spite of the pre-weekend profit-taking in oil, which continues this morning on the prospect of the resumption of ceasefire talks between Israel and Hamas and the closure of Texan ports", said PVM analyst Tamas Varga.

Port closures could bring a temporary halt to crude and liquefied natural gas exports, oil shipments to refineries and motor fuel deliveries from those plants.

"While this puts some offshore oil and gas production at risk, the concern when the storm makes landfall is the potential impact it could have on refinery infrastructure," ING analysts led by Warren Patterson said in a note.

WTI gained 2.1 percent last week after data from the Energy Information Administration showed stockpiles for crude and refined products fell in the week ended June 28.

IG's Sycamore said there is also a good chance of US data showing another large weekly draw in US oil inventories amid peak driving season.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JULY 8, 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	35.29 ↑	53.33 ↑
Egg (4 pcs)	Tk 45-Tk 50	-6.86 ↓	-1.04 ↓

SOURCE: TCB

China tweaks liquidity operations

REUTERS, Beijing/Shanghai

China's central bank said on Monday it would start conducting temporary bond repurchase agreements or reverse repos to make open market operations more efficient and keep banking system liquidity ample.

Market participants and analysts believe the move paves the way for a new interest rate corridor, with the seven-day reverse repo rate serving as a central guide, giving the bank more leeway to manage cash conditions and interest rates amid hot demand for bonds.

That also comes after the central bank's governor said the seven-day rate "basically fulfils the function" as the main policy rate.

The temporary repos and reverse repos will be loans with overnight tenors and will be conducted depending on market conditions.

The interest rates of the temporary and reverse repos will be 20 basis points below and 50 basis points above the seven-day reverse repurchase operations, or 1.6 percent and 2.3 percent, respectively.

"From now on, the People's Bank of China (PBOC) will conduct temporary repos or temporary reverse repo operations depending on conditions," the central bank said in an online statement.

Reverse repo operations should allow the central bank to inject cash into the banking system, whereas the repos could withdraw funds.

"If OMO repos were to be conducted, then the OMO repo rate could serve as the floor as this would be the rate the PBOC pays to absorb excess liquidity from the market," said Frances Cheung, rates strategist at OCBC Bank.

"Being conducted regularly, daily OMOs can be effective in guiding market interest rates within a range," she said.

PBOC Governor Pan Gongsheng said last month the seven-day reverse repo rate fulfilled the function as the main policy rate, noting the cost of monetary policy instruments with other tenors diminished their roles as policy rates.



Mohammad Furkan Khan runs a commercial operation breeding pet birds at his home in Hemayetpur of Savar. Twice a week he bicycles to markets in Mirpur and Hemayetpur to sell the birds and makes a profit of around Tk 30,000 per month. The photo was taken at Gabtoli recently.

PHOTO: PALASH KHAN

Stocks rise for fifth day but turnover falls

STAR BUSINESS REPORT

The benchmark index of the Dhaka Stock Exchange (DSE) extended its gaining momentum as it advanced for the fifth consecutive day yesterday.

The DSEX, the broad index of the premier bourse in Bangladesh, added 5.69 points, or 0.10 percent, to close the day at 5,564.63.

The DSES, the index that consists of Shariah-based companies, ticked up 0.31 points, or 0.02 percent, to 1,215.14.

However, the DS30, the index that is composed of the blue-chip firms, declined 4.60 points, or 0.23 percent, to 1,959.90.

Turnover, which indicates the volume of the shares traded during the session, slipped 2.22 percent to Tk 888 crore.

Of the issues that traded on the DSE, 164 advanced, 197 declined, and 33 did not see any fluctuations.

The pharmaceuticals sector dominated the turnover chart, accounting for 15.68 percent of turnover.

Block trades, which refer to high-volume transactions in a security that is privately negotiated and executed outside of the open market, contributed 3.9 percent to the

market's turnover.

General insurance, textile, and life insurance were the top three sectors to close in positive territory while tannery, travel and leisure, and jute sectors ended in the red.

The engineering sector experienced the highest loss of 1.47 percent, BRAC EPL Stock Brokerage said in its daily market update.

Turnover, which indicates the volume of the shares traded during the session, slipped 2.22 percent to Tk 888 crore

The food and allied sector was down 1.25 percent, telecommunication fell 1.17 percent, and the non-bank financial institution sector declined 0.94 percent.

Fuel and power, bank, and pharmaceuticals sectors also fell.

Among the individual companies, Sea Pearl Beach Resort & Spa was the most traded share with its stocks amounting to Tk 37.7 crore transacted.

Khan Brothers PP Woven Bag Industries, Square Pharmaceuticals, City Bank, Aftab Automobiles, National Bank, Shahjalal Bank,

and Keya Cosmetics contributed to the market's rise.

On the other hand, shares of large-cap and blue-chip companies such as BAT Bangladesh, Beximco Pharmaceuticals, Grameenphone, BRAC Bank, Robi Axiata, Orion Pharma, Prime Bank, Beacon Pharmaceuticals, and LafargeHolcim Bangladesh displayed lacklustre performance.

Khan Brothers, a loss-making firm, topped the gainers' chart with a rise of 9.94 percent. Golden Son, Global Heavy Chemicals, and Republic Insurance Company logged a gain of more than 9 percent.

Miracle Industries, ACME Pesticides, BD Thai Aluminium, Eastern Insurance, Union Insurance and Kattali Textile also gained.

Unilever Consumer Care shed the most, losing 2.98 percent.

Bangladesh Lamps Limited, Tamijuddin Textile Mills, Union Bank, Desh Garments, GSP Finance, Bay Leasing & Investment, Global Islami Bank, and New Line Clothings suffered losses.

The Chittagong Stock Exchange also rose with the Caspi, the premier index of the bourse in the port city, went up 81.63 points, or 0.52 percent, to settle at 15,794.66.

ICCB holds workshop on digitalising int'l trade

STAR BUSINESS REPORT

Bangladesh needs to take additional steps to catch up with other countries in the cross-border paperless trade to boost sustainable and inclusive growth and development, according to State Minister for Finance Waseqa Ayesha Khan.

While traditional trade involves many paper documents and processes, digitalisation would reduce the time and costs associated with manual handling, courier services and delays caused by lost or misplaced documents, she said.

"Hence, further steps are needed to make the digital infrastructure secure and robust to facilitate the efficient settlement of international paperless trade."

She made the remarks at an event titled "ICC Workshop on Digitalising International Trade of Bangladesh" at the Hotel Renaissance in Dhaka, yesterday, according to a press release.

The International Chamber of Commerce in Bangladesh (ICCB) and the ICC Digital Standards Initiative (DSI) jointly organised the event.

The minister emphasised the instant, seamless and verified nature of digital records, which lead to faster and more secure transactions.

She also outlined the importance of catching up with others in the cross-border paperless trade, citing the fifth United Nations Global Survey on Digital and Sustainable Trade Facilitation.

Mahbubur Rahman, president of ICCB, said Bangladesh can streamline its trade processes by adopting the globally-recognised digital standards promoted by the ICC DSI.

"This efficiency can lead to faster processing times, lower costs and reduced errors."

The ICC DSI can help Bangladesh by utilising technologies like blockchain and artificial intelligence, which can lead to the development of new digital tools and increase trade efficiency, said Rahman.

"Trade digitalisation could help reduce incidents of data mismatch, like the recent export data discrepancy," said Muhammad A Rume Ali, chairman of the ICCB Banking Commission.

He also pointed to cybersecurity and data protection as two of the most important areas for safe international digital trade.

Around 200 participants from different banks and other organisations attended the event.

Euro steadies, dollar soft

REUTERS, Tokyo/London

The euro steadied on Monday, recovering overnight losses that stemmed from projections from France's election which pointed to a hung parliament, while the dollar remained soft.

The dollar remained on the back foot following surprisingly soft US payrolls data on Friday, which boosted bets for the Federal Reserve to soon start cutting interest rates.

Bank of Japan signals progress in wage, price hikes

REUTERS, Tokyo

The Bank of Japan said wage hikes were broadening across the economy due to tight labour market conditions, signalling its confidence the country was making progress toward durably achieving its 2 percent inflation target.

The optimistic assessment, made at the BOJ's quarterly meeting of regional branch managers on Monday, may heighten the case for the central bank to raise interest rates as soon as its next meeting on July 30-31.

Separate data showed Japanese workers saw their average base pay climb 2.5 percent in May, the fastest pace in 31 years, suggesting that broadening wage gains will give households more purchasing power and underpin consumption.

"Many regions reported that big firms' big pay hikes in this year's wage negotiations were spreading to small and medium-sized companies," the BOJ said in a summary of discussions at the branch managers' meeting.

The assessment compared with that of the previous meeting in April, when the BOJ said there were "hopeful signs" solid wage increases among big companies would spread to smaller firms.

Some regional smaller firms decided to prioritise raising pay to retain or hire workers, even if they were not earning sufficient profits, the BOJ summary said, a sign of how Japan's shrinking working-age population is intensifying a chronic labour shortage.

Many regions also saw companies passing on rising costs, or

considering doing so, particularly those in the services industry, the BOJ said in the summary.

"We're seeing wages rise not just among big firms but smaller ones," said Kazushige Kamiyama, the BOJ's Osaka branch manager who oversees the Kansai western Japan region.

"For firms, higher wages mean higher costs. Some of them are starting to pass on the cost by raising service prices," he told a news conference.

The central bank's view on wage developments will be among key factors its board will scrutinise at this month's policy meeting in setting interest rates as well as fresh quarterly growth and inflation projections.

BOJ Governor Kazuo Ueda has said wage hikes need to trickle down to smaller firms, and companies to begin charging more for services, before the central bank considers raising interest rates from current near-zero levels.

Many market players expect the BOJ to raise rates sometime this year, though they are divided on the timing.

In a sign of the BOJ's optimism on consumption, the regional branch managers said household spending was "firm as a whole."

A government survey released on Monday showed sentiment among service-sector firms, seen as a leading indicator of consumption, perked up in June for the first time in four months.

But the rebound was driven mostly by a surge in inbound tourism, which offset the thrifty spending of domestic households who were feeling the pinch from rising living costs.

Bangladesh moves to put

FROM PAGE B1

Fund can be involved in this process. If the IMF sends a statistical mission, it can help the government manage data better."

Rahman said after the recent export data shock, data governance has become a major issue for Bangladesh since it has raised questions about many other numbers such as gross and net foreign exchange reserves.

"So, there is no alternative to giving importance to the data management, data governance and synchronisation."

"The initiative will really be a good move," said Selim Raihan, executive director of the South Asian Network on Economic Modeling.

He described the difference between the figures released by the EPB and the BB as one of the largest data scams.

The EPB official also said the gap between the real export sum and the provisional export data was as high as \$4 billion annually in the past. But this time, the gap climbed to \$14 billion because of multiple counting of the goods shipped.

The customs department of the NBR also counted the value of the samples exporters send to prospective buyers free of cost under the existing export policy.

Moreover, last year nearly \$1.7 billion worth of local imports by the factories inside the export processing zones were taken into account by the EPB while computing Bangladesh's sales in the global markets. However, the central bank does not include the amount in the final export data.

Currently, the EPB processes the export data after receiving it from the customs department. The customs department sends the data based on the shipping bills of merchandise, the official of the EPB said.

However, a lot of changes may take place after products leave the country. For example, sometimes goods are not exported at all, but the data is still considered by the customs department and is sent to the EPB.

Both Raihan and Sayema Haque Bidisha, a professor of economics at the University of Dhaka, said the government should first identify the reasons behind the data discrepancy.

"One way of checking trade data is to verify it from the importers' end,"

Bidisha said. "It is also important that data is regularly reported to the UN Comtrade."

The United Nations Comtrade database aggregates detailed global annual and monthly trade statistics by product and trading partner for use by governments, academia, research institutes, and enterprises.

"Finally, it is important to know the source of mistakes," said Prof Bidisha.

Various explanations can be there, she said.

"It can be over-invoicing by exporters. Was it misreporting on the part of the EPB? Or it may be that a part of export earnings was not brought to the country."

Raihan questioned whether the data mismatch had been caused by the absence of technological skills or a deliberate reporting of inflated data. "If the reporting was deliberate, the planned platform will not work at all," he said, calling it one of the biggest data scams.

Raihan said the issue can't be taken lightly.

"For the new platform to work effectively, the government must take initiatives to develop the skills of officials who will operate it."

Climate change

FROM PAGE B1

The third action should be improving sustainability of genetic diversity in brood stocks as a resource for long-term and continuous adaptation to climate change.

And finally, the third initiative should be finding potential and developing the capacity of aquaculture in mitigating the impact of and/or sequestering the release of greenhouse gas emissions.

He also pointed out a way forward, seeking to define adaptation strategies for the main environmental, disease and genetic threats caused by climate change in order to inform and guide aquaculture community.

Virapat also underlined the need for improved water storage capacity and effective water utilisation for agriculture, industry and households and reduced fishing pressure along coastal areas.

Export data mismatch

FROM PAGE B1

Bureau (EPB) reported higher-than-usual earnings from the external sector, industry people and manufacturers raised their eyebrows. However, none paid heed to them.

The government did not take any steps to revisit the data calculation. Rather, the exporters who raised questions have allegedly faced harassment.

Finally, when the Bangladesh Bank published the corrected export data as part of its balance of payments (BoP) and detected around a \$14 billion gap between national shipments and the actual receipts, it showed the extent to which data miscalculation can lead a country.

The scale of mismatch can take its toll on the economy since the size of the economy and per capita income might not glitter like it did in the past. The credibility of all government data will come under question.

The policies that were taken based on the inaccurate piece of information will lose their efficacy. For example, the \$110-billion shipment goal by the next two years has to be reset in line with new realities.

A similar story might unfold if real figures on non-performing loans (NPLs) are disclosed.

Default loans in the banking sector hit an all-time high of Tk 182,295 crore in March. Industry insiders said the volume is higher than the official figure.

In 2019, the International Monetary Fund also said the actual size of bad loans is more than double the officially recognised figure. Since then, the health of the banking sector has kept worsening.

This means if the real data on bad debts, gross domestic product (GDP), per capita income, and production comes to light, it may even change the development narrative of the country.

This is because in the calculation of GDP, net export earnings are included. As the value-addition of the export is around 60 percent, the GDP size will be impacted by around \$8 billion if the adjustment is made.

The government has long been trying to turn the negative financial

account into a positive one since it reflects the precarious foreign currency reserve position.

Whatever steps it has taken to reverse the course of the key component of the BoP have not apparently yielded the expected outcomes. Now, with the export data correction, the financial account has returned to the black.

Policymakers often claim that Bangladesh has achieved food autarky. Yet, the country sometimes needs to import foodstuff.

The miscalculation might lead Bangladesh to a challenging situation after the graduation of the nation from the group of least-developed countries (LDCs).

Exporters have not been able to lift their share significantly in the global market despite enjoying duty benefits. They will come across intense competition since trade benefits will not be readily available in many markets once the country makes the transition.

Now, the finance ministry should probe why and how the wrong data presentation went on year after year and what its impact was nationwide.

The export earnings data mismatch should ring alarm bells for the government since it highlights the inefficiency of the country's data management system and data governance.

The government should take this issue seriously and ensure data governance to make evidence-based decisions and help the country tap its true potential. However, if it is considered as an isolated incidence, unprecedented suffering might await us.

GP users face

FROM PAGE B1

In February last year, Grameenphone customers from different parts of Bangladesh said they were unable to call other numbers in the same network.

That time, an official told The Daily Star that the disruption took place because of damages in fibre-optic cables at "three different locations" in the northern region of the country. The outage had lasted for around two hours.

Old political issue has evolved from financial to structural problem

Noted economist Rehman Sobhan says

AM JAHID and MD MEHEDI HASAN

A longstanding political issue has now evolved from a financial concern to a structural problem in Bangladesh, according to noted economist Prof Rehman Sobhan.

Prof Sobhan said they initiated discussions about the impacts of political influence on the economy 40 years ago, adding that it had now graduated from a financial problem to a structural one.

One of the major issues lies in finding a solution to ensure the independence of the Bangladesh Bank, he said while addressing a webinar on 'Political Economy of Banking Sector in Bangladesh' organised by Samaj Gabeshana Kendra on Sunday.

"You [influential people] essentially want to make sure that the management of the central bank and the nature of the malleasance in the banking system is an instrument of politics rather than an instrument of governance within the system."

Mentioning the names of Mohammed Farashuddin, Fakhruddin Ahmed, Salehuddin Ahmed and Atiur Rahman, Prof Sobhan said professionals were appointed as governors of the Bangladesh Bank over the years, but added that it was no longer the case.

"Eventually, we have ended up appointing bureaucrats as governors because by now

the need to make sure that governors are completely subordinate and instrumental to the political dimensions of financial policy-making has become essential."

He suggested that there should be independence in the banking system, but added: "It is a nice dream but you will have to have independence, democracy and accountability before that if this is to be meaningful advice," he said.

He also observed that, over time, political patronage has become the main criteria for lending.

He added that banks are using savings of small people to lend to a class which is not repaying its loans. This has created a massive state-patronised system of maldistribution of income and assets in the economy, he added.

This also created another asymmetry. "You are borrowing from short-term investors and lending to long-term investors. And since the bulk of the short-term investors are people of more modest means, you are taking the money of less privileged people and lending it to overprivileged people."

So, there was both an injustice and inefficiency which became built into the financial system, Prof Sobhan said.

Furthermore, political resources are used to ensure that loans are not effectively collected. Once that happens,



that class becomes more empowered, he said.

The default culture has also distorted the setting of interest rates.

"Now, this whole process is linked to fundamental structural inefficiencies in the functioning of the banking system. The nature of defaults is linked to the whole issue of money laundering."

What is essentially happening and what is one of the sources of the default loans is the fact that people use bank borrowing as a means to launder money outside the country, he said.

"You then created a structural problem within the banking, within the business sector itself and you created a

model hazard problem."

The other structural problem is that borrowers were borrowing money cheaply from the banks while there was very little attempt to use the capital market as a source of industrial financing, he said.

As a consequence of such decisions, now, not only is the proportion of businessmen in parliament increasing, but a larger percentage of bank borrowers as well as a much larger percentage of defaulters are also businessmen, he said.

"But for all the default crises, no major discussion, meaning a substantive discussion of the default problem, has actually taken place in parliament for probably about 20 or 30 years as far as I can see over successive

regimes. Now, this again is an extraordinary state of affairs but hardly surprising."

Now, a class of people have evolved who have not just captured the state but have become the state itself, he said. It is going to be very difficult to do anything about it because this class has now joined hands with the bureaucracy.

"A whole class of bureaucrats have also become part of the financial crisis because they too borrow from the system, they too in fact launder their loans," he said.

He added that he recently came to know that a senior police official had acquired huge assets and set up a holiday resort and so forth.

"Now, obviously this could only have been done by massive borrowing from the banking system. I have no idea what equity investments also went into this. But obviously this class can borrow and this class can reschedule."

"Now, you will see that a lot of the borrowed money which is coming in is now being laundered outside the country."

"Unless you can address the political sources of the problem and create a politically accountable system in which the state and nature of governance can be held accountable, not just in dialogues and discussions like this, but actually on the floor of the house and parliament, this will continue," he said.

Accurate data to help address economic challenges better

MD DEEN ISLAM

The recent correction of nearly \$14 billion in export figures by the Bangladesh Bank (BB) has led to significant changes in the financial account of the balance of payments (BoP). The financial account, a crucial component of the BoP, turned positive after more than a year due to this correction.

Previously, there was a substantial gap between the export data provided by the Export Promotion Bureau (EPB) and the BB, with the former showing higher shipments compared to the latter. The correction adjusted this discrepancy, resulting in a positive financial account for the July-April period of fiscal year 2023-24.

The balance of the current account, which records a nation's transactions with the rest of the world, fell into negative territory during the same period as it stood at \$5.72 billion. These corrections are crucial for understanding their broader implications on economic indicators like GDP and growth estimates, and the potential impact on policy framing and data integrity.

Exports are a critical component of a country's GDP, specifically within the net exports (exports minus imports) segment of the expenditure approach to GDP calculation.

A reduction in reported exports directly impacts GDP calculations. The nearly \$14 billion downward adjustment will likely result in a lower GDP than previously estimated. This correction will lower the GDP growth rate.

With exports contributing less to overall economic output, GDP growth rates for the period will need to be revised downward, and future projections for economic growth will need to be adjusted to reflect the more accurate export figures, potentially leading to more conservative growth estimates.

The revision in export data will also affect sector-specific growth rates, particularly in export-driven sectors like textiles and garments, which dominate Bangladesh's export profile. Lower reported exports will reduce sectoral GDP contributions, that is, the contribution of export-heavy sectors to GDP will be revised downward.

Additionally, lower export figures could indicate reduced demand, potentially impacting employment and future investment in these sectors.

With the revised export figures indicating a significant decline, policymakers may need to reassess their strategies to stimulate economic growth and stabilise the macroeconomic environment. Potential policy responses could include strategies to enhance the competitiveness of Bangladesh's exports, such as improving quality standards, diversifying export products, and exploring new markets.

The decline in exports necessitates a review of trade policies to address underlying issues and support the export sector. Improving trade facilitation measures, such as reducing bureaucratic hurdles and enhancing port efficiency, can help boost export performance.

The significant revision in export data could create temporary confusion and mistrust among stakeholders, including businesses, investors, and international partners. Revisions might lead to questions regarding the credibility and reliability of economic data published by national agencies.

Businesses and policymakers relying on previous data for forecasting and planning may need to adjust their strategies and models, leading to short-term disruptions.

However, the reconciliation of export data provides a more accurate picture of Bangladesh's economic landscape, which is crucial for effective policy-making and strategic planning. Accurate data will enable policymakers to better address the challenges facing the export sector and the broader economy.

This may involve reorienting policies to focus on domestic market strengthening, improving export competitiveness, and enhancing economic resilience.

In conclusion, despite the positive financial account, the economy's health remains unchanged. Bangladesh continues to face challenges related to foreign currency shortages for managing external transactions. The correction addresses anomalies but does not fundamentally alter the economic landscape.

The author is an associate professor of economics at the University of Dhaka.

EU tariffs hit growth in China's EV exports

REUTERS, Beijing

The prospect of European tariffs cut 20-30 percentage points off China's growth in exports of electric and plug-in hybrid cars in recent months, an official at a leading Chinese auto industry body said on Monday.

Last week, the European Union introduced provisional tariffs of up to 37.6 percent on China-made electric vehicles (EVs) to safeguard against what it described as a potential flood of unfairly subsidised EVs - a move China strongly opposes.

The EU also took steps in March that meant tariffs could be imposed retroactively. "New energy vehicle exports currently face temporary pressure," Cui Dongshu, secretary general at the China Passenger Car Association (CPCA), said on Monday. New energy vehicles (NEVs) include electric cars and plug-in hybrids.

"Our (NEV export) growth used to be at least 30-40 percent, and it has slowed to only more than 10 percent, meaning (the tariffs) had a 20-30 percentage point impact on (NEV export growth), a conspicuous short-term impact," Cui added.

He was speaking after the CPCA reported that China's domestic car sales fell for the third month running in June. NEV exports rose 12.3 percent year-on-year in June, but were down 15.2 percent from May, the data showed, with NEV exports accounting for 21 percent of total car exports, down 3 percentage points from June 2023.

Chinese EV exports rose 12.3 percent year-on-year in June, but were down 15.2 percent from May

Amid the EU's crackdown, US electric carmaker Tesla's exports of China-made EVs in April-June fell to the lowest level since the third quarter of 2022, when its Shanghai factory operations were largely suspended during a COVID lockdown. Europe is the largest export market for Tesla EVs made at the Shanghai plant.

China's total car exports for June rose 28 percent year on year following a 23 percent gain in May, underpinned by robust gasoline car exports, according to the CPCA.

Domestically, China's car sales fell 6.9 percent in June from a year earlier, dropping for a third straight month as government incentives failed to spur consumer demand in a sputtering economic recovery.

Passenger vehicle sales totalled 1.78 million, with the pace of decline picking up from a 2.2 percent drop in May and a 5.8 percent fall in April.

A price war since 2023 helped to lift Chinese vehicle sales earlier in the year but is having less effect in recent months despite fresh government subsidies for trading in cars, which were announced in April.

For the first half of the year, China's domestic car sales were up 2.9 percent at 9.93 million vehicles.

June sales of NEVs accounted for a record 48.1 percent of domestic car sales.

Chinese EV giant BYD, and relative newcomers such as Nio, Zeekr and Leapmotor all logged record monthly sales. Overall growth in EV sales coiled to 9.9 percent from 27.4 percent in May while sales of plug-in hybrids jumped 67.2 percent, up from a 61.1 percent increase the previous month.

Gold succumbs to profit-taking



PHOTO: REUTERS/FILE

REUTERS

Gold slipped on Monday as investors booked profits after soft US jobs data fuelled prices to a more than a month high on rising expectations that the Federal Reserve will begin cutting interest rates in September.

Spot gold fell 0.9 percent to \$2,370.00 per ounce as of 1000 GMT, after rising to its highest level since May 22 on Friday. US gold futures eased 0.8 percent to

\$2,377.50.

Data last week pointed to a slackening labour market that keeps the US central bank on course to start cutting interest rates soon.

Markets are currently pricing in a 74 percent chance of the Fed cutting interest rates in September as well as another cut in December.

"We should not forget gold had a nice rally last Friday, so some profit taking and a stronger dollar post the French elections are weighing on gold today," UBS analyst

Giovanni Staunovo said.

"Lower US interest rates are likely to support more inflows into gold ETFs (exchange-traded funds), which likely has the room to push the yellow metal to \$2,600/oz by the end of the year."

This week investors' focus will be on Fed Chair Jerome Powell's semi-annual Congressional testimony, comments from a series of Fed officials, and US inflation data.

"If we get another downside surprise in inflation data, which we have seen pretty consistently in US data, then that's going to be a tailwind for gold," said Kyle Rodda, a financial market analyst at Capital.com.

Elsewhere, top consumer China's central bank refrained from gold purchases to its reserves for a second consecutive month in June.

"Monthly data based on IMF reporting don't catch the full picture of central bank activity, so I would not be surprised if the final data from the World Gold Council indicates solid central bank activity in the second quarter of this year," UBS' Staunovo said.

Global economy finds new ways to keep growing

REUTERS, London

The world economy is defying the Cassandras. Despite widespread predictions of a slowdown, global GDP growth is accelerating. The United States is still the star performer but as it flags other regions are picking up the slack. Risks of damaging geopolitical confrontations abound. But for now investors can bask in an ideal economic environment.

"Steady but slow". "Weak pace". "Modest growth". The latest predictions by, respectively, the International Monetary Fund, the World Bank and the Organisation for Economic Co-operation and Development do not make for cheery reading. Their common concern is that the global economy has been unable to regain its pre-pandemic cruising speed. As the World Bank points out, in 2024 and 2025 nearly 60 percent of countries, comprising over 80 percent of the global population, will grow by less than their average rate in the 2010s.

Look under the bonnet of the world's economic engines, however, and the perspective is more optimistic. For a start, global GDP is accelerating. When economists at UBS last tracked 320 monthly data series from 28 economies for April,

they found that the global economy was growing at an annual rate of 3.5 percent. If maintained throughout the year, this pace would be faster than the 3.2 percent expansion in 2023 and not far from the 3.7 percent yearly average in the decade before the Covid-19 pandemic struck in 2020.

In practice, such a heady pace is unlikely to last. Nevertheless, it is still a sign of the positive momentum behind global output. Just as importantly, this pickup is taking place as price rises are abating. Median headline inflation peaked at 9.4 percent in 2022 as the health emergency



People walk along Nanjing Pedestrian Road, a main shopping area in Shanghai. The Chinese economy grew at an annual rate of 5.3 percent in the first quarter, much better than the 4.6 percent forecast in a Reuters poll.

PHOTO: REUTERS/FILE