

## Economy faces fresh risks if stability not restored soon: S&P

STAR BUSINESS REPORT

Bangladesh's political crisis has further undermined sovereign credit support since S&P Global Ratings lowered its long-term sovereign credit rating on July 30 this year, the American credit rating agency said yesterday.

However, credit metrics may still support the ratings at the current level if the situation stabilises soon, it said.

The protests that led to the abrupt resignation of Sheikh Hasina from the post of prime minister on August 5 have exacerbated downside risks to economic growth, fiscal performance, and external metrics, it said.

The damage to credit metrics may be contained if the socio-political situation normalises soon and Bangladesh forms a new government, the S&P said in a bulletin.

"While credit buffers have diminished, we would not expect immediate strong pressures on the credit ratings," it said.

Continued disruptions to social stability could weigh more heavily on credit metrics, dampening economic growth and government revenue, it said.

"In this scenario, exports would be materially lower than our expectations, with a more prolonged impact on Bangladesh's external balance sheet," said the S&P.

"Materially lower exports could weaken the generation of foreign exchange (forex), further diminishing the central bank's usable reserves," it said. A normal flow of remittances will also be crucial for Bangladesh to avoid a more acute forex shortage, the bulletin read.



After several days of violence and unrest, trucks and covered vans began returning to ports around the country to collect goods. However, importers and exporters are still fearful of violence and theft, so the clearance of goods has only improved slightly. The photo was taken at the Chattogram port yesterday. PHOTO: RAJIB RAIHAN

## India calls for trade deal among Bimstec nations

OUR CORRESPONDENT, New Delhi

India yesterday urged members of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec) to consider forming a preferential trade agreement among themselves to foster intra-regional trade and investment while also enhancing regional competitiveness.

Piyush Goyal, the commerce minister of India, said Bimstec members should re-examine their priorities with regard to trade negotiations so that the delayed free trade agreement can be finalised.

Goyal was speaking at the inaugural edition of the Bimstec Business Summit organised by the Confederation of Indian Industry, in partnership with the Indian Ministry of External Affairs in New Delhi.

Bimstec consists of Bangladesh, Bhutan, Nepal, India, Sri Lanka, Myanmar and Thailand.

Goyal said there is a need to reassess the reasons behind the delay in finalising the BIMSTEC free trade agreement.

He said the Bimstec needs to come up with a set of cogent recommendations that are acceptable to all seven member countries to this end.

"The trade negotiating committee and business community should consider a preferential trade agreement to begin fostering intra-regional trade and investment and enhance regional competitiveness," the Indian minister said.

Goyal called on the Bimstec members to introspect on their current trading relations, noting that trade among the Bimstec countries is small.

"There's a long way to go before we can achieve its full potential," he added.

# Security concerns slow clearance of goods from ports

MOHAMMAD SUMAN

Importers are refraining from clearing goods at the ports in Chattogram, Benapole and Mongla as well as the Kamalapur ICD due to a lack of security on major highways.

Despite port activities returning to normal, both importers and exporters highlighted the drop in clearance of goods, citing that highways are still unsafe.

The streets of Bangladesh convulsed with violence and death over the last three weeks, leaving over 535 dead, including students who were protesting for reforms.

The movement, which has been raging since July, climaxed on Monday with Sheikh Hasina handing in her resignation from the post of prime minister and fleeing the country.

However, many reports of violence and arson were reported in the aftermath.

As security concerns continue to cloud

the nation, importers and exporters called for the swift formation of an interim government to stabilise the law and order situation.

"Clearing and forwarding (C&F) agents are responsible for clearing and delivering goods to factories, but fear of theft is preventing them from retrieving products," Aktar Hossain, president of the Chattogram C&F Agents Association, told The Daily Star.

He added that goods had been stolen from trucks and covered vans along the Dhaka-Chattogram Highway in recent weeks.

However, the release of goods increased since yesterday morning, according to the Chattogram Port Authority.

Around 2,238 TEUs (twenty-foot equivalent units) of containers were released as of 8am yesterday, with 2,958 TEUs shipped for export.

The number of released containers increased to 2,349 in the seven hours

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from 8am to 3pm yesterday.

However, 42,638 TEUs were still in the port yard.

"It would be better if traders wait a few more days until the law and order improves as the situation on the road is still risky," said Syed M Tanvir, managing director of Pacific Jeans Ltd.

He hoped the situation would stabilise in a day or two as government departments, including law enforcement agencies, are undergoing massive changes and import-export activities would return to normal.

"The clearance of commercial goods has been sluggish for the past few weeks. Considering the current situation, the port authority has already waived the seven-day demurrage charge for importers," said Nahid Moin, director of the Junior Chamber of Commerce and Industries.

He demanded an extension of the waiver for another seven days to prevent unwanted delays.

"Customs officials and C&F agents did not go to the office for a few days owing to security concerns. But the situation is improving and people are working regularly today (Wednesday). So, product clearance has also increased," said Naziur Rahman, joint commissioner of the Chattogram Customs House.

AKM Mahbubur Rahman, customs commissioner of Mongla Port, and Mohammad Akbar Hossain, customs commissioner of Kamalapur ICD, echoed those sentiments.

# Stocks continue to make gains riding on large investors

STAR BUSINESS REPORT

Share markets in Bangladesh have continued to rise, buoyed by the ongoing movement for change, as large investors made fresh bets on blue-chip stocks yesterday, the second day of trade since the fall of the Sheikh Hasina-led Awami League government on July 5.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), soared for the second consecutive day by 192.37 points, or 3.54 percent, from that on the previous day and closed at 5,618.79.

Similarly, the DSES index for the Shariah-based companies, increased 42.53 points, or 3.61 percent, to 1,219.14.

Meanwhile, the DS30 index, which comprises blue-chip firms, surged 87.43 points, or 4.52 percent, to 2,022.17.

Stockbrokers are saying that institutional investors were buying stocks, for which the index was rising.

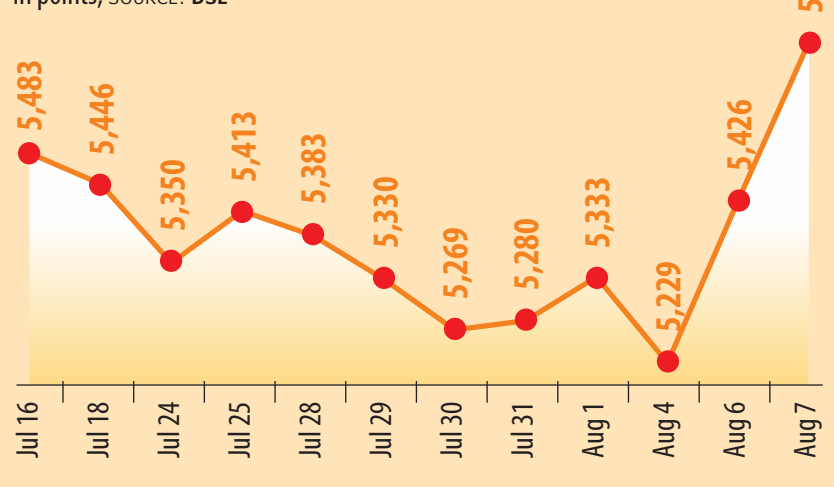
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Blue chip firms such as Square Pharmaceuticals, BAT Bangladesh, BRAC Bank, Islami Bank Bangladesh, Grameenphone, LafargeHolcim Bangladesh, Renata, City Bank, Olympic Industries and Robi Axiata were among those that largely attracted investors.

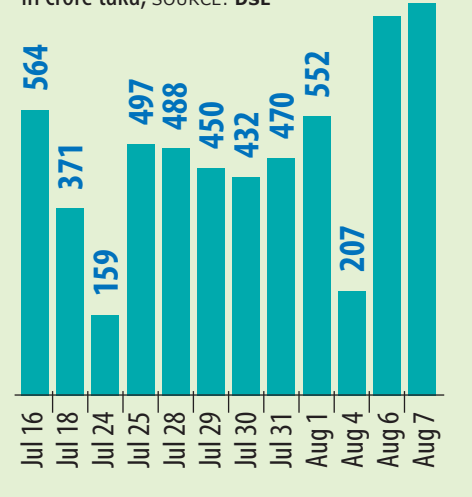
### Movement of DSEX in the last two weeks

In points; SOURCE: DSE



### DSE turnover in the last two weeks

In crore taka; SOURCE: DSE



The first five entities posted a double-digit growth in share prices.

Square Pharmaceuticals and BAT Bangladesh contributed 29.27 percent and 19.69 percent respectively to the day's total market turnover, according to LankaBangla Finance Portal.

A top official of a leading stock brokerage firm said it had conducted an analysis on the effect of a political crisis on the capital market last year where it found that a regime change had a minimum upside of 1,000 points.

He expects many more fundamental changes to come about in the future through increased market monitoring and a drop in market manipulation.

As a result, good stocks will regain a momentum of gains while junk stocks will stop making it to the top gainers' list, which has happened for most of

the days in the last couple of years, he added.

Turnover, which indicates the total value of shares changing hands on the trading floor of the country's premier bourse, increased 3.41 percent to Tk 776 crore, the highest in about one month.

Of the issues that changed hands on the DSE, 266 advanced, 114 declined and 16 did not witness any price fluctuation.

Non-bank financial institutions, telecom, and food and allied are the top three sectors that closed in the positive while jute, travel and leisure and paper and printing become the top three sectors that closed in the negative.

The pharmaceuticals sector dominated the turnover chart, accounting for 15.31 percent of the day's

total turnover.

According to a market analyst, reforms were required in most of the regulatory bodies, including the Bangladesh Securities and Exchange Commission (BSEC), in order to bring good governance and transparency in the market.

Already, the BSEC's officials sat in a meeting yesterday where they planned to urge the new government to bring about the reforms.

Several BSEC sources confirmed that BSEC Chairman Prof Shibli Rubayat-Ul-Islam is planning to resign. He has not come to office in the last two days.

Chittagong Stock Exchange also made gains with its all-share price index, the prime index of the port city bourse, growing by 545.1 points, 3.54 percent, to settle at 15,938.25.

## 200 members call for reshuffle of BGMEA board

REFAYET ULLAH MIRDHA

More than 200 garment exporters yesterday submitted a memorandum to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), seeking significant reforms within the trade body.

They demanded the dissolution of the current BGMEA board and the formation of a new one as soon as possible.

The members of the BGMEA have lost confidence in the current board as they failed to provide any specific instructions to improve the industry since being elected about seven months ago, they said.

Export, import, production and banking were all affected by the unrest stemming from the student-led protests in July, which culminated in Sheikh Hasina handing in her resignation from the post of prime minister on August 5.

Additionally, the BGMEA did not express condolences for the deaths of over 535 people, including students, amid the recent protests.

Neither did the current board work to brighten the industry's image at home or abroad, they alleged.

As a result, buyers are losing confidence, the BGMEA members said in a statement.

The statement also said some influential leaders of the Sammilito Parishad, which won the BGMEA elections in February this year, were involved in rigging the result.

So, a group of general members cast a vote of no confidence in the current BGMEA board, said Faisal Samad, who led a panel called Forum in the elections.

"The current board could not improve the business situation even six months after being elected," he added.

Acting BGMEA President Khandoker Rafiqul Islam, who is also a senior vice-president of the trade body, said he received the memorandum and the issue would be discussed at a board meeting soon.

Islam said BGMEA President SM Mannan Kochi has not been very active in his duties amid the current spell of violence, leaving him to fill the role.

He informed that more than 200 general members came to the BGMEA office in the capital's Uttara at around 2:30pm and began agitating during the submission of the memorandum.

Islam hoped they could reach a solution following consultations with the board and other leaders.

The garments sector, which accounts for over 84 percent of the country's annual exports, has been going through a tough time as exporters are facing challenges in production and logistics.