Gold gains for fourth day

REUTERS

Gold prices rose for a fourth straight session on Thursday, driven by safe-haven demand amid escalating tensions between Ukraine and Russia, while investors awaited remarks from US Federal Reserve policymakers for clues on the interest rate outlook.

Spot gold was up 0.5 percent to $2,663.47 per ounce, as of 0745 GMT, while US gold futures rose 0.6 percent to $2,666.20.

The escalation in the Ukraine war and "subsequent fears of a broader regional conflict that involves increasing threats of nuclear weapons are pushing up prices", said Kyle Rodda, financial market analyst at Capital.com.

Ukraine fired a series of British Storm Shadow cruise missiles into Russia on Wednesday, just a day after firing U.S. missiles.

Adding to ongoing geopolitical tensions, the US vetoed a UN Security Council resolution calling for a ceasefire in Gaza.

Gold's appeal is bolstered by geopolitical tensions, economic risks and a low interest rate environment.

Meanwhile, the dollar paused its climb as traders sought clarity on Donald Trump's policies and the Fed's outlook.

Bitcoin tops $95,000

AFP, *Tokyo*

Bitcoin hit a record Thursday, topping $95,000 for the first time as it benefits from expectations that president-elect Donald Trump will push through measures to ease regulation of the unit.

The digital currency reached $95,004.50 in early Asian trade, with observers expecting it to soon reach $100,000.

Traders have been piling into the unit since Trump was elected at the start of the month, pushing it up almost 40 percent since the vote.

The tycoon pledged on the campaign trail to make the United States the "bitcoin and cryptocurrency capital of the world," and to put tech billionaire and right-wing conspiracy theorist Elon Musk in charge of a wide-ranging audit of governmental waste.

Stephen Innes at SPI Asset Management said the surge has been "driven by mounting confidence that President-elect Donald Trump's administration will usher in a crypto-friendly era. Speculators rally behind the narrative, fueling a frenzy as the digital asset edges toward an unprecedented valuation".

How regulatory hurdles keep internet price high and speed low

IMPACT OF REGULATORY MOVES

REGULATORY MOVE	YEAR	CAUSE CITED BY REGULATOR	CONSEQUENCES
Approving IIG licensing	2008	Facilitating global contents	Pricier internet due to unnecessary intermediary addition
Removing ISP cache server	2021	National security	Increased costs for ISPs, slower internet for users
Banning physical resource sharing by ISPs	2010	Not mentioned	ISP operational cost up, service quality down
Revenue-sharing requirement to SOF	2023	Expanding connectivity to rural areas	Limited profit margins for ISPs

MAHMUDUL HASAN

The Bangladesh Telecommunication Regulatory Commission (BTRC) has implemented a number of policies over the past 16 years that, according to internet service providers and users, have made Bangladesh pay higher prices for slower internet speeds compared to its neighbours.

With those moves, they say the BTRC has turned into a "money-making machine for the government" rather than a facilitator of connectivity.

Take the BTRC's 2021 order to remove cache servers from small and medium sized internet service providers (ISPs) for example.

That meant ISPs were not allowed to store content locally, forcing users to travel longer distances to access it.

Consequently, ISPs incur increased costs and internet users experience slower speeds, according to industry insiders and experts.

"Globally, cache servers are managed by last-mile service providers to ensure quick access to content for users," said Md Emdadul Hoque, president of the Internet Service Providers Association of Bangladesh (ISPAB).

"Now we pay Tk 25-60 per Mbps for this service. This has added an unnecessary layer of costs and impacts the quality of service."

Without discussing the nitty-gritty, global internet supply broadly passes through several stages to reach households and offices.

It first reaches Bangladesh via submarine or terrestrial cables at landing stations.

International Internet Gateways (IIGs) then handle the data, passing it to the National Telecommunication Transmission Network (NTTN), which distributes it across the country.

ISPs deliver internet directly to homes and businesses through local distribution networks, while mobile network operators (MNOs) receive internet from the IIGs.

However, both MNOs and broadband service providers claim that the IIG layer is unnecessary and that they could directly obtain supply from the NTTN.

In 2008, the BTRC granted the first private IIG licence. Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink, said: "It is another layer that does not add any value."

The BTRC also imposed restrictions on ISPs, prohibiting them from sharing physical resources like fibre-optic cables and active network equipment such as switches, routers and optical line terminals.

In simple terms, if an ISP leases 1 Gbps of capacity from the NTTN but can only use half, it cannot lease the remaining capacity to other ISPs.

But if allowed sharing, this could have reduced operational costs of the small net providers. Besides, shared infrastructure could have minimised overhead cables, especially in densely populated areas.

However, the ban on resource sharing has forced individual ISPs to incur higher expenses, which are ultimately passed on to consumers, making internet services pricier.

Some providers allege that the restriction on active sharing is intended to favour the NTTN.

The ISPAB has been advocating for active sharing of infrastructure for years. In a letter to the BTRC, ISPAB said ISPs should be allowed to share active network resources in their access networks. This would not only reduce overhead cables but also enhance the aesthetic appeal of urban areas and improve service quality.

Industry insiders claim that ISPs have to pay an additional Tk 80 to Tk 120 per Mbps of internet compared to mobile operators due to these rules. This disparity puts ISPs, especially in rural areas, at a competitive disadvantage

Current ISP licensing guidelines limit ISPs to installing optical fibre within a 3-kilometre radius in metropolitan areas and 6 kilometres in non-metropolitan areas.

The BTRC has also implemented a regulatory framework that sets fixed buying and selling prices for ISPs while mobile operators are exempt from such pricing mechanisms. This policy has created an uneven playing field in the internet service sector.

Industry insiders claim that ISPs have to pay an additional Tk 80 to Tk 120 per Mbps of internet compared to mobile operators due to these rules. This disparity puts ISPs, especially in rural areas, at a competitive disadvantage.

The fixed rates and higher transmission costs lead to higher internet prices in rural areas compared to cities.

"The additional costs incurred by ISPs in rural regions are often passed on to end users, further widening the digital divide," said Syed Almas Kabir, former president of the Bangladesh Association of Software and Information Services (BASIS).

He said that although transmission prices for wholesale internet should have decreased due to increased usage, these tariffs have not been readjusted in a long time.

According to BTRC documents, the commission set tariffs for transmission services in September 2021.

Aminul Hakim, president of the International Internet Gateway Association of Bangladesh, said the association recently proposed a 15 to 25 percent reduction in wholesale internet prices to the BTRC.

Another obstacle that has pushed up internet prices is the BTRC's complex and widespread revenue-sharing system.

Last year, the BTRC introduced a 1 percent revenue-sharing requirement for ISPs to contribute to the Social Obligation Fund (SOF).

ISPAB President Hoque said that under the "one country, one rate" policy, ISPs sell the internet at a fixed price with very limited profit margins. "If we have to contribute another 1 percent of our revenue to the fund, many ISPs may not survive."

Fahim Mashroor, former president of BASIS, said the BTRC has almost become an extension of the National Board of Revenue (NBR), which is not its intended role.

"They should act as regulators or facilitators, not as a money-making machine for the government," he said.

"As the government receives huge revenue from the BTRC every year, it is reluctant to make any changes," he added.

Meanwhile, Syed Almas Kabir advocated for eliminating intermediaries in the internet ecosystem, allowing ISPs and mobile operators to purchase internet directly from the wholesale market.

When contacted, Major General Md Emdad ul Bari, chairman of the BTRC, said the commission is reviewing different licensing regimes and working on various issues to reduce internet prices.

Nahid Islam, the adviser for posts and telecommunications, told The Daily Star that they are currently discussing with stakeholders to find ways to lower internet prices.

Transforming capital market: A call for decisive action

MAHTAB UDDIN AHMED

Despite over a decade of investing in Bangladesh's stock market, I have suffered a 40 percent loss even with a strategy focused on blue-chip shares since 2012. This experience highlights the structural issues plaguing our capital market -- low liquidity, lack of depth, and eroding investor confidence. Addressing these challenges requires bold, immediate measures grounded in global best practices tailored to local realities.

Offloading shares from public limited companies offers significant opportunities to revitalise the capital market. A 2011 directive to offload shares from 23 public entities has seen limited success, but revisiting and expanding this effort could strengthen the market and attract new investments. Companies like Bangladesh Submarine Cable Company, Eastern Cables, Titas Gas, Desco, and Usmania Glass are already listed while others such as Biman Bangladesh, Bangladesh Telecommunication Company, Bangladesh Data Center Company and Teletalk are well-positioned for entry.

Accelerating this process would create broader investment options and capture interest from local and foreign investors. A related issue is the limited public float in many listed companies, which restricts market liquidity and deters broader participation. Increasing public float to the regulatory minimum of 10 percent can be quickly achieved with regulatory support. Such measures would enhance liquidity, improve price discovery, and boost investor confidence.

The government's significant stakes in multinational corporations also present untapped potential. Strategic offloading of portions of these holdings, particularly in high-performing companies, could attract substantial institutional investment and bring dynamism to the market, signalling confidence to global investors.

Such measures have proven successful in other countries. For example, Vietnam's strategy of offloading government shares in state-owned enterprises resulted in significant foreign investment and enhanced market depth. Similarly, India's efforts to enforce public float compliance and strategically divest government holdings have transformed its capital market into one of the most vibrant in the region. Bangladesh can learn from these experiences to implement policies that address immediate market concerns and set the stage for sustainable growth.

In addition to these immediate actions, complementary reforms can further strengthen the capital market. Simplifying regulatory procedures and incentivising new listings can encourage more companies to go public. Investing in digital infrastructure for trading and market access, as seen in Singapore, can make the market more efficient and attractive to investors. Finally, introducing targeted incentives for retail investors, such as tax benefits and revamping mutual funds, could expand the investor base and drive participation.

Among other measures, the NBR and BSEC could explore incentivising major conglomerates such as PHP, TK, Abul Khair, Ispahani, Nasir, Akij and other multinationals through tax holidays or reduced tax rates as low as 10 percent for the first three years. This approach would encourage their expansion and investments. Additionally, a mechanism could be developed to enable greenfield projects, particularly in infrastructure, IT, and start-ups, to raise funds from the capital market under specific categories. These steps would not only attract investment but also foster innovation, enhance industrial growth, and strengthen Bangladesh's economic infrastructure.

The time to act is now. These measures represent a low-hanging fruit that can be implemented quickly to create immediate impact. By prioritising the offloading of shares in public and multinational companies, enforcing public float compliance and adopting global best practices, we can set Bangladesh's capital market on a path towards growth and resilience. It is essential to take decisive steps to build investor confidence and position the market as a competitive destination for regional capital. With collective will and focused efforts, the capital market can become a powerful engine for the country's economic progress.

The author is president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd

Sri Lanka's president makes U-turn on IMF bailout

AFP, *Colombo*

Sri Lanka's new leader on Thursday backed a controversial IMF bailout, marking a U-turn from his election pledge to renegotiate the deal secured by his predecessor.

Leftist President Anura Kumara Dissanayake, who tightened his grip on power last week after winning a huge majority in the legislature following his own victory in September, vowed to maintain the IMF programme.

Sri Lanka went to the IMF for a rescue package after the country defaulted on its $46 billion external debt in April 2022 during an unprecedented economic meltdown.

The shortage of foreign exchange that left the country unable to finance even the most essential imports of food and fuel led to months of street protests and forced then-president Gotabaya Rajapaksa to resign.

The $2.9 billion loan secured early last year required Colombo to sharply raise taxes, remove generous energy subsidies and agree to restructure more than 50 loss-making state enterprises.

Dissanayake's National People's Power party had said it did not agree with the International Monetary Fund's debt assessment and would renegotiate the bailout programme.

But in his first address to the new parliament, where his party enjoys a two-thirds majority, Dissanayake said the economic recovery was too fragile to take risks.

"The economy is in such a state that it cannot take the slightest shock... there is no room to make mistakes," he said as he ruled out negotiations with either the IMF or creditors.

"This is not the time to discuss if the terms are good or bad, if the agreement is favourable to us or not... The process had taken about two years and we cannot start all over again," he said.

Civil war economy hits Myanmar garment workers

AFP, *Yangon*

As civil war pounds Myanmar's economy and drives up prices, garment worker Wai Wai often starts her shift making clothes for international brands on an empty stomach.

The orders she and thousands of others churn out for big names including Adidas, H&M and others bring in billions of dollars in export earnings for Myanmar.

It is a rare bright spot in an economy crippled by the military's 2021 coup and subsequent slide into civil war.

But for 12 hours of sewing clothes for export to China and Europe in a bleak industrial suburb of Yangon, Wai Wai earns just over $3 a day, which has to cover rent, food and clothes.

It must also stretch to supporting her parents in Rakhine state at the other end of the country, where conflict between the military and ethnic rebels has wrecked the economy and driven food prices up.

With times so hard, Wai Wai "decided to mostly skip breakfast" to save extra money, she told AFP, asking to use a pseudonym.

"Sometimes we just have leftover rice from the night before and save money, because if we use money for breakfast, there will be less money to transfer to our family."

In a nearby factory, Thin Thin Khine and her two sisters work 12 hours a day sewing uniforms for a Myanmar company and earn a monthly salary of around 350,000 Myanmar kyat.

That's about $165 according to the official exchange rate set by the junta of just over 2,000 kyat to the dollar.

On the open market, a greenback can fetch around 4,500 kyat.

"All my sisters are working, but there is no extra money at all," she said.

"In the past, we could buy two or three new items of clothing every month, but now we can't afford to buy new clothes, cosmetics or things for our personal care."

PHOTO: AFP/FILE

Workers are seen at a garment factory in Yangon. Myanmar's commerce ministry said exports were worth more than $3 billion in the past financial year.

Since the coup, Zara owner Inditex, Marks and Spencer and others have left Myanmar, citing the difficulties of operating amid the turmoil.

Others such as Adidas, H&M and Danish company Bestseller have stayed, for now.

Adidas told AFP it worked closely with its suppliers in Myanmar to safeguard workers' rights, while H&M said it was gradually phasing out its operations in the country.

Estimates of the apparel industry's export earnings vary.

Myanmar's commerce ministry said exports were worth more than $3 billion in the past financial year.

But the European Chamber of Commerce in Myanmar said export earnings were higher, surging from $5.7 billion in 2019 to $7.6 billion in 2022 -- with more than half of exports going to the bloc.

The European body said the rise in Myanmar exports was helped by low labour costs compared to Cambodia and China, along with trade preferences granted by the EU and United States.

Keeping the factories running is a challenge. In May, the junta said the national electricity grid was meeting about half of the country's daily electricity needs.

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