

Star BUSINESS



Inflation high as oligarchic grip still haunts economy

Says economist Hossain Zillur Rahman

STAR BUSINESS REPORT

Even after the political changeover in early August, the domestic market has been reeling under the influence of oligarchs, according to economist Hossain Zillur Rahman.

He labelled this as a major economic challenge the interim government will have to overcome, linking it to the brutal price pressures that have been rampaging for around two years.

At a programme at the CIRDAP International Conference Center yesterday, the economist identified bringing discipline to the financial sector and achieving macroeconomic stability as two other key economic challenges, and said the interim government has made some progress in these areas.

However, oligarchic market powers still prevail despite several visible initiatives, he said at the launching ceremony of the 6th edition of the Banking Almanac.

After the previous Awami League government was ousted by a mass uprising in August, leading to the formation of the interim government, READ MORE ON B3



Penalty less than illegal gains fuels stock manipulation

Minimum fine remains static for 30 years

AHSAN HABIB

While fines are intended to deter future offences, questions remain over their effectiveness if the amount is lower than the illegal gain.

This is particularly evident when it comes to the Bangladesh Securities and Exchange Commission (BSEC), which continually sees repeat offenders on its penalty lists.

Market experts say that penalties handed down by the BSEC over share price manipulation are tellingly lower than the global practice of the fines being two to three times higher than the illegal gains.

This discrepancy, they argue, enables some individuals to engage in the malpractice year after year even after facing punitive measures.

Unlike other countries, Bangladesh's securities rules do not specify a ratio between the fine and the gains from a contravention.

As a result, the BSEC often imposes lower penalties, enabling manipulators to retain a portion of their illicit gains even if they pay the fine.

The provision for the minimum fine for share price manipulation has remained the same for over 30 years, even as the market saw massive crashes in 1996 and 2010. In 1993, the regulator last increased the minimum fine from Tk 10,000 to Tk 1 lakh.

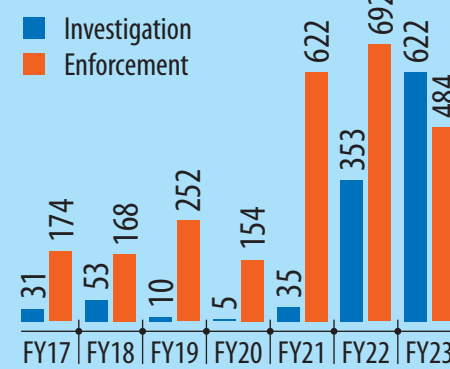
According to official data, the commission took up punitive measures over 174 cases in fiscal year 2016-17. It rose to 622, 692 and 484 in FY 21, FY 22 and FY 23, respectively.

However, certain individuals who made

COUNTRY	PUNISHMENT FOR MANIPULATION
USA	Repayment of all gains plus jail up to 20 years
Singapore	Financial penalties up to 3 times of the gain
India	Fines three times higher than the gain, or at least Rs 25cr
Bangladesh	Minimum Tk 1 lakh fine for manipulation, Tk 5 lakh for fraud

INVESTIGATION AND ENFORCEMENT BY BSEC

In numbers; SOURCE: BSEC



the headlines over stock manipulation time and again, such as Abul Khayer Hiru and his associates, continued to be involved in multiple share manipulation schemes.

For comments, The Daily Star approached Hiru over the phone, but he was not available.

STRINGENT PUNISHMENTS IN OTHER COUNTRIES

The severity of fines for share manipulation varies across different countries. In the United States, individuals who profit from insider trading can face up to 20 years in prison per violation while their ill-gotten gains are

seized.

When determining penalties, the US Securities and Exchange Commission considers factors like the amount of illegal gain and the offender's criminal records.

The Monetary Authority of Singapore (MAS) can impose civil penalties of up to three times the gains or loss avoided from rule violations. The minimum penalty is \$50,000 for individuals and \$100,000 for corporations.

The Securities and Exchange Board of India (SEBI) can slap penalties of up to ₹25 crore or three times the gains made from fraudulent and unfair trade practices, whichever is higher.

'TK1-TK2 LAKH NO LONGER EFFECTIVE' Saiful Islam, president of the DSE Brokers Association (DBA), said higher penalties can help reduce market manipulation schemes in Bangladesh.

READ MORE ON B3



Drug sales growth slows amid high inflation

AHSAN HABIB

Sales growth of drugs slowed down in fiscal year 2023-24 ending last June, which could be an effect of high inflationary pressure prevailing in the country over the last two years.

Meanwhile, prices of drug products of several companies have increased.

The Bangladesh pharmaceutical market recorded a moderate sales growth of 7.2 percent in the fiscal year.

It was an exceptional 15.3 percent in the preceding fiscal year.

Last fiscal year's growth rate is lower than the average of 9 percent recorded by the industry in the past four years.

The market sales amounted to Tk 32,870 crore in the year ending on June 30 this year, according to IQVIA, a leading global provider of advanced analytics, technology solutions, and clinical research services to the life sciences industry.

It was Tk 30,660 crore in the preceding fiscal year.

Sales growth of drugs dropped mainly due to a reduction in the purchasing capacity of people amid high inflation for more than two years, said Jubayer Alam, company secretary at Renata PLC.

Inflation rose to 11.38 percent in November, the highest in four months, owing to the soaring prices of food, especially the staple rice and vegetables, according to the state-run Bangladesh Bureau of Statistics.

It has remained over 9 percent since March 2023.

Due to ongoing inflationary pressure, real income reductions have pushed at least 78 lakh people into poverty, according to a study of the Research and Policy Integration for Development (RAPID).

This includes 38 lakh people who have become extremely poor.



PHARMA SALES

FY23:	FY24:
Tk30,660cr	Tk32,870cr
(15.3%growth)	(7.2%growth)

Besides, around 1 crore more are at risk of slipping below the poverty line due to continued inflationary pressures, the private research firm said.

If people, especially lower middle income and financially insolvent people, do not feel an extreme need for medicine, they avoid going to pharmacies, said Alam.

They prioritise other basic needs, such as food, over medication, he said.

Among the different drug groups, antibiotics witnessed a 10.16 percent growth. It was 11.20 percent in the previous fiscal year.

Rising awareness of self-care has driven the growth of certain medicines that currently require prescriptions but have the potential to become over-the-counter drugs.

These include antihistamines and expectorants, which saw sales growths of 16.23 percent and 12.92 percent respectively.

A few therapeutic class drugs like proton-pump inhibitors (PPIs), calcium and vitamins saw minimum growths of 5.72 percent, 6.63 percent and 4.89 percent respectively.

PPIs represent a class of drugs most prominently known for their use in acid-related disorders.

The pharmaceutical sector usually grows at a handsome rate every year, but the growth might not be high, especially when the country's GDP growth rate is projected to fall, said MA Razaque, chairman of the RAPID.

On the other hand, there is persistent inflationary pressure, for which people's purchasing power has dropped, he said.

So, there is a possibility that people reduced their consumption of drugs. It is true that prices of drugs rose, so people are facing difficulties to afford medicine, he added.

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Iwama Kiminori

Japan for reforms to combat corruption

Envoy says

PORIMOL PALMA

Japan is eager to see reforms that eliminate corruption and improve governance, which are key factors for Japanese companies to invest in Bangladesh, said Japanese Ambassador to Bangladesh Iwama Kiminori.

"The interim government's top priority is eliminating corruption and reducing bureaucratic redundancy. This is a key element for Japanese companies to invest here," he told The Daily Star in a recent interview.

Kiminori is leaving Dhaka after a two-year tenure and will assume a new post as ambassador to a European country.

He informed that Japan has been closely observing the condition of law and order, peace and stability in Bangladesh since the political changeover in August.

"I believe the internal security situation is stabilising. While there have been some incidents, I believe the interim government will tackle the issue in a positive way," Kiminori said, stressing on improvement of law and order.

Over the past 50 years, Japan has been Bangladesh's largest bilateral donor, providing about \$27 billion since 1972.

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BTRC blocks call services of three IGW operators

MAHMUDUL HASAN

The Bangladesh Telecommunication Regulatory Commission (BTRC) recently ordered the suspension of all voice call services provided by three International Gateway (IGW) operators for breaching rules.

The three operators -- Global Voice Telecom Limited, Roots Communication Limited and First Communication Limited -- will face this action for violating IGW licensing guidelines.

This includes failure to evenly distribute international calls among inter-operator schedulers and interconnection exchange (ICX) providers, and non-payment of dues in revenue-sharing with the BTRC.

They also failed to settle their outstanding debts with mobile network operators, according to a statement from the telecom regulator. The BTRC licences IGW operators to facilitate international voice traffic to and from the country.

The BTRC has mandated an immediate block on all call capacities of these IGW operators, with relevant parties having been instructed to implement the decision without delay, it said.

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AB Bank partners with Axentec for cloud integration

STAR BUSINESS DESK

AB Bank PLC has entered into a strategic agreement with Axentec PLC, a subsidiary of Robi Axiata PLC, to enhance its data centre management through the adoption of cloud technology.

The agreement was formalised at the bank's head office in the capital's Gulshan area, according to a press release.

The deal was signed by Syed Mizanur Rahman, managing director and CEO (acting) of AB Bank, and Md Adil Hossain Noble, managing director and CEO of Axentec.

This collaboration marks a significant step in AB Bank's digital transformation journey, with the cloud technology set to streamline and improve the bank's computing capabilities, ensuring more efficient data handling and improved service delivery.

Reazul Islam, additional managing director of AB Bank, and Md Asaduzzaman, director of Axentec, along with other senior officials from both organisations were also present.



Md Adil Hossain Noble, managing director and CEO of Axentec, and Syed Mizanur Rahman, managing director and CEO (acting) of AB Bank, shake hands and exchange signed documents of an agreement at the latter's head office in the capital's Gulshan recently. PHOTO: AB BANK

Shawkat Ali Khan appointed as Padma Bank chairman

STAR BUSINESS DESK

Md Shawkat Ali Khan, chief executive officer and managing director of Sonali Bank PLC, was appointed as the chairman of Padma Bank PLC.

Khan recently chaired the 120th board meeting at Padma Bank's head office in the capital's Gulshan, according to a press release from the bank.

Before joining Sonali Bank PLC, Khan served as the managing director of Bangladesh Krishi Bank.

With a distinguished career spanning over 26 years, he is widely recognised for his visionary leadership, dynamism, commitment, and innovative approach to banking.

Khan's career in the banking sector began in 1998 when he joined Rupali Bank PLC as a senior officer.

He previously served Rupali Bank PLC as a deputy managing director.

Throughout his career, Khan has demonstrated exceptional leadership skills, strategic planning expertise, and strong communication abilities, consistently achieving organisational goals.

His extensive experience has shaped him into a prominent and respected figure in the banking industry, known for his ability to inspire and lead.

Khan holds a bachelor's and Master's degree in chemistry from Jahangirnagar University, as well as an MBA with a specialisation in banking from the University of Dhaka. Additionally, he is a Diplomaed Associate of the Institute of Bankers Bangladesh.



Mohammad Forkanullah, managing director (acting) of Social Islami Bank, receives a remittance award on the bank's behalf from Asif Nazrul, adviser to the Ministry of Expatriates' Welfare and Overseas Employment, at a function at the Osmani Memorial Auditorium in Dhaka recently. Asif Mahmud Shojib Bhuyain, another adviser, was also present. PHOTO: SOCIAL ISLAMI BANK

Social Islami Bank wins remittance award

STAR BUSINESS DESK

Social Islami Bank PLC has been honoured with the "Remittance Award 2024" by the Ministry of Expatriates' Welfare and Overseas Employment for securing second place in bringing remittances to the country for fiscal year 2023-2024.

The award recognises the bank's significant contribution to remittance inflows into the country, as stated in a press release from the bank.

Asif Nazrul, adviser to the ministry of expatriates' welfare and overseas employment, presented the award to Mohammad Forkanullah, managing director (acting) of the bank, during a ceremony at the Osmani Memorial Auditorium in the capital recently.

Asif Mahmud Shojib Bhuyain, adviser to the Ministries of Youth and Sports, and Local Government, Rural Development and Co-operatives, attended the event as a special guest.

The ministry organised the event in celebration of International Migrants Day and National Expatriates' Day 2024.

Other officials from the bank and ministries were also in attendance.

Walton extends warranty for computer monitors

STAR BUSINESS DESK

Walton Digi Tech Industries Limited, a tech giant in Bangladesh, has increased the warranty for its computer monitors.

From now on, customers can enjoy up to three years of warranty benefits of up to 22-inch monitors of all models of Walton's "CiNed" and "CiNEXA" along with ACC brands, Walton said in a press release.

The tech giant provides a 3-year warranty for various parts of panel and motherboard of 21.45 to 22-inch monitors.

This customer benefit is effective from December 16, 2024.

Touhidur Rahman Rad, chief business officer of Walton Computer Products, said: "Walton monitors have won the hearts of customers for its international standard, quality and state-of-the-art features and technologies."

"We expect that the trust of customers will be much stronger on Walton monitors after the warranty extension announcement," he added.

Walton also has 24 and 27 inch monitors with various features and specifications.

Meghna Bank organises annual risk conference

STAR BUSINESS DESK

Meghna Bank PLC has organised the "Annual Risk Conference 2024" at its head office in the capital's Gulshan area recently.

ANM Moinul Kabir, director of the Department of Off-Site Supervision (DOS) of the Bangladesh bank, was the chief guest at the conference, said a press release. Mahmuda Haque, joint director of the DOS, participated as a resource person for the event.

Md Mahamudul Alam, chairman of the risk management committee of Meghna Bank, attended the programme as the special guest. IQM Abdul Jalil, senior executive vice-president and acting chief risk officer of the bank, presided over the daylong event.

Kazi Ahsan Khalil, managing director and CEO of the bank, and Md Sadiqur Rahman, deputy managing director and head of treasury, along with other senior officials were also present.



ANM Moinul Kabir, director of the Department of Off-site Supervision of the Bangladesh Bank, attends "Annual Risk Conference-2024" organised by Meghna Bank at the latter's head office in the capital's Gulshan recently. PHOTO: MEGHNA BANK



Abdul Awal Mintoo, chairman of National Bank, attends the bank's "Regional Business Conference" at Anchor Tower in the capital's Banglamotor yesterday. PHOTO: NATIONAL BANK

National Bank holds regional business conference for Dhaka

STAR BUSINESS DESK

National Bank organised its regional business conference for Dhaka at Anchor Tower in the capital's Banglamotor yesterday.

Abdul Awal Mintoo, chairman of the bank, was the chief guest at the conference, according to a press release.

Mintoo said National Bank continues to play a vital role in the country's economy, particularly in the garments, agriculture and CMSME sectors.

He emphasised the importance of

delivering new and attractive deposit products to customers and taking all necessary measures to regain customers' trust.

The conference was also attended by Moazzam Hossain, vice-chairman and sponsor director of the bank, Md Abdus Satter Sarkar, chairman of the audit committee and independent director, and Md Zulkar Nayn, and Prof Melita Mehjabeen, independent directors.

Among others, Md Touhidul Alam Khan, managing director and CEO of the bank, Syed Rois Uddin, Sheikh Akhter Uddin Ahmed, and Imran Ahmed, deputy managing director, were also present.

Eastern Bank arranges 'student agency night' in Chattogram

STAR BUSINESS DESK

Eastern Bank PLC recently organised a programme, styled "Student Agency Night", at Hotel Agrabad in Chattogram.

The event brought together leading education agencies that provide guidance to students seeking higher education opportunities abroad, the bank said in a press release.

During the event, the bank's representatives offered detailed insights into the necessary preparations and financial solutions for pursuing higher education abroad.

Approximately 100 representatives from top education agencies attended the event.

The bank's "student file service" has become a trusted name for students aspiring to pursue education at overseas educational institutions, the press release said.

Currently, the service is available at 85 branches of the bank across the country, aiming to simplify the process and support students throughout their journey.

The bank plans to organise similar programmes in the future to further its support for the next generation of global achievers.



Mesbah Uddin Ahmed, branch area head of Chattogram at Eastern Bank, poses for group photographs with participants and representatives from different student agencies at a programme, styled "Student Agency Night", at Hotel Agrabad in Chattogram recently. PHOTO: EASTERN BANK

Mesbah Uddin Ahmed, branch area head of Chattogram at the bank, Md Khairul Hassan, senior manager of bancassurance and student banking, Mohammed Mujibur Rahman, president of Foreign admission & Career Development Consultants Association

of Bangladesh, Chattogram region, Kazi Md Abdur Rahman and SM Iqbal Jamil, vice-presidents, and AKM Nurul Bashar Bhuiyan (Sujan), secretary, along with representatives from different student agencies were also present.

Trump threatens EU with tariffs

FROM PAGE B4

come from unless authorities impose sanctions or tariffs. The owners usually buy their resources based on price and efficiencies.

The US is already producing and exporting record volumes of oil and gas and increasing those would require significant investment, especially for LNG export terminals.

Reinsch noted that while there is demand in Europe now for US oil and gas to replace shunned Russian supplies, long-term demand is unclear with the transition to renewable energy sources. Companies will be reluctant to invest if they think current demand is transitory,

Reinsch said.

BUYING MORE U.S. ENERGY

The EU has steeply increased purchases of US oil and gas following the block's decision to impose sanctions and cut reliance on Russian energy after Moscow invaded Ukraine in 2022.

The United States has grown to become the largest oil producer in recent years with output of over 20 million barrels per day of oil liquids, or a fifth of global demand.

US crude exports to Europe stand at around 2 million bpd, representing over half of US total exports, with the rest going to Asia.

The Netherlands, Spain, France,

Germany, Italy, Denmark, and Sweden are the biggest importers, according to the US government data.

"Europe is taking close to its maximum capacity for US crude, meaning there is little scope for stronger imports next year," said Richard Price, oil markets analyst at Energy Aspects. He also said refinery closures in Europe in 2025 won't help increase imports.

The United States is also the world's biggest gas producer and consumer with output of over 103 billion cubic feet per day.

The US government projects that US LNG exports will average 12 bcf in 2024. In 2023, Europe

accounted for 66 percent of US LNG exports, with the UK, France, Spain and Germany being the main destinations.

US oil production growth will likely be slow until 2030, according to the International Energy Agency.

Gas output could meanwhile rise further to meet record US domestic demand and LNG exports could also increase if the government approves more LNG terminals.

The EU imported around 2 bcf of Russian LNG in 2024 and it could move to ban those supplies and seek replacement from other sources, said Alex Frole, LNG analyst at ICIS.

Reliable data, policy reforms needed to boost tech sector

Experts say at BRAC Bank-The Daily Star ICT Awards

STAR BUSINESS REPORT

The technology sector of Bangladesh is facing critical bottlenecks due to data inaccuracy, experts said at the 9th edition of the BRAC Bank-The Daily Star ICT Awards held last Friday.

Addressing a panel discussion during the event at the Le Meridien hotel in Dhaka, they emphasised that policy reforms and trust-building will be crucial for unlocking the sector's full potential.

Adnan Imtiaz Halim, founder and chief executive officer of Sheba Platform Limited, identified inaccurate data as the sector's primary hurdle.

"The biggest problem for the country is that our data is not accurate," he said.

Halim questioned that if previous stats placing the number of tech-savvy and device-equipped individuals in Bangladesh at around 50 million are to be believed, then how come the country is still unable to monetise technology.

Against this backdrop, he highlighted the need for precise data to avoid misguided forecasts and called for increasing the affordability of mobile devices and data.

Also, he urged relevant regulatory authorities to replicate the rapid digital transformation seen in India by being bold in policymaking.

Besides, there is the issue of highway elements, such as the lack of mobile phone penetration and availability of associated technologies, which represent a choking point in the technology sector.

"These need to be made completely accessible so that people in rural areas can afford them too," Halim said while stressing how data costs need to be made even cheaper.

"In India, what was forecasted to take



Experts of the technology sector attend a panel discussion on the sidelines of the 9th edition of the BRAC Bank-The Daily Star ICT Awards at the Le Meridien hotel in Dhaka on Friday.

PHOTO: COLLECTED

40 years to achieve was unlocked in just six years because of some key policy decisions," he added.

The discussion moderated by AKM Fahim Mashroor, cofounder and chief executive officer of Bdjobs.com Limited, explored peoples' trust issues with technology and healthcare as well.

Sylvana Quader Sinha, founder

chairperson and chief executive officer of Praava Health, stressed that technology alone cannot solve healthcare challenges.

"The real problem is trust. Patients don't trust healthcare in Bangladesh even if technology improves the service quality," she said.

Sinha emphasised the importance of having well-trained doctors and reliable

lab tests in building trust.

Raisul Kabir, chief executive officer of Brain Station 23, said clients in Bangladesh are more willing to pay foreign companies higher fees for technology solutions instead of engaging local providers.

"Local entrepreneurs must break through this reluctance in order to achieve sustainable growth," he said.

Market scoping and client onboarding in banks

MAMUN RASHID

Banks and banking seniors across the global or regional banking arena are being faced with one very important issue – which market(s) to enter, which product to offer and which clients to choose and onboard. One can put it under strategic review or more so as target market risk acceptance criteria or for a country like Bangladesh, client underwriting policy or core risk management guideline. In today's world, most of the large banking clients are in fact solicited ones.

Which sectors are attractive as of today or may be termed as growth sectors, what are the underlying sectoral risks of entering those sectors and what kind of facilities should we be considering for them remains a pivot in the minds of senior bankers or risk professionals.

So goes for identifying the sectors of the future while delineating a sustainable financing or underwriting strategy for a bank. Because we all know, in today's dynamic world and shifting economic architecture today's winners can be tomorrow's losers in the midst of a fiercely competitive market scenario.

We in banks usually align capital risk taking with economic drivers as per GDP (gross domestic product) profile and BOP (balance of payment) for external sector consideration. For instance, in a dollar starved country, export-oriented industries is an important sector to be aligned with as it also gets government and regulatory support. Industry that are core to the economy and likely to sustain economic shocks are usually picked up. Ideally, industries that also hedge each other during downturn and upturn should be considered.

One may think of taking the top 10 of each industry segment. For high performing industries, one may take even more than 10, may be 15, thereby having a bit of portfolio concentration towards more

successful economic sectors or industry players. A well-knitted client onboarding policy industry-specific strategy may be considered.

Further categorisation can be done based on local, multinational or JV-type entities.

Certain sectors are more sensitive, for instance airlines, hospitality, education and healthcare. Since these can attract social and environmental risks, only specialists' groups should handle these credits.

We should always identify potential long-term survivors and also do a key management capability assessment of theirs. Here, history has proven proper succession planning also plays a critical role. In case of family businesses, generational leadership development is taken into account. Possible competition from other similar or competing countries should be taken into cognizance along with the tariff structure if an obligor is driving an import-based business.

RISK ACCEPTANCE CRITERIA

A minimum top line/sales revenue threshold (earnings before interest, taxes, depreciation and amortisation or "EBITDA") should be used as a benchmark while considering client selection. The EBITDA margin is important as a key criterion of a potential borrower's ability to repay debt and other obligations. Overall liquidity position of the business plays an important position here. However, the EBITDA margin requirement can vary based on industry profile. Risky industries will have higher EBITDA ask.

Similarly, the debt to EBITDA ratio determines the borrower's ability to repay its short-term and long-term payment obligations.

For industries that enjoy the benefit of concessions/licenses (such as the telecom and energy sectors), strength, legal enforceability and performance issues are taken into account. A legal opinion may also be sought. For example, a solicited power plan will always have lower risk of repayment than an unsolicited one.

The FCF (free cash flow) analysis is critical for evaluating a borrower's dividend planning considering the lender's own cash generation and external borrowing.

In today's banking world, we try to protect our downside through security and collateral consideration, but key repayment guarantee comes from internal cash generation of the business or surplus cash being generated. How relevant is the business to the future of the economy or what is their long-term survival strategy or how do they withstand the evolving competition would play a big role here. We in banks literally finance the future only – future viability of the business, industry, owners or even the economy.

The author is chairman of Financial Excellence Ltd



India's forex reserves dip to nearly six-month low

REUTERS

India's foreign exchange reserves fell by nearly \$2 billion to an almost six-month low of \$652.87 billion as of December 13, data from the Reserve Bank of India (RBI) showed on Friday.

The reserves had declined by \$3.2 billion in the week of December 6, and have declined by \$52 billion from the record high of \$704.89 billion hit on September 27.

Changes in foreign currency assets are caused by the central bank's intervention in the forex market as well as the appreciation or depreciation of foreign assets held in the reserves.

The RBI intervenes on both sides of the forex market to curb undue volatility in the rupee.

Last week, the rupee declined to its then all-time low of 84.88, pressured by weakness in the yuan and persistently strong dollar bids in the non-deliverable forwards market. The currency fell 0.1 percent last week.

The domestic unit ended at 85.0150 on Friday, down for a seventh consecutive week. It hit a record low of 85.10 earlier in the day, after a hawkish turn in the Federal Reserve's future outlook on policy rates.

The forex reserves also include India's reserve tranche position in the International Monetary Fund.

Rupee hits record low before recovering slightly

REUTERS, Mumbai

The Indian rupee slipped to its all-time low on Friday before turning course to end modestly higher, aided by likely dollar inflows, although its losing streak persisted into a seventh straight week.

The rupee closed at 85.0150 against the US dollar, up from its close at 85.07 in the previous session, after hitting a low of 85.10 earlier in the session. The currency declined 0.2 percent week-on-week.

Intervention, opens new tab by the Reserve Bank of India supported the rupee early in the day, traders said, and it was also aided by strong dollar offers from foreign banks in the latter half of the session, likely related to the rebalancing of FTSE's equity index.

Routine interventions by the central bank curbed sharp depreciation pressure on the rupee this week as it weakened below the psychologically important 85 level.

Tepid capital flows and concerns about India's slowing economic growth have hurt the rupee and its troubles were compounded by a hawkish shift in the Federal Reserve's policy outlook on Wednesday.

On the day, the dollar index was down 0.2 percent at 108.2, retreating from an over two-year high, while other Asian currencies were mixed as investors awaited US personal consumption expenditure (PCE) inflation data due later in the day.

Govt to renew gas supply deal with LafargeHolcim

STAR BUSINESS REPORT

The interim government has decided to extend an agreement between the Jalalabad Gas Transmission and Distribution System and LafargeHolcim Bangladesh PLC on gas supply from January 17 of 2026, allaying concerns of investors.

The decision came in a meeting at the Ministry of Energy and Mineral Resources, said the listed multinational cement manufacturer in a press release yesterday.

The existing gas sales deal had come into effect in 2003 for the cement company's plant at Chhatak in Sunamganj.

A couple of years ago, the gas company informed the cement maker that gas prices set for the nation by the government or Bangladesh Energy Regulatory Commission would be applicable for it and not that mentioned in the deal.

The gas company also cited that the price stated in the deal was comparatively low.

In February 2021, LafargeHolcim Bangladesh decided to resort to arbitration and in September 2023, the courts ruled in favour of abiding by the deal.

Afterwards, the gas company informed that the 20-year would not be extended once it expired.

"Foreign investors like LafargeHolcim are crucial drivers of economic growth," Chowdhury



Ashik Mahmud Bin Harun, executive chairman of Bangladesh Investment Development Authority and Bangladesh Economic Zones Authority, told yesterday's meeting.

"Fast, decisive steps in such instances portray our intention to support the business community. We are open for business," he said.

The authorities have resolved the long-pending issue with utmost priority, which portrays their support towards foreign direct investment in Bangladesh, said Chistof Hassig, chairman of LafargeHolcim Bangladesh PLC.

The gas supply is crucial for the plant, which produces clinker, cement and aggregates.

Stocks of LafargeHolcim traded at Tk 53.60 on Thursday, which is nearly the lowest in a year.

Trump threatens EU with tariffs over oil and gas imports

REUTERS

US President-elect Donald Trump said on Friday the European Union should step up US oil and gas imports or face tariffs on the bloc's exports that include goods such as cars and machinery.

The EU already buys the lion's share of US oil and gas exports, according to US government data.

No extra volumes are currently available as the United States is exporting at capacity, but Trump has pledged to further grow the country's oil and gas production.

"I told the European Union that they must make up their tremendous deficit with the United States by the large-scale purchase of our oil and gas," Trump said in a post on Truth Social.

"Otherwise, it is TARIFFS all the way!!!" he added.

The European Commission said it was ready to discuss with Trump how to strengthen what it described as an already strong relationship, including in the energy sector.

"The EU is committed to phasing out energy imports from Russia and diversifying our sources of supply," a spokesperson said.

The United States already supplied 47 percent of the European Union's liquefied natural gas imports and 17 percent of its oil imports in the first quarter of 2024, according to data from EU statistics office Eurostat.

TARIFF THREATS

Trump, who takes office on Jan. 20, has vowed to impose tariffs of 10 percent on global imports into the US along with a 60 percent tariff on Chinese goods – duties that trade experts say would upend trade

flows, raise costs and draw retaliation against US exports.

The US ran a \$208.7-billion goods trade deficit with the EU in 2023, according to US Census Bureau data. Although the US runs a surplus with the EU on services, Trump has focused mainly on goods trade, frequently complaining about the bloc's car exports to the US with few vehicles shipped east across the Atlantic.

German and Italian car exports currently face a 2.5 percent US tariff, which could quadruple if Trump makes good on his threats.

Trump has also vowed to authorise hefty tariffs on the top three US trading partners, Mexico, Canada and China, on his first day in office if they fail to stem illegal border crossings into the US and trafficking of the deadly opioid fentanyl.

William Reinsch, a trade expert at the Center for Strategic and International Studies, said the EU could negotiate its way out of Trump's tariffs.

"This could be a win-win, telling them to buy something they want and need anyway," Reinsch said.

However, most European oil refiners and gas firms are private and governments have little say on where their purchases



US President-elect Donald Trump speaks at a news conference at his Mar-a-Lago resort in Florida on December 16.

PHOTO: AFP

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