

Star BUSINESS



Govt expects gross reserves to reach \$34b by June next year

REJAUL KARIM BYRON and MD MEHEDI HASAN

The interim government expects the country's gross foreign exchange reserves to rise to \$34.4 billion by the end of the fiscal year (FY) 2025-26, buoyed by strong remittance inflows, export performance, and budgetary support from development partners.

This target is set in the upcoming national budget, which is now being prepared and slated for announcement on June 2.

As of May 24, Bangladesh's gross reserves stood at \$25.70 billion, up from \$24.16 billion on the same date last year, according to the Bangladesh Bank (BB).

The central bank now maintains two figures for forex reserves reporting.

One follows a method recommended by the International Monetary Fund (IMF), known as BPM6. Under this formula, net reserves were \$20.47 billion as of May 24.

According to the finance ministry, a stable exchange rate, rising remittances, and higher interest rates across the financial sector will help boost reserves further.

Besides, the government is expected to receive around \$3.3 billion in external financing by June this year, from a mix of bilateral and multilateral partners including the IMF, Asian Development Bank, and World Bank.

These inflows are expected to reinforce the foreign reserve position.

The government projected that forex reserves may reach \$31.8 billion by June of FY25.

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BB bars 19 banks from dividend payouts

MD MEHEDI HASAN

The Bangladesh Bank (BB) has barred 19 listed banks from paying dividends, citing their fragile financial health.

Despite repeated appeals from bank directors and top executives over the past month, the central bank held firm.

To the lenders, BB issued letters on May 21 that cited Section 22 of the Bank Company Act, 1991, which prohibits ailing lenders from distributing dividends.

However, the banking regulator has allowed most of these banks to defer provisions against their non-performing loans (NPLs).

Contacted, Aref Hussain Khan, executive director and spokesperson of the central bank, said, "The banking regulator is strict with its decision that the banks that take deferral facilities for meeting their provision shortfall will not be allowed to pay dividends."

This decision has cast uncertainty over the dividend declarations of AB Bank, Al-Arafah Islami Bank, Exim Bank, First Security Islami Bank, Global Islami Bank, Dhaka Bank, IFIC Bank, Islami Bank Bangladesh, Mercantile Bank, NRB Bank, NRB Commercial Bank, Premier Bank, Social Islami Bank, SBAC Bank, Southeast Bank, Standard Bank, Union Bank, United Commercial Bank, and the state-owned Rupali Bank.

Of the 36 banks listed on the stock market, only 17 managed to finalise their annual financial reports for the past year within the stipulated time.

ICB Islamic Bank and National Bank posted losses, while One Bank opted not to issue dividends despite recording a profit.

A letter seen by The Daily Star from the central bank said those banks do not have sufficient profit to fully meet their provision shortfall. As a result, financial statements for the year ending December 31, 2024, are to be prepared without adjusting for these deficits.

To overcome the shortfalls in provisions and capital, the central bank instructed the banks to submit realistic and time-bound action plans approved by their respective boards within a month, according to that central bank letter.

BY THE NUMBERS

As of Dec 2024

Total banks: **61**
 Total listed banks: **36**
 Total loans: Tk **1,711,401 cr**
 Total bad loans: Tk **345,765 cr**
 Ratio of bad loans to total loans: **20.20%**
 Total provision shortfall: Tk **106,131 cr**
 Total capital shortfall: Tk **117,647 cr**



KEY POINTS

Dividend declarations of 19 listed banks remain uncertain | **17 of 36 listed banks finalised annual reports within the original timeframe** | **Deadline extended until May 31 due to failure to meet provisioning requirements** | **BAB chairman hopes BB will lift the restriction on declaring dividend** | **Over a dozen listed banks have declared dividends**

The letters also directed banks to clearly disclose the extent of their provision shortfall in their financial statements and stock market disclosures as of December 31, 2024.

The shortfall must be reflected in areas concerning provision maintenance, profit and loss calculations, and capital adequacy.

The central bank also said that any discrepancies between submitted information and audited financial statements would prompt action under the Bank Company Act.

Speaking on condition of anonymity, a senior official of Social Islami Bank, admitted the bank was not in a position to pay dividends.

"The banking regulator instructed the bank to show the actual provision shortfall in the disclosure for the stock market, but it would not be shown in the bank's balance sheet," he said.

"We will provide a five-year plan to the

central bank to reduce the provision and capital shortfall," the official added.

In March this year, the central bank issued new rules for dividend payouts. From 2024, banks that obtain provisioning deferrals are no longer allowed to issue dividends.

From next year, the bar will extend to any bank with NPLs more than 10 percent of its total portfolio.

Abdul Hai Sarkar, chairman of the Bangladesh Association of Banks (BAB), expressed concern over the BB decision.

He said that banks are running with the confidence of depositors, shareholders, and customers, but if they are not able to pay dividends, it will create a confidence crisis.

"We were trying to convince the central bank in various ways to withdraw the restriction, but the regulator did not listen," he added.

READ MORE ON B3



Ctg port gridlocked as NBR protests cause pile-up



Although the protest by the NBR officials has been called off, the Chattogram port continues to reel from its impact. The waiting time for foreign vessels has increased from two days to as much as seven days while the port's storage yards have been overrun with cargo, reaching 82 percent of its capacity. The photo was taken yesterday.

PHOTO: RAJIB RAIHAN

MD NAZRUL ISLAM, Ctg

Although the National Board of Revenue (NBR) resumed regular operations yesterday after nearly two weeks of protests and work abstentions, ship and container congestion has once again gripped the Chattogram Port, triggering concern among businesses over potential delays in cargo handling and increased logistics costs.

NBR officials, who had been protesting since May 14, returned to work yesterday following government assurances that their demands over the NBR reform ordinance would be met.

However, the prolonged disruption has already taken a toll on port operations.

The waiting time for foreign vessels at the port's outer anchorage has increased from the usual two days to as much as seven days. Meanwhile, container loading and unloading at the jetties are now taking up to 72 hours, significantly longer than usual.

Port users warn that if the situation is not resolved swiftly, it could hamper supply chains ahead of Eid-ul-Azha, a critical period for trade and consumption.

According to port sources, the foreign vessel MV SOL Promise arrived at the

outer anchorage of Chattogram Port on May 19, laden with 1,201 TEUs of containers from Colombo Port.

After a seven-day wait, the ship was finally berthed at the New Mooring Container Terminal on Monday.

Muntasir Rubaiyat, head of operations at GBX Logistics Limited, the local agent of the vessel, told The Daily Star that ships are now having to wait around seven days before berthing.

"Each vessel is incurring additional costs of around \$100,000 due to this delay. We are paying extra for both charter hire and berth hire," he said.

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Exporters of India's northeast can use Ctg port

STAR BUSINESS REPORT

Planning Adviser Wahiduddin Mahmud yesterday said exporters from India's northeastern states can use the Chattogram port, but it would be better if they process their goods in Bangladesh and export those through the port.

"The Chattogram port is a very valuable asset for us, while the northeastern states of India have a lot of natural assets," the adviser said.

"They have cane, timber and minerals, and we can allow the export of those goods through the Chattogram port. But the best practice would be to allow the export of those goods only if we can process them in Bangladesh and add value before allowing export."

He made the remarks while speaking at a seminar titled "Economic Corridor and Logistics Development in Bangladesh: Investment Opportunities," which was jointly organised by the International Chamber of Commerce-Bangladesh (ICC-B) and the Asian Development Bank (ADB) at Sheraton Dhaka.

Mahmud also said such a move would be mutually beneficial.

He added that Bangladesh's strategic geographic location puts it in a strong position to become a hub for neighbouring countries such as India, Bhutan and Nepal.

"Similarly, when we allow Bhutan and Nepal to use the Mongla port, it will serve as a hinterland for trade and commerce in some areas of West Bengal.

So, if we have the will, we can create a favourable geopolitical environment and also enjoy socioeconomic benefits," the planning adviser said.

The interim government has prioritised only two mega-projects — the Matarbari Deep Seaport and Chattogram Bay Terminal — believing they will position Bangladesh as a key socioeconomic hub in the region.

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Wahiduddin Mahmud

RMG exports may drop \$2b this year

Bloomberg Economics says

STAR BUSINESS REPORT

Bangladesh's RMG exports may suffer this calendar year owing to an increase in tariffs in the US, the possibility of a reduction in shipments to India, and energy shortages, according to a forecast by Bloomberg Economics.

It said the headwinds could lower garment exports by \$2 billion in 2025.

The country fetched \$38.48 billion from RMG exports in 2024, according to data compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Overall earnings from apparel account for over 80 percent of total exports.

The earnings are critical for Bangladesh's forex reserves, it said, adding that it could cause significant damage.

"The damage could get even worse. Competitors like India could grab market share if they secure a more favourable trade deal with the US," it said.

"There is also a risk that overseas retailers could cancel contracts with suppliers in Bangladesh if there is a delay in delivering orders," it said.

"That could happen due to longer travel routes because of India's transshipment withdrawal or producers halting manufacturing due to fuel shortages," it said.

India on April 8 revoked the transshipment facility for Bangladesh's export cargo to third countries transiting through its land borders to Indian airports and ports, which exporters said would increase the cost of shipment.

Amid demands from local textile millers to reduce losses, the National Board of Revenue (NBR), on April 13, blocked yarn imports through the Benapole, Bhomra, Banglabandha, Burimari, and Sonamasjid land ports.

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ENJOY TAX REBATE WITH PRIME BANCASSURANCE




Mastercard launches Eid-ul-Azha campaign with rewards

STAR BUSINESS DESK

Mastercard, the global digital card payment services provider, has unveiled a new promotional initiative titled the "Eid Electronics Campaign".

Under this campaign, Mastercard cardholders can avail themselves of an array of discounts and opportunities to win exclusive rewards across electronics, grocery, travel, lifestyle, and dining categories.

The campaign commenced on May 1, and will run until Eid-ul-Azha, the second largest religious festival for Muslims.

As part of the initiative, Mastercard is offering cardholders discounts of up to 25 percent, along with a chance to win a two-night stay at The Palace Resort in Sylhet

and vouchers for home appliances.

Participating partners in the electronics segment include Transcom, Walton, Singer, Electro Mart, Vision Emporium, and Rangs.

In the grocery category, cardholders shopping at Shwapno, Unimart, Meena Bazar, and Agora stand a chance to win vouchers worth up to Tk 10,000, in addition to a variety of other voucher offerings.

In the travel segment, Mastercard is providing discounts of up to 70 percent on air tickets and holiday packages through travel partners such as ShareTrip, Firsttrip, Chologhuri, and others. Discounts of up to 55 percent are also available at leading resorts including Baywatch and Sea Pearl



Beach Resort.

For lifestyle and fashion enthusiasts, the campaign offers up to 20 percent off at 20 prominent brands, including Twelve Clothing, SaRa, Noir, and Kay Kraft.

Dining privileges include up to 16 percent off at popular restaurants such as Kiva Han, Bambooshot, Café Colombia, and Bao.

Syed Mohammad Kamal, country

manager for Bangladesh at Mastercard, commented on the campaign and its enticing offers, stating: "These special deals and discounts across various spending categories aim to add extra value to Eid celebrations."

He further added, "With convenient, secure, and seamless payment options, Mastercard cardholders can enjoy a more rewarding festive season."

Opec+ expected to open taps more despite price slump

AFP, London

Despite oil trading low at \$60, Opec+ this week is expected to continue to further open the taps.

This follows pressure from US President Donald Trump and group leader Saudi Arabia's quest to penalise allies that breach the cartel's quotas.

In past months, Saudi Arabia, Russia and six other Opec+ members have surprised markets by announcing a sharp increase in oil production for May and June despite the low prices.

Numbering a total of 22 countries, most of which are highly dependent on oil revenues, the group has long been exploiting supply scarcity to boost prices, holding millions of barrels in reserve.

This week the cartel will hold two meetings -- one online on Wednesday with all Opec+ members to discuss the group's common strategy, and one on Sunday with just the eight member states -- known as the "V8" -- that have made the largest cuts in recent years.

"What's most interesting is the V8 decision" in Sunday's meeting regarding production for July, UBS analyst Giovanni Staunovo told AFP.

In past months, Saudi Arabia, Russia and six other Opec+ members have surprised markets by announcing a sharp increase in oil production for May and June

Analysts expect the V8 to up production by 411,000 barrels a day for July -- the same as in May and June -- whereas the initial plan called for an increase of just 137,000 barrels.

This could further weigh down prices already slumping to lows last seen during the pandemic, which hit global demand.

The Organization of the Petroleum Exporting Countries and their allies -- collectively known as Opec+ -- have justified their change in strategy by citing "current healthy market fundamentals, as reflected in the low oil inventories".

But observers are sceptical, given concerns about global demand due to the trade war that Trump has unleashed.

Since late 2022, the cartel had slashed production, with Riyadh, Moscow and the six other Opec+ members withholding 2.2 million barrels per day.

At the start of the year, the group said it would reintroduce some of the oil kept under ground, but it has significantly accelerated the pace.

With this, Opec leader Saudi Arabia effectively puts pressure on members that have failed to cut back their production as agreed, reducing their profits.

Behind the quota violations, there are "people who make investments and want to monetise the benefit", Lawrence Haar, an associate professor at the University of Brighton, told AFP.

For Kazakhstan, the main offender within the group, the increase in recent production is linked to the Tengiz project, whose main operator is the American group Chevron, according to Francis Perrin, a senior research fellow at the Institute for International and Strategic Relations (IRIS).

BRAC Bank, Green Delta to insure 50,000 women remittance recipients by 2025



Syed Moinuddin Ahmed, additional managing director of Green Delta Insurance PLC, and Md Shaheen Iqbal, deputy managing director and head of treasury and financial institutions at BRAC Bank PLC, shake hands and exchange signed documents of the agreement at the bank's head office in the capital recently.

STAR BUSINESS DESK

BRAC Bank PLC has entered into a strategic partnership with Green Delta Insurance PLC, with the objective of providing life and health insurance coverage to 50,000 women remittance beneficiaries by 2025.

Md Shaheen Iqbal, deputy managing director and head of treasury and financial institutions at the bank, and Syed Moinuddin Ahmed, additional managing director of the insurer, signed the agreement at the bank's head office in Dhaka recently, said a press release.

Under this collaboration, women who receive foreign remittances will be entitled to a comprehensive suite of insurance benefits, including life coverage of up to Tk 2 lakh, annual health

insurance of up to Tk 50,000, maternity care, as well as both outpatient (OPD) and inpatient (IPD) medical treatment.

These benefits are integrated into the TARA Probashi Poribar Account, a dedicated financial solution tailored to the specific needs of women managing remittance funds within households.

In addition to insurance, the account also offers debit card and internet banking facilities, along with monthly interest on savings, thereby promoting financial inclusion and encouraging formal saving habits among women beneficiaries.

Currently, nearly 60,000 women receive remittances directly through BRAC Bank, representing 35 percent of the bank's total remittance-receiving account holders.

AB Bank launches three new Islamic banking deposit schemes

STAR BUSINESS DESK

AB Bank PLC has unveiled three new Shariah-compliant deposit schemes for its customers: AB Maahir, AB Islamic DPS, and the AB Hajj Deposit Scheme.

Syed Mizanur Rahman, managing director and CEO of the bank, inaugurated the schemes at a function held at the bank's head office in the capital's Gulshan-1 recently, said a press release.

Among the new offerings, AB Maahir provides a higher quarterly profit than standard Mudarabah savings accounts, requiring a minimum balance of Tk 5,000 and

offering enhanced features.

AB Islamic DPS is a monthly instalment-based deposit plan with a tenure of up to 20 years, inclusive of complimentary Takaful insurance coverage of up to Tk 50 lakh.

The AB Hajj Deposit Scheme assists customers in setting aside funds for hajj, with tenures ranging from 1 to 20 years. It offers a competitive half-yearly profit along with an attractive premature encashment facility.

Hafiz Muztaba Riza Ahmed, chairman of the Shariah supervisory committee of the bank, was also present, along with the senior management team of the bank.



Syed Mizanur Rahman, managing director and CEO of AB Bank, inaugurates three new Shariah-compliant deposit schemes of the bank at its head office in the capital's Gulshan-1 recently.

ONE Bank signs agreement with National Pension Authority



Md Mahiuddin Khan, executive chairman of the National Pension Authority, and Shabbir Ahmed, managing director (current charge) of ONE Bank PLC, shake hands and exchange signed documents of the agreement at the finance division of the Ministry of Finance in the Bangladesh Secretariat recently.

STAR BUSINESS DESK

ONE Bank PLC has recently signed an agreement with the National Pension Authority (NPA), marking a significant step towards enhancing pension-related services in Bangladesh.

Md Mahiuddin Khan, executive chairman of the NPA, and Shabbir Ahmed, managing director (current charge) of the bank, signed the agreement at the finance division of the Ministry of Finance in the Bangladesh Secretariat, according to a press release issued by the bank.

Under this agreement, ONE Bank PLC will facilitate efficient and streamlined collection services for all contributors to the National Pension Scheme, thereby significantly improving the ease and accessibility of pension contributions for individuals across the country.

This strategic alliance is expected to bolster the overall infrastructure supporting pension contributors, reinforcing both institutional capacity and user experience.

Md Khairuzzaman Mozumder, secretary to the Ministry of Finance, was also present at the signing ceremony, alongside other senior officials from both institutions.

Global central banks

FROM PAGE B4

That could be a compelling message for major central banks that face a similar dilemma exacerbated by a global trade war and Trump's erratic trade policy.

Initially thought to be on course for more rate cuts, the US Federal Reserve has been forced into a waiting game with officials warning last week of creeping inflation due to tariffs.

While the European Central Bank is expected to cut rates again in June, the case is growing for a pause beyond that as inflation challenges creep up on the horizon, according to Reuters' conversations with policymakers.

"Tariffs may be disinflationary in the short run but pose upside risks over the medium term," ECB board member Isabel Schnabel, an outspoken policy hawk, told a conference at Stanford University on May 9, in an explicit call for a pause.

The BOJ, too, faces the challenge of balancing domestic inflationary pressure and growth risks from US tariffs.

Trump tariffs forced the BOJ to

sharply cut its growth forecasts on May 1, signaling a pause in its rate-hike cycle that still leaves short-term interest rates at a meagre 0.5 percent.

And yet, Governor Kazuo Ueda has signaled readiness to resume rate hikes if underlying inflation stays on course to durably hit its 2 percent target.

Japan's core consumer inflation hit a more than two-year high of 3.5 percent in April as food prices surged 7 percent in a sign of the pain rising living costs are inflicting on households.

"It's clear the BOJ has failed to achieve its mandate of price stability," said Atago, who is currently chief economist at Rakuten Securities Economic Research Institute.

"Inflation will always be among worries for the BOJ, which is probably already behind the curve in dealing with domestic price pressures."

Ueda delivers a keynote speech at the outset of the conference on Tuesday, followed by a lecture by Agustin Carstens, general manager of the Bank for International Settlements (BIS).

Trump delays EU tariffs

FROM PAGE B4

But Trump's threat on Friday dramatically raised the stakes.

The US leader said on Friday he was "not looking for a deal" with the EU, repeating his oft-stated view that the bloc was created to "take advantage" of the United States.

German Finance Minister Lars Klingbeil called on Sunday called for "serious negotiations" with Washington, saying he had spoken to US Treasury Secretary Scott Bessent about the matter.

"We don't need any further provocations but serious negotiations," Klingbeil, who is also Germany's vice chancellor, told Bild newspaper.

"The US tariffs endanger the US economy just as much as the German and European economy," Klingbeil warned.

The EU is subject to a 10-percent tariff that Trump imposed last month on imports from nearly every country around the world, along with 25-percent duties on cars, steel and aluminium.

The US president originally imposed a 20-percent levy on the EU but subsequently suspended it, giving space for negotiations.

EU trade commissioner Maros Sefcovic, who held talks with his US counterparts on Friday, said the bloc was "committed to securing a deal" but that trade ties should be based on "mutual respect, not threats".

Brussels has announced plans to impose tariffs on US goods worth nearly 100 billion euros (\$113 billion) if negotiations fail to produce a deal.

The US trade deficit in goods with the European Union was \$236 billion in 2024.

Structural Engineers holds 'Experience SEL' in Dhanmondi

STAR BUSINESS DESK

Structural Engineers Limited (SEL), a leading commercial real estate agency in Bangladesh, recently organised a three-day event titled "Experience SEL" at the SEL Orchard Convention Hall, located at the Orchard Point Shopping Complex in the capital's Dhanmondi.

The event drew prominent architects and organisers from across the country, as well as students from top institutions such as BUET, BRAC University, AIUB, North South University, Stamford University, the University of Asia Pacific, Daffodil University, and the Military Institute of Science and Technology, highlighting the event's academic and professional relevance.

Md Abdul Awal, managing director of the agency, inaugurated the event as the chief guest, according to a press release. In his keynote address, Awal highlighted SEL's accomplishments, including the successful completion of over 300 projects and the delivery of more than 7,000 apartments to satisfied clients.

"This milestone reflects the collective dedication of the entire SEL family. With the right initiative and a shift in mindset, anything is achievable," he remarked.



Md Abdul Awal, managing director of Structural Engineers Limited, inaugurates a three-day event, styled "Experience SEL" at the SEL Orchard Convention Hall of the Orchard Point Shopping Complex in the capital's Dhanmondi recently.

Stocks fall for fourth day

STAR BUSINESS REPORT

Indices of the Dhaka Stock Exchange dropped yesterday, extending their losing run for the fourth consecutive session.

Earlier, the DSEX, the benchmark index of the premier bourse, gained 8.96 points, or 0.18 percent, to 4,745.30 as of 11:20 am.

But the positive momentum didn't sustain, and the index eventually closed down 16.95 points, or 0.35 percent, to 4,719.38.

The Shariah-compliant DSES index rose slightly by 0.07 percent to 1,033.32, while the DS30, which represents blue-chip stocks, dropped 0.26 percent to 1,741.91.

Turnover, a key indicator of market activity, increased 20 percent to Tk 282.61 crore compared to the previous session.

Of the issues traded, 148 advanced, 168 declined, and 77 remained unchanged.

BBS Cables posted the highest gain, rising 10 percent, while BRAC Bank posted the biggest loss, dropping 9 percent.

Euro jumps after Trump U-turn on EU tariffs

REUTERS, Tokyo/London

The euro hit a one-month high against the dollar on Monday, after US President Donald Trump backed down from threatened 50 percent duties on European Union shipments from June 1, after the bloc asked for time to "reach a good deal."

The dollar continued its decline against a broad swathe of other currencies as Trump's policy reversals, as well as his sweeping spending and tax-cut bill currently in legislation, turned investors off from US assets.

"The 'Sell America' theme, which obviously was the dominant theme back in April, is back on show," said Ray Attrill, head of FX research at National Australia Bank.

"Markets have probably taken the view - and probably rightly so - that where we land eventually on a tariff situation between the U.S. and the EU is not going to be at 50 percent, but how we get there is frankly anybody's guess at the moment."

Evidence-based policy key to sustainable growth

Says Nobel-winning economist Abhijit Banerjee, urges focus on income distribution over GDP

STAR BUSINESS REPORT

Evidence-based policymaking and timely impact evaluations are essential to ensure development efforts lead to real progress, Nobel laureate economist Abhijit Banerjee said yesterday.

"Evidence is not costly. Relative to the scale of many government programmes, it's actually quite cheap," said the economist in a virtual lecture delivered during a seminar titled "Transforming Development: Building a Culture of Accountability through Evaluation, Auditing, and Ethics" at InterContinental Dhaka.

The event was jointly organised by the Economic Relations Division (ERD) of the Ministry of Finance and the New Development Bank (NDB). Global policymakers, development specialists, and private sector leaders joined the programme.

Banerjee, a professor at the Massachusetts Institute of Technology, said that a greater challenge than cost was the sluggish pace of gathering evidence. "We need to be nimble," he said.

Responding to a question on persistent poverty despite strong GDP growth, Banerjee said it depends on whether the rise in GDP per capita reaches the poor.

Over the past 30 to 40 years, the economist said, gains from GDP growth have disproportionately benefited the wealthy in many countries.

"I think there is too much talk about GDP... we should talk about GDP per capita."

According to the economist, income distribution must be central to any discussion on sustainability.

"The word 'inclusive' is often used to imply support for the poorest, but in fact, it is about more than that," he said. "This does not mean excluding the non-poor from policy considerations but rather focusing on the most effective use of resources."

He pointed to climate change as a pressing concern for Bangladesh, especially in regions near the Sundarbans where traditional ways of life are under threat.

"It should be possible to identify populations whose lifestyles are becoming increasingly unsustainable," he said, adding that growing inequality within and between countries is

challenging the notion of economic sustainability.

"We talk a lot about inclusive growth, but I think we forget that inclusive growth is not just about letting markets run their course and then dealing with poverty afterwards," he said. "We have been relatively good at that."

While global efforts have reduced poverty, Banerjee believes a broader crisis has emerged.

"We ignored the fact that large groups,

Bangladesh Bank. "So, we don't get the real benefits."

"Auditing is essential, but it must be genuine. Local communities are the best judges of a project's impact, so social audits can be a powerful tool."

Technical audits, he added, are also important. "Evidence-based decision-making is always welcome."

Md Shahriar Kader Siddiky, ERD secretary at the Ministry of Finance, said the government is keen to adopt



Abhijit Banerjee

such as the lower middle class and those at its fringes, felt excluded. Many of them are not the poorest, but they deeply resent the changes brought about by policy decisions."

He said, "If you want to be inclusive, you have to do redistribution well. That means being generous but also ensuring you can recover and reallocate funds effectively."

Banerjee urged a shift towards data-driven decisions. "Let's use the evidence, generate it, be mindful of it. And perhaps then we can control and mitigate the crisis the world is facing."

At the programme, Finance Adviser Salehuddin Ahmed also called for development projects to undergo proper appraisals, follow due processes, and be held to strict standards of transparency and accountability.

"Government spends recklessly, and much of it goes to waste," said Salehuddin, a former governor of the

best practices in evaluation and ethical governance to ensure the success of development initiatives.

"We want to introduce monitoring tools from the very beginning of project implementation to mobilise resources effectively," Siddiky said.

Iqbal Abdullah Harun, secretary of the Planning Division, said that although evaluation is often overlooked, it is vital to achieving meaningful results from projects.

Md Kamal Uddin, secretary of the Implementation Monitoring and Evaluation Division (IMED), added that independent evaluation is important in promoting sustainable development, and the government is working to strengthen accountability in implementation.

Mirana Mahrukh, additional secretary of the ERD, also spoke at the programme.

Ashwani K Muthoo, director general of the Independent Evaluation Office at the NDB, gave the opening remarks.

Gold prices fall

REUTERS

Gold prices fell on Monday after US President Donald Trump reversed course on his threat to impose 50 percent tariffs on goods from the European Union beginning June 1, reducing demand for the safe-haven asset.

Spot gold was down 0.7 percent at \$3,334.53 an ounce, as of 0848 GMT. US gold futures fell 1 percent to \$3,333.40.

"I would call it a range-trading day," said Giovanni Staunovo, UBS analyst, attributing the modest drop in prices to Trump's decision to delay the imposition of higher tariffs on the EU.

"With US Memorial Day, activity is likely to be on the lower end today."

The markets in the United States and Britain are closed due to public holidays.

Trump on Sunday restored a July 9 deadline to allow for talks between Washington and the European Union to produce a deal. Gold prices recorded their best week in six last week, after Trump renewed tariff threats on EU goods and said he was considering a 25 percent tariff on any Apple iPhones that are sold in the US but not made there.

The dollar index fell to a nearly one-month low against its rivals.

"We still look for higher prices over the coming months, expecting the yellow metal to retest the level of \$3,500/oz," Staunovo said.

Japan says US tariff talks to 'accelerate'

AFP, Tokyo

The United States and Japan agreed in their latest tariff negotiations to "accelerate" efforts towards an agreement, Tokyo said Monday.

Japan, a key US ally and its biggest investor, is subject to the same 10 percent baseline tariffs imposed on most nations plus steeper levies on cars, steel and aluminium.

US President Donald Trump also announced 24 percent "reciprocal" tariffs on Japan in early April, but later paused them along with similar measures on other countries until early July.

Japan wants all levies on its imports announced by Trump lifted.

Ryosei Akazawa, Tokyo's tariffs envoy, held a third round of talks in Washington over the weekend and is due to return this week.

The two countries confirmed "we will accelerate efforts to realise an agreement that is mutually beneficial," Japan's top government spokesman Yoshimasa Hayashi said Monday.

Prime Minister Shigeru Ishiba on Sunday also touted "progress" made by Akazawa's latest round of talks.

Oil prices edge up

REUTERS, Beijing

Oil prices recorded limited gains on Monday after US President Donald Trump extended a deadline for trade talks with the European Union, easing concerns about US tariffs on the bloc that could hurt the global economy.

Brent crude futures rose 18 cents, or 0.28 percent, to \$64.96 a barrel by 0653 GMT while US West Texas Intermediate crude was up 17 cents, or 0.28 percent, at \$61.7 a barrel.

"A nice push higher in crude oil and US equity futures this morning after US President Trump extended the deadline," IG market analyst Tony Sycamore said.

Trump said he agreed to extend a deadline for trade talks with the European Union until July 9 after Ursula von der Leyen, president of the European Commission, said the bloc needed more time to strike a deal.

BB bars 19 banks

FROM PAGE B1

Sarkar, also the chairman of Dhaka Bank, said that the provision shortfall of his bank was not severe and hoped the central bank would reconsider the case.

"Banks have one week to complete the financial statements, so we hope that the central bank withdraws the restriction," he commented.

Most banks, including those 19 market-listed lenders, failed to finalise their financial statements by the April 30 deadline due to insufficient provisioning.

With approval from the interim government, the central bank extended the deadline to May 31.

An official from United Commercial Bank (UCB) told The Daily Star the bank had received a no-objection certificate from the regulator to complete its financial report. However, he said that paying dividends this year would be difficult.

Among the 36 listed banks, City Bank, BRAC Bank, Pubali Bank, Uttara Bank, Eastern Bank, Prime Bank, NCC Bank, Dutch-Bangla Bank, Mutual Trust Bank, Bank Asia, Jamuna Bank, Shahjalal Islami Bank, Trust Bank, and Midland Bank have declared dividends.

Ctg port gridlocked

FROM PAGE B1

He also noted that it used to take 48 hours to complete container loading and unloading once a ship had berthed earlier, but now it is taking upwards of 72 hours.

Multiple port sources stated that the Chattogram Port yards have a total container storage capacity of 53,518 TEUs. Currently, 43,827 TEUs have piled up in the port's various yards.

For the smooth operation of yard equipment and transport systems, only 60 percent of the total capacity should be utilised, a port official mentioned.

Currently, the yards are at 82 percent of capacity, causing a crisis of space and slowing down container unloading activities.

Chattogram Port Authority spokesperson and Chief Personnel Officer Md Nasir Uddin said product delivery is being delayed due to a work stoppage by customs officials and that efforts are underway to resolve the congestion.

Several traders, speaking on condition of anonymity, said they are being fined for being unable to clear goods on time, leading to severe uncertainty.

To reduce container congestion at the port, the government must take special measures to keep customs, banks, and port operations running even on holidays, they said. Otherwise, the situation will worsen, adversely

affecting the national economy.

However, protesting NBR officials under the banner of "NBR Reform Unity Council" yesterday vowed that they would put in extra hours at work to reduce the backlog.

"We promised to clear the backlog if our demands were met. As pledged, we will now work beyond office hours as long as necessary to complete the pending tasks," said Shahadat Jamil, a spokesperson for the platform.

NBR chairman must resign by May 29, protesters demand

While officials scramble to clear the backlog, NBR employees remain adamant about their demands.

At a press briefing, the protesting NBR official also demanded the removal of the NBR chairman by May 29, citing what they described as a "severe crisis of trust and confidence in his leadership."

At a press briefing yesterday, the platform said it would continue to not cooperate with the chairman until the demand is met.

"We hope that, in the larger interest of the state and the people, the government will assign full-time responsibility to an officer with knowledge, skills, and practical work experience in tax-revenue policy formulation, collection, and management," Jamil said.

The platform initially began a pen-down strike on May 14, demanding the repeal of the ordinance issued on May 12.

RMG exports may drop \$2b this year

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The neighbouring country imposed restrictions on the import of garments, agro-processed foods, furniture, and other goods from Bangladesh through land ports on May 17, raising concerns of export loss.

Bloomberg Economics said India imports around \$700 million worth of apparel from Bangladesh.

"We think Indian importers would replace all of this with domestic supplies by 2027, if this ban stays," it added.

Bangladeshi garments enjoyed

zero duty access due to its least developed country (LDC) status, it said.

With its graduation from the LDC status due in November 2026, Bangladesh could see a rise in duties on its goods.

An increase in duties, logistics costs, and transit time would remove any competitiveness that Bangladeshi exporters have, it said.

Besides, higher tariffs this year might reduce global growth by 0.4 percentage points. This will affect Bangladesh's shipments too, said Bloomberg Economics.

Exporters of India's northeast

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He added that the interim government has not taken up any new mega-projects, as it is busy financing the 1,200 unfinished and ongoing projects undertaken by the previous government.

There is no scope to launch new projects, he said, adding that unless such high-cost infrastructure - built with borrowed money - promotes export-oriented industries, there will be balance of payment problems in the future.

Mahmud also suggested that river shifting be considered when planning economic corridors. For instance, the Padma River is shifting.

He noted there are many anomalies in terms of prioritisation and design during the planning phase of projects.

Anisuzzaman Chowdhury, special assistant to the chief adviser with authority over the finance ministry, said there is no doubt that connectivity must be improved for business purposes.

"Korea, Japan and China faced similar connectivity issues from 1967 onwards, but they overcame them and are now in a better position. Bangladesh can also do so," he said.

He also addressed apprehensions and misconceptions about the country's upcoming graduation from the group of least developed countries (LDCs) in late 2026.

Alongside garments, Bangladesh needs to diversify its exports by

increasing the share of two to three more items in its export basket, such as pharmaceuticals, leather and electronic products, to take the country to the next level of development, he said.

Md Mahubub Ur Rahman, chief executive officer of the Hongkong and Shanghai Banking Corporation Ltd, said Bangladesh should seek comparative advantages and identify two or three more export items like ready-made garments, which account for over 80 percent of the country's export earnings.

He also suggested that the government find ways to increase inward remittance and negotiate the signing of free trade agreements and preferential trade agreements.

Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said that if transportation costs are competitive, Bangladesh can also be competitive in trade.

If Bangladesh can reduce logistics costs by 1 percent, exports will rise by 7.4 percent, he said, citing a study by the World Bank.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said Bangladesh must consider infrastructure, policy and foreign direct investment before building an economic corridor.

Bangladesh must not forget the business environment when

considering the economic corridor, he added.

In his inaugural address, Hoo Yun Jeong, country director of ADB's Bangladesh Resident Mission, highlighted the ADB's longstanding support for infrastructure development and regional integration in Bangladesh.

While moderating the seminar, Mahubub Rahman, president of ICC Bangladesh, spoke about the importance of coordinated efforts between the public and private sectors to unlock investment opportunities, enhance connectivity, and improve trade logistics across regions.

Rahman also said Bangladesh stands at a critical juncture in its development journey, where the modernisation of logistics, infrastructure, and the strategic development of economic corridors can unlock unprecedented growth.

These corridors - which link industrial hubs with ports, border crossings and global value chains - have the potential to drastically improve trade efficiency, attract foreign direct investment, and stimulate balanced regional development.

With the country set to graduate from LDC status in 2026, enhancing transport connectivity and reducing logistics costs have become vital for sustaining export competitiveness and fostering inclusive economic transformation, Rahman added.

Govt expects gross reserves

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While speaking at an event, Bangladesh Bank Governor Ahsan H Mansur recently said gross reserves could rise to around \$30 billion by the end of June, up from about \$27 billion at present, as the economy continues to recover.

"Some progress has already been made. Reserves have started growing, and we expect them to rise further in the coming days," said the governor.

He added that the longer-term goal is to push reserves to \$40 billion, but this would take time.

The government also projected that exports would grow at 10 percent in the next fiscal year, up from 9

percent in the revised budget for this year.

Between July and March of the current fiscal year, exports grew 9.5 percent, according to the central bank.

Meanwhile, the import growth target has been raised to 8 percent for FY26, compared to the revised 5 percent for the current year.

Remittance growth is projected at 8 percent for the next fiscal year. In the current fiscal year's revised budget, the target has been 20 percent.

Finance ministry officials said remittances have already made records in this fiscal year. Given this increased inflow, the growth for the

next year is projected. If remittances grow further than this, forex performance will be even better.

Remittance inflows have already broken records. Between July last year and May 11 this year, Bangladeshi expatriates sent home \$25.45 billion, a 28 percent year-on-year rise, surpassing the previous high of \$24.77 billion recorded in FY2020-21.

This increase has been attributed to a combination of factors, such as the narrowing of the gap between official and unofficial exchange rates, tougher action against money laundering, and a renewed sense of patriotism among Bangladeshis living abroad.

VAT on plastics may double, eco-friendly products may get waiver



MD ASADUZ ZAMAN

In a bid to discourage the use of plastic, the interim government may double the value-added tax (VAT) on some synthetic household products such as tableware and kitchenware to 15 percent.

Meanwhile, a 15 percent VAT on eco-friendly alternatives, such as plates and cutlery made of baked clay and plant-based materials like areca nut sheaths and those with biodegradable components, may be entirely waived, said sources.

The waiver is "to support green entrepreneurship as well as small and medium enterprises," said a finance ministry official, preferring anonymity.

Besides, the government plans to assign specific Harmonized System (HS) codes for raw materials used in the production of eco-friendly items—such as areca leaves, sal leaves, siali leaves, and palash leaves—to simplify their import process.

The HS codes are a globally recognised system of standardised names and numbers used to classify traded products. "We are considering imposing only a 5 percent customs duty on these raw materials," said another official.

"The absence of dedicated HS codes currently results in them being classified alongside plastic items, attracting duties as high as 25 percent to 45 percent," added the official.

Finance Adviser Salehuddin Ahmed is likely to announce the proposals while placing the upcoming national budget for the fiscal year 2025-26.

"The global environment is being polluted through the use of plastic products. The level of pollution in Bangladesh is even more terrible," said the official.

Therefore, it is necessary to encourage the production of environmentally friendly alternative products to reduce dependence on single-use plastic



Workers make disposable plates, bowls, and other household items from areca palm sheaths using machine presses. The photo was taken at the Dumuria Village Super Market in Khulna earlier this year.

PHOTO: HABIBUR RAHMAN

products that pollute the environment, he said.

However, industry insiders fear that the move could hurt both manufacturers and consumers, given the widespread use and affordability of plastic goods in Bangladesh.

"This decision will significantly hurt the industry," said Shamim Ahmed, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association.

"Plastic products are widely used by ordinary people. VAT hikes will raise prices, reduce sales, and affect livelihoods—especially those of small

traders and street vendors," he said.

Annual domestic sales of plastic products amount to an estimated Tk 40,000 crore, with around 6,000 enterprises, which mostly run small and medium-sized operations, employing about 15 lakh people, according to Ahmed.

If the government mentions tableware and kitchenware, that means it will cover most of the plastic items, he said, urging the government to reconsider.

Despite these concerns, officials of the National Board of Revenue (NBR) argue that the time for tax benefits for the plastic sector has passed.

"These industries are now mature.

Locally made plastic products are in almost every household. We must shift incentives toward more sustainable alternatives," an official familiar with the matter told The Daily Star.

In addition, the VAT on refrigerators and air conditioners (ACs) may be doubled to 15 percent in the upcoming budget.

Currently, the VAT at the local production stage of the two appliances is 7.5 percent, according to finance ministry sources.

Sources said up to fiscal year 2023-24, the VAT was 5 percent.

It was raised to 7.5 percent for the ongoing fiscal year 2024-25.

Floating taka a bold move with high stakes

MASUD KHAN

Bangladesh has taken a long-awaited and consequential step by officially floating the taka. This marks the end of a tightly managed exchange rate regime that, for years, concealed deeper imbalances in the economy. While partly driven by necessity, dwindling foreign reserves and IMF-mandated reforms, it also presents a rare opportunity to reset the country's macroeconomic fundamentals.

The immediate backdrop includes persistently high inflation and weakening domestic demand. These pressures have dampened imports, offering temporary relief to the foreign exchange market. Simultaneously, high interest rates have curbed borrowing and discouraged capital flight, creating a relatively stable moment for the Bangladesh Bank to act.

To avoid excessive volatility, the central bank has not left the market entirely to its own devices. It has introduced a stabilisation fund to manage sharp fluctuations and is closely monitoring interbank trading. These measures are intended to anchor expectations and prevent speculative pressure during the transition.

There is reason for cautious optimism. A weaker taka could improve the competitiveness of Bangladeshi exports, particularly in the RMG sector, which accounts for over 80 percent of export earnings. Provided input costs remain stable, exporters could regain lost market share.

Remittance flows may also benefit. With the exchange rate now more aligned with market realities, overseas workers might favour formal banking channels over the informal hundi system. Over time, this could strengthen foreign currency reserves and improve liquidity in the banking sector.

The external environment also offers some respite. Global prices for key imports such as oil, LNG, wheat, corn, and scrap metal remain relatively low, helping to contain import bills. Domestically, subdued consumer demand continues to reduce pressure on forex reserves.

Interestingly, the current stagnation in private sector investment has temporarily eased the forex strain. With many businesses holding off on capital expenditure due to macroeconomic uncertainty, demand for foreign currency has dropped.

Moreover, aligning with IMF recommendations signals a willingness to pursue difficult but necessary reforms. This may enhance Bangladesh's credibility with other development partners and international investors.

However, the path ahead is fraught with challenges. Trade tensions with the United States, especially over labour rights and governance, could impact access to key export markets. At the same time, Bangladesh's growing tilt towards the West may strain relations with China.

Deeper structural issues remain unresolved. Foreign direct investment continues to lag, hindered by regulatory unpredictability, bureaucratic delays, and governance concerns. Without meaningful reforms, a floating exchange rate alone will not attract sustained investment.

External threats are also emerging. In the US, President Donald Trump has proposed a 5 percent tax on outward remittances. If enacted, this could deter formal money transfers and push more remitters towards informal channels. The upcoming graduation from LDC status in 2026 adds further complexity. As preferential trade access is phased out, export diversification will become more urgent.

Meanwhile, a rebound in global demand could drive up prices for oil, gas, and industrial metals, increasing import costs and pressuring the balance of payments. Simultaneously, remittance inflows could soften if host economies contract or tighten their labour markets.

To ensure a smooth transition and long-term resilience, Bangladesh must anchor inflation expectations through a credible and transparent monetary policy. Besides, we need to improve the investment climate.

We should also modernise trade policy to support export diversification and strengthen financial governance.

Floating the taka is not a silver bullet, but it is a step in the right direction. It signals a maturing economy prepared to face global realities. The challenge now is maintaining consistent reforms, credible policies, and transparent governance. Managed wisely, this could mark the beginning of a more resilient, competitive, and globally integrated Bangladeshi economy.

The writer is the chairman of Unilever Consumer Care Limited.

Descoco to issue 23.81 lakh preference shares

STAR BUSINESS REPORT

Dhaka Electric Supply Company Ltd (Descoco) has received regulatory approval to issue over 23.81 lakh irredeemable non-cumulative preference shares in favour of the government.

The Bangladesh Securities and Exchange Commission (BSEC), through a letter, gave its consent for the issuance of the preference shares at a face value of Tk 10 each, according to a filing on the website of the Dhaka Stock Exchange (DSE) yesterday.

The total value of the issuance stands at Tk 2.38 crore.

The shares will be issued in favour of the government, represented by the secretary of the Power Division under the Ministry of Power, Energy and Mineral Resources, against the government's equity stake in the power distributor. Irredeemable non-cumulative preference shares are a category of preferred stock that do not carry a fixed redemption date and do not accumulate unpaid dividends.

As of April 30, government ownership in Descoco stood at 67.66 percent, while institutional investors held 23.66 percent, foreign investors 0.04 percent, and general public shareholders 8.64 percent, according to DSE data.

Trump delays EU tariffs until July 9

AFP, Morristown

US President Donald Trump said on Sunday that he would pause his threatened 50-percent tariffs on the European Union until July 9, after a "very nice call" with European Commission president Ursula von der Leyen.

Trump had threatened on Friday to impose the steep duties from June 1, voicing frustration that negotiations to avert a 20 percent "reciprocal" tariff were "going nowhere".

But he agreed on Sunday to delay the tariffs until July 9 after von der Leyen said the European Union needed more time to negotiate.

Von der Leyen "just called me... and she asked for an extension on the June 1st date and she said she wants to get down to serious negotiation", Trump told reporters before boarding Air Force One in Morristown, New Jersey.

"And I agreed to do that," he

added. Von der Leyen had earlier said on X that she held a "good call" with Trump but that "to reach a good deal, we would need the time until July 9".

Trump had threatened on Friday to impose the steep duties from June 1, voicing frustration that negotiations to avert a 20 percent "reciprocal" tariff were "going nowhere"

"Europe is ready to advance talks swiftly and decisively," said the head of the European Commission, which conducts trade policy for the 27-nation EU.

European stock markets—which had tumbled on Friday after Trump threatened the 50-percent tariff—rallied on Monday as investors

The Paris CAC 40 index rose 1.1 percent in morning deals while the Frankfurt DAX was up 1.6 percent. London and Wall Street were closed for holidays. Jochen Stanzl, analyst at trading platform CMC Markets, said the delay was a familiar "Trump Pattern".

"The stock market seems to dance to Trump's tune—first a threat, then a pullback, quickly followed by a rebound as speculative investors anticipate a concession from the US president," Stanzl said.

Trump's trade policies have raised concerns that they could spark a recession and fuel inflation, while his stop-start tariff announcements have sent stock markets on a roller-coaster ride.

Brussels and Washington have been negotiating in a bid to avert an all-out transatlantic trade war and had agreed to suspend tariff action on both sides until July.

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Vietnamese airline to buy 20 Airbus A330s

AFP, Hanoi

Vietnamese airline Vietjet Air said Monday it will buy 20 widebody Airbus A330-900 planes, doubling its order from the aviation giant in a deal worth an estimated \$8 billion.

The budget carrier's chairwoman Nguyen Thi Phuong Thao signed the deal with Airbus as French President Emmanuel Macron looked on as he made an official visit to Hanoi. The carrier said the order was part of its plans to expand its operations in Asia as well as introducing future long-haul services to Europe.

The announcement comes on top of the 20 A330-900s ordered by Vietjet in February last year.

The airline said the A330s would enable it to "increase flights on high-capacity routes across the Asia-Pacific region, as well as to introduce future long-haul services to Europe". The list price of the aircraft was around seven billion euros (\$8 billion), an Airbus source told AFP.

"Vietjet remains dedicated to delivering greater connectivity and sustainable air travel for millions of passengers in Vietnam and around the world," Thao said in the Vietjet statement.

The Vietjet fleet currently numbers 115 aircraft, all Airbus, including seven A330-300s operating to destinations in Australia, India and Kazakhstan.

The carrier has another 96 single-aisle A320s on order from Airbus.

The Vietjet deal is one of a raft of agreements expected to be signed between Vietnamese and French companies as Macron makes his official visit to the communist country, which was once ruled by France.

Global central banks talk harsh new economic realities in Tokyo

REUTERS, Tokyo

It's Japan's version of the Fed's Jackson Hole symposium, without the trail hikes or views, and this year's gathering of global central bankers in Tokyo will focus on two uncomfortable realities: flagging economic growth and sticky inflation.

The Bank of Japan and its affiliated think tank host a two-day annual conference that kicks off on Tuesday and includes prominent US, European and Asian academics and central bankers.

While most of the speeches are academic in nature and closed to media, this year's theme looks at "New challenges for monetary policy", specifically how central banks should deal with persistent inflation, downside economic risks, volatile markets and US tariffs.

Those conflicting headwinds, much of it a result of US President Donald Trump's policies, are creating speedbumps for many central banks, regardless of whether they are raising and cutting interest rates.

The BOJ, for example, remains on track to continue raising interest rates and steadily taper its bond purchases, a stark contrast to its rate-cutting peers, but recent global developments have raised questions about the pace of such moves.

"While the BOJ may be forced to stand pat for a while, it doesn't need to ditch rate hikes altogether," said former BOJ official Nobuyasu Atago. "It just needs to communicate in a way that when the environment looks right, it can resume

rate hikes." Officials from the Federal Reserve, including New York Fed President John Williams, European Central Bank, Bank of Canada and Reserve Bank of Australia are among participants of the

conference, which takes place at the BOJ's headquarters in central Tokyo.

At last year's meeting, participants took stock of their experience battling economic downturns by discussing lessons learned from using various unconventional monetary easing tools.

They also discussed whether Japan—an outlier that kept interest rates ultra-low even as other major central banks hiked aggressively—could emerge from decades of deflation and low inflation with budding signs of sustained wage hikes.

While concerns this year centre on tariff-induced economic downturns, the conference's session topics indicate policymakers still sensitive to risks of being caught with persistent, too-high inflation.

One session features "reserve demand, interest rate control, and quantitative tightening." Another will debate a paper published by the International Monetary Fund (IMF) in December titled "Monetary Policy and Inflation Scars."

That paper explains how large supply shocks, such as one caused by the COVID pandemic, can lead to persistent inflation, warning of the dangers central banks face assuming that they can look through cost-push price pressures.



People walk near the Bank of Japan (BOJ) headquarters in central Tokyo. The BOJ remains on track to continue raising interest rates and steadily taper its bond purchases, a stark contrast to its rate-cutting peers.

PHOTO: AFP/FILE

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