

## || WEEKLY NEWS HIGHLIGHTS ||

### BANGLADESH ENTERPRISE INSTITUTE (BEI)

|| Brief Highlights on Current Issues of South Asia ||

|| July 15, 2023 - July 26, 2023 ||

#### BUSINESS AND INVESTMENT

##### **BB CAN NOW INITIATE FORCED MERGER OF BANKS; JAPAN VOWS TO CONTINUE SUPPORT FOR BANGLADESH TO BE DEVELOPED COUNTRY BY 2041.**

The Bangladesh Bank will now have the authority to force bank mergers according to a new gazette released by the central bank. The central bank has been given the power to audit public organization bank transactions and state-owned banks under the modified laws. According to present act, if a banking company failed to implement the recovery action plan, the central bank will take numerous actions to merge that banking business. Moreover, the central bank will have access to all the books and accounts of any bank corporation with branches in Bangladesh that is registered outside of Bangladesh.

The Japanese Economic Minister has pledged that Tokyo will fully support Bangladesh in its effort to achieve high-income status by 2041. During the meeting, the Bangladeshi state minister reaffirmed his commitment to transform Bangladesh into a high-income nation by 2041. In the fields of renewable energy, ICT, infrastructure development, and human resource development, the Minister seeks more investment from Japan. The Japanese Minister informed me that Japan is thinking of providing a good room for Bangladesh when she graduates to a middle-income country.

[https://www.tbsnews.net/economy/banking/bb-can-now-initiate-forced-merger-banks-670946;](https://www.tbsnews.net/economy/banking/bb-can-now-initiate-forced-merger-banks-670946)

<https://thefinancialexpress.com.bd/economy/bangladesh/japan-vows-to-continue-support-for-bangladesh-to-be-developed-country-by-2041>

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## AFGHANISTAN: TALIBAN DEEM US AS OBSTACLE TO THEIR INTERNATIONAL RECOGNITION

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In a recent interview with an Arabic news channel, the Taliban's defense minister, Mullah Mohammad Yaqoob Mujahid, expressed his frustration with the United States, claiming Washington hampers Taliban recognition on the global stage. According to Mujahid, the Taliban have fulfilled all the necessary requirements for recognition as a legitimate government. However, some countries are still hesitant to recognize Afghanistan due to

pressure from the United States. He urged nations free from American influence to acknowledge Afghanistan's government, emphasizing that powerful Islamic countries have a vital role to play in this regard.

<https://www.afghanistantimes.af/taliban-deem-us-as-obstacle-to-their-international-recognition/>

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## NEPAL: IMPORT BAN NEARLY SUFFOCATED NEPALI ECONOMY, EXPERTS SAY

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Nepal's attempt to save foreign exchange by restricting imports heavily impacted the economy during the last fiscal year, said trade experts. Worried by rapidly receding foreign currency reserves and a growing trade imbalance, the government in April 2022 banned the import of a slew of items it called luxury goods. The embargo, which lasted till December 2022, caused the economy to greatly slow down.

The annual growth rate sank to a new low, and Nepal plunged into its first recession in six decades in the first two quarters. The National Statistics Office has predicted a growth rate of 1.86 percent, a far cry from the government's initial projection of a 8

percent. One of the main reasons for the slowed growth, according to the official number cruncher, is the contraction in trade activity. Trade restrictions resulted in economic activities slowing down, and as a result, the government failed to meet its revenue collection target. The government had targeted to raise Rs1.40 trillion in revenue but ended up taking in only Rs1.01 trillion, falling short by Rs393 billion.

<https://kathmandupost.com/money/2023/07/25/import-ban-nearly-suffocated-nepali-economy-experts-say>

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## BANGLADESH: PM HASINA OFFERS NEPAL USE OF PAYRA PORT FOR ENHANCED CONNECTIVITY, TRADE; MATARBARI POWER PLANT SET TO COMMENCE OPERATIONS IN JANUARY

The Prime Minister of Bangladesh, Sheikh Hasina, offered neighboring Nepal the use of Payra port. Foreign Minister A K Abdul Momen said that since Nepal has two other ports, i.e., Mongla and Chittagong ports, the newly constructed Payra port would be helpful for Nepal. Moreover, Bangladesh's PM expressed the intention of importing more renewable energy from Nepal through India.

According to BD officials, the Matarbari thermal power plant in Moheskhali Upazila, Cox's Bazar, is going to operate in January 2024. The plant got funding from JICA and has been calculated to generate 1200 MW since its commencement. Around 400,000 tons of coal have already been shipped to Moheskhali. The

Construction cost of the two units of the ultra-supercritical coal-fired power plant is approximately Tk 519 billion. ECNEC approved the project and provided 1500 acres of land for the plant.

<https://www.dhakatribune.com/foreign-affairs/2023/07/25/pm-hasina-offers-nepal-use-of-payra-port-for-enhanced-connectivity-trade;>

<https://thefinancialexpress.com.bd/trade/matarbari-power-plant-set-to-commence-operations-in-january;>

## INDIA: IMF 'ENCOURAGES' NEW DELHI TO REMOVE EXPORT RESTRICTIONS ON NON-BASMATI WHITE RICE

The IMF has said it would encourage India to remove restrictions on export of a certain category of rice, which, it said, would have an impact on global inflation. The Indian government on July 20 had banned the export of non-basmati white rice to boost domestic supply and keep retail prices under check during the upcoming festive season. This type of rice constitutes about 25 per cent of total rice exported from the country. Pierre-Olivier Gourinchas, Chief Economist, IMF, stated that in the current environment, these types of restrictions are likely to exacerbate volatility on food prices in the rest of the world and can also lead to retaliatory measures. The total

exports of non-basmati white rice from India was USD 4.2 million in 2022-23 as against USD 2.62 million in the preceding year. Major destinations of India's non-basmati white rice exports include the US, Thailand, Italy, Spain and Sri Lanka.

<https://www.telegraphindia.com/world/imf-encourages-new-delhi-to-remove-export-restrictions-on-non-basmati-white-rice/cid/1954550>

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US State Secretary Antony Blinken discussed the United States support for Pakistans economic recovery and shared regional concerns including Afghanistan in a phone call with Foreign Minister Bilawal-Bhutto Zardari, it emerged on Tuesday. In a tweet late on Monday night, Blinken said, "The US supports a productive, democratic and prosperous partnership with Pakistan." The Foreign Office FO said on Tuesday morning that Blinken and Bilawal noted the positive momentum in Pak-US relations and agreed to remain constructively engaged to promote peace, security and development. In a detailed statement, the FO said the two foreign ministers underlined the importance of constructive engagement between Pakistan and the US for promoting peace, security and development in the region. They also discussed the regional security situation, including the threat from terrorism, and reaffirmed their desire to continue close cooperation for lasting peace and stability in Afghanistan. Bilawal also underscored

that Pakistan valued its longstanding and broad-based relationship with the US and wished to further deepen the partnership. He noted that during the past one year, apart from holding six dialogues, exchange of high-level visits had diversified and solidified the relationship, the statement said.

Chief of Army Staff General Asim Munir said it has been decided to steer Pakistan out of the crisis. He said the army is from the people and the people from the army, and it has been decided that Pakistan will be taken out of the current crisis. He said Pakistanis are a proud and talented nation and through their untiring efforts, they will throw away the begging bowl.

<https://www.dawn.com/news/1766652/army-chief-vows-to-steer-country-out-of-crisis>

<https://www.dawn.com/news/1766726/fm-bilawal-blinken-discuss-pakistans-economic-recovery-afghanistan>

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## SRI LANKA: PRESIDENT DISCUSSES CONNECTIVITY WITH ASIA WITH TOP CHINESE DELEGATION; IMF REFORMS, DEBT RESTRUCTURING VITAL FOR SL'S ECONOMIC RECOVERY: JAPANESE ENVOY

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In a significant diplomatic engagement, Yuan Jiajun, member of the CPC Central Committee Political Bureau and Secretary of the CPC Chongqing Municipal Committee, paid a courtesy call on President Ranil Wickremesinghe on Saturday at the Presidential Secretariat where the President outlined development plans with primary focus on enhancing connectivity with the rest of Asia. Emphasizing the importance of regional cooperation, the President outlined how these plans would foster economic growth and facilitate increased trade and investment opportunities.

Ambassador of Japan to Sri Lanka, Mizukoshi Hideaki recently emphasised the importance of Sri Lanka completing IMF reforms and finalising debt restructuring negotiations for the

economic recovery of the country. These things will result in better sovereign credit ratings, access to international capital markets, the ambassador highlighted while addressing the recently concluded 44th Annual General Meeting of the Sri Lanka-Japan Business Council. Over the past several months, several positive signs have been noticed regarding the economy, including moderated inflation rates and accumulation of foreign reserves.

[https://www.dailymirror.lk/breaking\\_news/IMF-reforms-debt-restructuring-vital-for-SLs-economic-recovery-japanese-envoy/108-263898](https://www.dailymirror.lk/breaking_news/IMF-reforms-debt-restructuring-vital-for-SLs-economic-recovery-japanese-envoy/108-263898)

[https://www.dailymirror.lk/print/front\\_page/President-discusses-connectivity-with-Asia-with-top-Chinese-delegation/238-263823](https://www.dailymirror.lk/print/front_page/President-discusses-connectivity-with-Asia-with-top-Chinese-delegation/238-263823)

## About Us

Bangladesh Enterprise Institute is a non-profit, non-political research centre. Established in October 2000, the Institute has established for itself a reputation for excellence in its research and advocacy work focusing on the growth of private enterprise in Bangladesh. The Institute promotes issues of importance to the private sector and seeks to initiate essential measures and influence policy for the development of a market-oriented economy. Through the promotion of sustainable growth in domestic trade, commerce and industry, BEI hopes to address the enormous challenge for Bangladesh in securing a fair share of the global market.

BEI has a particular interest in the support and growth of Small and Medium-Sized Enterprises (SMEs), which have the potential to be the engine of economic growth in Bangladesh. BEI also undertakes research and policy advocacy work focusing on the issues of foreign policy and security, particularly those of terrorism impacting Bangladesh and South Asia.

Being conscious of the enormous challenge to securing a fair share for Bangladesh in the global market as well as to address issues of trade and investment promotion, the Bangladesh Enterprise Institute (BEI) was established under the initiative of some leading business personalities of the country. Salman F. Rahman, Deputy Chairman of the BEXIMCO Group, has been working as the Chairman of the Board of Governors, Ambassador Farooq Sobhan, former Foreign Secretary and Ambassador, and past Executive Chairman of the Board of Investment, has been working as a Distinguished Fellow and Member of the Board of Governors of the institute and M Humayun Kabir, former Ambassador, has been working as the President and Chief Executive of the institute.

The institute is registered with the Registrar of Joint Stock Companies, Bangladesh, under the Societies Registration Act.

## DISCLAIMER

In compiling this weekly news update, BEI has attempted to include the most relevant news accounts from the past week concerning South Asian Region. From time to time, news beyond South Asia has also been included if it finds relevance on any issues to the region. We recognize that some developments may have been overlooked, and that some sources may not be viewed by all as credible or balanced. Inclusion of a news story and its summary does not constitute any kind of endorsement or position taken by BEI, and the text and positions included in the above are solely extracted from various news articles published in the print media in various countries in South Asia and beyond. If you have any comments or feedback for us regarding this digest, please email at [bei@bol-online.com](mailto:bei@bol-online.com). For more information about BEI and our work, please visit <https://www.bei-bd.org/>

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