





**A Rouf Chowdhury, chairman of Bank Asia, hands over a blanket to a woman on the premises of Bank Asia-Maa Amiran Hospital at Malkhanagar in Munshiganj on January 3 when Bank Asia Foundation distributed around 2,000 blankets among financially insolvent people. Aminul Islam, the foundation's executive director, and SM Anisuzzaman, company secretary of the bank, were present.**

# China starts lifting restrictions on foreign investment

AFP, Beijing

China has started lifting major restrictions on foreign investment in its financial sector, a move long demanded by the United States as the world's two biggest economies are locked in a fierce trade battle.

From the start of 2020, foreign banks can now set up wholly-owned branches in China without a local partner holding the majority stake, the banking regulatory authority, CBIRC, announced on Friday.

In the past, foreign banks were required to have a local Chinese partner and not allowed to hold more than 49 percent of their respective joint ventures.

The announcement could be seen as a gesture of goodwill by China towards the US as Washington says a preliminary trade agreement between the two sides looks set to be signed this month.

The world's top two economies have been waging a merciless trade war since March 2018, resulting in mutual tariffs being slapped on hundreds of billions of dollars' worth of annual trade.

Beijing has long promised to further open up its economy to foreign investment, but it was slow to do so in the financial sector.

In October, China unveiled a timetable for lifting a number of the restrictions. And in December, the Swiss bank UBS was authorised to take a majority stake in its activities in the country.

But starting from January 1, foreign companies specialising in futures contracts will now be able to invest in China with no limits on the amount of capital held.

Fund management companies will be able to do so from April 1 and brokers from December 1, 2020.

# Amid tech turmoil, celebration at global electronics show

AFP, Las Vegas

The Consumer Electronics Show opening Tuesday offers a chance to showcase the newest and shiniest gadgetry, looking past the turmoil engulfing the global technology industry.

The annual Las Vegas gathering with more than 4,500 exhibitors brings out about 175,000 attendees searching for innovations of the future.

For an industry facing unprecedented turbulence, the hope is that what happens in Vegas does not stay in Vegas after it closes on Friday, but filters into the world where consumers can adopt new technologies for health, communication, transportation, the home and lifestyles.

The show opens against the backdrop of mounting concerns on how data gathered from connected devices can be exploited by marketers, governments and hackers. There has also been a wave of attacks from politicians and activists against dominant tech platforms, as well as intense trade frictions between the world's

economic and technology powers, the United States and China.

Roger Kay, an analyst with Endpoint Technologies Associates, said consumers are slowly coming to terms with the digital world and its privacy tradeoffs, and still appear to be driven toward new gadgetry. "People always want to see a shiny new object," Kay said.

"I think people are going to adjust to this world and adopt the technology that comes along that suits them."

CES 2020 will feature devices infused with artificial intelligence for cars, homes, smart cities and for personal health, with many gadgets embracing voice assistants from Amazon, Google and others.

"We will see AI and apps being used to make people's lives easier, such as speech recognition and object recognition," said Sarah Brown of the Consumer Technology Association, which organizes the show that includes media previews Sunday and Monday.

"You will see that across the entire CES -- AI embedded in all these technologies."

Trade and industry attendees

will see wearables offering more precise health monitoring, for both athletes and seniors; cars with better computer vision to avoid accidents; televisions designed as smart home hubs; and robots with features to help understand or express emotion.

A series of panel discussions will also explore questions around consumer privacy, the importance of 5G wireless, technology for travel and tourism, the promise of quantum computing and how lifestyles will change in "smart cities." Some of the new CES

gadgets will collect and analyze data such as facial expressions and tone of voice -- creating the opportunity for more personalized services, but with risks as well.

This could mean a robot might be a better personal companion for the elderly, and a vehicle may adapt to signs of driver fatigue or impairment.

According to a report by the consulting firm Accenture, emotional data "is reaching a tipping point of opportunity" for firms which can decode human emotions for marketing, market research and political polling purposes.

"Emotional data will challenge companies because reading people's emotions is a delicate business," an Accenture report said. "Emotions are highly personal, and users will have concerns about privacy invasion, security breaches, emotional manipulation, and bias."

Although CES is not about politics, it takes place while US-China tensions simmer over trade, tariffs, industrial espionage and national security.



The CES logo is seen inside the Las Vegas Convention Center during an annual gathering in Las Vegas, US.

# Some Lebanon banks close over angry clients' demands

AFP, Beirut

Banks in a region of northern Lebanon were closed until further notice on Saturday, the National News Agency said, after lenders balked at customer anger over a liquidity crisis.

Since September banks have arbitrarily capped the amount of dollars that can be withdrawn or transferred abroad, sparking fury among customers who accuse lenders of holding their money hostage.

There is also a limit on Lebanese pound withdrawals. Clients wanting dollars often have to stand in queues for hours to make withdrawals, only to be told bills have run out once they reach the counter.

On Saturday all banks in the northern region of Akkar were closed, the NNA said, following a call from the Association of Banks for them to shut their doors "until further notice".

On Friday, citizens entered a bank branch in the town of Halba to protest about customers being unable to withdraw enough dollars or their salaries in Lebanese pounds in full, NNA reported.

They said they would not leave until a customer -- who suffered an unspecified health complaint while waiting -- was given a guarantee that he would be paid in full.

The 10-hour standoff -- which included security forces firing teargas inside the building -- ended with the man being taken to hospital and management promising to pay him in full. The Association of Banks the same day called for lenders in the area to close over the incident, which it described as an "attack" and "a threat to the lives and safety of employees".

Unprecedented anti-government protests have gripped Lebanon since October 17, in part to decry a lack of action over the deepening economic crisis.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার  
পানি সম্পদ মন্ত্রণালয়  
পানি সম্পদ পরিকল্পনা সংস্থা  
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WARPO  
পানি সম্পদ পরিকল্পনা সংস্থা

Memo.No.42.102.007.05.00.024.2000-08 Date:02/01/2020

### e-Tender Notice

This is to notify all concerned that the following tenders have been published through e-GP Portal.

e-Tender ID	Description	Last Selling & Closing date & Time
399948	Supply installation testing and commissioning of Air Collar for WARPO.	21/01/2020; 17:00 22/01/2020; 12:00

This is an online Tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, Registration in the National e-GP Portal (<https://www.eprocure.gov.bd>) is required. Further information and guidelines are available in the national e-GP portal and e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd))

(Md. Rezaul Karim)  
Principal Scientific officer  
Engineering Section  
Water Resources Planning Organization

# Gulf markets plunge on US-Iran tensions

REUTERS, Dubai

Gulf stocks fell sharply in early trade on Sunday, led by Kuwaiti shares, on escalating tensions between the United States and Iran. Iranian military commander Qassem Soleimani, the architect of Tehran's overseas clandestine and military operations was killed on Friday in a US drone strike on his convoy at Baghdad airport.

The killing is seen by Tehran as an act of war that risks regional conflagration. The Kuwaiti index, the best performer in the region in 2019, was down nearly 3.8 percent in early trade. Dubai stocks were down 1.8 percent and the Abu Dhabi index fell 1.1 percent.

The Saudi market plunged 2 percent at the market open, with shares of in oil giant Saudi Aramco down 0.7 percent.

"A US-Iran war could shave 0.5 percentage points or more off global GDP, mainly due to a collapse in Iran's economy but also due to the impact from a surge in oil prices," Jason Tuvey, senior emerging markets economist at Capital Economics, said in a note last week.

He said while a US-Iran conflict would probably pressure equity and bond markets in the Middle East, Gulf countries' currency pegs to the US dollar would likely remain intact.

# Amazon may open stores in Germany

REUTERS, Berlin

Amazon.com is considering opening stores in Germany, its second biggest market after the United States, the commerce company's head in the country was quoted as saying on Saturday.

"The fact is that we know that customers shop offline and that they like variety," German newspaper Welt am Sonntag quoted Ralf Kleber as saying in an interview, adding that he declined to give concrete details or a timetable.

Amazon already operates stores in the United States and Britain, including the Whole Foods grocery chain and checkout-free Amazon Go food stores.

Kleber also told the newspaper that Amazon wants to push shopping via its Alexa voice-controlled devices, noting that it was selling its Echo Dot device at a low price to encourage widespread adoption.

Microcredit Regulatory Authority  
Gulfshan Plaza (6<sup>th</sup> floor), 8 Shahid Sangbadik Selina Pervin Sarak  
Baro Mogbazar, Ramna, Dhaka-1217

Ref No: 53.04.0000.002.06.005.20-24 Date:- 05 /01/2020

### Invitation for e-Tender (Goods)

e-tenders are invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of following goods:

SL No.	Tender/Proposal ID. No	Name of Tender	Tender Document last selling / downloading Date and Time	Tender Closing & Opening Date and Time
1.	398216	Procurement of Computer & related accessories /Office Equipment/ IT Equipment	23-Jan-2020 at 11.00 AM	23-Jan-2020 at 12:00 PM

This is an online Tender, where only e-Tender will be accepted in the National e-GP portal and no offline/hard copies will be accepted.

To submit e-Tenders, registration required in the National e-GP System Portal (<http://www.eprocure.gov.bd>). The fees for downloading the e-Tender Documents from the National e-GP System Portal have to be deposited through any registered bank.

Further information and guidelines are available in the National e-GP Portal and e-GP help Desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

Sd/-  
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গণপ্রজাতন্ত্রী বাংলাদেশ সরকার  
প্রধান ডু-সম্পত্তি কর্মকর্তা (পূর্ব) এর কার্যালয়  
বাংলাদেশ রেলওয়ে  
চট্টগ্রাম

### দরপত্র বিজ্ঞপ্তি (অভ্যন্তরীণ)

চট্টগ্রাম-সোহাগাজী শাখা লাইনের কর্ণফুলী নদীর উপরিস্থিত কালুরঘাট রেল সেতু নং-সিডি/১০ এর উপর দিয়ে বিনামূল্যে সড়ক পথে যানবাহন (সুনির্দিষ্ট) পারাপারের জন্য রেলওয়ে প্রশাসন কর্তৃক নির্ধারিত হারে মাতল/টোল আদায়ের যত্ন এক বকসরের জন্য (দখল হস্তান্তরের তারিখ হতে) ইজারা প্রদানের নিমিত্ত প্রকৃত বাংলাদেশী ব্যবসা প্রতিষ্ঠান/ব্যক্তির নিকট হতে সীলমোহরকৃত খামে দরপত্র আহ্বান করা যাচ্ছে।

সি	মুদ্রালায়/বিভাগ	রেলপথ মুদ্রালায়।
১।	দরপত্র আহ্বানকারী কর্তৃপক্ষ	প্রধান ডু-সম্পত্তি কর্মকর্তা (পূর্ব), বাংলাদেশ রেলওয়ে, সিআরবি, চট্টগ্রাম।
২।	দরপত্র বিজ্ঞপ্তি নং ও তারিখ	সিইও (পূর্ব)/টোলার/কালুরঘাট রেল সেতু/২০২০-২০২১/০৮ তারিখঃ ০২-০১-২০২০খ্রিঃ।
৩।	দরপত্রের ধরণ	খোলা/উন্মুক্ত দরপত্র পদ্ধতি।
৪।	দরপত্রের সংশ্লিষ্ট বিবরণ	কালুরঘাট রেল সেতু নং-সিডি/১০ এর উপর দিয়ে বিনামূল্যে সড়কপথে (সুনির্দিষ্ট) যানবাহন পারাপারের জন্য রেলওয়ে প্রশাসন কর্তৃক নির্ধারিত হারে মাতল/টোল আদায়ের যত্ন।
৫।	দরপত্র দলিলের মূল্য	৫,০০০/- (পাঁচ হাজার) টাকা (অক্ষরভেদে)।
৬।	দরপত্র দলিল বিক্রয়ের স্থান	(ক) বিভাগীয় কমিশনারের কার্যালয়ে, চট্টগ্রাম। (খ) প্রধান ডু-সম্পত্তি কর্মকর্তা (পূর্ব), বাংলাদেশ রেলওয়ে, সিআরবি, চট্টগ্রাম দপ্তর। (গ) বিভাগীয় ডু-সম্পত্তি কর্মকর্তা, বাংলাদেশ রেলওয়ে, পাহাড়তলী, চট্টগ্রাম দপ্তর। (ঘ) বিভাগীয় ডু-সম্পত্তি কর্মকর্তা, বাংলাদেশ রেলওয়ে, কমলাপুর, ঢাকা দপ্তর। (ঙ) বাংলাদেশ রেলওয়ের ওয়েবসাইট ( <a href="http://www.railway.gov.bd">www.railway.gov.bd</a> ) থেকেও দরপত্র দলিল সংগ্রহ করা যাবে। তবে এক্ষেত্রে সিইও (পূর্ব), বাংলাদেশ রেলওয়ে, চট্টগ্রাম এর অনুমুদিত ৫,০০০/- টাকার পে-অর্ডার/ডিডি দরপত্র দলিলের ক্রয়মূল্য বাবদ পৃথকভাবে দরপত্র দলিলের সাথে দাখিল করতে হবে। এক্ষেত্রে দরপত্রের সাথে দরপত্র দলিল ক্রয়ের রশিদ সংযুক্ত করার প্রয়োজন হবে না।
৭।	দরপত্র দলিল বিক্রয়ের শেষ তারিখ	২৮-০১-২০২০খ্রিঃ (অফিস চলাকালীন সময় পর্যন্ত)।
৮।	দরপত্র দাখিলের তারিখ ও সময়	২৯-০১-২০২০খ্রিঃ তারিখ বেলা ১২ঃ০০ ঘটিকা পর্যন্ত।
৯।	দরপত্র দাখিলের স্থান	(ক) বিভাগীয় কমিশনারের কার্যালয়, চট্টগ্রাম। (খ) প্রধান ডু-সম্পত্তি কর্মকর্তা (পূর্ব), বাংলাদেশ রেলওয়ে, সিআরবি, চট্টগ্রাম দপ্তর। (গ) বিভাগীয় ডু-সম্পত্তি কর্মকর্তা, বাংলাদেশ রেলওয়ে, পাহাড়তলী, চট্টগ্রাম দপ্তর।
১০।	দরপত্র খোলার তারিখ ও সময়	২৯-০১-২০২০খ্রিঃ তারিখ বেলা ০১ঃ০০ ঘটিকা।
১১।	দরপত্র জামানত/টোলার সিকিউরিটি	উদ্ধৃত মূল্যের ১০%।
১২।	দরপত্র আহ্বানকারী কর্মকর্তার পদবী ও টেলিফোন নম্বর	প্রধান ডু-সম্পত্তি কর্মকর্তা (পূর্ব), বাংলাদেশ রেলওয়ে, চট্টগ্রাম। মোবাইল নং-০১৭১১-৫০৬১২৯।
১৩।	রেলওয়ে প্রশাসন কোন কারণ প্রদর্শন ব্যতিরেকে যে কোন দরপত্র গ্রহণ/বাতিল অথবা সকল দরপত্র বাতিল করার ক্ষমতা সংরক্ষণ করেন।	

প্রধান ডু-সম্পত্তি কর্মকর্তা (পূর্ব)  
বাংলাদেশ রেলওয়ে, চট্টগ্রাম  
মোবাইল নং-০১৭১১-৫০৬১২৯

এস(২০)(০৬)  
জিডি-৩৭



**Karmasangsthan Bank gets new MD**  
STAR BUSINESS DESK

Md Tajul Islam yesterday joined Karmasangsthan Bank as its managing director. He was previously serving as deputy managing director of Janata Bank, according to a statement. Islam started his banking career as a senior officer at Janata Bank in 1988. He obtained honours and master's degrees in public administration from the University of Chittagong.

**China's central bank says it will keep monetary policy prudent**

Reuters, Beijing China will keep monetary policy prudent, flexible and appropriate, and continue to deepen financial reforms, the central bank said on Sunday, reiterating previous policy statements. After a work meeting chaired by People's Bank of China Governor Yi Gang, the central bank also vowed to prevent any financial crisis, and said it would continue to help small companies seeking financing, according to a statement posted on PBOC's website.

It also said it will continue to let market play a decisive role in the currency exchange rate, but would keep the yuan exchange rate stable within a reasonable range. China's economic growth cooled to a near 30-year low of 6 percent in the third quarter, but is expected to meet the government's full-year 2019 target of 6 percent-6.5 percent. The PBOC on Wednesday cut the amount of cash that banks must hold as reserves for the eighth time in nearly two years, in a bid to shore up the slowing economy.

**Japan blasts 'unjustifiable' Ghosn's escape**

AFP, Tokyo Carlos Ghosn's escape from Japan is "unjustifiable" and he is thought to have left the country using "illegal methods", the Japanese justice minister said Sunday, in the first official public comments on the case. The 65-year-old former Nissan boss skipped bail and fled Japan where he was awaiting trial over multiple counts of financial misconduct that he denies. It was the latest twist in a saga that has gripped the business world and his escape from Japan has left authorities there red-faced and scrambling to defend their justice system from fierce international criticism.

"Our country's criminal justice system sets out appropriate procedures to clarify the truth of cases and is administered appropriately, while guaranteeing basic individual human rights. The flight by a defendant on bail is unjustifiable," said Masako Mori. "It is clear that we do not have records of the defendant Ghosn departing Japan. It is believed that he used some wrongful methods to illegally leave the country. It is extremely regrettable that we have come to this situation," added the minister. She confirmed Ghosn's bail has already been cancelled and that an Interpol "red notice" had been issued. In separate comments, the public prosecutors office deemed Ghosn's flight a "crime" and said the tycoon had "knowingly flouted" the country's judicial procedures. In their first remarks since Ghosn's dramatic flight just before the New Year, prosecutors said the escape vindicated their argument that he should have been kept in custody.

suspects almost indefinitely pending trial. Ghosn twice won bail by persuading the court he was not a flight risk -- decisions seen as controversial at the time. Prosecutors argue that the lengthy detention is required to prove guilt beyond doubt and they are unwilling to charge a suspect if their case is not iron-clad. The court is fair and will only find people guilty beyond reasonable doubt, they said in their statement. "Therefore it was necessary and unavoidable to detain the defendant Ghosn in order to continue fair and appropriate criminal proceedings," they said. Ghosn himself did appear once in court, under a little-used procedure to ask why he was still being detained. At this appearance, he said he was eager to defend himself at a court trial and clear his name. However, the prosecutors said that by fleeing

Japan, he had "violated that oath" and "refused to obey the judgement of our nation's court." "He wanted to escape punishment for his own crime. There is no way to justify this act," they added. Ghosn himself has said he left Japan because he was no longer willing to be "held hostage by a rigged Japanese justice system." Amid fanciful accounts of a Houdini-like escape from Japan, he appears to have simply walked out of his house, according to security camera footage seen by Japanese public broadcaster NHK -- before boarding a private jet to Beirut via Istanbul. Japan has launched a probe into the humiliating security lapse and prosecutors said they would "coordinate with the relevant agencies to swiftly and appropriately investigate the matter." The 65-year-old former Nissan boss has vowed to give his own account at a hotly awaited press conference in Beirut this week.



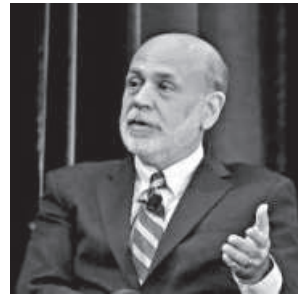
A security guard stands at the door of the underground parking of a house said to belong to former Nissan chief Carlos Ghosn in the Lebanese capital Beirut on January 4.

**Fed has ample clout to fight downturn if toolkit used properly: former Fed chief**

Reuters, San Diego

The US Federal Reserve still has enough clout to fight a future downturn, but policymakers should state in advance the mix of policies and policy promises they plan to use to get the most bang for their buck, former Fed chief Ben Bernanke said on Saturday.

In an address to the American Economics Association, Bernanke pushed back on the notion that central banks have lost influence over the economy, and laid out his thoughts about how the Fed in particular could change its monetary policy "framework" to be sure that is not the case. Citing new research of his own and others at the Fed and elsewhere, Bernanke said the bondbuying programs known as "quantitative easing" were effective in lowering long-term interest rates even after the Fed's target policy rate had been cut to zero. Several rounds of QE were rolled out in response to the deep 2007-2009 financial crisis and recession, and Bernanke said bondbuying should be made a permanent part of the US central bank's toolkit.



Similarly, "forward guidance," or promises about future policy, proved effective particularly as those pledges became more specific and tied to particular goals like reaching a certain level of unemployment. "Forward guidance in the next downturn will be more effective - better understood, better anticipated, and more credible - if it is part of a policy framework clearly articulated in advance," Bernanke said. "Both QE and forward guidance should be part of the standard toolkit going forward." "The room available for conventional rate cuts is much smaller than in the past," Bernanke said, but "the new policy tools are effective." The current low level of interest rates has led many to conclude that central banks will be hobbled when a downturn occurs. The Fed's current policy rate, for example, is in a range of between 1.50 percent and 1.75 percent, compared to more typical levels of around 3.50 percent in the past. The rate cuts used to battle downturns have typically started with rates at even higher levels, allowing the central bank to slash them by perhaps 5 percentage points or more. Bernanke said he feels a combination of bondbuying and forward guidance could produce the equivalent of about 3 percentage points of cuts to the Fed's target interest rate.

**ICB caving in under burden to prop up stocks**

FROM PAGE B1 However, no one has so far showed interest in becoming market maker because of the tough regulatory framework and less opportunity to maximise profits. Even after the market crash of 2010 ICB logged in more than Tk 300 crore profits in every year until fiscal 2018-19. Thanks to the drop in profits last year and its descent into losses from there onwards, the company's stock price came crashing down to Tk 77.50 yesterday. An investor Masum Ahmad said ICB provided more than 30 percent dividend in the last few years save for fiscal 2018-19. "So, it is disheartening for investors that a high dividend paying company fell into losses." Market makers should provide support now, the investor added. In fiscal 2018-19, the combined losses of state-owned enterprises stood at Tk 4,325 crore, according to the data from the finance ministry.

**5G, data security to have greatest impact on business**

FROM PAGE B1 There is no need to wait for the future as data security is already important for the current situation. This is because both public and private sectors are facing major security threat and the risks will only mount in the coming days, said Karim, also a former president of the Bangladesh Association of Software and Information Services (BASIS) and currently chief executive officer of Technohaven Company. He pointed out Bangladesh's lack of preparation in dealing with data security issues. According to the HSBG survey report, 18 percent Bangladeshi companies believe that data security technology will aid sustainability efforts.

In Karim's view, 3D printing, an additive manufacturing process of making three dimensional solid objects from a digital file, should be a highly encouraging thing that can bring revolution in a very short time. "We have seen some preparations in blockchain segment at both private and public sectors but there has been no progress in 3D printing," he said, adding that 3D printing could be the game changer so the government needs to give some encouragement. A blockchain is a database that is shared across a network of computers. Once a record is added to the chain it is very difficult to change. To ensure all the copies of the database are the same, the network makes constant checks. When 5G will be rolled out, other

technological advancements will automatically flourish in the market, said Zaman, managing director of DataSoft Systems Bangladesh. "But to reap the optimum benefit from technological advancement, we need to take sufficient preparation with the upcoming services." Many companies are working with new technologies such as AI, robotics and blockchain, but the pace has to be accelerated. Mainstream companies are also not warmly welcoming these technologies. "This is frustrating," he said. "The government needs to play an active role to address the skill gaps to adopt new technologies to flourish in the future businesses. The ICT industry has also responsibility," he said.

**Chinese delegation plans to travel to Washington to sign trade deal**

REUTERS A Chinese trade delegation is planning to travel to Washington on Jan. 13 for the signing of the US-China Phase 1 trade deal, the South China Morning Post reported on Sunday citing a source briefed on the matter. The Chinese delegation will return on January 16, SCMP said. The trade delegation, led by Vice Premier Liu He, had originally planned to set off earlier in the month but had to change plans after US President Donald Trump sent a tweet here claiming that he would sign the Phase 1 trade deal with China on Jan. 15. After a full afternoon's discussion, the Chinese side decided to revise their plan to accommodate Trump, SCMP said.

Washington and Beijing have yet to officially confirm Liu's visit. Trump had first announced plans for the initial trade pact in October, and US and Chinese negotiators spent weeks finalizing the Phase 1 deal, which comes in lieu of the massive trade agreement that the world's two largest economies had initially sought.

**Exports still in choppy waters**

FROM PAGE B1 Between July and December, export earnings from leather and leather goods fell 10.61 percent to \$475.83 million. "There is little possibility of a rebound for export of leather and leather goods over the next two years as the demand for non-leather goods is on the rise worldwide," said Md Shaheen Ahmed, president of Bangladesh Tanners Association. Non-leather goods are comfortable and less expensive compared to leather goods, he said. Major leather and leather goods-producing countries such as India and China also faced negative export growth last year. Only Vietnam achieved 13 percent growth. According to Ahmed, all the tanneries at the Savar leather estate are not fully ready to tan rawhide. So far, 125 out of 155 units have gone into production. Because of a lack of the vital Leather Working Group certification, Bangladesh receives one of the lowest prices from international buyers from the sales of leather items. Frozen and live fish exports declined 7.7 percent to \$290.5 million between July and December. The export of cement, specialised textiles, home textile, and terry towel also declined.



Emranul Huq, managing director (current charge) of Dhaka Bank, and Md Khalilur Rahman, managing director of National Housing Finance and Investments, exchange documents after signing a deal at the bank's corporate office in Dhaka on January 2. Under the deal, the bank will provide online cash management services to the home finance provider.

**HC asks Robi to pay BTRC Tk 138cr**

FROM PAGE B1 A High Court bench of Justice Mamnoon Rahman and Justice Khizir Hayat passed the order after hearing an appeal filed by Robi seeking an injunction on the commission's audit claim. The HC passed the order in line with a Supreme Court directive that asked Grameenphone to pay Tk 2,000 crore out of the Tk 12,579 crore claimed by the commission, Raquib said. "We are grateful to the High Court for granting an injunction against the BTRC from taking any further claim with regard to the utterly baseless claim in pursuance of an audit report," Shahed Alam, chief corporate and regulatory officer of Robi, said in a statement yesterday. He, however, called having to make payment for an interim order is unprecedented and justifiably dispiriting. The BTRC is in talks with Robi and is very positive that the telecom operator will pay in line with the court's order, a senior official of the commission said. "Even after payment of the instalments, the legal procedure will continue," Raquib

said. Following an audit in 2016, the commission claimed the money from Robi accumulated for unpaid revenue share, taxes and late fees since its inception in 1997 to December 2014. From the beginning, Robi called the claim unfounded, saying the commission did not follow audit rules properly. In order to realise the amount, the BTRC put pressure on the operators by cutting internet bandwidth usage and stopping issuance of any approval on packages and services and network equipment import. The BTRC also served notices on them, threatening to revoke licences. What is more, the government gave the green light to the regulator to prepare to appoint administrator at the operators. Robi had filed an appeal with a lower court in Dhaka seeking an injunction against the realisation of the money by the BTRC, but the court turned down the petition. In September, it filed the writ with the HC, challenging the BTRC move. Robi has about 4.87 crore active connections as of November 2019.

**Widening revenue shortfall raises alarm**

FROM PAGE B1 Yet, Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the 5 percent revenue collection growth was not good enough to meet the country's huge demand for resources and for financing the budgetary plans. He said the trend of collection shows that the government was on track to a record fiscal deficit and its subsequent bank financing. "The pace of implementation of projects will be slow. The overall budget deficit will increase and government's borrowing from banks will be all time high. This will seriously affect private sector credit flow, which is already down to single digit growth," he said. As of November 21, the government borrowed 90 percent of its annual target of Tk 47,364 set for this fiscal year. During July-November of fiscal 2019-20, income tax collection

grew 13 percent faster year-on-year to Tk 24,800 crore. Collection of VAT, the biggest source of revenue, soared 4 percent year-on-year to Tk 32,800 crore. Import tariff collection remained flat at Tk 26,000 crore on suffering a fall of imports. "Clearly this is a fallout of half-cooked implementation of VAT and SD Act. At the same time, apparently the economy is also not bringing enough dividend in terms of revenue mobilisation," said Towfiqul Islam Khan, senior research fellow of the Centre for Policy Dialogue. Mansur said revenue collection growth had always been below the targets in the past and it has slowed to a single digit since last fiscal year. "This is a reflection of a rapidly slowing economy," he said, adding, "This is also a reflection of lack of reform and badly managed reform effort for VAT."

"The name of the VAT law has been kept unchanged. But the way the contents of the original VAT Act of 2012 has been changed due to pressures from the political and commercial interest groups..." said Mansur. "Furthermore, the government's failure to implement the types of administrative reforms and automation efforts envisaged under the original implementation plan essentially implies that the new VAT law cannot deliver anytime in the near future unless things are rectified in major ways." Towfiq said the NBR should come up with a plan on ways to minimise the shortfall. "Lack of revenue mobilisation is putting macroeconomic stability at risk. The government must immediately work on revision of the budget from both income and expenditure sides," he said. Mansur said the economic

slowdown and its proper management would be the most important challenge for the new year of 2020. "The three challenges are extremely sluggish revenue collection, particularly in the area of VAT, ... long running serious problems plaguing the banking sector and reluctance of the policymakers to allow market-based exchange rate determination for Bangladesh taka to provide an immediate boost to export growth." **BB removes Mercantile Bank director**

FROM PAGE B1 "The lender's board yesterday held a meeting at its head office in the capital to this end where Ahsan was withdrawn," he said. Ahsan could not be reached on his mobile phone for comment despite repeated attempts.

# How well founded are the devaluation worries?



ZAHID HUSSAIN

**I**N an interview published in this newspaper on January 3, the finance minister stated unequivocally “no currency devaluation”. Is such a sweeping stance compatible with the government’s own economic policy objectives?

Exports have been declining recently. Exporters argue this happened partly because our main competitors such as Vietnam allowed its currency to devalue more than us. As a result, its exports became more price competitive relative to ours. Vietnam’s exports increased 9.6 percent in July-October while ours declined by 6.8 percent during the same period.

The finance minister is justifiably concerned about the effect of devaluation on the cost of imports. He does not want to devalue because the Bangladesh economy is highly import-dependent. The increased cost of imports will increase inflation. “We will die,” he said.

Let’s check the facts. Vietnam’s annual import is about \$225 billion, constituting over 92 percent of its GDP. Bangladesh’s annual import is \$66 billion, constituting about 23 percent of GDP. Clearly, Vietnam’s economy is more import-intensive than the Bangladesh economy.

Since November 2018, Vietnam has allowed 1.6 percent devaluation of its currency, while Bangladesh allowed 1 percent. Inflation in Vietnam rose from 2.98

percent in December 2018 to 3.52 percent in November 2019 whereas in Bangladesh it increased from 5.35 percent to 6.05 percent during the same period. Vietnam devalued more with less inflation while Bangladesh devalued less with more inflation.

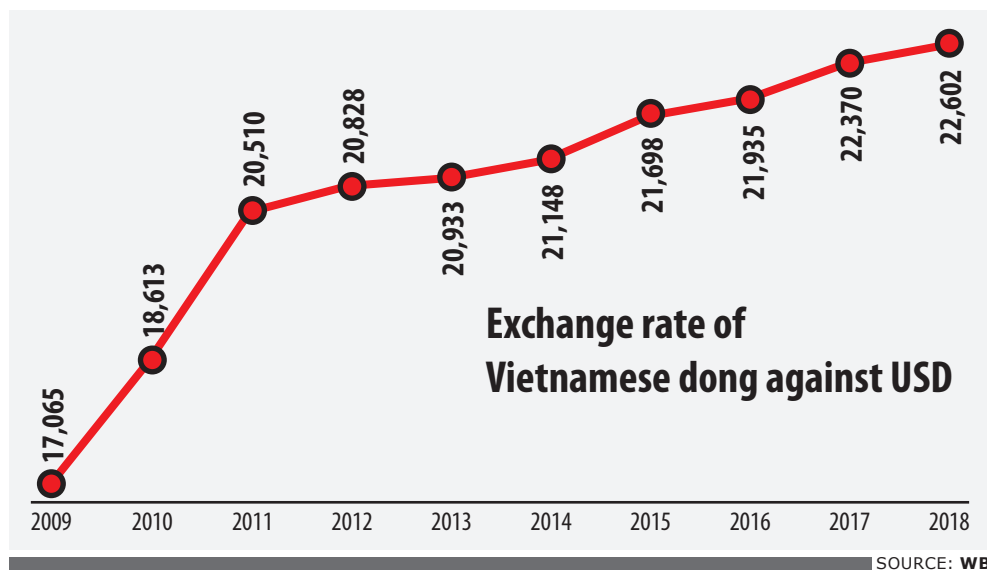
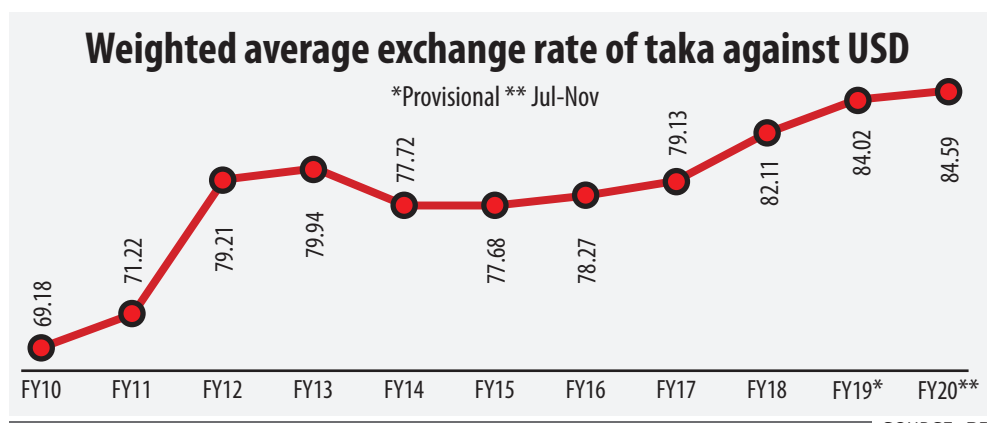
Import prices are not the only determinant of inflation. Also, the impact of devaluation on the cost of imports can be mitigated through compensatory adjustment in import duties.

On other occasions, the finance minister expressed worry about the negative impact of devaluation on foreign direct investment (FDI). Let’s check the facts again.

Vietnam attracted \$29.11 billion in the first 10 months of 2019 while Bangladesh attracted \$2.5 billion during the same period. Vietnam devalued more with more FDI while Bangladesh devalued less with less FDI. It is generally accepted that a devaluation increases foreign direct investment flows.

The finance minister worries that devaluation would escalate the cost of development projects. There are numerous factors that increase project cost. In Bangladesh, delays are a major factor. The exchange rate is relevant when contracting services or other elements of the project are purchased from abroad. If exchange rates change beyond the level predicted by the project sponsor, the cost of the project can increase. An extra element—contingency—provides cover against cost over-runs due to exchange rate changes. The impact of devaluation is, therefore, never as large as appears at first sight.

Another worry is devaluation makes foreign currency denominated loan servicing more costly. This is true when we calculate foreign debt servicing in the taka. The case for keeping the exchange rate unchanged on this ground depends on the impact of the devaluation on revenues and the cost of servicing domestic debt. Devaluation can increase revenues if the value of imports in local currency increases and by boosting production of exports as well as import substitutes. Interventions to stem currency depreciation deplete banks’ taka liquidity. Interest rates rise, increasing the default risk and the cost of servicing domestic debt. Thus,



on balance the fiscal impact of devaluation may be either a wash or even favourable despite increase in the local currency cost of foreign debt servicing. Because of these mixed effects, empirical studies internationally find no perceptible influence of devaluation on fiscal deficits.

In general, when markets are allowed free play, foreign exchange rates are determined by the supply and demand of foreign currency. However, foreign exchange markets are rarely allowed complete free play in any country. Central banks often intervene to smoothen

volatility and provide uniform protection to domestic industries. Macroeconomic policy makers in Bangladesh deserve kudos for not doing anything to trigger disruptive volatility in the exchange rate. The practical question facing our policy makers is whether, through exchange market intervention, you want to take your chances on the side of undervaluing or over-valuing our currency.

Undervaluation of the exchange rate is, in fact, an industrial policy to promote growth in sectors producing internationally tradable goods and services. Undervaluation

provides a subsidy to exports directly and automatically while protecting the domestic producers of import substitutes by increasing the cost of imports. It does not require a bureaucrat to select possible beneficiaries. Several Asian countries have used such strategic exchange rate policy to promote domestic manufacturing.

This non-selective industrial policy promoting tradable seems to be quite efficient, especially in countries with high levels of corruption and poor-quality institutions. Selective policies rarely work in developing countries where the quality of bureaucracy is far from perfect. The finance minister appears to have reawakened to the latter when he lamented “does anything happen according to timeframe in Bangladesh?”

Paradoxically, industry leaders in Bangladesh have revealed a preference for selective policies time and again. If correcting the overvaluation of the exchange rate through devaluation can produce the same industry specific result as a direct cash subsidy, should they not opt for the former than latter? Do not expect the industry to say yes, because it is in their self-interest to get both. However, when choosing between the two, they insist more on the latter because they do not have to compete with all others to benefit from the devaluation whereas the targeted subsidy is a lock-in for the insiders.

The finance minister is willing to provide Tk 5 cash subsidy per dollar of value added over imports to garments to compensate them for the overvaluation of the taka. What about non-garment exports? Won’t this policy deepen our over-dependence on garments? Since the subsidy will be based on value added over imports, will this not encourage garments to under-invoice their imports when claiming subsidies, thus making corruption more profitable than it already is?

Our policy stance on the exchange rate has so far favoured taking chances with the overvaluation of the taka. This policy is inconsistent with the strategy of diversified tradable production-based industrialisation.

The author is an economist.

## Rains give hope for record tea production

MINTU DESHWARA

Recent rains naturally spelt misery amidst the winter chill but have brought smiles all around for tea production, giving hopes of an early start to the plucking season.

Water gets scarce in winter, especially in the hilly Sylhet division where groundwater levels drop, making extraction difficult even from deep tube wells, and natural streams are reduced to a trickle.

Not all tea plants can bear with this limitation while just around 5 percent of the 166 tea gardens around the country are capable of going for artificial irrigation, which is spraying water using pipes.

While rains in Sylhet in December amounted to 3 millimetres, way below the 9mm average, it has already gone past the January average of 9.4mm to reach 12mm.

This moisture will be held by the soil for around a month, which producers believe will give rise to early buds and subsequently a week’s head start to the plucking season that runs from March to October.

Moreover, rainwater contains high levels of nitrogen which aids the nitrogenation of the soil while the showers help dislodge any infestation of red spider mites, which feed on the sap and cause leaves to fall off.

This gives rise to possibilities of a continuation of record-breaking production.

Production in 2018 was a two-year high of around 82.13 million kilogrammes and Bangladesh Tea Board expects the final tally of 2019 to reach around 95 million kilogrammes.

Another bumper yield will come in 2020, expects Shah Alam, chairman of Bangladesh Tea



STAR/FILE

**The government recommends garden owners increase plantation area by 2.5 percent each year by incorporating unused land.**

Cha Sangsad, an organisation of the tea garden owners.

“Plus, if we can get the price as good as last year, we might be able to secure a hefty profit margin,” he added.

Bangladesh exported tea worth \$1,470,311 in the July-November period of 2019-20, a 4.26 percent rise from the same period in 2018-19. Moreover, the country’s annual consumption has reached 95.2 million kilogrammes, as per the tea board.

Hopes also come from a government

recommendation for garden owners to increase plantation area by 2.5 percent each year by incorporating unused land, says Mohammad Ali, director of Bangladesh Tea Research Institute. Tea cultivation first started on a commercial basis in 1854 in Sylhet’s Malinichara tea garden, as per the tea board. Currently around 279,439 acres of land are under cultivation.

Of the gardens, 91 are in Moulvibazar, 25 in Habiganj, 19 in Sylhet, 22 in Chattogram, seven in Panchagarh, two in Rangamati and one in Thakurgaon.

## Daimler recalls 744,000 Mercedes-Benz vehicles in US for faulty sunroofs

REUTERS, Washington

**G**ERMAN automaker Daimler AG said on Saturday it will recall 744,000 Mercedes-Benz vehicles in the United States from the 2001 through 2011 model years because the sunroof glass panel could detach and pose a hazard.

The large recall covers more two dozen vehicles from C-Class, CLK-Class, CLS-Class and E-Class model lines. The automaker said the bonding between the glass panel and the sliding room frame might not meet specifications and could lead to sunroofs detaching.

Owners who paid for repairs for the issue will be able to seek reimbursements from Daimler. A Mercedes-Benz USA spokesman said on Saturday he did not have a worldwide vehicle total for the recall.

Dealers will inspect the glass panel bonding and replace the sliding roof if necessary, the company said.

Last month, Mercedes-Benz USA agreed to a \$20 million civil penalty over its handling of U.S. vehicle recalls after a year-long U.S. government investigation into 1.4 million recalled vehicles.

Under the terms of the settlement, the automaker will pay \$13 million and faces another \$7 million fine if it does not comply with the agreement. The U.S. National Highway Traffic Safety Administration said the company failed to notify owners in a timely fashion in some recalls, did not submit all reports and did not launch at least two recalls in a timely fashion.



REUTERS/FILE

**The Mercedes-Benz logo is seen before the company’s annual news conference in Stuttgart, Germany.**

## Confidence crisis brings DSEX back to red

STAR BUSINESS REPORT

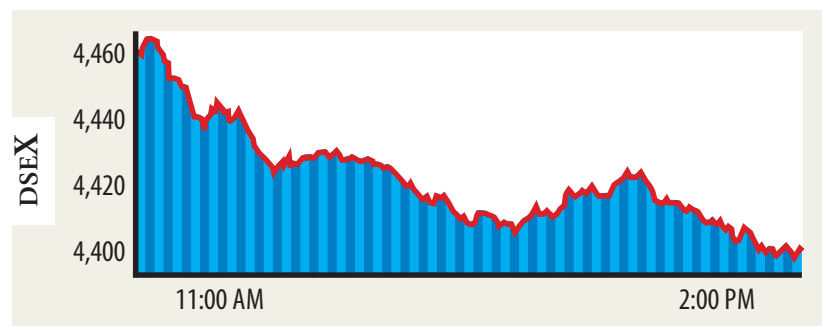
A confidence crisis has wiped off all the gain the Dhaka bourse has witnessed in the last six trading days as the benchmark index fell 1.32 percent yesterday.

Moreover, foreign investors sold more shares than what they purchased at a time when participation of institutional investors was thin, causing the DSEX to lose 59.15 points to end the day at 4,400.14.

United Power, Square Pharmaceuticals, Brac Bank, Renata and Olympic hit the index hard, taking away around 20 points from DSEX.

Turnover, another important indicator of the market, decreased by 24.39 percent to Tk 292.46 crore from the previous day.

Khulna Power Company dominated the turnover chart with transaction of shares worth Tk 19 crore, followed by LafargeHolcim Bangladesh, Bank



Asia, National Tubes and City Bank.

Emerald Oil was the day’s best performer with a 9.70 percent gain whereas Generation Next Fashion was the worst loser that shed 7.14 percent.

Among the major sectors, textile dropped 2.44 percent, life insurance 2.29 percent and fuel and power 1.79 percent.

Losers beat gainers as 269 issues declined, 52 advanced and 33 finished unchanged on the premier bourse.

The benchmark index of Chittagong Stock Exchange—CSCX—also dropped. It fell 99.16 points, or 1.20 percent, to finish the day at 8,109.28.

Losers beat gainers as 163 declined, 37 advanced and 20 finished unchanged on the port city bourse.

The stock exchange traded shares and mutual fund units worth Tk 9.14 crore.

## Samsung Electronics to unveil ‘innovative devices’ on Feb 11

REUTERS, Seoul

**S**AMSUNG Electronics said on Sunday that it will introduce new, innovative devices in San Francisco on Feb. 11, with the electronics giant widely expected to unveil its new foldable phone and a new version of its flagship S model.

The move comes as the world’s top smartphone maker seeks to maintain its lead in the foldable phone and 5G phone markets, with rivals plotting a catch-up in the nascent, but growing segments.

“Samsung Electronics will unveil new, innovative devices that will shape the next decade of mobile experiences,” the South Korean firm said at an invitation letter. It said the event at 11 a.m. Pacific time will be live-streamed.

In a teaser image, Samsung hinted at two phones - one shaped like a square and another with a rectangular form.

In October, Samsung Electronics

unveiled its new foldable phone concept that folds vertically like an old flip phone. Its first foldable phone, which folds horizontally, was launched in September after delays caused by screen problems.

Samsung Electronics has

traditionally unveiled new versions of its flagship Galaxy S phones ahead of the Mobile World Congress which takes place in February.

A Samsung spokeswoman declined to comment on which models it will unveil at the upcoming event.



REUTERS/FILE

**The logo of Samsung Electronics is pictured at the company’s factory in Tijuana, Mexico.**