

Development community needs to support graduating LDCs

Debapriya Bhattacharya says while briefing LDC ambassadors in New York

STAR BUSINESS DESK

The international development community has to devise a set of support measures for the least developed countries in order to ensure their smooth and sustainable graduation, said Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue (CPD).

In the next decade, 12 countries, including Bangladesh, will walk out of the LDC group, he said.

"This is one of the rare success stories of recent development history. However, these countries will be graduating with a host of vulnerabilities and fragilities."

He spoke while briefing the LDC ambassadors accredited to the United Nations in New York on February 28.

The meeting was chaired by Rabab Fatima, ambassador of Bangladesh to Japan, permanent representative of Bangladesh to the United Nations, New York and the acting chair of the coordination bureau of the LDC group in the UN.

The meeting was addressed by the permanent representatives and ambassadors of Afghanistan, Laos, Nepal and Sierra Leone.

Roland Mollerus, head of the UN CDP Secretariat; Susannah Wolf, deputy chief of the Office of the High Representative Least Developed and Land-locked Countries, and

Matthias Bruckner, economic officer of the CDP Secretariat, also spoke on the occasion.

The graduating LDCs include small island states, landlocked countries, climate change affected economies and post-conflict societies and they suffer from structural weaknesses, said Debapriya, also a member of the Committee for Development Policy (CDP) of the United Nations.

He alerted the participants of the meeting about the possible impact

of the post-graduation loss of the preferences and flexibilities usually available to the LDCs.

He particularly highlighted the specific implications in the areas of duty- and quota-free market access, access to concessional and blended finance, enforcement of intellectual property rights and technology transfer.

Debapriya suggested that a technical and political process needs to be urgently put in place urgently to design a post-graduation

incentive package for the countries leaving the LDC group.

Such a package may be endorsed by the fifth UN Conference on LDC (LDC V) that is to take place in Doha in March 2021.

Ambassador Fatima in her concluding comments called upon the LDC members and the international development partners to actively take part in the regional preparatory meeting of the LDC V that is to take place in Dhaka in end April 2020.



Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue, speaks while briefing the LDC ambassadors accredited to the United Nations in New York on February 28. Rabab Fatima, ambassador of Bangladesh to Japan and permanent representative of Bangladesh to the United Nations, New York, is also seen.

Automate insurance services, restore people's trust: PM

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday directed the authorities concerned to bring insurance activities under technology based automation system and settle insurance claims of clients quickly to restore the people's faith in the sector.

"Bring all activities of the insurance sector under technology based automation system," she said.

The premier spoke while addressing the first-ever National Insurance Day at Bangabandhu International Conference Centre in the capital.

The prime minister emphasised implementation of modern ICT based automation system aimed at making insurance services easier for clients.

People still lack trust in insurance industry, so the authorities concerned should take special measures to build trust, Hasina said. The working class people should be brought under insurance policy so that they can get financial security during their bad times, she said.

Bangladesh Bank and Insurance Development and Controlling Authority are going to introduce "Bangabandhu Education Insurance" for the school students, she said.

"Step has been taken to ensure education for students of different schools up to secondary level in absence of their parents or guardians or even due to lack of their physical capability."

Bangabandhu Sheikh Mujibur Rahman worked in the insurance industry alongside doing politics to meet his livelihood expenses, she said.

After independence, Bangabandhu enacted necessary laws and formed institutional bodies to make insurance

industry more vibrant, she said.

Hasina also elaborated the government's initiatives for the development of insurance industry and said, the Insurance Act, 2010 was formulated in place of the old law of 1938, while the National Insurance Policy 2014 was also formulated.

Besides, the government also constituted the Insurance Development and Controlling Authority, 2010 to give the industry an institutional shape, she added.

The government has introduced insurance for expatriate Bangladeshi workers, while steps have also been taken to introduce various types of insurances, including agriculture insurance, health insurance, insurance for the rail passengers and building insurance.

The government in collaboration with the World Bank is implementing Tk 632 crore project to bring all insurance companies under the automation system, she said.

"Besides, the government also introduced state-of-the-art IT based Unified Messaging Platform System to protect interest of the clients."

Finance Minister AHM Mostafa Kamal presided over the function.

Chairman of the Insurance Development and Controlling Authority Shafiqur Rahman Patwary, Senior Secretary of Finance Division Ashrafur Alam, President of Bangladesh Insurance Association Sheikh Kabir Hossain and Bangladesh Insurance Forum president BM Yusuf Ali also spoke.

Earlier, the prime minister unveiled two insurance related books titled "IDRA Directives" and "Bima Manual".

She also distributed Bima Padak among five recipients for their contribution in the insurance sector of the country.

Huawei launches app gallery for Bangladesh

STAR BUSINESS REPORT

Huawei opened its mobile application gallery for the Bangladeshi customers yesterday.

The Chinese telecom giant is now working to build a mobile application ecosystem with the help of the secured and reliable App Gallery, officials of Huawei said at the launch of the Gallery at the Westin Dhaka.

As part of the effort, over 55,000 apps have been added to the App Gallery where a good number of Bangladeshi apps have also been uploaded, they said.

More than 1.3 million developers and 3,000 engineers are working relentlessly with Huawei for the affluence of the entire ecosystem, Huawei said.

Among the world's top three app marketplaces, Huawei currently has 400

million monthly active users in 170 countries.

Besides, Huawei App Gallery is now pre-installed in more than 3 million Huawei and Honor brand handsets in Bangladesh. There are more than 400,000 active users of App Gallery in the country.

Bangladesh is one of Huawei's high priority market in this region and that is why it is planning to give some incentive for local app developers, the officials also said.

At the event, Huawei also unveiled its flagship smartphone Mate 30 Pro for the Bangladeshi market. The phone will run by Huawei's own operating system.

Beyond Zheng, director of Huawei consumer business group of Bangladesh, and Junior Salahuddin Sanjee, sales director, described their products and app gallery in the event.

Walton's smartphones, ACs set sail for US and India

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The Bangladesh Hi-Tech Park Authority also took the occasion to declare Walton High-Tech Industries a private hi-tech park, a move that would enable the local business group to get additional tax benefits from the government. It will also get electricity on a priority basis.

Walton would be the original equipment manufacturer (OEM) of the smartphones, which, however, would carry an American brand's name.

This would be first time that smartphones, which are sophisticated products, be entering the export basket that is populated by garment, pharmaceuticals, fish, leather and jute products.

Walton was the first to set up a mobile phone

manufacturing plant in Bangladesh in October 2017.

Since then, the assembly line has churned out 60 lakh handsets, of which 17 lakh were smartphones.

Walton meets its entire demand from local production and since 2018 has stopped importing handset completely.

Currently, the plant's production capacity is 8 lakh smartphone and 20 lakh feature phone per month.

Beside handsets, Walton also manufactures mobile phone accessories such as chargers, batteries, earphones, cases, printed circuit boards, USB cables and meets its entire demand from local production.

Currently, it manufactures 10 lakh chargers, 5-6 lakh batteries and more than 6 lakh earphones. However, its production capacity is double of what it is currently manufacturing.

Walton currently exports a wide variety of products to different countries after meeting local demands.

Walton Hi-Tech Industries Chairman SM Nurul Alam Reza, Vice-chairman SM Shamsul Alam, Managing Director SM Ashrafur Alam, Director SM Mahbulul Alam; Walton Digi-Tech Industries Chairman SM Rezaul Alam, MD SM Monjurul Alam; Walton Group Director Tahmina Afrose Tanna, Raisa Sigma Hima and Rifah Tasnia Swarna were present.

Salt farmers, millers demand increase in import duty on sodium sulphate

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Chowdhury blamed the government's import policy that has fixed a lower import duty on crude salt.

"Corrupt businessmen manipulate the rule and import edible salt in disguise and are selling them in the market at a lower price," said Omar Faruk, a salt miller.

Sodium sulphate is a very crucial ingredient for industries like textiles, according to Mustafa Kamal Chowdhury, president of the Bangladesh Labon Chashhi Parishad, a body of salt farmers. "So, we can't demand the government completely ban its import."

Only the quantity needed should be allowed for import.

"But thousands of tonnes of sodium sulphate are illegally imported through the Chittagong port regularly."

This has nearly caused the closure of local salt mills. If the situation continues, farmers would run away from this occupation," he added.

In order to solve the problem, the government needs to estimate the local supply and demand of edible salt first, said Tapan Kanti Ghosh, chairman of BTTC.

"For that, we will send a letter to the commerce ministry and the industries ministry requesting them to assess how much salt is needed to import for human consumption and industrial use. Then we could take steps to evaluate the rate of import duty on sodium chloride and sodium sulphate."

The government has restricted the import of salt to protect the interests of local producers, the chairman said.

In the last fiscal year, local farmers produced about 18.24 lakh tonnes of crude salt against the target of 18 lakh tonnes. Salt is mainly produced in the south-eastern coastal region of Cox's Bazar.

Bangladesh's annual demand for edible salt stands at 9 lakh to 10 lakh tonnes. Md Mahmudul Hasan, assistant chief of the commission, also spoke.

ACI swims against the tide, enters shrimp export market

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Therefore, the company intends to target premium customers through marketing and branding of local amian shrimp, according to Ansarey.

"Consistent quality is a must for branding." And ACI is confident of delivering what it promises on the label.

"This is the future of Bangladesh shrimp," he added. A few industry insiders remain sceptic over whether ACI can succeed in the absence of increased production of shrimp and higher value addition.

Exports are declining as the black tiger variety is failing to withstand the competition from the high-yielding vannamei, said Kazi Belayet Hossain, president of the Bangladesh Frozen Foods Exporters Association.

"As a result, factories are becoming sick day by day." Feasibility study shows the prospects of new entrants are not too bright. "They may do well but the chances appear to be low," Hossain added.

There are currently four or five companies that are sincerely trying to boost the country's exports. But they are yet to derive any benefit since they are not too well-known like ACI, Ansarey said.

"We have a corporate brand image, and buyers have confidence in us," he added.

ACI Agrolink have identified the reasons why Bangladesh is not faring well in the export market, said its chief executive officer M Saifullah.

"Corporate governance, quality and compliance will be key. Besides, the other are not be able to do the kind of communication that we would be able to," he added.

At present, ACI's market capitalisation stands at Tk 1,071 crore.

ACI have nearly 220 tonnes of shrimp worth more than \$2 million in total, said M Ahsan Habib head of operations and marketing of ACI Agrolink.

Remittance: the only bright spot

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The country's rural economy has been in good shape in recent years thanks to the robust flow of remittance, said Rahman, also an immediate past chairman of the Association of Bankers, Bangladesh, a forum of managing directors of banks.

The strong growth in the flow of remittance will fuel domestic demand, said the finance ministry recently.

Bangladesh's current account deficit is in a good shape compared with the previous two fiscal years thanks to increased remittance flow, it said.

But Mansur went on to express fears that remittance may decline in the coming months as the price of petroleum products has sharply fallen in the international market in the wake of the coronavirus outbreak.

Moreover, workers going abroad have

been declining for the last two years, in an alarming sign for the economy.

"The government should explore avenues to maintain the upward trend of remittance by sidestepping the recent spates of global crisis," Mansur said.

The majority of the banks now use application protocol interface (API) to bring remittance on a real-time basis, encouraging remitters to send their hard-earned money through the banking channel, Ali said.

An API is a set of digital programming code that enables data transmission between software products. It also contains the terms of data exchange.

The software has become an important part of today's banking system as lenders use data in order to perform several functions, including sending remittance from one bank to another.

Would the monetary policy still be useful

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Risk premia are high because of high inflation risk, as evident from BB surveys of inflationary expectations and high business risk as evident from high rates of wilful loan default. Interest rate ceiling cannot address either the inflation risk or the default risk, not to speak of broader business risks.

Inflation risk is best handled through sound macroeconomic management. A pre-requisite in this regard is a central bank able to conduct monetary policy with some degree of independence to keep inflation low and predictable.

Structural problems require structural policy responses. Structural reforms, including regulatory and legal reforms

in the financial sector, are needed to address business risks. Fixing lending rate uniformly at a predetermined level is equivalent to not only shooting the messenger but also disabling the monetary policy apparatus. Interest rate can no longer serve as an automatic stabiliser and a link in the transmission of monetary and fiscal policies.

Additionally, when both the credit controls and liquidity support are imperfect as well as unpredictable, the BB will also suffer from credibility gap, thus further undermining the traction of its policies in shaping macroeconomic stability and regulating the financial sector.

The author is an economist



Md Mahbub ul Alam, managing director and CEO of Islami Bank Bangladesh Ltd (IBBL), opens the Digital Banking Fair, jointly organised by IBBL, First Security Islami Bank, Social Islami Bank, Union Bank and NRB Global Bank, at Chittagong Club in the port city on Saturday. AKM Mohiuddin Azad, an executive director of Bangladesh Bank, was also present.



Shahriar Kamal, managing director of Concord Group, hands over SMC Tower 2 project, constructed by Concord Engineers and Construction Ltd, to Ali Reza, managing director and CEO of SMC, at the Westin Dhaka recently.