

Ukraine central bank departure sparks global outcry

AFP, Kiev

The IMF and the international business community expressed deep concern Thursday after the governor of Ukraine's central bank resigned citing political pressure.

The bank chief Yakiv Smoliy stood down Wednesday, saying "systematic political pressure" made it "impossible" for him to fulfil his duties.

The International Monetary Fund praised Smoliy's leadership of the National Bank of Ukraine (NBU) in a statement, stressing the need to preserve its independence.

"The independence of the NBU is at the center of Ukraine's Fund-supported programme", on which the country depends on for crucial financial aid, and "must be maintained under his successor", the IMF said.

The EU said Smoliy's resignation "against the backdrop of alleged political pressure sends a worrying signal".

It said the compromising the central bank's independence "jeopardises the credibility of and support for Ukraine's reform agenda".

The post-Soviet country's western business community also voiced alarm at the move.

The European Business Association said in a statement that it was "deeply concerned."



National Bank of Ukraine Governor Yakiv Smoliy.

"Smoliy's resignation sends a negative signal to foreign investors and companies operating in Ukraine," suggesting "security, justice, and equality now can be put under question," it said.

The president of the American Chamber of Commerce, Andy Hunder, tweeted that Smoliy was "hugely respected among the business community".

"Businesses are now concerned

about the future independence of the @NBUKraine management and the continuation of the @IMFNews program," he wrote.

Following Smoliy's resignation, Ukraine's finance ministry cancelled a previously announced Eurobond offering.

Tomas Fiala, the Czech CEO of Kiev-based investment company Dragon Capital, in a statement Thursday said Smoliy's departure

was a "red line for all investors," accusing the authorities of "complete incompetence".

Timothy Ash, a London-based economist and Ukraine expert, tweeted Wednesday evening that Smoliy's resignation was "terrible news for Ukraine."

"The future of the IMF programme must be in doubt", he said.

The bank leadership had come under attack from a group of lawmakers, mainly MPs from the ruling party of President Volodymyr Zelensky who are considered close to oligarch Igor Kolomoisky.

In a draft resolution, the lawmakers accused the bank of overseeing policies that were "dangerous for the country" and worsened its economic crisis.

"Zelensky failed to adequately support the independence of the NBU due to an onslaught from Kolomoisky and his supporters," said Ash.

In June the IMF unblocked \$2.1 billion worth of aid under a new \$5 billion plan to help Ukraine.

Zelensky's office said in a statement that ensuring the NBU's independence remains its "unconditional priority".

Zelensky has accepted Smoliy's resignation which now needs approval from parliament, which is expected on Friday.

Siemens ees up to 20pc drop in business

REUTERS, Frankfurt

German engineering company Siemens saw the volume of business contract by as much as 20 per cent in the three months to June and activity in 2021 would stay below 2019 levels, the chief financial officer told Boersenzeitung (BoeZ).

Ralf Thomas told Saturday's edition of the newspaper that the company's financial third quarter, which runs April to June, "will be a big challenge for us, as for most other market participants as well" due to the coronavirus crisis.

"However, it will not be a bottomless fall," he said, adding that the business volume of short-cycle activities had likely contracted by between 10 per cent and 20 per cent in the period.

Thomas had said in May he expected a 5 per cent drop in revenue in the financial year ending in September, after guiding for moderate sales growth before the virus outbreak.

He did not rule out moves to cut capacity in some business areas, but left open where this could be.

Trump approves five-week extension for small business pandemic loan applications

REUTERS, Washington

US President Donald Trump on Saturday signed into law a deadline extension to August 8 for small businesses to apply for relief loans under a federal aid program to help businesses hurt by the COVID-19 pandemic, the White House said.

The extension to the Payroll Protection Program (PPP), which was launched in April to keep Americans on company payrolls and off unemployment assistance, gives business owners an additional five weeks to apply for funding assistance plagued by problems.

An estimated \$130 billion of the \$659 billion provided by Congress is still up for grabs. Critics worry the U.S. Small Business Administrator's office, which administers the loan, may continue to experience challenges in fairly distributing the funds. From the outset, the unprecedented first-come-first-served program struggled with technology and paperwork problems that led some businesses to miss out while some affluent firms got funds.

The SBA's inspector general found in May that some rural, minority and women-owned businesses may not have received loans due to a lack of prioritization from the agency. Reuters reported here on Thursday that a technical snafu in a U.S. government system caused many small businesses to receive loans twice or more times, nearly a dozen people with knowledge of the matter said.



Donald Trump

Canada's biggest banks join boycott of Facebook platforms

REUTERS, Toronto

Canada's biggest lenders confirmed on Friday they had joined a widespread boycott of Facebook Inc begun by U.S. civil rights groups seeking to pressure the world's largest social media platform to take concrete steps to block hate speech.

More than 400 brands have pulled advertising on Facebook in response to the "Stop Hate for Profit" campaign, begun after the death of George Floyd, a Black man who died in police custody in Minneapolis on May 25.

Canadian lenders Royal Bank of Canada, Toronto-Dominion Bank, Bank of Nova Scotia, Bank of Montreal, National Bank of Canada and Canadian Imperial Bank of Commerce all said they will pause advertising on Facebook platforms in July.

Desjardins Group, Canada's largest federation of credit unions, also said on its website on Thursday it will pause advertising on Facebook and Instagram for the month "barring any exceptional situations where we need to communicate with our members or clients."

Facebook has opened itself up to a civil rights audit and has banned 250 white supremacist organizations from Facebook and Instagram, a spokesman said by email. Its investments in artificial intelligence mean it finds nearly 90% of hate speech it takes action on before users report it, he added.

Diamond World becomes first Bangladeshi company to import gold bars

FROM PAGE B4

A comparison would clearly depict how poorly Bangladesh has been performing in gold export when its neighbour India has been supplying 80 per cent of the handcrafted gold ornaments that the world needs a year.

In 2016, India exported gold ornaments worth \$42 billion while the official figure for Bangladesh stood at only \$672.

So the government formulated the country's first gold import policy with special focus on increasing gold ornament export from Bangladesh.

Bangladesh Bank last year sought applications for the appointment of gold dealers under the gold import policy.

Forty-seven applied for the dealership while 18, including a private bank, got the temporary licence for two years.

The companies are Modhumoti Bank, Diamond World, Jewellery House, Rotno Gold Corner, Aroosa

Gold Corp, Amin Jewellers, Sreeja Gold Palace, Jarwa House, Milon Bazar, SQ Trading and Eng, MK International, Amin Jewellers Ltd, Buraq Commodities Exchange Co, Golden World Jewellers, Riya Jewellers, Laxmi Jewellers, BDEX Gold and Diamond, and D Damas.

Eleven measures were incorporated in the policy giving Bangladesh Bank the right to appoint dealers for importing gold bars.

As per the policy, the dealers could be an authorised bank, an individual-owned firm, a joint venture or a limited company, which will be allowed to bring in gold bars directly.

Manufacturers of ornaments will purchase gold only from these dealers.

It was made mandatory for the dealers to import gold through bonds, for which a bond licence is a must.

Agarwala said they could not import gold even after getting the

Sonali Bank seeks Tk 10,000cr to meet BASEL III requirements

FROM PAGE B1

So, the bank has requested the finance ministry to come up with the amount.

"We do not need any cash. The government could issue a guarantee letter against our proposal. Then, the bank will submit it to the central bank to show it as the capital," the banker said.

The bank has sought the capital a number of times, said Md Aatur Rahman Prodhhan, managing director of Sonali Bank.

If the government provides the fund, the bank will be able to meet the Basel III requirement, he said.

Basel III is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision in response to the Financial Crisis of 2007-09 with a view to improving regulation, supervision and risk management within the banking sector.

As of December, capital adequacy ratio (CAR) at Sonali Bank stood at 0.50 per cent, much lower than the permissible limit of 12.50 per cent.

The CAR is a measurement of a bank's available capital expressed as a percentage of its risk-weighted credit exposures, which is used to protect depositors and promote the stability and efficiency of banks around the world.

Risk-weighted assets are used to determine the minimum amount of capital that must be held by banks and other institutions to reduce risks of insolvency.

There will be rebound of apparel shipment to US. But it will be slow and steady.

FROM PAGE B1

"I am fortunate that I work with some very good customers in the US and we did not face any order cancellations."

But new orders from these existing customers have dropped by almost 60 per cent, he said, while attributing this to the current second wave of infections and a lack of confidence among buyers in the throes of fears of an economic meltdown and job losses.

"However, we expect that the US market will rebound strongly in 2021 as American buyers and importers are looking for an alternative to China because of the political conflict between the two economic powerhouses," he added.

Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, said she was hopeful about a faster rebound of apparel shipment to the US market.

"With the gradual opening of stores, there's huge potential for Bangladesh to grow in the US market," she added.

Like Bangladesh, garment export to the US from major peer countries also declined in the January-May period compared to the same time a year ago, according to OTEXA data.

Despite being a least-developed country (LDC), Bangladesh does not enjoy zero duty benefit on garment exports to the US, as the American government does not allow zero duty benefit on export of garment items except some African countries under the African Growth and Opportunity Act (AGOA).

As a result, Bangladeshi garment exporters face 15.62 per cent duty on export of apparel items to the US although America allows zero duty benefits for 97 per cent products of the LDCs.

Bangladesh exports more than \$6 billion worth of garment items to the US market a year though the country's garment items are not included in the 97 per cent package.

The country has been performing well in the US market because of rising demand for Bangladeshi goods among American consumers.

Motorcycle sellers can't believe their luck as pandemic ramps up sales

FROM PAGE B1

For example, a CNG-run three-wheeler used to transport five persons from Habiganj Sadar to Baniachong, an upazila of the district, charging a fare of Tk 40 from each of the passengers.

But when the government eased some of the restrictions on the movement of vehicles, such vehicles were not allowed to carry more than three passengers -- a practice that continues. As a result, the fare rose 75 per cent to Tk 70 per passenger.

Later, the government hiked the bus fare by 60 per cent across the country from June 1.

"Due to the convenience of travel during these hard times and low-cost transportation, people are opting for motorcycles," said Md Kamal, a technician at New Sheikh Motors in Habiganj.

In the last two months, the showroom has sold about 50 units of motorcycles a month, up from 32-35 units during normal times.

In March, the business of Ettadi Motors, which

sells both used and brand-new motorcycles in Sylhet, was bad.

Although the shop was closed most of the time due to coronavirus in April and May, it still managed to sell a good number of motorcycles, said Rayhan Ahmed, the owner of Ettadi Motors.

"The sales in June skyrocketed, not only in my showroom but also in other showrooms," he added.

The companies have also offered discounts to drive up sales. Almost all brands came up with cashback and discounts offers on the occasion of Eid-ul-Fitr, said a manager of a showroom in Sylhet.

Due to cost efficiency, travel convenience through traffic-congested streets, and people's increasing purchasing power backed by the steadily expanding economy, the motorcycle market has been witnessing double-digit growth for the past several years.

The number of registered motorcycles increased about four times in the last decade to

2,991,612 in 2020 from 759,257 in 2010, data from the Bangladesh Road Transport Authority showed.

However, the official figure is much lower than the actual number, said industry insiders. More than 1,000 units of motorcycles hit the street in Bangladesh every day but only half of them are registered.

The market began to expand fast from fiscal 2016-17 when the government slashed the supplementary duty by 25 percentage points to 20 per cent on the import of the two-wheeler's components to encourage domestic manufacturing.

To boost the industry's growth further, the government has formulated the Motorcycle Industry Development Policy 2018.

It aims to take motorcycle production up to one million units by 2027 with half of them coming from local manufacturing and supply quality motorcycles to domestic and overseas markets at competitive prices.

Govt to set up company to salvage soured loans

FROM PAGE B1

The corporation would be empowered to sign an agreement with local and foreign banks or financial institutions and all defaulted loans of banks, financial institutions and specialised banks that have taken licences from the central bank would be under the coverage of the corporation.

It would be headquartered in Dhaka and would be able to open offices in any part of the country and abroad. The corporation would be able to set up subsidiary companies.

The decisions of Bamco would be final. The aggrieved individual or firm would be able to appeal to the board for reconsideration. However, they would not be able to sue Bamco before appealing.

The corporation would ink deals with banks to realise the defaulted loans that the lenders themselves would fail to recover. In exchange, it would get a portion of the realised money, the draft said.

If Bamco assumes that a defaulted firm can make a turnaround if changes are made to the

management, it would bring in the change. It would be able to sell off the assets of the defaulted companies.

The tenure of the board would be three years and the directors can't continue for more than two terms at a stretch.

The incomes or profits of the corporation would enjoy the tax holiday initially for 10 years.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, however, said it would be a loss-making corporation.

"The weakest banks would use it to dump their bad assets and put the burden on the government. Why should the government take this responsibility? Why should the public sector take responsibility for the bad debts of the private sector?"

The government's track record in asset recovery is absolutely horrendous, he said.

Citing the example of scams related to Jubok, Hall-mark and Destiny, Mansur said the companies have become non-existent but the government got nothing in terms of assets.

"At least I don't know whether the government

has got anything because no such information is available."

The former official of the IMF recommended allowing setting up of private asset management companies with the government providing legal assistance.

Private sector companies would be able to buy distressed assets at market prices or much lower prices compared with the planned corporation. And banks would not run to dump their bad assets onto the public asset management companies (PAMCs), he said.

In many countries, PAMCs have been successful, he said.

But there is governance structure and integrity of the people and the overall system in those countries and there is no formalisation of corruption there.

"I strongly urge the government not to go for the corporation because it would simply assume the responsibilities of the default loans of all the banks at taxpayers' money. The government should not impose this burden on the people," Mansur added.

23 more services coming to BIDA's One-Stop Service centre

FROM PAGE B4

BIDA says it is still working on them.

The new additions are said to make as much as 52 data and payment-enabled government to business services available on the OSS.

BIDA's goal is to integrate as many as 154 services from 35 agencies with technical support from the International Finance Corporation. Bangladesh has turned starting a business less expensive by reducing name clearance and registration

fees and abolishing the fee for certifying digital certificates, according to BIDA.

The government has taken several initiatives to improve reforms to ease the process of doing business, Islam said.

This includes developing action plans, forming taskforces, coordinating reform initiatives among relevant government agencies, providing reform support to line agencies, conducting dialogues with private sector stakeholders and monitoring reform progress.

Tootli Rahman elected new WEA president

FROM PAGE B4

We plan to organise advocacy, training programmes, webinars and also interesting online shows, to bring positivity during the pandemic," said the new WEA president Tootli Rahman.

Rahman is a renowned entrepreneur, fashion designer and event planner in Bangladesh. WEA was formed to promote the interests of women in business.

The organisation has promoted women in different sectors like garment, ornaments, handicrafts, handloom, leather products, pharmaceuticals, customer service and ICT.

The association was established in 1993 with 15 members. Today, the WEA has 150 members.

"Now the members of WEA are all well-grounded and doing very well," the association said in the statement.