



Quazi Ashiq Ur-Rahman, centre, CEO of Rancon Motor Bikes Ltd; Mohammad Shams Uddin, left, head of marketing, and AKM Tauhidur Rahman, right, head of sales, attend the digital launch of Bandit 150, latest motor bike of Suzuki, on Friday. The event was broadcasted live on the Facebook page of Suzuki Bangladesh.

EU, US announce surprise trade deal on lobsters

AFP, Brussels
US lobster exports will enter Europe tariff-free, as Washington and Brussels announced a limited trade deal on Friday that will be seen as a first result in efforts to de-escalate trade tensions. The joint announcement by US Trade Representative Robert Lighthizer and EU Trade Commissioner Phil Hogan came as surprise with a

number of trade feuds still brewing between both sides. "We intend for this package of tariff reductions to mark just the beginning of a process that will lead to additional agreements that create more free, fair, and reciprocal transatlantic trade," they said in a statement. Transatlantic trade tensions exploded in 2017 when President Donald Trump followed through on

his protectionist agenda, slapping tariffs on steel and aluminium exports from Europe and other partners.

Matters only grew worse from there, with a decades-long battle over subsidies for Airbus and Boeing also leading to tit-for-tat tariff exchanges.

A campaign by European nations to apply a digital tax on US tech giants has also drawn threats of duties on European exports including French wine.

But the biggest fear was that Trump would deliver on his threats to slap tariffs on European car exports, most notable from Germany, the EU's biggest economy.

"We see this as a first step in de-escalation of ongoing EU-US disagreements," said an EU source.

The deal announced on Friday is very limited in scope and would mainly apply to US lobster exports which would now land in European dinner plates with zero tariffs.

EU tariffs on US lobster had been eight percent, and exports to the EU were about \$111 million in 2017.



Japanese companies very keen on Bangladesh: envoy

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That indicates that the companies are struggling to survive incurring losses in this situation, he said.

Japanese investors always complain about the tax and business environment issues in Bangladesh. Ando said motorcycle production is a very important sector for investment by Japanese investors in Bangladesh.

Currently, some 5,00,000 motorcycles are produced here in Bangladesh, he said, adding that the number could be increased a lot as the demand is there.

Almost all big US companies have their operations in Bangladesh and many more were interested to invest here, said JoAnne Wagner, deputy chief of mission of the US Embassy in Bangladesh.

Agricultural food processing industries are very interesting areas of investment in Bangladesh for American investors.

Labour rights improvement, safety and corruption are issues of concern for US investment in Bangladesh, she added.

Immediate reforms are needed in customs and transfer of profit by the foreign companies and curbing corruption for bringing more FDI, said Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority (BEZA).

Although China allowed duty-free access to 97 per cent of Bangladeshi goods, the value addition by Bangladesh needed to be 40 per cent.

"So it might not be very simple and easy to enjoy the full benefits from the Chinese duty exception offer."

The country also needs more seaports, Chowdhury said, while citing Vietnam's 44 seaports to further his point.

"We need a congenial business environment," said Syed Ershad Ahmed, president of the American Chamber of Commerce in Bangladesh (AmCham).

Sometimes, the contradictory policies of industries and commerce ministries affect the business.

"Sometimes, we are harassed by the National Board of Revenue. Protection of intellectual property rights and port management are very important issues for Bangladesh now," Ahmed added.

Vietnam received the highest amount of FDI from Japan, said Abul Kasem Khan, chairman of the Business Initiative Leading Development (BUILD).

"China's duty-free offer can be a

game-changer for Bangladesh in case of attracting FDI."

Fast-tracking of the special economic zones is needed and Bangladesh needs to invest \$300 billion for improving its infrastructure, he added.

While presenting a keynote paper, M Masrur Reaz, chairman of Policy Exchange, said the global FDI, according to the United Nations Conference on Trade and Development, would plunge 40 per cent in 2020 and by another 5 per cent to 10 per cent in 2021.

Global FDI will fall short of the \$1 trillion-mark for the first time since 2005. Moreover, developing countries of Asia may face lower investment flows of up to 45 per cent, he said.

Bangladesh needs to improve in a few areas for gaining competitiveness like innovation, infrastructure, market efficiency, technological readiness and business sophistication.

"We have a \$350 billion investment gap in infrastructure. Private investment to GDP ratio should be 26.6 per cent."

However, Bangladesh has been maintaining impressive economic performances and high potential to get better FDI inflow.

Bangladesh has many strengths for foreign investors to leverage like high growth rate, sound macro-economic management, demographic dividend, liberal policies, strategic geographic location, affordable and flexible labour market and preferential market access.

But to woo more FDI, some critical areas need focus such as compliance, skilled labour force, easy cross-border movement of goods and coherence between trade and investment policies.

To improve the investment climate, Reaz suggested policy actions and reforms like access to finance, regulatory reforms, a faster pace of mega infrastructure development, simplification of the tax regime, developing FDI policy and export diversification.

The FDI to GDP ratio in Bangladesh is 1.2 per cent, which is less than that of India, Sri Lanka, Vietnam and Cambodia, said DCCI President Shams Mahmud, while moderating the discussion.

Out of the total FDI stock, the country received the highest \$3.8 billion FDI in gas and petroleum sector where the US is the largest investor with \$3.6 billion, followed by

the UK, South Korea, the Netherlands, China and Japan.

Fast customs clearance facility is more important for investors, said Ruhul Alam Al Mahub, managing director of Samsung-Fair Distribution.

Infrastructure development, building confidence among local investors, policy consistency, removal of bureaucracy and political stability were key to attracting FDI, he added.

Land registration is an important issue that needs to be addressed, said ASM Mainuddin Monem, deputy managing director of Abdul Monem.

He emphasised on better coordination among the BIDA, BEZA and land ministry and called for a congenial policy regime that ensures a level playing field for private economic zone owners.

The pandemic would open up opportunities of foreign investment relocation, Monem added.

Investment needs to be encouraged in the energy and infrastructure sectors, said Asif Ibrahim, chairman of the Chittagong Stock Exchange and a former DCCI president.

The government's plan of establishing 100 SEZs will boost FDI. Public-private partnerships and resolving the policy constraints will lead to a newer height.

The recent move by the government to allow non-resident Bangladeshis to invest in mutual funds is a step in the right direction.

Termining the Bangla Bond a great initiative, he said such innovative ideas would help entrepreneurs raise funds.

A reduction of tax for investors would ease their arrival, but on the other hand, Bangladesh's tax to GDP ratio is the lowest in the region, said Salman Fazlur Rahman, private industry and investment adviser to the prime minister.

"We need to widen our tax net to ease the burden on the existing taxpayers. We will reform the bankruptcy law and companies act soon," he said.

The adviser said Japan has offered to modernise the Kamalapur Railway station to bring about a multimodal transportation system.

Rahman admitted petty corruption in government mechanisms and corruption in the political parties at the mid-level.

For instance, corruption has been taking place in land registration and while getting licences from different government offices, he said.

Textile Today to launch antiviral masks developed using Swiss technology

STAR BUSINESS DESK

Bangladesh Textile Today, a Bangladesh-based global textile media and knowledge network, and APS Group have jointly developed functional masks using HeiQ Viroblock, a Swiss technology capable of deactivating viruses by up to 99.99 per cent.

After testing the effectivity of the mask in an internationally recognised laboratory, it was found that the fabric of the mask is 99.78 per cent effective in deactivating microbes even after 20 wash at 30 degree Celsius.

The mask is produced in Bangladesh based innovation driven company APS Group under the collaboration of Textile Today Innovation Hub.

As the masks are made of knitted structures, these are comfortable, reusable and mostly biodegradable, according to the statement.

The masks are cost effective, a calculation showed that daily cost of using the mask is only about Tk 2.67.

Textile Today has signed an agreement with APS Group for branding, promotion, sales and distribution of the above mentioned ranges in Bangladesh market.

The manufacturing facility is FDA and CE certified and has been producing and exporting high quality garments to top global brands.

The technology belongs to Swiss innovator HeiQ, which is a leader in textile innovation, Bangladesh Textile Today said in a statement.

The HeiQ Viroblock NPJ03 is a formulation that contains a minute amount of recycled silver active ingredient and fatty liposome vesicle components.

The technology has been proven to be cosmetic grade and suitable for application close to face contacts.

The masks are also has been tested in Bangladesh government approved laboratory and proved to block Bacteria close to 98 per cent, which reaches the mask equivalent to Type II and Type IIR grade medical or surgical mask.

The report also showed that the mask's virus filtration capacity is about 86 per cent or more taking the mask equivalent to FFP 2 grade respiratory mask.



Tareq Amin, founder and CEO and Bangladesh Textile Today, and Md Hasib Uddin, chairman of APS Group, exchange the signed documents of a deal to launch antiviral masks developed using HeiQ Viroblock NPJ03 technology by the Swiss innovator HeiQ.

Rupali's secondary offering plan back on track

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Rupali was supposed to offload the shares by May. But the issue got stuck because of the pandemic, which brought the economy to a standstill and forced the government to keep the country under a strict lockdown at least from 26 March to 30 May before easing resections from June.

Now that economic activities are returning to a version of normalcy, the issue has been hauled up again. And on 13 July, the board of Rupali gave its approval to offload more than 6.3 crore new shares in phases, depending on the situation in the market and share prices.

It was also decided that the shares would be offloaded through the Investment Corporation of Bangladesh (ICB) and Rupali Bank Securities, a subsidiary of the bank.

A committee has already been formed to work on the listing of the banks, which will be coordinated by the state-owned merchant bank ICB. Its subsidiary ICB Capital Management and respective banks' subsidiary merchant banks would jointly act as issue managers.

As Rupali has capital shortfall as per Basel-III guidelines, the proceedings from the share sale would be injected into the bank.

On Thursday, Rupali's share traded at Tk 30.6 on the Dhaka Stock Exchange. But the letter said the net asset value of the share is Tk 41.1, according to the bank's 2019 financial report.

The company issued 5 per cent stock dividend in 2019, 10 per cent in 2018, 24 per cent in 2017, 10 per cent in 2016, 15 per cent in 2015, 15 per cent in 2014, 15 per cent in 2013, 10 per cent in 2012, 20 per cent in 2011, and 10 per cent in 2010, data from DSE and Rupali Bank showed.

The government has formed a committee led by Abdullah Harun Pasha, additional secretary of the Financial Institutions Division, to oversee the process of listing the state-run lenders.

Banks have formed committees to take the IPO process forward.

A senior official of Agrani Bank said it had already formed a committee and the issue would be fast-tracked.

"We were busy with disbursing the funds under the stimulus packages," he added.

Shibli Rubayat Ul Islam, chairman of the Bangladesh Securities and Exchange Commission, welcomed the move.

"It is good news for the stock market. We want to approve the

fund-raising at several stages so that Rupali's fundraising doesn't impact the turnover of the secondary market," Islam added.

Offloading shares of government-owned companies will be a blessing for the stock market because investors would be allowed to invest in profitable companies, said a top official of a merchant banker.

Besides, the bourse has not seen the floatation of many good stocks in recent times.

If the government lists low-performing companies or the ones that are suffering from losses such as Sonali, then the market will be impacted, the merchant banker added.

Some of the listed government companies are Atlas Bangladesh, Bangladesh Services, Bangladesh Submarine Cable Company, Bangladesh Shipping Corporation, Dhaka Electric Supply Company, Eastern Cables, Eastern Lubricants, ICB, Jamuna Oil, Meghna Petroleum, National Tubes and Padma Oil.

Power Grid Company of Bangladesh, Shyampur Sugar Mills, Titas Gas, Umanid Glass Sheet Factory, Zeal Bangla Sugar Mills and Renwick Jaineswar and Co are also listed.

Current digital divide far too great to achieve Vision 2021

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If the current crisis persists, as many as 5.5 million traditional jobs could be lost within the next 20 years.

However, this could be balanced out by increased employment opportunities in the ICT and the other related sectors, he said.

Just 12 years ago, there was a total of only 10 female entrepreneurs in all of Bangladesh, said Farhana Rahman, vice-president of the Bangladesh Association of Software and Information Services.

Now though, the number of businesswomen in the country is increasing almost daily.

"This is a result of the Digital Bangladesh initiative," he said, adding that despite all the advancements, it is still difficult for women to secure bank loans for their businesses.

Students from poor households lack access to affordable online learning, said Selim Raihan, executive director of Sanem.

Amid the coronavirus outbreak, students have been forced to continue

their lessons from home but the challenges faced in the process are varied among the economic classes.

Raihan also said that the government needs to step up its measures to ensure quality access to modern technology for a vast majority of the population.

Sayema Haque Bidisha, professor of economics at the University of Dhaka and research director of Sanem, moderated the webinar, where Sayed Ali, deputy secretary of the youth and sports ministry also spoke, among others.

Brokers can soon buy more stocks without keeping security

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"We want to ease the difficulties the stockbrokers face, but at the same time, we have to keep in mind the investors' interests," said a senior official of the Bangladesh Securities and Exchange Commission.

A decision will be made on the proposals of DSE very soon, he added. DSEX, the benchmark index of

DSE, rose 90.8 points or 1.9 per cent week-on-week to stand at 4,794.1.

Among the large-cap sectors, non-bank financial institutions posted the highest positive change with 8.19 per cent gain in the week.

The daily average turnover increased 8.54 per cent to reach Tk 1,179 crore.

Beximco Pharmaceuticals topped

the turnover chart with Tk 68 crore a day on average followed by Beximco, Orion Pharmaceuticals, IFIC Bank and Brac Bank.

Savar Refractories was on the top of the gainers' list, rising 54 per cent during the week, followed by Zeal Bangla, BIFC, Orion Pharmaceuticals and Exim Bank First Mutual Fund.