

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.12%	▲ 0.18%	\$1,960.70	\$45.89	▼ 2.13%	▲ 1.12%	▼ 0.28%	▼ 0.24%	BUY TK 83.95	98.92	111.18	12.04
4,879.14	8,400.67	(per ounce)	(per barrel)	38,628.29	23,139.76	2,532.51	3,395.68	SELL TK 84.95	102.72	114.98	12.66

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# Star BUSINESS

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## Bangladesh praying for trade benefits post LDC graduation

REFAYET ULLAH MIRDHA

Bangladesh has joined hands with peer least-developed countries (LDCs) to appeal to the World Trade Organisation (WTO) for the continuation of trade benefits they currently enjoy following status graduation to developing nations considering the pandemic's ill-effect on economies.

All the LDCs are scheduled to provide their forum at the WTO by 3 September their arguments in favour of the continuation for a certain period past the graduation.

Bangladesh has already sent its set of reasons to the LDC forum favouring the graduation despite the severe damage

caused by the pandemic on the economy. Many have called for deferring the graduation for the pandemic losses.

However, the LDCs preferred forwarding the justifications, Sharifa Khan, additional secretary to the commerce ministry, told The Daily Star over the phone.

Chad, a north-central African country that is currently the coordinator of the LDCs at the WTO, is scheduled to submit the proposals soon, she said.

Once all the LDCs submit their arguments, the draft copy of the demand would be submitted to the WTO, Khan said.

Noting Bangladesh's economic development



will be lifted. Only the European Union (EU) will allow the tariff benefits for Bangladesh for another three years as a grace period.

That means Bangladesh will enjoy the zero-duty benefit to the EU up to 2027 but for other countries, the tariff benefits will be withdrawn from 2024.

Currently, Bangladesh as an LDC enjoys zero-duty tariff benefits, preferential trade benefits and regional trade benefit on exports to 38 countries worldwide, 28 of which are within the EU.

The other 10 are Australia, Belarus, Canada, Liechtenstein, Japan, New Zealand, Norway, Russia, Switzerland and Turkey.

In many other countries such as Chile, Brazil and those in Latin America, Bangladesh enjoys a significant reduction in duty rates.

Also, in the US, Bangladesh enjoys zero-duty benefit on 97 per cent of its products but unfortunately, the package excludes its main export items like garment.

As a result, Bangladeshi exporters have to face a 15.6 per cent duty on export of apparel items to the American markets. Nevertheless, the US is the single largest export destination for Bangladesh.

Bangladesh will face competition in Europe after graduation as Vietnam has already signed a free trade agreement (FTA) with the EU. Some 74 per cent of Bangladesh's export earnings come under the preferential trade as an LDC. Of it, 64 per cent comes from the EU and 10 per cent from Japan, Canada and the other developed countries.

Bangladesh's export will decline 5.7 per cent annually if the EU's Everything but Arms (EBA) initiative is not extended as the local exporters will then have to face an 8.7 per cent duty to the EU.

So, there is a possibility of losing more than \$2 billion worth of export business annually after graduation, according to the United Nations Industrial Development Organisation.

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## There is a nervous tension at HeidelbergCement headquarters

AHSAN HABIB

HeidelbergCement Bangladesh, the German cement maker, has been incurring losses since the second quarter of 2019 due to fierce competition in the market, higher prices of clinker, the imposition of advance income tax and higher interest cost.

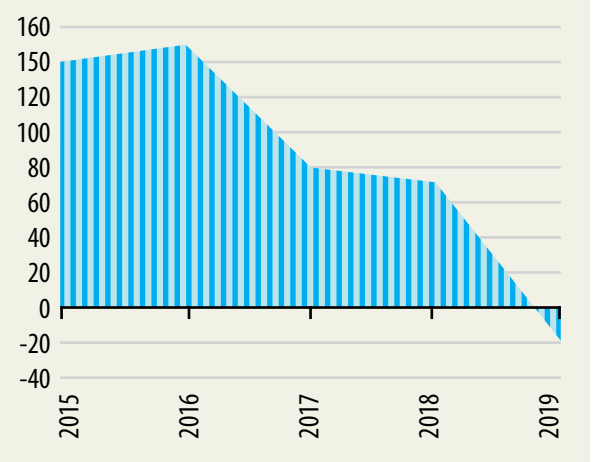
The situation was aggravated further amid a plunge in sales due to the two-and-a-half-month-long countrywide general shutdown starting from 26 March to flatten the spread on coronavirus. The shutdown screeched construction works to a halt across the country.

The listed cement manufacturer incurred a loss of Tk 14.4 crore in the first half of this year, in contrast to a profit of Tk 15.2 crore a year earlier.

However, the cement maker that markets two brands namely Scan and Ruby made a profit in the first quarter of 2020.



### HeidelbergCement's profit tumbled over the years (in Tk cr)



The company's profits and sales declined because of the price hike of raw materials in the international market, low income and the imposition of minimum tax on import of raw materials, according to its Chairman Kevin Gerard Gluskie. The government imposed a 5 per cent advance income tax on the import value of raw materials in fiscal 2019-20.

"Furthermore, the existing market competition forced us to adjust our prices significantly," Gluskie said in the company's annual report.

Though the advance income tax has been reduced to 3 per cent at the beginning of 2020, many cement producers blame their losses on the tax.

Earnings per share of MI Cement, another local listed cement manufacturer, was Tk 1.6 in the negative between July 2019 and March 2020, which was Tk 1.1 in the same period a year earlier.

Consolidated EPS of HeidelbergCement was Tk 2.5 in the negative in the January-June period. A year earlier, it was Tk 2.7.

As HeidelbergCement Bangladesh, which was listed in 1989, did not provide any dividend to its shareholders last year due to losses, the company was downgraded to Z category shares in the Dhaka and Chattogram stock exchanges. Along with its depressing performance, the company's stock prices plunged 58 per cent to Tk 150 in the last two years.

HeidelbergCement, which operates in more than 50 countries, is facing the same problem that other multinational firms face in Bangladesh: unfair competition, said an official of the company asking not to be named to speak candidly on the matter.

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## Elderly, disabled and widows to get safety net allowances through MFS

MD FAZLUR RAHMAN

The government plans to disburse social safety net allowances among elderly, disabled and widows through mobile financial services -- a move that can help the country reach the targeted beneficiaries, ensure value for money and prevent misuse.

The Department of Social Services under the social welfare ministry, which runs the country's largest social safety net programmes, has decided as part of its move to digitalise disbursement.

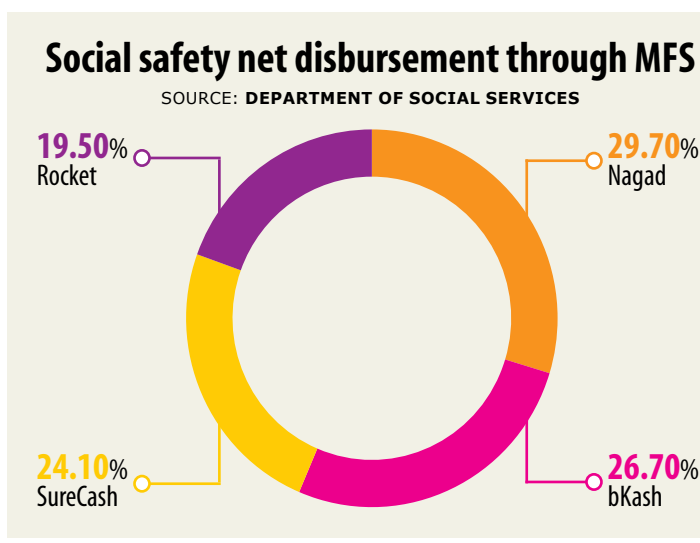
Under the move, it would initiate a pilot involving 13,845 beneficiaries. Last week, it wrote

to four top mobile financial service carriers to run the piloting in eight union parishads in eight divisions.

Of the total, Nagad, a financial arm of the postal department, will run the piloting by disbursing safety net allocations among 4,114 beneficiaries -- the highest.

It will run the piloting in two union parishads in Comilla and Lalmonirhat, according to a letter of the Department of Social Services.

bKash, the market leader, will disburse funds among 3,695 beneficiaries in Gopalganj and Sylhet districts. SureCash will run the piloting among 3,331



beneficiaries in Bhola and Netrokona.

Rocket, a venture of Dutch-Bangla Bank, will disburse allowances among 2,705 beneficiaries in two union parishads in Natore and Khulna.

The funds will be disbursed through the government-to-person system to avoid third-party involvement, according to the letter.

The Department of Social Services will provide the list of the beneficiaries to the operators.

Tanvir Ahmed Mishuk, managing director of Nagad, welcomed the move.

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## Plans for a deep seaport at Sonadia nixed

REJAUUL KARIM BYRON

The government has officially scrapped its plan to build a deep seaport in Cox's Bazar's Sonadia out of environmental concerns, said the cabinet secretary yesterday.

In January 2012, the cabinet had approved the draft to set up the deep seaport to facilitate the country's growing international trade, as vessels cannot enter any of the country's two seaports -- Chittagong and Mongla -- due to relatively low water levels in the Karnaphuli and Passur channel respectively.

But now, the government has backed out after a study found that the deep seaport in

Sonadia may harm biodiversity to a large extent, said Cabinet Secretary Khandker Anwarul Islam while briefing reporters after the meeting, where the Sonadia Deep Sea Port Authority Act 2012 was annulled.

The government is building a deep seaport in Matarbari, which is adjacent to Sonadia, he said.

The official process to discard the Sonadia project started at the beginning of 2020 when the government struck it off the list of fast-track projects.

Muinnul Islam, a former professor of economics of the University of Chittagong, blamed the geopolitics for the scrapping of the plan.

"India does not want Chinese involvement in any project in the Bay of Bengal."

It is alleged that pressure was exerted on Bangladesh in 2014 to cancel a financing arrangement with China to build a deep seaport, he said.

"Sonadia would have been a much better deep seaport compared to Matarbari because of the higher depth of water. But we are not being able to benefit from it."

The Matarbari Port will provide about 13 metres of depth for deep-draft ships. But Sonadia has a natural depth of 15 metres, Islam said.

Bangladesh's prime seaport at

Chattogram has become seriously handicapped because of a maximum of only 9.1 metres of the available draft for ships.

In 2009, an international consultant for the proposed deep-sea port project said the Sonadia-Moheshkhali point is the best site for the project.

Following a feasibility study, Japan's Pacific Consultant International observed that establishment of a deep-sea port is feasible as it will be economically beneficial for the country due to its capacity to handle more sea-borne traffic in line with the future growth of the economy.

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## Cars 'made in Bangladesh' on the way

REJAUUL KARIM BYRON and JAGARAN CHARKMA

With just a year or so to go for golden jubilee celebrations of independence, Bangladesh is on its way to marking an epoch in history by manufacturing its own brand of automobiles with assistance from Japan.

State-run Pragati Industries is set to accomplish the feat in close cooperation with Japanese automotive giant Mitsubishi Corporation.

The government aims to kick off plans by finalising within a short time a 2020 Automobile Industry Development Policy, the draft of which has already been shared with stakeholders seeking their opinion.

The objectives were announced by Industries Minister Nurul Majid Mahmud Humayun during a meeting with Ito Naoki, Japanese ambassador to Bangladesh, at the ministry yesterday.

However, the minister did not disclose when the government plans on starting the manufacture of automobiles and making those available in the local market.

Currently, Pragati assembles cars



designed by Mitsubishi Motors, while PHP Motors, a sister concern of the PHP Family based in Chattogram, manufactures cars made by Malaysia's PROTON.

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## Agro industries hold the key to economic recovery

STAR BUSINESS REPORT

Utilising artificial intelligence and skilled manpower in Bangladesh's agro-based industry will be vital for ensuring a speedy economic recovery and food security during the post-pandemic era, according to experts.

Besides, both public and private sector investment is required to expand agricultural production in the country, they added.

During Eid-ul-Azha, held at the end of July this year, people used digital platforms to make purchases from home in a bid to avoid being exposed to the rogue pathogen while the amount of inbound remittance sent through the official channels increased as well, said Ahmad Kaikaus, principal secretary of the Prime Minister's Office (PMO).

Kaikaus made the comments during a webinar styled 'Post COVID 19: Challenges & Opportunities for Entrepreneurship and Employment in Agro-based Industry', jointly organised by the Bangladesh Investment Development Authority (BIDA) and France Bangladesh Chamber of Commerce and Industry



(CCIFB) last Saturday.

The government is set to implement a credit guarantee scheme for the agro-based industry, including aquaculture and livestock companies, to promote entrepreneurship in the sector and help small and medium enterprises meet their credit needs, Kaikaus said.

As part of the government's move to ramp up agricultural production, the prime minister previously approved a special program for the food processing sector so that agro-based

industries make a greater contribution to economic growth, employment and export.

Bangladesh welcomes international collaboration, including foreign investment, for the research and development of its agro-based production and processing sectors, Kaikaus said, adding that the government believes in balanced trade cooperation between countries.

Meanwhile, BIDA Executive Chairman Md. Sirazul Islam reiterated his organisation's commitment to work alongside the various stakeholders of the agro-based industry to increase investment and employment in the sector.

BIDA will conduct policy dialogues, formulate action plans and facilitate the agro-industrial transformation in coordination with key stakeholders in both the government and private sector, he said.

In this regard, a high-level committee, headed by the PMO and coordinated by BIDA may be formed to advise on the development of agro-based production, processing, value addition and marketing, Islam added.

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