STOCKS (Week-on-week)		COMMODITIES (As of Friday)		ASIAN MARKETS (Friday Closings)				CURRENCIES (As on Thursday, STANDARD CHARTERED BANK)	USD	EUR	GBP	JPY
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	83.95	100.70	111.42	12.63
▲ 2.17%	▲ 2.14%	$1,837.61 (per ounce)	$49.25 (per barrel)	▲ 1.00%	▼ 0.22%	▲ 0.62%	▲ 0.07%	SELL TK	84.95	104.50	115.22	13.27
4,974.84	8,587.29			45,079.55	26,751.24	2,839.89	3,444.58					

Star BUSINESS

DHAKA SUNDAY DECEMBER 6, 2020, *AGRAHAYAN 21, 1427 BS* ● starbusiness@thedailystar.net

Bangladesh signs trade deal with Bhutan today

Refayet Ullah Mirdha

Bangladesh will ink its maiden preferential trade agreement (PTA) with Bhutan as the country looks to retain duty benefits following its graduation to a developing country from the least developed nation category.

Bangladesh is signing the deal with Bhutan as the country was the first one to recognise Bangladesh as an independent nation in 1971, said Commerce Minister Tipu Munshi at a press conference at State Guest House Sugandha yesterday.

Munshi and his Bhutanese counterpart will pen the deal. Bhutan recognised Bangladesh on December 6.

Prime Minister of Bangladesh Sheikh Hasina and Bhutanese Premier Lotay Tshering will attend the ceremony virtually.

READ MORE ON B3

AT A GLANCE

- Bangladesh signs its maiden PTA with Bhutan today
- 100 Bangladeshi goods will enter Bhutan duty-free
- 34 Bhutanese items will enjoy duty-free benefit in Bangladesh
- In 2018-19, Bangladesh exported goods worth $7.56m to Bhutan and imported goods worth $42.09m
- The figures were $0.61m and $12.16m respectively ten years ago

FOUR DECADES IN RMG BUSINESS

High-end products still a long way off

Refayet Ullah Mirdha

Bangladesh's apparel industry is struggling to graduate to a producer of high-end items despite being in the business for four decades and one of the top suppliers globally, missing out on the opportunity to receive premium prices from international retailers and brands.

The multi-billion-dollar industry, which contributes about 85 per cent to the national export, has embraced a lot of reforms since the 1980s. Still, investment has been less in the production of value-added garment items.

As a result, Bangladesh has remained a prominent manufacturer of basic or semi-high-end garment items.

On the other hand, countries such as China, India and Vietnam have made the transition and are benefiting from the premium prices from the sales of value-added garment items to international retailers and brands.

Vietnam, which made the foray into the fashion business after Bangladesh, has become a major player in the global high-end garment segment because of investment in research and development in design and product quality.

High-end garment items products are meant for upscale customers and are made from expensive fibres and are specially designed by very experienced designers. It requires a more skilled workforce and sophisticated technologies to produce expensive products.

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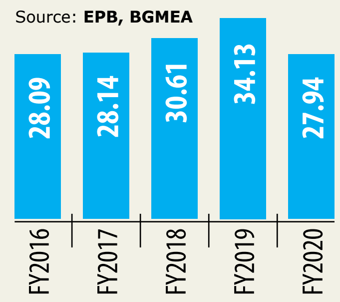
GARMENT EXPORT TRENDS

In billion $

Source: EPB, BGMEA



KEY POINTS

- Bangladesh lags behind its peers in production of high-end garment items
- The country has been producing garment items for four decades
- Industry insiders claim 40pc of the total apparel exports are high-end goods
- High-end garment production needs manmade fibre
- About 80pc of Bangladesh's garments are made from cotton fibre

Three local firms make it to Forbes' best under $1b list

Star Business Report

Three Bangladeshi companies have made it to Forbes' list of "Asia's 200 Best Under A Billion".

Two of the entities that came up in the list of the American business magazine are drug-makers Square Pharmaceuticals and Renata.

SQUARE PHARMACEUTICALS LTD. BANGLADESH

RENATA LIMITED

Fortune Shoes Limited

The third firm is Fortune Shoes, which mainly exports to Europe, according to the list that highlights 200 Asia-Pacific public companies with sales under $1 billion.

These companies have track records of exceptional corporate performance, with one Covid-19 caveat: the list is based on full-year data as of July 7, and does not fully reflect the impact from the pandemic-led downturn, said Forbes.

The magazine said Square Pharmaceuticals, one of the leading drug makers in Bangladesh, has sales of $512 million and a net income of $150 million. The market value of the publicly listed company is $1,716 million.

The pharmaceutical company posted 17 per cent higher sales year-on-year to Tk 52.93 billion in the fiscal year of 2019-20.

Its exports earnings have also grown. The drugmaker posted nearly 23 per cent higher profits in its last financial year.

The magazine reported Renata's sales at $271 million and net income $45 million. Renata's market value was reported at $1,071 million.

Renata's turnover grew 9 per cent year-on-year to Tk 24.16 billion in the financial year 2019-20.

Also listed on the stock exchange, the company recorded 8 per cent growth in its profit after tax, according to its annual report.

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Banks have to set aside more funds to absorb shocks

AKM Zamir Uddin

Banks will have to keep aside more funds in provision than they usually maintain to make them well-equipped so that they can absorb shocks from any increase in bad debts caused by the business slowdown in the coming year.

The central bank is now working on the issue and would take a decision soon, Bangladesh Bank officials said.

A fresh instruction will be given to banks within a day or two, they said.

"The central bank is now analysing banks' net profit and provisioning closely. And it will take a decision to this end in the quickest possible time," said BB Executive Director Abu Farah Md Naser.

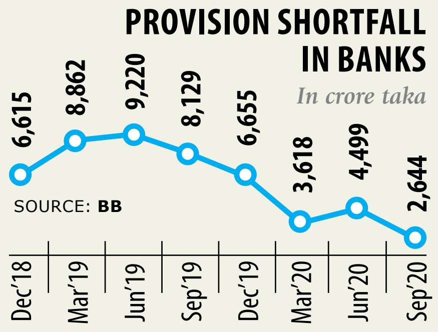
He said banks would be instructed to refrain from showing an excess profit this year by maintaining additional provision. "This will help minimise shocks in the coming year."

Although the central bank's circular in September extended the deadline for loan classification further to December, it gave a hint to take measures for the fortification of the provision base as well.

Banks now set aside 0.25 per cent to 2 per cent against unclassified loans. It is 20 per cent to 100 per cent against defaulted loans.

PROVISION SHORTFALL IN BANKS

In crore taka



A provision is an amount earmarked for the probable, but uncertain, economic obligations of an enterprise. The purpose is to make a year's balance more accurate, as there may be costs, which could be accounted for in either the current or previous year.

In Bangladesh, the requirement of provisions has declined since the first quarter of 2020 after the central bank allowed banks to enjoy a moratorium.

On March 19, less than two weeks after the government first reported the country's maiden coronavirus case, the central bank asked lenders not to consider businesspeople to be defaulters if they fail to repay instalments until June 30.

READ MORE ON B3

Drug makers' profits bounce back in first quarter

Ahsan Habib

Listed drug makers saw their profits rebound in the first quarter (July-September) of the ongoing fiscal thanks to an increase in the number of healthcare seekers.

The pharmaceutical sector had taken a big hit at the end of the previous quarter, when most people refrained from visiting hospitals in fear of contracting Covid-19.

But the listed companies' combined profits soared by 76 per cent compared to the April-June quarter of fiscal 2019-20 to hit Tk 734 crore in July-September.

Meanwhile, overall profits for listed drug makers grew 25 per cent year-on-year for the same period.

During the April-June quarter, local pharma companies witnessed a decrease in profitability due to the low sales of prescription medicine.

This directly contradicted the belief among many investors that it was unlikely for the pharmaceutical industry to see a drop in profits amid the ongoing pandemic.

"We thought the drug makers would benefit the most during the pandemic as people would spend more money on medicine but the reality was different," said Abdul Mannan, a stock investor.

Listed drug makers saw their profits plunge 31.1 per cent to Tk 417 crore in the April-June period compared to the previous quarter (January-March) mostly due to the Covid-19 fallout.

"The sector was affected the same way other industries were but the good thing is that it bounced back strongly in the first quarter," he added.

Md Jubayer Alam, company secretary of Renata, echoed the same.

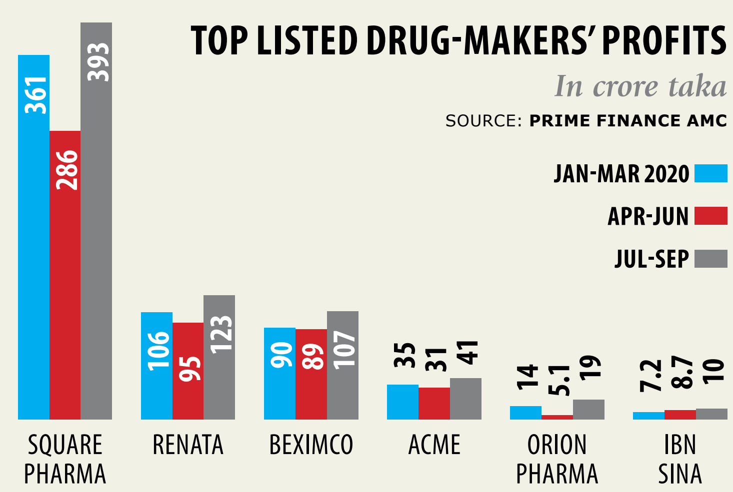
Since most patients were confined at home amid the outbreak, almost all pharma companies saw their sales plunge between April-June, he said.

The country's first official coronavirus patient was detected on March 8 and since then, the number of positive infections has continued to rise.

TOP LISTED DRUG-MAKERS' PROFITS

In crore taka

SOURCE: PRIME FINANCE AMC



In a bid to curb the spread of Covid-19, the government announced a 'general holiday' that began on March 26. The nationwide lockdown was extended numerous times until it finally came to an end on May 30.

During this period, local drug makers that source their raw materials from other countries faced numerous challenges.

"And so, as costs rose, a fall in profits was the natural outcome," Alam said.

Renata secured the second highest profits among all listed pharma companies after Square Pharmaceuticals.

During the April-June quarter, Renata's profits fell by roughly 10 per cent to stand at Tk 95 crore.

The company then witnessed a 29 per cent rebound in its profits for the first quarter of fiscal 2020-21 to hit Tk 123 crore.

This is because almost 60 to 70 per cent of all doctors returned to their chambers during that period, according to the company secretary.

However, some patients still remain sceptic about hospital visits, he added.

READ MORE ON B3

Mega push for a green Bangabandhu Shilpa Nagar

Beza to earmark Tk 4,367cr for the project

Rejaul Karim Byron *and* Jagaran Chakma

The Bangladesh Economic Zones Authority (Beza) is set to invest Tk 4,367 crore on a fresh project aimed at developing a greener Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN).

Beza decided to undertake this initiative, to be implemented between January 2021 and December 2025, in order to create an enabling environment for sustainable private investment and a dynamic local market for industrial land.

The World Bank will provide $467 million (about Tk 3,970 crore) for the initiative under its Private Investment and Digital Entrepreneurship (PRIDE) project.

"The World Bank continues to support Beza's activities as the multilateral lender is satisfied with our actions," said Beza Executive Chairman Paban Chowdhury, adding that this new initiative will promote foreign investment in the country's economic zones.

Under the project, Beza will construct a 30-kilometre road inside the BSMSN alongside other necessary infrastructures such as a central effluent treatment plant, desalination plant, solar energy systems and so on.

As per phase-1 of the Bangladesh Economic Zone Development Project, Beza prepared around 2,000 acres of land for the establishment of factories at three economic zones inside the BSMSN.

Having begun on January 1, 2014, the ongoing project is expected to be complete by January 30 next year.

Some 548 acres have been developed for industries in BSMSN-1 while the number is 1,939 acres for BSMSN-2 and 474 acres for BSMSN-2B. A total of 114 industrial units have already been established across the three zones under phase-1.

As of this November, numerous businesses from both home and abroad have come up with investment proposals valued at $19 billion for the industrial city, according to Beza data.

Of this amount, foreign companies such as Singapore's Wilmar, India's Adani Group and Japan's Nippon Steel accounted for roughly $10 billion.

The remaining $9 billion in investment proposals came from local businesses with the major investors being: TK Group, Karmo Foam Industries, Asian Paints, Mango Teleservices, BDCOM Online, Bashundhara Group, Samuda Food Products, Ananta Apparels, Siraj Cycle Industries, Abdul Monem Group, ACI, Star Allied and Ayesha Clothing Company.

MAJOR INVESTMENT PROPOSALS IN BANGABANDHU SHILPA NAGAR

- PHP Steel Works: **$4b**
- Garment village by BGMEA: **$1.5b**
- Bashundhara Industrial EZ: **$489m**
- Bangladesh Edible Oil: **$400m**
- Jiangsu YabangDyestuff, China: **$300m**
- Ananta Apparels:**$229m**
- Samuda Food Products: **$205m**
- BSRM Steel Mills: **$181m**
- Star Allied Venture: **$88m**
- Metro Knitting& Dyeing Mills: **$216m**

The World Bank previously approved $500 million for the BSMSN's development on condition that no factories would be set up before the utility connections were provided.

During a visit to the site in late October, it was found that the industrial units of 13 different companies, including Asian Paints, McDonald Steel, Modern Synthetic and TK Group, are currently under construction.

"These factories may go into production next year," Chowdhury said.

Meanwhile, some other factories are waiting for their utility connections before starting their construction work, he added.

Regarding the fresh initiative, Chowdhury said Beza has already sent a project proposal to the Planning Commission for approval.

According to the Beza executive chairman, the BSMSN seems to be taking shape day by day as investors have started developing the physical infrastructure of the 30,000-acre economic zone.

In total, around 200 investment proposals have been received for the BSMSN with 76 coming from local garment makers.

Once these proposals become actualised industrial units, they will generate around 9 lakh opportunities for direct employment, Beza data shows.

Besides, three local business entities -- Confidence Group, Energypac and the state-owned Rural Power Company -- have expressed their willingness to invest nearly $3 billion in the power sector, Chowdhury said.

READ MORE ON B3

RBI holds rates, says will ensure ample liquidity

Reuters, *Mumbai*

The Reserve Bank of India (RBI) kept its key interest rates steady as widely expected on Friday amid persistently high inflation but said it will ensure ample liquidity is provided to stressed sectors to keep a nascent economic recovery on track.

Its monetary policy committee decided to retain an accommodative policy stance at least for the current financial year and into the next to revive growth on a durable basis, while ensuring that inflation remains within target, Governor Shaktikanta Das said in an online briefing.

Das said the economy was rebounding faster than expected from a coronavirus-induced slump earlier in the year but warned signs of recovery were far from being broad based. COVID-19 infections are also continuing to climb, with the tally now 9.57 million people.

Das said MPC members voted unanimously to hold rates and retain the stance. The key lending rate of the RBI or the repo rate was left unchanged at 4 per cent while the reverse repo rate or the key borrowing rate stayed at 3.35 per cent.

"The MPC is of the view that inflation is likely to remain elevated, barring transient relief in the winter months from prices of perishables," Das said.

"This constrains monetary policy at the current juncture from using the space available to act in support of growth."

REUTERS/FILE

The logo of Reserve Bank of India is seen inside its headquarters in Mumbai, India.

Indian stocks extended earlier gains to hit record highs after the decision, while the Indian rupee strengthened slightly to 73.76 against the dollar. The benchmark 10-year bond yield fell 3 basis points to 5.90 per cent.

Das announced measures to help improve access to funding for stressed sectors and said the RBI will take further steps when necessary to ensure ample rupee liquidity to sustain visible growth impulses, without impacting inflation.

"Inflation targeting is uppermost in our agenda," Das said in a post policy news conference.

The MPC sees inflation in the current quarter at 6.8 per cent before cooling slightly to 5.8 per cent in the Jan-March quarter. The October projections for H2 FY21 were for inflation between 5.4 per cent-4.5 per cent.

"We believe that improving signs of growth normalisation and elevated inflation in the near term suggest no additional scope for rate cuts," said Garima Kapoor, economist with Elara Capital.

The central bank has slashed the repo rate by 115 basis points (bps) since late March to cushion the shock from the coronavirus crisis and sweeping lockdowns to check its spread.

However, inflation has remained consistently above the upper end of the RBI's mandated 2 per cent-6 per cent target range every month barring March this year, with core inflation also remaining sticky.

"If supply side management is timely and effective, you will see the trajectory of inflation completely changing," deputy governor Michael Patra said, adding that the inflation projections provided are based on how things stand today.

Gross domestic product in the July-September quarter contracted 7.5 per cent on-year, after a decline of 23.9 per cent in the previous three months.

Das said India's prospects have brightened with progress on COVID-19 vaccines, and MPC now projects real GDP for the current financial year to shrink just 7.5 per cent from an earlier expectation of a 9.5 per cent contraction.

Analysts polled by Reuters last month forecast India would emerge from recession early in 2021 but it is not expected to return to pre-pandemic levels any time soon.

"An accommodative liquidity stance will ensure access to liquidity will not be a challenge and the ongoing recovery continues to gather steam," said Ashish Shanker, head Of investment at Motilal Oswal Private Wealth Management.

ESQUIRE ELECTRONICS

Arifur Rahman, managing director of Esquire Electronics, sole distributor of Japanese electronics brands SHARP, GENERAL and Mitsubishi Heavy Industries, cuts a ribbon to open a new showroom on Road 6 at Dhanmondi in Dhaka.

JD.com becomes first online platform to accept China's digital currency

Reuters, *Shanghai*

Chinese e-commerce company JD.com Inc said on Saturday it has become the country's first virtual platform to accept Beijing's homegrown digital currency.

JD Digits, the company's fintech arm, will accept digital yuan as payment for some products on its online mall, as part of an experimental giveaway of digital yuan to citizens of Suzhou, near Shanghai, according to a post on the company's official WeChat account.

China's digital yuan is one of the world's most advanced "central bank digital currency" initiatives, as authorities globally respond to threats from private currencies such as bitcoin and Facebook's Libra.

Under the Suzhou programme, the municipal government and the People's Bank of China (PBOC) will issue 200 digital yuan "red envelopes" to 100,000 consumers selected through a lottery.

Suzhou's scheme is the second such digital lottery, after the PBOC issued 10 million yuan worth of digital currency to 50,000 randomly selected consumers in the southern city of Shenzhen.

PBOC Governor Yi Gang said last month that more than 2 billion yuan had been spent using China's digital currency so far in 4 million separate transactions.

ACI MOTORS

Md Benojir Alam, director at Crop Yield Enhancement through Farm Mechanization Project at the Department of Agricultural Extension, and Subrata Ranjan Das, executive director of ACI Motors, pose during a field demonstration of Japanese paddy cutting, threshing, cleaning and packaging Yanmar Combine Harvester at Bangladesh Jute Research Institute in Manikganj recently.

MONTRESOR

Actor Safa Kabir opens an outlet of cosmetics brand Montresor at Sima Blossom of Dhanmondi in Dhaka on Friday.

US not extending TikTok divestiture deadline, but talks will continue

Reuters, *Washington/New York*

The Trump administration on Friday opted not to grant ByteDance a new extension of an order requiring the Chinese company to divest TikTok's US assets, but talks will continue over the short video-sharing app's fate, two sources briefed on the matter said.

A Treasury Department representative said late on Friday the Committee on Foreign Investment in the United States (CFIUS) "is engaging with ByteDance to complete the divestment and other steps necessary to resolve the national security risks."

Last week, CFIUS granted TikTok parent ByteDance a one-week extension until Friday over the order to shed TikTok's US assets.

President Donald Trump's August order gave the Justice Department the power to enforce the divestiture order once the deadline expired, but it is unclear when or how the government may seek to compel divestiture.

Trump was said to have personally made the decision not to approve any additional extensions at a meeting of senior US officials, according to a person briefed on the meeting. The government had previously issued a 15-day and seven-day extension of the initial 90-day deadline, which was Nov. 12, in Trump's order.

The Justice Department did not immediately respond to requests for comment, while the White House did not comment. TikTok declined to comment.

REUTERS/FILE

A 3D printed Tik Tok logo is seen in front of US flag in this illustration.

Is a post-Covid currency war coming?

Reuters, *London*

Financial markets' euphoric reaction to the recent COVID-19 vaccine breakthroughs and US election results is pushing some currencies up so fast that rumblings have begun about a potential new FX war.

Almost a decade after Brazil's finance minister likened Western central bank money-printing to economic warfare, some of the conditions that led countries to weaken their currencies then look to be forming again.

Investors' growing eagerness to buy into risky assets gave emerging market currencies their best month in nearly two years in November, stretching a run of gains that started in June.

A further extension -- seen as likely after the dollar hit a two-year low on Thursday -- would mark be their longest uninterrupted climb since 2012.

South Korea, Taiwan and Thailand are already worried enough that they have either intervened in their foreign exchange markets or taken other steps to try to prevent fragile economic recoveries being snuffed out.

In Sweden, whose crown is this year's best-performing currency, the central bank unexpectedly increased its money-printing programme last week.

"I think currency war would be a bit of a dramatic term to use right now, but you could say there have been some early warning shots," said UBS's head of emerging market strategy Manik Narain. "And if this currency strength continues, these countries could start to push back harder."

Competitive currency devaluations are blamed by economists for exacerbating the 1930s Great Depression and dragging for decades on world trade by fostering protectionism.

REUTERS/FILE

US dollar, euro and Swiss franc bank notes are seen in a bank in Budapest.

The cycle usually starts with tit-for-tat interest rate cuts and interventions, but can quickly escalate into capital controls or investment taxes to ward off hot foreign money like that now flooding into emerging markets.

Institute of International Finance data on Tuesday showed investors splurged a record $40 billion on stocks and $37 billion on bonds in emerging markets last month, a spree that was more than the previous three months combined.

The Mexican peso, Brazilian real, Turkish Lira, South African rand, Russian rouble and Polish zloty all jumped between 5 per cent and 10 per cent, adding to 5 per cent-12 per cent leaps in China, Taiwan and Korea's currencies since June.

It is not only the expectation that COVID-19 vaccines will normalise trade, travel and commodity prices driving the trend.

Low global interest rates mean developing countries are among the few places left where investors make positive returns on bonds, while the boom in electric cars and automation has seen money pour into Asia's big microchip makers.

Global trade is expected to see the first expansion next year in three years, with the hope too that US President-elect Joe Biden's government will be more predictable on that front.

"If you look at the areas in which potential currency wars could break out it would be the areas which have attracted the most capital flows or the most equity flows," PIMCO's head of emerging markets portfolio management Pramol Dhawan said.

He cited Taiwan, South Korea and China as the main hotspots, and potentially India going forward. It has already stacked up $85 billion worth of dollar reserves this year, Narain at UBS added, helping keep the rupee on the leash.

After blazing energy rally, investors check the fuel gauge

Reuters, *New York*

Investors are gauging how far a rally in beaten-down energy shares could run, as an expected recovery for the coronavirus-hit economy clashes with skepticism about the long-term prospects of fossil fuels.

Energy shares overall soared nearly 27 per cent in November, leading the charge among sectors expected to benefit from the broad economic revival promised by encouraging developments for several vaccines against COVID-19.

The longer term outlook for the sector, however, remains uncertain, as companies throughout the oil and gas supply chain face challenges from the increasing use of "green" energy sources such as wind and solar. Another concern is resistance among fund managers to investing in fossil fuel companies over environmental concerns.

"It's always hard to be extremely bullish on a sector that is likely in secular decline, and the traditional fossil fuel sector is very likely in secular decline," said Doug Cohen, a portfolio manager at Fiduciary Trust International.

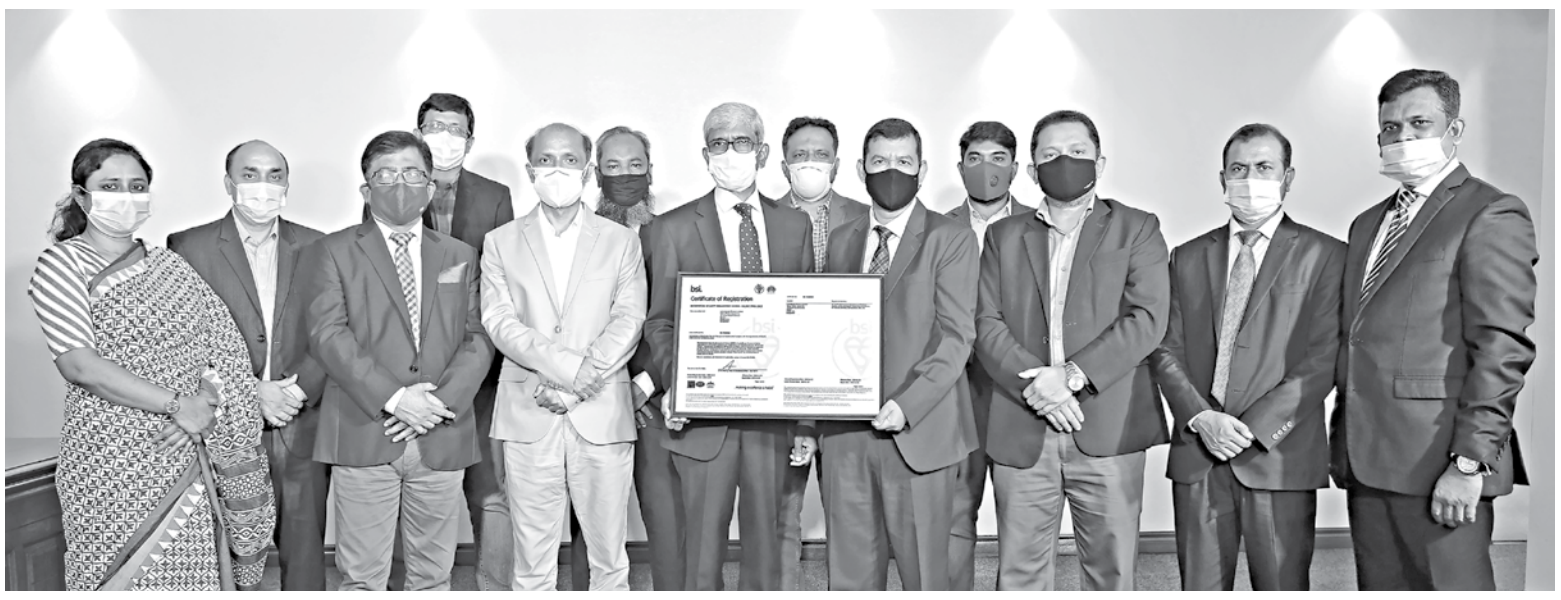
Coronavirus-related developments will continue to draw investor attention next week, as a US health advisory panel meets Thursday to discuss whether to recommend emergency use authorization of a vaccine developed by Pfizer Inc with German partner BioNTech SE.

The energy sector remains down 37 per cent this year, even as a 13.5 per cent rise has sent the S&P 500 to fresh records. Declining oil prices have seen energy stocks underperform the broad market since the Great Recession, and the market value of energy companies has shrunk to 2.4 per cent of the S&P 500, down from over 15 per cent in 2008, according to Refinitiv Datastream.

November rattled that trend, as the release of positive data from three separate coronavirus vaccines from Pfizer, Moderna Inc and AstraZeneca Plc sparked massive rallies in the shares of companies across the sector.

Shares of oil majors Exxon Mobil Corp and Chevron Corp rose 17 per cent and 25 per cent, respectively, while Occidental Petroleum Corp soared over 72 per cent and Devon Energy Corp surged nearly 57 per cent.

"The notion of a vaccine being sometime around the corner gives some hope that oil demand may recover," said Stewart Glickman, energy equity analyst at CFRA Research, adding that energy shares will stay sensitive to news about vaccines or coronavirus cases in the near-term.



LANKABANGLA FINANCE

Khwaja Shahriar, managing director of LankaBangla Finance, poses with an ISO/IEC 27001:2013 certification at an event. The British Standard's Institute awarded the certificate to the non-bank financial institution for adopting and applying global standards and best practices to ensure effectiveness, efficiency, confidentiality and the integrity of its day-to-day information security operations.

HSBC

Mohammad Muslim Chowdhury, comptroller and auditor general of Bangladesh; Abu Hena Md Rahmatul Muneem, chairman of the National Board of Revenue (NBR); Ahmed Jamal, a deputy governor at Bangladesh Bank; Sujeet Kumar Pai Sarvotham, country head at Linde Bangladesh, and Md Mahbub ur Rahman, CEO of HSBC Bangladesh, attend a "Webinar on e-Payment of Customs Duty" recently. The event oriented the bank's corporate customers about the requirements and process of e-payments as customs duty payments through automated systems has been made mandatory from January 1, 2022.

Trust Bank gets new DMD

STAR BUSINESS DESK

Ahsan Zaman Chowdhury has recently been appointed deputy managing director and chief business officer of Trust Bank with effect from December 1.

Prior to the promotion, he was senior executive vice president and head of business division of the bank.

Chowdhury started his career with AB Bank, according to a statement. He also worked at Eastern Bank in various capacities. He obtained his graduate and postgraduate degrees in management from the University of Chittagong.

Mega push for a green Bangabandhu Shilpa Nagar

FROM PAGE B1

"With this, we hope that total investment in the BSMSN will reach $30 billion by 2030, which will be equivalent to the total investment made in all other economic zones combined," he added.

Even amid the ongoing coronavirus pandemic, Beza received over $1.5 billion in investment proposals from home and abroad with most local companies looking to pour their funds into the pharmaceutical, chemical, steel, textile, automobile, electronics and ceramic sectors.

Chowhudry went on to assure that local and foreign businesses would enjoy equal benefits at the BSMSN.

But due to the growing interest amid foreign investors, Beza has even been forced to decline proposals as it would not be possible to accommodate them all with the limited amount of land available inside the industrial city.

Once complete, the zone will become the third largest city in Bangladesh after Dhaka and Chattogram as around 15 million people will live and work in the adjoining areas, Chowdhury said.

Jinyuan Chemical Industry, a Chinese company which exports chemical products to the US and Canada, was set to become the first business to begin commercial operations inside the BSMSN in March.

However, this debut has since been delayed by the Covid-19 outbreak.

"I received clearance to start factory operations," Wang Yang, chairman of Jinyuan Chemical, told The Daily Star ahead of the coronavirus outbreak in March.

Yang had shifted her factory from China to Bangladesh in a bid to lessen the tariff burden while exporting products to North America.

"My first aim was to avoid the impacts of the US-China trade conflict and make my products more competitive," Yang said. The BSMSN will be the country's first public economic zone to go into operation as a part of the government's plan to set up 100 industrial enclaves across Bangladesh, Beza's Chowdhury said.

Bangladesh signs trade deal with Bhutan today

FROM PAGE B1

Under the deal, Bangladesh will enjoy duty benefit on the exports of 100 local products such as garments, processed agricultural goods and electronics. Bhutan will enjoy duty benefit on 34 products like fruits, Munshi said. The agreement will come into effect immediately.

In the fiscal year of 2018-19, Bangladesh exported goods worth $7.56 million and imported goods worth $42.09 million, according to data from the commerce ministry.

The trade balance between Bangladesh and Bhutan is tilted towards Bhutan as Bangladesh is a major importer of stones used in the construction sector. Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the signing of the PTA with Bhutan was a good beginning.

Bangladesh can also look into signing comprehensive economic partnership agreements (CEPAs) with Bhutan and other major trading partners to retain the preferential trade benefits even after the graduation, said Rahman.

Bangladesh is set to make its status graduation to a developing country in 2024. In doing so, the country will lose preferential trade benefits as an LDC, except to the European Union, where the benefit would continue up to 2027 to help the country's transition.

Bhutan is also a member of the BBIN (Bangladesh, Bhutan, India and Nepal) initiative, but it has not ratified the agreement yet.

"Bangladesh should negotiate more with Bhutan for the BBIN initiative so that the connectivity grows. The CEPA can ensure connectivity and investment between the two countries," Rahman said.

Bangladesh and Bhutan have agreed on establishing railway connectivity, which is expected to improve connectivity and boost trade and investment.

Both Bangladesh and Bhutan enjoy tariff benefit reciprocally under the South Asian Free Trade Area (Safta). So, Bangladesh will have to see how to access more beyond the Safta and under the PTA, the trade analyst said.

"Only the PTA is not enough; Bangladesh will need to sign CEPAs with major trading partners to secure more trade benefit after the graduation."

Bangladesh is ready to sign free trade agreements (FTAs) and PTAs with 11 more countries such as Nepal and Indonesia by June next year, said the commerce minister.

"We have limited time, and we would have to sign a lot of FTAs or PTAs with our major trading partners to protect our trade privileges after the graduation," he said.

Bangladesh might lose revenue from import tariffs due to the FTAs and PTAs, but it needs to go for the deals to protect the trade privileges, he said. "Bhutan might be a small country, but we will have to start from a certain point. So, we started with Bhutan as we have an emotional relationship with Bhutan," said Munshi.

Commerce Secretary Md Jafar Uddin said although Bangladesh would lose tariff from import to some extent, studies show that a lot of jobs would be created in the country and exports would grow.

"We can't sit idle. We will have to move, as we will lose duty privileges in 2024. We have to sign such agreements with our trading partners," he said.

There is a 30 per cent duty on garment imported by Bhutan, which buys around $2 million worth of apparel from external sources every year. "So far, we exported a little over $300,000 worth of goods in a single year. We see opportunities everywhere, especially in South Asia," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, recently.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the signing of the PTA with Bhutan was a tiny step for a long jump.

"Bangladesh will not have any economic impact on signing the PTA, but it has a learning point. We can learn a lot from the signing of such PTAs. We can learn how to negotiate," he said.

Bangladesh needs to sign trade deals with major trading partners like China, India, the Association of Southeast Asian Nations and the EU to retain trade benefits. So, the government is desperately lobbying with trading partners to sign either FTAs or PTAs.

The PTAs constitute an exception to the general most-favoured-nation provision of the World Trade Organisation (WTO), where all WTO members impose on each other the same non-discriminatory tariff. All WTO members, sans Mongolia, have signed at least one PTA. Bangladesh has begun negotiations with the Asean so that the country can grab more of its market share within the region.

Currently, Bangladesh, as an LDC, enjoys zero-duty benefits, preferential trade benefits and regional trade benefits on exports to 38 countries, including the EU countries.

Also, in the US, Bangladesh gets a zero-duty benefit for 97 per cent of its products, excluding garments, the country's main export item. Nevertheless, the US is the single largest export destination for the country.

Bangladesh will face competition in the EU after graduation as Vietnam has already signed an FTA with the bloc.

Some 74 per cent of Bangladesh's export earnings come under preferential trade as an LDC. Of the income, 64 per cent comes from the EU and 10 per cent from Japan, Canada and other developed countries.

Banks have to set aside more funds to absorb shocks

FROM PAGE B1

The moratorium facility was later extended until December and has curbed the upward trend of default loans and the provision requirement.

Non-performing loans (NPLs) stood at Tk 94,440 crore in September, down 1.74 per cent from that three months earlier and 18.73 per cent year-on-year, BB data showed.

The country's banking sector has, historically, faced provisioning shortfall due to the failure of 10 to 11 banks.

The ongoing moratorium facility has helped banks bring down the provision shortfall to Tk 2,644 crore in September in contrast to Tk 8,119 crore one year ago.

As of September, 21 banks have failed to keep additional provisioning while 12 banks faced a shortfall in meeting the regulatory requirement, according to central bank data.

Banks in other countries have set aside additional provisioning to protect their financial health from the potential risks emerging from the ongoing economic hardship. But, the banking sector in Bangladesh is reluctant to do so. Rather, banks are trying to increase net profit to offer a good amount of dividend to their directors.

As a result, the net profit in the banking sector soared 33.60 per cent year-on-year to Tk 2,424 crore in the first half of 2020 despite a collapse in business and a feeble recovery of loans. Lenders are transferring the interests of the loans that are yet to be realised to their income books inflating profits artificially. Such an interest is treated as an accrued interest in banking norms. Banks are allowed to show the accrued interest as income, but such amounts have to be treated as an interest in suspense if loans become defaulted.

Banks should be asked to keep more provisions against unclassified loans as loan classification has stopped because of the moratorium, said Salehuddin Ahmed, a former governor of the central bank. The central bank also plans to raise the provisional requirement for unclassified loans, another central banker said. Bankers have welcomed the central bank move, saying this would help banks strengthen their financial health.

Emranul Huq, managing director of Dhaka Bank, said the actual situation in the banking sector would be apparent next year. "So, we should take preparation right now. Keeping excess provision will mitigate risks to a great extent," he said. MA Halim Chowdhury, managing director of Pubali Bank, echoed Huq.

High-end products still a long way off

FROM PAGE B1

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said production of high-end garment items requires man-made fibres, in which Bangladesh is still very weak.

Bangladesh is strong in the manufacturing of garments from cotton fibre. Nearly 80 per cent of garment items in Bangladesh are manufactured from cotton fibre.

However, the demand for cotton fibre-made garment items is declining worldwide. For instance, almost all the sportswear fashion items come from artificial fibre.

The demand for sportswear items is on the rise globally both for sports purposes and fashion purposes, Mansur said.

Although it is difficult to quantify the high-end garment items exported from Bangladesh, industry insiders say its share is more than 30 per cent.

However, not all of them are high-end; they include semi-high-end garment items as well.

"Fast fashion is not a barrier at all; rather entertainment-related social restrictions discourage high-end buyers from visiting Bangladesh," said KM Rezaul Hasanat, chairman and CEO of Viyellatex Group, a major exporter of value-added garments.

Fast fashion can be defined as cheap, trendy clothing that samples ideas from the catwalk or celebrity culture and turns them into garments in high street stores at breakneck speed.

"Big clients need big initiatives, which Bangladesh is lacking," Hasanat said.

He said around 40 per cent of the total garment exported from the country is value-added items.

Sharif Zahir, managing director of Ananta Group Ltd, another exporter of high-end garments, is exporting denim jeans, suits and lingerie as high-end products.

"The demand is good, but it takes a few years to make a profit from a factory of high-end products," he said, adding that he had not been able to make a profit even after three years of exports from the high-end garment factory.

"However, I am expecting a good profit soon," said Zahir.

Of his total exports, 20 per cent is high-end, 50 per cent is medium, and the rest is basic items.

"Production of high-end garment items is a very complicated process," he added.

About 80 per cent of the garment exports fall within the price range of $15 per kilogram, and only 20 per cent items get a price more than $15 and a tiny fraction gets $35, according to research by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Contrary to adding higher values, the trend suggests that Bangladesh has lost 1.79 per cent unit value of the garment exported in the last five years.

Though it is difficult to capture the trend for the product range above $15 per unit, this may be generalised that Bangladesh's progress towards adding higher values has been slow, the research said.

There have been some significant disconnect that limit the industry's potential to expand over high street fashion, the BGMEA said.

The profile of the industry shows that it is mostly a volume-driven industry having a little presence of small and medium enterprises to tap into the niche market.

"Lack of innovative capabilities in the area of designing and product development and expertise, skills and technologies, and limited diversification in the area of non-cotton area are some of the major roadblocks to enhance our presence in the high-end segment of the global fashion market."

The narrative of the industry has to change to be able to tap the high-end market, said the BGMEA.

"We have opportunities in the EU and the US, as well as in emerging Asian markets that include Japan, China, India, and Korea, and other regions like Russia and Australia," said Rubana Huq, president of the BGMEA.

Huq said it could not be measured by averaging the value of garments since products differ from one from another in terms of materials used, finishes, trims, and other embellishments.

China has achieved excellence in all the segments of the global fashion market, and Vietnam, being heavily invested in backward and forward linkages by external investors, has also moved forward in terms of value addition than Bangladesh, she said.

Drug makers' profits bounce back in first quarter

FROM PAGE B1

Of the 19 pharmaceutical companies listed with the country's bourses, three are yet to publish their financial reports.

Of the 16 that have been analysed so far, Square Pharmaceuticals booked the highest profit of Tk 393 crore, which was 37 per cent higher than that of the previous quarter.

In the April-June quarter, the company saw 20.7 per cent lower profits, which stood at profits Tk 286 crore.

The country's top pharma company plans to invest Tk 250 crore to expand its production capacity.

Similarly, other top drug makers have also announced that they will make further investments after seeing the market's growth potential for the coming years.

The domestic pharmaceutical market is worth around Tk 25,000 crore and has grown by around 14-15 per cent annually, according to the Bangladesh Association of Pharmaceutical Industries.

"Most local pharma companies have global standard equipment and facilities and due to their dream of reaching the international market, they continued to invest in the sector even amid the pandemic," said Md Rafiqul Islam, head of corporate and company secretary of ACME Laboratories.

After meeting 98 per cent of the domestic demand, local companies work to have their products enter highly regulated countries like the US and the UK.

Many firms have already started exporting to those countries and due to the huge potential for profits, they are investing even more in the sector, he added.

Acme Laboratories' profits tumbled 11 per cent to Tk 31 crore in the April-June quarter but it increased by around 32 per cent in the next quarter to reach Tk 41 crore.

Acme's profits were the fourth highest among the listed pharma companies.

Meanwhile, Beximco Pharmaceuticals' profits fell 1 per cent to Tk 89 crore in the last quarter of fiscal 2019-20 but rose by 20 per cent to Tk 107 crore in the first quarter of this year.

Separate industrial

FROM PAGE B4

Mills produce and market the iodized salt after mixing the potassium iodate with refined salt.

As per the National Salt Policy, the BSCIC is the sole patron of the country's salt industry.

The CIDD project aimed at increasing the production and supply of adequately iodized salt as required by the population.

While addressing the meeting, the BSCIC chairman said the production cost of salt would decrease if around 30,000 acres of khas lands, on which salt is currently cultivated, could be acquired and allotted among the salt farmers at cheap prices.

"That way, poor farmers would be able to get fair prices," Hassan added.

He also assured that the BSCIC would take the necessary steps in this regard.

BSCIC Director (Engineering and Project Implementation) Mohamad Ataur Rahman Siddique, General Manager (Marketing) Akhil Ranjan Tarafdar, Chattogram Regional Director Babul Chandra Nath, CIDD Deputy Project Director Sarwar Hossain and Salt Mills Owners Association President Nurul Kabir were present as well.

Salt is produced on 60,796 acres of land in various upazilas of Cox's Bazar and is produced six months a year, between November and May.

Bangladesh consumed 20 lakh tonnes of salt in fiscal year 2019-20 and demand was met through local production and carry-over stock of the previous year, according to data from BSCIC.

Salt production declined to 15.7 lakh tonnes in the last fiscal year from 18.2 lakh tonnes the previous year.

During the current fiscal year 2020-21, carry-over stock stands at 4 lakh tonnes, said BSCIC's Sarwar Hossain.

Three local firms make it to Forbes' best under $1b list

FROM PAGE B1

Fortune Shoes, based mainly in the southern division of Barishal, was reported to have sales worth $18 million while net income $3 million.

The list said its market value was $28 million.

Fortune has 5,000 workers, and it exports leather boots to the European market.

"It is good news to know that we are in the list," said Mizanur Rahman, managing director of Fortune Shoes, in an immediate reaction.

"We are honoured to be named along with two other Bangladeshi companies," said Ananta Saha, international business manager of Renata Ltd.

Forbes said the companies on this list have scored above their peers in a composite ranking that includes sales and profit growth, low debt levels and robust governance.

The criteria also ensured a geographic diversity of companies from across the region.

By using metrics both quantitative and qualitative, the final list of 200 is truly a select group, it added.

"This list is meant to identify companies with long-term sustainable performance across a variety of metrics8," it said.

The 200 companies made the cut out of 18,000 publicly traded companies in the Asia-Pacific region with annual revenues above $10 million, but below $1 billion, it said.

Separate industrial city for Ctg salt producers

STAFF CORRESPONDENT, *Chattogram*

The Bangladesh Small and Cottage Industries Corporation (BSCIC) has taken an initiative to develop a separate industrial city for salt producers in Chattogram.

BSCIC Chairman Mostaque Hassan announced the move yesterday during the organisation's half-year review meeting with the salt mill owners of Chattogram region, according to a press release.

The meeting, held under the Control of Iodine Deficiency Disorders (CIDD) project, was jointly organised by the BSCIC and Nutrition International.

After the salt mill owners declare their demands regarding plots, the BSCIC authority will run a feasibility study before developing a separate industrial hub for salt production, Hassan said.

Considering the losses incurred by the salt industry amid the ongoing pandemic, the BSCIC would reduce the price of potassium iodate by Tk 500 per kilogramme in January, he said.

Potassium iodate is currently being sold at Tk 2,500 to Tk 3,000 per kilogramme.

Under the CIDD project, the BSCIC has been importing potassium iodate for distribution among the country's salt refineries.

This is done by dividing the country's salt mills into eight zones, as iodization of edible salt is mandatory.

READ MORE ON B3

The humble farmer who made Tk 2.5cr off her onion seeds

OUR CORRESPONDENT, *Faridpur*

Sahida Begum was busy arranging lunch for her 10 farm hands when this correspondent went to her house on Friday around 11:30am.

There was little to give away the fact that this humble 43-year-old farmer of Faridpur's Gobindapur village had accomplished a remarkable feat: attaining a profit of Tk 2.5 crore selling onion seeds.

"This year I got 200 maunds of onion seed from 30 acres of land spending Tk 1 crore," she said explaining that each maund sold for Tk 2 lakh.

"Onion growers from different parts of our country came to buy our seed. Demand has been good…even if I had 500 maunds, I could have easily sold it," she added.

This achievement did not come about overnight. It was back in 2004 that she took up onion seed cultivation on 20 decimals of land. That year she got only two maunds which she sold for Tk 80,000.

Next year it was 13 mounds, each selling for Tk 40,000. This perked her interest, as the profits were good. The next year she took lease of more land and attained 32 maunds. And this practice continued for the following years.

"Last year I cultivated on 15 acres of land and got 150 maunds. Every year I try to cultivate new varieties so that farmers can get bumper production," said Sahida Begum.

"Now I am producing different varieties, including Rajshahi Tahripur, Superking, Sukhsagar, Nasirking and also hybrid ones," she said.

"The seed production has already started. After sorting, the onion bulbs have been taken to the field to be planted. The November-December period is the proper time to plant bulbs for onion seed," she said.

She packs her products in her own home under the brand "Khan Seed" and even offers delivery service to customers.

"Onion growers of our area do not cultivate anything other than with her

SUZIT KUMAR DAS

Sahida Begum, *right*, seen with her husband Md Baktar Hossain on her onion field joins farm hands in preparations for packing, done in her home in Faridpur's Gobindapur village under her brand "Khan Seed". Her endeavours towards ensuring quality made her onion seeds a favourite among local farmers while enabling employment for some 50 people during harvests.

seeds. Her onion seeds are excellent," compliments onion grower Md Habibur Rahman of Kalipur village under Mashpur upazila in Jhenaidah while talking to this correspondent over the phone.

Praises also came from Laboni Begum, one of the 50 or so locals she employs during onion seed harvesting period.

"Sahida is an excellent woman. She works with us at her field. She takes her meals with us. She cooks for us as a family member," she said.

Losing her job at a local cotton mill in the fallouts of the pandemic, Laboni Begum was offered to work on the fields by Sahida Begum for Tk 400 a day. "It was really a great offer for me to run my family," she said.

Amidst all this, Sahida Begum has gone on to raise two daughters, one currently a banker and the other studying in class nine at Faridpur Government Girls' High School.

Her husband Md Baktar Hossain, also a banker by profession, was supervising workers on the planting of onion bulbs during this correspondent's visit.

He said he always tried to help her on the weekends at the fields, four acres their own and the rest taken on lease.

"My wife works early morning to late night for this onion seeds. Onion seeds have to be nurtured like a child, otherwise its quality is lost. She has been doing this work alone with the workers for years," he said.

"My wife is now a competent farmer just like any other man could be. I am very proud of her," said Hossain.

"Many young and educated men and women became interested in cultivating onion seeds seeing my work. They come to me to know how I cultivate onion seed," said Sahida Begum, now an icon for farmers in Faridpur sadar upazila.

"Sahida is our listed onion seed producer. The quality of her seeds is excellent. So, onion growers from different parts of our country buy her seeds," said Ashutosh Biswas, assistant deputy director of the Department of Agricultural Extension.

"Faridpur is in second position in terms of onion production and supply all over the country. Besides, 60 to 70 per cent of the demand of onion seeds in the country is fulfilled from Faridpur," he added.

"Onion seeds were cultivated on 1,415 hectares of land in Bhanga, Nagarkanda, Saltha and Faridpur sadar upazilas last year. A total of 849 tonnes of onion seeds were produced," he said.

Sahida Begum suggests the government build cold storages, saying it would generate more interest among people to cultivate onion.

GLOBAL BUSINESS

Nissan joins GM in exiting auto group backing Trump

REUTERS, *Washington*

Japanese automaker Nissan Motor Co on Friday joined General Motors Co in exiting a group of automakers that had backed US President Donald Trump in his bid to prevent California from imposing its own vehicle emissions rules.

GM last week reversed course in an ongoing court fight and abandoned the outgoing Republican president, winning praise from Democratic President-elect Joe Biden, who takes office on Jan. 20.

"We are confident that productive conversations among the auto industry, the Biden administration and California can deliver a common-sense set of national standards that increases efficiency and meets the needs of all American drivers," Nissan said in a statement.

GM had joined Nissan, Toyota Motor Corp, Fiat Chrysler Automobiles NV and other automakers in October 2019 in support of Trump effort's to bar California from setting its own fuel-efficiency rules, or zero-emission requirements, for vehicles - separate from federal requirements.

Others still backing Trump include Mazda Motor Corp, Hyundai Motor, Kia Motors Corp Mitsubishi Motors Corp, Subaru Corp and the National Automobile Dealers Association.

The industry still remained split on how to move forward after it held a meeting Tuesday.

Biden has made boosting electric vehicles a top priority and pledged to spend billions of dollars to add 550,000 charging stations for such vehicles. He also supports new tax credits for purchases of electric vehicles and retrofitting factories for their production.

Ford Motor Co, Honda Motor Co, Volkswagen AG and BMW AG in July 2019 struck a voluntary agreement with California on reducing vehicle emissions that is less stringent than rules previously adopted under President Barack Obama but higher than the Trump administration's rollback.

REUTERS/FILE

The logo of Nissan Motor Corp is seen in the company's showroom in Tokyo.

US labour market losing steam as Covid-19 pandemic rages

REUTERS, *Washington*

The US economy added the fewest workers in six months in November, hindered by a resurgence in new COVID-19 cases that, together with a lack of more government relief money, threatens to reverse the recovery from the pandemic recession.

The Labor Department's closely watched employment report on Friday also showed 3.9 million people have been out of work for at least six months, with many giving up, a sign of a lack of confidence in the labor market. The report, which only covered the first two weeks of November, when the current wave of coronavirus infections started, underscored the challenges facing President-elect Joe Biden when he takes over from President Donald Trump on Jan. 20.

Biden called the report "grim" and urged Congress and Trump to provide additional fiscal stimulus. "Americans need help and they need it now," the president-elect said in a statement.

The economy has recouped only 12.4 million of the 22.2 million jobs lost in March and April. Even with a vaccine on the way, economists are warning of a bleak winter. US House of Representatives Speaker Nancy Pelosi said on Friday there was momentum behind talks on a coronavirus relief bill.

Nonfarm payrolls increased by 245,000 jobs last month after rising by 610,000 in October. That was the smallest gain since the jobs recovery started in May and the fifth straight monthly slowdown in job growth. Economists polled by Reuters had forecast payrolls would increase by 469,000 jobs in November. Hiring peaked at 4.781 million jobs in June.

"The recovery is stalling and fragile at best," said Sung Won Sohn, finance and economics professor at Loyola Marymount University in Los Angeles. "The onset of winter and resurgence of the virus could knock the economy into another dip before the vaccine and more stimulus from Washington come to the rescue."

Job growth last month was held back by further depressions of

REUTERS/FILE

Hundreds of people line up outside the Kentucky Career Center, over two hours prior to its opening, to find assistance with their unemployment claims, in Frankfort, Kentucky, US.

temporary workers hired for the 2020 Census. Local governments shed more workers, especially at schools, causing overall government payrolls to drop by 99,000 jobs, the third straight monthly decline. The private sector added 344,000 jobs.

The retail sector lost 35,000 jobs, reflecting weak seasonal hiring amid the pandemic. But hiring in transportation and warehousing increased by 145,000 jobs, accounting for nearly three-fifths of the payroll gains. Employment also increased in the professional and business services, financial activities and health care industries. Construction payrolls rose by 27,000 jobs and manufacturers added 27,000 positions.

The smaller-than-expected job gains added to reports on consumer spending, manufacturing and services industries in suggesting that the recovery from the worst recession since the Great Depression was ebbing.

"At this rate, complete stagnation or job losses in December would not be a huge surprise," said Beth Akers, senior fellow at the Manhattan Institute. "It's hard to imagine that the remaining jobs we lost early this spring will return until we've successfully distributed a vaccine that would allow businesses to return to normal operations."

Wall Street's main indexes jumped to all-time highs on hopes for additional fiscal stimulus. The dollar dipped against a basket of currencies. US Treasury prices were mostly lower.

At least 213,830 new COVID-19 cases and 2,861 deaths were reported in the United States on Thursday, according to a Reuters tally of official data.

More than $3 trillion in government COVID-19 relief approved earlier this year helped millions of unemployed Americans cover daily expenses and companies keep workers on payrolls, leading to record economic growth in the third quarter. The uncontrolled pandemic and lack of another rescue package could result in the economy contracting in the first quarter of 2021.

While the unemployment rate fell to 6.7 per cent from 6.9 per cent in October, that was because 400,000 people dropped out the labor force. It was also biased down by people misclassifying themselves as being "employed but absent from work." Without this misclassification, the jobless rate would have been 7.1 per cent.

NEWS *In Brief*

Regulator fines Bank of China over loss-making product linked to crude oil

REUTERS, *Shanghai*

State-owned Bank of China (BoC) has been fined 50.5 million yuan ($7.73 million) over irregularities in a loss-making product linked to crude oil, the banking regulator said on Saturday.

The China Banking and Insurance Regulatory Commission began an investigation after BoC settled trades for its product at negative prices following April's crash in US crude futures, leaving many retail investors facing losses.

The regulator levied penalties on the bank and some of its branches for what it called the bank's irregular product management, imprudent risk management, incomplete internal controls and non-compliant sales management.

In a statement on its website, the regulator added that it had issued warnings and fines to four people in the bank's global markets department, and suspended "access for Bank of China's relevant business and branches", but did not elaborate.

In response, BoC said in a website statement it was "determined to accept the penalties" and take relevant regulatory measures.

Tesla says Black people hold just 4pc of its US leadership roles

REUTERS

Black employees make up just 4 per cent of Tesla Inc's American leadership roles and 10 per cent of its total workforce in the country, the electric carmaker has disclosed in its first US diversity report.

Women comprise 17 per cent of the company's US leadership roles - directors and vice presidents - and 21 per cent of the overall workforce, according to the report. The figures for Asian, Black and Hispanic people combined are 33 per cent and 60 per cent.

The carmaker noted, though, that leadership roles were a "very small cohort", or less than 0.4 per cent, of its workforce.

Elon Musk's Tesla, whose meteoric rise has seen it become the most valuable auto company in the world and worth about $550 billion, acknowledged the lack of representation.

REUTERS/FILE

Tesla Inc CEO Elon Musk speaks onstage during a delivery event for Tesla China-made Model 3 cars at its factory in Shanghai, China.