



Francis Chua, chairman emeritus and director for international affairs of the Philippine Chamber of Commerce and Industry; Benedicto V Yujuico, president; Asad Alam Siam, Bangladesh ambassador to the Philippines, and Akber Hakim, president of the Bangladesh Philippine Chamber of Commerce and Industry (BPCCI), attend a webinar recently where participants stressed on increasing bilateral trade.

## Brac Bank retains B+ issuer rating of US agency

STAR BUSINESS DESK

Brac Bank has retained long-term and short-term issuer credit ratings of B+ and B, respectively from S&P Global Ratings.

The outlook on the long-term rating is stable, the rating agency said in a report recently.

S&P Global Ratings is an American credit rating agency and a division of S&P Global that publishes financial research and analysis on stocks, bonds, and commodities.

Brac is the only Bangladeshi bank that has been assigned with an issuer credit rating by S&P, according to a statement.

The ratings reflect the bank's good management and business franchise in the domestic retail and SME segments and asset quality and capitalisation that are above the industry average.

These factors are, however, offset by the challenging operating environment amid the Covid-19 induced economic slowdown and substantial credit risk in the economy, as well as reduced profitability due to pressure on interest margin and credit cost.

The stable outlook on Brac Bank reflects S&P's view that the bank will steadily

navigate challenging operating conditions in Bangladesh and maintain its financial profile over the next 12-18 months.

"We are pleased with the B+ long-term insurer rating by S&P Global Ratings as it demonstrates the overall financial strength of Brac Bank," said Selim RF Hussain, CEO of Brac Bank.

"It reflects our quality of management in identifying SME and retail segments as our niche to improve the operating competitiveness. We look forward to keeping steady progress and remain the most trusted bank in Bangladesh."

The S&P report also says that it could upgrade Brac Bank if its profitability improves while remaining higher than the industry average, and the bank sustainably increases its market share without strategic or operational missteps.

This could be shown by sustained good asset quality metrics, prudential underwriting standards and healthy capitalisation.

Conversely, the risk of a lower rating lies if the bank's asset quality deteriorates sharply, for example due to prolonged reduction in economic activity in Bangladesh, the report says.

## Bangladesh an inspiration to South Asian peers

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not only made numerous business ties with the country, but a lot of personal relationships as well.

He mentioned one name in particular, being that of the late Latifur Rahman, a noted Bangladeshi business icon and former chairman and CEO of Transcom Group. Chaudhary had worked with Rahman in various capacities across South Asia.

While addressing the 19th edition of the Bangladesh Business Awards ceremony, an initiative of DHL Express and The Daily Star held yesterday, Chaudhary spoke of the severity of the bureaucratic and political challenges of doing business in South Asia.

"If you can do business in South Asia, you can do business anywhere in the world," said Chaudhary, the first Nepalese billionaire.

The Covid-19 fallout has given rise to a number of challenges all over the world, forcing many corporate conglomerates to redefine their traditional day-to-day planning.

It is also reshaping the global economy and remodelling trade, said Chaudhary, who has businesses in 40 countries.

At the same time though, the pandemic has created a lot of business opportunities. The booming e-commerce sector is a glowing example of the opportunities that stem from Covid-19.

So, Bangladesh also has the scope to exploit these opportunities.

For instance, Bangladesh has already become a hub for start-ups, especially in e-commerce, Chaudhary said, citing rising e-commerce companies such as Pathao, Daraz and bKash as prime examples.

During his time as a student, Chaudhary, who was suddenly

forced to take over his family's textile business, had praised the rise of Bangladesh's textile and garment industries, which eventually became the second largest supplier worldwide after China over four decades.

Although Nepal and Bangladesh started their textile and garment journeys at the same time, Bangladesh showed its superior strength in the sector through its entrepreneurial resilience and government supports, he said. Over the four-decade long journey, Bangladesh's garment industry, which accounts for 11 per cent of the country's GDP, is a pioneering business milestone for the country that employs around 4.4 million people.

"With global supply chain value relocating from China to other countries, Bangladesh has a big opportunity to step forward. And such models could be a huge example for south Asian countries like Nepal to develop and accelerate the textile business front," the Nepalese business tycoon said.

It was inspiring to read from various sources that Bangladesh's economy was considered alongside that of China's for the revival of economic growth in Asia, he added.

The IMF indicated that Asia's recovery will be 1.9 per cent from China and 3.9 per cent from Bangladesh. With a GDP per capita income of \$5,139, Bangladesh's economy is not just inspiring to South Asians but also to the world in providing economic serenity.

"I would also like to take this opportunity to congratulate the government of Bangladesh in keeping the pace of economic prosperity towards making South Asia home to the privileged," Chaudhary said.

Bangladesh has maintained an impressive track record on growth and development. In its remarkable journey, Bangladesh's economy and human development went hand in hand with economic growth.

Poverty dropped by nearly a third, coupled with increased life expectancy, literacy and per capita food intake.

Entrepreneurship is all about dreaming, superb courage and doing things differently. The business journey of Chaudhary Group started with a traditional family business that started some 140 years ago.

"Also, the courage it took to build our business around the community and our engagement has been the strong sense of preference. Hence, success is always around social impact. I believe that we are always transitioning in life," he said.

The only way possible to keep moving forward is to have a vision and determine how to reach that vision.

"When I first started, it was not easy to do business in Nepal," said Chaudhary while speaking about his bumpy journey to become a successful business personality in South Asia.

Some of the major hurdles were unclear rules and laws, closed society, strict foreign exchange regulation and strict political regime.

"I still decided to follow my heart and tried to find the solution to each problem and found the legal way of doing international business without violating any laws of the country," he said.

"The journey was tough and although it took me 20 years to establish one particular company, I did not lose hope and was able to accomplish my dream," Chaudhary said, adding that the future will be even brighter.

## European markets shattered by dwindling Brexit deal hopes

AFP, London

Europe's stock markets and the pound slumped Friday after both London and Brussels warned that a no-deal Brexit was a strong possibility, sending investors running for the hills. London stocks sank 1.2 per cent nearing midday, while Frankfurt tanked 2.1 per cent and Paris was down 1.4 per cent in early afternoon eurozone deals.

"Stock markets have been hit by fears that the UK and the EU will not reach a trade agreement," said CMC

Markets analyst David Madden.

"With respect to British-European relations, things have gone from bad to worse this week and now both sides are saying that a no-deal outcome is a very real possibility. The pound sank close to a one-month low at \$1.3185, while the euro jumped to 91.93 pence -- the highest level since late September.

EU chief Ursula von der Leyen has told the bloc's leaders there were "low expectations" a post-Brexit trade deal could be struck with Britain, EU sources said, two days ahead of a

crunch decision on talks.

An EU official said leaders heard that the "probability of a no deal is higher than of a deal" in a brief discussion of Brexit at a marathon Brussels summit, as time ticks down to a Sunday deadline to make a call on prolonging negotiations or giving up. British Prime Minister Boris Johnson also warned Thursday there was a "strong possibility" of no deal -- and instructed his government to prepare for Britain to crash out of the European Union's single market at the end of this year.



Emranul Huq, CEO of Dhaka Bank, and Md Abdul Mannan, a general manager of Bangladesh Bank, exchange documents after signing an agreement on the latter's premises in Dhaka. Dhaka Bank will support safety, retrofits and environmental upgrades in the Bangladeshi Ready-Made Garment Sector Project.

## Ctg customs badly shorthanded

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This is because most of the third- and fourth-class employees retired and their posts have not been reappointed as of yet.

Although revenue collection at the customs house increased 42 times in the same period, sufficient manpower has not been recruited as per the demand.

According to customs data, Chattogram Custom collected Tk 1,017 crore in fiscal 1982-83 while it was Tk 42,853 crore in fiscal 2019-20, when it accounted for about 20 per cent of the total tax collected by the National Board of Revenue for that year (Tk 223,892 crore).

"Regular supervision of import-export goods has been hampered by the manpower shortage," Fakhru Alam, commissioner of Chattogram Custom, told The Daily Star.

It currently takes Chattogram Custom two days extra to complete a job that could have been done within a day with adequate manpower. "Almost all the officers have to

perform additional duties and that's why they sometimes cannot scrutinise invoice documents or properly test products," Alam said.

Sources at the customs house said the situation has gradually worsened since July 2017, when a special order was issued to keep customs activities open round the clock without additional manpower.

This is why many customs officials sign documents without properly checking them and as a result, dishonest importers and C&F agents are given the scope to dodge taxes, they added.

Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry, said businessmen have to bear extra expenses for delays in shipment delivery. "We have sent several letters to the National Board of Revenue and other related departments to increase the manpower in the customs house but the authority paid no heed," Alam said.

## Robust infrastructure key to faster digitalisation

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government. Overall digitalisation is happening in Bangladesh at a very fast pace as witnessed in 2009. The country has observed a paradigm shift in this arena as well.

One of the main challenges in the sector is infrastructure. If we can ensure a robust infrastructure nationwide with the availability of speedy and affordable internet, I would say this digitalisation will happen even faster than the ongoing pace.

The second challenge is the availability of skilled human resources. We need to create

more and more skilled human resources, especially in trending technologies considering the fourth industrial revolution, which is actually imminent.

So, if we can have this skilled human resource in Bangladesh alongside robust infrastructure, I think we will have a perfect and ideal digital Bangladesh, which is actually the "Sonar Bangla" that we have been dreaming of. The father of the nation Bangabandhu Sheikh Mujibur Rahman also spoke about a Sonar Bangla, which is actually the model version of digital Bangladesh.

## Pharma gives stocks a shot in the arm

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"But its recent decision will have an impact on banks' profitability," said the stock broker.

Last week a central bank notice stated that the lenders must keep an extra 1 per cent provision than what they now maintain for unclassified loans.

Despite this, the broker backed the decision, considering the future benefits the provisioning would bring about.

If the banks declare higher profits and

dividends on an "artificial" profit, it will turn out to be more costly for them, he added. Meanwhile, the insurance sector witnessed a fall.

As most insurance stocks already doubled or rose over 50 per cent during the last few months, the last two weeks had been a period of corrections.

Market capitalisation of the general insurance sector dropped around 1 per cent followed by the mutual fund sector's 1.97 per cent.

## Two Chinese firms to invest \$28.69m

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Established in 1979 and headquartered in Beijing, the CCECC has long been considered one of the world's top 255 international contractors.

Its business spreads over 101 countries for international contracts over national infrastructure construction such as railways, highways, bridges, dredging, airport, buildings and port development and municipal works.

It also encompasses civil engineering design and consultancy, real estate development, trading, industrial investment and hotel management.

CCECC Bangladesh was formed in September 2019 to run a similar business model.

Meanwhile eight acres have been sought by Jiehong Medical Products (BD), a subsidiary of Kunshan Jiehong Nonwoven Product Company which produces fabrics, gowns, gloves and caps.

It will invest Tk 108 crore, equivalent to \$12.72 million, to manufacture non-woven PPE products such as isolation gowns, scrub suits, lab jackets, disposable caps, shoe covers, and boot covers.

## RMG needs product diversification

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garment sector. If I had a magic wand, I would wish for only three things.

The first would be for increased product diversification and value addition in the sector because so far, we have been exporting mostly five basic products. It is now a must for us to diversify and make manmade fibre-based products.

The second would be to reskill our labour force. With the fourth industrial revolution comes a lot of challenges and of course, opportunities. And since we do not want any loss of labour, it is important for us to invest in reskilling our labour force.

Third and most important of course, is branding in Bangladesh. Consumerism must be responsible because when a consumer buys a product, they will see the 'made in Bangladesh' level.

And it is incredibly important for us to make sure that the consumers are aware that responsible consumerism is directly linked to sustainable livelihoods in Bangladesh.

There are 4.1 million workers and the stories of these workers must be conveyed to the consumers so that they can make their choices and make it better for workers and their lives.

## Govt plans fresh apparel stimulus

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The country coped well with the first wave, but it seems the second one will be of a bigger magnitude, he said.

Citing a recent International Monetary Fund report, Islam said some of the Covid-19 fallouts might push 208 million people globally under the ultra-poor bracket.

"So, the government has been working mainly to protect the economy and trade," he said.

Islam said the government has been working sincerely to make it easier to do business to protect the economy from the aftereffects of the nation's graduation from the least developed country category by 2024.

The cabinet secretary said the impact of the fourth industrial revolution might exceed that of the pandemic as the associated technological upgrades might affect the jobs of 53 lakh professionals across the country.

For instance, BMW Group in Germany and Adidas have already replaced human beings with robots at the production stage, leading to hundreds of professionals losing their jobs.

So the country's current education system needs to be streamlined to produce skilled manpower, he said.

The government has also been working to save the small and medium enterprises by providing different kinds of support so that those can grow further to contribute more to the economy, he added.

## Innovation to take entrepreneurship to next level

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for taking the country's entrepreneurship to the next level.

Bangladesh had a great journey in the last 40 years and the local entrepreneurs are very strong with a visionary approach to sustainability.

That is why we have a great story today in the apparel industry and it has to flourish further. The business nature and customer behaviour have changed a lot. On top of this, customer priorities on fashion have changed drastically due to the Covid-19 outbreak.

I can tell you that the next 10 years will not be the same as the last 40 years. But, for sure, the learning of the last 40 years will remain as the key success factor.

I see the whole thing through two different approaches. In the short-term, efficiency improvement and waste management are important.

But in the long term, our strategic approach to the innovation, product development and building human resources will be the key.

And on top of everything, I think embracing the technology will be vital.