ASIAN MARKETS

TOKYO

0.75%

1.34%

MUMBAI

0.47%

\$64.05



DHAKA TUESDAY DECEMBER 2, 2014, e-mail:business@thedailystar.net

COMMODITIES

\$1,156.80

Better connectivity key to more foreign investment

Leading economists speak at a discussion on Look East Policy

STAR BUSINESS REPORT

STOCKS

DSEX

CSCX

2.24%

The country needs to develop strong internal connectivity to attract investment, particularly from firms in East Asia, and be a part of the global value chain, economists said yesterday.

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"Big ports, big airports, good urban transport and highway systems, you definitely need them. Connectivity is important," said Fukunari Kimura, chief economist of the Economic Research Institute for ASEAN and East Asia.

of Investment, better investment promotion policy and better harmonisation of domestic institutional arrangement. Kimura's comments came at a discus-

He went on to suggest for a better Board

sion styled 'Look East Policy: Bangladesh Perspectives' at the Bangladesh Institute of Development Studies.

BIDS and Japan External Trade Organisation jointly organised the event, chaired by Rehman Sobhan, chairman of Centre for Policy Dialogue.

Ahsan H Mansur, executive director of the Policy Research Institute, said the

capital from Asia that went to the West's financial market is coming back, particularly to East Asia, which has the technology and a growing market.

Today, the highest number of Rolls Royce are sold in China and not in the US, he said. Four of the world's five largest econo-

mies would be in Asia in the not-toodistant future. Japan will remain, while Indonesia will join China and India, he "We cannot ignore them from our

economic dynamics. As of now, we trade very little with Southeast Asia -- it cannot be that way in future as well. And except for China, we do very little trade with East Asia. That also needs to change." Mansur said the government has to go

tives taken by the Chinese and Japanese governments materialise. "If we really want to join what we call the value chain of East Asia, we have to

bring in East Asian companies to

full-throttle to make sure that the initia-

READ MORE ON B3

BB fines banks for failure to collect client info

STAR BUSINESS REPORT

Bangladesh Bank fined eight banks Tk 2 lakh to Tk 22 lakh each last week for failure to collect relevant documents for their clients' accounts.

The central bank had earlier directed all banks to collect documents, like recent passport sized photographs, photocopies of national identity cards or valid passports, under the 'Know Your Customer' (KYC) guideline.

"We issued multiple reminders to the banks to collect client documents. We have now fined the banks that are yet to collect those," said Mahfuzur Rahman, executive director of Bangladesh Bank. He would not name the banks.

BB instructed the banks to contact their clients by mail or any other effective way to complete the KYC procedure.

READ MORE ON B3

Foreign funds in stocks slip on market jitters

GAZI TOWHID AHMED

CURRENCIES

BUY TK 78.10

SHANGHAI

V 0.10%

Net foreign investment in the stockmarket fell 6.61 percent in November from the previous month, as investors were wary of market volatility.

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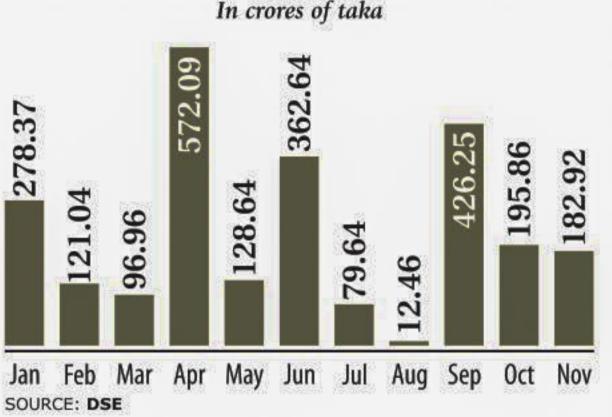
Foreign investors bought shares worth Tk 348.38 crore and sold shares worth Tk 165.46 crore to take net investment to Tk 182.92 crore last month, according to data from the Dhaka Stock Exchange.

Foreign investors were cautious about taking fresh positions, particularly in largecap stocks due to their reported bad numbers in the quarterly declaration in October, said Mahfuzur Rahman, head of research of LankaBangla Securities.

Worries also grew on the economic front due to negative growth in exports, Rahman said.

Exports declined 7.63 percent year-on-year to \$1.96 billion in October due to a slowdown in apparel exports, according to data from the Export Promotion Bureau. Garment exports fell 3.5 percent to \$7.76 billion in October compared to same month last year. However, declining fuel and commodity prices are an

indication of better prospects of listed entities by margin expansion and revenue growth, Rahman said. So investors' attention will further grow in this market,



NET FOREIGN INVESTMENT IN 2014

The foreign investors are mostly fund managers like Morgan Stanley, JP Morgan, Goldman Sachs and BlackRock. They manage various types of funds like endowment funds, hedge funds, long-only funds and mutual funds,

he added.

Investments.

Moniruzzaman.

Stock indices declined

last month, leading some

foreign investors to place

new buy orders, said Md

Moniruzzaman, managing

director of IDLC

index of the premier bourse,

plunged 5.89 percent to

4,886.64 points last month.

selective stocks as their

buying was higher com-

pared to last month," said

"They focused on some

DSEX, the benchmark

and they invest in the Bangladesh market through these Also known as portfolio investment, foreign investments accounted for around 1 percent of DSE's total mar-

ket capitalisation of Tk 322,537 crore as of yesterday. Foreign investors' preferred sectors are: banks, non-bank financial institutions, power and energy, pharmaceuticals,

They also focused on some multinational stocks that announced healthy dividends and generated good profits, he added.

telecoms and IT, an investment banker said.

WB to roll out another \$1.1b for Bangladesh

Bangladesh."

Funds to go into anti-poverty efforts, education and tax reforms

STAR BUSINESS REPORT

The World Bank is set to place a proposal at its board meeting on December 16 to inject fresh \$1.1 billion into Bangladesh with the aim to alleviate poverty and facilitate tax reforms to boost the government's revenues.

Of the \$1.1 billion, \$400 million will go to primary education, for which the multilateral lender has designs to run a cash incentive programme to boost enrolment.

It also has plans to run an income support programme for the poor with \$300 million. The programme will involve handing out cash to expectant

WB FUND COMMITMENT In millions of dollars



tion for their children.

system, a long-standing demand of the of the sum.

"Improving Bangladesh's ability to

raise tax revenue is critical for faster economic growth and overcoming poverty, as the country needs more resources to invest in infrastructure and human development," Johannes Zutt, WB country director, earlier said. The Washington-based lender also

has designs to set up multipurpose disaster centres in nine cyclone hit areas with \$350 million.

About 450 cyclone centres and or new mothers to ensure better nutri- 500 repair centres would be built. The World Bank has committed \$2 Another \$60 million will go for billion for Bangladesh this fiscal automation of the value-added tax year; the \$1.1 billion would be part

Exports to Japan set to cross \$1b exports of garment items to the The Japanese government's "China STAR BUSINESS REPORT

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Exports to Japan will cross \$1 billion soon on the back of relaxed rules of origin (RoO) by the Asian nation, Commerce Minister Tofail Ahmed said yesterday. Riding on the back of the generalised

system of preferences, exports from Bangladesh to Japan accelerated 14.9 percent year-on-year to \$862.08 million in fiscal 2013-14, according to data from the Export Promotion Bureau.

Exports of garment, leather and footwear items account for most of the increased earnings from Japan.

fiscal 2013-14, up 19.6 percent yearon-year.

Relaxation of RoO has mainly been credited for the rise in garment exports to Japan, which as recently as fiscal 2008-09 stood at a meagre \$74.37 million.

Plus One" policy, adopted in 2008 to reduce overdependence on China, also accounts for the seven-fold increase in five years. Japan's apparel market is worth

around \$35 billion, with Chinese

exporters holding an 80 percent share of the market. Bangladesh will allocate a separate special economic zone to Japanese investors as proposals from Japan are on the rise, Ahmed said, adding that

the government is developing eight

SEZs in the country. "So, we will not rely too much on Bangladesh shipped apparel items the west," he said, adding that free worth \$572.27 million to Japan in trade agreements with Malaysia will also be signed.

Ahmed once again reiterated that Bangladesh pays 15.61 percent duty on export of garment products to the US, following a recent assertion by US Ambassador Dan W Mozena that the

country does not pay any duty on

American market. The commerce minister strongly

opposed this. "I am still saying it is false information." "Bangladesh tried several times for

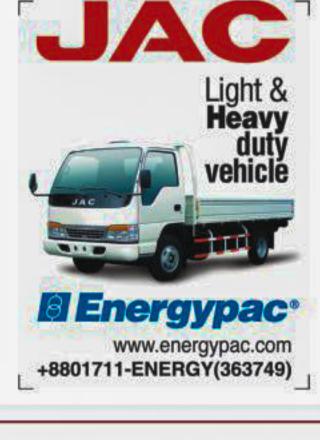
duty exemption on exports of garment items to the US, but they did not do it." Ahmed's comments came at a sympo-

sium styled 'Look East: Asia's economic integration and Bangladesh perspective' at the Bangabandhu International Conference Centre in Dhaka. Japan External Trade Organisation

in collaboration with the Bangladesh Institute of Development Studies, Policy Research Institute and the Federation of Bangladesh Chambers of Commerce and Industry organised the symposium.

Planning Minister AHM Mustafa Kamal said Bangladesh will be a developed country by the end of 2041.









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We Faced Many Challenges but **Bounced Back Stronger Every Time**

Child Labor (1982-1984)

MFA Phase Out (1995-2004)

Global Financial Meltdown (2008-2012)

Export Volume in 1985: US\$ 131.48 (Million); Export Growth: 13 % Export Volume in 2005: US\$ 7900.80 (Million); Export Growth: 23 %

€ IFICBANK Export Volume in 2013: US\$ 24491.88 (Million); Export Growth: 14 % December 7-9, 2014











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