

Better business climate to boost investment: Swiss envoy

STAR BUSINESS REPORT

Switzerland's investment flow into Bangladesh will gain pace provided the political, business and investment climate is further bolstered, Swiss Ambassador Christian M Fotsch said yesterday.

Switzerland is a major foreign investor worldwide and all the major Swiss companies are operational here, but Swiss investment in Bangladesh is still not impressive, he said.

They are regularly expanding Swiss investment in sectors such as pharmaceuticals, chemicals, food, machinery, construction and services, said Fotsch.

Small and medium Swiss enterprises are also interested in the Bangladesh market, he added.

He however did not mention the amount of money already invested by the Swiss entrepreneurs in Bangladesh.

"The trade potential is still largely untapped. Bangladesh should diversify its trade basket and focus on new sectors like leather and ceramics," said Fotsch at a luncheon meeting of the Canadian Chamber of Commerce in Bangladesh (CanCham) at Hotel Le Meridien in Dhaka.

Three Francophone chambers -- CanCham Bangladesh, France

Bangladesh Chamber of Commerce and Industry and Switzerland Bangladesh Chamber of Commerce and Industry -- jointly organised the event as part of Francophonie Week.

Francophonie is a global platform of French speaking people. French is commonly spoken in France, Switzerland and Canada although English is the widely spoken language in those countries.

On bilateral trade between the two countries in 2015, Fotsch said Bangladesh's exports to Switzerland rose 7 percent year-on-year to \$362.78 million, while imports increased 20 percent to \$162.63 million.

He suggested launching a massive campaign in favour of Bangladesh in Europe and other major export destinations, as people are not aware about the country's real business strength.

"Bangladesh's reputation is worse than the reality," said the ambassador, speaking on 'trade between Bangladesh and the Francophone countries: opportunities and way forward'.

Fotsch also suggested holding seminars in Europe and North America, highlighting the positive achievements to brighten the country's image.

Presenting the key trade facts of trade between France and Bangladesh, an official of the French embassy in Dhaka

said 98.5 percent of total exports to France in 2015 included garment items, amounting to 2.10 billion euros. In the same year, Bangladesh's imports from France increased 91 percent to 289 million euros, said the official.

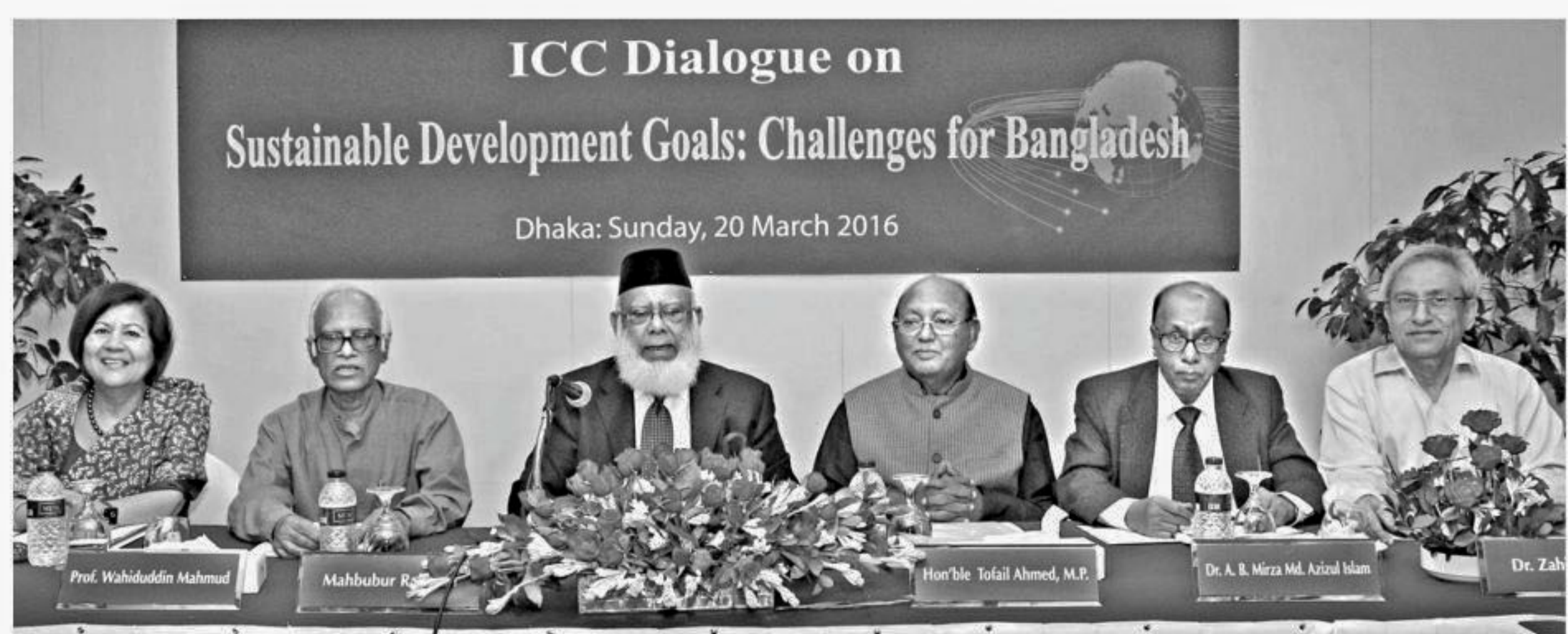
Benoit-Pierre Laramée, high commissioner of Canada in Bangladesh, also suggested advertising in western newspapers and television, highlighting the country's positive achievements to attract Canadian investors.

Bilateral trade between Bangladesh and Canada crossed \$2 billion in 2015; of the total amount, more than \$1.5 billion was in favour of Bangladesh as the country's garment export has been doing well.

About 90 percent of Canada's industries are SMEs. If Bangladesh can convince them, the SME owners can invest in Bangladesh as well, he said.

Every year, International Francophonie Day is celebrated globally, especially in the 77 member countries of the International organisation of La Francophonie, said Masud Rahman, president of CanCham.

Sophie Aubert, ambassador of France in Bangladesh, also spoke while David Laizans, president of Switzerland Bangladesh Chamber of Commerce and Industry, moderated the function.



From left, Rokia Afzal Rahman, vice president of ICCB; Wahiduddin Mahmud, former caretaker government adviser; Mahbubur Rahman, president of ICCB; Tofail Ahmed, commerce minister; AB Mirza Md Azizul Islam, former caretaker government adviser; and Zahid Hussain, lead economist at the World Bank's Dhaka office, attend a dialogue on sustainable development goals, organised by the ICCB at Sonargaon Hotel in Dhaka yesterday. Story on B1

Corporates line up to cash in on ECB funding

AFP, Paris

The European Central Bank's plan to buy corporate bonds to help the eurozone economy is boosting the private-sector debt market which promptly responded with a new record-sized company bond.

With interest rates near or below zero and few other monetary policy tools left in its arsenal, the ECB announced earlier this month that it would begin buying non-bank corporate bonds in addition to the government bonds it has been purchasing to

stimulate the economy.

That immediately livened up the corporate debt market, with companies rushing out issues and borrowing costs falling.

Less than a week after the ECB's announcement, and months before it is to actually buy any bonds, a new record for a euro-denominated corporate bond issue was set on Wednesday when brewer Anheuser-Busch InBev said it was seeking to raise 13.25 billion euros (\$14.9 billion).

That easily beat the previous record of just under 10 billion set by

Swiss pharmaceutical group Roche in 2009.

In a sign of a broader response, the volume of new corporate and bank issues on Wednesday struck the highest daily level since May 2001, the Financial Times reported, citing information from data company Dealogic.

"In our view this highlights the current positive backdrop for primary issuance induced by the ECB's new easing measures" and particularly the new corporate bond programme, credit analysts at Dutch bank ING wrote in a note to clients.



Abrar A Anwar, chief executive of Standard Chartered Bank Bangladesh, and Apurva Jain, head of transaction banking, participate in a seminar organised to demonstrate the bank's latest trade and cash management services to top clients in the garment sector, at the Westin Hotel in Dhaka.



MA Yousoof, managing director of Bangladesh Krishi Bank, hands over a cheque for Tk 1 lakh to Kohinur Akter, one of the winners of Western Union's Ramadan campaign that ran in 2015, during a programme at the bank's head office in Dhaka yesterday.

Weaken the dollar -- the dovish Fed's hidden agenda?

AFP, Washington

In lowering its likely path of future interest rate increases this week, the Federal Reserve pushed down the dollar, perhaps aiming to ease strains caused by clashing monetary policies. Economists and investors alike were surprised when the US central bank announced Wednesday that it only sees two rate hikes in 2016, half the number it envisioned in December, a more accommodative stance in exiting crisis-era policy.

The Fed also left its benchmark federal funds rate at a historically low 0.25-0.50 percent, as expected, after raising it in December for the first time in nine years.

The policy-setting Federal Open Market Committee "backed off on the number of expected rate hikes this year. Why, I really don't know," said Joel Naroff of Naroff Economic Advisors.

"If you look at the recent data, and the members are supposed to be data-dependent, it is clear that whatever economic issues concern them, it cannot be US economic weakness." While spotlighting its more optimistic view on the US economy, the Fed also broadly cited "risks" from the global economic slowdown and financial market turmoil.

Several analysts and economists interpreted the language as an effort by the Fed to rein in the dollar's gains against other currencies. A strong dollar weighs on import prices, thus keeping US inflation in check, and encourages volatility on the financial markets.

Interest rates are on an upward bound in the United States, which attracts investors seeking higher yields and boosts the greenback.

The opposite is true in a number of other central banks, such as in the eurozone and Japan, where authorities are redoubling their efforts to be more accommodative and revive their sluggish economies.

The stark divergence in monetary policies -- between negative rates on one side and the potential for hikes on the other -- had underpinned the attractiveness of the greenback all through 2015.

No supply of rawhides to Hazaribagh from April 1

FROM PAGE B1

With the view to saving the rivers and boosting the leather sector's export prospects, the government has allocated a dedicated industrial park in Savar.

But the issue of relocating the tanneries from Hazaribagh to the park has been dragging on for years.

Industry insiders said the factories could not be relocated in the last decade due to wrangling between the government and the tannery owners over who would bear the project costs and a long legal battle between the two sides over awarding a contract for the central effluent treatment plant.

Earlier in January 10, the industries ministry set a 72-hour deadline for the tanneries, with threats to shut down the polluting factories if they fail to relocate to Savar within the stipulated timeframe.

The ministry had also instructed state-run Bangladesh Small and Cottage Industries Corporation to serve a legal notice on the tanneries immediately.

Industries Minister Amir Hossain Amu even sounded out a strong warning to the tannery owners then, saying if they failed to shift their factories within the 72-hour-deadline the plots allotted to them in Savar will be cancelled.

Ahmed said he hopes about 40 out of the 155 tanneries that have got plots in Savar will be able to move to the leather park by June this year and start production. "The majority of the tannery will relocate there by this year."

Ahmed said the designs for the factories in Savar were only approved last year, so it is not possible to construct a building overnight. Abdul Quayum, project director of the industrial estate, said two of the four modules of the central effluent treatment plant are test-running now using water from the Dhaleshwari.

The two modules would require 12,000 cubic metres of waste to run and about 50 tanneries can supply the amount, he said. "Otherwise, we will not be able to run it."

Quayum said about 80 percent of the plot owners are now working and more than 50 plot owners have constructed the roofs. "If they try hard, we will be able to run the CETP by next month," he added.

World Bank to help BB recover stolen money

FROM PAGE B1

"The WB has offered to help us with its support and resources for stolen asset recovery and taking urgent preventive measures to enhance cyber security for the BB and the overall banking system," a central bank official said.

"The WB has also expressed willingness to extend technical assistance to the Bangladesh Financial Intelligence Unit (BFIU) to enhance its capacity," the official said, asking not to be named. The BFIU works to prevent money laundering.

The new governor, who took over yesterday, will meet WB officials soon, he said.

Cyber security top priority: BB chief

FROM PAGE B1

The new governor said his top priority would be to retrieve \$81 million funds that are still missing. "We will try our best."

Referring to the government inquiry committee headed by former governor Mohammed Farashuddin, Kabir said he would base his steps on recommendations that emerge from the probe.

He also said his tenure would continue the inclusive banking initiatives taken by Rahman.

SDGs: financing gap is \$94b

FROM PAGE B1

"Do we build roads or schools, or do we subsidise renewable energy or fossil fuel? All these trade-offs will have to be addressed."

He said the goals will need to be integrated into national planning and policies to deliver the integrated vision embedded in the SDGs.

He called for engaging all sectors of the society and making stakeholders accountable to attain the targets.

He also cited the challenges of data in monitoring the progress with the SDGs.

Set in 2015, the SDGs aim to end poverty, fight inequality and injustice as well as protect the Earth.

Some 169 targets and over 300 indicators have been laid out under the SDGs.

Hussain said Bangladesh has achieved four of the eight millennium development goals. "Bangladesh should proceed with the SDG agenda based on that confidence," he added.

Economist Wahiduddin Mahmud said one of the reasons behind Bangladesh's success in attaining the MDGs was the adoption of low-cost solutions.

However, the solutions to attaining the SDGs will not be that economical.

Mahmud said 10 out of the 17 SDGs focus on sustainability, which is a challenge for Bangladesh.

Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said Bangladesh performed well in MDGs because the national policies were aligned

with them.

Bangladesh can meet part of its financing need for the SDGs by curbing the illegal outflow of funds through various channels including trade misinvoicing.

About \$9 billion flew out of the country through illegal channels in 2013, he said, citing an estimate of the Global Financial Integrity. "We should look into that and plug in the loopholes to curb the outflow," he added.

The role of the private sector is critical as many of the goals outlined in the SDGs are directly linked to it, said M Masrur Reaz, a program manager of the International Finance Corporation.

Mir Nasir Hossain, managing director of Mir Akhter Hussain Ltd, said industries are not getting gas connections properly, while other infrastructure deficits also remain.

Private investment has been stuck at a certain percentage of the gross domestic product for the last several years, he said.

"If we cannot have industrialisation, we cannot reduce poverty," he said, while urging the government to address the issues of the industries to achieve the SDGs.

Corruption is one of the discouraging factors for investment, said AB Mirza Azizul Islam, former finance adviser to the caretaker government.

Citing the \$20 billion of foreign aid in the pipeline, he said institutional and administrative capacity building is important to ensure faster implementation of projects.

Commerce Minister Tofail Ahmed said

Bangladesh is moving towards positive economic development.

He said the economy will advance if there is political stability in the country.

Nasim Manzur, president of the Metropolitan Chamber of Commerce and Industry, said Bangladesh needs to set out its national priorities for development. He also stressed the need for skills development.

Mahbubur Rahman, president of the ICC Bangladesh, said a more realistic approach should be taken in devising the specific goals, taking into consideration the learning from the MDGs -- both the progress and the lacking.

Out of the 17 SDGs, only eight are better integrated into the existing national prioritisation process.

Bangladesh has successfully come out of the least developed country bracket and entered the lower middle income group.

However, in order to be categorised as a middle income country, Bangladesh has to maintain the status for the next six years, he said.

But without a solid industrial base, it will be difficult to sustain the present growth rate or even achieve higher growth, he said.

"If we want to do justice to the SDGs, we have to come out of the usual approach," said Mustafa K Mujeri, executive director of the Institute of Inclusive Finance and Development.

Speakers at the dialogue also called for improved governance for achieving the SDGs by 2030.



Officials of Le Meridien Dhaka pose at a programme organised to mark Earth Hour, as part of an initiative by Starwood Hotels and Resorts worldwide, at the hotel premises in Dhaka on Saturday.



Yoichi Mizutani, chief executive of Bangladesh Honda, launches the "wave" model motorbike for the Bangladesh market. Humayun Kabir, chairman of Wings Bd, and Mostafizur Rashid Bhuiyan, managing director, were also present.