

ICCB highlights Bangladesh investment opportunities

STAR BUSINESS DESK

Bangladesh offers enormous investment opportunities for all investors, including those from Vietnam, ICCB President Mahbubur Rahman said.

Rahman spoke at the inaugural of a three-day workshop on international trade finance, alternate dispute resolution, logistics and business development jointly organised by the International Chamber of Commerce, Bangladesh, and the Vietnam Chamber of Commerce and Industry (VCCI) in Hanoi, Vietnam.

"Bangladesh is recognised as an investment-friendly country as it offers the most liberal investment opportunities in South Asia, featuring 100 percent foreign equity with unrestricted exit policy, easy remittance of royalty, repatriation of profits, and protection of foreign investments," Rahman said in a statement.

Bangladesh offers export processing zones to foreign investors and special economic zones to various countries interested to invest, he said.

Vietnam's exports to Bangladesh amounted to \$570 million, against Bangladesh's exports of about \$33 million in 2015, he said.

International payments and logistics services play critical roles in global economic integration to reduce the risk of international commerce, said Hoang Quang Phong, vice chairman of VCCI.

Of these, the use of letter of credit is the most prominent and widely applied in global trade,



ICCB President Mahbubur Rahman speaks at a workshop on international trade finance, alternate dispute resolution, logistics and business development, in Hanoi, Vietnam. The International Chamber of Commerce, Bangladesh and the Vietnam Chamber of Commerce and Industry jointly organised the event.

and developing trade finance products and logistics services is of pressing importance for bilateral trade between Vietnam and South Asian countries, which saw a drop last year, Phong said.

Two-way trade dropped from \$758 million in 2014 to about \$600 million last year, according to Md Shahab Ullah, Bangladesh's ambassador to Vietnam.

He also urged more Vietnamese firms to enter Bangladesh to seek business opportunities and

for the two countries to join hands to simplify the banking procedures for frequent trade facilitation.

The trade framework must be improved to help co-operation between the two countries, especially with an advantageous sea line for logistics services, which is expected to boost two-way trade to reach \$1 billion this year, said Vu Quand Minh, director of the Economic Department of Vietnam's Ministry of Foreign Affairs.

Two held in BASIC Bank scam case

OUR CORRESPONDENT, Jamalpur

The Anti Corruption Commission (ACC) with the help of police arrested two businessmen, in a case of misappropriating Tk 70 crore of BASIC Bank, from their homes in Jamalpur early yesterday.

The arrestees, Shamim Ahmed Suja and his brother Sarwar Jahan, are directors of MRN Auto Bricks Ltd in Jamalpur.

The commission had filed a case against 14 people, including the two businessmen, with Paltan Police Station in Dhaka on September 23, 2015, said Md Ibrahim, deputy director of the ACC.

Ibrahim and the case's investigation officer led the team to make the arrests at about 4am. The arrestees were produced before the chief judicial magistrate court in the afternoon, and then sent to jail, said Kamruzzaman, a court inspector.

Premier Leasing gets new MD

STAR BUSINESS DESK

Abdul Hamid Mia has joined Premier Leasing and Finance as managing director, the company said in a statement yesterday.

Prior to joining Premier Leasing, he has been serving National Bank as additional managing director, according to the statement.

He began his banking career with Sonali Bank and has also worked with IFIC Bank, Southeast Bank and Oman Bangladesh Exchange in Muscat in the past 36 years.

Hamid Mia completed his post-graduation in economics from Dhaka University and is also a diplomaed associate of the Institute of Bankers Bangladesh.



Nissan recalls 3.8m cars

AFP, Tokyo

Nissan has said it will recall more than 3.8 million vehicles, mostly in North America, because the passenger-side airbag may not deploy in a crash due to a defect in the seat sensor.

The Japanese automaker said the global recall would cover 2013-2017 including some Nissan Altima, Leaf, Maxima, Murano, Pathfinder, Sentra and Rogue models.

"This recall will affect approximately 3.5 million Nissan vehicles and approximately 381,000 Infiniti vehicles globally," the company said in a statement, adding that more than 80 percent of them were sold in North America.

It said a fault in the sensor not properly registering when the passenger seat was occupied could lead to failure to deploy the airbag in the event of a collision.



Md Nurul Islam, president of American Chamber of Commerce in Bangladesh (AmCham), and Khd Rashed Maqsood, chief adviser of US Trade Show, pose while presenting raffle draw gifts to the winners during the US Trade Show 2016 at Pan Pacific Sonargaon hotel in Dhaka.

WB casts doubt on govt's economic growth estimate

FROM PAGE B1

Revenue collection target in fiscal 2015-16 may fall short, causing the budget deficit to rise. But public expenditure will be lower than that planned in the budget. However, the deficit is likely to remain within sustainable limits.

The WB said while the government has already approved a few important legal amendments pertaining to special economic zones such as export processing zone labour rights and bus rapid transit, implementation needs to be reinforced.

Income growth prospects in Bangladesh's main export markets are uneven, but sustained low oil prices bode well for external and internal balance.

It said financial and political shocks can cloud the outlook.

There are a few factors continue to hinder growth. They include infrastructure bottlenecks, power and primary energy shortage, credit shocks in the banking system, difficulties of doing business and lack of reform continuity.

The report said Bangladesh needs

strong structural reforms and effective public investment efforts to be on a higher and faster growth path.

"Further, weakness in the financial sector also disrupts investment and growth."

Poor lending decisions are a major concern in the state banks and some private banks, said the WB.

The weak bank balance sheets and governance in the state-owned banks limit lending capacity, divert credit away from productive investment and impose large fiscal recapitalisation costs.

The high levels of non-performing loans and the high rates on national savings certificates increase banks' operating and funding costs, keeping interest rates high despite large excess liquidity.

The report said for energy sector, energy price reform is needed to attract investments in primary energy.

Reforms in government regulations pertaining to mediating civil and commercial cases, companies act, customs act and property registration are needed to strengthen competitiveness and the ease of doing business.

A careful selection of industrial zones will increase private sector efficiency.

"We have to increase the returns to investment to attract private investors," said Hussain.

The report said a protracted slowdown in the European Union, Bangladesh's main export destination, could hurt exports.

The implementation of the Trans-Pacific Partnership, of which Bangladesh is not a member, could also erode the competitiveness of exports to TPP member countries.

The impact though is likely to be moderated by Bangladesh's significant cost and scale advantages, said the WB.

Fan also said with right kind of policies and investment, there is no reason why Bangladesh would not be able to become a middle-income country.

He said Bangladesh will have to increase investment in infrastructure, particularly in the transport sector, to continue the private sector-led growth and help the private sector to create more and better jobs.

Half of potential tax eludes govt: CPD

FROM PAGE B1

"There is a need for a plan to raise this share," it said, adding that the government should push for an increased provision of formalisation of employment through labour law revisions where possible.

The independent research organisation also raised the issue of plugging in the loopholes of withholding tax or tax deducted at source. Until now, the advance income tax (AIT) withholding entities do not require getting any registration with the National Board of Revenue in relation with AIT deduction.

In absence of such a system, it remains unclear whether the tax deducted by an entity on the income of a person is properly deposited to the exchequer.

There are 250,000 organisations, agencies and firms that are responsible for withholding tax at source of income and depositing them to the state coffers, according to NBR. "There is tax leakage in this area," Khan said.

The CPD suggested establishing an online system that links all aspects of the taxpayer's finances by way of e-TIN and national ID or business identification number.

In so doing, the NBR would thus have information on the salaries, financial transactions and taxes for employees and business entities, CPD said.

Oil profits plunge as industry eyes a bottom

AFP, New York

Plunging crude prices battered oil giants' profits in the first quarter, another blow following credit downgrades, layoffs and drilling cutbacks in the wake of a long rout.

Chevron on Friday became the latest big oil company to land in the red due to low commodity prices, reporting a loss of \$725 million in the quarter ending March 31.

The second-biggest US oil company pledged more belt-tightening after trimming capital spending nearly 25 percent in the first quarter from the year-ago period, said Chevron chief executive John Watson.

"We continue to lower our cost structure with better pricing, work-flow efficiencies and matching our organizational size to expected future activity levels," Watson said. ExxonMobil, which was downgraded from the highest triple-A credit rating earlier this week, managed to stay in the black with \$1.8 billion in profits.

But profit at the biggest oil company was 63 percent lower and included a loss of \$76 million in its normally lucrative exploration and production business.

BP, ConocoPhillips and Hess all reported losses earlier in the week.

The results reflect the effects of a nearly 40 percent drop in oil prices to under \$30 a barrel for much of the first quarter amid a persistent global oversupply.

Oil prices have since risen back to around \$45 a barrel, raising hopes that the first quarter could be a low point.

"This quarter is probably going to be the trough in their earnings profiles," said Nate Thooft, a senior managing director at John Hancock Asset Management.

"Later in the year, assuming oil stays at this level, or at least stays somewhat stable, this will probably be the worst quarter for energy earnings we'll see."

While results in exploration and production were particularly ugly, profits in the refining business were also bad. Chevron saw a nearly 50 percent decline in earnings from this area to \$735 million.

Cheaper oil prices usually boost refining profits because crude is a feedstock for making gasoline. But that effect was blunted in the first quarter due to weak demand for some petroleum products, such as heating oil, because of the unseasonably warm winter.

ExxonMobil also suffered a big hit to its refining profits, but got a boost from \$373 million rise in chemical earnings to \$1.4 billion. Chevron does not have a separate chemical business.

ExxonMobil shares were up 0.1 percent to \$88.10 in afternoon trade, while Chevron fell 0.9 percent to \$101.51.

Earlier this week, ConocoPhillips reported a quarterly loss of \$1.5 billion, US mid-sized producer Hess lost \$509 million and British giant BP lost \$583 million.

All of those companies took a cautious stance on the recent rise in oil prices.

ConocoPhillips, which announced Thursday it was slashing its 2016 capital budget for a second time, said it would devote gains from higher oil prices to debt reduction before boosting its drilling budget.

"We are not in a hurry to say there is some price trigger where we are going to add back capital," said Al Hirshberg, executive vice president for production, drilling and projects.

"We will be looking at the entire macro environment, looking at supply and demand fundamentals and whether we think that any price action that we get is actually sustainable or not."

Hess said it planned to reduce its drilling rig fleet in the Bakken shale region from three to two in the third quarter. Hess had 12 rigs operating in the Bakken in the year-ago quarter.

The company plans to ramp up again in the Bakken only once oil prices reach \$60 a barrel, a level that will permit its finances to "come out of this low price environment on our front feet," said chief executive John Hess.

BP chief financial officer Brian Gilvary said the company expects "a modestly more favorable oil price environment in 2017 than we see today" and suggested the second half of 2016 could also see some gains from today's levels.

The reticence stems from the fact that oil inventories remain at lofty levels. A major summit of producers earlier this month in Qatar reflected the concern about low prices of Saudi Arabia, Russia and others, but still fell short of an agreement to limit output.

"We're headed in the right direction," said ExxonMobil vice president Jeff Woodbury, while adding that the market remains glutted.

Muhith to attend ADB meet in Frankfurt this week

FROM PAGE B1

The total included \$16.29 billion in approvals for loans and grants, \$141 million for technical assistance, and \$10.74 billion for co-financing, which increased by a record 16 percent.

Disbursements, a key factor in improving aid effectiveness, also hit a new record of \$12.22 billion in 2015, an increase of 22 percent over the previous year.

The ADB has been supporting Bangladesh since 1973, with its first field office established in 1982. Bangladesh is a major recipient of concessional resources from ADB's Asian Development Fund.

The ADB has provided Bangladesh with \$17.2 billion for 259 loans, \$244.5 million for 411 technical assistance projects and \$787.1 million under 35 grants.



Md Abdul Mannan, vice chairman of Exim Bank, and Mohammed Haider Ali Miah, managing director, attend a programme to distribute scholarships to selected meritorious students of Rajshahi region as part of the bank's corporate social responsibility, at hotel Naz Garden in Bogra yesterday.

BTRC to take Tk 430cr from Sonali Bank

FROM PAGE B1

HSBC had also wanted a 1.50 percent structuring and coordination fee, but it was finally fixed at 1.45 percent. The BTRC agreed to pay 0.38 percent as commitment fee, while HSBC has quoted 0.42 percent.

To get the loan from Sonali, the regulator has submitted a guarantee of Tk 870 crore, which it collected from mobile operators in the last five years under the Social Obligation Fund (SOF).

The SOF was supposed to be used to expand digital services to the remotest areas of the country.

Currently, Bangladesh meets its need for satellite connectivity by renting bandwidth from operators, which costs almost \$14 million a year.

The project will break even in seven years and allow the regulator to sell excess capacity to other nations.

Bangabandhu-1 will be able to provide services to all South Asian countries as well as Indonesia, the Philippines, Turkmenistan, Kyrgyzstan and Tajikistan, if its frequency is properly coordinated.