

# Four more factories complete corrective action plans

STAR BUSINESS REPORT

Four more factories have completed steps to upgrade workplace safety standards, said the Alliance, a platform of 27 Northern American retailers and brands.

So far, 46 Alliance-affiliated factories have completed the action plans.

In addition, three factories previously suspended by the Alliance have been reinstated in recognition of remediation progress, the Alliance

said in a statement on December 11.

Global Fashion Garments, Global Outerwear, Ornate Knit Garment Industries and Sajid Washing & Dyeing all completed the action plans while Sheehan Specialised Textile Mills, Smart Jacket and Smart Jeans were removed from the suspension list.

"We are proud to recognise these factories for the tremendous strides they have made to ensure worker safety," said Alliance Country Director James F Moriarty.

"These advances show that we are committed to working with factories that take safety improvements seriously, and that compliance with our standard is achievable within our established time frame for factories that are committed to this process."

The Alliance also announced the suspension of one new factory -- Stylo Fashion Garments -- for failure to make progress on remediation or remove lockable exits, bringing the total number of currently suspended factories to 102.

## China's selfie app Meitu debuts on Hong Kong exchange

AFP, Hong Kong

China's popular selfie app developer Meitu made a muted debut on the Hong Kong stock exchange Thursday after the biggest IPO by a technology company in the city in almost a decade.

With 456 million monthly active users, the Xiamen-based company targets teenagers and young adults, primarily female, who use the beautifying app to retouch selfie photos for

everything from posts on social media to job applications. The app enables users to smooth and change the colour of their complexions, widen their eyes and slim themselves down.

Its flotation is seen as a barometer for interest among Hong Kong investors in new tech companies from the mainland. The listing raised \$629 million and the company now has a valuation of \$4.6 billion, but analysts said sentiment was dampened by a

hike in US interest rates.

The Hang Seng Index shed 1.69 percent by the break on Thursday. Meitu's shares stood at HK\$8.50 at noon local time (0400 GMT) after opening at \$HK8.78, and dipping as low as HK\$8.33 during morning trading.

"For a lot of institutional investors, I think they want to follow this stock because it is one-of-a-kind in the market," said Hong Kong-based analyst Jackson Wong.

REUTERS



Mirza Mahmud Rafiqur Rahman, additional managing director of United Commercial Bank, opens the 167th branch of the bank at Kulaura in Moulvibazar on December 11.

## German private-sector growth headed for best quarter in more than two years: PMI

REUTERS

Germany's private sector growth is on track for its strongest quarter in two-and-a-half years, a survey showed on Thursday, as humbling factories in Europe's biggest economy offset a slight slowdown in activity at services companies in December.

The data reinforced expectations of a strong performance in the fourth quarter, putting the German economy on track to grow by the fastest pace in

half a decade in the whole of 2016.

But forecasts published by leading economic institutes showed the economy is heading towards an economic slowdown in 2017 which is also an election year in Germany.

Markit's flash composite Purchasing Managers' Index (PMI), which tracks the manufacturing and services sectors that account for more than two-thirds of the economy, edged down to 54.8 in December from 55.0 in November.

That was in line with the consensus forecast in a Reuters poll and comfortably above the 50 mark that separates growth from contraction. Together with a reading of 55.1 in October, the PMI data for the final three months of 2016 pointed to the strongest quarter since the second quarter of 2014, IHS Markit said.

The survey showed activity among manufacturers accelerated more strongly than expected to 55.5, a 35-month high, thanks to a rise in goods production, an uptick in new orders and as firms increased their stocks of purchases.



Chairman of Samorita Hospital Mockbul Hossain presides over the 31st annual general meeting of the hospital at MH Samorita Hospital and Medical College Auditorium in Dhaka yesterday. The shareholders declared 10 percent cash and 10 percent stock dividends for the year ended June 30, 2016. Vice Chairman Reaz Ahmed Chowdhury and Managing Director ABM Haroon were also present.

Fakhrul Arefeen Khan, general manager for business development at Grameen Intel, and Md Bahauddin Ahmad Sharif, finance and administration manager at Concern Universal Bangladesh, attend a deal signing ceremony at Grameen Intel's head office in Dhaka yesterday. Grameen Intel's eAgro solutions that include fertiliser recommendations, pesticide recommendation, market linkage and seed recommendations, will reach 10,000 rural women farmers in Khulna, Bagerhat and Jamalpur districts.

GRAMEEN INTEL



## Govt mulls \$5b sovereign wealth fund

FROM PAGE B1

The paid-up capital for the fund will initially be collected from the central bank's foreign currency reserves. The report recommended initial paid-up capital of \$1 billion.

Later, the government will issue various treasury bonds and raise money from the market in local currency. The money will later be converted into foreign currency for the SWF.

Muhith said there are some limitations on the use of money from SWF: only the projects that are economically sound can be taken up. The money from SWF cannot be used to finance any or every project.

On December 14, the country's foreign currency reserves stood at \$31.75 billion, which is enough to honour eight months' import bills. The central bank does not keep the reserves idle: it invests in lucrative areas, so much that a big chunk of its profits come from them.

But in recent times, the rate of interest in the world market has dropped sharply, and in many sectors it is zero percent. As a result, BB's returns from its investment of the reserves have shrunk. The development prompted the government to devise

ways to utilise the reserves for a cause that will accelerate economic growth. For the past decade, the economy has been stuck in the 6 percent growth trajectory, the main cause of which is the lack of infrastructure. Once the SWF is formed, the government will borrow from it to spend on big infrastructure projects such as the Padma bridge.

Many central banks in recent years have accumulated reserves in excess of needs for liquidity or exchange rate management, and most of them have diversified into assets other than highly short-term liquid assets.

As of September 2016, total assets under SWFs around the world stood at \$7.4 trillion, up 0.76 percent from a year earlier, according to the Sovereign Wealth Fund Institute, a US-based company that analyses public asset owners such as SWFs and other long-term government investors.

Norway's government pension fund ranks number one in terms of the size of SWF. China Investment Corporation, Abu Dhabi Investment Authority, Saudi Arabia's SAMA Foreign Holdings and Kuwait Investment Authority round up the top five spots.

## Chevron under pressure to share profits with workers

FROM PAGE B1

Chevron Bangladesh and its 600 employees are at loggerheads over the fund, which may delay the oil company's planned exit from Bangladesh. Chevron is seeking about \$2 billion from a sale of natural gas assets in Bangladesh to counter an energy price slump.

In July, Chevron posted its biggest quarterly loss since 2001, hurt by the slump in crude prices and refining income.

Chevron, which is the largest foreign investor in Bangladesh's energy sector, operates the Bibiyana, Jalalabad and Moulvibazar fields and sells all the production to state oil company Petrobangla, according to its website. In 2015, its net daily production averaged 720 million cubic feet of natural gas, which is about one-third of the total production of Bangladesh.

It also produced 3,000 barrels of condensate, also known as natural gasoline.

## Overseas calls in freefall as mobile apps take hold

FROM PAGE B1

These apps allow voice communications and multimedia sessions over the internet. "But BRTC is working to get to the bottom of the matter," he added.

However, Telecom Secretary Md Faizur Rahman Chowdhury said the decline was bound to happen given the large number of communication apps now available. "Non-resident Bangladeshis are using these mobile apps to maintain contact with their families at home," he added.

Senior officials of the telecom regulator said the 33 percent price hike by the IGW Operators' Forum (IOF), which was formed in September 2014, to transmit international calls from Bangladesh might be another reason for the decline. The official incoming international call termination rate is 1.5 cents for every minute, but IOF is charging 2 cents.

"As a result, a huge number of bypasses through the gray route are taking place," another BRTC official said.

Though the IOF is sharing revenue with the government using 1.5 cents as the termination rate, it is depriving the state of revenue in two ways.

"We are sure the government is being deprived of few hundred crores of taka every year, as the legal channel calls have been declining for more than two years now," the official said, asking not to be named.

For instance, the total incoming international call volume stood at 10 crore minutes in July 2015, which gradually came down to less than eight crore minutes in June this year. Officials said neither the government nor the telecom regulator took the initiative to sort out the price disparity by the IOF in the past two years.

When contacted, IOF officials declined to comment on the matter. However, they said, in the last six months the situation took a turn for the worse as well for the IOF as the free apps took the lead. "We are anxious about the development. Within the next few years, even domestic calls will drop if this situation continues. Even the mobile operators will have to change their business model and push data to customers," said an official of IOF.

## Green bonds on the horizon

FROM PAGE B1

Rahman also floated the idea of a green economic zone. The operating costs are relatively high for green projects and the channel to access green finance is narrow, said Dipal C Barua, president of Bangladesh Solar & Renewable Energy Association.

Investment return in green schemes is slower than expected, he added.

Some 36 garment factories in Bangladesh have LEED certification, one of the most popular green building certification programmes used worldwide, said Faruque Hassan, senior vice-president of Bangladesh Garment Manufacturers and Exporters Association. "Three of them are the highest rated in the world," he added.

Huge funds are needed to set up green factories and buildings, but interest rate is high and the payback period is less, Hassan added.

TIM Rawshan Zadeed, executive vice-president and head of SME & Green Banking of IFIC Bank, said banks can reduce the rate of interest if the BB cuts the rate.

Danish Ambassador to Bangladesh Mikael Hemminki Winther, who inaugurated the event, said consistency in policy is important. Some kind of predictability in policy is needed.

"Your obligation is to protect your own country against climate change," he added.

The industrial units altogether consume nearly 50 percent of energy and the residential units 30 percent, said Shah Maksudul Gani, head of sales of Rahimafrooz Renewable Energy Ltd.

Energy efficiency and conservation can reduce the energy requirements by almost 15 percent in the industrial sector, while the use of energy-efficient appliances can bring down energy consumption by up to 36 percent in residences, he said.

With the 22.5 million tonnes of municipal waste produced in Bangladesh every year, 10,823 GWh of electricity can be produced and 9.2 million homes can be lit, said Muhammad Taif Ul Islam, operations officer of clean energy at International Finance Corporation.

## Bangladesh to graduate from LDC in 2024: UN

FROM PAGE B1

This is the slowest pace of expansion this century, and far below the target rate of at least 7 percent per annum recommended by the 2011 Programme of Action for the LDCs for 2011-2020 (the so-called Istanbul Programme of Action).

"Such weak economic growth is a serious obstacle to generating and mobilising domestic resources for structural transformation and investment in the development of productive capacities. It also hampers

progress towards the United Nations Sustainable Development Goals."

The economic outlook for LDCs as a group for the next two years remains uncertain in the face of a lackluster global economic environment, a continuing slowdown of international trade and a sharp decline in growth or even recession in many developing countries.

In some LDCs, the prospects are aggravated by risks in the domestic political environment, the United Nations said.



Ahsan Khan Chowdhury, chairman of Rangpur Foundry Ltd; Rathendra Nath Paul, managing director; Choudhury Atirul Rasul, chief financial officer; MA Mannan, independent director; Chowdhury Kamruzzaman Kamal, director for marketing, and Muhammad Aminur Rahman, company secretary, attend the company's 36th annual general meeting at Trust Milonayat in the capital yesterday. The company declared 35 percent cash dividends for its shareholders for 2015-16.

Sidharth Rath, group executive for corporate relationship group and transaction banking at Axis Bank, cuts a cake along with other officials at a programme to celebrate the completion of the first year of operation, at the bank's representative office on Gulshan Avenue in Dhaka.

AXIS BANK

