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BUSINESS

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Graduation from LDC status to cut into exports

CPD analyses how loss of duty benefits will impact Bangladesh

STAR BUSINESS REPORT

Bangladesh's exports will fall between 5.5 percent and 7 percent if the country loses duty-free market access upon its graduation from the grouping of the least-developed countries, the Centre for Policy Dialogue said yesterday.

"Both product and market diversification will be critical to Bangladesh's smooth graduation," said the think-tank in its analysis on the United Nations Conference on Trade and Development's Least Developed Countries Report 2016.

Exports will fall 6.5 percent to 7 percent if only Bangladesh graduates from the LDC status and loses duty benefits while the other nations retain their existing preferential treatment, said Towfiqul Islam Khan, research fellow of the CPD.

But the fall in exports will stand at 5.5 percent if all LDCs lose the duty-free market access together, he said while presenting

LDC GRADUATION ASSESSMENT FOR BANGLADESH			
CRITERIA	THRESHOLD	PROGRESS	TARGET
Income per capita	Average of \$1,242 from 2011 to 2013	\$1,190	Unmet
Economic Vulnerability Index	32 or below	25.1	Met
Human Asset Index	66 or above	63.8	Unmet

SOURCE: CPD

the analysis at an event held at the Brac Centre Inn in Dhaka.

Even if Bangladesh graduates from the LDCs in 2024, the country will still retain all the privileges it enjoys under the current arrangement until 2027 to facilitate a smooth transition.

The cost of losing LDC-specific international support can be offset by momentum and sound preparation, the think-tank said.

As LDCs, 48 countries are entitled to a total of 136 support measures including special treatment on official development assistance, climate finance, preferential market access and rules of origin, patent flexibilities and aid for trade.

Bangladesh is projected to graduate in 2024 meeting all three criteria: the income criteria, the Human Asset Index (HAI) and Economic Vulnerability Index (EVI), according to the Unctad report.

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DCCI to hold conference on economy next week

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry will organise an international conference in the capital next week to discuss the future of Bangladesh's economy and potential sectors of investment.

Hossain Khaled, president of the chamber, announced the details of the event at a press conference at his chamber office in Dhaka yesterday.

The conference -- New Economic Thinking: Bangladesh 2030 and Beyond -- will take place at Radisson Hotel on December 21.

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IT boosts banks' profitability: study

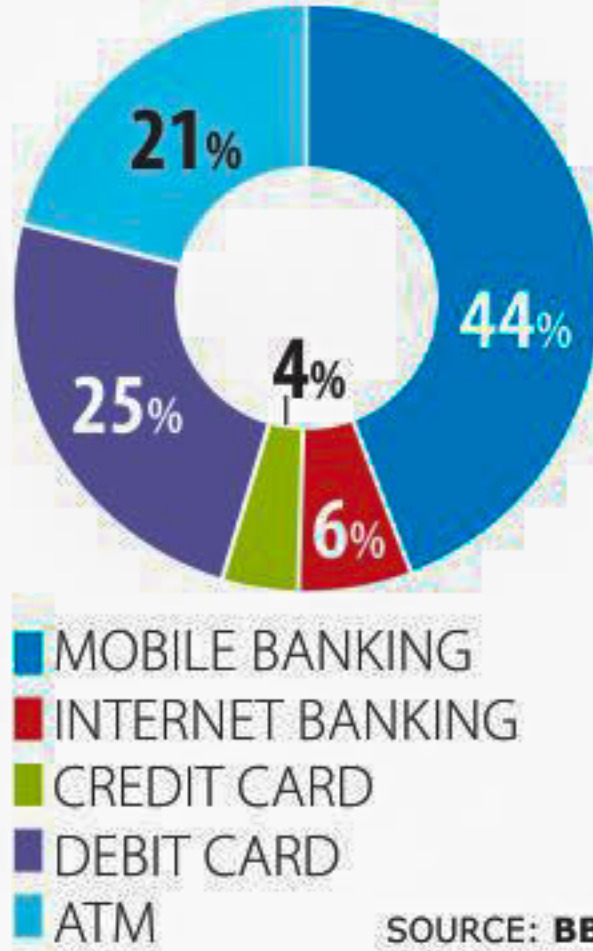
MUHAMMAD ZAHIDUL ISLAM

Investment in information technology not only raises the efficiency of banks but also improves their profitability, according to a study of the Bangladesh Institute of Bank Management.

If a Bangladeshi bank invests Tk 1 in its IT systems, it yields more than Tk 136 in output. On the other hand, a single taka of investment for the non-IT segment brings Tk 58 in output.

Every Tk 1 investment in IT can generate Tk 16.49 in income for banks, while non-IT investments can increase the income by Tk 14.24 per Tk 1, showed the BIBM study, which will be unveiled at a programme today.

ELECTRONIC TRANSACTIONS



SOURCE: BB

A three-member team led by Md Mahbubur Rahman Alam, associate professor of BIBM, analysed banking sector data from 2000 to 2015 and interviewed 500 customers from 2013 to 2015 to arrive at the findings.

IT investment in the financial sector can add efficiency that ultimately drives profitability, according to Alam.

"We have huge scope to invest in the IT segment, which can add efficiency to our businesses."

The study also showed that spending on IT professionals helps increase efficiency. In 2015, the ratio of IT and non-IT employees was a maximum of 1:197 at state-owned banks, 1:506 at specialised banks, 1:80 at private banks, and 1:34 for foreign banks.

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Jute mills to get new lease of life

REJAUL KARIM BYRON

The government will modernise 24 public sector jute mills with Chinese funding -- a move expected to generate annual net profits of \$119 million and 24,000 new jobs.

The state-owned jute mills have been loss-making units for several years now, and in the last fiscal year their losses amounted to Tk 588 crore.

The production capacity of the mills is 275,500 tonnes but the actual annual production is 108,656 tonnes,

yielding Tk 1,041 crore or \$130 million in revenue. About 82,000 are employed in the mills and the government has to give subsidy every year to keep the mills running.

Subsequently, the government has decided to take up a project worth \$350 million or Tk 2,800 crore for balancing, modernising, rehabilitating and expanding the mills, where China will put in about \$280 million or Tk 2,240 crore.

China Textile Engineering Corporation has already conducted a feasibility study

on the jute mills, said an official of the textile and jute ministry.

Due to a lag in technology, low efficiency, obsolete equipment, single product focus, lack of competitiveness and confused management, Bangladesh is losing its leading position in the global jute industry, according to the Chinese company's feasibility study.

The mills suffered losses every year over the last nine years, save for fiscal 2010-11, when only a profit of Tk 14 crore was made.

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US-Bangla to add more flights to Muscat

STAR BUSINESS REPORT

US-Bangla Airlines is set to increase its flights to Muscat from Dhaka and Chittagong to cater to the growing passenger traffic on the route.

The airline will operate two more weekly flights starting today in addition to the existing four weekly flights from Dhaka and Chittagong, the private carrier said in a statement.

It will fly from Dhaka at 9:30pm and from Chittagong at 10:45pm every day, except Saturday, and will arrive in Muscat at 2:00am (local time). The flight will start from Muscat at 3:00am every day, except Sunday.

Since the introduction of its flights on the route on November 11 this year, US-Bangla has received tremendous response from passengers, leading the airline to increase the number of flight operations on the route.

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