

\$100m ADB loan for skills development of young workforce

STAR BUSINESS DESK

The government yesterday signed an agreement for a \$100 million loan with the Asian Development Bank (ADB) for upskilling young workforce, especially women, to enhance job opportunities, expand economic base and boost income.

The assistance is the second tranche of the \$350 million multi-tranche financing facility approved by ADB in 2014 for the skills for employment investment programme (SEIP).

The remaining amount from the ADB assistance is expected to be utilised before the period of the financing facility ends in 2024, the Manila-based donor said in a statement yesterday.

Kazi Shofiqul Azam, secretary of

the Economic Relations Division, and Kazuhiko Higuchi, country director of the Bangladesh resident mission of ADB, signed the loan agreement at a ceremony in Dhaka.

"The programme underpins the country's path towards higher income level with diversified and expanded economic base, while providing good jobs to people, especially women," Higuchi said.

The second tranche of the SEIP will support expansion of the training programme to nine priority industries, bringing in three additional industry associations (Bangladesh Agri-processors' Association, Industry Skills Council for Hospitality and Tourism, and Bangladesh Women Chamber of Commerce and Industry), and 15 training providers.

Upskilling training for Bangladeshi migrant workers overseas, especially for managerial skills, is an important goal under the expanded programme, ADB said.

Over 240,000 people, 30 percent of whom are women, will be trained by 2021, according to the statement.

The SEIP tranche 2 programme is estimated to cost a total of \$133 million. In addition to the \$100 million ADB assistance, the programme is complemented by \$25 million from the Bangladesh government, \$4.5 million from the Swiss government, and \$3.5 million from the private sector.

The second tranche of the ADB loan will have a 25-year term, including a grace period of 5 years, and an interest rate of 2 percent per annum.



Shah Syed Abdul Bari, deputy managing director of National Bank, poses with an award given by the organising committee of the Conservation Agriculture for Smallholders for the bank's contribution to the smallholders' conservation agriculture and farm mechanisation in Bangladesh.

Rolls-Royce logs record £4b loss

AFP, London

British engine maker Rolls-Royce slumped into a record £4-billion annual net loss in 2016, ravaged by a Brexit-fuelled collapse in the pound and a corruption fine.

The loss after tax, equivalent to \$5.0 billion or 4.8 billion euros, contrasted with a slender profit of £84 million in the 2015, the company said in a results statement.

Rolls took a vast £4.4-billion hit from the drop in the value of the pound in the wake of Britain's shock EU exit referendum, alongside a £671-million penalty to settle bribery allegations.

The London-listed company, whose engines are used in Airbus and Boeing aircraft, added that underlying pre-tax profits almost halved to £813 million.

Banglalink investigating irregularities in SIM registration

STAR BUSINESS REPORT

Banglalink is investigating alleged irregularities in SIM registration over which Rapid Action Battalion arrested 61 people, including an employee of the operator and its distributor, last week, officials said.

The telecom regulator will also send a showcase notice to the operator and if found guilty, Banglalink will face fines, said regulatory officials.

Shahjahan Mahmood, chairman of Bangladesh Telecommunication Regulatory Commission, said they are looking into the matter with seriousness following the arrest of the official and a vendor of Banglalink with fake documents.

Banglalink's CEO Erik Aas and other senior officials met with the BTRC chairman on Monday to discuss the issue.

Banglalink officials said they are deeply concerned by the allegations, and once officially informed, they will work with the authorities to take necessary steps.

"Banglalink is a fully compliant company, committed to enforcing and uphold-

ing the highest standards. Banglalink expects all its suppliers and partners to meet the same standards," Aas said in a statement.

On Thursday last, Rab arrested Banglalink's zonal manager Shah Md Abul Alamgir Siddique, owner of MR Communication Mohiuddin Khan, and its manager Sarfuddin Ahmed. The remaining 58 are sales agents and staff members of MR Communication.

MR Communication is a private consultancy firm, which distributes Banglalink SIM cards and provides mobile internet services to customers in Mirpur, Shah Ali, Pallabi, Darussalam and Rupnagar in the capital.

Rab started investigating the matter after it received complaints of threats.

They found a mismatch between information provided by customers to the operator and the information in the customers' NIDS.

Later, it was found that the SIM distributors and sales representatives were using false information to sell new SIM cards.

Local manufacture of bikes taking shape

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For instance, a 100-110cc bike, which is the most popular version, now costs Tk 1 lakh to Tk 1.20 lakh, down from Tk 1.20 lakh to Tk 1.42 lakh.

"We saw a rise in demand after the price cut. The overall market size has expanded," he said, adding that a cut in registration fees will attract more buyers.

Roy said the overall motorcycle market will increase to nearly 2.8 lakh units at the end of 2017.

"But the demand for motorcycle will only grow if banks and leasing firms start financing for purchase of the two-wheelers." He cited India, Pakistan, Sri Lanka and Vietnam as examples, where finance from banks and leasing companies propelled the expansion of motorcycle market.

Without the expansion of the market

to five lakh units a year, the investment for manufacturing spare parts and other components of motorcycle will not be viable, said Matiur Rahman, chairman and managing director of Uttara Group of Companies, local assembler and sole distributor of Bajaj Auto.

Uttara Motors is taking preparations to start manufacturing of motorcycles in Bangladesh. Rahman, who is also the president of Bangladesh Motorcycle Assemblers and Manufacturers Association, said the government should impose duty in a way that the prices of bikes come down to Tk 1 lakh each.

Roy said the backward linkage industry should also be developed so that the manufacturers can source components from vendors. "So, vendor development has become vital," he added. Apart from duty-benefit, the govern-

ment should frame a policy to facilitate the development of the sector.

"The duty benefit is not all for industrialisation. It is only a part of the whole process," Roy said.

Industry insiders said a policy will give idea to investors about the government's vision for the sector.

"We want a policy from the government at least for a period of five years," Rahman said.

He also urged the NBR to impose import duty on basic raw materials at 1 percent and semi-finished and finished components at 5-10 percent so that assemblers can reduce the prices of bikes to attract buyers and expand the market.

On the issue, a senior official of the industries ministry said an automobile policy is on the cards.

German investors brace for unpredictable 2017

AFP, Germany

German investor confidence suffered a sharper than expected tumble in February, data showed Tuesday, as growing concerns over political uncertainty cast a shadow over Europe's top economy.

The closely-watched index for investors' future expectations fell by 6.2 points to 10.4 points this month, the Mannheim-based ZEW institute said in a statement.

Analysts surveyed by Factset had forecast a shallower fall to 14.9 points in February from 16.6 points in January.

"The downturn in expectations is likely to be the result of the recently published unfavourable figures for industrial production, retail sales and exports," ZEW president Achim Wambach said in a statement.

"Political uncertainty regarding Brexit, the future US economic policy as well as the considerable number of upcoming elections in Europe further depresses expectations," he added.

Germany rounded off 2016 with a strong quarter of growth at 0.4 percent, official data released Tuesday showed.

But pointers towards the future outlook have become less robust as 2017 has got under way.

The Munich-based Ifo institute's business confidence index fell in January, albeit less sharply than the investor survey, defying analysts' predictions of an increase.

Ifo's barometer however remains at a level indicating expansion, and a consumer survey from pollsters GfK found the public in "sparkling" mood in January.

In the light of the ZEW reading on Tuesday, "the more positive message from January's business and consumer confidence surveys may now be looking a little too optimistic," said economist Jessica Hinds of Capital Economics.

"Economic indicators speak for a solid start to the year 2017," the German economy ministry commented ahead of the ZEW release Tuesday, pointing to solid business confidence and high levels of employment.

Multilateral trade deals to benefit poor countries

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The Netherlands, Germany, France and Italy are also showing similar tendencies, as some protectionist and nationalistic parties will be contesting in the next elections.

"If we close down the borders, this will be a serious message to the rest of the world. You cannot trade on racism and religion."

But the ICC's objective could not be further from worrying trend.

"As long as trade happens, we will support and defend free trade. Our message has to be that trade generates growth and growth generates jobs," said Kucharski, who previously served the ICC as its head of business development and global networks.

Established in 1919, ICC is the largest, most representative business organisation in the world, with hundreds of thousands of member companies in over 130 countries spanning every sector of private enterprise.

ICC has three main activities: rule setting, dispute resolution and policy advocacy. Since its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders.

The Paris-based organisation also has got an observer status in the

United Nations in December last year.

"This is a wonderful achievement," said Kucharski, who previously worked as the venerable magazine The Economist's director of marketing for the Europe, the Middle East and Africa region.

ICC is the only business organisation with the permanent observer status in the UN.

"What it means is now we have the same status as some countries and we can submit, propose and suggest our business issues to the UN General Assembly."

Kucharski also touched upon the matter of regional integration in South Asia -- one of the least integrated areas in the world with intra-regional trade of about 5 percent.

Integration is a natural progression and it comes through prosperity, he said, adding that for Bangladesh prosperity will ensue if it can continue to grow at 7 percent.

"We believe prosperity is a big driver not only to integration but also to peace," he said, adding that regional integration is vital to achieving the sustainable development goals.

The ICC COO said Brexit will have no long-term impact on countries like Bangladesh. In the short-term though, there might be a decline in exports to the UK.

"Brexit is creating tensions and uncertainties and people usually don't invest under this situation."

On the US's withdrawal from the TPP, he said there are always opportunities that come from failed agreements or disruptions and Bangladesh stand to benefit from it as well.

Asked about his experience at the Asia-Pacific Business Forum 2017, which Bangladesh hosted for the first time in the event's 13-year history, he said he was heartened to see the interactions between the business community and the government and the civil society.

"It seems the interaction was very close. We had the president in the inaugural session and saw that a number of ministers were keen to attend the meeting."

Kucharski went on to laud the ICC Bangladesh for its active role in promoting the local priorities and best practices at different levels. "ICC Bangladesh is run by a group of talented people who are efficient and energetic."

About the ICC's future plan of action, he said the organisation wants to turn its attention to small- and medium-sized enterprises from big businesses as the SMEs create most of the jobs around the world.

On the challenges of ICC, he cited the threats arising from e-commerce, digitisation and artificial intelligence.

Lighter vessel workers call off strike

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The lighter vessels are used to transfer goods from the mother vessels, which are anchored at the outer anchorage of Chittagong port, to the quays of Karnaphuli and other jetties across the country.

The government on October 5 last year published a notification increasing the wages of lighterage workers to a minimum of Tk 9,650 from present Tk 6,900, Hossain said.

Indo-Bangla trade fair begins tomorrow

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Seminars on investment opportunities and business-to-business sessions will be organised on the sidelines of the exhibition to find out ways to boost bilateral business cooperation and increase investments.

The fair will remain open from 10am to 8pm without any entry fee.

Gazi Yar Mohammed, head of retail banking at One Bank, and Akhtar U Ahmed, chief commercial officer of HG Aviation Ltd, exchange the signed documents of a deal at a programme. The bank's debit, credit and pre-paid cardholders will enjoy 10 percent discounts on base ticket fare for domestic and international routes.



ONE BANK

Credit Suisse to cut up to 6,500 jobs in 2017

REUTERS, Zurich

Credit Suisse is to cut up to 6,500 jobs this year after reporting a 2.44 billion Swiss franc (\$2.43 billion) net loss for 2016, and said it was examining alternatives to a planned stock market listing of its Swiss business.

Chief Executive Tidjane Thiam, who took over at Switzerland's second biggest bank just over 18 months ago, is shifting the group more towards wealth management and putting less emphasis on investment banking.

As part of his turnaround plans, the bank is looking to cut billions of dollars in costs and cut a net 7,250 jobs in 2016 with more to follow this year.

"We're setting a target now of between 5,500 and 6,500 for 2017," Chief Financial Officer David Mathers said in a call with analysts on Tuesday after the bank published earnings. The bank did not specify where the extra cuts would come but said this would include contractors, consultants and staff.

Credit Suisse said it was still preparing sell 20-30 percent of its Swiss business in an initial public offering but left the door open to alternative options to strengthen its balance sheet. It said a flotation depended on market conditions and board approval.

Sonargaon renovation almost done

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Karim said they had imported many materials but those got damaged and are deemed not fit for use now. So, they had to import those all over again, he added.

"We have used many materials imported from Singapore and Indonesia to ensure superior quality," he said.

Pan Pacific Sonargaon hotel is fully owned by the government and managed by the Pan Pacific hotel chain. The hotel has a total of 277 rooms, with an average occupancy rate of 80 percent, which goes up to over 90 percent in the peak season between September and January, according to Kabir.

"We needed the renovation works to remain viable because of growing competition."

Sonargaon's main competitors include Radisson Water Garden Hotel, The Westin, Le Meridien, Lakeshore and Regency.

Formulate a policy on CSR spending: Tarana

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Citing an example, Shawkat Hossain Masum, business editor of the Prothom Alo, said a bank funded a picnic under its CSR spending, which is a complete violation of rules.

"In our investigation, we have seen companies, especially banks, are spending huge sums on CSR projects to get political benefits or satisfy a specific segment of people," Masum added. Ekram Kabir, a vice president at Robi, said the operator spends a hefty amount on CSR, but it makes sure those projects become self-sustainable.

Jamal Uddin, a journalist at the Ittefaq, in his keynote, said banks spent Tk 528 crore on CSR projects in 2015, which dropped to Tk 510 crore last year.