STOCKS

DSEX	CSCX
Flat	0.02%
5,625.33	10,564.16

COMMODITIES

Gold	Oil
$1,236.10 (per ounce)	$54.80 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.32%	0.27%	0.36%	0.15%
28,956.33	19,327.01	3,105.31	3,248.31

CURRENCIES STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	79.25	82.58	97.39	0.68
SELL TK	80.25	86.18	100.99	0.72

Star BUSINESS

DHAKA FRIDAY FEBRUARY 24, 2017, *FALGUN 12, 1423 BS*

Govt steps in as top retailers boycott apparel summit

Minister says govt will help detained workers get bails, take other measures to ensure rights

STAR BUSINESS REPORT

The government and the garment exporters have finally stepped in to address the alleged repression of labour activists after five leading apparel buyers pulled out from the Dhaka Apparel Summit that begins tomorrow.

H&M, Inditex (Zara), C&A, Next and Tchibo, which account for billions of dollars in annual garment purchases from Bangladeshi manufacturers, announced early this week that they would not participate in the summit as a mark of protest against the arrest and harassment of workers.

Ethical Trading Initiative, an alliance of companies, trade unions and non-governmental organisations to promote worker rights across the globe, has also withdrawn, as has the only scheduled speaker from a union.

The development is a major embarrassment for the government and the Bangladesh Garment Manufacturers and Exporters Association, the organiser, which is gearing to hit $50 billion in exports by 2021 and eyeing to take over from China as the largest garment exporter in the world.

The event, which is the second of its kind, was organised to highlight the achievements of the garment sector over the years. It is scheduled to be held at the capital's Sonargaon Hotel on Saturday.

In December last year, more than 1,600 workers from a number of garment factories in Ashulia, known as a hub of about 350 of the most compliant garment units, were suspended for their alleged involvement in demonstrations over pay hike.

At least 34 union leaders and workers were arrested and detained, many for over eight weeks, despite the absence of any evidence of wrongdoing, said Clean Clothes Campaign, International Labour Rights Forum and Worker Rights Consortium in a statement.

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Export, remittance to rise: MCCI

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry has predicted that export, import and remittance are expected to rise in the third quarter this fiscal year, riding on the prevailing political calm.

The chamber body also said the foreign exchange reserve will fall in January-March, which is a regular annual feature that arises for payments against imports. The rate of inflation is likely to climb because both fuel and non-fuel commodity prices are on the rise in global markets, it added.

MCCI made the forecast in its quarterly review of the economy for October-December this fiscal year.

It said the rising current account deficit is a matter of concern for the economy as it may hit the overall balance of payments (BoP) position.

The current account deficit was at its highest level in the country's history during July-November of FY17, it said.

Current account deficit surged to $726 million during July-November quarter of the current fiscal year. The last time the current account experienced a large deficit ($447 million) was five years ago.

A current account becomes a deficit when the value of imports of goods, services and investment incomes are greater than the value of exports.

Quoting experts, MCCI attributed the widening deficit on the fall in remittance and lower than expected export receipts.

The BoP also declined by $141 million or nearly 7 percent to $1.903 billion in the first five months of the current fiscal year, down from $2.044 billion in the corresponding period last year.

MCCI said Bangladesh has plenty of opportunities to achieve a higher GDP growth this fiscal year than the 7.11 percent achieved last year.

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Robi counts losses in 2016 after four years of profits

STAR BUSINESS REPORT

Robi incurred a net loss of Tk 389 crore in 2016 -- after counting profits for four years straight -- due to payment of fees for merger with Airtel, spectrum charges and nationwide network modernisation.

Last year, the operator's gross revenue stood at Tk 5,268.2 crore -- its highest in recent years. The sum is an increase of 0.5 percent from a year earlier.

Robi's data revenue registered 'encouraging growth' of 38.9 percent in 2016, it said in a statement. Data revenue accounts for 13 percent of Robi's total receipts.

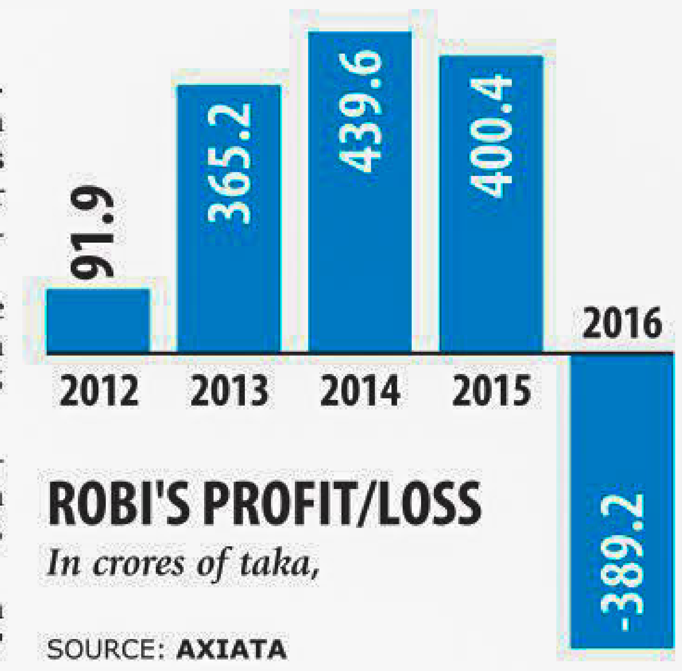
Robi declined to give a breakdown on how much revenue was generated by '016' customers and `018' customers separately.

On November 20 last year, Robi paid Tk 318.52 crore of its Tk 427.35 crore as merger fee with Airtel.

"The merger will ensure enhanced value for consumers and benefit the entire industry," said Mahtab Uddin Ahmed, managing director and chief executive officer of Robi, adding that the first phase of the merger is complete.

In 2015, the then third largest operator secured Tk 400.4 crore in net profit, which is more or less the same as in previous years, according to Axiata Group, Robi's parent company.

Robi counted profits in the first two quarters of 2016 but in the next two quarters the newly merged operator could not maintain the momentum.



Its profitability was negatively affected by nationwide network modernisation, especially in Chittagong and Comilla regions.

During the year, Robi invested Tk 2,030 crore to expand its 2G and 3G network coverage.

At the end of the year, Robi's total subscriber base stood at 3.38 crore, up 19.5 percent year-on-year. The tally also includes Airtel's subscribers, as the merger was announced in the third quarter of 2016.

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WTO countries set out to cut trade barriers

Its trade facilitation deal takes effect

REFAYET ULLAH MIRDHA

The Trade Facilitation Agreement (TFA) of the World Trade Organisation came into force from Wednesday as two-thirds of its 164 members ratified the deal that was accepted in Bali in December 2013.

From now on, the WTO member countries will ease rules and reduce the cost of doing business by simplifying the administrative and bureaucratic procedures.

The cost and time of transporting goods from one country to another will drop, and as a result, the prices of goods will also fall internationally.

Bangladesh ratified the TFA in October last year.

The deal came into force when Rwanda, Oman, Chad and Jordan submitted their instruments of acceptance to WTO Director-General Roberto Azevêdo, bringing the total number of ratifications over the required threshold of 110, according to the WTO.

The entry into force of this agreement, which seeks to expedite the movement, release and clearance of goods across borders, launches a new phase for trade facilitation reforms all over the world and creates a significant boost for commerce and the multilateral trading system as a whole.

Full implementation of the TFA is forecast to slash members' trade costs by an average of 14.3 percent, with developing countries having the most to gain, according to a 2015 study carried out by WTO economists.

The agreement is also likely to reduce the time needed to import goods by over a day and a half and to export goods by almost two days, representing a reduction of 47 percent and 91 percent respectively over the current average.

The implementation of the TFA is also expected to help new firms export for the first time. Moreover, once the TFA is implemented, developing countries may increase the number of new products exported by about 20 percent, while least developed countries are likely to see an increase of up to 35 percent, the WTO said.

"This is fantastic news for at least two reasons. First, it shows members' commitment to the multilateral trading system and that they are following through on the promises made in Bali," Azevêdo said.

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BENEFITS OF TFA

- Members will ease rules and reduce cost of doing business
- The deal will reduce lead time, expedite movement, release and clearance of goods across borders
- Full implementation will reduce trade costs by 14.3%
- TFA to cut time needed to import goods by over a day and a half
- Exports of new products from developing countries will rise 20%
- TFA would boost global trade by up to $1tr each year

STAR

Analysts take part in a discussion on Dhaka's economic future in the capital yesterday.

Dhaka's economic activities unplanned: analysts

STAR BUSINESS REPORT

Dhaka is the fastest growing city in the world but all its economic activities are unplanned, which poses a question whether the growth of the city would be sustainable, analysts said.

People choose to live in the city for the economic opportunities and benefits it provides, which pushed consumption growth up, but all their incomes are not generated in Dhaka, said Hossain Zillur Rahman, executive chairman of Power and Participation Research Centre (PPRC).

He was addressing a discussion on Dhaka's economic future: opportunities and challenges, jointly organised by Dhaka Chamber of Commerce and Industry (DCCI) and PPRC in the capital yesterday.

Referring to a study conducted in 2015, he said the average income of households in Dhaka was Tk 38,000, but there are doubts as to how much of this income is generated by economic activities taking place in Dhaka. He presumed that much of this income is transferred from outside Dhaka.

There is a tremendous appetite for housing in Dhaka due to urban amenities like education, infrastructure and health services; even a union parishad chairmen maintains a house in Dhaka but their income is not within the city, he said at the discussion at the DCCI office.

As a result, the economic growth that appears in Dhaka is not viable, he said.

Dhaka accounts for 35 percent of GDP and about 32 percent of the total workforce, said Abul Kasem Khan, president of DCCI.

The daily influx of people into Dhaka is also creating enormous pressure on Dhaka's infrastructure, he added. The Dhaka-Chittagong corridor can be a solution to the decentralisation of Dhaka, he said.

He requested planners to divide Dhaka into three phases -- inner Dhaka, outer Dhaka and greater Dhaka, to set up business units.

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Loan default rate drops

STAR BUSINESS REPORT

Banks' default loans dropped to 9.23 percent at the end of December last year from 10.34 percent in September as business activities started to expand overcoming prolonged stagnancy.

Total default loans stood at about Tk 62,000 crore against the total loan outstanding of Tk 673,000 crore. The default amount was nearly Tk 58,800 crore in September last year.

Though the percentage of default loans decreased in December compared to September, it increased from a year earlier, when it stood at 8.79 percent.

Bangladesh Bank Governor Fazle Kabir recently expressed concern about the high default loan rate in the banking sector, while blaming the state banks for it.

In 2015, the BB gave an opportunity to reschedule the loans of large borrowers. Some 11 large borrowers rescheduled Tk 15,000 crore of loans then.

Besides, banks were sincere in recovering their bad loans last year, forming a special taskforce for the purpose, said a senior official of the BB.

The BB has also appointed observers in state-owned banks and some private ones. The observers closely monitored the loan management process of the banks.

AK Khan to develop solar power plants with Norway's Scatec

STAR BUSINESS REPORT

Norway-based firm Scatec Solar and local conglomerate AK Khan & Company has signed an agreement to co-develop several large solar power projects in Bangladesh.

The first 100 megawatt project will be in northern Bangladesh and several procedures have to be completed before the signing of a power purchase agreement, according to a joint statement from the two companies.

The agreement was signed on February 20 in Dhaka in presence of visiting Norwegian Foreign Minister Børge Brende, State Minister for Power, Energy and Mineral Resources Nasrul Hamid and State Minister for Foreign Affairs Mohammed Shahriar Alam.

The deal comes at a time when the government is signing agreements with solar power plants to buy electricity with the view to ensuring a portion of supply of electricity through renewable sources.

The government aims to ensure 10 percent of the electricity requirement from renewable sources by 2020.

Bangladesh's present installed capacity is 15,351 MW, of which renewable sources account for nearly 3 percent, according to the ministry for power, energy and mineral resources.

"This agreement with the well-established local partner AK Khan & Company is important to succeed in our ongoing development of utility-scale solar in Bangladesh," said Terje Osmundsen, senior vice-president of Scatec Solar.

Salahuddin Kasem Khan, managing director of AK Khan & Company, said they are happy to enter into a deal with a Norwegian firm to assist Bangladesh to achieve its goal of at least 10 percent of energy mix from renewable sources.

"This is a huge opportunity for our two companies to build a pipeline of solar energy," he added.

Abul Kasem Khan, director of corporate investment of AK Khan & Company, said they want to go for joint venture to produce solar energy after sorting out some issues of the deal.

"We had the desire to go for solar. Scatec is a large company and they will have a positive impact on Bangladesh. It is a good branding for attracting foreign investment in Bangladesh."

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Address challenges to growth: PKSF chief

STAR BUSINESS REPORT

Climate change and corruption are the two major challenges to growth of the Bangladesh economy, said Qazi Kholiquzzaman Ahmad, chairman of Palli Karma-Sahayak Foundation (PKSF).

The rural economy is the main driver of the country's GDP growth, he said at a seminar on executive development, at the Bangladesh Bank headquarters yesterday.

He said the private sector, small businesses, ICT and information and agriculture are contributing to national growth, according to a press release by the central bank.

At the seminar, Ahmad presented a paper on "Bangladesh marching ahead: Implementing sustainable goals".

Governor Fazle Kabir, in his welcome speech, focused on creating more jobs in the country. He called upon the banks to pay more attention on SMEs to help the sector expand.