

Japan, China to boost financial ties

REUTERS, Yokohama, Japan

Japan and China agreed to bolster economic and financial cooperation, Japanese Finance Minister Taro Aso said on Saturday, as US President Donald Trump's protectionist stance and tension over North Korea weigh on Asia's growth outlook.

Chinese Finance Minister Xiao Jie, who missed a trilateral meeting with his Japanese and South Korean counterparts on Friday for an emergency domestic meeting, had flown in for the talks with Aso, seeking to dispel speculation his absence had any diplomatic implications.

"We actively exchanged views on economic and financial situations in Japan and China and our cooperation in the financial field," Aso told reporters after the meeting, which included senior finance ministry and central bank officials.

"It was significant that we reconfirmed the need of financial cooperation between the two countries while sharing our experiences in dealing with economic policies and structural issues," he added.

The two countries agreed to launch joint research on issues of mutual interest - without elaborating - and to report the outcomes at the next talks, which will be held in 2018 in China.

They did not discuss issues such as currencies and geopolitical risks from North Korea's nuclear and missile programme during the dialogue, held on the sidelines of the Asian Development Bank's (ADB) annual meeting in Yokohama, eastern Japan, Aso said.

Relations between Japan and China have been strained over territorial rows and Japan's occupation of parts of China in World War Two, though leaders have recently sought to mend ties through dialogue.

Still, China's increasing presence in infrastructure finance has alarmed some Japanese policymakers, who worry that Beijing's new development bank, the Asian Infrastructure Investment Bank (AIIB), may overshadow the Japan-backed ADB.

Shortly before the bilateral talks on Saturday, Xiao voiced hope that the ADB will boost ties with China's

high profile "One Belt One Road" infrastructure development initiatives.

"China hopes the ADB ... strengthens the strategic ties between its programmes and the One Belt One Road initiative to maximise synergy effects and promote Asia's further development," Xiao told the ADB's annual gathering.

Japan and China do agree on the need to respect free trade, which they see as crucial to Asia's trade-dependent economies.

Finance officials from Japan, China and South Korea agreed to resist all forms of protectionism in Friday's trilateral meeting, taking a stronger stand than G20 major economies against the protectionist policies advocated by Trump.

China has positioned itself as a supporter of free trade in the wake of Trump's calls to put America's interests first and pull out of multilateral trade agreements.

Japan has taken a more accommodative stance toward Washington's argument that trade must not just be free but fair.



Rumea A Hossain, chairman of the board executive committee of Bank Asia, opens a new branch of the bank at Gouripur of Daudkandi upazila in Comilla on May 4. Md Arfan Ali, president and managing director, was also present.

BANK ASIA

Mobile wallet use rises despite stricter curbs

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A maximum of Tk 15,000 can be deposited into a mobile wallet each day and Tk 10,000 taken out -- down from the previous daily ceiling of Tk 25,000 for both the activities.

The BB also directed the mobile financial service providers not to open more than one account with a single national identity card.

During the quarter, the daily average transaction stood at Tk 807 crore, up from Tk 773 crore registered in the preceding three months.

The total number of mobile wallets rose 23 percent to 5.04 crore at the end of March, up from 4.10 crore in December last year.

The number of active accounts soared 55 percent from December last year to 2.45 crore in March.

The BB's move to lower the ceiling prompted agents to open more wallets to adjust their over-the-counter transaction volume, said Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, the country's second largest MFS provider.

To get by the new restrictions, customers started maintaining wallets with a host of MFS providers but under their near and dear ones' names.

The BB too acknowledged the new phenomenon.

"The move to lower the transaction limit may have increased the number of mobile banking accounts," said Subhankar Saha, executive director of the BB.

Many accounts that were inactive for a considerable amount of time sprung back to action once the new limits came into effect, said Lila Rashid, general manager of the BB's payment system department.

Meanwhile, the BB formed a committee to find out the reasons behind the falling remittance.

In the first 10 months of the fiscal year, \$10.28 billion was received as remittance, down 16.08 percent year-on-year.

The committee identified the growing popularity of mobile banking as the prime reason for the sliding official remittance figures.

"Mobile banking is a hassle-free service, so it is fast becoming the remitters' preferred mode of sending money home," said a member of the committee.

Subsequently, the number of mobile banking accounts is fast mounting, he said.

To counter the phenomenon, the committee will recommend a policy that would link the mobile wallet with a formal bank account to bring remittance through the official channel.

The committee will submit its final report to the BB governor soon, he added.

New chief for ACI's three subsidiaries



STAR BUSINESS DESK

FH Ansarey has recently been appointed as the managing director of ACI Motors Ltd, ACI Agro Link Ltd and Premiaflex Plastics Ltd.

He has over 35 years of experience in the agriculture industry, ACI said in a statement.

Ansarey started his career in 1981 in agribusiness in a multinational company Ciba Giegy. He has obtained a PhD in ecology, according to the statement.



HATIL

Deepak Bohora, minister of supplies of Nepal, opens the maiden showroom of Hatil at Kathmandu in Nepal on April 30. Mashfee Binte Shams, Bangladesh's ambassador to Nepal, was also present along with the officials of Hatil.

Govt to set ambitious aid spending target

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The government has a target to open the Padma Bridge in 2018. Prime Minister Sheikh Hasina has also issued a directive to connect the rail link at Jazira point with the bridge as soon as it is opened. The finance ministry has already written letters to China to approve the foreign assistance by this year.

Work on metro rail slowed down due to militant attack in Gulshan last year, which killed 7 Japanese nationals working on the project. But thanks to various steps taken by the government Japan has resumed work.

Finance Minister APM Muhith himself held meetings with different higher-ups of Japan, with the most recent one being last week on the sidelines of the Asian Development Bank's annual meeting in Yokohama.

Muhith laid out the latest security situation in Bangladesh and requested them to expedite the implementation of several projects including the metro rail.

About Tk 3,000 crore will be allocated for the metro rail project in next year's budget. The government is also hoping that the Matarbari coal-based power plant to be implemented with Japanese assistance will be quickened next year.

A big amount of disbursement from India's \$3 billion line of credit may be made in the upcoming fiscal year, said planning ministry officials. Besides, the World Bank and the ADB have committed to increasing their assistance to Bangladesh, said a finance ministry official.

A recent ADB report showed that Bangladesh was among the top performers of its member countries in terms of loan disbursement ratio last year. "The trend will continue next fiscal year," the finance ministry official said.

The size of 2017-18's ADP may be Tk 153,330 crore, which is 35 percent more than the ongoing one.

The planning ministry is likely to place the ADP budget proposal for the next fiscal year at the National Economic Council meeting to be held next week with the prime minister in chair. "The prime minister may increase the amount to Tk 155,000 crore at the meeting," said a planning ministry official.

Govt to invest \$500m in tech parks

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The government's initial target is to earn \$1 billion in software exports and outsourcing by 2018.

By 2021, the ICT sector will contribute more than 5 percent to the country's gross domestic product, according to the government's target.

The Bangladesh Hi-Tech Park Authority (BHPTA) has made progress in building the Sheikh Hasina Software Technology Park at Janata Tower in Dhaka at a cost of Tk 248 crore, which will be inaugurated in June.

Space has been allotted to 24 companies on the park premises with only

Tk 10 as rent per square feet.

A total of 10,000 IT professionals can work at the park simultaneously, according to BHPTA.

In the last week of April, the government approved the establishment of 12 tech parks in different districts at a cost of Tk 1,796.40 crore, to move closer to a digital economy.

Of the amount, Tk 1,544 crore will come in the form of credit from India and the government will bear the rest of the amount.

The parks will be built in Khulna, Barisal, Rangpur, Natore, Chittagong, Comilla, Cox's Bazar, Mymensingh, Jamalpur, Gopalganj, Dhaka and

Sylhet. The government is also half-way through completing the Bangabandhu Hi-Tech City in Gazipur, which will employ nearly 70,000 in the next 10 years.

The BHPTA has started land development for a 'Silicon City' in Rajshahi at an allocation of Tk 300 crore and targets to complete it by next year, said Palak. The infrastructure will lead to the exponential growth of this sector, he added.

Palak said the government is about to build a knowledge-based society by 2021 and at the same time, create jobs for 20 lakh youths in this sector.

Tariff policies should be sector specific: analysts

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The government focuses on tax collection to increase revenue, but it should understand that the increasing tax burden will reduce consumption because of a fall in income, he said.

There is a lack of efficiency among bureaucrats who fix mechanisms to earn more revenue, he said.

Development is not possible if the budget is made excluding the deprived groups like the indigenous

people, Haor people and beggars, he said. "Only project implementation does not reflect development."

The proper implementation of the budget largely depends on the appropriate spending of the funds, he said.

The government's implementation capacity did not improve though the size of the budget has increased over the years, said Masih Malik Chowdhury, former president

of the Institute of Chartered Accountants of Bangladesh.

There is not a dedicated desk in the industries ministry, which can guide a businessman on how to start a business, said Abdul Haque, director of the Federation of Bangladesh Chambers of Commerce and Industry.

A rapid change is needed in the administration to arrest corruption, he said.



EXPRESSIONS

Eshtiaque Ahmed, managing director of Ejab Group; M Taufiqur Rahman, group CEO, and Ramendu Majumdar, chairman and managing director of Expressions Ltd, attend a deal signing ceremony in Dhaka on April 30.

Expressions will look after all brand communications of Kiddo and Rabeya product ranges of Northern Agricultural & Industrial Co Ltd and Rabeya Flour Mills Ltd, two companies of Ejab Group.



Tadashi Ohyama San, managing director of Sharp-Roxy Sales and Service Company of Japan, opens a showroom of Best Electronics on Nurjahan Road in Dhaka. Syed Asaduzzaman, managing director of Best Electronics Ltd, was also present. The outlet was one of the 18 showrooms opened on the day.

BEST ELECTRONICS