

ADVERTORIAL

Standard Chartered: Standing beside the private sector

STANDARD Chartered Bank's history in Bangladesh dates back to 1905. For 112 years the bank remained open for business and stood a proud witness to the innate resilience of this country that has continued to drive economic growth and progress. This progress could not be contained by the sweeping geopolitical shifts that changed the landscape of this region, the wars, and natural calamities. Time and again Bangladesh has shown the vitality, dynamism and energy to remain unwavering on the path of economic growth and social development.

After attaining independence in 1971, the country inherited a war-torn economy that had suffered many years of neglect. There was a pressing need to revitalise international trade and commerce for importing essential commodities, and to reorganise the banking structure to gain international recognition.

At this historical point of the country's metamorphosis to an independent nation, Standard Chartered, the nation's oldest financial institution, achieved the first of many milestones that mark its unique relationship with sovereign Bangladesh.

"At that time, Standard Chartered issued the sovereign country's first letter of credit. This was a very important achievement – a testament to the bank's unwavering commitment to facilitate trade and commerce for Bangladesh, and stand beside Bangladesh's businesses, which continue to play a critical role in catalysing the nation's economic development," said Abrar A Anwar, chief executive officer of Standard Chartered Bangladesh. "To this day, Standard Chartered retains its core belief in the strong fundamentals underlying Bangladesh's economy, and the resilience and strength of its people that is driving our nation forward," he added.

Since independence, Bangladesh's growth story has been remarkable. The commendable success in the Millennium Development Goals highlights the country's achievements in the social sphere. This success has been underpinned by the growth momentum of the nation's economy, forecast to become the 23rd largest in the world by 2050. Bangladesh has been identified as one of the 11 countries with the highest growth potential leading up to 2050, and one of the highly potential "Frontier Five" economies.

One of the major protagonists of this success story has been the nation's flourishing industries, led by the achievements of the readymade garments sector. In 2016, the sector accounted for 5.1 percent of a global trade worth \$503 billion. Bangladesh remains the second largest RMG exporter to the world. The industry spearheads the nation's exports, accounting for around 80 percent of our



STANDARD CHARTERED

Workers are seen at a garment factory in Gazipur. In 2016, Standard Chartered facilitated 10 percent of Bangladesh's total apparel exports.

export earnings while creating four million jobs. Standard Chartered itself has been a humble part of this story. Between 2011 and 2016, the bank's share in RMG exports grew from US\$1.1 billion to US\$2.64 billion, or 5.5 percent to 10 percent of total RMG exports, keeping pace with the rapid growth of the industry. The bank aspires to facilitate a greater volume of the RMG trade as part of its commitment to the growth story of RMG.

Facilitating international trade for its partners has been an historical strength for the bank. This continues to be the case today, with the bank directly and indirectly handling 13 percent of the country's trade. Standard Chartered is the largest trade processing hub in Bangladesh, boasting of the country's largest trade assets and contingent books. It is one of the largest export financing banks in the country, achieving a compounded annual growth rate of 22 percent for the last three years.

To help Bangladesh's businesses compete on the global stage, the bank has introduced a number of innovative trade financing products in recent years. This include, commercialised avialisation-based import financing solution and commercialised foreign currency-based export financing. The bank is also the first to have launched 'Duty Financing', through which corporate clients can avail trade loans to pay various types of duties, taxes, levies or regulatory payments associated with their purchase or sales. The bank's

structured finance solutions have helped refinance the client's balance sheet by tagging term finance repayments directly with export contracts and easing reliance on short-term financing for longer term investments. The bank executed the first structured finance transaction in the country and has been an industry leader in arranging innovative funding structures for its clients. Standard Chartered has also been closely involved in infrastructure development in Bangladesh arranging funding for well-known landmarks. The bank has recently showcased the capacity to act as mandated lead arranger for preference share issuance of corporates.

Standard Chartered Bangladesh has also been an active player in Islamic banking, helping widen access to Shariah-compliant financial products and services for businesses in Bangladesh. The bank offers a full suite of Islamic cash management, working capital and financing solutions for its corporate banking clients. In 2016, Standard Chartered issued the first ever Shariah compliant \$32 million Diminishing Musharaka Islamic Syndication facility, supporting the client's export growth. The deal was recognised by Islamic Finance News (IFN) as "Best Islamic Deal - Bangladesh" in 2016.

The bank further supports its clients' businesses through a unique supply chain management solution. The supply chain product aims to help businesses build the capacity across the supply chain network (i.e. suppli-

ers and distributors). Standard Chartered supports the supply chain partners to develop their capacity with a view to increasing their access to finance and growth capital. This proposition allows the bank to grow the sourcing and distribution competitive advantage of the clients by strategically supporting both upstream and downstream supply chain network.

The bank sees tremendous potential for growth in sectors such as pharmaceuticals, commercial real estate, retail channels, and aviation. In the pharmaceuticals space, it commands a market-share of approximately 10 percent. With strong domestic demands and ever growing export potential, the pharmaceutical sector is set to be a major growth engine of the economy. The nation's aviation sector is also steadily moving forward, and in this too the bank has been a proud partner. In addition to financing the fleet of the national carrier, it has also completed the first aircraft lease rental transaction by a commercial bank, where a fully-owned subsidiary of Standard Chartered leased a Boeing 737-800 to a local client.

A central pillar of Standard Chartered's commitment to be a partner in progress to the nation is to help businesses operate sustainably, both from an environmental and social perspective. The bank actively engages its partners operating in industries that have potential environmental or social externalities, and help migrate best practices with the

MAJOR CONTRIBUTIONS

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The bank issued the very first letter of credit in independent Bangladesh and executed the first structure finance transaction

Recent trade financing innovations include commercialised avialisation-based import financing solution, commercialised foreign currency-based export financing and duty financing

help of its global network. Its credit approval policy allows it to take on only those opportunities that have been deemed fit by its Environmental and Social Risk Assessment framework. The requirements of the framework are comprehensive, and the bank works with external consultants to advise and guide its clients to meet these standards.

On its commitment to help Bangladesh's business grow, Enamul Huque, managing director & head of commercial banking of Standard Chartered Bangladesh, said "We are proud to be able to stand beside Bangladesh's entrepreneurs, who play a critical role in taking our nation forward. We remain fully committed to supporting Bangladesh's businesses at our full capacity. We will keep up our endeavour to bring to bear the strength of our global network, know-how, and knowledge of the local market gained over 112 years, in helping Bangladesh's businesses thrive."

The banking sector features prominently in the growth stories of national economies. International banks such as Standard Chartered, with their unique ability to mobilise offshore capital and to facilitate global trade and investment -- both of which are critical to sustained growth, have a significant role to play in this story. It has been the proud heritage of Standard Chartered to be a partner in progress of Bangladesh, and it is fully committed to continuing that role in the next chapter of Bangladesh's story.

Midland signs deal with Rolls-Royce to set up 150MW plant

STAR BUSINESS REPORT

Midland Power, a local joint venture, yesterday signed an agreement with Rolls-Royce Bergen Engines AS to set up a plant at Ashuganj in Brahmanbaria that will generate 150 megawatt of electricity.

The UK-based Rolls-Royce will supply machinery and offer technical support to Midland to set up the Tk 800-crore plant scheduled to go into operations by March next year. David Hasanat, chairman of Midland Power, and Jeff Elliott, managing director of Rolls-Royce Bergen Engines, signed the deal in Dhaka for the furnace oil-based power plant.

Elliott said Rolls-Royce is now supporting power plants in Bangladesh that are producing 716MW of electricity. Some other units to generate 450MW, including the 150MW of Midland Power, will start production soon.

He said Rolls-Royce, which has been in Bangladesh for the last 15 years and has an office in Dhaka, aims to raise the power generation capacity to more than 1,100MW in the next two years. "The level of business growth in Bangladesh is very high."

Midland is a joint venture of Viyellat Group and Shahjibazar Power, a sister concern of Youth Group. It is an independent power producer and has been supplying 51MW to the national grid since 2013.

Bangladesh keen to sign FTA with Turkey: Tofail

BSS, Dhaka

Bangladesh is keen to sign free trade agreement (FTA) with Turkey to boost bilateral trade, Commerce Minister Tofail Ahmed said yesterday.

He spoke at the "Turkey-Bangladesh Business Forum and B2B Meeting" in the capital jointly organised by Turkish Exporters' Assembly (TIM) and the Federation of Bangladesh Chambers of Commerce and Industry.

Bangladeshi products do not get duty- and quota-free access to the Turkish market as the country is not in European Union, he said. Bangladesh's export to Turkey will get a boost if the FTA is signed, he said.

He said Bangladeshi products have a good demand in the Turkish market. In 2016-17, Bangladesh exported goods worth \$631 million to the Turkey against the import of \$212.30 million.

The TIM and FBCCI inked a memorandum of understanding to strengthen trade and investment on the occasion. FBCCI's First Vice President Sheikh Fazle Fahim and Turkish Exporters' Assembly member of sector council Basaran Bayrak signed the deal.

Turkish Ambassador in Dhaka Devrim Ozturk and FBCCI President Shafiqul Islam Mahiuddin, among others, also spoke.

Maintain warm relations with EU to boost exports

Recommends outgoing EU Ambassador in Dhaka Pierre Mayaudon

REFAYET ULLAH MIRDHA

BANGLADESH should focus on building a very warm relationship with the European Union (EU) countries to export more and attract foreign direct investment as well.

A good relationship can change the future investment landscape of Bangladesh as entrepreneurs of the 28 European nations are very much eager to invest in the diversified fields of the country.

The EU is the largest export destination for Bangladesh, taking in goods worth nearly \$18 billion in fiscal 2016-17. More importantly, 60 percent of garment items produced in Bangladesh are destined for the EU.

"So, a warm relationship of Bangladesh with the EU is a must," said outgoing EU Ambassador in Dhaka Pierre Mayaudon, who also served as head of the EU delegation to Bangladesh over the past three years.

Mayaudon said Bangladesh was still eligible for the EU duty-free benefit scheme of Everything But Arms (EBA) as the government had already taken some good initiatives to bring reforms in the labour law and strengthen workplace safety.

The envoy suggested diversifying both markets and products for more export earnings.

For example, he said, both the government and private sector should come forward to utilise the potential of pharmaceuticals produced in the country.

EU-Bangladesh relations should not be confined only within suppliers and buyers, rather it should be diversified through more exports to EU and more investment from its member states to Bangladesh.

This is why EU Business Council was launched two years ago for warmer business relations.

The EU-Bangladesh business climate dialogue, held under the council, was bringing reforms in the economic sector to make the country more export and investment-friendly.

He said Bangladesh's commitment to amend the labour law by November was a



Pierre Mayaudon

very timely initiative as it would help improve labour rights in the country.

Mayaudon advised Bangladesh to improve its business environment so that it can become a suitable destination for foreign investors.

There should be changes in regulations, such as taxation, customs, licences and repatriation of dividends and sometimes capital. Bangladesh should drastically improve its ranking in the ease of doing business index, for it now stands 176th.

Bangladesh will need to meet necessary conditions to enjoy the GSP Plus facility once it graduates into a middle income country, as has been planned, in 2021.

It will need to ratify 27 core United Nations conventions, mostly covering areas of human rights, good governance, labour rights and environment.

Bangladesh will continue to enjoy, at least for some years, the GSP Plus facility even after graduating from a least developed country to a middle income one.

However, the envoy said the future economic growth of Bangladesh depends largely on a conducive political atmosphere and on the next general elections being held in a free, fair, transparent and inclusive manner.

Before leaving for his new assignment

in Afghanistan, Mayaudon talked about his experiences, Bangladesh's political turmoil, future economic development and EU-Bangladesh trade in an interview with a group of journalists at his office in Dhaka recently.

While focusing on economic development and the political turmoil, Mayaudon said one difference between the political situation of 2014 and that of today was that the economic scenario was extremely positive in 2014.

The country might not be able to cope with any probable long term political upheaval, stemming from the upcoming general elections, due to volatility in the global economy.

However, the situation now was different.

He said in 2014, exporters, especially those of garments, were optimistic, resilient and confident and unfortunately the economic situation was not that well now.

There are frequent media reports saying that ready-made garment exports was facing stagnation while the amount of foreign direct investment was not meeting expectations, the diplomat said.

The prospects are still good as the new budget has already been placed with hopes of better economic growth. "It will

happen and it will happen even better if the political scenario is conducive."

The EU has been talking not only about the political and election issues of Bangladesh, but also of the country's future.

"The next election should not be in a partisan situation, the election should be free, fair, transparent and inclusive," he said.

Mayaudon said the EU was confident that the initiative of the EC to call debate discussions with the civil society and political parties was obviously an attempt to find ways for holding a fair election.

Democracy, human rights and governance topped the EU agenda in Bangladesh and the EU would never miss any opportunity to address these crucial issues.

Mayaudon said when he arrived in Bangladesh three years ago, the political situation was quite volatile and he had witnessed quite widespread agitations in 2015. Now, the situation was much more peaceful. Regarding migrant workers and potential immigrants to the EU, he said the EU was open to all Bangladeshis, meaning those who wanted to go through legal channels.

Every year the EU nations issue 20,000 resident permits to Bangladeshis either to stay with families or work in Europe for a certain period of time.

The EU countries have been facing an influx of hundreds of thousands of migrants through the Middle East and especially from Afghanistan and Pakistan.

It is a fact that the EU nations have become more cautious about migrants as it raises a number of political, economic and social challenges at home.

Even till 2015, there was no Bangladeshi in the EU's list of illegal migrants. However, last year there were over 8,000.

The flow of Bangladeshi migrants seeking to enter Europe through this illegal channel has increased so much that it took just six months this year for the figure to cross that of last year.