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Star BUSINESS

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Akij may get nod to buy Malaysian firms

SAJJADUR RAHMAN

Akij Jute Mills, a concern of Akij Group, may finally get the government approval to purchase a Malaysian company along with its subsidiary for \$80 million, or Tk 652 crore, making it the seventh Bangladeshi company to invest abroad.

The local company intends to acquire Malaysian Robin Resources and its fully-owned subsidiary Robina Flooring -- both of which manufacture reconstituted wood products -- as soon as they get the green light.

Akij has sought the approval to remit \$20 million to Malaysia; the remaining \$60 million needed to acquire the businesses will be loaned from banks overseas, according to a plan submitted to the Bank and Financial Institutions Division recently.

The company last year -- along with two other local business giants Nitol-Niloy Group and Ha-Meem Group -- applied to the Bangladesh Bank for the fund transfer abroad but was met with a firm no.

Nitol-Niloy Group and Ha-Meem Group wanted to invest \$7 million and \$10.44 million in Gambia and Haiti respectively.

But Akij took the matter to the finance minister, who seems to be in favour of allowing local businesses to invest abroad.

Earlier in May, Finance Minister AMA Muhith asked the BB and the Bank and Financial Institution Division to get a detailed investment plan from the companies before giving them the go-ahead.

But Nitol-Niloy Group and Ha-Meem Group, owned respectively by Abdul Matlub Ahmad and AK Azad, two former presidents of the Federation of Bangladesh Chambers of Commerce and Industry, have failed to submit investment plans as per requirement of the BB and the finance ministry.

"Only Akij has come up with its detailed investment plan and we have recommended positively for them," said a BB official quoting the central bank's performance evaluation committee's (PEC) recommendations.

The final decision will be taken by the cabinet committee on economic affairs that has several ministers as its members.

The central bank's PEC, which is led by an executive director, appraises foreign investment plans made by Bangladeshi companies as per the Foreign Exchange Regulation Act. By and large, it rarely permits foreign investment by resident Bangladeshis.

Akij Jute Mills has adequate foreign currency, which it maintained from its export retention quota (ERQ), said the BB official.

LOCAL FIRMS THAT GOT NOD TO INVEST ABROAD

- ACI Healthcare
- Incepta Pharmaceuticals
- Square Pharmaceuticals
- MJL Bangladesh
- BSRM
- DBL Group

As of June 22, the jute mill has more than \$25 million of foreign currency under its ERQ.

The finance ministry's Bank and Financial Institution Division also recommended positively for Akij Jute Mills.

"Akij's proposal can be considered," said a letter of the division forwarded to the finance minister recently.

However, the division quoting a merchant bank's valuation report said Akij should negotiate with the Malaysian company further to lower the price.

Green Delta Capital, a merchant bank, suggested \$73.6 million as fair value for the Malaysian companies.

"The scope for further bargaining is very little. We have already

bargained a lot," Mohammad Rafiqul Islam, adviser of Akij Group, told The Daily Star.

Robin Resources and Robina Flooring export to about 60 countries and generate \$8-9 million profit a year, Islam said.

"Once we get the approval from the Bangladesh authority, we will take over the management of the Malaysian company and start production in two to three months," said Sheikh Bashir Uddin, managing director of Akij Group.

The BB has so far allowed six companies to invest equity abroad from their ERQs.

ACI Healthcare got the approval to invest \$4.47 lakh for production and marketing of oral solid dosage in the US.

Incepta Pharmaceuticals set up a subsidiary of its own in the UK with £10,000 and built a joint venture investment company in Estonia with an investment of €2,500.

Square Pharmaceuticals was permitted to invest \$5 million for expansion of its business in the US.

MJL Bangladesh invested \$5.47 lakh for expansion of its business in Myanmar and to form a subsidiary in Singapore.

BSRM invested \$4.67 lakh in Kenya to set up a steel industry in August 2016.

DBL Group got the permission to invest \$8 million for setting up a garment factory in Ethiopia.

Railway's fibre optic network to open to all GP used it exclusively for 20 years

MUHAMMAD ZAHIDUL ISLAM

Grameenphone's exclusivity in using the Bangladesh Railway's fibre optic network is set to come to an end after 20 years as the government looks to make the most of the resources available to realise its Digital Bangladesh vision.

In 1989, BR under a modernisation project of its signalling system installed the optical fibre network at 300 stations with financial assistance from the Norwegian government.

As the capacity of the fibre optic remained mostly unused in 1997, Grameenphone, majority owned by Norwegian company Telenor, signed an agreement with the then railway division to

use, maintain and run the business operation of the fibre optic cable, after winning an international bid.

The government has now taken an initiative to withdraw the exclusivity agreement between Grameenphone and BR as the cable is a public resource and should be open to all such that they can digitise the country.

A joint committee comprising representatives from Grameenphone and BR has started working on reviewing the terms of agreement between the entities.

The revision of the deal will open up more than 2,100 kilometres of optical fibre cable of BR to all interested parties, said an official of Bangladesh Telecommunication Regulatory Commission.

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Lift duty on import of furnace oil Textile millers urge govt

STAR BUSINESS REPORT

Textile millers have demanded duty-free import of heavy fuel oil or furnace oil to keep their factories up and running.

They said the tariff of gas was hiked by 222 percent in the last two years, which was eating up the profitability of the businesses in the primary textile sector as spinning, weaving, finishing and dyeing mills need uninterrupted gas supply.

"We have already started talks with the government to make HFO import duty-free so that the primary textile sector can run well," said Tapan Chowdhury, president of the Bangladesh Textile Mills Association,

yesterday.

The noted industrialist was talking to a group of reporters. He spoke about the current situation of the primary textile sector, which supplies 90 percent of the raw materials required by the knitwear sector and 40 percent by that on weaving.

Currently, importers pay 35 percent duty to import the oil, which, they say, was too high for the users.

"If there is any interruption in the supply of gas, fabrics can't be used and the millers have to face the losses," Chowdhury said. "If HFO import is made duty-free, factory owners will be able to use it at cheaper rates," he said.

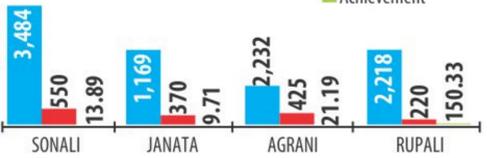
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State banks miss loan recovery target

They recovered Tk 195cr as of June while the target was Tk 1,565cr

LOAN RECOVERY FROM TOP DEFAULTERS

As of June; in crores of taka SOURCE: BB



JEBUN NESHA ALO

All four state-owned commercial banks failed to recover loans from the top 20 defaulters as per targets set by the central bank for the first half of the year.

The banks recovered a total of Tk 195 crore of the bad loans as of June, much lower from the target of Tk 1,565 crore.

Sonali, Janata and Agrani could recover less than 5 percent of the bad debts as of June.

This is far below the satisfactory recovery level of 40 percent as per the banks' agreements with the central bank.

Among the four, Rupali performed better, as it recovered 68.33 percent of its bad debts, according to a review report prepared by the banking regulator.

The top 20 defaulters accounted for a third of the six state banks' total default loans in the first half of 2017, according to the finance ministry.

As of June, the defaulters owed Tk 11,579 crore to Sonali, Janata, Agrani, Rupali, BASIC and Bangladesh Development Bank.

The state banks could not recover the bad loans because of the writs filed by the defaulters, said Janata Bank Managing Director Abdus Salam.

"Influential clients have filed several cases against the defaulter status foiling banks' effort to recoup bad loans," he said.

Sonali recovered Tk 13.89 crore from its top 20 defaulters as of June, which was 2.53 percent of target of Tk 550 crore, according to BB data.

READ MORE ON B3

Ban on direct cargo flight to UK may go: Rushanara

STAR BUSINESS REPORT

The country has made laudable progress in safety and security services at the Hazrat Shahjalal International Airport for lifting the ban on direct cargo flights from Dhaka to the UK, said Rushanara Ali, the UK Prime Minister's trade envoy for Bangladesh.

Ali, who is a member of the British parliament, said she has already raised the issue of ban to her prime minister.

"I am hopeful that there will be a good news soon," Ali told journalists after a meeting with Commerce Minister Tofail Ahmed at the secretariat office in Dhaka yesterday.

However, she did not say when the ban might be lifted.

Ali is in Dhaka on a week-long visit with a British business delegation to discuss different trade issues between the two countries. It is her second visit in less than a year.

The British government has imposed a ban on direct cargo flights from Dhaka to



Rushanara Ali

EXPORTS TO UK



the UK in March last year on safety concerns at the Dhaka airport.

Following the ban, the UK-bound cargo flights needed to be rescreened at a third country's airport, preferably Dubai, Qatar, Bahrain and Kuwait.

The move has increased the cost of business for exporters in Bangladesh as the airlines have hiked the fees for the added step.

"We know the impact of the ban on direct cargo flights between the two countries. We have been doing our best to work with the authorities," said Alison Blake, the British high commissioner to Bangladesh.

Nothing will change instantly and the change is depending on the ground services at the airport.

"I think there has been a great improvement," Blake said, adding that officials

from both the UK and Bangladesh will sit again at the end of this month to discuss the issue.

Commerce Minister Ahmed said he is hopeful that the ban will be withdrawn soon as a British company has been appointed to improve the safety and security measures at the Dhaka airport.

The UK is the third largest export destination for Bangladeshi products after Germany and the US.

Ahmed said the UK government has already assured that the country will continue the same duty-free benefit for Bangladesh even after Brexit.

"So, export to the UK might not be hampered," he said.

The balance of bilateral trade between the two countries is heavily tilted towards Bangladesh.

In fiscal 2016-17, Bangladesh exported goods worth \$3.57 billion and imported goods worth \$330 million.

There is a ban on direct cargo flight from Dhaka to all EU countries.

READ MORE ON B3

Importers suffer for a dearth of lighters at Ctg port

DWAIPAYAN BARUA, Ctg

A shortage of lighter vessels at the Chittagong port along with landing stations is causing importers to pay extra charges and demurrages, forcing consumers to ultimately bear the costs.

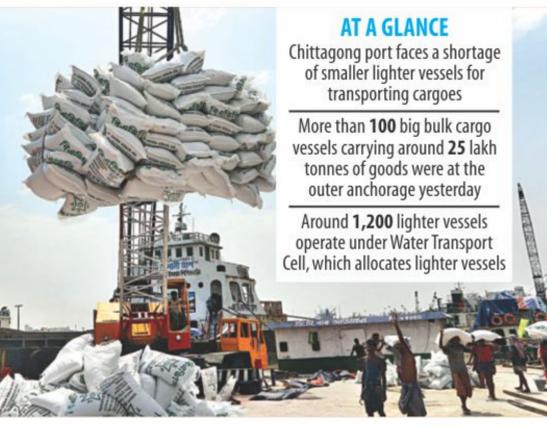
Importers say Water Transport Cell, comprising owners of these vessels of capacities ranging from 800 to 3,000 tonnes, does not have sufficient watercrafts.

There are around 900 such ships engaged in unloading 70 percent of imported bulk cargo such as foodgrains, fertilisers, steel, cement and ceramics, from mother vessels at the outer anchorage.

The vessels then travel to 39 destinations, including Chittagong, Nagarbari, Baghabari, Narayanganj, Keraniganj, Meghna, Kanchpur, Rupganj, Bhairab, Barisal, Bhola and Faridpur and use some 200 private landing stations.

According to yesterday's port data, there are 102 mother vessels with around 25 lakh tonnes of goods at the outer anchorage.

One of them is Filia Glory that arrived from Ukraine on August 30 with 54,000 tonnes of wheat. Till



AT A GLANCE

Chittagong port faces a shortage of smaller lighter vessels for transporting cargoes

More than 100 big bulk cargo vessels carrying around 25 lakh tonnes of goods were at the outer anchorage yesterday

Around 1,200 lighter vessels operate under Water Transport Cell, which allocates lighter vessels

yesterday, 26,440 tonnes of wheat could be unloaded.

The importer, Abul Bashir Chowdhury, chairman of BSM Group, told The Daily Star that the unloading would have been complete by yesterday had there been an adequate number of lighter vessels.

He said the ship operator would now begin charging \$10,000 every day for overstay.

Meanwhile, a portion of the

Upgrade IP laws to protect new inventions: experts

STAR BUSINESS REPORT

The existing laws on intellectual property (IP) rights must be updated and amended to ensure protection for the new inventions and attract more investments for the industry, an expert said yesterday.

The current patent laws are not sufficient to protect the developers' copyright in the country, said Mustafa Jabbar, president of the Bangladesh Association of Software and Information Services (BASIS).

He was addressing a seminar titled "Role of intellectual property rights for growth of ICT industry in Bangladesh" at the auditorium of Bangladesh Computer Council (BCC) in the capital.

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