

Bangladesh holds exceptional growth potential

Expert says
STAR BUSINESS DESK

Strongest performing frontier markets like Bangladesh, Vietnam and Sri Lanka offer exceptional growth potential and will soon take the lead, said Shameem Ahsan, general partner of Fenox Venture Capital and chairman of eGeneration Group.

"With massive shift in economic growth and tech innovations, frontier and emerging markets are becoming strategic cases for global venture capitalists who want to diversify their global portfolios," he said.

Ahsan was delivering a keynote speech at a session titled "Making the Most of Tech Revolutions in Emerging & Frontier Markets" of the Global Capital Summit organised by venture capital platform F50 at the Palo Alto Hills Golf & Country Club in Silicon Valley, the USA on Thursday.

Biman tickets now on phone



Air Marshal (retd) Muhammad Enamul Bari, chairman of Biman Bangladesh Airlines, opens the airline's ticket sale facilities through mobile phone and mobile banking at Balaka Bhaban in Dhaka yesterday.

STAFF CORRESPONDENT

Biman Bangladesh Airlines has started offering its tickets for sale through mobile phones and mobile banking from yesterday, furthering customer care for passengers.

Passengers can now dial 01777-715613 or 02-8901600 to book or

buy tickets on all 15 international and seven domestic routes.

Other existing facilities will continue, says a Biman press release.

Passengers can also purchase tickets through mobile based e-commerce platforms like Bkash or Rocket, with the service available from 8:00am to 8:30pm every day.

Passengers will get a copy of the

ticket on their email or mobile apps, the release said.

Air Marshal (retd) Enamul Bari, chairman of Biman board of directors, inaugurated the service at Balaka Bhaban.

Captain Farhat Hasan Jamil, Biman acting managing director, and Shakil Meraj, general manager, were present.

How a trade row may split the fortunes of two US farm companies

REUTERS, New York

The threat of steep tariffs on soybeans, wheat and corn from an escalating US-China trade dispute may decide the survivor among the two largest real estate funds in the hard-hit US farm sector.

Farmland Partners Inc, a \$251 million market cap real estate investment trust that owns more than 166,000 acres of farmland, appears to be more vulnerable to the effects of a trade war than its largest publicly traded competitor, \$186 million market cap Gladstone Land Corp.

That is because while Gladstone Land has focused primarily on so-called permanent crops such as oranges and almonds that grow on trees and vines, Farmland Partners has roughly 60 percent of its portfolio in row crops such as soy that China included in its April 4 list of retaliatory tariffs against the United States.

Roughly 35 million tonnes of US soybeans imported each year by China will now face an additional 25 percent import tax. Soy futures Sv1 plummeted 5 percent on April 4, the day the tariffs were announced.

With its concentration on farmland that produces soy, Farmland Partners is "the most likely to be in the crosshairs of China" and may have more difficulty passing on rent increases to its farmer tenants than Gladstone Land, putting its dividend at risk, said Robert Stevenson, an analyst at Janney who covers both companies.

Paul Pittman, the chief executive of Farmland Partners and one of its largest investors, told Reuters in an interview he thinks his company's stock is undervalued and that chief competitor Gladstone Land is spreading misinformation about the challenges facing row crops.

"Our company is misunderstood," Pittman said. When asked for comment on Pittman's allegations, David Gladstone, Gladstone Land's chief executive, told Reuters: "We have no idea how the tariffs will impact them."

His own company, meanwhile, focuses mostly on perishable berries and vegetables that are not shipped to Asia and organic almonds that have little export sales, Gladstone added in a statement.

Higher trading costs would only add to the challenges facing US farmers. Before the tariffs were announced, the United States Department of Agriculture estimated in February that inflation-adjusted net farm income would decrease 6.8 percent, or \$6.7 billion, this year, to its lowest level since 2009. Those declines would mark the fourth-straight annual loss for the sector, which has been undercut by rising interest rates and high land prices.

New DMD for National Bank



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Syed Rois Uddin has recently been promoted as deputy managing director of National Bank.

Prior to the new role, he was senior executive vice president of the bank, the bank said in a statement yesterday.

Uddin started his banking career as a probationary officer at Uttara Bank in 1996.

He also served in Social Islami Bank and NCC Bank before joining National Bank as a vice president in 2005.

Uddin completed his master's degree in mathematics from Dhaka University.

BKB gets new DMDs



Thakur Das Kundu

Md Liakat Hossain Moral

Md Afzal Karim

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Thakur Das Kundu, Md Liakat Hossain Moral and Md Afzal Karim have recently been promoted as deputy managing directors of Bangladesh Krishi Bank (BKB).

Prior to the promotion, they have been serving the bank as general managers, the bank said in a statement yesterday.

Kundu started his banking career at the bank as a senior officer in 1983.

He graduated from Bangladesh Agriculture University, Mymensingh in 1982. Later, he completed an MBA in 2013.

Moral started his banking career at the bank as a senior officer in 1983. He obtained his honours and master's degrees in economics from Dhaka University in 1981.

Karim started his career in House Building Finance Corporation. He graduated in engineering from Khulna University of Engineering & Technology in 1987.

Value-added denim much in demand

FROM PAGE B1
Uddin said the high-end denim goods fetching \$10 to \$11 a piece for the country are of the same quality of those produced in factories in Turkey selling at \$14 and \$16 a piece.

Ishtiaq Alam, director of Ananta Group, another leading high-end denim exporter, said the export of value-added denim jeans is increasing from Bangladesh.

The group sells 3.2 million pieces of denim trousers a month. Only 5 percent of the items fetch \$15 to \$25 per piece while the majority of denim trousers are sold between \$10 and \$14.

Ananta Group exports denim items mainly to the European Union, the US, Japan, China, India and South Korea.

Bangladesh exports denim goods worth more than \$3 billion a year and has already overtaken China to become the top denim supplier to the EU.

However, Bangladesh's denim exports to the US have slowed down recently because retailers and brands in the world's largest economy have started sourcing denim items from countries such as Mexico.

Globally, the use of denim products is on the rise because of the change in fashion, especially in the western world. Denim trousers and shirts are worn at both formal and casual events.

In 2014, the size of the global denim

market stood at \$56.20 billion and it is projected to reach \$64.10 billion by 2020. Bangladesh's share is forecasted to be \$7 billion by 2021.

In order to showcase the country's growing strength in the denim segment, Bangladesh Denim Expo, a non-profit organisation that arranges fair on denim products twice a year, is going to organise the eighth edition of the exposition at the International Convention City, Bashundhara in Dhaka on May 9 and 10.

Seventeen local companies and 44 others from countries such as China, Germany, India, Italy, Japan, Pakistan, Spain, Turkey, the United Kingdom, Hong Kong, Singapore, and the US will take part.

Top officials of globally renowned retailers and brands like H&M, C&A, JC Penney, Best Seller, Tesco and Zara will also attend.

"Previously, Amsterdam, Paris and New York were the global focus for the denim business. But I can proudly say that this is the best exhibition of denim in Asia," said Uddin.

The production capacity of the 31 denim mills in Bangladesh is more than 40 million yards a month against a demand for nearly 70 million yards. The rest of the demand is met through imports from countries like China, India, Pakistan, and Turkey.

Nafta talks enter critical week with US still pushing hard line

REUTERS, Washington

Talks to update the Nafta trade deal enter a make-or-break week on Monday, as ministers from Canada, the United States and Mexico seek to resolve an impasse in key areas before elections in Mexico and the United States complicate the process.

Discussions in Washington will center on rules of origin that govern what percentage of a car needs to be built in the North American Free Trade Agreement region to avoid tariffs, the dispute-resolution mechanism and US demands for a sunset clause that could automatically kill the trade deal after five years.

US Trade Representative Robert Lighthizer warned last week that if the talks took too long, approval by the Republican-controlled Congress may be on "thin ice." The aim is to complete a vote during the "lame-duck" period before a new Congress is seated after November's congressional elections.

Mexico holds its presidential election on July 1 and the front-runner, leftist Andres Manuel Lopez Obrador, says he wants a hand in redrafting Nafta if he wins.

"We have a window of opportunity in the next two or three weeks... considering two things: where the talks are now and the political calendars" in Mexico and the United States, said Moises Kalach, head of the international negotiating arm of Mexico's CCE business lobby, which is leading the private sector's involvement

in the talks. Sources close to the talks have suggested there is a creeping feeling of uncertainty and pessimism going into the new round because of gridlock on the most critical issues.

At the heart of the Nafta revamp is US President Donald Trump's desire to retool rules for the automotive sector in order to try to bring jobs and investment back north from lower-cost Mexico. Despite months of talks on the issue, the sides remain far apart.

A round of talks among Canadian Foreign Minister Chrystia Freeland, Mexican Economy Minister Ildefonso Guajardo and Lighthizer scheduled for last week was canceled to allow consultations with the Mexican car industry and for the American to go on a trade mission to China.

Mexico's main auto sector lobby has described the latest US demands, which include raising the North American content to 75 percent from the current 62.5 percent over a period of four years for light vehicles, as "not acceptable."

"The positive momentum on the rules of origin appears to be counterbalanced by the opposite movement on labor wage treatment proposals," said Flavio Volpe, president of Canada's Automotive Parts Manufacturers Association.

The US proposal also would require that 40 percent of the value of light-duty passenger vehicles and 45 percent for pickup trucks be built in areas with wages of \$16 per hour or higher.

Transport, power to take centre stage in budget

FROM PAGE B1

In the upcoming ADP, the government's own fund may be increased 16.59 percent to Tk 1.13 lakh crore and foreign fund 15.27 percent to Tk 60,000 crore.

The allocation for the state-owned enterprises would be Tk 7,869 crore, down 14.59 percent from the current year. In the proposed ADP, the transport sector will get the highest allocation of Tk 45,449 crore, which is 26.27 percent of the entire budget.

It is followed by the power sector, which will get Tk 22,930 crore -- 13.25 percent of the total allocation.

Physical planning, water supply, housing will get Tk 17,890 crore; rural development organisations Tk 16,690 crore; education and religion Tk 16,620 crore; science, information and communication technology Tk 14,210 crore; health Tk 11,905 crore; agriculture Tk 7,076 crore; water resources Tk 4,592 crore, and public administration Tk 3,361 crore. On March 7, the ADP for the current fiscal year was revised. The government's contribution remained the same at Tk 96,331 crore but the foreign fund component was slashed 8.68 percent to Tk 52,050 crore.

BB asks state lenders to hand in action plan

FROM PAGE B1

The five banks' default loans stood at Tk 36,555 crore at the end of December last year, up from Tk 30,295 crore a year earlier.

At the end of the last year, four of the five banks faced capital shortfall amounting to Tk 8,852 crore -- an indication of their alarming financial health.



Nasser bin Abdullah bin Hamdan Al Zaabi, president of the Permanent Council of the Islamic Solidarity Fund of OIC Ambassador, poses while visiting the head office of Social Islami Bank in Dhaka on Sunday. Md Anwarul Azim Arif, chairman of the bank, was present.

SIBL

DSE refuses to perk up despite BB move

FROM PAGE B1

Investors put in their money in the capital market to make profit, but this year listed companies are announcing dividends lower than their expectations.

"So, some are pulling out their investment from the stockmarket or holding back from making any new investment," he added. Market insiders said if the political calm continues investors will come to the market.

"Some bank directors used the market to get their demands met by the central bank," said the managing director of a merchant bank requesting anonymity.

The main problem with the stockmarket is the lack of investor confidence, he said. The BB has lowered the cash reserve ratio

by 1 percentage point to 5.5 percent and made funds cheaper for all banks by reducing the repo rate by 75 basis points to 6 percent. Both the initiatives become effective from April 15. The banking regulator extended the deadline for banks to lower their advance-deposit ratio (ADR) to March 31 next year from June 30 this year.

In a separate move, the central bank on April 17 allowed state enterprises to deposit 50 percent of their funds with private banks, up from the previous ceiling of 25 percent.

"Dividend declaration by listed companies this year is not at the expected level, so turnover has been affected," said Mostaque Ahmed Sadeque, president of the DSE Brokers Association.

Green power key to sustainable growth

FROM PAGE B1

"The private and public sectors should implement water-efficiency programmes to prevent the depletion of the underground water," he said.

According to Reaz, Bangladesh will lose 1.4 percent of the gross domestic product growth every year between 2021 and 2041 if climate change mitigation measures were not implemented properly.

Suvojit Chattopadhyay, country manager of Adam Smith International, Saleemul Huq, director of the International Centre for Climate Change and Development, Md Fazlul Huq, managing director of Plummy Fashions, and Mohammed Nasir, vice-president of the Bangladesh Garment Manufacturers and Exporters Association, also spoke.

More duty support sought for SMEs

FROM PAGE B1

The foundation also urged the NBR to exempt production and trading of handicrafts from all kinds of taxes. The SME entrepreneurs always have to struggle to get bank loans, because of which they prefer taking personal loans at high interest rates, said AEM Fakhru Islam Munshi, president of Bangladesh Agro-Processors' Association. "That's why the government should establish a bank especially for the SME sector."

"There is very low import duty on products which we also manufacture in Bangladesh. Businesses can also import the same kind of products we manufacture here in Bangladesh by paying a very low import duty," said Ashraf Ibn Noor, managing director of R Industries, an automobile filters and engineering product manufacturer. "That is why it is getting tough for us to

compete with the imported goods. The tax officials treat us such a way that we have committed a crime by being an entrepreneur in the country," he said.

The foundation is working to ensure that the SMEs get duty benefits and are provided with low-cost funds, as the sector is very important for employment generation, Islam said.

Around 78.13 lakh out of the 78.18 enterprises of the country belong to the cottage and small and medium enterprises category, according to data from the Bangladesh Bureau of Statistics.

These cottage and SMEs have generated 2.10 crore jobs out of the 2.45 crore created by all kinds of enterprises in the country.

Local SMEs now produce different kinds of products, including plastic goods, handicrafts, agro products, light engineering, leather goods, handloom and specialised textiles.