Auto-industry issues 'stark warning' against no-deal Brexit

AFP, Brussels

Europe's biggest auto companies came to Brussels on Wednesday to issue a blunt warning against a no-deal Brexit, just as EU leaders were to meet to break an impasse in divorce talks.

"Ahead of this evening's Brexit summit, Europe's auto manufacturers and suppliers have come together to issue a stark warning on the potentially far-reaching impacts of a no-deal scenario on their sector," European auto manufacturers' association ACEA said. This "would threaten their very business model," the association added.

ACEA represents the world's biggest auto groups including Volkswagen, Toyota, BMW, Renault and PSA, which all have operations in Europe.

The car-making business model is built on so-called "just in time" production practices where millions of car parts and components arrive to factories across EU borders just as they are needed.

No-deal between the UK and EU would see this highly-integrated production line face a series of blockages, including hold-ups at new customs checks.

"Our members are already making contingency plans and are looking for warehouse spaces to stockpile parts," said ACEA secretary general Erik Jonnaert.

No deal could also see auto trade between the EU and UK hit with a 10 percent tariff, an extra cost that would be passed on to the consumer or absorbed by manufacturers, ACEA warned.

"Everything possible must be done to secure a future exchange of goods, services and people that is frictionless," said Sigrid de Vries, secretary general of CLEPA, the European Association of Automotive Suppliers.

The business community is increasingly wary of Brexit negotiations that have snagged on thorny issues such as the Irish border that allowed for little compromise between London and Brussels

An EU leaders' summit on Wednesday had been dubbed a "moment of truth", ahead Brexit day on March 29, but seemed likely to end with no breakthrough.

German supermarket chain buys $2m RFL plastic products

STAR BUSINESS DESK

Lidl, a German supermarket chain, has made a $2 million purchase from RFL Group, a leading producer of household plastic products in Bangladesh.

The group recently sent off a shipment worth of $0.6 million, the highest in its history, the group said in a statement yesterday.

"We started exporting products to Lidl in 2017. Initially we exported plastic products on a small scale. The $2 million purchase is a matter of pride for RFL Group," said RN Paul, managing director.

"Lidl Chief Operating Officer Andre Bilbao recently visited our factories and promised to purchase more products," he said. Paul hoped to export $5 million-worth plastic products in 2019.

Local insurer compensates families of eight victims

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On March 12, the 76-seater Bombardier had 71 people, including four crew members, on board when it crashed in a football pitch near Tribhuvan International Airport.

Twenty seven Bangladeshis (including all four crew members), 22 Nepalese and one Chinese died and the rest were injured.

So far, the insurer paid families of 16 victims Tk 15 crore in total as compensation, Brig Gen (retired) Md Shafique Shamim, CEO of Sena Kalyan Insurance, said at yesterday's programme.

Families of the remaining victims will receive theirs once courts decide which family member to hand it over to, he said.

Most of the nine Bangladeshis who survived are still receiving treatment. The insurance company spent up to Tk 4 crore for one survivor who was critically injured, said the top executive.

US-Bangla took insurance coverage of $107 million from Sena Kalyan and Sadharan Bima Corporation. Of the sum, $7 million was for the aircraft and $100 million as passenger liabilities.

Of the liability portion, about 1 percent is shared between Sena Kalyan Insurance and Sadharan Bima while the rest reinsured with foreign insurance companies, including Catlin and Halifax, both subsidiaries of global insurance giant Lloyds, and the General Insurance Corporation of India.

Sadharan Bima had already paid the full coverage of $7 million to the airline.

City Bank gets new chairman, vice chairman

Aziz Al Kaiser

Hossain Khaled

STAR BUSINESS DESK

City Bank recently saw the election of a new chairman and vice chairman.

Both Chairman Aziz Al Kaiser and Vice Chairman Hossain Khaled are sponsor directors of the bank.

Kaiser was the bank's vice chairman for five years and in 2007 elected chairman, a post he served till 2011, the bank said in a statement yesterday.

He is a director of Partex Star Group and chairman and managing director of several Partex Star Group subsidiaries. He is also the chairman of City Bank's subsidiary in Malaysia - CBL Money Transfer Sdn Bhd.

Khaled is an executive committee member of the bank's board and convener of its risk management committee. He is the managing director of Anwar Group.

Khaled was a former president of the Dhaka Chamber of Commerce & Industry and former president of Entrepreneurs' Organization Bangladesh.

New emission tests brake EU car sales in September

AFP, Frankfurt

Car sales slumped across Europe in September, industry data published Wednesday showed, with the hangover from a sales binge before new emissions tests came into force knocking Volkswagen out of its traditional top spot in monthly sales.

At 1.09 million, passenger car sales were down 23.5 percent in the 28-member European Union last month compared with September 2017, the European Automobile Manufacturers' Association (ACEA) said in a statement.

"This should not come as a surprise, as the introduction of the new WLTP test at the beginning of last month caused an exceptional surge in registrations in August" as carmakers rushed to squeeze through older models ahead of the cutoff, ACEA commented.

BRAC BANK

Selim RF Hussain, CEO of Brac Bank, and Abul Kashem Md Shirin, CEO of Dutch-Bangla Bank (DBBL), attend a deal signing ceremony at the latter's head office yesterday for interbank account fund transfer facility between Brac Bank and DBBL's mobile banking service provider Rocket.

Tk 3,528cr wiped off DSE

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The ICB officials said they do not have enough capacity to provide support, so it is going to issue a bond worth Tk 2,000 crore to strengthen its capacity to give the market a leg up.

"The stockmarket is now a scrip-based market -- some certain shares are seeing more turnover and movement almost every day while others are not," said the managing director of a brokerage house requesting anonymity.

He said gamblers were playing with some stocks and general investors were also rushing for them.

The managing director said though the turnover was not bad in the market, most of the money was going to junk stocks or speculative securities. But this investment is not reflected in the key index, he added. Junk stocks topped the list of the highest gainers yesterday as usual.

Kay & Que, one of the junk stocks, soared 9.98 percent, the most gain by any issue on the day, the DSE data showed.

Other junk stocks such as Dulamia Cotton rose 9.60 percent, Northern Jute 8.73 percent, Jute Spinners 7.49 percent and Meghna Milk 7.10 percent.

Turnover was up 3.8 percent to Tk 511.44 crore. Some 13.07 crore shares and mutual fund units changed hands. Of the traded issues, 96 advanced, 183 declined and 57 closed unchanged on the premier bourse.

United Power Generation dominated the turnover chart with 12.19 lakh shares worth Tk 42.89 crore changing hands, followed by Khulna Power Generation, Dragon Sweater and Summit Power Generation.

Kay & Que was the day's best performer while Fine Foods was the worst loser, shedding 9.79 percent.

Chittagong stocks also fell with the bourse's benchmark index, CSCX, declining 42.25 points, or 0.49 percent, to finish the day at 10,022.19.

Losers beat gainers as 137 declined, 61 advanced and 34 finished unchanged on Chittagong Stock Exchange. The port city bourse traded 70.52 lakh shares and mutual fund units worth Tk 18.86 crore.

Micro-merchants transact $18b a year

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Md Ashadul Islam, secretary of the financial institutions division under the finance ministry, inaugurated the web portal. He said the portal would act as an enabler of rural development through micro-entrepreneurs.

"This is a big step forward to better understand the landscape of our micro-merchants and entrepreneurs which will enable policymakers and financial service providers to design policies and targeted products in an effective manner," Islam said.

The secretary also said the government is prioritising the inclusion of micro-merchants and other micro, small and medium enterprises in the formal sector to accelerate sustainable and inclusive economic growth.

He said the government is continuously recognising the potential of using digital technologies and digitalisation across economic sectors, including retail shops.

Manfred Fernholz, first secretary of the European Union delegation to Bangladesh, said the country has successfully improved its socio-economic status emerging as a middle-income country.

"Going forward, special attention is required for women empowerment in the micro-merchants sector because less than 10 percent of the shops are managed by women."

Fernholz said, right now the UNCDF is trying to reach out to 100,000 micro-merchants and gradually it has to expand its coverage to the whole segment.

"It's high time we extended supports to enable micro-merchants to incorporate wider range of digital financial services in their business operations."

Md Arfan Ali, president and managing director of Bank Asia Ltd, said there are about 13 lakh micro-entrepreneurs in Bangladesh. But banks have failed to serve them.

"To give a boost to the economy we need to collaborate with each other -- among the government agencies, mobile phone operators, financial service providers and development partners -- to make sure digital financial services are accessible by everyone, irrespective of status."

Md Nazim Uddin, an executive director of the Bangladesh Bank; Sirajul Hossain, chief executive officer of Dnet, and Rajeev Kumar Gupta, programme manager of the Shaping Inclusive Finance Transformations programme of the UNCDF, also spoke.

Bangladesh slips a notch

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"Even if we want to make a labour-intensive industry competitive, we have to bring together ICT and capital," he added.

Bangladesh's poorest rankings are in business dynamism and product market development. In business dynamism it ranks 120th and in product market development 123rd among the 140 countries.

"We are lagging behind South Asian countries in those two areas," Moazzem said.

The main issues under the two pillars include the cost of doing business, time needed to start a business, insolvent regulatory framework, growth of innovative companies, taxes and subsidies, extent of market dominance, tariff and non-tariff barriers, and efficiency of clearing processes.

"Bangladesh is behind in most of the pillars of GCI compared to other developing countries of South Asia," he said. This year, neighbouring India climbed five rungs to 62. Sri Lanka dropped four spots to 85, Pakistan one spot to 107 and Nepal one rung to 109.

Bangladesh is behind its South Asian peers in institutions, skills, labour market, financial system and business dynamism.

The country is partially better in terms of macroeconomic stability, health and ICT adoption, but far behind in terms of business dynamism and institutions.

Corruption remains the most problematic factor for doing business in Bangladesh, followed by inadequate infrastructure and inefficient bureaucracy.

In fact, since 2009 corruption has been one of the top five problematic factors cited by businesses, said CPD Executive Director Fahmida Khatun.

"This year, it has become the number one. It has an impact on GDP," she added.

A new set of concerns about doing business in Bangladesh have emerged, Moazzem said, citing limited access to finance, policy instability, high tax rate and complexities in tax regulations. "Increasingly, businesses are concerned about policies, operations and their efficient implementation-related issues."

Weak institutions and challenges of governance have retarded Bangladesh's competitiveness significantly, he said, adding that perception about press freedom has deteriorated. Among others, the poor performance of the financial sector has created a negative

perception among the respondents, which caused further deterioration in ranking.

In his presentation, Moazzem also showed that Bangladesh's competitiveness moderately improved since 2010, when it was ranked 107th. Ranking rose to 99th in 2017 GCI.

"Progress in eight years was not so robust -- basic requirement index made the major contribution," he said, adding that the top three problematic factors remained the same between 2010 and 2018.

These are: corruption, inadequate infrastructure and inefficient bureaucracy.

The CPD also carried out a rapid assessment survey on domestic business environment. Some 64 percent mentioned about complexities in system. Some 58 percent cited that governance in banking sector deteriorated.

"Money laundering through various channels is perceived to have increased," he said adding that poor performance of financial sector is a major concern for businesses.

CPD suggested technology upgrading fund to train and educate workforce and management professionals. It also recommended regulatory and institutional reforms.

"Bangladesh's advancement in competitiveness lies on major overhauling in public institutions in order to make them more efficient, transparent and accountable," he said.

Rahman suggested creation of adequate infrastructure, ICT adoption, skilled workforce, institutional capacity and effective policy to maintain and enhance competitiveness.

This year, the US reclaimed its crown as the most competitive country in the world after a gap of almost a decade by beating Singapore by a whisker.

Germany, Switzerland and Japan rounded off the top five spots.

In Southeast Asia, ranks: improved of Thailand, Indonesia, Malaysia and Brunei Darussalam; declined of Vietnam, Laos and Cambodia; and remained unchanged of Singapore.

Go to the coast to reduce congestion

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Some 90 percent of the country's export earnings are generated from these two regions, according to Sattar.

"So an excessive concentration on Dhaka and Chittagong has in fact been reducing the importance of other cities in the country," he added.

In his keynote paper, Ahmad Ahsan, a director of the PRI, said the excessively populated Dhaka adversely affected the growth, urban development, non-agricultural job growth and poverty reduction. Economic density raised household consumption and reduced poverty through providing non-agricultural jobs, he said.

In the study he found that increasing income in the poorer districts will reduce poverty mostly.

Encouraging out-migration to richer districts may be another strategy, but it will quickly face limits.

Supporting non-agricultural economic activity through urban and infrastructure development and better public services are likely to be most effective for future poverty reduction. The study also said a northern border belt of districts and upazilas -- from Dinajpur in the Northwest to Sunamganj in the Northeast -- lag behind in both consumption expenditure and economic activity.

There are also pockets of backwardness in the Chittagong Hill Tracts, Barisal islands and an upazila cluster in Khulna, the study said. However, there are pockets of economic density in all areas and the southwest has made income gains over the east.

LINNEX TECHNOLOGIES

Humayun Kabir, managing director of Bengal Group, attends "Linnex Mobile Channel Partners Meet-2018" organised by Linnex Technologies Ltd, a company of the group, at the Regency hotel in Dhaka recently.

Develop standards for energy drinks

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The NBR said energy drink, soft drink and malt beverage are sold at different prices. Even in advertisements, soft drinks and energy drinks are presented separately to consumers.

The absence of any standard for the beverages not only raises concerns that consumers would be deceived but also creates risks and legal complicacy in revenue collection.

So, it is urgent to develop standards for the soft drinks, energy drinks and malt beverages, taking into account the health risks and collection of actual amount of revenue.

"This sector has high potential for revenue," said an official of the NBR, adding that annual market size of the beverage would be about Tk 3,000 crore.

The NBR logged in Tk 879 crore as VAT and SD in fiscal 2017-18, up from Tk 798 crore the previous year.

The collection was Tk 780 crore in fiscal 2015-16.

Currently, nearly half a dozen of companies make energy and malt beverage, with Meghna Group of Industry being the latest entrant.

The NBR official said representatives of the International Beverage Association visited the NBR and expressed their desire to invest in making diversified drinks such as energy and sports drinks in Bangladesh.

But they remain shy in investing in the absence of any standard for the beverages, he said.

Khairul Anam, sales and marketing director of Globe Soft Drinks, said his company urged authorities for developing standards for exports several years ago.

He said his company would relaunch some of the products if standards are developed for energy drinks.

"Now, we market our products as carbonated beverage," said Anam of Globe, one of the leading sellers in energy drink segment.