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BUSINESS

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Burgeoning economy lures Korean investors

JAGARAN CHAKMA
In a heartening development, more and more South Korean companies are coming to Bangladesh with investment plans, attracted by the country's tremendous growth momentum.
"This is a positive development for Bangladesh as there would be technology transfer," said Mohammad Mustafa Haider, managing director of Super Petrochemical, a concern of TK Group.
Super Petrochemical teamed up with SK Group of South Korea last year to invest \$2.5 billion for setting up a petrochemical complex and a liquefied petroleum gas terminal in Moheshkhali.
More than 150 Korean companies have invested a total of \$1.15 billion in Bangladesh, making the East Asian country the fifth highest investor, said Mohammad Masud Rana Chowdhury, commerce counsellor at the Bangladesh embassy in Seoul.
While most of the Korean investments are in the labour-intensive garment manufacturing sector, new funds are flowing in to power, shipbuilding, housing and banking sector.
In the last six months about 20 big Korean

	
BANGLADESH'S EXPORT TO S KOREA (*11 months to May 2019)	S KOREA'S EXPORT TO BANGLADESH
FY 09: \$101m	FY 09: \$865m
FY 13: \$250m	FY 13: \$1.26b
FY 18: \$255m	FY 18: \$1.2b
*FY 19: \$348m	

companies showed their interest in Bangladesh as the investment climate is improving very fast, Chowdhury added.
More and more Korean firms are coming in to the country with their investment plans and many of their products will be exported to Korea, said Mostafa Kamal, president of the Korea-Bangladesh Chamber of Commerce and Industry.

exports to Korea stood at \$101.28 million, which soared to \$254.84 million a decade later, according to data from the Export Promotion Bureau.
And in the first 11 months of the last fiscal year it stood at \$348 million.
In contrast, Korea's exports to Bangladesh in fiscal 2017-18 stood at \$1.2 billion, up from \$864.78 million a decade earlier.
Bangladesh mainly exports apparel, frozen food, agri-products, chemicals, leather, raw jute and jute goods to South Korea.
It imports iron and steel, ships, boats and floating structures, paper and paperboard, paper pulp, plastics, plastering materials, lime cement, nuclear reactor, machinery and mechanical appliances, electrical machinery and equipment and parts thereof, electronic products like television, air conditioner, mobile handsets, cotton and fabrics.
"The growth in Bangladesh's exports to South Korea is definitely impressive but the volume of shipment is still too low in comparison to the imports," said Khondker Golam Moazzem, research director of the Centre for Policy Dialogue, a leading think tank.
Subsequently, he suggested establishing a comprehensive partnership on trade and investment and technical cooperation between the two nations.
During a recent call-on with Commerce Minister Tipu Munshi, South Korean Ambassador in Dhaka Hu Kang-il conveyed his country's business community's keen interest in the power, infrastructure and some other sectors in Bangladesh.
South Korean business giant Hyundai Group also expressed its interest to the Bangladesh Economic Zones Authority to invest in the power and energy sector.

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"So, the trade gap will reduce in the years to come," he said, adding that South Korean Prime Minister Lee Nak-yeon, who is in Dhaka on a three-day visit, will hold meetings with the Bangladeshi business community today.
Bangladesh's export to South Korea is on the rise but the trade gap is still heavily tilted towards the Asian economic giant.
In fiscal 2008-09, Bangladesh's

NBR to buy e-fiscal devices of Tk 317 cr

SOHEL PARVEZ
The National Board of Revenue (NBR) will soon place its order for 100,000 electronic sales register machines for about Tk 317 crore as part of the government's plan to check VAT evasion at the retail and wholesale levels.

The tax administration will soon place order for 100,000 electronic sales register machines in a bid to check VAT evasion

It has already finished the tender evaluation process and selected the winning bidder to supply the devices, which will be installed at 25 types of businesses, including shops, hotels, restaurants and sweets stores, clothing, furniture and electronics outlets and jewellery.
Officials familiar with the matter said the NBR would place the purchase plan to the purchase committee for approval once Finance Minister AHM Mustafa Kamal returns to Bangladesh.
Insiders said the NBR got three responsive bidders out of five to supply the machines, also called the Electronic Fiscal Device (EFD). Of them, a joint venture between China-based SZZI and Synesis IT has become the lowest bidder.
The other short-listed bidders were Smart Technologies and a joint venture between Inspur and Technovista, said officials.
"We want to place the work orders this month. If we can complete formalities, we would be able to install the EFDs at shops by the end of August," said Syed Mushfequr Rahman, project director of the

NBR's VAT Online Project, which is also assigned to oversee the establishment of an EFD management system (EFDMS) at the revenue authority.
The NBR would start off with 10,000 EFDs and the rest would be ordered upon successful installation and operation of the EFDs at shops -- a scheme taken on in 2017 to check value-added tax evasion and increase revenue collection.
The EFDs would be provided to shops based on the list provided by field level VAT offices, Rahman said.
Initially, the NBR targeted November 1, 2018 to install the devices at stores but it could not complete its own preparations. The NBR floated the latest tender to buy the devices in December last year.
The EFDs, which will be established at businesses at retail and wholesale level, would be connected to the EFDMS at the NBR, and sales invoice be sent to the EFDMS to get authorisation code for printing the invoice.
Similarly, sales data controllers would be installed at shops that have systems like Point of Sales (POS).
The NBR will also connect its EFDMS to the POS systems at relatively larger stores like Shwapno, Agora and so on.
Officials said businesses would be able to maintain records of sales and inventory of goods properly. Asked about how the NBR would ensure that shops are using the EFDs, Rahman said the company that would get the contract would monitor it.
"We are also training officers of the local VAT offices. This can also be monitored centrally as the server will be set up at Bangladesh Computer Council. While sitting here one can monitor sales at a shop at Dinajpur." The NBR plans to introduce lottery to motivate consumers to demand sales receipts or chalangans from stores.

AIIB pledges all-out support for Bangladesh

STAR BUSINESS REPORT
The Asian Infrastructure Investment Bank will extend all-out financing support to Bangladesh in the coming days and has even agreed to let the country select its own projects as per its development demands.
The development came at a meeting of Finance Minister AHM Mustafa Kamal with AIIB President Jin Liqun on the sidelines of the fourth annual meeting of the board of governors of the AIIB in Luxembourg yesterday.
"AIIB will always respect the development preferences of Bangladesh," Jin told Kamal at the meeting.
Kamal informed Jin that Bangladesh will need financing support on energy, connectivity and social development, especially education, to sustain its current growth momentum into the next decade, according to a press statement from the finance ministry.
He went on to acknowledge the Beijing-based development institution's role in developing Bangladesh's power and energy sector. Of the five projects that the AIIB has approved for Bangladesh, four are in the sector.
Earlier in the day, the AIIB board of governors' meeting had commenced with the success story of a rural electrification project in Bangladesh that the bank funded.
The objective of the \$176-million project was to upgrade and expand the power transmission network in the Chattogram region to ensure adequate and reliable power supply in the southeastern region of Bangladesh.
The AIIB provided \$120 million for the project.
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Apparel prices fall 1.61pc in 4yrs

REFAYET ULLAH MIRDHA
Prices of garment items exported from Bangladesh dipped by 1.61 percent over the last four years, a reflection of the pressure international clothing retailers and brands always put on the garment manufacturers for lowering prices.



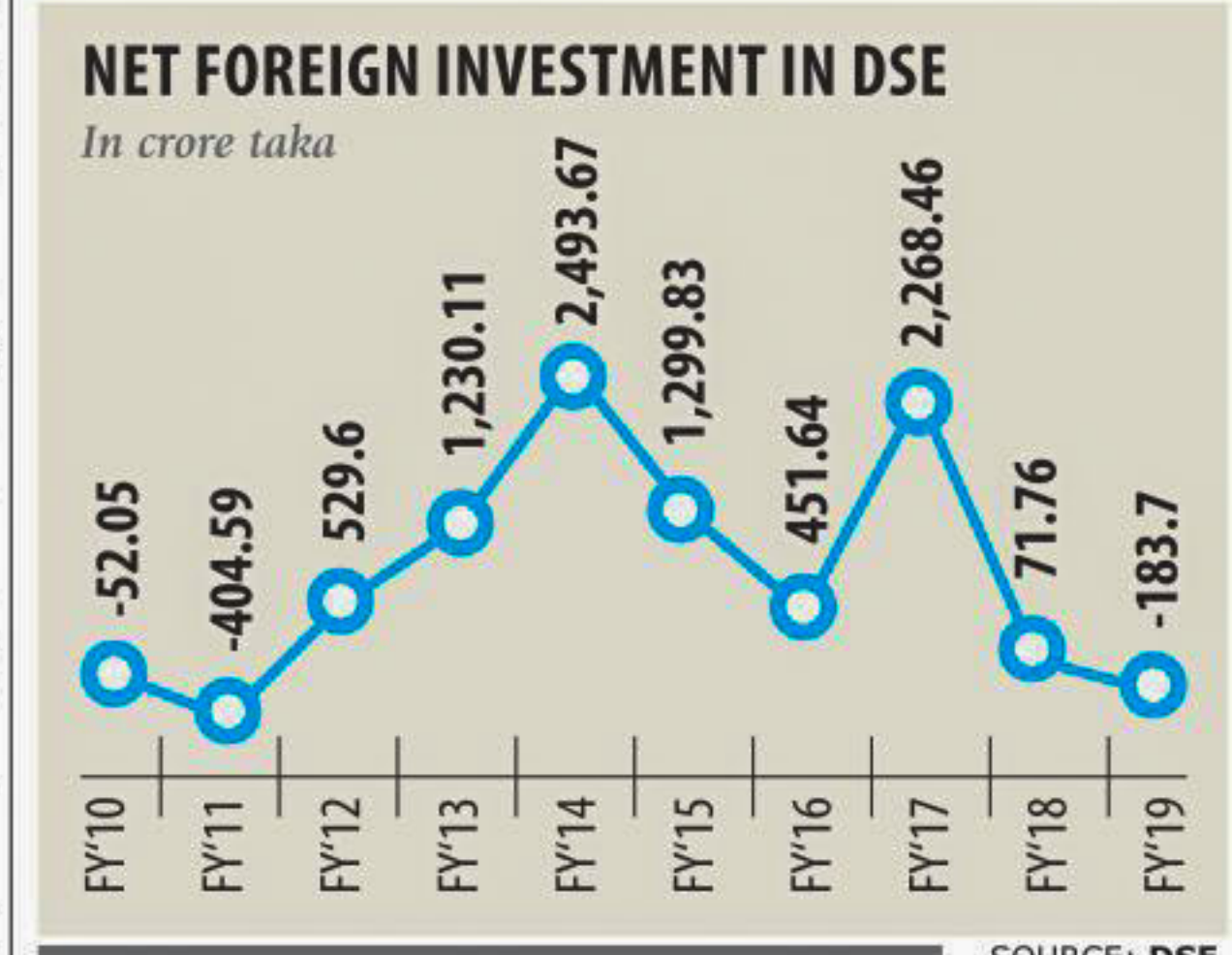
If the period between fiscal 2015-16 and 2018-19 are taken into consideration, price per unit of garment items increased only last year by 1.42 percent, according to data from Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
Per unit prices fell 2.12 percent in fiscal 2016-17 compared to the

previous year and it experienced another fall of 4.07 percent in fiscal 2017-18.
In fiscal 2018-19, Bangladesh exported 2,430.12 million kilogrammes (kgs) of garment items, registering a 10.43 percent year-on-year growth, states data of the National Board of Revenue (NBR) compiled by the BGMEA.
In fiscal 2017-18, Bangladesh exported 2,200.51 million kgs of apparel, registering a 12.41 percent year-on-year growth, the data said, adding that in fiscal 2016-17 some 1,957.53 million kgs of garment items were shipped from the country.
In terms of value, Bangladesh—the

second largest garment exporter after China—received \$34.13 billion from apparel shipments in the immediate past fiscal year, posting an 11.49 percent year-on-year growth.
"Bangladeshi garment exporters have been receiving some of the lowest prices in the world, whereas we have been spending millions of US dollars for strengthening workplace safety and for better compliance," said Sharif Zahir, managing director of Ananta Group.
"Although the cost of production has been increasing every year, the retailers and brands are not increasing the prices for per unit of garment items they purchase from Bangladesh," he said.
Moreover, there are some faults in the whole supply chain of the garment business, said the chief of the garment group, which exported over \$300 million worth of goods last year.
For instance, a pair of denim jeans purchased at \$6 from a factory here is sold for \$30 to \$35 in stores in the western world, said Zahir.
"We need to improve the efficiency level of workers and mid-level management. We need to improve the negotiation skills with the buyers," he said, adding that the buyers should also come forward to cooperate in making better price offerings.
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Foreign funds in stocks slip into negative territory

AHSAN HABIB
Net foreign investment in Dhaka Stock Exchange tipped into negative territory for the first time in eight years last fiscal year as overseas investors sold more stocks than they purchased.
Analysts attributed the fall to the depreciation of the local currency against the American greenback and regulators' sudden decision aimed at listed companies.



The net foreign investment dropped to Tk 183.70 crore in the negative in 2018-19 after foreign investors bought shares amounting to Tk 4,017.81 crore and sold issues worth Tk 4,201.51 crore.
In 2017-18, the investment was Tk 71.76 crore in the positive, data from the DSE showed.
"The main reason for the slump in foreign funds is the depreciation of the local currency," Mohammed Rahmat Pasha, managing director of UCB Capital, told The Daily Star.
He said the devaluation of the taka prompted the foreign investors to sell shares in order to book profits.
Due to the depreciation, foreign investors will have to make more profit to get the same amount of the USD they would have received if the taka did not fall, he added.
On July 10, the exchange rate was Tk 84.50 per USD, up from Tk 83.50 on the same day a year ago, Bangladesh Bank data showed.
Foreign investors think that the taka will come under pressure because of the widening deficit in the balance of payments and huge foreign debt, according to brokerage houses that deal with external portfolio investment.
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Non-state actors helping reach SDGs

Experts say in New York dialogue

STAR BUSINESS DESK
Non-state actors, including NGOs, think-tanks, media and private sectors, in developing countries like Bangladesh are playing a critical role in implementing the Sustainable Development Goals (SDGs), experts said in a dialogue.
The non-state actors are contributing in this SDG journey through prioritising development agenda, implementing the targets, monitoring the delivery and ensuring accountability in the overall process, they said at the event in New York on July 11.
The Citizen's Platform for SDGs, Bangladesh, the Centre for Policy Dialogue (CPD), Concern Worldwide, Oxfam International and The Hunger Project jointly organised the dialogue titled "Addressing an understated issue in the SDG discourse: contribution of the southern non-state actors".
The event was organised to develop an improved understanding on the significant role played by the non-state actors of developing



Debapriya Bhattacharya, convenor of Citizen's Platform and distinguished fellow of CPD, attends a dialogue on "Addressing an understated issue in the SDG discourse: contribution of the southern non-state actors" in New York on July 11.

countries in implementing the SDGs.
The contribution of the non-state actors in the development discourse needs to be appreciated properly so that the governments and international development partners can forge a comprehensive strategy for SDG delivery, experts said.
The Citizen's Platform took an initiative earlier this year to track the progress of SDGs in Bangladesh and capture the state of contribution of non-state actors in the SDG implementation process.
The platform has prepared SDG progress review reports on six goals and an overview report on the six SDGs identified for the High-Level Political Forum (HLPF) 2019.
A volume comprising executive summaries of these seven reports was shared at this dialogue to draw on global perspectives on Southern contributions in implementing the SDGs.
Towfiqul Islam Khan, senior research fellow of the CPD, gave the keynote presentation at this event.
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