

# StanChart launches Korea-Bangladesh desk

Standard Chartered Bangladesh (SCB) on Thursday launched the Korea-Bangladesh desk to help Korean businesses invest and operate in Bangladesh.

A guidebook titled "Doing business in Bangladesh", offering information in both Korean and English languages, was also launched at the event at The Dhaka

Westin, the bank said in a statement yesterday.

MA Mannan, planning minister, attended the event as chief guest.

The bank will be able to offer its Korean clientele the most extensive network among international banks in Bangladesh combined with strong presence in South Korea, the statement added.

The desk will also offer a comprehensive product suite

covering cash management, trade services, securities services and digital banking; financial risk management products; project finance and other specialised financing solutions; regulatory support and market insights.

"South Korea was one of the earliest investors in Bangladesh, and remains the largest investor in our textile and RMG sectors, accounting for more than a quarter

of the sector's FDI stock," said Naser Ezaz Bijoy, CEO of SCB.

Korea's investments remain concentrated in a few sectors, meaning that the Asian economic giant has a significant potential to pour their money into other sectors, such as infrastructure, ship building and light engineering, he added.

He said South Korea's total imports increased by around three times between 2000 and 2018, while imports from Bangladesh grew by a factor of 15, Bijoy said.

"Yet, while we are on the upward curve, this still represents just 0.06 percent of South Korea's total imports. We hope that initiative, such as this Korea-Bangladesh corridor desk, side by side with government efforts to improve ease of doing business and development of Korea-focused export processing zones, will build new bridges between these two age-old friends."

Md Sirazul Islam, executive chairman of Bangladesh Investment Development Authority; Md Alkama Siddiqui, CEO of Public Private Partnership Authority; and Major General SM Salahuddin Islam, executive chairman of Bangladesh Export Processing Zones Authority, were present at the event.

# EU ready to act alone on digital tax

European Union commissioners-designate said the bloc should agree on a digital tax if no deal on the matter was reached at a global level by the end of next year, ramping up pressure on multinationals accused of paying too little.

In written answers to EU lawmakers published on Friday, the incoming commissioners also signalled their priorities on fiscal rules and financial reforms for the bloc. Efforts to overhaul corporate taxation to reflect profits made by digital multinationals have failed to produce results as individual countries have different approaches to taxes.

"If no effective agreement can be reached by the end of 2020, the EU should be willing to act alone" on a digital tax, said the incoming commission's vice-president Margrethe Vestager, who will be in charge of digital policy and competition.

The commissioner-designate for taxation, Paolo Gentiloni, echoed her comments, saying he would seek to prevent individual EU governments from being able to veto decisions on tax matters - a handful of EU states last year opposed a bloc-wide agreement on the digital tax.

The new commissioners are due to take office in November after they receive the final green light from EU lawmakers in hearings beginning next week.

Gentiloni also said that as part of the fight against tax evasion and tax avoidance, jurisdictions included in the EU's tax haven list should be subject to common sanctions. There is currently no coordination on financial penalties from the EU.

As the bloc's growth slows, EU commissioners also signalled their preferred measures to revive the economy, with Italy's Gentiloni pushing for fiscal leeway and Latvia's Valdis Dombrovskis calling for a "responsible fiscal policy".

"I will seek to have the Commission apply the Stability and Growth Pact making full use of the flexibility allowed in the rules," Gentiloni said, repeating recurring calls from Italian politicians who see the bloc's fiscal requirements as too strict.

Dombrovskis, who will decide together with Gentiloni how to apply the rules in the coming five years, was more cautious, confirming his reputation as a defender of fiscal discipline.

"We should be vigilant to possible risks to economic and financial stability and preserve sustainable public finances," he said. But he also called for more public investment from states with low debt, like Germany or the Netherlands.

In remarks that could go down less well in high-debt countries such as Italy or Greece, Dombrovskis said measures were needed to encourage banks to reduce their exposure to bonds issued by their home states.



MA Mannan, planning minister, and Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, attend the launch of the bank's Korea-Bangladesh Desk, at The Westin Dhaka on Thursday.

# India looks to ease foreign investment limits in govt bonds

India is looking to ease foreign investment limits in government bonds, as it seeks to get its securities included in global bond indexes in the next two years, three government officials with knowledge of the matter told Reuters.

New Delhi is considering creating a special window for foreign passive investors that focus on index investing, one of the officials added, even as it seeks to counter the risk posed by hot money flows from more actively managed funds.

The investors in the new window will not face the same caps as India

currently has on such investments from foreign portfolio investors, the person said.

The officials, who asked not to be named as they were not authorized to discuss the matter publicly, did not provide any timeline as the issue is still in early stages of discussion.

The spokesman for the finance ministry did not reply to an email and message seeking comments, while the Reserve Bank of India (RBI) declined to comment.

Relaxing investment limits and a removal of restrictions on currency convertibility are among the criteria that firms operating global bond indexes consider before including any

country and determining its weightage in such indexes.

India currently has limits on the amount of government and corporate bonds foreign investors can hold, and controls on the rupee's convertibility too. Given its heavy dependence on imports for fuel and other needs, India is concerned rapid inflows or outflows from foreign investors could cause sharp volatility and impact its balance of payments and currency reserves.

Asia's third-largest economy has a debt market size of around \$1.6 trillion, of which only around \$92 billion is accessible to foreign investors.



Seungwon Youn, managing director of Samsung Bangladesh, launches the company's "QLED 8K TV" in Dhaka yesterday. The price of the television equipped with Quantum Processor 8K starts from Tk 15.9 lakh.



Md Latif Khan, vice chairman of the Summit Group of Companies, receives Wärtsilä's "Valued Customer Recognition Award 2019" from Tomas Häyry, mayor for the city of Vaasa in Finland, for execution of 450MW fast track power project complex in Gazipur in record time of nine months.

# ICB seeks Tk 1,000cr from BB

"In spite of these, the stock market is yet to reach the expected level."

The first instance was in 2011 when short-term loans worth Tk 600 crore were provided in three phases in line with Bangladesh Bank Order 1972.

The ICB successfully arrested the heavy price fall during the period, protecting marginal investors from further losses. The credit, including interest, was paid back within 90 days.

The second was in 2017 when Tk 300 crore was provided and which was now being returned.

"The central bank has taken the ICB's proposal positively. However, it has yet to take any decision on how the fund will be given or when the ICB will receive the support," said a Bangladesh Bank official wishing not to be named.

On September 22, the BB announced liquidity support for banks to ramp up their capacity to invest in the capital market.

The support will be in the form of repurchase agreement (repo), a form of short-term borrowing by banks from the central bank through the placement of their government securities as collateral.

This effort pushed stock prices up only for one day and the bear run resumed on September 24.

# Amid trade war, US consumers, industry falter

US consumer spending slowed sharply in August, according to the latest government data Friday, suggesting turmoil from President Donald Trump's trade wars was hitting home for the general public.

And in another sign trade tribulations are weighing on American industry, demand for big-ticket manufactured goods also showed unwelcome weakness, economists said.

The new data Friday caused some economic forecasters to cut their third-quarter GDP growth estimates sharply, and they also were likely to exacerbate disagreements among US central bankers over the path of interest rates.

Federal Reserve policymakers are increasingly divided over the direction of monetary policy but markets expect they will vote to cut the benchmark lending rate again this year to cushion the trade war's impact on the economy.

On one hand, a key component of the Federal Reserve's preferred inflation measure of ticked higher in August for the third month in a row, although it remains below the Fed's two percent target, according to Commerce Department data. That could bolster arguments against cutting interest rates again.

But on the other hand the decline in consumer spending and weakness in durable goods orders suggest the world's largest economy is slowing faster than expected, suggesting easier interest rates are needed to boost it.

Ian Shepherdson of Pantheon Macroeconomics said Friday said the

trade war made consumers "nervous" and "the consumer boom is coming to an end, rapidly." The Commerce Department said disposable incomes adjusted for inflation rose 0.4 percent in August, the biggest increase since February, suggesting consumers have plenty of cash available.

But spending slowed to show a tepid 0.1 percent gain, its smallest monthly pace since February. Compared to the same month last year, the increase was the weakest recorded since December 2018.

- Forecasts slashed - As a result, savings rose to \$1.36 trillion, the highest level since March, meaning American consumers are holding onto their cash.

Meanwhile, August appeared at first glance to be a better-than-expected month for US manufacturing, with a second straight sales gain for military aircraft and equipment, according to a Commerce Department report.

Together with a boost in sales of primary metals, overall new orders for big-ticket, US-made items rose 0.2 percent, far better than the one percent drop economists had expected.

But the data show other industries had a painful month, with notable declines for civilian aircraft, autos, communications equipment, electronics and appliances.

A measure seen as a proxy for business investment, and a sign of future business activity, also fell in August after recording a flat July.

Taking the developments into account, Macroeconomic Advisers slashed their third-quarter GDP forecast by 0.6 percentage point to 1.6 percent -- about half what it was at the start of the year.

# China firm to shell out Tk 300cr to build 100 hostels in Dhaka

The place is also equipped with generator and finger print door, he said.

Zhimin along with his partner—managing director Zhang Li Guang—is trying to provide a shed to the people who came to Dhaka for a living or for education but struggling to find a decent accommodation.

Mess life is rife with problems starting from water and gas crisis to poor sanitation and lack of hygiene and overall security.

This means bachelors and students have to spend a lot of time doing things for which they have not come to this city, Zhimin said.

"But at Super Hostel, one just needs to bring their personal belongings, such as clothes and books. We will take care of the rest."

The idea of the hostel came up when Zhimin came to Dhaka in 2014 to meet one of his Chinese friends.

"At my friend's place, the living condition was horrible. The toilets were smelly. Cleanliness did not exist there. There was little entertainment."

All these prompted Zhimin to set up the hostel.

Newways ran two pilot projects - one in Aftabnagar and the other in Kathalbagan in 2014 and opened its first Super Hostel in Uttara in October 2017.

Around Tk 2-3 crore is needed to turn a building into a hostel and the company has already invested about Tk 25 crore for the project, which now can accommodate 3,227 individuals.

The company has leased the property for 10-20 years. Some 1,200 people are now living in these hostels. Of them, 70 to 80 are female.

One of the inhabitants, SM Mohiuddin Kabir has been staying at the Baridhara Super Hostel since April this year when his wife and only child had to move out of the city for some reasons.

A senior sales executive of a foreign

company, Kabir shares a room with five others. "I have to spend about Tk 9,600 a month for everything. Life is hassle-free here."

Mehedi Al Kabir, an MBA student of East West University, has been in the hostel since January.

It is impossible to get three meals, lobby, laundry, air-conditioned room, ironing, gym, sports kits and free Wi-Fi only at Tk 8,000 in the city, he said.

"Besides, I need to worry about nothing other than my education here. For a student like me, it is a heaven on earth."

"The hostel helped me get rid of the pain of traveling around 50 kilometres every day to come to Gulshan from Narayanganj to attend my classes," said Maruf Kamal Rabby, a management student of Government Titumir College.

He has been living in the hostel's Badda branch for the last six months.

Tahsinul Abrar, a higher secondary student at Willes Little Flower School and College in Kakrail, said he has not faced any water shortage or power cut in the hostel for a single day.

The rooftops of the hostels have been turned into small playgrounds to help the tenants play cricket or other sports whenever they want.

The company now employs 230 people, only four of them are Chinese.

Some guests say the management should try to improve the quality of food.

Zhimin said his company targets to set up hostels at a strategic location so that the guests can simply walk to their offices or campuses.

"If they can stay near their office or campus, they will be able to concentrate more on what they are doing and what they are supposed to do."

According to an estimate, there are around four million people who are living bachelor life in Dhaka, he said.

"We are here to help them improve their lifestyle and enjoy a comfortable and productive life."

# Lodge stock complaints online

Entities repeatedly committing offences will be issued warnings before being penalised, he said, pointing out that there was no such digital database in the current manual system, making it very tough to carry out these evaluations.

"We enabled the system with passion in favour of investors because with the system the BSEC will also be accountable for pending complaints," the official said.

So it will improve the BSEC's supervision, he said, adding that all the initiatives would turn successful once investors start using the system and spread the word.

# EBL expands wings to China

The EBL has recently partnered with China UnionPay and has opened a "China desk" to deal with business originating in China. The bank also collects Chinese visa fees for the embassy in Bangladesh.

China is now the largest trading partner of Bangladesh. The total volume of trade between the two countries stood at \$12.4 billion in fiscal 2017-18. Based on the current growth rate, analysts and bankers said this bilateral trade volume may reach \$18 billion by 2021.



Syed Mahubur Rahman, managing director of Dhaka Bank, opens a banking booth at Hatirpool in Dhaka on Thursday.