

Harvard school's alumni team in town to explore Bangladesh economy

STAR BUSINESS DESK

An alumni team from South Asia of Harvard Business School (HBS) yesterday met with the former presidents of the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) to explore the economic landscape of Bangladesh.

The MCCI organised a working lunch in honour of visiting team

where members of the boards of directors, managing directors, senior officials of different organisations in Bangladesh were also present.

The event took place at the chamber's Gulshan office in Dhaka, according to a statement.

The visit was facilitated by the Aga Khan Development Network (AKDN).

In the four-day tour starting

from November 6, the alumni team will meet senior government officials, policymakers, diplomats and leading Bangladeshi business and social entrepreneurs.

MCCI President Nihad Kabir appreciated the HBS alumni's interest in Bangladesh economy and welcomed their initiative, according to the statement.

As a country cruising along a strong development trajectory,

Bangladesh was approaching towards fulfilling all the three criteria of LDC graduation, she said.

she assured of MCCI's wholehearted support for all activities geared towards ensuring Bangladesh's development and any collaboration with the HBS alumni.

Munir M Merali, resident diplomatic representative at AKDN Mission for Bangladesh, thanked the MCCI for hosting the event.

He believed that it was a great opportunity for the HBS alumni team to learn and understand the growth and opportunity prospects prevailing in Bangladesh, the statement said.

The alumni team appreciated the warmth with which they were received.

Bangladesh was undergoing a huge transformation and gradually moving away from a public sector led economy to a private sector led one with dynamic entrepreneurs leading from the front, they said.

The team also appreciated how Bangladesh was empowering its women across all levels.

They expressed their desire to explore deeper linkages and foster collaborations with both MCCI and Bangladesh in order to understand and learn the dynamics of the economy.

Golam Mainuddin, MCCI vice president, also spoke.



Jeong Ho Choi, country manager and general manager of Woori Bank in Bangladesh, launches "Woori Bank Idea Fest-2019", an idea generation competition for the university students, in Dhaka yesterday.



MCCI President Nihad Kabir speaks at a working lunch organised by the chamber at its Gulshan office in the capital yesterday in honour of a visiting Harvard Business School alumni team from South Asia.

Siemens meets 2019 goals but warns of 'risks' in 2020

AFP, Berlin

German industrial behemoth Siemens on Thursday reported a drop in annual net profits but said it had met its targets, and warned that geopolitical risks and a cooling economy would weigh on its performance in 2020.

The group -- which makes products from wind turbines to trains and medical scanners -- booked a net profit of 5.6 billion euros (\$6.2 billion) in its 2018/2019 fiscal year, down nearly eight percent on the previous year.

The group mainly blamed accounting effects, noting that it had benefited last year

from selling its shares in IT services firm Atos and lightbulb maker Osram.

Operating profit climbed slightly to 8.9 billion euros, thanks to a jump in large orders. Revenues added 5.0 percent to hit 86.8 billion euros.

"The weakening of the global economy accelerated clearly during fiscal 2019," CEO Joe Kaeser said in a statement. Nevertheless, "we fully achieved our fiscal-year guidance in all aspects", he added.

The company said it had seen an uptick in orders across most of its divisions, including an order for a large gas power plant in France and strong demand for its medical imagery machines.

China bourse to launch index at DSE

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Fuzhong said they are working with the Dhaka bourse to form the index which would be promoted by the SZSE. "I hope it will be rolled out by the end of the current year."

The index will give Chinese investors an idea on the performance of the companies listed on the DSE, he said.

"We are working with the DSE to improve the technology of a platform which will reduce information asymmetry on the listed companies. If information asymmetry does not prevail, manipulation reduces."

Wang Jainjun, president and chief executive officer of the SZSE, said the inaugural meeting explored a unique development path that meets both international standards and Bangladesh's actual needs.

"Already we have worked together to form the SME board and launch the Bangladesh window on the V-Next platform."

The Bangladesh window will facilitate Bangladeshi listed companies to explore strategic partnership, seek business collaboration, and diversify business and technology channels in China.

There are more than 16,000 institutional investors from 39 countries registered on the V-Next. More than 1,100 companies have already raised about \$5 billion using the platform.

The DSE SME board allows small and medium-sized entrepreneurs to raise funds. DSE Chairman Prof Abul Hashem said

they sought support to bring about the technological advancement at the bourse by way of pooling and sharing knowledge, expertise and best practices from the SZSE.

Shakil Rizvi, president of the DSE Brokers Association, said it is high time to invest in the Bangladesh's stock market as the price-to-earnings ratio of the exchange is at a very low level and the dividend yield is higher.

"Our market is lucrative now," he said, calling on Chinese investors to invest in the secondary market of the DSE.

Ifty Islam, group chairman of Asian Tiger Capital Partners, said Bangladesh's economy is growing fast but the stock market has failed to keep pace with the growth.

"It should be addressed," he added.

Minhaz Mannan Emon, one of the directors of the Dhaka bourse, said Bangladesh's stock market is mainly equity-based. So, a lot of new avenues should be opened. "The SZSE can help us in this regard."

Forty brokers and 50 investors from China and around 70 brokers and investors from Bangladesh were present at a dialogue that took place after the opening ceremony.

By the end of 2018, the SZSE had listed 2,134 listed companies, with a total market capitalisation of \$2.4 trillion. The total capital raised in the equities market in 2018 was \$57 billion. There are 4,909 listed bonds, including asset-back securities products, and 517 listed funds, according to the exchange's website.

KDS Accessories approves 15pc dividends

STAFF CORRESPONDENT, Ctg

KDS Accessories approved 15 percent dividends -- 10 percent cash and 5 percent stock -- for the year 2018-19.

The approval came at the 28th annual general meeting of the company held at the CBC Confidence Cement Convention Centre in Chittagong yesterday.

KDS Group Chairman Khalilur Rahman chaired the AGM, while Salim Rahman, managing director, Kamrul Hasan, board member, Muhammad Jamaluddin, director, and Debasis Daspal, CEO, were also present, according to a statement.

BB-led banking commission won't be fruitful: TIB

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Different quarters, including the TIB have long been demanding for the establishment of a commission to check the health of the banking sector and take necessary reform measures. But the government has not paid heed to it.

In the statement, Dr Iftekharuzzaman, executive director of the TIB, said the conditions of the banking sector have been deteriorating because of lax regulations and influence of vested quarters.

"Liquidity crisis has added further woes to the sector," he said.

An independent commission comprising experts of the sector can only come up with effective recommendations, Iftekharuzzaman said.

39pc RMG exporters supply at losses, a study finds

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If the suppliers do not accept prices below their production costs, they will lose everything as they will have to pay the workers at the end of the month without any production in the factories, said Koen Oosterom, FWF's country manager for Bangladesh and Myanmar.

The findings of the study styled "Labour minute costing and price negotiations with buyers" was shared at an event held at the capital's Lakeshore Hotel. The data used were from 2013 to 2016.

The factory management also accepts lower prices in the hope of price hike and profit in future, he said.

The effects of selling the garment items at prices lower than the production costs are more dangerous.

Some 33 percent think they will face the risk of closure and 29 percent will face difficulties in wage payment to workers, the study also said.

Only 13 percent of the buyers who source from Bangladesh increased the prices of garment items after the minimum wage hike in 2013.

Globally, the picture is almost similar to Bangladesh.

During that time, only 25 percent of the global buyers had increased the

prices of the garment items after the wage hike, he said.

Between 2011 and 2016, the overall prices of Bangladeshi garment items declined 7.79 percent.

The picture of price hike by buyers following the latest round of the minimum wage increase in December last year is worse than that of 2013: only one out of the 20 buyers increased the prices, Oosterom told The Daily Star.

Every time the international retailers put pressure on the manufacturers to comply with their rules, they should also be mindful of the rates they offer the factory owners, said Mohammad Abdul Momen, director of the Bangladesh Garment Manufacturers and Exporters Association.

"There is an imbalance in the negotiation table. We are fearful of losing work orders."

When every consumer of the Western world expresses concern about the environment and sustainability then how can the retailers offer to source garment items at such low rates.

"The price they offer is even lower than a cup of coffee," he added.

The pressure is always put on the wage of the workers in this tug of price

war between the factory management and the retailers, said KI Hossain, president of the Bangladesh Garment Buying House Association.

Consumers always think about the cheaper prices and brands always think about profit, leaving suppliers with no room to make profits, he added.

"It is unfortunate that there are no better buying practices although there are so many better manufacturing practices," said Mohammad Hatem, first vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

Although Bangladeshi apparel industry owners turned their factories into role models for safety by spending few billions of dollars, the retailers are not practising responsible buying practices.

"Buyers are killing the garment industry of Bangladesh by offering lower prices," he added.

Fazlee Shamim Ehsan, director of BKMEA, said nothing is changing although the manufacturers are complaining of the low prices of garment items for long.

"The buyers offer better prices to other countries, but not to Bangladesh. Is it fair?"

Trade deficit shrinks in first quarter

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"The balance of payments data indicates the overall economy is facing sluggishness," said Ahsan H Mansur, executive director of the Policy Research Institute.

The central bank should take immediate steps to depreciate the taka against the dollar in a bid to protect the country's external sector from the ongoing crisis.

"A sizable depreciation of the taka should be needed to keep up with our peer economies or else the indicators of the balance of payments will face more trouble in the days ahead," said Mansur, also the chairman of Brac Bank.

Private sector borrowing from foreign sources had decreased significantly in the recent period as businesspeople think the local currency will depreciate in the near future to keep pace with the global trend, he said. This has left them in two minds about going for business expansion, said Mansur, a former official of the International Monetary Fund.

Financial account of the balance of payments includes private sector foreign loan. The balance in the financial account decreased 71 percent year-on-year to \$380 million in the first quarter of the fiscal year.

Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue, echoed the same, saying the central bank should devalue the local currency immediately in the interest of the economy.

"A strong overall balance could even offset the large trade and current account deficit," he said.

The reduced deficit in both trade balance and current account will not yield any positive results for the economy as the overall balance decreased alarmingly.

"The country's external sector will face more troubles ahead if the existing trend continues."

The government should try to increase the inflow of foreign direct investment and efficiently use foreign aid with a view to strengthening the overall balance, he added.

Banks assured of relaxed loan write-off policy

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But the attempt has failed to arrest defaulted loans.

As of June, total defaulted loans in the banking sector stood at Tk 112,425 crore, up 20 percent from six months earlier, according to data from the BB.

The latest central bank move comes after the ABB sent a letter to the BB in the last week of August with a request for further easing of the write-off policy.

But insiders said the association was forced to send the proposal after being instructed by influential sponsors of a handful of banks.

The central bank also assured the ABB of increasing the ceiling of home loans to facilitate both banks and clients.

Currently, banks are allowed to disburse a maximum of Tk 1.20 crore to a single client. The ABB has requested the central bank to increase the limit up to Tk 2 crore.

Lufthansa cancels 700 flights on first day of cabin crew walkout

REUTERS, Frankfurt/Berlin

Lufthansa flight attendants went on a 48-hour strike over pay and pensions on Thursday, forcing the biggest German airline to cancel hundreds of flights.

Lufthansa on Wednesday announced it expected to cancel a total of 1,300 connections on Thursday and Friday, with 180,000 passengers affected. That amounts to about one in five of Lufthansa's planned 6,000 flights over the two-day period.

The departure table on Frankfurt airport's website showed scores of canceled flights to European destinations and on transatlantic routes. A Lufthansa spokesman confirmed about 400 flights would be canceled in Frankfurt alone on Thursday, with an additional 250 in Munich and some more at smaller airports, bringing the total number to 700 on Thursday.

"It's quiet in the terminals," a spokeswoman for Frankfurt airport said, adding that many passengers had rebooked onto different flights and not shown up at the airport.

Bangladesh bought over 1pc of global LNG in first year

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He spoke at a workshop organised by Excelerate, in Dhaka on Wednesday.

The event -- "Bangla LNG Workshop 2019- Best Practices for LNG Market and Infrastructure -- brought together more than 120 industry leaders from the public and private sectors to discuss the pertinent topics surrounding the global LNG industry and gas markets of Bangladesh.

Bangladesh joined the global LNG import marketplace through the delivery of the country's first LNG import terminal--Moheshkhali Floating LNG--last year.

In the first year, Bangladesh successfully received 60 cargoes, equivalent to 3.6 million tonnes of

LNG, from eight countries, supplying more than 180 million metric British thermal units of gas into the Chattogram region.

LNG imports represent 15 percent uplift in gas supply for the country, allowing several power plants, fertiliser factories and industries to resume production that had previously been shut due to a lack of feedstock, according to the statement.

Speaking at the event, Prime Minister's Energy Adviser Tawfiq-e-Elahi Chowdhury expressed his satisfaction over the consistent supply of the LNG to Bangladesh market to meet the growing domestic demand of gas.

He said Excelerate has done a great job in a short period of time by keeping the LNG supply chain vibrant.

JoAnne Wagner, deputy chief of mission of the US embassy in Dhaka, said, "We think that by developing a free and open natural gas market throughout the Indo-Pacific, the United States is absolutely committed to bolstering a resilient, reliable energy supply that can support stability and shared prosperity right here in Bangladesh."

Ahmed Mohammed Nasser Al-Dehaimi, Qatar ambassador to Bangladesh; and Hu Kang-ild, South Korean ambassador, also attended the workshop.



Ali Reza Iftekhar, CEO of Eastern Bank Ltd, opens a banking booth at Sonargaon Mega Complex at Kanchpur in Narayanganj recently.