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China offers \$2.13b fresh loans for two projects

Agreements by June next year

REJAUJ KARIM BYRON and JAGARAN CHAKMA

China will sign agreements by next June to provide \$2.13 billion in loans for two more projects, including one on the construction of the Dhaka-Ashulia elevated expressway.

This was finalised at the maiden meeting of a Bangladesh-China joint working group at the auditorium of the National Economic Council yesterday, said a finance ministry official.

The joint working group was formed to probe slow progress of 27 projects involving around \$20 billion that China had agreed to provide during its President Xi Jinping's Dhaka visit in October 2016.

Until November, loan agreements -- which is the last step before the release of funds -- for six projects involving \$5.71 billion were signed and \$1.09 billion was disbursed.

Later the group incorporated a new agenda centring Beijing's interest in investment and trade.

Han Yong, deputy director general of China's commerce ministry, led a 30-member delegation while Md Shahriar Kader Siddiky, joint secretary to the Economic Relations Division, headed the Bangladesh side at the meeting.

DEALS SIGNED TILL NOV 2019			
Projects	Deal signed	Total loans (in million)	Disbursed (in million)
Karnaphuli river tunnel	Oct 2016	\$689.35	\$266.31
Info-Sarkar	Oct 2017	\$151.64	\$138.63
Single-point mooring in Maheshkhali	Nov 2017	\$550.67	\$81.22
Telecom network upgrade	Apr 2018	\$224.96	\$72.53
Padma bridge rail link	Apr 2018	\$2,667.94	\$533.58
Expansion of power network in Dhaka	Jul 2019	\$1,402.93	Yet to start

Another meeting was held at The Westin Dhaka yesterday exclusively for the visiting Chinese delegation on investment facilities in Bangladesh and public private partnership projects.

Bangladesh Economic Zones Authority, Bangladesh Investment Development Authority, and Public Private Partnership Authority Bangladesh delivered presentations in this regard.

The finance ministry official said China confirmed that it would sign deals within this fiscal year to finance two projects.

One involves \$1.15 billion over the construction of the Dhaka-

Ashulia elevated expressway while the other \$970 million for strengthening the Power Grid Company of Bangladesh's power grid network.

Another meeting will be held with the visiting officials of the Exim Bank of China today when the two projects will be discussed in detail alongside the ongoing ones.

Another top-level finance ministry official told The Daily Star that the joint working group's first meeting was being considered to be fruitful as the upcoming agreements would take this fiscal year's loan commitment to \$3.52 billion.

Meanwhile, during Prime Minister Sheikh Hasina's tour of China in July this year, loan agreements involving \$1.4 billion were signed to expand and strengthen the power supply network under Dhaka Power Distribution Company.

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Good governance needed to keep up growth momentum

Economists say at BIDS conference

STAR BUSINESS REPORT

Good governance is compulsory to keep up the higher GDP growth trajectory and spread equally the benefits of the steady economic expansion, said economists yesterday.

They said the economic growth would not be sustainable without good governance in social, political and economic spheres.

In order to become a developed nation as targeted by the government, the country needs two instruments: one is GDP growth and the other is good governance, according to Zahid Hussain, a former lead economist of the World Bank in Dhaka.

"Growth is the wheel and good governance is the driver. Whether GDP growth rate is capable of bringing

economic development will depend on good governance."

His views came at the closing session of the two-day BIDS Research Almanac 2019 at the Lakeshore hotel in Dhaka. The Bangladesh Institute of Development Studies (BIDS) organised the event.

Hussain said the growth in gross domestic product (GDP) is necessary but not sufficient for the economic development of a country.

"To get the growth, we need infrastructure. We need human capital. We need to strengthen macroeconomic stability," he said, adding that the country also needs to strengthen its resilience to fight global shock, climate change and environmental pollution.

Planning Minister MA Mannan said every growth of GDP is good. However, all the people of Bangladesh are not getting the results of the growth as it is "unregulated".

Distortions prevail in some spheres, so the results of the growth are waning by way of capital flight and by some other ways, he said.

"I think, as I'm a pessimist, Bangladesh is not going to be a rich nation like Australia and Germany due to some non-economic reasons."

The minister did not elaborate the factors.

"If people can have three meals a day and shelter at night and the country can ensure a sustainable growth rate, then I would be happy," he said.

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Planning Minister MA Mannan speaks at the closing ceremony of BIDS Research Almanac 2019 at the Lakeshore hotel in the capital yesterday.

Govt to build mega fertiliser factory

HSBC jointly arranges \$1.3b loan

STAR BUSINESS REPORT

Bangladesh is going to set up a massive urea fertiliser plant at a cost of \$1.3 billion, equivalent to over Tk 11,000 crore, by availing the finance as loan from three foreign financial institutions.

The amount from the Japan Bank for International Cooperation (JBIC), Bank of Tokyo-Mitsubishi UFJ (MUFG Bank) and Hongkong and Shanghai Banking Corporation (HSBC) will be the country's largest ever foreign currency loan.

State-owned Bangladesh Chemical Industries Corporation (BCIC) will use the money to implement the Ghorasal Polash Urea Fertilizer Project.

This plant will be replacing two of the BCIC's oldest plants -- Urea Fertilizer Factory and Polash Urea

Fertilizer Factory.

The new plant will have an annual production capacity of 9.24 lakh tonnes, which is three times more than the present capacity.

But the consumption of natural gas in the new plant will remain the same because of installation of greener and more fuel-efficient technology. It will also ensure a product of high quality and significantly improve agricultural yields.

The use of chemical fertiliser is rising with increased demand for food production in the country. The use of urea fertiliser alone is the highest.

In FY 2018-19, 5.5 million metric tonnes of fertiliser was used in the country, with urea accounting for around half of it or 2.55 million metric tonnes.

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BSCIC probing graft allegation in setting up Savar CETP

Industries secretary says

STAR BUSINESS REPORT

The government is investigating whether any corruption took place in the installation of the central effluent treatment plant at the Savar tannery estate, the industries secretary said yesterday.

Md Abdul Halim said many quarters have alleged that corruption had taken place in the installation of the CETP at the Savar Tannery Industrial Estate (STIE).

"But the complaints need to be investigated," he said.

The state-run Bangladesh Small and Cottage Industries Corporation (BSCIC) is looking into the corruption allegations.

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Lack of refrigerated containers slows onion import

MOHAMMAD SUMAN, Cig

Traders had permission to import 183,000 tonnes of onion, but they could bring in only 8,992 tonnes in the last two months due to a lack of adequate number of refrigerated containers in ships, businesses said.

Onion is a perishable item and it has to be transported in refrigerated containers, importers and shipping agents said.

But the existing container vessels do not have the capacity to carry more

than 50 refrigerated containers.

As a result, traders have not been able to bring in huge volume of onions even after getting the permission, they said.

Bangladesh is desperately seeking onions as the price of the key cooking ingredient skyrocketed amid supply crunch when India slapped a ban on its exports on September 29.

Prices of onion hit an all-time high of around Tk 250 a kg in the third week of November. Last week, it fell slightly to Tk 230-Tk 240 a kg in the

retail market.

According to data from the Plant Quarantine Centre in Dhaka and Chattogram, about 180 traders obtained permissions from September 29 to November 30 to import 183,000 tonnes of onion from some 12 countries.

However, only 8,992 tonnes were released during the time. Of them, 8,610 tonnes were imported through the Chattogram port and the Hazrat Shahjalal International Airport.

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