

# Time to invest in Bangladesh

Says top official of Japan's largest power producer

MD FAZLUR RAHMAN

INTERNATIONAL investors should look at Bangladesh as a lucrative investment destination as the fast-growing country offers immense growth opportunities, said Toshiro Kudama, chief executive officer of Jera Asia.

"Bangladesh is very promising and stabilised. I think it's time to come to Bangladesh," he told The Daily Star in an interview in Dhaka recently.

He was in Dhaka to meet senior officials of Summit Group and see the operations of the company.

Japan's largest energy company Jera has recently acquired 22 percent stake in Summit Power International (SPI) for \$330 million to establish major energy infrastructure, including power generation projects in Bangladesh. The SPI, a Singapore-based unit of Summit Group, is a holding company of all power assets of the Bangladeshi conglomerate.

The largest independent power producer in the country owns and operates power generation facilities that produce approximately 1.8 gigawatts of electricity, representing about 12 percent of Bangladesh's capacity. Summit LNG Terminal Co Ltd, which has a capacity to supply 500 million cubic feet of gas per day, is a subsidiary of the SPI.

Kudama, a director of the SPI, said Bangladesh is one of the fastest-growing economies. The gross domestic product (GDP) is clocking in at 8 percent and the population is 170 million people.

"Population-wise, it is bigger than Japan. Also, the growth is there. So, why not support the country?"

He said there is stability in Bangladesh. The transportation sector faces difficulties and it is a little bit difficult to move in a smooth manner. Other than that, in 10 years' time, the country will be like Singapore.

"I promise you -- you'll become much more. You are changing. We are very happy to be involved in this initial stage of change and we would like to continue to do that. As a Japanese and a Japanese entity Jera, we will like to assist your country."

In order to emulate Singapore, Bangladesh needs a lot of energy.

"We can contribute to supplying power and LNG (liquefied natural gas) together with Summit Group. The basis is to support Bangladesh."

Jera is the world's biggest LNG buyer and has been working in the sector for 50 years with no records of leakages and accidents.

Established about three years ago through a joint venture between two energy giants in Japan: TEPCO Fuel & Power Incorporated and Chubu Electric Power Company, Jera meets half of the domestic demand for the entire of Japan.

November 4, 2019 marks 50 years since LNG was first imported to Japan. Tokyo Electric Power Company (now Jera) and Tokyo Gas Co Ltd, through Mitsubishi Corporation acting as a buyer's agent, started receiving LNG in 1969 from the Alaska LNG Project with Phillips Petroleum (now ConocoPhillips) as a seller.

Within the power generation portfolio it has domestic investments in 26 power projects



Toshiro Kudama

with 67 gigawatts of electricity generation capacity and around 10GW of generating capacity overseas, including projects under development.

It has eight LNG terminals and more than 30 international projects in countries such as the US, the Philippines, Taiwan, Vietnam, Indonesia, and Thailand.

"Now we are very pleased to be coming to the Bangladesh market as we are exploring more opportunities," Kudama said.

its energy mix in April last year.

In May, Summit Corporation and Jera Asia inked the initial agreement to initiate an energy infrastructure project at Matarbari in Cox's Bazar involving an investment of more than \$500 million. An energy hub is being developed in Matarbari.

Kudama said the Matarbari energy hub will bring much more positive change for Bangladesh.

He said Japan was one of the first endorers of an independent Bangladesh and since then the Japan-Bangladesh relationship has been at a very high level.

"We are working in projects together and we are also assisting the rapid growth of Bangladesh."

Speaking about Summit Group, he said Summit Group is a very reputable group among the conglomerates.

"I am really impressed to see their dedication to the country. They are strong and are willing to lead Bangladesh to grow. I'm convinced that we can work together for the betterment of Bangladesh."

"We have lots of know-how and we like to improve much more. We would like to exchange engineers and share views. We would like to learn from Bangladeshi people to know how we can improve better."

Jera is also interested in injecting money into Summit Group if there is any opportunity.

"If we are requested to invest more in Summit Group, we will inject equity. Summit Power International has a lot of projects in the pipeline and if Summit Group needs more equity, we can give it."

Summit Group has business interests in areas such as power, energy, port, and telecommunications. Jera stands ready to extend assistance to Summit Group, said Kudama, who oversees the rapidly growing markets of Asia and the Middle East.

He said Jera is involved in renewable energy and renewables have good prospect in Asia and Bangladesh. It has business in the power grid distribution network and can bring the infrastructure to Bangladesh.

Kudama said because of Jera's involvement in Bangladesh, a lot of Japanese companies would come to invest in the country. If the infrastructure, transportation and other things improve, much more will come.

He said going forward, Jera would become a much more international company.

Jera has acquired 49 percent of Reliance's 750MW LNG-based combined cycle power project at Meghnaghat, Narayanganj which is under development.

"With Reliance Group, Jera is now finalising financial closures and the next year we'll do that to commence the construction as soon as possible."

The SPI is currently constructing power generation facilities with a capacity of about 590 megawatts.

"We should concentrate on these two projects at this moment and help Summit Group grow together," said Kudama, who has a master's degree in mechanical engineering from the graduate school of the Tokyo Institute of Technology.

## Stocks in free fall

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The merchant banker also said the liquidity crunch was very clearly understandable in the banking sector and the confidence crisis further held back investment.

An asset manager said investors do not trust financial statements of most of the listed companies for which they were not going for investment.

Some issue managers brought very weak companies into the stock market and investors were incurring losses investing in those.

The BSEC failed to ensure accountability of issue managers in the context of bringing over bad companies.

"A lack of good governance prevails in the whole market. So the index remains low year after year," the asset manager said.

According to the DSE data, the DSEX has been hovering between 4,600 and 5,400 points for the last few years.

Square Pharmaceuticals, Grameenphone, British American Tobacco Bangladesh and United Power Generation snatched 28 points from the DSEX yesterday.

A top BSEC official, requesting not to be named, said the commission was disappointed as the market continues to fall despite the many incentives it has

provided.

"What can we do?" he asked.

On good governance, he said they had started to punish manipulators, which was once almost absent.

Turnover, another important indicator of the DSE, also dropped 21.12 percent to Tk 275.29 crore yesterday -- a two-month low.

Losers outnumbered gainers as 233 closed lower, 64 ended higher and 53 remained unchanged on the DSE trading floor.

Square Pharmaceuticals dominated the turnover chart with transactions of Tk 8.90 crore followed by Sinobangla Industries, Daffodil Computers, British American Tobacco Bangladesh and National Tubes.

New Line Clothing was the day's best performer with 9.55 percent gain while Daffodil Computers was the worst loser shedding 8.37 percent.

Chattogram stocks also fell with the bourse's benchmark index, the CSCX, decreasing 93.89 points, or 1.10 percent, to finish the day at 8,391.41.

Losers beat gainers as 148 declined, 60 advanced and 29 finished unchanged on Chittagong Stock Exchange.

The port city bourse traded shares and mutual fund units worth Tk 14.67 crore.

## Sanofi to buy biotech firm Synthorx for \$2.5b

REUTERS, Paris

France's Sanofi on Monday agreed to buy California-headquartered biotechnology firm Synthorx in a cash deal worth about \$2.5 billion as it steps up a push in the lucrative field of cancer drugs under its new chief executive.

Sanofi has offered to buy all the outstanding shares of Synthorx common stock for \$68 per share in cash, or a 172 percent premium to Synthorx's closing price on Dec. 6, 2019.

"This acquisition fits perfectly with our strategy to build a portfolio of high-quality assets and to lead with innovation, as you will hear at our Capital Markets Day tomorrow, December 10," Sanofi Chief Executive Paul Hudson said in a statement.

"Additionally it is aligned with our goal to build our oncology franchise with potentially practice-changing medicines and novel combinations."

Synthorx, which posted a 2018 net loss of \$56.6 million, is a clinical-stage biotech company focused on therapies for people with cancer and auto-immune disorders, according to the company's website.

Sanofi expects to complete the acquisition in the first quarter of 2020. By 0946 GMT, Sanofi shares were down 0.7 percent at 82.94 euros.

"The acquisition price is full at a 172 percent premium to Synthorx Dec. 6 close price and is a lot to pay for an early stage pipeline (lead drug THOR-707 is in phase 1 trial," Liberum analysts said in a note.

## Top VAT-payers to be honoured today

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Thirty-four firms, comprising nine highest VAT-payers nationally and 25 from Dhaka division will be recognised at an event in Dhaka. The rest will be awarded by field offices in other divisions.

This will be 14th year the NBR would honour the highest VAT-paying firms in an effort to increase collection from the segment, also known as consumption tax, and reduce evasion.

Introduced in July 1991, the VAT has become the biggest contributor to the NBR's revenue collection from FY1995-96 and has been maintaining the lead since then.

Yet, significant amount of non-compliance prevails in the VAT system and there is substantial scope for increasing collection of the indirect tax, according to a World Bank report on methodology

to measure the VAT gap in Bangladesh in 2014.

The study said the VAT gap, the difference between the expected VAT revenue and the amount actually collected, was 56 percent in 2012-13.

In order to create awareness and increase compliance on VAT payment, the NBR has been observing the VAT Day since 2012. The revenue administration also organises the VAT Week.

This fiscal year, the NBR targets to collect Tk 117,672 crore from VAT, which is 36 percent of the total tax collection goal.

Collection of the indirect tax, however, grew 1.79 percent year-on-year to Tk 24,751 crore in the July-October period of the current fiscal year.

The NBR logged 17 percent growth in VAT collection annually over the last decade.

TOP VAT PAVERS FISCAL YEAR: 2017-18	MANUFACTURING SECTOR	TRADE	SERVICE
	Square Formulations	M/S Hamco Corporation Ltd	Chittagong Warehouse Ltd
Aristopharma Ltd	SC Johnson Pvt Ltd	Qatar Airways	
Rashidpur Condensate Fractionation Plant	Siemens Healthcare Ltd	Thai Airways	

SOURCE: NBR



Mesbahuddin Ahmed, chairman of the Bangladesh Accreditation Council; Rear Admiral Mohammad Khaled Iqbal, vice chancellor of the Bangabandhu Sheikh Mujibur Rahman Maritime University; Md Sabur Khan, chairman of the board of trustees at the Daffodil International University; Mark T Jones, a director of the Centre for Innovative Leadership Navigation, London; and PR Datta, executive chair at the Centre for Business and Economic Research, UK, pose at the inaugural ceremony of the "4th International Conference on Globalisation, Entrepreneurship and Emerging Economies" at the university in Dhaka on Sunday.

## Facebook to stand by small businesses

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Earlier in the day, Dan Neary, vice president for the Asia-Pacific business group at the social networking site, said the social media platform is working on lots of new things prioritising local businesses.

According to Neary, Facebook Pay and Calibra, a payment solution and a digital wallet respectively, will lead the market in the coming days.

Calibra is a Facebook subsidiary whose goal is to provide financial services that will let people access and participate in the Libra network. The first product Calibra will introduce is a digital wallet for Libra, a new global currency powered by blockchain technology.

The wallet will be available in Messenger, WhatsApp and as a standalone app and may be launched

in 2020. Facebook Pay is being rolled out on Facebook and Messenger in the US for fundraising, in-game purchase, event ticketing, and person-to-person payments.

"Currently, 1.7 billion people do not have access to financial services and we are targeting this huge number of people," Neary added.

In various presentations, Facebook showed that messaging platforms are growing worldwide than open platforms and that's why Facebook is developing messaging business platforms using WhatsApp and Messenger in various countries.

Facebook has launched the business service in 11 countries in the Asia-Pacific and gradually it will be made available in other markets. According to Facebook officials, e-commerce has become social commerce in the

region.

"We are giving connectivity to entrepreneurs and using that, social commerce is also evolving," said Christine Chia, director for commerce partnerships for the region.

James Tan also said apart from promoting businesses, Facebook is also fighting terrorism and social crimes.

It removed 1.72 billion fake accounts from Facebook and taken down 6.2 million contents related to suicide and self-injury from Instagram, a photo and video-sharing social networking service owned by Facebook, in the third quarter this year. It also removed 1.5 million drug sales-related contents from Instagram.

Facebook will organise 2 million trainings in 2020 to restrict target harassment.

## Tannery relocation led to job losses: experts

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The Savar Tannery Industrial Estate's central effluent treatment plant (CETP) is not fully functioning as one of its four modules is still to operate, he said.

Abdus Salam Khan, chairman of the BLE, said despite getting large pieces of land, many tanneries had still not shifted their facilities to Savar. As a result, leather and leather goods production was declining.

"The plots in the estate have been allocated only to the owners. There is no place for the workers to stay, no hospital for their treatment and no schools for their children," he added.

SM Manjurul Haq, a tannery worker, said 10 months had already passed with no salaries being paid. Owners do not treat workers like human beings and many

tannery workers' families are now living life in misery, he said.

He urged the government to take proper steps to alleviate their woes.

Shib Nath Roy, inspector general of the Department of Inspection for Factories and Establishments, said most of his department's workforce were focused on the garment sector, so they were unable to inspect the conditions of facilities in other sectors.

"Now we are planning to recruit more labour inspectors so that other sectors like the tannery industry comply with relevant laws, policies and regulations," he said.

He also proposed a policy dialogue between workers, owners and governments entities to resolve the issue.

ZM Kamrul Anam, secretary general of the BLE, moderated the event.

## Japan upgrades third quarter GDP

REUTERS, Tokyo

Japan's economy expanded at a much faster pace than initially reported in the third quarter, as resilient domestic demand and business spending offset the hit to growth from falling exports and global trade tensions.

Gross domestic product grew an annualised 1.8 percent in July-September, stronger than the preliminary reading of 0.2 percent annualised growth, Cabinet Office data showed Monday. The firmer growth marked the fourth consecutive quarter of expansion and also beat economists' median forecast for a 0.7 percent gain. It was mostly driven by improvements in capital expenditure and private consumption.

However, analysts say the third quarter strength, which was the weakest growth seen this year, masks some fragility that could lead to a much weaker performance going forward.

"While Japan's economy expanded more rapidly ahead of October's sales tax hike than initially estimated, output is set to shrink in 2020," said Marcel Thieliant, senior Japan economist at Capital Economics.

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**APPOINTMENT OF MANAGING DIRECTOR (MD)**

The Dhaka Stock Exchange Ltd. (DSE) premier bourse of the country, is seeking application for the position of **Managing Director (MD)** to hold the key leadership position for planning and directing all the activities and setting strategic decision for overall business growth of the Exchange. The incumbent will be responsible to the DSE Board of Directors for overall Management of the Exchange.

**Salary:** Monthly consolidated salary of Tk. 8,00,000/- (negotiable) along with other benefits will be offered to really deserving candidate.

**Last date for application: December 24, 2019.**

**Instruction:** For details including academic qualification, professional experience and roles/responsibilities please visit DSE Website or web-link: <http://www.dsebd.org/career.php>.

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