



## China won't resort to massive infrastructure stimulus as investment slows

REUTERS, Beijing

China will take a targeted approach to boosting investment and will not resort to massive stimulus in its infrastructure push, the state planner said on Tuesday, as Beijing ramps up support to stabilise its slowing economy.

The comments flagging a cautious approach to stimulus come a day after economic data showed fixed asset investment posting meagre growth in November.

"We will resolutely not open the floodgate of stimulus and will scientifically push forward these major projects," Meng Wei, spokeswoman at the National Development and Reform Commission, told reporters in a regular briefing.

Meng said the market would play a decisive role in resource allocation and that policy support for infrastructure projects in the central and western China would be stepped up.

Official data released on Monday showed fixed asset investment grew 5.2 percent from January-November, in line with the increase seen in the first 10 months, which was the weakest in decades. Infrastructure investment, in particular, slowed further.

As Beijing seeks to avert a sharper economic slowdown, policymakers have brought forward 1 trillion yuan (\$142.07 billion) of the 2020 local government special bonds quota, used to finance infrastructure projects, to this year.

In November, the NDRC approved eight fixed-asset investment projects in November worth a combined 7.1 billion yuan, according to Meng. That compared with approvals worth 44.2 billion yuan in October.

China has the confidence to achieve its full-year economic targets, Meng said.

Beijing has said it would maintain its proactive fiscal stance and prudent monetary policy, making economic adjustments more forward-looking, targeted and effective.



REUTERS/FILE

A general view of the Hong Kong-Zhuhai-Macau bridge and entrances to a cross sea tunnel, off Lantau island, a key infrastructure in the Greater Bay Area project in Hong Kong, China.

## IDB Group wing gets new Southeast Asia head

STAR BUSINESS DESK

Iftekhar Alam has recently joined International Islamic Trade Finance Corporation as regional head for South and Southeast Asia.

The corporation is a member of Islamic Development Bank Group, according to a statement.

Based in Jakarta, he will look after the trade finance portfolio of the Organisation of Islamic Cooperation member countries in the region. Alam started his career with HSBC Bangladesh in 1999.

He moved to HSBC UAE in 2008 and worked in various capacities including as a senior manager, in regional market development, global trade and receivable finance. He later moved to Barclays Bank UAE.

Alam also worked at Barclays Singapore and Commonwealth Bank of Australia, Sydney.

## Bike, AC, compressor makers get tax benefits till 2032

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The NBR offered the 5 percent tax privilege first in July 2009 to makers of freezers, refrigerators and motorcycles. It said manufacturers would enjoy the tax exemption for a period of 12 years beginning from the date of commercial production.

In 2010, the revenue authority included air conditioner amid demand from the sector. It added compressors to the list in its latest notification.

Motorcycle makers hailed the step, stating that the benefit would be instrumental in the development of the sector.

"We thank the government for the extension. We would have been happier had the tax rate been at the same level," said Hafizur Rahman Khan, president of the Bangladesh Motorcycle Manufacturers and Exporters Association.

Shah Muhammad Asheque Rahman, head of finance and commercial of Bangladesh Honda Pvt Ltd, said the reduced tax benefit would facilitate sustainable development of the industry.

"We expect the government will provide similar benefits to backward linkage sectors," he said.

Sales of motorcycles are likely to grow 10 percent year-on-year to 5.30 lakh units by the end of this year from 4.8 lakh units the previous year.

The value of the market would be around Tk 7,500 crore, said Rahman.

"We have been seeing a downturn in the market for the last two months. It appears that many prospective buyers have become shy fearing action under the new road transport law," said Matiur Rahman, president of the Bangladesh Motorcycle Assemblers & Manufacturers Association.

## Sustainability practices offer \$51b business opportunities

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Md Abdul Kalam Azad, former principal coordinator for SDG affairs at Prime Minister's Office, said over the last 50 years, the production in the world rose three times and consumption also tripled.

"This is alarming. Now the world is producing 120 percent more than previously. If this continues, the world will not survive," he said.

However, at the same time the global leaders could not reach a consensus at the COP25, the global climate summit, in Spain this week. "Still, we have to survive," he said. Azad said Bangladesh needs to take quick preparations to obtain the Generalised Scheme of Preferences (GSP) Plus status in the European Union

as the country is going to lose the existing GSP status when it becomes a developing nation in 2024.

"We need to reskill the people who are losing jobs because of automation," he said. He urged international clothing retailers and brands to raise the prices of Bangladeshi-made apparel items as local manufacturers have invested a few billion dollars to remediate factories to strengthen workplace safety.

"Moreover, Bangladesh is currently the global champion in green garment factories," he said.

Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, urged international clothing retailers and brands to do business

normally and not to set any condition.

"Bangladesh's garment sector has improved a lot, but what about the prices?" she asked. On pricing, Huq said there is no level-playing field. Buyers are placing work orders in Myanmar without any condition although the country has been accused of genocide. "Sustainability is not confined to a set of good works - it is more than that. We have 101 green factories and the world's top six greenest, platinum-rated factories are located in Bangladesh."

"We are a leading trade bank and ideally placed to support our customers and other companies as they seek to do business in a more responsible and sustainable way," said Md Mahbub ur Rahman, deputy CEO and country head of wholesale banking of

HSBC Bangladesh.

"As a well-recognised corporate citizen, HSBC acknowledges its role to play towards achieving the SDGs," he said.

UNDP's Linda Germanis noted how the partnership between the UNDP and HSBC embodies a key priority for Bangladesh by demonstrating how the market and productive partnerships can create an enabling environment to achieve the Sustainable Development Goals.

HSBC and the UNDP are in their second year of partnership, working together to promote sustainability and unlock business opportunities through achieving the SDGs, the bank said in a press release.

Pallavi Atre, sustainability expert of the GRI South Asia, also spoke.



Hafizur Rahman Khan, chairman of Runner Automobiles, presides over the company's 19th annual general meeting at Trust Milonayaton in Dhaka yesterday. The company approved 5 percent stock and 10 percent cash dividends for the year ending on June 30, 2019. Reazul Haque Chowdhury, managing director, was present.

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RUNNER AUTOMOBILES

## Stocks nosedive to three and a half-years low

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But, they have had to change their mind as the index is falling every day, he said, adding that fresh investment is not coming to the market owing to a lack of confidence amid the liquidity crunch in the banking sector.

Ali Xahangir, chief executive officer of amarstock.com, a website that provides technical analysis on market movements, said the initial public offering of Ring Shine Textiles worth Tk 150 crore supplied more shares to the bearish market.

The regulator should have had an analysis on whether the market was ready to absorb such a big IPO in a downward market, he said.

Ring Shine Textiles made its debut on December 12.

An asset manager says the market is suffering

from a huge confidence crisis because investors can't fathom how far the market would fall and when it may start to rise.

Those who have liquid money are also not investing, he said. Moreover, some banks and non-bank financial institutions are adjusting their portfolios.

Banks and NBFIs maintain accounts in line with the calendar year running from January to December, instead of July to June followed by other companies.

A stock broker, who deals with foreign investors, says foreign investors' confidence has also been spooked by policy changes.

He said the tenure extension of closed-end mutual funds and the National Board of Revenue's sudden claim of Tk 12,579 crore from Grameenphone, the largest listed company in

Bangladesh, have affected the confidence level of international investors.

Turnover, another important indicator of the market, fell 8.12 percent to Tk 281.56 crore.

Ring Shine Textiles topped the turnover list with its shares worth Tk 15.68 crore traded, followed by Beacon Pharmaceuticals, Square Pharmaceuticals, Standard Ceramics, and Brac Bank. Of the traded issues, 35 advanced, 278 dropped, and 40 remained unchanged.

Chittagong stocks also fell, with the bourse's benchmark index, the CSCX, declining 144.63 points, or 1.70 percent, to finish the day at 8,151.43. Losers beat gainers as 173 securities declined, 35 advanced and 22 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded shares and mutual fund units amounting to Tk 14.63 crore.

## E-commerce can spur growth in South Asia

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Besides, pervasive lack of mutual trust among South Asian countries hurts trade and negates the benefits of geographical and cultural proximity, said the report.

"By unleashing its online trade potential, South Asia can better integrate into international value chains, increase its market access, and strengthen commercial linkages between countries across the region."

A survey of more than 2,200 firms showed the top concerns on cross-border e-commerce sales included e-commerce related logistics, e-commerce and digital regulations and connectivity and information technology infrastructure.

These barriers are significantly higher when trading with other South Asian countries. These hurdles may have consequences for market access for small firms with limited digital and logistical skills, according to the report.

It pointed out that the main international e-partners of firms in South Asia are China, the United Kingdom, and the United States, not other South Asian countries.

Small and medium enterprises in South Asia reported that removing regulatory and logistical challenges to e-commerce would increase their exports, employment, and productivity by as much as 20-30 percent.

To overcome these hurdles, the report proposes reforms in areas such as payments, delivery, market access regulations,

consumer protection, and data privacy, at the national, regional, and global levels.

"Some practical steps to strengthen online transactions include leveraging the reputation of large e-commerce platforms to offer consumer protection, return and redress and data security as an initial substitute for robust contractual and consumer protection mechanisms and permitting cross-border e-commerce payments," said Arti Grover, senior economist of the WB and co-author of the report.

The report also suggests an incremental approach to taking these steps, if necessary, in order to build confidence.

"And apart from firms, consumers in South Asia stand to gain significantly from the potential reduction in costs and availability of a greater variety of e-traded goods and services," said the report.

According to the report, e-commerce is dramatically changing the way goods and services are transacted regionally, nationally, and globally. The internet seamlessly connects buyers and sellers otherwise separated by geographical distances and logistical barriers and makes transactions convenient, fast, and efficient.

In 2017, a total of \$2.3 trillion was spent globally by retail consumers, almost 25 percent more than in 2016. This figure is expected to grow to more than \$4 trillion by 2020, reaching more than 15 percent of total retail spending, from around 10 percent in 2015, the report said.



ORION PHARMA

Mohammad Obaidul Karim, chairman of Orion Pharma, presides over the company's 54th annual general meeting at the Officers' Club in Dhaka on December 15. The company approved 15 percent cash dividend for the year ending on June 30, 2019. Salman Obaidul Karim, managing director, was present.