

BSEC okays replacing two funds’ asset manager

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) yesterday gave the go-ahead to change the asset manager of closed-end DBH First Mutual Fund and Green Delta Mutual Fund.

Closed-end mutual funds are investment tools that pool a fixed amount of money for a certain period from investors and re-invest it into stocks, bonds and other assets.

The funds are traded on the stock exchanges and investors can buy or sell the shares in the secondary market.

The approval came at a meeting of the stock market regulator on its Agargaon office premises. IDLC Asset Management was sought as a replacement for LR Global Bangladesh by two-thirds of the unitholders of the funds.

In figures, some 73 percent of the DBH unitholders and 70 percent of the Green Delta unitholders called for the change. Bangladesh General Insurance Company, trustee of the funds, sought the BSEC’s views on it on October 31.

As per the BSEC mutual fund rules of 2001, any such replacement requires approval of two-thirds of a fund’s unitholders. LR Global Bangladesh had gone to court to stop the process. The Supreme Court cleared the way on December 8.

IMF approves \$2.9b Ethiopia aid package

AFP, Washington

Ethiopia will receive \$2.9 billion in a three-year aid package to help economic reform, the International Monetary Fund has confirmed.

The country -- which has one of the fastest-growing economies in Africa -- will receive \$308.4 million immediately, the IMF said in a statement on Friday.

Maharashtra to waive loans for struggling farmers

REUTERS, Mumbai

India’s richest state of Maharashtra will give waivers for loans of up to 200,000 Indian rupees (\$2,815) incurred by distressed farmers, its government said on Saturday.

Chief Minister Uddhav Thackeray told the state legislature of the move on Saturday, but did not elaborate on how the state would fund the initiative or how many farmers would benefit.

Maharashtra, of which Mumbai is the

capital, announced a similar scheme in 2017, when waivers were granted for loans totalling \$5.27 billion to 8.9 million farmers.

Farmers have been under stress after a drought in 2018 and flooding in 2019, which squeezed their earnings.

Maharashtra is the country’s second biggest producer of sugar, soybean and cotton and the top producer of pulses.

Madhya Pradesh announced a farm loan waiver last year after the Congress party came to power.



A farmer harvests damaged soybean crops at Kalamb village in Pune district in Maharashtra, India.

REUTERS/FILE



ICAB

Anil Chandra Nath, a former president of the Institute of Chartered Accountants of Bangladesh (ICAB), shakes hands with AF Nesaruddin, president of the institute, after receiving a medal for completing 50 years as a chartered accountant at the “Members’ Night 2019” at the Bangabandhu International Conference Center in Dhaka on December 19.

Trump says trade deal with China to be signed ‘very shortly’

REUTERS, West Palm Beach, Florida

President Donald Trump on Saturday said the United States and China would “very shortly” sign their so-called Phase One trade pact.

“We just achieved a breakthrough on the trade deal and we will be signing it very shortly,” Trump said at a Turning Point USA event in Florida.

The Phase One deal was announced earlier this month as part of a bid to end the

months-long tit-for-tat trade war between the world’s two largest economies, which has roiled markets and hit global growth.

Under the deal, the United States would agree to reduce some tariffs in exchange for a big jump in Chinese purchases of American farm products.

Treasury Secretary Steven Mnuchin said last week the pact would be signed in early January, saying that the deal had already been translated and was just undergoing a technical “scrub.”

Facing industrial decline, Wales dreams of Silicon Valley

AFP, Newport

Wales is better known for its factory closures than high-tech achievements. But in Newport, a former bastion of the coal industry, a handful of semiconductor manufacturers dream of a new Silicon Valley.

“We want to be this technology centre like Silicon Valley, where we can attract whatever the big names of tomorrow are,” said Chris Meadows, corporate systems manager at British firm IQE.

“Hopefully it will be whatever the 2030 version of Google is or a Facebook.” IQE is one of a small group of local companies, also including SPTS or Newport Wafer Fab, which have formed an alliance with universities to create a compound semiconductor “cluster” in south Wales.

Meadows said his firm and SPTS began working together after they discovered they had the same customer in Taiwan, using them at different points in their supply chain.

“We realised we can offer a better service if we partner,” he said.

Silicon semiconductors are used extensively in electronic circuits, but new innovations require new enabling technology.

Made from a combination of materials such as silicon and carbon (silicon carbide) or arsenic

and gallium (gallium arsenide), compound semiconductors offer superior properties in terms of power, heat and shock resistance.

They are more complex and more expensive than silicon chips, but are more suitable for electric vehicles, laser devices or 5G telephony.

In the sterile offices of IQE, the machines silently cut slices of semiconductors -- “wafers” -- as a few technicians in overalls and masks come by occasionally to check the screens.

“That’s where the magic happens.

It’s like with cooking -- everybody can have an oven and a recipe but not everyone is a five-star chef,” said Meadows.

“Our know-how, our edge comes from that particular way of working out and assembling wafers. It’s our secret recipe.” Working together, firms in the Newport “cluster” can offer custom-made products for chips used in devices by clients such as Philips or Raytheon, and maintain control over the production line.

“America, Europe, we’ve all kind of stepped back from manufacturing

almost as if it is a dirty thing,” Meadows said, noting that this has benefited Asia. But now “it’s more about machinery and intellectual property” -- and that brings high-skilled, well-paid jobs to a region that has suffered industrial decline.

Around 1,400 people work for the cluster, but it hopes to have 5,000 by 2023 thanks to the growth of a global market that last year was worth \$77 billion (70 billion euros).

The next step for Newport is to produce their own integrated circuits, and that will bring more jobs.

“We currently have three companies that we’re working with, two in North America and one in China... they’ll be assembling the electronic products using chips made within the cluster,” Meadows said.

In the cluster, manufacturers delegate research and innovation to the universities of Cardiff or Swansea. The prototypes are managed by government organisations that invest in new technologies, the so-called catapults.

Andy Sellars, chief business development officer at the compound semiconductor applications catapult, notes a project with McLaren worth around 20 million (around 23.5 million euros).

There is in total “about 300 million of investment in this region on the next generation of semiconductor material”, he added.



AFP/FILE

The handout photo released by IQE Group shows a technician working in a cleanroom at IQE’s plant in Cardiff, South Wales.

Britain gives US investor go-ahead to buy Cobham for \$5b

REUTERS, London

Britain has approved the purchase of British defence company Cobham by U.S. investor Advent International for \$5 billion after the private equity group made commitments to address national security concerns.

Business minister Andrea Leadsom had put the deal on hold to review the sale of air-to-air refuelling equipment maker Cobham, which employs 10,000 people and also makes communications equipment for military vehicles.

“I am satisfied that the undertakings mitigate the national security risks identified to an acceptable level and have therefore accepted them and cleared the merger to proceed,” Leadsom said in a statement http://bit.ly/2PlzbkS published on Friday.

Leadsom had said on Tuesday that Prime Minister Boris Johnson’s new government of was minded to accept the deal after Advent put forward several legal undertakings, including having a number of British executives on Cobham’s boards.

Advent will have to give prior notice to Britain’s defence ministry if it plans to sell all or part of Cobham’s business, and honour existing contracts with the government.

A member of the family which founded Cobham said the decision was deeply disappointing. “In Cobham, we stand to lose yet another great British defence manufacturer to foreign ownership,” said Nadine Cobham, whose late husband was a son of the

company’s founder.

“In one of its first major economic decisions, the government is not taking back control so much as handing it away,” she said, adding that the announcement on the weekend before Christmas had been timed to avoid scrutiny. Johnson said the sale showed Britain - which is due to leave the European Union at the end of next month - was open to investment from around the world.

“It’s very important that we should have an open and dynamic market economy,” he told British broadcasters during a visit to Estonia. “A lot of checks have been gone through to make sure that, in that particular case, all the security issues that might be raised can be satisfied.”

Real wages in fishery, construction falling despite faster GDP growth

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The BBS estimates the average monthly wage rate of low-paid and unskilled labourers in 44 occupations: 11 from agriculture, 22 from industry and 11 from service.

The agency collects wage data from 64 districts by defining wage as money received either in cash or in kind in a day. Salary paid and high contract-based earnings were excluded from the WRI.

“The sustainability of the rise in wages in manufacturing is also an issue. The nominal wage in the sector tends to rise when there is a revision in minimum wages,” Islam said, adding that the rise in nominal wage tends to fall behind the rise in inflation after one or two years.

The WRI showed that the nominal wage of workers in the manufacturing sector increased 8.38 percent in November this year, 2.33 percentage points higher than inflation rate in the same month.

The trend in real wages is extremely important not only from the point of view of the level of living standards of workers but also from the point of view of income distribution, he said.

“It is well-known that the rate of poverty reduction has declined in recent years and income distribution has worsened. The failure of real wages to rise on a sustained basis and in line with the rise in productivity must have been an important reason for such unwelcome developments.”

Hence, it is extremely important to ensure a sustained rise in real wages and in line with productivity, Islam added.

For the service sector, the situation neither improved nor worsened, said Zahid Hussain, former lead economist

of the World Bank’s Dhaka office.

“From this, it appears that the benefits of high GDP growth are not trickling down to all. Wage is a key medium to distribute fruits of economic growth to labour.”

What is evident is that because of higher real wages, people working in the production sector are coming out of poverty more than others.

The share of GDP growth that went to labourers dropped last fiscal year from a year earlier.

Of the 7.28 percent growth in economy in fiscal 2016-17, 1.65 percent went to the hands of workers and 5.6 percent to the pockets of the non-labour group, he said.

And less than one-fifth of the officially estimated 8.15 percent GDP growth in fiscal 2018-19 went to the hands of labourers, Hussain said.

“GDP growth has accelerated but who are getting the benefits out of it? Three-fourths of the growth are going to the pockets of a few although 85 percent of the population depend on labourer income.”

Hussain suggested inflation control, particularly food prices, as the poor and low-income group spend 70-75 percent of their incomes on food.

“Food inflation has an adverse effect on them,” he said. Efforts to curb price spirals through monetary management prove to be insufficient.

“Supply-side factors matter a lot here. We have a problem in the supply chain,” Hussain said, citing transport disruption, bad crop, Indian policy and movement of oil and global commodity prices.

Ensuring fair competition, free flow of information, checking artificial price increase and manipulation are the jobs of the government, Hussain added.

West African nations rename common currency, sever links to France

AFP, Abidjan

Eight West African countries Saturday agreed to change the name of their common currency to Eco and severed the CFA franc’s links to former colonial ruler France.

The CFA franc was initially pegged to the French franc and has been linked to the euro for about two decades.

Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo currently use the currency. All the countries are former French colonies with the exception of Guinea-Bissau.

The announcement was made Saturday during a visit by French President Emmanuel Macron to Ivory Coast, the world’s top cocoa producer and France’s former main colony in West Africa.

Ivory Coast President Alassane Ouattara, speaking in the country’s economic capital Abidjan, announced “three major changes.”

These included “a change of name” of the currency, he said, adding that the others would be “stopping holding 50 percent of the reserves in the French Treasury” and the “withdrawal of French governance” in any aspect related to the currency.

Macron hailed it as a “historic reform”, adding: “The Eco will see the light of day in 2020.” The deal took six months in the making, a French source said.

The CFA franc’s value was moored to the euro after its introduction two decades ago, at a fixed rate of 655.96 CFA francs to one euro.



BDDBL

Mohammad Mejbahuddin, chairman of Bangladesh Development Bank Ltd, opens the bank’s 46th branch at Tamaltola of Bagatipara upazila in Natore yesterday.