STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.63%	▲ 0.47%	▲ $1,825.90 (per ounce)	▼ $47.18 (per barrel)	▼ 0.08%	▲ 0.05%	▼ 0.11%	▼ 0.07%
4,934.86	8,527.50			44,618.04	26,800.98	2,810.95	3,449.38

CURRENCIES — STANDARD CHARTERED BANK

	$USD	€EUR	£GBP	¥CNY
BUY TK	83.95	100.38	111.79	12.63
SELL TK	84.95	104.18	115.59	13.28

Star BUSINESS

DHAKA THURSDAY DECEMBER 3, 2020, *AGRAHAYAN 18, 1427 BS* ● starbusiness@thedailystar.net

Imports for manufacturing slump

AKM Zamir Uddin

Imports for the manufacturing sector in Bangladesh plunged in the first four months of the current fiscal year, signalling to a weak economic recovery from the coronavirus pandemic.

In July-October, imports of capital machinery and industrial raw materials for major industries such as textiles plummeted along with some other intermediate goods.

As a result, overall import payments decreased 13 per cent year-on-year to $17.06 billion, the CIF import data from the central bank showed.

The cost, insurance, and freight (CIF) is an expense paid by a seller to cover the costs, insurance, and freight of a buyer's order while it is in transit.

Import of raw cotton, one of the major raw materials for the readymade garment industry, which accounts for about 85 per cent of the national exports, stood at $814 million in the first four months, down 24.24 per cent year-on-year.

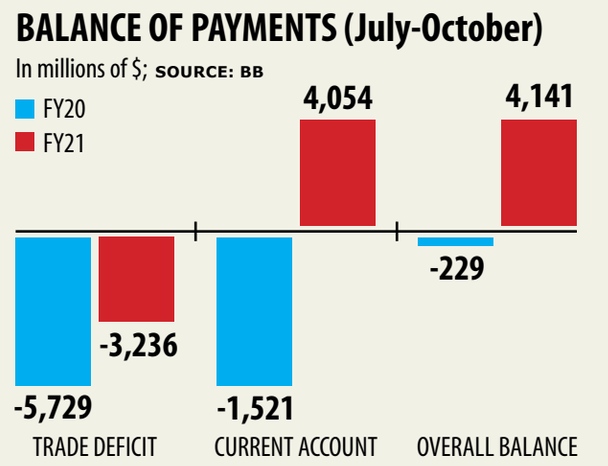
Staple fibre import fell to $267 million in contrast to $393 million a year ago, while the import of capital machinery slumped 31 per cent to $1.08 billion.

IMPORT OF CAPITAL MACHINERY, INDUSTRIAL RAW MATERIALS

Year-on-year growth in %

In Jul-Oct of FY2021; SOURCE: BB

Capital machinery	-30.74
Staple fibre	-32
Textile and articles thereof	-17.91
Raw cotton	-24.24
Plastics and rubber articles	-13.31
Dyeing and tanning materials	-1.61
Clinker	-10.28



The dwindling import payment against relatively stable export earnings helped the country narrow down the trade gap. Exports rose to $ 12.55 billion during the four-month period in contrast to $12.41 billion a year ago.

The central bank, however, prepares the statement of the balance of payments based on the free-on-board (FoB) data of exports and imports.

The FoB indicates whether the seller or the buyer is liable for goods that are damaged or destroyed during shipping. This means charges for the insurance and freight are not calculated while preparing the FoB data.

Import payments stood at $15.78 billion from July to October, down 12.99 per cent if the FoB data of the central bank was considered.

"The reduced trade gap is apparently good for an economy during normal times. But the existing trade gap is not a good sign for the economy of Bangladesh at all," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

The decline in imports means a lower output from the export-oriented sector as a huge volume of the imported items is used for making products for international markets, he said.

Exports will decline in the days to come if imports maintain the existing trend. "The GDP growth will be hit hard by the ongoing declining trend of the imports," Prof Rahman said.

READ MORE ON B2

EU GSP not a 'blank cheque'

Envoy reiterates the need to improve Bangladesh's labour rights

Diplomatic Correspondent

The European Union's GSP facility that Bangladesh enjoys for its export to the bloc is not a 'blank cheque', said EU Ambassador to Bangladesh Rensje Teerink, highlighting the importance of improving labour rights here.

"We are discussing with the government on labour rights. EBA is not a blank cheque. It comes with strong conditions that Bangladesh needs to observe," she said, adding that Bangladesh has made good progress in terms of labour rights.

Teerink was addressing a talk organised by the Diplomatic Correspondents' Association of Bangladesh (DCAB) at Lakeshore Hotel in the capital yesterday.

The EU's Everything But Arms (EBA) agreement allows duty-free access for 64 per cent of Bangladesh's annual garment shipments to the region, which is worth about $34 billion. The EU provides this facility considering the country's LDC status but it is set to end in 2024, when the country graduates to a developing country. However, the EU later provided a three-year grace period.

After that, the country will be eligible for GSP Plus in 2027 but will face even more stringent conditions under that agreement, Teerink said.

"We need to see if Bangladesh at that point can apply for GSP Plus, which is also quite a generous scheme that has more stringent conditions than the EBA.

"I think more conventions and also environmental, human rights etcetera pre conditions need to be fulfilled. We are working with the government on the labour rights roadmap and while approaching graduation, we will have to take it forward," he added.

Spanish Ambassador to Bangladesh Francisco Asis Benitez Salas, Italian Ambassador Enrico Nunziata, Dutch Ambassador Harry Verweij, Swedish Ambassador Alexandra Berg Von Linde and Danish Ambassador Winnie Estrup Petersen also spoke at the DCAB Talk.

DCAB President Angur Nahar Monty and General Secretary Touhidur Rahman were also present.

The ambassadors spoke of trade, investment, climate change, migration and Rohingya issues.

They said Bangladesh has been doing quite well in terms of growth despite the ongoing coronavirus pandemic which has disrupted the global supply chain.

The EU also provided assistance to Bangladesh to help addressing the pandemic and expedite its economic recovery. Teerink said the EU has been working with Bangladesh to improve the country's business climate as well.

"I would say there are still a lot of challenges. The Bangladesh Business Climate Forum will have a meeting early next year," she said.

Besides, the EU is supporting Bangladesh in tackling the Rohingya crisis and will continue to provide support for both Rohingya repatriation and accountability.

Asked if the EU was doing enough to put pressure on Myanmar, Teerink said the EU has been working at the UN level and was recently successful in getting a resolution adopted on the Rohingya crisis. Besides, the EU has implemented some targeted sanctions against high military officials of Myanmar.

READ MORE ON B2

Bangladesh's real wage suffers steepest plunge in Asia: ILO

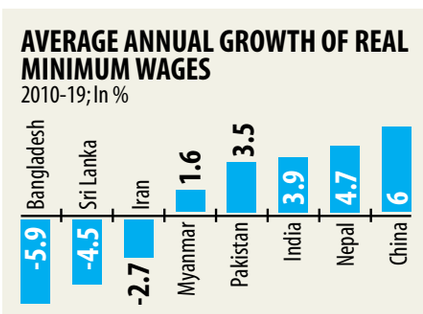
Md Fazlur Rahman *and* Refayet Ullah Mirdha

Workers in Bangladesh witnessed the sharpest fall in their real wages among their peers in Asia and the Pacific in the last decade despite higher productivity gains, according to a new report from the International Labour Organisation (ILO).

In Asia and the Pacific, real minimum wages increased in 22 countries and decreased in eight countries between 2010 and 2019.

"The largest decreases in real minimum wages were observed in Bangladesh and Sri Lanka," said ILO's Global Wage Report 2020/21, which was released yesterday.

The decline was 5.9 per cent in Bangladesh and 4.5 per cent in Sri Lanka.



However, Bangladesh had the third-highest annualised labour productivity growth of 5.8 per cent during the decade, trailing only China (6.8 per cent) and Myanmar (5.9 per cent).

The only country in Asia and the Pacific whose minimum wage does not reach even the lowest international poverty line is Bangladesh, the ILO said. That higher rates apply in the garment sector in Bangladesh.

According to the report, in Asia and the Pacific, the median value of the monthly minimum wage is $381 in purchasing power parity, with values ranging from $48 in Bangladesh to $2,166 in Australia. The wage for Bangladesh is below than the international poverty line in PPP of $1.9.

Results show that minimum wages are set, on average, at around 55 per cent of the median wage in developed countries and at 67 per cent of the median wage in developing and emerging economies.

In developing and emerging economies, minimum-to-median wage ratios range from 16 per cent in Bangladesh to 147 per cent in Honduras.

SK ENAMUL HAQ

READ MORE ON B2

Atlas sinking deeper into losses

Company secretary says search on for new business opportunities for recovery

Ahsan Habib

Atlas Bangladesh, a motorcycle assembler and distributer, has been sinking deeper into losses ever since fiscal 2015-16 when its agreement with Hero Honda came to an end.

This fall of what was once a blue-chip stock has now raised questions among investors about the firm's sustainability.

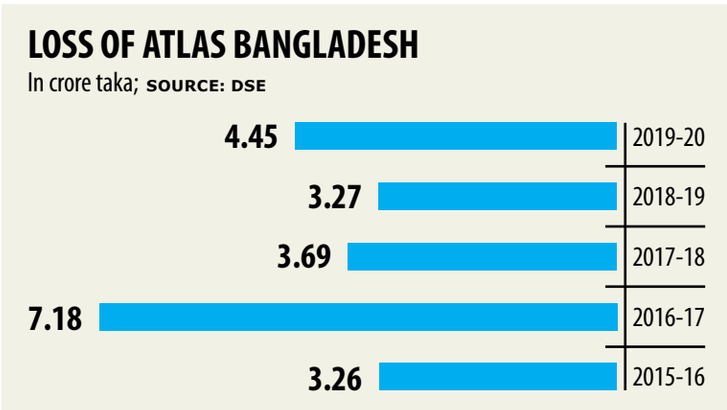
After the deal expired, Atlas tried to retail Zongshen bikes but the Chinese brand failed to make a mark in the country's burgeoning two-wheeler market.

As a result, the state-run company's accumulated losses stood at Tk 21.88 crore in 2019-20. This even prompted the company's auditor to raise concerns of "material uncertainty on its going concern due to five consecutive years of loss".

Going concern is an accounting term that relates to whether a business entity has the resources to continue operations in the future.

The issue of material uncertainty in this regard for Atlas Bangladesh was posted on the Dhaka Stock Exchange (DSE) website on Tuesday.

"Our company's profits started to fall when our agreement with Hero Honda ended, which was just after Hero and Honda split up," said Sanjay Kumar Datta, company secretary to Atlas Bangladesh.



In 2013, The Honda Motor Company of Japan announced that it ended its joint venture with India's Hero Group.

It was then that Hero joined hands with a local automobile company, Nitol-Niloy, while Honda started directly marketing its products in Bangladesh.

Listed with the DSE in 1988, Atlas has a paid-up capital of Tk 33 crore.

In fiscal 2019-20, the company reported losses of Tk 4.45 crore, which was 36 per cent higher than that the year before, when it was Tk 3.27 crore.

Atlas' per share net operating cash-flow stood at Tk 1.44 in the negative at the end of last year.

After its deal with Hero Honda expired, Atlas inked a two-year agreement with the Chongqing Zongshen Group in 2016 to import, assemble and market their motorcycles, Datta said. The Chinese company was one of the leading two-wheeler companies in China.

"In the first two-three years, we sold around 6,000 bikes of the brand. However, this brand failed to attract consumers further because of piling up of complaints from consumers," Datta said.

However, the brand received numerous complaints and failed to win the hearts of Bangladeshi consumers, leading to an automatic drop in sales, he added.

Atlas also formed an agreement with India's TVS Motor Company in 2018 in order to procure the materials needed from TVS Auto Bangladesh to assemble and supply motorcycles to certain government institutions.

"But since this only allows us to sell the product to government offices, we are searching for new business," Datta added.

The government holds a 51 per cent stake in Atlas Bangladesh while institutional investors hold 16.94 per cent and general investors have 32.06 per cent.

"It is disappointing for investors to see that what was once the second largest player in the local motorcycle market is now struggling to survive," said Hakim Ali, a stock investor.

He said the company's management should try to find new business opportunities since consumers still have confidence in the state-run entity.

The company's stocks closed at an unchanged Tk 109.40 yesterday at the DSE.

BB relaxes rules on remittance incentives

Star Business Report

The central bank yesterday relaxed the rules of providing cash incentives to the beneficiaries of remittances.

From now on, banks are allowed to provide cash incentive to beneficiaries of remittances, who will receive more than $ 5,000 in a single transaction, without verifying the documents of remitters with the overseas exchange houses as well as banks.

The banks, which disburse remittance to the beneficiaries, will have to check the documents on their own responsibility by way of communicating with the local lenders that collect remittance initially, according to a Bangladesh Bank notice.

The banking regulator earlier asked banks to verify the documents of migrant workers, who send remittance, with the overseas banks as well as exchange houses.

But many foreign lenders and exchange house are showing reluctance to share the documents of clients with the Bangladeshi banks.

The local banks had to verify the passport number, appointment letter, work permit order of migrant workers.

The documents are now provided by the beneficiaries of remittance to the local banks.

Between July and November, remittance hit $10.90 billion, up 41.32 per cent year-on-year.

This has had a great impact on the country's foreign exchange reserve.

The reserve stood at $41.18 billion as of November 25 in contrast to $31.72 billion one year earlier.

Advertorial

Prime Bank becomes the first Bangladeshi Bank to execute interbank blockchain LC transaction

Prime Bank has become the first Bangladeshi Bank to execute an interbank blockchain Letter of Credit (LC) transaction improving speed, efficiency and cost-effectiveness of the transaction. The transaction was conducted with HSBC, which is the first bank in Bangladesh to conclude cross border trade transaction through the network.

The pilot transaction was completed on December 2, 2020 through Contour - the global trade finance blockchain network - whereby an inland LC was opened by Prime Bank on behalf of Ananta Group for import of raw materials for the ready-made garments industry from Tamishna Group, a customer of HSBC Bangladesh.

Key Benefits of blockchain LC:

- Low cost
- Real-time
- No paperwork
- Fully secured
- Processing time reduced to 24 hours from 10 days

The end-to-end process of pre-negotiation and drafting of LCs by Importer and Beneficiary, approval, issuance of LCs and presentation of documents were all concluded digitally through Contour's network. The transaction required no paperwork or need to physically visit banks. Instead, all parties involved in the process-buyers, banks and beneficiaries–logged into Contour's network to carry out any activity.

Real-time, hassle-free, paperless:

On this glorious achievement, **Faisal Rahman, Managing Director and CEO (Current Charge) of Prime** Bank said, "despite advancement in technology, trade still remained heavily dependent on paper-based process in many parts of the world. As Bangladesh is fast becoming a leading trading country,

Prime Bank as a leading trade finance bank in Bangladesh, is exploring ways to get most benefits of digitization in trade frontiers. We are elated to offer our client blockchain LC transaction with support from HSBC and Contour that is real-time, hassle-free, paperless and at the same time low-cost.

Today's success will inspire us and banks in Bangladesh to adopt automation in trade finance to provide seamless services to their valued clients, he continued"

A major movement towards paperless trade:

Kevin Green, Country Head of Wholesale Banking, HSBC Bangladesh, said that after completing the first successful execution of a cross-border Blockchain Letter-of-Credit (LC) transaction recently, this partnership with Prime Bank solidifies our strong commitment to take Blockchain forward in Bangladesh. This is the first inter-bank Blockchain LC transaction for Bangladesh and we believe this will be a major movement towards paperless trade within country.

Blockchain based L/C to disrupt the paper based process:

Shams A. Muhaimin, Head of Transaction Banking and Structured Finance of Prime Bank, said Transaction Banking is evolving fast by embracing digital technology.

The blockchain / DLT based L/C process will disrupt the existing process of paper based L/C. Prime Bank has always been in the forefront of digitization and it is our pleasure today to announce successful completion of first blockchain L/C by a Bangladeshi bank through Contour network. We expect the model would add value to the business of participants through wide adoption by the banks, corporates, and overall trade ecosystem.

Shorter time to complete the entire process:

Sharif Zahir, Managing Director of Ananta Group, said, "it was an unique effort and we are very excited to be part of this digital LC transaction with Prime Bank. We welcome adoption of blockchain technology in trade to simplify the process connecting all stakeholders in a single secured platform of Contour. Compared to paper-based LC system, it took very short time to complete the entire process of LC initiation to document submission to acceptance, ensuring all the standard formalities of trade."

"It is high time that international trade also breaks away from paper based trade and move towards trade digitalization. Etafil Accessories Limited (Tamishna Group) is proud to have collaborated with HSBC and Contour on this historic blockchain LC transaction and we look forward to reaping the benefits of the deployment of distributed ledger technology in day to day trade," said Naweed Alam Chowdhury, Director of Tamishna Group.

"As this transaction has shown, Contour's network is flexible, able to work for a regional bank or corporate as well as a global trade finance bank or a multinational corporation.Providing a solution that works for everyone is at the heart of what we do and our work with Prime Bank hopes to further this goal."said Carl Wegner, CEO of Contour.