

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.30%	▼ 0.18%	\$1,837.09	\$58.07	▲ 0.92%	▲ 1.00%	▲ 0.35%	▼ 0.46%	BUY TK 83.95	100.04	113.84	12.80
5,581.86	9,753.70	(per ounce)	(per barrel)	50,255.75	28,646.50	2,927.47	3,517.31	SELL TK 84.95	103.84	117.64	13.45



Star BUSINESS

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GRADUATION FROM LDC

High tariffs at home major hurdle to FTAs

Planning ministry report says

REJAUl KARIM BYRON and REFAyET ULLAH MIRDHA

Bangladesh will face an uphill task in convincing major trading partners and regional blocs to sign free trade agreements (FTAs) because of higher tariffs as it looks to retain duty benefits after its graduation from the LDC group, according to a government report.

"With its sky-high tariff regime relative to its comparators, Bangladesh will face a major hurdle in getting prospective FTA suitors to come calling."

The General Economics Division, a wing under the planning ministry, prepared the report styled "Impact assessment and coping up strategies of graduation from LDC status for Bangladesh".

Currently, Bangladesh does not have any bilateral FTA with any country. Dhaka has been in talks with many countries for years to sign FTAs and the Comprehensive Economic Partnership Agreement (Cepa).

In December, Bangladesh struck preferential trade agreement (PTA) with Bhutan, its first bilateral trade agreement, as it looks to retain duty-free market access after it becomes a developing nation in 2024.

Under the deal with Bhutan, Bangladesh will get duty preference for 100 goods and extend the same benefit to Bhutan for 34 goods.

Bangladesh may ink PTA with Nepal soon. Besides, the government is in negotiation with 11 more countries to sign FTAs.

Regional trading arrangements

RECOMMENDATIONS FOR GOVT

- Signing free trade deals with major trading partners and blocs
- Ensuring stable macroeconomic environment
- Making export promoting institutions more effective
- Ensuring smooth functioning of financial markets

Improving quality of governance
Building inclusive economic institutions

GOVT INITIATIVES

- Bangladesh signed preferential trade agreement (PTA) with Bhutan in Dec and may sign similar deal with Nepal soon
- In talks with 11 countries to sign FTA

that hold tremendous potential for trade and investment are the Regional Comprehensive Economic Partnership (RCEP), the Association of South East Asian Nations (Asean), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which together will constitute the bulk of Asian market in the future.

Bangladesh would be well-advised to reach trading arrangements with these groupings, the report said.

"But that could be an uphill task given the current high tariff regime in Bangladesh and the enormous resistance from domestic import substitution industries to any

reduction of protective tariffs."

As an LDC, Bangladesh has mostly enjoyed preferences that are unilaterally granted by trading partners.

This might have discouraged more proactive market exploration initiatives through bilateral and regional trade deals that would have required exchange of trade concessions based on reciprocity.

Post-LDC, Bangladesh may have to negotiate a trading arrangement with the EU and the post-Brexit United Kingdom to ensure favourable access to the markets, which account for more than 60 per cent of exports from the country.

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Brac to raise Tk 1,350cr through bonds

STAR BUSINESS REPORT

Brac, a non-listed non-government organisation, has received the nod from the stock market regulator to raise Tk 1,350 crore by issuing zero-coupon bonds.

A zero-coupon bond is a debt security that does not pay interest. Instead, it trades at a discount, rendering a profit at maturity, when the bond is redeemed for its full face value.

The Bangladesh Securities and Exchange Commission (BSEC) yesterday approved the bond, whose face value is Tk 1 crore, according to a press release.

The bond is unsecured, non-convertible, and fully redeemable, and its tenure is one and half years to five years. Corporate investors and high net-worth individuals are eligible to buy the bonds through private placement.

The largest NGO in the world will use the proceeds to expand its micro-finance activities.

MTB Capital Ltd is its trustee, and RSA Capital is working as mandated lead arranger.

The BSEC attached a condition to issuing the bond: it has to be listed on the Alternative Trading Board (ATB).

The ATB has not been activated yet. The bond will be listed on the board once it is activated. Then investors will be able to trade it on the platform, said Md Ashadul Islam, board secretary and compliance officer of MTB Capital.

The discount rate of the bond will be 8.5 per cent. This means an investor can buy a unit of the bond at about Tk

77,04,500, he said.

Tushar Bhowmik, chief financial officer of Brac, said: "We are delighted to receive the approval from the BSEC. It is indeed a great achievement for both the microfinance sector and the bond market of Bangladesh."

He said the approval from the Microcredit Regulatory Authority was still pending and hoped that it would be granted soon to operationalise the issuance of the bond.



The bond issuance is a new way of financing for microfinance, Bhowmik said.

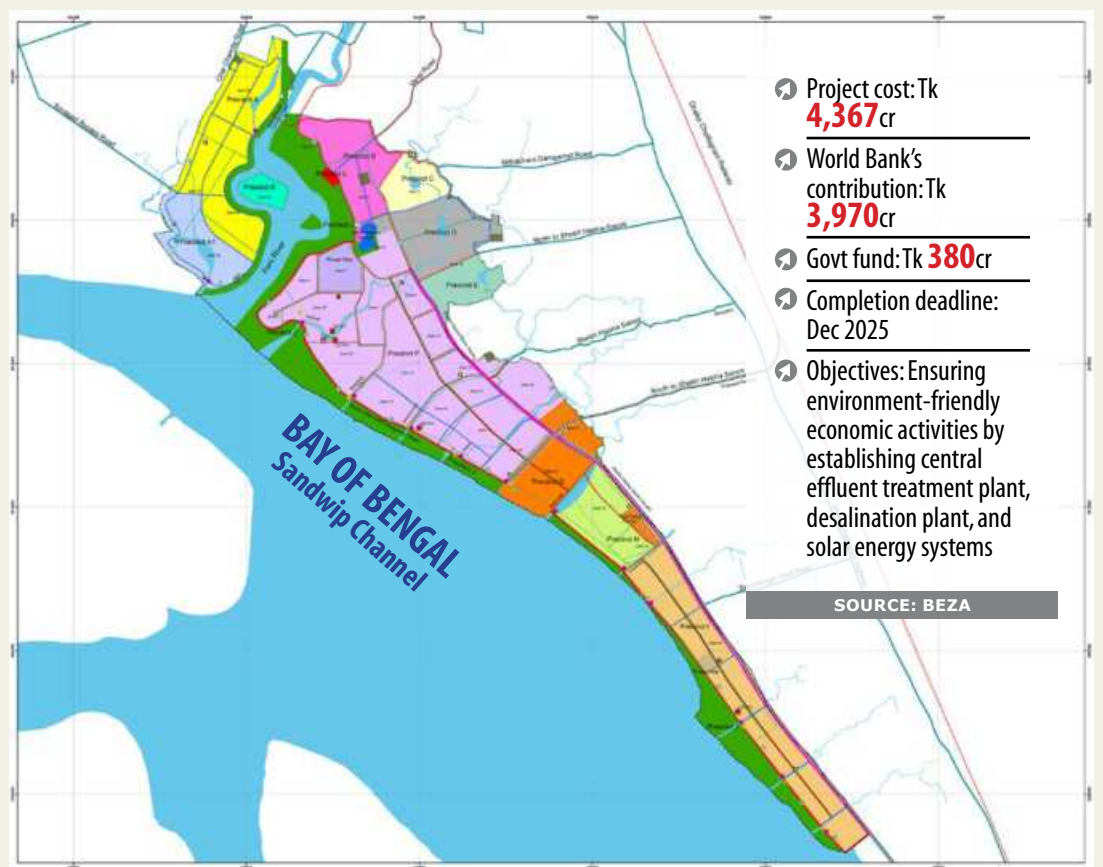
"We are opting for bonds to improve the livelihoods of people who need access to affordable financial solutions, especially in marginalised communities, in a more efficient way," he said.

The CFO expected that the bonds would open up avenues for non-lender institutions to invest in Brac's microfinance programme.

The NGO provided financial services to 7.4 million clients in 2019, according to its annual report.

It disbursed \$5.09 billion in loans among the clients in 2019, up 21 per cent year-on-year.

BANGABANDHU SHEIKH MUJIB SHILPA NAGAR



1.11 lakh tonnes of rice imported from India so far



STAFF CORRESPONDENT, Ctg

The government and businesses imported 1.11 lakh tonnes of rice from India over the last one month since the food ministry started giving permission to private traders to bring the grain in order to curb the spiralling of prices locally.

Of the amount, businesses brought 56,390 tonnes of rice while the Directorate of Food imported 55,130 tonnes of the staple, said the food ministry in a statement yesterday.

The food ministry's disclosure came after it granted permission to 320 firms to import 10.14 lakh tonnes since January 3 apart from buying through the food office to replenish public food stocks.

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Bangabandhu Shilpa Nagar to go green

Ecneec approves Tk 4,367cr project

REJAUl KARIM BYRON and JAGARAN CHAKMA

The government has undertaken a Tk 4,367 crore project to turn the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) into an environment-friendly industrial city with a view to attracting more foreign investment.

The fresh project for the development of the BSMSN was approved by the Executive Committee of the National Economic Council (Ecneec) at its virtual meeting yesterday with its chairperson, Prime Minister Sheikh Hasina, in the chair.

The premier directed conducting massive publicity to inform the investors and attract those from abroad.

Bangladesh Economic Zones Authority (Beza) will implement the project between January 2021 and December 2025 in order to create an enabling environment for sustainable private investment and a dynamic local market for industrial land.

The World Bank will provide \$467 million (about Tk 3,970 crore) for the initiative under its Private Investment and Digital Entrepreneurship (PRIDE) project and the remaining Tk 380 crore will be borne by the government.

This project will help transform BSMSN into a global standard and sustainable industrial city, said Beza Executive Chairman Paban Chowdhury.

He said land of two of the 30 zones of the BSMSN have been allocated for the investors.

The 30 economic zones under the BSMSN which will be of a global standard ensured with environmental compliance and utility services, security, communication and others of international standard.

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Inflation drops to 8.5yr low

STAR BUSINESS REPORT

Inflation dropped to 5.02 per cent in January, the lowest in eight and a half years, on the back of the arrival of winter vegetables that contributed to the consumer price decline, official figures showed yesterday.

This is the third straight month of overall consumer price decline.

In December, inflation, a measure of changes in the prices of a basket of commodities and services, was 5.29 per cent, according to the Bangladesh Bureau of Statistics (BBS).

A decline in the price of non-food items also contributed to the fall in the overall inflation, easing pressure on the wallets of consumers. A large number of the population, especially the poor and low-income groups, still suffer for the high price of coarse rice.

The price of coarse grain, a benchmark followed by policymakers, was Tk 44 to Tk 48 each kilogram on January 31, down 3.16 per cent from Tk 45 to Tk 50 on the last day of 2020, data compiled by the Trading Corporation of Bangladesh showed.

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Stock market newcomers lose the most

STAR BUSINESS REPORT

Newly listed companies suffered the biggest hits in the stock market yesterday as most had become overvalued in recent times.

Five such firms ended up in the top losers' list.

Meanwhile, Mir Akhter Hossain exhibited a break from norms and continued to be traded on in the second day past its appearance.

Normally, a new company remains in limbo on the first few days upon arrival due to a lack of sellers in the midst of a huge number of buyers.

The overvaluation should not have occurred, said a top official of a merchant bank.

Investors were buying the stocks without taking into consideration their real valuation and it ultimately turned into a hindrance for the market, he said.

So the correction was necessary for the new stocks, he added.

Energypac Power Generation, Robi Axiata, Crystal Insurance Company, Dominage Steel Building Systems and Associated Oxygen entered the list of top losers.

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TOP FIVE LOSERS

Energypac Power Generation	Robi Axiata	Crystal Insurance
9.89%	7.69%	7.12%
Dominage Steel	Associated Oxygen	
5.62%	5.37%	