

New definition of CKD to discourage bike manufacturing locally

Manufacturers say local, foreign investors will no longer be interested

JAGARAN CHAKMA

Motorcycle manufacturers have alleged that the new definition of completely knocked-down (CKD) components for two-wheelers will discourage local production and impede the industry's development.

"Local and foreign investors will no longer be interested in this sector as all the required components to make a two-wheeler can now be imported," said Abdul Matlub Ahmad, chairman of Nitul-Niloy Group, which manufactures India's Hero motorbikes in Bangladesh.

The National Board of Revenue (NBR) issued a statutory regulatory order (SRO) on January 28, changing the definition of CKDs to include gearbox and speedometer.

Now, local assemblers can import engines with the gearbox and speedometer instead of having to purchase them separately.

Officials of the NBR and related ministries said the SRO would be helpful for local assemblers as all finished components can now be imported. However, a number of industry people say that it would discourage fresh investments.

"This is because only the distributors of foreign brands which want to sell motorcycles in the local market without making any investment will benefit from this SRO," Ahmad said.



The government formulated the Motorcycle Industry Development Policy 2018 to facilitate local production and diversify the country's apparel-dominated export basket.

As per the NBR circular, there is no requirement to manufacture any component locally.

"So, local vendors will not require to develop their capacities and the industry will not thrive," Ahmad said.

The government formulated the Motorcycle Industry Development Policy 2018 to facilitate local production and diversify the country's apparel-dominated export basket.

The government aims to increase

the sector's contribution to the gross domestic product from the existing 0.5 per cent to 2.5 per cent and expand the industry's capacity, which is largely based on the assembly of imported components.

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Financial reporting faces setback for conflict between foreign, local rules

Experts say at ICAB conference

STAR BUSINESS DESK

Financial reporting in Bangladesh's insurance sector is facing setbacks due to some inconsistencies between International Financial Reporting Standards (IFRS) and local laws and regulations, said speakers at a conference.

They also identified differences regarding components of financial statements and presentations, revenue recognition, financial instruments, estimated insurance liabilities, etc, says a press release from the Institute of Chartered Accountants of Bangladesh (ICAB).

The local rules are derived from The Insurance Act, 1938; Insurance Rules, 1958; The Insurance Act, 2010; The Financial Reporting Act, 2015; The Companies Act, 1994; and The Securities and Exchange Rules, 1987.

Referring to the absence of takaful guidelines for reporting, the speakers said they have to maintain three specific funds under the takaful business - operator fund, participants' investment fund, and participants' risk fund.

As a result, they need clear direction from regulators while IFRS guidelines on takaful insurance reporting need further alignment with the local rules and regulations.

Takaful is a type of insurance system devised to comply with the shariah laws, in

which money is pooled and invested.

The virtual conference on "Financial Reporting in Insurance Sector of Bangladesh" was organised by the ICAB on Monday.

On the classification of owner-occupied property, the speakers said IFRS requires owner-occupied property to be reported under the property, plant and equipment heading of the balance sheet. However, local regulatory framework mandates all real estate properties to be reflected within the investments heading of the balance sheet.

In general practice, the general understanding in case of conflict is that the local laws or guidance from primary regulators would prevail. As a result, a number of deviations are seen from the IFRS in the financial reporting of insurance companies, they observed.

The ICAB, Financial Reporting Council, Bangladesh (FRC) and Insurance Development and Regulatory Authority (IDRA) will develop a roadmap to align accounting practices in Bangladesh with the IFRS, they said.

IDRA Chairman M Mosharraf Hossain was the chief guest while ICAB President Mahmudul Hasan Khusrul delivered the welcome address.

Muhammad Farooq, ICAB member council, chaired the session while ICAB CEO Shubhashish Bose delivered the introductory speech.

GLOBAL BUSINESS

Bitcoin powers towards \$50K as Tesla takes it mainstream

REUTERS, Tokyo

Bitcoin was fast approaching the \$50,000 mark on Tuesday as the afterglow of Elon Musk-led Tesla's investment in the cryptocurrency had investors reckoning it may become a mainstream asset class for both corporations and money managers.

The most popular cryptocurrency has gained 1,150% from March 2020 lows as institutional investors search for alternative wealth stores and retail traders ride the wave. It traded at a few hundred dollars only five years back.

Monday, it leapt 20% after Tesla announced it had a \$1.5 billion investment and that it would eventually take the cryptocurrency as payment for its cars. That was its largest daily rise in more than three years.

The price of one bitcoin climbed to

survey, bitcoin topped the list of "most crowded" trades. Another survey, by Deutsche Bank, warned of price bubbles in the cryptocurrency.

Billionaire Musk has long been a cryptocurrency fan - he has talked them up online - but Tesla's hard currency investment came as a surprise that has put a rocket under the sector.

"Right now, it still seems like a bit of a leisurely pursuit, to acquire bitcoin. But I think by the end of the year, with the current rate of institutional flow inbound, it will become clear that this is a once-in-a-lifetime landgrab," said Jehan Chu, founder and managing partner at Kenetic, which invests in blockchain-related companies.

Bitcoin is already up 67% this year, on top of a 300% rally last year, as investors



A man wearing a protective face mask walks past a Bitcoin digital currency ATM shop in Marseille.

PHOTO: REUTERS

a peak of \$48,216 -- almost enough to buy one of the best-selling Tesla vehicles, Tesla Model Y SUV. Rival cryptocurrency ethereum struck a record high of \$1,784.85 on Tuesday.

As of 0946 GMT, the pace of the rally had cooled, and was trading flat.

Musk, a well-known supporter of cryptocurrencies, foresees accepting the currency as a payment for Tesla cars and analysts reckon this is a larger shift as companies and big investment houses follow small traders into the asset.

"Bitcoin is definitely capturing investors' attention -- I get more and more questions about it," said Marija Vertimane, senior strategist at State Street Global Markets.

"From a practical point of view, using bitcoin to buy anything Tesla cars would be still extremely difficult given its excessive volatility." Bitcoin's volatility has been a hindrance for some serious investors. Realised volatility, or daily price swings measured in terms of closing prices for Bitcoin over the past 90 days was at 72% compared with 16% for the S&P 500 stocks index and 6% for the euro currency.

Still, in BofA's January fund manager

search for alternatives to the dollar because of the U.S. Federal Reserve's 0% interest rates. The dollar slid against most currencies on Tuesday.

"We're in a position where these are the earliest phases of an allocation to bitcoin from the institutional and corporate community," said Michael Bucella, partner at crypto investment firm BlockTower on CNBC.

In the ongoing digital wave, central bankers and regulators, particularly in China, are also starting to embrace issuing their own digital currencies for everyday use, in a major break from the conventional workings of global finance.

Beijing will issue 10 million yuan (\$1.55 million) worth of digital currency to residents that can be used during the Lunar New Year holiday starting on Thursday, domestic media reported.

However, Vitor Constancio, former vice-president of the European Central Bank, wrote on Twitter that policymakers should focus on regulating cryptocurrencies and only develop digital currencies if they will help banks in their role of enabling credit creation.

Amazon workers begin voting in landmark US union push

AFP, Washington

Workers at an Amazon warehouse in Alabama have begun voting on whether to form the first American union at the e-commerce giant, an effort that could pave the way for further unionization in the United States at one of the world's most powerful companies.

Amazon is the second-largest employer in the US with an 800,000-strong workforce, most of whom are "essential workers" who cannot do their jobs from home during the coronavirus pandemic.

There have been a series of protests around the United States on safety and working conditions at Amazon, with the pandemic increasing pressure on its distribution network even as profits soar.

Employees at its BHM1 facility in Bessemer, Alabama, notified authorities of their plan to unionize in November. "Working at Amazon is supremely dangerous. The record on Amazon's deadly and dehumanizing working conditions is well established," the pro-union campaign website says.

"Amazon warehouse workers face outrageous work quotas that have left many with illnesses and lifetime injuries. In addition to safety, the campaign is urging employees to vote in favour to improve procedures covering grievances, discipline and termination.

Ballots started to go out by mail on Monday to the 5,800 workers at the Bessemer warehouse, with voting to continue through March 29 under an order from the



REUTERS

Ballots started to go out by mail on Monday to the 5,800 workers of Amazon at the Bessemer warehouse, with voting to continue through March 29 under an order from the National Labor Relations Board.

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The count is expected to begin March 30. The campaign is the most serious since 2014 when Amazon workers at a Delaware facility voted against a union, and could spark further efforts to unionize hundreds of thousands of employees in the United States.

Unlike in the United States, Amazon workers in many other parts of the world are unionised.

Helmed by the world's richest person Jeff Bezos, Amazon does not officially oppose unions but it has campaigned against the move within the Bessemer workforce.

In addition to flyers posted in bathrooms, it has held meetings for workers to make the case against unions and launched a website called "#DoItWithoutDues".

"Why pay almost \$500 in dues?"

We've got you covered with high wages, health care, vision, and dental benefits, as well as a safety committee and an appeals process," the website says, though it notes the benefits only apply to full-time employees.

"There are no weekly meetings to go to over how you're feeling, and how you are mentally handling the pandemic," Joseph Jones, a part-time worker at the Bessemer warehouse, told AFP.

"But... we have mandatory meetings to go to over how bad a union would be. It's almost like an abusive relationship where the abuser keeps saying, 'I'm sorry, don't go to the police, I will be better... we don't have to go to a third party,'" Jones added.

Amazon has argued, however, that it pays its employees more

than double the minimum wage in Alabama. Company spokeswoman Heather Knox said more than 90 percent of the Bessemer warehouse employees said they would recommend Amazon to their friends as a place to work.

Amazon also says it has invested billions in worker safety even as it has boosted the number of its employees. It is unclear so far how many of the Bessemer employees support a union.

If a majority vote in favour, they will automatically be represented by the Retail, Wholesale and Department Store Union (RWDSU) but will only become full members after approval of a new company contract, negotiated between the union and Amazon.

The firm had decided on a minimum wage of \$15 per hour for all of its US employees, a measure that was welcomed by the federal government and unions after months of criticism and political pressure over safety and working conditions.

The Alabama union effort has gained nationwide attention and could inspire other such campaigns at other Amazon facilities if successful.

"It cannot be overstated how powerful it will be if Amazon workers in Alabama vote to form a union," US Senator and longtime labor rights campaigner Bernie Sanders tweeted Saturday.

"They are taking on powerful anti-union forces in a strong anti-union state, but their victory will benefit every worker in America. I'm proud to stand with them."

German exports hit decade low for Covid-19

AFP, Berlin

German exports fell more than 9 percent in 2020, official data showed Tuesday, with the coronavirus pandemic sparking the biggest drop in over a decade for Europe's biggest economy.

In a year hit by border closures and disruptions to supply chains, German exports totalled 1.21 trillion euros (\$1.46 trillion) in the last 12 months, down from 1.33 trillion in 2019.

The 9.3-percent decrease is the largest blow to exports that Germany has suffered since an 18-percent drop during the global financial crisis of 2009.

Imports also fell by 7.1 percent to 1.03 trillion euros, the figures released by national statistics office Destatis showed.

That leaves Europe's largest economy with a positive foreign trade balance of 179.1 billion euros



REUTERS

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in 2020, down from 224 billion euros in the previous year.

The initial impact of the pandemic saw German exports fall 30 percent in the spring, and recovery measures in the summer failed to bring them back to pre-pandemic levels.

The United States remained the most eager buyer of "Made in Germany" products in 2020, accounting for 103 billion euros of the total, ahead of China with 96 billion euros and France 91 billion euros.

In December alone, exports to the US increased by 8.4 percent while sales to China climbed even higher by 11.6 percent, demonstrating the flexibility of German industry even in the face of new coronavirus restrictions introduced in late 2020.

Those restrictions have been extended well into 2021, forcing the German government to revise its forecast of 4.4-percent growth in GDP down to 3.0 percent for this year.