STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES (STANDARD CHARTERED BANK)				
DSEX	CSCX	Gold ▼	Oil ▲	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	CNY
▼ 0.36%	▼ 0.52%	$1,712.46	$63.33	▲ 2.28%	▲ 0.51%	▲ 0.89%	▲ 1.95%	BUY TK	83.95	100.42	116.36	12.75
5,488.07	9,594.62	(per ounce)	(per barrel)	51,444.65	29,559.10	3,000.37	3,576.90	SELL TK	84.95	104.22	120.16	13.40

Star BUSINESS

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Pandemic keeps hurting exports

Shipment slips 4pc in February

REFAYET ULLAH MIRDHA

Earnings from exports declined 3.92 per cent year-on-year to $3.19 billion in February because of a fall in apparel shipment as the lingering coronavirus pandemic continues to hurt the country's key markets.

The merchandise shipment was also 4.83 per cent below the month's export target of $3.35 billion, according to data from the Export Promotion Bureau (EPB).

Shipment of garments, particularly woven ones, are yet to fully recover because many major export destinations in Europe and the US are still under lockdowns due to the second wave of the Covid-19.

Although knitwear shipment has been recovering gradually thanks to increasing demand from people staying at home for longer periods and shorter lead times, the sale of woven garments did not recover as people have cut back on the use of formal wear.

Usually, the sale of woven garments grows with respect to the frequency of people going to formal events and offices.

Industry insiders say Bangladesh has already turned into a major knitwear sourcing hub for international retailers and brands because of its short lead time.

"Shorter lead time is very important in fast fashion," said Fazlul Hoque, managing director of Narayanganj-based knitwear exporter Plummy Fashions.

Local knitwear manufacturers can procure 90 per cent of raw materials from the domestic markets. This is because local spinners and weavers have built strong backward linkage integration for the garment industry, investing nearly $10 billion in the primary textile sector.

But, the woven sector is still dependent on the import of raw materials, mainly from China, India, Turkey and Pakistan, as the investment in the backward industry did not occur to a similar extent.

"So, the knitwear export has been increasing from Bangladesh even during the time of the pandemic," said Hoque.

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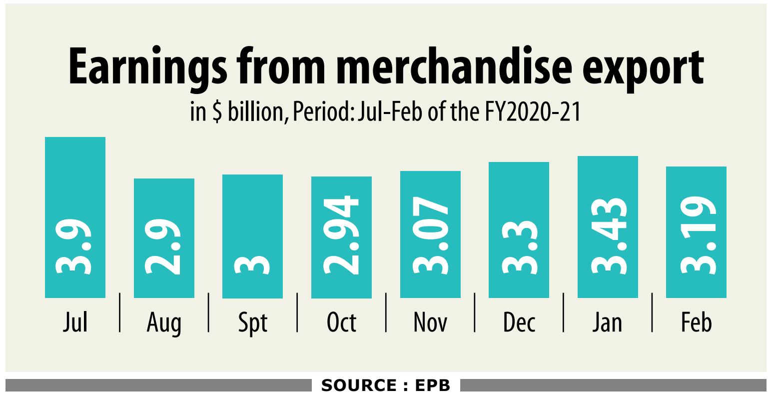

Processors warn of further rise in edible oil price

JAGARAN CHAKMA

Edible oil is likely to become costlier in the days ahead because of the upward price trend of soybean and palm oil worldwide as Bangladesh meets 90 per cent of its demand through imports, said processors yesterday.

The prices of the key cooking ingredient have been soaring for the last several months, putting pressure on the consumers already suffering from a loss of income amid the ongoing coronavirus pandemic.

Yesterday, retailers were selling unpackaged palm oil at Tk 102-105 a litre in the markets in Dhaka city, up 43 per cent year-on-year. Soybean oil in unpackaged form was up 36 per cent at Tk 115-120.

Prices of bottled soybean oil in different markets in the capital shot, according to data compiled by the Trading Corporation of Bangladesh. For example, the price of a one-litre pack rose 25 per cent to Tk 135 to Tk 140.

Md Shafiul Ather Taslim, director for finance and operation at TK Group, one of the leading importers and processors of commodities, said the price of crude soybean oil increased to $1,190 per tonne in the international market recently. It was $700 a tonne in August last year.

The price of crude soybean oil surged by around 70 per cent in the last six months, he said, after a meeting with the top officials of the Bangladesh Trade and Tariff Commission (BTTC) at its office.

The commission held the meeting to review the price situation of edible oil in the domestic market.

Taslim said the production cost of edible oil rose by around 40 per cent because of the spike in the global market.

Bangladesh roughly requires 20 lakh tonnes of edible oil annually, and 90 per cent of its requirement is met from imports.

Taslim also said that the impact of an increase in soybean oil price immediately fell on the local market after importers opened letters of credit.

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Kamal sees gains from LDC graduation

STAR BUSINESS DESK

Bangladesh will benefit more than it would lose once the country graduates to a developing nation from the grouping of the least-developed countries, said Finance Minister AHM Mustafa Kamal yesterday.

"I think we will gain much more than we will lose," he said during a virtual briefing after the meeting of the cabinet committee on economic affairs.

Many people said exports would fall by four to five billion US dollars, but that was not the case, he said.

"If we lose an export of $100 million, $75 million of that will be [foreign] input. As a result, we will lose $25 million."

Thanks to graduation, old problems would not exist, and there would be many opportunities, the minister said, adding that all sides, including the economy will benefit.

Kamal said currently, foreigners were apprehensive of investing in Bangladesh, but that would be resolved once Bangladesh moves out of the LDC category.

The graduation would increase foreign investment in Bangladesh, he said, adding that the economy will gradually become stronger. On February 26, the United Nations Committee for Development Policy recommended Bangladesh's graduation after the second triennial review of the LDC category.

AHM Mustafa Kamal

Bangladesh has met, for the second time, all the three eligibility criteria involving income per capita, human assets, and economic and environmental vulnerability.

According to the rules, after a two-year transition period, Bangladesh was supposed to leave the group in 2024 officially, but the country has been given an additional two years in areas of duty-free exports and easy access to foreign loans because of the devastating impacts of the coronavirus pandemic on its economy.

If privileges are taken away just after graduation, a country will not be able to continue its progress. "That is why an additional two years were sought to prepare for the exit," Kamal said.

$3.6b Chinese loan uncertain after Dhaka drops projects from agreed list

JAGARAN CHAKMA

Bangladesh's hope of securing $3.6 billion in Chinese loans for five projects may not materialise as Dhaka has unilaterally decided to replace them in a list focusing bilateral cooperation.

The list was in a memorandum of understanding (MoU) highlighting investment and production capacity cooperation, signed during Chinese President Xi Jinping's Dhaka visit in October 2016.

Among the five being replaced are a Dhaka-Sylhet four lane highway project involving $2,110 million and one on extending Barapukuria coal mine's existing underground operations involving $256.41 million.

The remaining three involve prepay metering for Bangladesh Power Development Board's distribution zones ($521.56 million), a Gazaria 350-megawatt coal-fired thermal power plant ($433.00 million) and balancing, modernisation, rehabilitation and expansion of public jute mills of Bangladesh Jute Mills Corporation ($280 million).

A senior finance ministry official said whether Bangladesh would get the same amount of fund following the replacement was yet to be finalised.

The exclusion list has been sent to the Chinese embassy and they have been informed that those will be replaced, he said.

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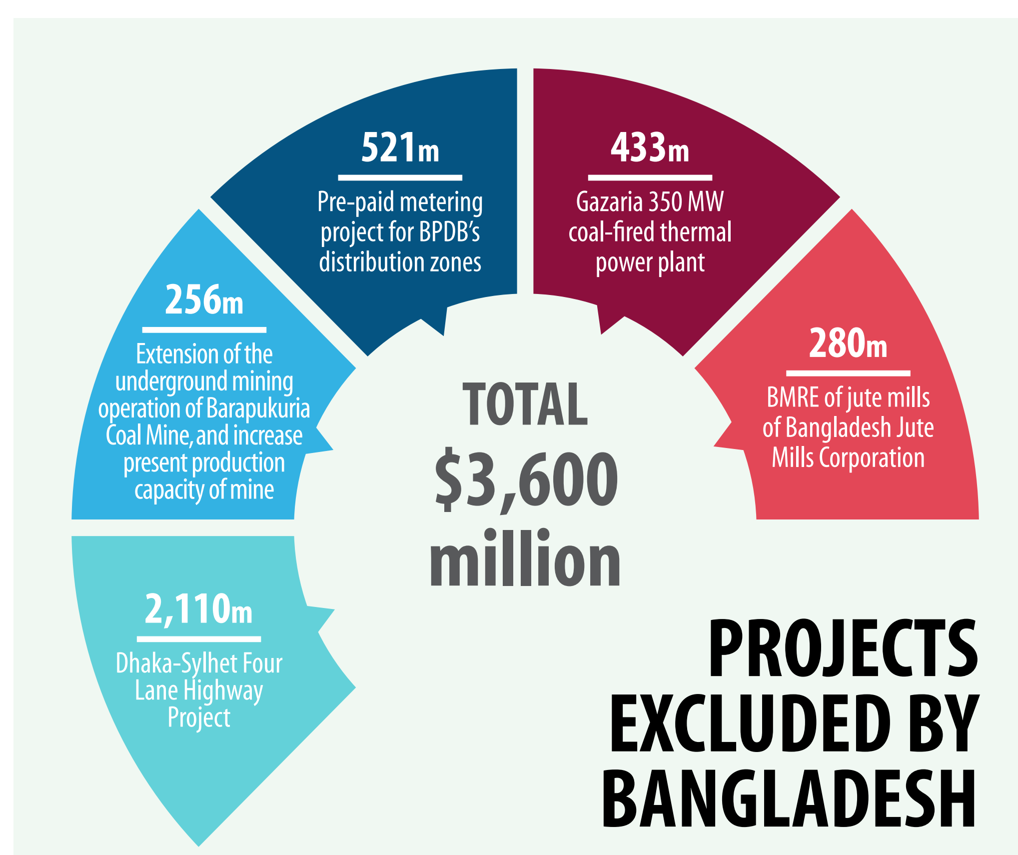

Beximco stocks fall despite Tk3,000cr Sukuk plan

STAR BUSINESS REPORT

Stocks of Beximco Limited dropped 1.64 per cent to Tk 84 yesterday despite the company's announcement that it would issue Sukuk bonds worth Tk 3,000 crore.

The listed multinational conglomerate informed its investors about the bond through a disclosure published on the website of Dhaka Stock Exchange (DSE).

Beximco will issue the bonds in order to finance solar projects and expand its textile factory.

DSEX, the benchmark index of the country's premier bourse, was also reluctant to move following the announcement as it dropped 20 points, or 0.36 per cent, to stand at 5,488.

"Since Beximco's stocks jumped in the last few months, the announcement did not impact its stock price," said a merchant banker preferring anonymity.

The conglomerate's stocks rose more than three times in the last three months with the price hitting Tk 95 from Tk 27, according to DSE data.

"The base rate for Beximco's Sukuk bond is much higher than the bank rate so investors must be happy with it," he added.

The base rate for Sukuk was set at 9 per cent per annum so that investors can collect their returns annually.

The margin is set at 10 per cent of the difference between the base rate and the annual dividend that Beximco will pay in a specific year.

So, the margin would be added to the base rate if the company's dividend for the specific year surpasses the base rate.

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DCCI wants corporate tax cut

Places budget recommendations for FY22

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce & Industry (DCCI) yesterday urged the revenue administration to cut the corporate tax for listed and non-listed companies by 2.5 per cent in the next fiscal year.

It demanded a 5 per cent and 7 per cent reduction in the corporate tax rate in the fiscal years of 2022-23 and 2023-24, respectively.

"If the government cuts the corporate tax rate, it will boost local and foreign investment," said Rizwan Rahman, president of the DCCI, in a press release.

The businessman placed the chamber's budget recommendations for the next fiscal year to National Board of Revenue Chairman Abu Hena Md Rahmatul Muneem at the latter's office in the capital yesterday.

The proposals were aimed at reviving business confidence in the post-pandemic period, building a business-friendly tax structure, widening tax and VAT net, ensuring export diversification, encouraging industrialisation, and facilitating an investment-friendly environment.

The chamber called for halving the tax on the income of corporate dividend to 10 per cent from 20 per cent now.

DCCI urges NBR to

- Cut corporate tax rate by 2.5%
- Halve tax on corporate dividend income
- Make investment of taxable income on R&D tax-free
- Withdraw VAT at source in services sector
- Give tax exemption to greenfield infrastructure investment for five years
- Grant tax exemption for manufacture of machinery of electric vehicle charging station

Besides, if a company invests 5 per cent of its taxable income on research and development, this investment should be tax-free, Rahman said.

In Bangladesh, only 24 lakh taxpayers submit returns out of 50 lakh registered taxpayers. This prompted the chamber to propose to automate the revenue structure fully.

The DCCI demanded a withdrawal of value-added tax (VAT) at source in the service sector. It urged the NBR to impose the turnover tax based on the value-addition of products or profit for the businesses that are out of VAT net.

The DCCI said an excise duty had been imposed twice in case of getting a loan from banks. "The system should be withdrawn."

The chamber recommended tax exemption on the investment in greenfield infrastructure projects at least for the next five years.

With greenfield investing, a company builds its own, brand new facilities from the ground up.

In the leather industry, the corporate tax for listed companies is 25 per cent, and for non-listed companies 32.5 per cent. In order to diversify exports, the chamber proposed to reduce the rate and allow them the opportunity to renew the bond licence for three years like that enjoyed by the garment industry.

The DCCI called for a tax exemption for local manufacturers of machinery and accessories used for electric vehicle charging stations.

Muneem urged industries and businesses to be more compliant, which will boost confidence between the businesses and the revenue administration.

LafargeHolcim shares declines despite jump in profits

STAR BUSINESS REPORT

Shares of LafargeHolcim Bangladesh fell 2.85 per cent on the Dhaka Stock Exchange yesterday as the company posted a decline in sales in 2020 because of the Covid-19 outbreak.

The cement producer's sales fell 9 per cent year-on-year to Tk 1,622 crore last year, according to the company's data.

However, the company's profit made a 36 per cent year-on-year jump, for which the cement maker gave credit to its cost-cutting measures and tax benefits from amalgamation.

LafargeHolcim Bangladesh bagged Tk 236 crore in profits last year, up from Tk 173 crore in the previous year.

"The company has demonstrated resilient result with its focus on health, cost and cash," said Rajesh K Surana, CEO of LafargeHolcim Bangladesh.

The company's initiatives on digital and innovation provided further impetus to its outstanding results, he said.

"We are very proud of the agility and great teamwork of our employees and the strong support of our customers and suppliers."

The board of directors of the company recommended 10 per cent cash dividend for the year that ended on December 31, 2020.

Last year, the company launched "Holcim Water Protect", a specialised waterproofing product. It also introduced a digital app to ensure wider access to the products for its customers.

"Despite the uncertainty and disruptions surrounding Covid-19, we believe that Bangladesh, with its strong record of growth and sound economic policies, will continue its growth momentum," the company said in a press release.

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