

Japan for better connectivity between Cox’s Bazar and Rakhine

STAR BUSINESS REPORT

Japan wants to enhance the connectivity between Cox’s Bazar of Bangladesh and Rakhine State of Myanmar in order to promote regional economic development, according to Ito Naoki, Japan’s ambassador to Bangladesh.

“Once realised, the increased connectivity will improve the lives of people on both sides of the border,” he said yesterday.

Naoki was speaking on the opening day of a two-day discussion styled, “The Bay of Bengal as connectivity hub in Indo-Pacific region”.

The event was organised by the Centre for Bay of Bengal Studies of Independent University, Bangladesh (IUB).

Referring to regional connectivity, the Japanese ambassador lauded the inauguration of Friendship Bridge over Feni River, which connects Sabroom in India with Rangarh in Bangladesh.

“This is a significant achievement towards enhanced connectivity in South Asia as it will boost effectiveness when connected to the Cross-Border Road Network Improvement Project being implemented by the Japan International Cooperation Agency (JICA),” Naoki said.

“It will indeed be a trilateral project including Japan,” he added.

Japan believes that the development of Bangladesh is significant not only to Bangladesh itself, but also to the overall stability and prosperity of the Indo-Pacific region and beyond.

Japan has been developing Bangladesh’s first deep-sea port in Matarbari. The project aims to make Matarbari a free and open regional hub.

Once completed, Matarbari will connect Bangladesh not only to South Asia as a whole, but also to South East Asia and even East Asia, including Japan.

With an aim to boost regional connectivity, Japan has been developing a number of mega infrastructure projects in Bangladesh, such as the Dhaka



Metro Rail and expansion of Hazrat Shahjalal International Airport.

These projects are being implemented by JICA under the “Bay of Bengal Industrial Growth Belt (Big-B)” initiative.

Under the Big-B, Japan plays a leading role in promoting “the Moheshkhali-Matarbari Integrated Infrastructure Development Initiative (MIDI)” in Southern Chattogram.

As per the MIDI, deep-sea port and power station projects in Matarbari have been vigorously promoted.

Bangladesh’s location is very important in geopolitical terms as it is an intersection between South Asia and Southeast Asia.

Naoki also touched upon the issues of Rohingya refugees as it is a common and acute concern of this region.

Lasting solutions to these issues are significant not only for Bangladesh, but also for the stability of the entire region, and thereby conducive to the pursuit of a free and open Indo Pacific, he said.

Foreign Minister AK Abdul

Momen and numerous diplomats, academicians, students and researchers on regional connectivity participated in the event, moderated by Tariq Karim, director of the Centre for Bay of Bengal Studies at IUB.

Vikram K Doraiswami, high commissioner of India to Bangladesh, said the countries of this region could work together to enhance regional and sub-regional connectivity in the Bay of Bengal area.

For example, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is an organisation under which a countries with maritime facilities and their landlocked counterparts help each other to improve regional connectivity.

Like Japanese Ambassador Naoki, Doraiswami also praised the construction of Friendship Bridge, which stretches about 1.9 kilometres from start to finish.

The connectivity between Kolkata and the northeastern region of India has improved drastically thanks to the construction of this bridge, he

said. The foreign minister said the concept of Indo-Pacific Ocean would help Bangladesh improve its connectivity and investment climate, promote blue economy as well as strengthen its measures against terrorism and other organised crime in the maritime sector.

“Bangladesh looks at the initiatives primarily from a development point of view and therefore considers them complementary, not conflicting or contradictory,” he added.

Manmohan Parkash, country director of the Asian Development Bank, said the Bay of Bengal is a critical economic highway for the world as it handles about 66 per cent of all oil shipments for Japan, China, and India.

Besides, over 33 per cent of the world’s bulk cargo pass through the Bay, indicating that it is a conduit of global integration.

With almost a quarter of the global population living in the region and with a gross domestic product of over \$3 trillion, the region is home to some of the fastest economic numbers that

the world has seen in recent times.

A recent article in New York Times puts Bangladesh’s development story in perspective.

Other than Bangladesh, landlocked countries like Nepal and Bhutan and the northeastern states of India can all be a part of this story, Parkash said.

Mercy Miyang Tembon, the World Bank’s country director to Bangladesh and Bhutan, said the blue economy has huge potential to foster Bangladesh’s growth as the Bay of Bengal is one of the most resourceful seas in the world.

A lot of income is generated from the area each year from tourism, aquaculture and offshore oil and gas extraction.

More than 30 million people are involved in those businesses at the Bay of Bengal, Tembon said, adding that the future business of a blue economy in the Bay of Bengal would be offshore oil and gas extraction and shipbuilding.

Tenzin Lekphell, secretary general of the BIMSTEC, and Tanweer Hasan, vice chancellor of IUB, also spoke at the event.

Services sector demands VAT cuts

STAR BUSINESS REPORT

A number of services sector associations, including restaurants, have demanded a reduction in value-added tax (VAT) in the next annual budget to cope with the adverse effects of the ongoing Covid-19 pandemic.

The businesses raised this demand at a pre-budget discussion with the National Board of Revenue (NBR), held at the NBR conference room yesterday.

Meanwhile, a number of manufacturing units demanded protection for local producers from imported goods.

Imran Hassan, secretary general of the Bangladesh Restaurant Owners’ Association, urged the revenue board to set VAT rates at 3, 6 or 10 per cent based on sales amount instead of the current 7.5 per cent and 15 per cent rates for non-air-conditioned and air-conditioned restaurants.

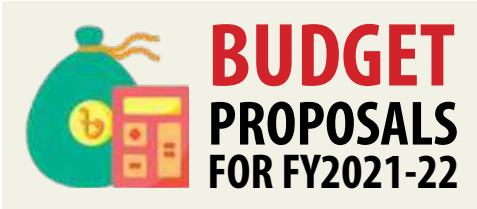
Hassan suggested that the VAT rate be set at 3 per cent for air-conditioned and non-air-conditioned restaurants that register annual sales of Tk 3 crore and 6 per cent for those with Tk 6 crore.

For other restaurants with annual sales above Tk 6 crore, the VAT rate should be fixed at 10 per cent, he added.

The association urged the NBR to make VAT registration numbers mandatory for all types of restaurants so that the sector could be brought under the tax net.

It also demanded the cancellation of a mandatory provision regarding the installation of electronic fiscal devices (EFDs) at restaurants with annual sales below Tk 3 crore.

Meanwhile, the Bangladesh Paper Mills Association asked the revenue board to discontinue its duty-free benefits on paper product imports under the bonded warehouse licence as domestic industries have the capacity to meet local demand.



Representatives of the association said that the country’s garment and accessory industries had cumulative demand of 1 to 2 per cent of the total local production while a large portion of duty-free products were sold at domestic markets.

They also demanded a reduction of the duty on imports of certain raw materials and chemicals used to produce thermal paper as the current duty structure is equal for both raw materials and finished products.

Tourism related associations sought duty-free benefits on imports of modern vehicles.

They also sought a reduction of the VAT imposed on accommodation and food services to encourage travelling.

The Bangladesh Supermarket Owners Association demanded the withdrawal of 5 per cent VAT on the sector and sought equal treatment like other shops.

Abu Naser, president of the Bangladesh Outsourcing and Logistics Service Providers Association, said that the country’s overall service sector was highly affected by the coronavirus outbreak.

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GLOBAL BUSINESS

Myanmar coup rattles foreign firms

REUTERS, Singapore

Shortly after the military seized power, 55 foreign investors in Myanmar from Coca Cola to Facebook signed a statement committing to the country and employees there during developments of “deep concern”.

A month on, those pledges are being sorely tested with Myanmar’s economy all but paralysed by massive anti-coup protests, widespread strikes and the junta’s killing of dozens of protesters drawing calls for boycotts and sanctions.

A sudden about-turn from Australia’s Woodside Petroleum, one of the signatories to the statement, exemplifies the challenges. It said on Feb. 27 it was reducing its presence in the country amid concerns about violence and would pull its offshore exploration team - just one week after saying drilling would not be affected.

This week, fashion giant H&M, which has around 45 direct suppliers in Myanmar and is also a signatory to the statement, said it had paused new orders from the country due to transport and manufacturing disruptions.

H&M is not, however, taking any



REUTERS/FILE

People carry coffin of Htay Win, 65, who was shot and killed during the security force crackdown on anti-coup protesters in Mandalay, Myanmar yesterday.

immediate decision on its long-term future in Myanmar.

“We fully recognise the complexities ... in balancing different aspects to ensure that

the people in Myanmar are not negatively affected,” said Serkan Tankar, Myanmar country manager at H&M.

One large global firm has

already made a dramatic exit. Kirin Holdings Co is winding up a beer alliance with a military-linked company after coming under pressure from activist groups.

Container ships facing longer wait times at S’pore port amid surge in demand

ANN/ THE STRAITS TIMES

Container ships arriving to berth at Singapore’s port are facing longer waiting times in a situation seen in other key ports due to the sudden surge in cargo volume fuelled by the Covid-19 pandemic, The Business Times reported.

Ms Ng Baoying, the global managing editor for container shipping at S&P Global Platts, told BT that the daily average number of vessels staying at Singapore’s port for more than two days in January and February both jumped over 60 per cent year on year to 47 and 52 respectively. The upward trend was already observed last year as the virus outbreak spread.

Meanwhile, the turnaround time for container vessels has more than doubled to an estimated five to seven days, from a maximum of two days earlier.

A spokesman for port operator PSA told BT: “This exceptional situation is due to a confluence of factors, including an unprecedented and volatile surge in cargo demand, congestion across all nodes in the global supply chain (including depots, warehouses and seaports) due to renewed lockdowns, a lack of usable empty containers while laden ones are held up longer at these nodes, and shipping lines’ vessel sailing schedule reliability dropping to 10-year historical lows, causing further delays at almost every seaport worldwide.”

PSA said it has deployed additional resources and ramped up capabilities to support the increased activity at the Singapore port, and is also working with shipping line customers and cargo owners.

As PSA observed, the situation is not unique to Singapore.

Data from IHS Markit 23 key Northern Hemisphere ports showed that average port time rose 13 per cent in the second half of last year against the same period in 2019, Joc.com reported this week. This was equivalent to an extra 3.5 hours per port call. The ports covered included Los Angeles, Long Beach, Rotterdam, Felixstowe, Yantian and Yangshan.

The report said sudden growth in demand was one of the main catalysts for the delays, as container volumes rebounded in the second half of the year, driven by growth in spending on household goods and other equipment as people were forced to stay at home due to Covid-19 travel restrictions, plus massive purchases of medical equipment used to control the virus outbreak.

Mr Peter Sand, the chief shipping analyst at industry lobby group Bimco, said that by far the largest volume growth was seen on the Far East to North America trade. On this route, volumes rose by 3.6 million TEUs (20ft equivalent unit) in the second half of 2020 compared with the first, and by 2.1 million TEU compared with the second half of 2019.



REUTERS/FILE

A view of vessels in the Singapore Strait.

Indian agency seeks information, documents from Amazon

REUTERS, New Delhi

India’s Enforcement Directorate has recently asked Amazon.com Inc for information related to its operations in the country, as the agency continues to investigate the U.S. e-commerce giant, a senior agency source told Reuters on Friday.

Last month, the source at the country’s federal financial-crime fighting agency said the Directorate will examine the findings in a recent Reuters special report which revealed the company has for years given preferential treatment to a small group of sellers on its India platform and used them to circumvent the country’s foreign investment rules.

Amazon has for several years been under investigation by the agency for possible violation of foreign investment rules. Such probes typically take years in India, and in most cases details are not made public.

The Reuters special report was based on internal Amazon documents dated between 2012 and 2019. It provided an inside look at the cat-and-mouse game Amazon has played with India’s government, adjusting its corporate structures each time the government imposed new restrictions aimed at protecting small traders.

On Friday, the senior Enforcement Directorate source told Reuters “obviously we have sought information” from Amazon.

Asked if the agency had sought documents from the company, the source said: “information means information and documents.” The source declined to comment further on what type of documents had been sought, or if any company executive had been summoned for questioning.

An Amazon spokeswoman in India declined to comment.

In the Reuters report published last month, Amazon said it was confident of its compliance with Indian law. It added that it “does not give preferential treatment to any seller on its marketplace,” and that it “treats all sellers in a fair, transparent, and non-discriminatory manner.”