

# DCCI, Vietnam embassy team up to foster trade, investment

STAR BUSINESS DESK

The Dhaka Chamber of Commerce and Industry (DCCI) and the embassy of Vietnam in Bangladesh have signed a memorandum of cooperation to foster trade and investment between the two countries.

DCCI President Rizwan Rahman and Vietnam Ambassador Pham Viet Chien inked the agreement at the chamber's office in Dhaka yesterday, said a press release.

According to the cooperation agreement, both the DCCI and the embassy will organise business-to-business match-making, buyer-seller meets, trade fairs, business promotion activities, promotion of goods and services, and field visits to research the Bangladeshi market.

The embassy will coordinate with the DCCI to set up the 'Viet Nam Desk' at the chamber to facilitate cooperation between businesses of Vietnam and Bangladesh.

Rahman said the bilateral trade hovered around \$650 million, which could be enhanced through cooperation, exchange of business delegation, and joint research for new business development.

"At present, the existing competitive trade and investment environment of Bangladesh has created a huge dividend for foreign investors."

Rahman called upon Vietnamese investors in the agro- and

food-processing, shipbuilding, electronics, leather, jute, light engineering and handicrafts sectors to invest or make joint ventures in Bangladesh.

He also urged the embassy to facilitate investors of Bangladesh with technical know-how and

expertise. Vietnam Ambassador Pham Viet Chien called for the effective implementation of the cooperation agreement.

He described the bilateral relation as friendly and urged the businessmen of both countries to

transform it into strong economic ties.

"There are various potential areas where both nations can join hands together," the envoy said.

DCCI Senior Vice President NKA Mobin and Vice President Monowar Hossain were also present.



Dhaka Chamber of Commerce and Industry President Rizwan Rahman and Ambassador of Vietnam to Bangladesh Pham Viet Chien exchanged the signed documents of memorandum of cooperation at the DCCI office in Dhaka yesterday.

# ECB makes good progress on new strategy, Lagarde says

REUTERS, Frankfurt

European Central Bank policymakers meeting this weekend made "good progress" in reshaping the ECB's strategic goals, including the role it plays in fighting climate change and a revised approach to inflation, President Christine Lagarde said on Sunday.

The 25 members of the ECB's Governing Council gathered in a hotel near Frankfurt to add impetus to the bank's first review of its approach to monetary policy in nearly two decades, which it aims to conclude in the second half of the year.

Lagarde gave no detail of the outcome of the talks, saying only that they covered the ECB's inflation goal and time horizon, links between climate change and monetary policy and the modernisation of central bank communications.

"I am glad we were able to have in-depth discussions and we made good progress in shaping the concrete features of our future monetary policy strategy," Lagarde said in a statement after the three-day gathering.

Started in early 2020 and then delayed due to the coronavirus pandemic, the overhaul has fuelled a public debate among policymakers.

The ECB's elusive inflation goal, currently set "below but close to 2 per cent", seems almost certain to get a facelift and be set at 2 per cent, with a tolerance for overshooting after periods of sluggish price growth.

The ECB could also look at alternative inflation measures to take account of rising housing costs for households, and even calculate its own inflation figures - though, with inflation having lagged below target goal for a decade, that might risk giving the impression of massaging numbers.

Climate change, a factor Lagarde is keen to incorporate, is likely to become part of the central bank's considerations in some form, potentially by skewing its bond purchases to favour companies that have a lower carbon footprint or are making an effort to reduce it.



REUTERS/FILE  
European Central Bank President Christine Lagarde in Frankfurt, Germany.

# Largest rooftop solar plant starts producing electricity

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The excess power generated will be directly fed to the national grid during weekends and off-days at the economic zone.

In case of shortages or any other reason, the KEPZ can also secure power from the national grid again.

According to BPDB, such endeavours are compliant in keeping with the net metering guidelines formulated by the Power Division.

Under the guidelines, electricity consumers can connect their rooftop solar system to the distribution grid. So, any surplus electricity generated can be supplied to the national grid for financial gain.

"The 40MW rooftop solar panel project shows the very vision and innovation of the KEPZ, which sets an example not only to other companies in Bangladesh, but also the rest of the world," Hamid said.

The project is perfectly in line with the government's vision and energy strategy and will be a very meaningful step towards achieving Bangladesh's National Solar Energy Action Plan 2021-2041.

"The carbon neutral green growth initiative and inclusive recovery will not be possible without the active involvement and participation of the business sector," he added.

Korean Ambassador Jang-keun said the KEPZ was at the heart of Korea-Bangladesh relations as it was the single largest investment by any Korean company in the country.

The KEPZ sets a unique example of how industrial zones can be formed and operated in an environmentally sustainable manner.

It is especially impressive that even in the middle of the ongoing coronavirus pandemic, the KEPZ never stopped or slowed down production.

"All of the factories have been running and producing products for export," Jang-keun added.

During the inauguration ceremony, Kihak Sung, chairman and chief executive officer of Youngone Corp & KEPZ, said the main aim of the project was not just to harness solar energy to meet the KEPZ's growing needs in a sustainable manner but also to provide any surplus renewable energy to the national grid.

"This demonstrates the company's commitment to its social responsibilities," he said.

Sung went on to say that Youngone is the first foreign investor in Bangladesh's garment export sector and was also a pioneer in the local apparel industry in terms of female worker employment since 1980. The KEPZ, located in Anwara and Karnafuli upazila of Chattogram, was handed over to Korean EPZ Corporation (BD), a subsidiary of Youngone, in 1999.

The zone, made up of about 2,492 acres of green and hilly areas, was established following an agreement between Bangladesh and South Korea in 1995.

The Department of Environment gave an Environment Clearance Certificate (ECC) for the KEPZ in 2009 on the condition that Youngone would use 48 per cent of the area to set up factories and other associated facilities while the rest would be gardens and lakes.

The KEPZ employs 28,000 people in 34 factories that produce a range of products, including footwear, apparel and textiles.

# Fiscal relief inadequate to attract investors

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It costs at least Tk 300 crore to set up a 200-bed specialised hospital. Building a standard 250-bed general hospital would require Tk 200-250 crore.

"There are not enough patients, doctors, or other healthcare workers outside the four districts. So, you cannot make any profit by setting up a hospital with such high investment," said AM Shamim, managing director of Labaid Group, one of the biggest private sector healthcare providers in Bangladesh.

"I don't think there will be enough interest in the tax exemption," he said.

Hospitals that will begin commercial operations from July 1 this year to June 30, 2030 will enjoy the tax exemption. The hospitals will have to have the stated number of beds to qualify.

Shamim believes if the government wants to encourage the setting up of hospitals outside the four zones, it will have to reduce the number of beds to 100.

Currently, Dhaka is home to most big public and private hospitals and hundreds of clinics and diagnostic centres. The number of private hospitals and clinics in the country stands at 5,320.

Private hospitals account for 91,537 of the 146,200 beds available, thanks to the growing demand for healthcare aided by rising income and the expanding middle-class amid a steady economic growth.

About \$2 billion of Bangladesh's healthcare market has remained untapped. The demand for healthcare is growing by 21 per cent annually, according to Bangladesh Investment Development Authority.

Tapan Chowdhury, managing director of Square Group, which owns Square Hospitals, said the group was not thinking of setting up any new hospital.

"The main reason is that no doctor is willing to go outside of Dhaka. They say they do not get all the amenities they need to live there," he added. However, United Hospital, another private healthcare provider, plans to open a multispecialty 200-bed hospital in Jamalpur on October 1.

In Chattogram, it has a 500-bed hospital coming up under a public-private partnership with Bangladesh Railway. In Sylhet, the company has acquired land to construct a 150-bed hospital, said Shagufta Anwar, director for communication and business development at United Hospital.

ABM Haroon, managing director of Samorita Hospital, one of the oldest private hospitals in the country, expressed interest to build a cancer hospital if the government provided loans at a low interest rate in

addition to the tax exemption.

"We will set up the hospital in a district where there is a good communication system so that people from other districts can go and receive medical services," he said.

"This will reduce the pressure on the hospitals in Dhaka."

Prof Maniruzzaman Bhuiyan, president of the Bangladesh Private Clinic and Diagnostic Owners' Association, said the tax holiday might inspire many entrepreneurs.

"But it is not clear yet how many of them would be interested," he said.

Prof Rashid E Mahubub, pro-vice-chancellor of Bangabandhu Sheikh Mujib Medical University, said no sensible investor would be interested in investing just because of the tax break offer. "The investors have to be confident about getting the money back. Otherwise, they will not be keen," he said.

Syed Abdul Hamid, chairman of the health economics department at the University of Dhaka, said there was a crisis of qualified doctors in Bangladesh.

Labaid's Shamim went on to say that the government should reduce the import duty on spare parts for medical equipment and remove tariffs on the equipment for diagnostic and treatment.

At present, hospitals count 35 per cent in import duties and taxes to buy spare parts from the international market. "We will be able to open branches if the government cuts the import tariffs," Shamim added.

## Budget SME-friendly

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About the impact of Covid-19, the SME Foundation chairman said the SME sector had been in a better position if the fear at the start of the pandemic was taken into account.

"We face some challenges, including the ones on increasing investment and improving domestic consumption," he said. "If we can overcome the challenges, then our economic trend will remain active."

The SME Foundation said the government could accept some of its proposals to give a boost to the sector.

At present, the turnover tax is 4 per cent on the turnover from Tk 50 lakh to Tk 3 crore, which should be reduced, it said.

It also suggested offering tax exemption to new entrepreneurs, reducing corporate tax for export-oriented SMEs, providing at least 20 per cent cash incentive to SME exporters, and making it mandatory for the government to purchase products and services produced by SMEs.

# Stocks rise despite floor price removal

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This is good news for the market since foreign investors will now be more interested in making investments, he said.

"The floor prices had made the market illiquid for many stocks," he added.

Turnover, an important indicator of the market, dropped 0.64 per cent, to Tk 1,835 crore.

At the DSE, 156 companies advanced, 179 declined, and 38 remained unchanged.

Monno Fabrics topped the gainers' list, rising 10 per cent, followed by National Feed Mills, Salvo Chemical Industry, Monospool Paper Manufacturing Company and Tamijuddin Textile Mills.

Royal Tulip Sea Pearl Beach Resort & Spa shed the most, dropping 9.98 per cent, followed by SK Trims and Industries, Samata Leather Complex, Prime Finance First Mutual Fund and Central Insurance.

Chittagong Stock Exchange also advanced yesterday. The CASPI, the general index of the port city bourse, rose 12.89 points, or 0.07 per cent, to 17,583.

Among 304 stocks to witness trade, 117 advanced, 151 fell, and 36 remained unchanged.

Meanwhile, IFIC Bank decided to issue a perpetual bond to raise Tk 1,000 crore in order to support the bank's additional tier-I capital under Basel-III.

A perpetual bond is fixed income security with no maturity date, with the issuer paying interest to investors in the form of coupon payments.

Of the amount, Tk 900 crore would be raised through private placement and the rest through public offer.

The bond will be issued after IFIC secures the required approval. To get the consent of its stockholders, the lender will hold an extraordinary general meeting on August 26.

# Jobs treble despite trading units decline

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Before 2009-10, the BBS conducted a wholesale and retail survey in 2002-03. The number of units was 15.7 lakh at that time, employing 21.26 lakh people.

Gross value added (GVA), a measure of the contribution to GDP by an individual or firm, was Tk 13,627 crore in 2002-03.

The amount has soared 24 times to Tk 329,520 crore since then.

Between 2009-10 and 2019-20, it grew nine times, according to the BBS survey.

Hussain said productivity increased many times, as indicated by the increase in the GVA per establishment in nominal terms. Gross value-added per worker increased by more than 3.2 times.

"These increases will remain significant even after adjusting for inflation," he said, adding that the increase in productivity was shared among workers and non-worker stakeholders.

Employees are using modern facilities such as computer, and this could be one of the reasons behind the increased productivity.

Explaining the data, the economist said, employment cost per worker was up about 5.5 times to Tk 71,380 in 2019-20 from Tk 13,000 in 2009-10.

The returns to non-working stakeholders such as owners and creditors grew about 75 times to Tk 900,627 per unit in 2019-20 from Tk 12,000 in 2009-10.

"Capitalism has prospered in Bangladesh's wholesale and retail sector."

Kazi Iqbal, a senior research fellow of the Bangladesh Institute of Development Studies, said the increased contribution of wholesale and retail trade was good news.

"But the reasons of the decline in the number of establishments should be examined."

It might be that the size of many enterprises became larger while a section dropped out, he said. "The question is: why had there been no growth of establishment?"

Iqbal, who follows small and medium enterprises, said the coronavirus pandemic had severely affected the traders in the sector.

As the survey was conducted before the pandemic, the BBS should carry out a further study to know the situation of the traders following the outbreak of the virus, he said.

# Implement policies efficiently for green growth

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"So, the rules should be made easier, and more sectors should get access to the funds," Rahman said, adding that incentives should be given to produce green energy.

PRI Executive Director Ahsan H Mansur moderated the programme, while Eun Joo Yi, senior environment specialist at the WBG, presented a keynote paper.

Mansur said enforcement was critical, and the lack of transparency, particularly with the Department of the Environment, was a serious problem.

"We have to address this issue. As of now, there is no transparency in their inspection reports. We do not know how many factories have been inspected and what the results are."

Community involvement is also important as they should know how much harm has been done, he added.

Highlighting the successful models of Korea and Colombia's green growth, Joo

Yi presented a proposed model on "Green Growth Roadmap and Action Plan for Bangladesh".

She also presented a three-year analytical programme in a detailed overview of the Build Back Greener to Green Growth (BBG).

Joo Yi emphasised developing a BBG platform to facilitate dialogue across sectors to refine BBG diagnostics with the government and the World Bank Group's internal teams.

Climate change and pandemic risks are critical factors to address for a greener recovery and green growth in the future, she observed.

Zaidi Sattar, chairman of the PRI; Prof Mohammad Tamim, an energy expert; Sarwar Jahan, a former professor of Bangladesh University of Engineering and Technology; Syed Nasim Manzur, managing director of Apex Footwear; and Ziaur Rahman, country manager of H&M Bangladesh, also spoke.

# Increase public spending, expand social protection

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"2022 might be even tougher for the global economy as many countries could not manage to tackle Covid-19 very well."

He said the world had seen a mixture of winners and losers, with many having done well and others who could not. Covid-19 has also brought some opportunities for some countries, and China is one of them.

The Chinese economy could recover well from the fallouts of Covid-19 as its supply chain is performing quite well, he said, adding that South Asian nations like Bangladesh could avail a share of the opportunities diversifying their value chains.

Bangladesh and Vietnam can improve their share of the global value chain to avail opportunities of China's recovery as the sales of raw materials and food have been growing in China during the pandemic, said the economist.

Similarly, middle-income countries like Bangladesh can avail of opportunities of the US stimulus payments. The US economy is also performing well because of the stimulus

payments, Rama said.

He suggested governments do their homework to recover from the fallouts of Covid-19.

For instance, the tax system needs to be reformed, debt management turned efficient, and education and health systems improved, particularly by increasing the number of intensive care units in hospitals and creating a long to-do list, he said.

He also suggested bringing reforms in using technologies and redesigning health insurance, the financial architecture and social protection measures based on the number of people in formal and informal sectors and how much they were earning.

Prof Hulme said some countries would do better and some would not. "This is going to be a marathon."

He criticised unscientific reasoning behind lockdowns in various countries which affected the lives and livelihood of the people.

"A smart lockdown could have saved the lives and livelihoods of people better compared with the current mode of lockdowns."

A smart lockdown is an area or sector-specific lockdown to contain the transmission of infections.

For instance, some sectors in the UK were out of the purview of the general lockdown, and these sectors performed well even during the lockdown.

"However, the mortality rate could not be contained there," Hulme added.

He did not support the closure of the informal sector as most of the employment was generated in the informal economy.

Lockdowns of a similar nature will not work well everywhere, he said, adding that the type of lockdown imposed in the UK would not work in India and Bangladesh.

"So, it is better not to follow other countries about the nature of lockdown," Hulme said. Prof Raihan said Bangladesh had targeted to transfer Tk 2,500 to 5 million people but finally reached only 3.5 million.

"I think the whole system does not support the demand of the time," he said while talking about the weak social registry and disbursement.