

# Appropriate policy needed to protect intellectual property

Experts say at AmCham webinar



STAR BUSINESS REPORT

Bangladesh needs to have the appropriate policy for intellectual property (IP) protection, the legal framework of which is still incomplete, to encourage innovation and attract foreign investment, experts said yesterday.

The key challenge for protecting IP rights in the country lies in strengthening the IP system, including the establishment of a policy and legal framework, they said.

The remarks came at a virtual panel discussion titled "Intellectual Property Rights - Protection and Practices in Bangladesh" organised by the American Chamber of Commerce in Bangladesh (AmCham). They said the IP rights provide further impetus to innovation in that they require an inventor who seeks time-limited protection to publish the knowledge embodied in a product or process.

The intellectual property rights (IPR) in Bangladesh face several challenges when it comes to ensuring appropriate protection, said AmCham President Syed Ershad Ahmed.

"Relevant IPR law related statutes are in place, along with the international treaties that Bangladesh is a signatory to, which collectively form the IPR legal framework," he said.

"However, the overall importance for the IPR protection, encouraging innovation and technology transfer and the level of awareness of the stakeholders need to be strengthened," said Ahmed.

He said challenges were inevitable but everyone needs to act and work together towards a common goal for creating an effective and stronger IPR regime in Bangladesh.

It can bolster chances for attracting more foreign investments, encouraging and fostering innovations and generating new employment opportunities which will help attain GDP growth and further advancement of the economy, he said.

"We are attending a virtual discussion during the pandemic thanks to technological innovation. Protection of IP rights is key to fostering such innovation and creativity," said JoAnne Wagner, chargé d'affaires at the US embassy in Bangladesh.

Bangladesh. She said there were allegations from big brands that the IP rights have been violated in Bangladesh and it was really harmful for the country's reputation.

The chamber laid emphasis on formal, semi-formal and informal protection practices of intellectual output to enhance awareness and education on the IPR and academic institutions and publicly funded research laboratories as the forefront of knowledge creation and innovation.

It highlighted leveraging intellectual property rights to create a niche and gain a competitive edge for start-ups and individual innovators.

The chamber suggested marking a specific period as a "Decade of Innovation" and developing a national framework for creation and protection of the IPRs commensurate with global standards.

It also recommended forming a national and sectoral innovation council to create a roadmap, and strengthening the prominent entities involved in creation, protection and commercialisation of the IPRs and the institutional framework.

Other recommendations include setting up an inter-ministerial committee on the enforcement of the IPR laws, a copyright enforcement advisory council, an intellectual property appellate board and a centrally managed national intellectual property enforcement taskforce.

It also proposed strengthening of the IP stakeholders of Bangladesh and the IPR committees.

Mid Abdus Sattar, registrar at the Department of Patents, Designs and Trademarks, and John Cabeca, IP counsellor for South Asia at United States Patent and Trademark Office, also spoke.

Syed Mohammad Kamal, vice president of the AmCham and country manager of Mastercard Bangladesh, moderated the session while Barrister ABM Hamidul Mishbah, managing partner at Old Bailey Chambers and an AmCham member, was the keynote speaker.

# Challenges facing SMEs during pandemic



SELIM RAIHAN

In Bangladesh, small and medium enterprises (SMEs) have heterogeneous characteristics, which are evident from their diverse business activities. However, the discussion on SMEs has a fundamental problem related to the definition and scope.

As the term SMEs is more popular, often MSMEs are also referred to include micro-enterprises. There are also references to CSMEs to include cottage industries. These definitional anomalies create problems in undertaking the right policies and programmes for the betterment of these sectors.

Furthermore, the nature and depth of challenges faced by the cottage, micro and small enterprises are more acute than those of medium enterprises. Therefore, there is a valid



## OPINION

argument of separating medium industries to have a focused discussion on the problems and needs of the micro, cottage, and small enterprises.

Keeping in mind the definitional debates, in the article, we will continue to use the term SMEs where small will mean micro, cottage and small enterprises.

SMEs play a critical role in the economic development of a country. Their functions concerning production, employment generation, contribution to exports and facilitating equitable income distribution are vital.

Experiences from East and Southeast Asia suggest that SMEs can significantly contribute to economic growth by stimulating competition, innovation, entrepreneurship, and skill dissemination. However, in Bangladesh, we haven't yet been able to acquire the full potential of SMEs.

There is an absence of any consistent data on the contribution

of SMEs to the national economy in Bangladesh. However, according to some reasonable estimates, SMEs contribute around 25 per cent to GDP and 35-40 per cent to employment.

A prime aspect of the contribution of SMEs in the economy is their role in the different segments of the value chains of goods and services. And a large part of the activities of SMEs is informal.

Micro and small enterprises, among the SMEs, enjoy low entry barriers due to their informality and small size. However, the low entry barrier does not necessarily mean low entry and exit costs for these enterprises in proportion to their business sizes.

Therefore, a pandemic like Covid-19 can permanently force many micro and small enterprises out of the business operation.

There are three areas of challenges for SMEs in Bangladesh: financing, infrastructure and skill. These problems are common to many businesses. However, these problems become more acute for SMEs, especially micro and small enterprises.

The financing challenges for SMEs are enormous. SMEs have limited access to institutional finance due to scale obstacles and market failures stemming from policy deficiencies and institutional rigidities. Therefore, formal financing processes, through the banking channels, are not readily available for them. Banks consider financing SMEs costly and risky.

The high entry barriers into the formal financing processes at affordable costs function as significant impediments to SME growth and expansion. Though, as per the instructions of the central bank, 20 per cent of all bank loans must go to SMEs, in reality, SME entrepreneurs are not getting that amount of loans.



The challenges faced by the cottage, micro and small enterprises are more acute than those of medium enterprises.

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## GLOBAL BUSINESS

# US company profits bigger than Wall Street's lofty targets

REUTERS, New York

Much stronger-than-expected profit reports from US companies in recent weeks have ratcheted up already high Wall Street forecasts on how second-quarter earnings growth will look versus last year.

Earnings are now expected to have climbed about 90 per cent in the second quarter versus analysts' forecasts of 65.4 per cent at the start of July, according to IBES data from Refinitiv, with results in so far from roughly 300 of the S&P 500 companies as of Monday morning.

Nearly 89 per cent of the reports are beating analysts' second-quarter profit estimates - the highest percentage on record, based on Refinitiv data going back to 1994.

A gangbuster second quarter is expected to mark a peak for recent US earnings growth

as companies recover from the depths of last year's pandemic-induced profit collapse.

"Except for a few disappointments here and there, everybody has had solid earnings. It has been a tremendous earnings season, but it was supposed to be," said Jake Dollarhide, chief executive officer of Longbow Asset Management in Tulsa, Oklahoma.

"It will be interesting when you start getting deeper into third and fourth quarters. The market might be anticipating a bit of a trip-up."

Third-quarter earnings are estimated to climb 29.6 per cent from a year-ago quarter. Fourth-quarter earnings are seen gaining 21.2 per cent, based on Refinitiv data.

In aggregate, companies are reporting earnings 16.6 per cent above expectations, compared with an average of 20.1 per cent

for the prior four quarters and an average of 3.9 per cent going back to 1994, based on Refinitiv data.

Companies that have contributed the most to the big gains in profit growth include Apple, Wells Fargo, Exxon Mobil and JPMorgan Chase. Financial companies make up half of the top 10 contributors to growth so far this season, Refinitiv data shows.

"Surprises have been positive, large and broad-based across sectors and industry groups," but "returns on results" have been mixed, UBS strategists including Keith Parker wrote in a note Monday.

The S&P 500 is roughly flat since the unofficial start of the earnings season on July 13. Among companies left to report on the quarter are many of the big US retailers including Walmart.

# Delta variant bears down on China economy



A medical worker in protective suit collects a swab from a resident for nucleic acid testing following new cases of the coronavirus disease in Zhengzhou, Henan province, China on August 2.

REUTERS

REUTERS, Beijing

The Delta variant poses new risks for the world's second-biggest economy as it spreads from the coast to China's inland cities and presents fresh challenges to authorities who have for months managed to avert any widespread outbreak of the coronavirus.

Barely a month after disrupting industry in the southern export hub of Guangdong, cases of the Delta variant were detected in Nanjing, capital of Jiangsu province on the coast. The infections were traced back to a flight from Russia.

Since Nanjing confirmed its first Delta cases on July 20, numerous cities in southern China and a few in the north including Beijing have reported infections. The tally of locally transmitted cases stood at 353 as of Sunday (August 1).

It was not immediately clear whether Nanjing was the source of all the infections, as some authorities have yet to disclose the outcome of their virus-tracing efforts.

Jiangsu, the province with the second-largest economic output after Guangdong in 2020, is by far the worst-hit, accounting for about 80 per cent of the confirmed cases.

The emergence of the variant, which is more transmissible than the original strain first detected in the city of Wuhan in late 2019, has seen the return of tough counter-epidemic measures.

Many cities have warned against non-

essential travel, required proof of negative tests for those who do travel, and launched mass-testing for the virus. Policymakers are under pressure to ensure that while populations are protected, economies are not excessively strained.

China's overall economy is not invulnerable. It grew more slowly than expected in April to June, due to persistently high raw material prices, cautious consumer spending and a subdued real estate market.

"The Delta variant is the biggest test of China's zero-Covid strategy since the initial outbreak last year," said Julian Evans-Pritchard, senior China economist at Capital Economics.

"But given the country's track record in dealing with the virus so far, our assumption is that they will quash the outbreak before it gets out of control. Of course, doing so will come at some economic cost."

Yangzhou, near Nanjing, has been battling rising coronavirus cases since last Wednesday. Many factories and logistics firms in the city of 5 million have been shut as employees joined queues of people to get tested, some up to three times a week.

"We cannot deliver goods because the delivery firm informed us that they've suspended their services," said a manager of a toy factory surnamed Wang.

"In the past few days, many places have been gradually locked down. We were officially told to stop operations today, and all our employees didn't come to the factory."

# Lenders hatch plan for closure of coal power plants

REUTERS, London/Melbourne

Financial firms including British insurer Prudential, lenders Citi and HSBC and BlackRock Real Assets are devising plans to speed the closure of Asia's coal-fired power plants in order to lower the biggest source of carbon emissions, five people with knowledge of the initiative said.

The novel proposal, which is being driven by the Asian Development Bank, offers a potentially workable model and early talks with Asian governments and multilateral banks are promising, the sources told Reuters.

The group plans to create public-private partnerships to buy out the plants and wind them down within 15 years, far sooner than their usual life, giving workers time to retire or find new jobs and allowing countries to shift to renewable energy sources.

It aims to have a model ready for the COP26 climate conference which is being held in Glasgow, Scotland in November.

"The private sector has great ideas on how to address climate change and we are bridging the gap between them and the official-sector actors," ADB Vice President Ahmed M. Saeed said.

The initiative comes as commercial and development banks, under pressure from large investors, pull back from financing new power plants in order to meet climate targets.

Saeed said that a first purchase under the proposed scheme, which will comprise a mix of equity, debt and concessional finance, could come as soon as next year.

"If you can come up with an orderly way

to replace those plants sooner and retire them sooner, but not overnight, that opens up a more predictable, massively bigger space for renewables," Donald Kanak, chairman of Prudential's Insurance Growth Markets, who came up with the idea, told Reuters.

Coal-fired power accounts for about a fifth of the world's greenhouse gas emissions, making it the biggest polluter. The proposed mechanism entails

raising low cost, blended finance which would be used for a carbon reduction facility, while a separate facility would fund renewable incentives. HSBC declined to comment on the plan.

Finding a way for developing nations in Asia, which has the world's newest fleet of coal plants and more under construction, to make the most of the billions already spent and switch to renewables has proved a major challenge.



REUTERS/FILE

Smoke billows from Belchatow power station, Europe's largest coal-fired power plant, in Poland.