BUSINESS

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Mitsubishi Motors looks to set up plant in Bangladesh

Mitsubishi Motors yesterday signed a memorandum of understanding (MoU) to conduct a feasibility study on establishing a production unit in Bangladesh by 2025 as the Japanese multinational automotive manufacturer looks to expand its footprint in South Asia.

This deal, which government officials have dubbed a big step forward, comes at a time when the domestic passenger car market is gradually expanding thanks to steady economic growth and an increased spending capacity of the middle class.

The current market size for personal vehicles, both old and new, stands at Tk 5,000 crore and is growing by about 12 per cent annually, according to industry

"This feasibility study is the beginning of our new journey and if all goes well, we will be able to set up a Mitsubishi car manufacturing plant in Bangladesh," said Md Shahidul Hoque Bhuia, chairman of the Bangladesh Steel and Engineering Corporation (BSEC).

The feasibility study will be completed in December, he added.

Bhuia and Kurahashi Masatsugu, division general manager for the European Union, Middle East, Africa and South Asia at Mitsubishi Motors, signed the MoU on behalf of their respective parties, setting principles and assumptions to conduct a study on the opportunity of setting up a joint venture by

The new plant will cater to the country's growing demand for personal vehicles by expanding local knockdown production.

The plant's capacity, the amount of investment, and which models will be made at the proposed unit will be determined based on the



Mitsubishi holds the biggest share of new car sales in Bangladesh, where it sold 1,700 vehicles and produced 200 in fiscal 2020-21, according to Nikkei Asia.

Bangladesh government's support and incentives, reports Nikkei Asia. At present, state-run Pragati

Industries, a concern of the BSEC, assembles select models of Mitsubishi cars at its plant in Chattogram.

Similarly, Rangs, a concern of Rangs Group, locally assembles Mitsubishi Outlander.

However, Mitsubishi currently has no plants in Bangladesh where it holds an ownership stake.

In fiscal 2020-21, Mitsubishi sold 1,700 vehicles and saw 200 assembled in the country.

There is currently limited demand for new cars in Bangladesh, where most people buy second hand ones, but Mitsubishi holds the biggest share of new car sales in the country, Nikkei Asia added. "This is a historic moment," said

Ito Naoki, Japan's ambassador to Bangladesh. Bangladesh and Japan have a

longstanding and excellent bilateral relationship. As such, Japan is considered a

vital development partner for the country, Naoki said while virtually attending the signing ceremony. Industries Minister Nurul Majid

Mahmud Humayun said the government was working for the industrialisation and development of the local automobile industry.

Besides, in order to help the country reach the highest level of development, the government provides all kinds of support to foreign investors to expedite the also virtually joined the event.

country's industrialisation, he added.

Other local companies that assemble foreign cars in Bangladesh include, PHP Motors, a concern of the PHP family, which assembles models of Malaysian brand, Proton.

Earlier this year, Fair Technology, local distributor of Hyundai Motor Company, said it was going to establish a plant to assemble the South Korean automaker's models.

Kamal Ahmed Mojumder, state minister for the Ministry of Industries, and Zakia Sultana, secretary, were present at the event held on the ministry premises.

Shahabuddin Ahmed, Bangladesh's ambassador to Japan,

Exports rebound strongly in Aug

Up 14pc year-on-year

REFAYET ULLAH MIRDHA

Earnings from merchandise exports significantly rebounded in August by 14 per cent year-on- year to reach \$3.38 billion, buoyed by garment shipments, particularly knitwear items.

The earnings in August 2020 was \$2.96 billion, according to data from Export Promotion Bureau (EPB).

Yet overall earnings was still down 0.31 per cent year-on-year to \$6.87 billion in the July-August period of the current fiscal year.

And earnings from the fiscal's first two months was 7.8 per cent behind the target of \$7.44 billion set by the government, said the EPB data.

During the July-August period, earnings from garment shipment, which typically contributes 84 per cent of national exports, decreased by 1.2 per cent to \$5.64 billion compared to that in the same period a year ago. Of the total earnings from apparel shipment, \$3.25 billion came from knitwear, registering a 4.6 per cent year-onyear growth.

Meanwhile, earnings from woven declined by 8 per cent year-on-year to \$2.38 billion because of a lower demand for formal dresses amidst the pandemic lockdown.

Knitwear shipment increased 17 per cent while woven by 4.4 per cent and overall garment shipment grew by nearly 12 per cent in August of this year compared with the same month last year, said the EPB data.

Exporters said the shipment of knitwear fared better than that of woven because demand for the former increased worldwide due to longer stays of people at home for the pandemic.

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Premium Quality Tiles Brand

During July-August, earnings from garment shipment fell 1.2 per cent year-on-year to \$5.64 billion

Shahidullah Azim, vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said woven shipments were struggling for revival but performed better compared with that last vear.

The feeble trend of woven exports will continue for the next two or three months as still people are preferring casual dresses at homes and offices, he said.

Once the offices start running operations in full, demand for woven or formal dresses will also increase all over the world, he said.

About the poor performance of Hazrat Shahjalal International Airport, Azim said it took more time to export goods through this important airport compared to airports worldwide.

Similarly, the Chattogram seaport was still performing poorly, holding back exporters' competitiveness in the global garment business, he said.

"We need simplified business rules for becoming more competitive worldwide, Azim also said.

Mohammad Hatem, first vice president of the Bangladesh Knitwear Manufacturers and Exporters (BKMEA), Association

echoed Azim. He said they received more work orders than expectations from international retailers and brands for the next season in tune with the reopening of economies in the western

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Invest remittance wisely, let your money grow

Md Abu Talha Sarker

Al Mahmud, who hails from Raiganj upazila of Sirajganj, went to Bahrain as a migrant worker 10

During the first one-and-a-half years of his stay in the Middle Eastern country, Mahmud would send money to his family in Bangladesh through fellow workers who were travelling home. Later, he started to send funds through an exchange house.

But with help from his friends and family, Mahmud opened an account with a bank in Bangladesh in his wife's name.

And since the bank has operations in the city where he currently lives, it has allowed him to send money back home without any hassle. Similarly, Abdur Rouf, who went to the US under

the country's Diversity Visa Program, used to send money to his parents through informal channels.

Now though, he uses a regular bank account and its respective app to easily transfer funds to Bangladesh.

mobile Mahmud and Rouf represent millions of Bangladeshi migrant workers who spend the better

part of their lives working in foreign countries to ensure a secure future for themselves.

Currently, most banks in Bangladesh have designated desks to help channel remittance from non-resident Bangladeshis and migrant workers in a quick and easy way.

The lenders have built up a secure network for banking transactions by deploying staff and partnering with exchange houses worldwide.

For example, Brac Bank, a private commercial bank, has a global network from Asia to Europe, the US, Africa and Australia to help migrant workers transfer funds.

"Our bank has agreements with 60 different exchange houses, allowing us to offer banking services across the world," said Shahrear Zamil, head of remittance and NRB banking at Brac Bank

Besides, we have four financial consultants. Two of them are active in Dubai and South Korea, where around one lakh skilled and trained Bangladeshi workers are employed," said Shahrear Zamil, head of remittance and NRB banking at Brac Bank.

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Bangladesh finally a member of Brics' New Dev Bank

STAR BUSINESS REPORT

Bangladesh has finally become a member of the New Development Bank (NDB), which was launched in 2015 by Brazil, Russia, India, China and South Africa, collectively known as Brics, according to a statement of NDB.

The NDB aimed to be an alternative to the US-dominated World Bank and International Monetary Fund.

In December 2020, Indian Prime Minister Narendra Modi invited Bangladesh to join the NDB. Its high commission in Dhaka wrote twice, in August and November 2020, offering Bangladesh to be a member of the NDB.

On February 2, Dhaka expressed its interest to join the NDB at a virtual meeting with NDB President Marcos Troyjo.

A senior official of the Economic Relations Division (ERD) told The Daily Star that they would send an acceptance



letter to Brazil after taking prior permission from the prime minister as soon as possible.

He said now they would start paying membership and avail the country's share of the bank while a new window would be opened for accessing loans.

The NDB's board of governors authorised the bank to conduct formal negotiations with prospective members in late 2020.

The bank says its purpose was to mobilise resources for infrastructure and sustainable development projects in Brics, and other emerging economies and developing countries to complement existing efforts of multilateral and regional financial institutions for global growth and development.

After a round of successful negotiations, the NDB is extending its global outreach, with the announcement of Bangladesh, the UAE and Uruguay becoming the first ones to become members.

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Stocks hit another record high

DSEX MOVEMENT

7,000 -

STAR BUSINESS REPORT

Bangladesh stocks have continued their foray into new territory, ending yesterday with a new high amid increased participation of buoyant investors.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), surged 64 points, or 0.93 per cent, to 6,981.

Meanwhile, DS-30, the blue chip stock index, rose 22 points to 2,496. These are the highest to be reached since their inception in 2013.

Although the index has reached its highest point, many stocks with good performance records still maintain a low price so investment in the stock market has not turned risky yet, said stock investor Sohel Rana.

Moreover, the Bangladesh Securities and Exchange Commission (BSEC) has formed a market stabilisation fund to prop up stocks in case of an

abrupt fall, he said.

In points; source: DSE 6,900 6,850 6,800 6,750 -6,700 6,650 6,600

at a low rate compared to the amount advanced, 105 fell and 31 remained they were allowed, he said, adding that there was no reason to bring

about sales pressure from institutions. Only 22 scheduled banks put in around 60 per cent of their allowable investment in the stock market, according to BSEC data.

Turnover, an important indicator Banks have the scope to invest of the market, rose 4 per cent to Tk further because many of them invested 2,474 crore. At the DSE, 237 stocks

unchanged.

People are optimistic about the stock market and they hope it will rise further, so they poured money, said a stock broker.

Thanks to the low interest rate in the banking sector, their draw towards the stock market has gained extra mileage, he said.

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Nasir Glass faces Tk 11cr VAT evasion charge

STAR BUSINESS REPORT

Nasir Glass Industries has been accused of evading Tk 11.22 crore in value-added tax payment in a case filed by the VAT Audit, Intelligence and Investigation Directorate (VAIID).

A directorate team reviewed the company's annual audit report and treasury invoices from July 2014 to June 2018, said a statement of the VAIID, a field office of the National Board of Revenue (NBR), yesterday.

They found that the company, having one of the country's largest glass manufacturing factories in Gazipur's Sreepur, paid Tk 2.09 crore as VAT instead of the payable Tk 5.29 crore.

For this instance, the company evaded paying VAT of Tk 3.20 crore. As per the VAT act, under which the case was filed, an interest of Tk 1.52 crore is applicable at a monthly rate of 2 per cent.

Besides, the directorate found another Tk 8.01 crore of VAT unpaid. Its interest amounts to Tk 1.92 crore. READ MORE ON B3