

# Well-timed regulatory, policy reforms to draw more FDI

Says acting IFC country head marking Bida's international investment summit

JAGARAN CHAKMA

Timely adoption of regulatory changes and policy reforms will help attract more foreign direct investment (FDI) and access foreign finances, said Nuzhat Anwar, acting country manager for Bangladesh, Bhutan and Nepal of the International Finance Corporation (IFC).

"There is a need to have a better coordination among various ministries, and support for FDI needs to come from all levels of the government, not just from the top level," she said.

Anwar was giving an online interview to The Daily Star recently when the focus was a two-day international investment summit beginning today at the Radisson Blu Dhaka Water Garden.

The IFC is a sponsor of the event, which is being organised by the Bangladesh Investment Development Authority (Bida) to shine the spotlight on developing the country's investment scenario.



Nuzhat Anwar

The summit aims to attract investors from various countries to 11 thriving sectors promoting Bangladesh as one of the lucrative destinations for private sector investment.

Focus will be on the sectors most promising for the FDI, including

agribusiness, transport, transmission, logistics, and financial services.

The IFC has been working with the Bida since its establishment in 2016 to accelerate private sector growth in the country.

"We all agree that Bangladesh has achieved its current growth with own resources till now, but to move to the next level of development, Bangladesh needs to have a diversified source of capital," said Anwar.

She also said initiatives such as this summit and establishment of economic zones by the government were steps in the right direction.

Anwar said these events help build the Bangladesh brand, showcasing the country's remarkable achievements and opportunities before the world to attract new investments critical for achieving sustainable growth.

"This is a pivotal time for Bangladesh's development journey, and the summit can help Bangladesh adopt policies to cater to the needs of new investors," said Anwar.

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## Investment summit begins today

STAR BUSINESS REPORT

The International Investment Summit, which begins today, will see a new Bangladesh, said Salman F Rahman, private industry and investment affairs adviser to the prime minister.

The government has not set any investment target like an exposition, but the summit will help in highlighting the changes Bangladesh will gain during the tenure of the present government, he said yesterday.

He spoke at a press briefing on the summit at the conference room of the Bangladesh Investment Development Authority (Bida) in the capital's Agargaon.

The Bida is organising the two-day investment summit at the Radisson Blu Dhaka Water Garden with the sponsorship of the International Finance Corporation.

READ MORE ON B3

## Responsible banking: new dimension of green banking



MESBAH UDDIN AHMED

With the culmination of climate change and its adverse impact, we are all concerned about our habitat, economy, life-style and future generation. The banking sector is not far off this. As society's expectation changes, banks must be transparent and specific about how their products and services create value for their customers, clients, investors and society.

In this backdrop, the United Nations Environment Programme for Finance Initiative (UNEP FI) has taken a praiseworthy initiative to change the banking strategy by setting up a framework titled Principle of Responsible Banking (PRB), which consists of six principles. These principles will help any bank align its business strategy with society's goals.

The principles are:

**Alignment:** This principle will ensure that the business strategy is consistent with individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.

**Impact and target setting:** Financial institutions will continuously increase their positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services.

**Clients and customers:** Financial institutions will work responsibly with their clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

**Stakeholders:** Financial institutions will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

**Governance and culture:** Financial institutions will implement UNEF FI members' commitments through effective governance processes, management systems, and a culture of responsible banking.

**Transparency and accountability:** Financial institutions shall periodically review individual and collective implementation of these principles and be transparent about and accountable for its positive and negative impacts and contribution to society's goals.

In a nutshell, the principles provide the framework for a sustainable banking system and help the industry demonstrate how it makes a positive contribution to the society and environment. These will accelerate the banking industry's contribution to achieve society's goals as expressed in the Sustainable Development Goals and the Paris Climate Agreement.

The Principles for Responsible Banking were launched by 130 banks from 49 countries, representing more than \$47 trillion in assets, during the annual UN



## OPINION

General Assembly in 2019. More than 45 CEOs, along with the UN Secretary-General, attended the launching ceremony. IDLC Finance Ltd, the only member of the UNEP FI from Bangladesh, signed the PRB.

As we know the government of Bangladesh took proactive role in promoting sustainable banking practices and green loans through the central bank. The Bangladesh Bank issued dedicated Green Banking Policy for banks and non-banking financial institutions in 2011 to take the initiative forward.

It rolled out green refinancing scheme with low-cost funding for eligible sectors and components, and issued Environment and Social Risk Management (ESRM) guideline for banks and non-banks that gave a huge incentive for the inception of sustainable banking practices.

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# US-Bangla adds two Boeing 737s to its fleet

Plans to continue expansion, open new routes by next year

STAR BUSINESS REPORT

US-Bangla Airlines will start flying on three new routes -- Dhaka to Colombo, Sharjah and Delhi -- with two Boeing 737-800 aircraft that were added to its fleet on Friday.

Besides, US-Bangla now officially operates the country's largest private fleet with 16 aircraft, according to a press release from the company issued yesterday.



The two planes touched down at the Hazrat Shahjalal International Airport in Dhaka at

11:00pm and 11:30pm on Friday after flying in directly from Jordan.

Captain Lutfur Rahman, director for business development of US-Bangla, received the two airplanes, each equipped with 189 economy class seats.

US-Bangla plans to add an Airbus 330-200/300 aircraft to operate flights from Dhaka to Jeddah, Riyadh and Medina from June next year.



## GLOBAL BUSINESS

## UK sets out plans to boost global digital trade

REUTERS, London

Improving digital trade would provide huge opportunities for British businesses and help boost economic growth, the government's Board of Trade said, setting out how it aims to become a world leader in modern services and online goods.

In a report on digital trade to be published on Friday, the board, headed by trade minister Anne-Marie Trevelyan, said the government should look to strike digital trade deals and help shape global trade rules suitable for the modern world.

"By addressing digital protectionism on the global stage and championing a free, open, and competitive digital economy, more UK companies will be able to export their innovative, high-quality services and goods globally," Trevelyan said in a statement.

In October, Britain helped broker a deal between the Group of Seven wealthy nations on principles to govern cross-border data use and digital trade in a first step to reducing barriers.

The Board of Trade, a government body tasked with championing exports and inward investment, said Britain should aim to build on the G7 agreement by working with partners to pursue a wider international consensus on digital rules, norms and standards.

Digital trade is broadly defined as trade in goods and services that is either enabled or delivered digitally, encompassing activities from the distribution of films and TV to professional services.

The report said Britain should focus particularly on securing Free Trade Agreements with the fast-growing Indo-Pacific market and large, service-based economies, as well as rapidly progressing the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

It should also seek a Digital Economy Agreement with Singapore, viewed as a global leader on digital, in order to demonstrate the potential for digital trade rules to others in the World Trade Organization, it said.

## Xiaomi to open car plant in Beijing

REUTERS, Shanghai

Chinese smartphone giant Xiaomi Corp will build a plant that can produce 300,000 vehicles annually in Beijing for its electric vehicle unit, authorities in the capital said on Saturday.

The plant will be constructed in two phases and Xiaomi will also built its auto unit's headquarters, sales and research offices in the Beijing Economic and Technological Development Zone, the government-backed economic development agency Beijing E-Town said on its official WeChat account.

Beijing E-Town said it anticipated the plant reaching mass production in 2024, a goal announced by Xiaomi's Chief Executive Lei Jun in October.

In March, Xiaomi said it would commit to investing \$10 billion in a new electric car division over 10 years. The company completed the business registration of its EV unit in late August.

The company has been opening thousands of stores to spur domestic sales growth for its smartphone business but eventually intends to use these shops as a channel for its plans to sell electric vehicles.

## India tells public to shun Musk-backed Starlink

REUTERS, New Delhi

The Indian government advised people against subscribing to Starlink Internet Services, a division of billionaire Elon Musk's SpaceX aerospace company, as it does not have a licence to operate in the country.

A government statement issued late on Friday said Starlink had been told to comply with regulations and refrain from "booking/ rendering the satellite internet services in India with immediate effect".

Starlink registered its business in India on November 1. It has begun advertising, and according to the government, it has started pre-selling its service.

Responding to a Reuters email, Starlink said: "No comment for now".

# New Covid scare sparks rate rethink in markets

REUTERS, London

Risks of a new Covid hit to economic activity are clobbering expectations for rate hikes next year from the world's major central banks, a potential setback for the dollar and other currencies where wagers had been most aggressive.

Money markets no longer fully price a 25-basis-point interest rate rise by the Federal Reserve by June 2022, nor are they positioned for a full 10-bps hike from the European Central Bank by the end of 2022, as they were just a few days ago.

And the chances of the Bank of England raising rates next month are seen around 53 per cent, from 75 per cent on Thursday.

Those shifts come after the detection of a new coronavirus variant in South Africa triggered stricter border controls from several governments, as scientists sought to determine if the mutation was vaccine-resistant.

"While central bank commentary has been focused on upside risks to inflation, this (new Covid variant) highlights that there are significant downside risks and we are in a significant phase of uncertainty for the economy," said Chris Scicluna, head of economic research at Daiwa.

In an echo of the panic that swept markets when Covid was spreading early last year, oil prices slid over 6 per cent on Friday, travel industry shares notched up falls of 6 per cent or more and two-year US Treasury yields fell 12 bps in their biggest daily drop since March 2020.

Currency traders had been favouring the US dollar and others where rate hike prospects appeared strong, driven by higher inflation and stronger economies.

Now a shake-out appears on the cards.

The dollar index had hit 17-month highs after President Joe Biden said on Monday he would nominate Fed Chairman Jerome Powell to a second term.

Then, minutes of the Fed's November 2-3 meeting showed more policymakers open to speeding up the tapering of asset purchases and raising rates.

So with three 25 basis-point



Pedestrians walk past the Bank of England and The Royal Exchange in the City of London.

AFP/FILE

Fed increases factored in for 2022, speculators accumulated a \$20 billion "long" position in the dollar, data from the US CFTC showed.

Positioning on yen, Swiss franc and euro meanwhile has been bearish, reflecting the view policy tightening is distant for those countries.

If the new Covid variant has indeed disrupted Fed policy, "the dollar may be a bit more vulnerable than the euro because we are already talking of two-three rate hikes next year from the Fed," Francesco Pesole, FX strategist at ING Bank said.

The sharp yield drop on 2-year Treasury notes -- a bond segment particularly sensitive to interest rate changes -- pushed its yield premium over Germany 10 bps lower.

Unsurprisingly, the yen and Swiss franc gained over 1 per cent versus the dollar while the euro shot up 0.75 per cent in one of its

biggest daily jumps of this year.

Some saw the moves as a reality check.

UBS Investment Bank chief economist Arend Kapteyn said while confidence in improving US labour markets could fade if a new variant takes hold, it was still early days in terms of gauging the impact.

But he added that "the market had gotten too far ahead of itself in terms of pricing a shortened taper window and multiple hikes next year".

The new variant may also complicate the task for central banks if it worsens the supply chain delays that are partly blamed for stoking inflation.

Britain, where inflation has hit 10-year highs, had some 70 bps of policy-tightening priced by mid-2022, despite a lacklustre economic recovery.

But on Friday, sterling fell 0.6 per cent against the euro; alongside the Kiwi, Aussie and Canadian dollars,

the pound was most vulnerable to easing rate expectations, MUFG analysts predict.

In Europe, the new strain could strengthen the hand of doves on the ECB's Governing Council.

While the ECB is expected to wind down its 1.85 trillion euro (\$2.08 trillion) pandemic emergency stimulus scheme, Mizuho strategist Peter McCallum now sees a greater chance the programme gets extended beyond the March deadline.

That view resonated across southern European bond markets, the programme's biggest beneficiaries. Italy's 10-year borrowing costs slid under 1 per cent, with the biggest daily fall in three weeks.

"They (ECB) were saying that the European situation doesn't change the PEPP outcome but if there is a new variant requiring new vaccines that surely does change the picture," said McCallum.