

Bitopi Group to invest \$9.58m in Dhaka EPZ

STAR BUSINESS REPORT

Sonar Manufacturing Limited, a sister concern of Bitopi Group, is going to establish a garment industry in the Dhaka Export Processing Zone (DEPZ) with an investment of \$9.58 million.

The fully Bangladeshi owned company will produce 2.93 million pieces of woven and knit garments items (jackets and bottoms) each year.

Some 1,551 Bangladeshi nationals will get employment opportunities at the factory, the Bangladesh Export Processing Zones Authority (Bepza) said in a statement yesterday.

Ali Reza Mazid, member for investment promotion of Bepza, and Mishaal Ali, managing director of Sonar Manufacturing Ltd, signed an agreement in this regard

The company will produce 2.93 million pieces of woven and knit garment items each year, and 1,551 Bangladeshi nationals will get jobs

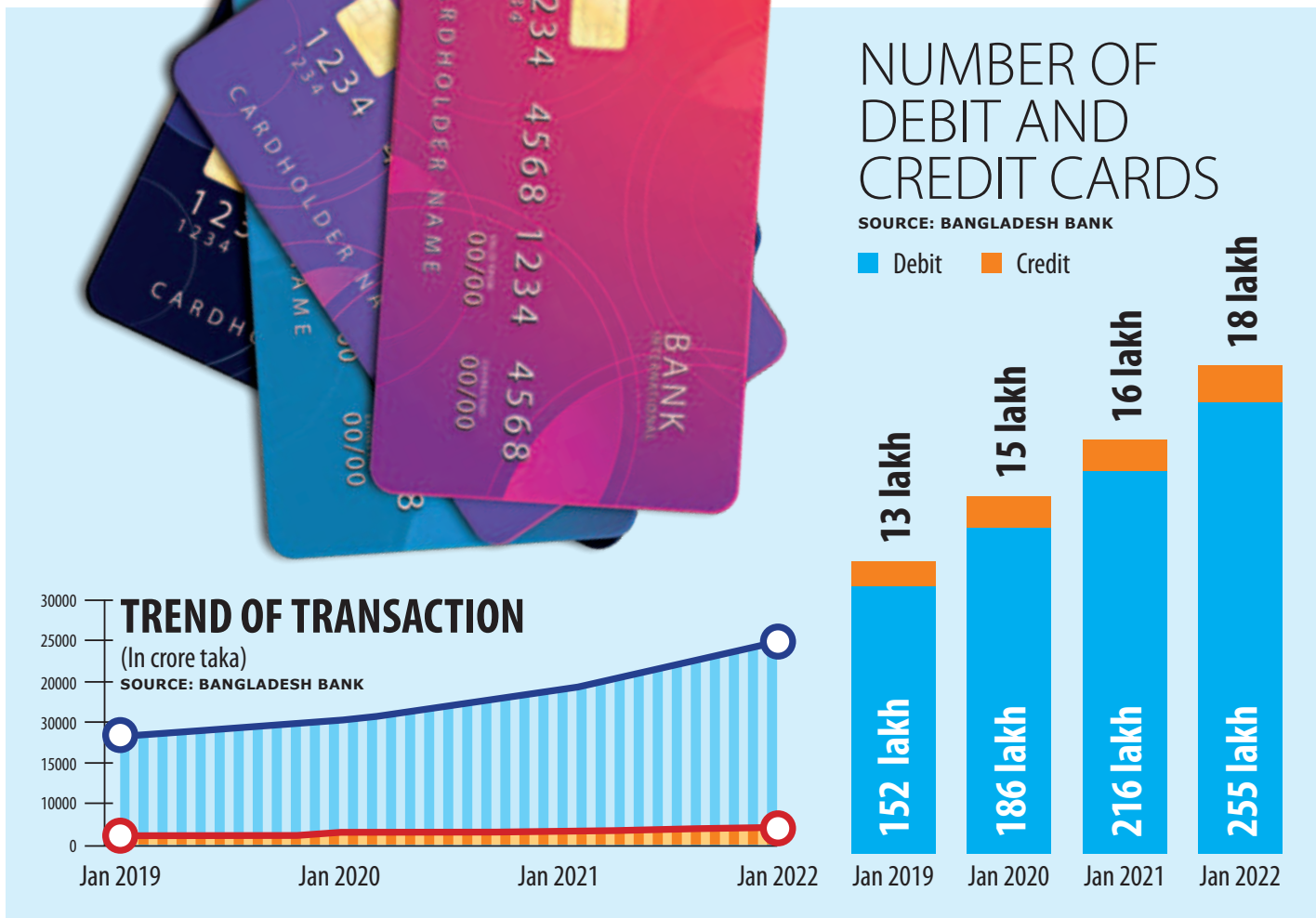
at Bepza Complex in Dhaka yesterday.

Three companies of Bitopi Group are operating their businesses in export processing zones.

The world's top ranked eco-friendly, LEED Platinum certified factory Remi Holdings Ltd started its business in the Adamjee EPZ in 2016.

The two other companies of this group – Baridhi Garments Ltd in Cumilla EPZ and Croydon-Kowloon Designs Ltd in Dhaka EPZ – are operating their businesses as well.

Among others, Bepza's Executive Director for Administration Md Zakir Hossain Chowdhury, Executive Director for Public Relations Nazma Binte Alamgir and Executive Director for Enterprise Services Md Khorshid Alam were present.



EBL, Visa team up to help banks cut card operations cost

AKM ZAMIR UDDIN

Visa Worldwide Pte Ltd has partnered with Eastern Bank Ltd to roll out a solution to offer trustee services to its member banks, the first of its kind in Bangladesh.

The arrangement will help banks operate card transactions by maintaining cash collateral.

A virtual signing ceremony was held yesterday between EBL and Visa to introduce the solution.

"This is the first time a local commercial bank in the Asia-Pacific region is going to provide such a service," said M Khorshed Anowar, deputy managing director of the private commercial bank, at the programme.

Only one international bank provides the national net settlement service for Visa in Bangladesh, he said.

"With the improvement in technological infrastructure in our country, I firmly believe that there exists scope for local banks to provide the national net settlement service."

Currently, Visa has 29 member banks in Bangladesh and the total collateral amounts to about \$25 million.

Currently, such collateral, both for domestic and cross-border settlement obligations, is provided by the way of USD-denominated standby letters of credit (SBLC) issued by the international bank in favour of Visa.

An SBLC is a legal document that guarantees a bank's commitment of payments to a seller in the event the buyer, or the bank's client, defaults.

In exchange for the SBLC facility, member banks of Visa give commission to the foreign bank, which makes payments to merchants if the card-issuing lender fails to repay the sellers.

But the arrangement between Visa and EBL will help the banks avoid the SBLC for settlement for domestic card transactions.

Subscriber banks will keep collateral with EBL to avail of the service. EBL will provide a certain amount of interest against the deposits as well.

But thanks to the new initiative, banks will largely be able to sidestep the SBLC and thus charges since around 80 per cent of total card transactions routed through Visa are domestic. The member banks will, however, have to follow the SBLC facility to settle foreign transactions.

"From now on, EBL will be engaged as the trustee for this structure of Visa. With the introduction of the service, the collateral execution structure of Visa member banks will get a new dimension," Anowar said.

Ahmed Jamal, a deputy governor of the Bangladesh Bank, hailed the initiative, saying it would reduce the outflow of foreign exchanges from the country.

He believes most banks will be interested in signing up for the alternative

arrangement for domestic settlements instead of subscribing to the SBLC.

Ali Reza Iftekhhar, managing director of EBL, described the deal as a new chapter in the EBL-Visa relationship and a historic one for the local banking industry.

EBL has always been a pioneer in product and service innovation.

"This alternative solution to the USD-denominated standby letters of credit is not only a cost-effective option for Visa member banks in Bangladesh but has also other additional benefits for its stakeholders," Iftekhhar said.

Soumya Basu, Visa's country manager for Bangladesh, Nepal and Bhutan, thanked EBL for partnering with Visa in rolling out the collateral arrangement and urged Visa's member banks to take advantage of the seamless and cost-efficient business arrangement in the market.

The EBL-Visa tie-up will help the partner banks of Visa cut card operations costs, said an official of a commercial bank.

The arrangement will be hassle-free since banks have to have their subscription to the SBLC facility renewed every year. Besides, if card transactions go up, more money will be spent in the form of charges, he said.

What is more, the banker says, the initiative will promote Visa cards in Bangladesh where the company currently has around 90 lakh card users.

Indian credit disbursement nearly doubles

STAR BUSINESS REPORT

Fund disbursement from India's line of credit (LoC) programme has nearly doubled in a year and the amount will soon hit the \$1-billion mark, the Indian high commission in Dhaka said yesterday.

Bangladesh is India's largest development partner under its LoC with commitments totalling \$7.86 billion, said a press note from the commission after the second meeting of the high-level project monitoring committee to review India-funded projects on Sunday.

The meeting took place at the Economic Relations Division (ERD), Indian High Commissioner Vikram Doraiswami and ERD Secretary Fatima Yasmin co-chaired the event.

Delegates, including officials of the ERD, the Prime Minister's Office, the foreign and home ministries, the National Board of Revenue, the finance division, the Indian high commission and the Exim Bank of India, were also present.

The bilateral mechanism is one of several joint initiatives to further expedite the execution of projects, by addressing procedural issues and suggesting the way forward.

Both sides noted with great satisfaction that significant headway has been made under the LoC framework, the press note said.

The commission said with a concerted effort from both sides, the pace of disbursements has nearly doubled in one year as \$238.68 million was disbursed during the time, despite the serious challenges presented by the Covid-19 pandemic.

Tesla suspends Shanghai factory output for Covid

REUTERS, Shanghai

US automaker Tesla is suspending production at its Shanghai factory for four days after the financial hub said on Sunday it would lock down in two stages to carry out mass testing for Covid 19, two people familiar with the matter said.

The company has notified its workers and suppliers of the move, the people said.

It initially attempted to create a closed loop to continue production and called workers in on Sunday, one of the sources said. However, it allowed them to leave that evening after it decided it did not have enough provisions for them, the source added.

Tesla declined to comment on whether production had been suspended. In a statement to Reuters it said that it always strived to fulfil its epidemic prevention responsibilities and that it believed Shanghai's Covid-19 measures helped lay the foundation for the city's future development.

Shanghai said on Sunday it would lock down the city in two stages to carry out Covid-19 testing over nine days.

Cash support can help poor

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He said hundreds of millions of people around the world, including Bangladesh, Nepal and different parts of South East Asia and Africa, suffer from seasonal poverty and acute deprivation, often associated with a pre-harvest lean season.

Though the situation has improved in Bangladesh and seasonal deprivation has become less of a pressing issue, it still remains a problem to be reckoned with, he said.

As working male members from rural areas migrate to urban areas in search of better wages during the lean season, their families back home suffer badly due to cash constraints, he said.

Seasonal deprivation causes problems like missed meals, malnourished children, lower agricultural productivity and poverty

traps due to high-interest borrowing, lower education and others, said Mobarak.

The migrant members usually fail to send money to their suffering families at the time of their need and mostly carry the earned wages only in the harvesting period when the family starts reaping harvests, he said.

Mushfiq underscored the need for arrangements of migration subsidies for the family members in the affected villages so that they can use the money.

Referring to his study, Mushfiq said temporary migration loan increase daily food consumption in villages by 550 calories to 700 calories.

BIDS Director General Binayak Sen said migration subsidies work, at least for the group of people who were extremely poor, landless and deprived of other opportunities.

BSCIC looks to utilise

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A factory must be built within 18 months on getting the allotment.

The BSCIC was set up in 1960 to develop industrial plots equipped with utility connections and connectivity for small-and-medium enterprises (SMEs) to spur industrialisation.

According to the BSCIC website and annual report, today there are 10,897 plots in 76 industrial estates across the country.

There are 4,570 factories in production and 901 are export-oriented. They employ over 67 lakh people and have invested Tk 63,318 crore so far.

The factories focus on knitting and garments, poultry and food processing, Jamdani and hosiery, active pharmaceutical ingredients, light engineering and electrical products, plastics, printing and chemicals.

Improve ease

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trade partnerships. After meeting Prime Minister's Private Industry and Investment Adviser Salman F Rahman, the envoy said Bangladesh is maintaining a strong relationship with the UK and the trade ties between the two countries is very important.

"I want to see more trade and investment relationships with Bangladesh ... There are many areas to work together," she said, adding that many British companies have expressed interest to run businesses in Bangladesh.

Salman F Rahman said the government is working to ensure a congenial business atmosphere. This is a continuous process, reports BSS.

"We have already introduced a one-stop service centre through the BIDA. We are also providing digital online services. The environment is improving gradually," he added.

He also mentioned Rushanara's point of view about the situation at the Hazrat Shahjalal International Airport as it is the entry point for foreign investors.

"I informed her that we are constructing the third terminal to ensure international standard airport services and the construction work of the terminal will be completed by next year."

British High Commissioner to Bangladesh Robert Chatterton Dickson, among others, also attended the meeting.

Foreign cash fleeing China adds insult to injury

REUTERS, Hong Kong

Beijing's close ties with Moscow may be rattling foreign investors. A study by the Institute of International Finance found that China has been experiencing "unprecedented" capital flight since Russia invaded Ukraine.

The study found no similar outflows from other emerging markets, adding insult to injury.

China's technocrats have only started to make progress attracting global portfolio managers long wary of the People's Republic. While Chinese shares comprise 9 per cent of global equity values, mainland-listed companies constituted only 2.7 per cent of international investors' fund allocations in 2020.

Strict capital controls, unpredictable policymaking and a shareholder base dominated by day-traders put off serious financial institutions; hedge fund manager Jim Chanos once referred to Chinese markets as a "roach motel" - easy to get money in, hard to get it out.

It is now easier for money managers to repatriate funds at will, and embarrassing distortions - like arbitrary trading halts - have been fully or mostly closed. Passive index providers started to include onshore Chinese shares and bonds in their benchmarks, and international funds began steadily upping their China exposure, disregarding both the trade war and the pandemic.

The Ukraine invasion may be giving them reason for pause. Investors were already traumatized by two years of rambling crackdowns on listed companies, read more War is pushing up commodity prices, and if Beijing forces its local companies to help Russian leader Vladimir Putin evade sanctions, US retaliation seems imminent. Chinese bourses are the world's worst-performing outside Russia, with IIF data showing daily average outflows touching nearly \$500 million at one point.

An exodus of pension funds and insurers who buy and hold assets for long periods of time will be painful. Although small in absolute terms, their presence helps anchor market valuations and reassure local traders, who tend to distrust local analysts and ratings agencies. State media presents global investor enthusiasm for China as endorsing its authoritarian government.



Mohammed Nurun Newaz Selim, chairman of Electro Mart and Trade International Industries, inaugurated a Partners' Meet-2022 at the Brac Centre for Development Management in Savar recently. Md Nurussafa Mazumder, deputy managing director, Morshed Alam Chowdhury, executive director, Mohammed Akteruzzaman, executive director (plant), and Mahmudun Nabi Chowdhury, general manager for marketing, were present.

PHOTO: ELECTRO MART

Sinopec plans its biggest capital expenditure in history

REUTERS, Beijing

China Petroleum & Chemical Corp, better known as Sinopec, is planning its highest capital investment in history for 2022 after recording its best profit in a decade, echoing Beijing's call for energy companies to raise production.

Sinopec expects to spend 198 billion yuan (\$31.10 billion) in 2022, up 18 per cent from a year ago, beating the previous record of 181.7 billion yuan set in 2013, according to a company statement filed to the Shanghai Stocks Exchange on Sunday.

It plans to invest 81.5 billion yuan in upstream exploitation, especially the crude oil bases in Shunbei and Tahe fields, and natural gas fields in Sichuan province and the Inner Mongolia region.

"Looking ahead in 2022, the market demand for refined oil will continue

to recover, and demand for natural gas and petrochemical products will keep growing," Sinopec said in the statement.

It also warned of potential impacts of geopolitical challenges and volatile oil prices on the investment and operation at overseas businesses. But the firm did not name any specific project.

Reuters reported that Sinopec Group had suspended talks for a major petrochemical investment and a gas marketing venture in Russia, heeding a government call for caution as sanctions mount over the invasion of Ukraine.

Brent oil prices have gained 52 per cent so far this year and hit as high as \$139 a barrel in early March, stoked by fears of supply disruption in the wake of Russia's invasion of Ukraine.