

Highlight success of foreign companies

Says US delegation

STAR BUSINESS REPORT

Bangladesh needs to highlight the shining examples of foreign companies that have achieved success after setting up businesses here, said a delegation of American investment management firm T Rowe Price Group Inc yesterday.

The delegation, led by Johannes Loefstrand, portfolio manager of Frontier Markets Equity Fund, suggested successful utilisation of special economic zones and attracting foreign companies there.

The delegation enquired about the steps taken for attracting more foreign investment and initiatives for increasing exports

The recommendations came after the delegation met with officials of the international trade, investment and ICT division at the foreign ministry, said a press release.

The delegation enquired about the steps taken for attracting more foreign investment, initiatives for increasing exports, activities and successes of economic zones and progress in digitalisation in Bangladesh.

Syed Muntasir Mamun, the division's director general, highlighted Bangladesh's geographical position between northeastern India and south and east Asia.

He cited the increasing participation of women in the workforce, booming local businesses, rapid digitalisation, strong infrastructure and prospects for foreign companies to invest in Bangladesh.

He said the government's investment promotion agencies were working very hard to bring ease to the process of doing business.



A fisherman shows off fish caught in the Bay of Bengal at a quay by the Karnaphuli river. Bangladesh's share in global fish production is limited to only 2.6 per cent while its oceanic economic zone is equal to 81 per cent of its mainland, states the Bangladesh Institute of International and Strategic Studies.

PHOTO: STAR/FILE

Blue economy ministry proposed to tap potential

DIPLOMATIC CORRESPONDENT

State Minister for Planning Shamsul Alam yesterday proposed creating a new authority – either a ministry or a division under a ministry – to help dedicatedly tap the potential of blue economy.

Though the country's maritime disputes were settled in 2014, the private sector is not coming up with investment focusing the immense associated potentials, including fishing, shipping, mineral resources and marine food and tourism, he said.

Alam was addressing a seminar titled "Blue Economy and Maritime Security: Bangladesh Perspective" organised by the Bangladesh Institute of International and Strategic Studies (BISS) on its premises.

While small boats are now the prime mode for fishing, fish of higher economic value can be caught at deep sea but this potential is largely untapped, said Khurshed Alam, secretary (maritime affairs) to the foreign ministry.

Given Bangladesh's location and international trade, shipping holds enormous potentials. As a deep-sea port is in the offing in Bangladesh, it is high time for the private sector to make new investment, he said.

It is crucial to conduct comprehensive studies on different sectors of the blue economy and draw investments, said Khurshed Alam.

The Bay of Bengal may become a theatre of great power games in the future with changes in global geopolitics, said Prof Delwar Hossain of the Department of International Relations at the University of Dhaka.

There are a number of initiatives, including the Belt and Road Initiative led by China, US-led Indo-Pacific Economic Framework and Indo-Pacific Strategy, Japan's Free and Open Indo-Pacific and the Aukus nuclear pact among Australia, UK and US, he said.

"We need to deal carefully to keep our interests in the region," he said.

Regional groups, including the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec) and Indian Ocean Rim Association (IORA), can play important roles in harnessing the potentials of blue economy, said Bangladesh Enterprise Institute President M Humayun Kabir.

As the current chair of the IORA, Bangladesh should float ideas and translate them into actions. When it comes to security issue, Bangladesh should promote itself as an

agent of peace, he said.

Optimum utilisation of the blue economy can add 3 to 4 percentage points to Bangladesh's gross domestic product (GDP) growth, said speakers at the event.

However, inadequacies prevail in research allocation, seaweed value chain and market development and assessment of stocks of inorganic marine resources, including minerals, they said.

Bangladesh is equipped to fish within just 60 square kilometres off the coast whereas it has exclusive rights to about 118,813 square kilometres.

Bangladesh's share in global fish production is limited to only 2.6 per cent while its oceanic economic zone is equal to 81 per cent of its mainland, states the BISS.

In his recent budget speech in parliament, Finance Minister AHM Mustafa Kamal announced a "Pilot Project on Tuna and Similar Pelagic Fishing in the Deep Sea".

Prof Dr Abul Kalam Azad of the Jahangirnagar University, BISS Chairman Kazi Imtiaj Hossain, Director General Mohammad Maksudur Rahman, Research Director Dr Mahfuz Kabir and research fellow Moutusi Islam also spoke.

Islami Bank posts lower profits in Q2

STAR BUSINESS REPORT

Islami Bank Bangladesh Ltd posted a lower profit in the April-June quarter of 2022 compared to a year ago.

The consolidated earnings per share were Tk 1.58 in April-June against Tk 1.61 in the same quarter of 2021, according to a filing on the Dhaka Stock Exchange yesterday.

The consolidated EPS, however, slightly improved to Tk 2.10 in the January-June period compared to Tk 2.08 in the first half last year.

Consolidated per share net operating cash flows were Tk 12.29 in the negative in the first half this year against Tk 37.76 in the same period last year.

Consolidated net asset value was Tk 41.73 per share on June 30 of 2022 and Tk 39.97 on June 30 of 2021.

Heidelberg Cement suffers losses in Q2

STAR BUSINESS REPORT

Heidelberg Cement Bangladesh Ltd suffered losses in the April-June period of 2022 owing to the higher cost of raw materials and freight charges and the weakening of the taka against the US dollar.

The earnings per share were Tk 0.66 in the negative in the April-June period against Tk 3.56 in the same period last year, according to the unaudited financial statements of the company.

The EPS was Tk 3.63 in the negative as well in the first half of 2022 versus Tk 11.79 reported in the January-June period of 2021.

The EPS declined mainly for the higher cost of raw materials and shipping charges, the depreciation of the taka and the scheduled plant repairs and maintenance costs, said the multinational company in a filing on the Dhaka Stock Exchange yesterday.

Per share net operating cash flows, also known as NOCFPS, were Tk 5.34 in the negative in the January-June period compared to Tk 5.73 in the identical period last year.

The NOCFPS decreased due to lower sales and lower collection from customers and increased payments to suppliers for the higher raw materials prices, said the company.

The net asset value was Tk 60.37 per share on June 30 this year and Tk 66.60 on December 31 last year. The NAV decreased mainly for the first half net loss, said Heidelberg Cement.

BB forms credit guarantee dept

STAR BUSINESS REPORT

Bangladesh Bank has formed the Credit Guarantee Department to expand its credit guarantee facilities and run their operations smoothly.

The Credit Guarantee Department began its journey on July 4 after the central bank separated the Credit Guarantee Scheme Unit from the SME and Special Programmes Department and gave it a new name, said the BB in a notice yesterday.

Stocks drop for eighth day

FROM PAGE B1

crisis, rising inflation and forex market volatility, it added.

Among the sectors, paper rose 1.9 per cent, cement 1 per cent and telecommunication 0.6 per cent whereas ceramics and life insurance dropped by 1.7 per cent and 1.2 per cent respectively.

Investors' activities were mainly focused on the textile sector, which accounted for 17.5 per cent of the day's turnover, followed by engineering (10.1 per cent) and pharmaceuticals (8.8 per cent).

Turnover, another key indicator of the market, fell to Tk 676 crore, up nearly 2 per cent from that a day ago.

Of the securities traded on the day, 115 advanced, 219 fell and 47 remained unchanged.

Both DSEX, the blue-chip index, and DSES, the Shariah-based index, lost 5 points and 1 point respectively.

S Alam Cold Rolled Steels topped the gainers' list, rising 9.90 per cent. Prime Textile Spinning Mills, Bangladesh Industrial Finance Company, New Line Clothings, and Fareast Finance and Investment also rose significantly.

Asia Pacific General Insurance Company shed the most, 2 per cent. Eastern Lubricants, National Life Insurance Company, Eastern Cables, and Paper Processing & Packaging were also in the list of those suffering the highest losses.

The Sonali Paper and Board Mills became the stock to be traded the most, with shares worth Tk 40 crore changing hands, followed by Robi Axiata, Beximco, KDS Accessories, and the Titas Gas Transmission and Distribution Company.

Chittagong Stock Exchange (CSE) also witnessed erosions yesterday. The Caspi, the all-share price index of the port city bourse, plunged 62 points, or 0.34 per cent, to 17,968.

At the CSE, 75 stocks advanced, 159 fell and 42 remained unchanged.

Forex crisis spills over

FROM PAGE B1

offset the prices hike," Ahmed said. In Bangladesh, inflation raced to a nine-year high of 7.56 per cent in June.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says that the central bank has recently taken a contractionary monetary policy to tackle inflationary pressure.

"It is now financing the government in a massive way, going against its tight monetary policy. But the central bank should not invest in government securities at this moment as it will stoke inflationary pressure."

According to Mansur, the only way to bring stability to the bond market is to withdraw the lending cap on loans.

The central bank has been following a 9 per cent interest rate cap on all loans except credit cards since April 2020. It is now trying to follow the same in the bond market.

Trial run of Patenga terminal hits a snag

FROM PAGE B1

extended to June 2022 in the revised proposal.

Speaking about the delay, Project Director and CPA Executive Engineer Mizanur Rahman said there were many challenges at the initial stage since 50 per cent area of the site was occupied by many structures of various organisations and they needed to be relocated.

Owing to the coronavirus pandemic, the construction remained suspended for several months since foreign workers had left, he said, adding that more than 96 per cent of works have been completed.

The original cost was estimated at Tk 1,868 crore and the terminal was supposed to be built by the CPA's

Mansur also suggested the central bank not inject foreign currencies into the market massively as reserves are squeezing at a faster pace.

"State-run banks, which are now receiving the greenback from the BB to import petroleum and other essential commodities, should manage funds from other banks," he said.

The former official of the International Monetary Fund thinks ensuring a floating exchange rate of the taka against the US dollar will help make the inter-bank forex platform vibrant as many lenders are showing reluctance to sell dollars using the window.

Banks are now imposing much higher rates on importers than what the central bank has asked them to follow, rendering the inter-bank platform almost inoperative.

The exchange rate of the taka stood at Tk 94.45 per USD yesterday, down 11.38 per cent year-on-year.

funds.

In the revised plan, the expenditure was reduced to Tk 1,229 crore as the government decided to execute it under the public-private partnership arrangement where the operator will procure the necessary equipment.

The terminal might be formally inaugurated by September.

Once the PCT becomes fully operational, the Chattogram port will be able to handle an additional five lakh twenty-foot equivalent units of containers annually.

The terminal will also accommodate larger vessels with 10 metres draught. The port currently permits the berthing of vessels with up to 9.5 metres draught.

Dollar gets even pricier

FROM PAGE B1

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the central bank should reduce the injection of dollars into the market to shield the reserves from the pitfalls of a declining trend.

He said the state-run banks, which were now receiving the greenback from the central bank to import petroleum and other essential commodities, should manage the fund from other banks.

Ensuring a floating exchange rate of the taka against the dollar will help turn the platform vibrant as many lenders are showing reluctance to sell dollars using the window, he said.

Banks are now charging a much higher rate in selling dollars to importers than what the central bank had asked them to follow, which is why the inter-bank platform has almost become inoperative.

RAK Ceramics to set up

FROM PAGE B1

"The price of our high-quality products would be 20-30 per cent lower compared to imported ones but there will be no difference in quality," he said, adding that everything would be made using German technology.

Meanwhile, stocks of RAK Ceramics yesterday fell by 1.83 per cent to Tk 43.20 per share at the DSE.

The company's earnings per share dropped to Tk 1.01 in this year's January-June period while it was Tk 1.02 during the same period in 2021.

However, the company informed that its sales rose by 16.35 per cent year-on-year to Tk 380 crore from Tk 326 crore at the same time.

Social media revenue growth likely to slow

REUTERS

Wall Street is bracing for the slowest global revenue growth in the history of the social media sector, as intensifying competition from TikTok and Apple in advertising threaten to compound economic woes in the second quarter.

The dour expectations come after a blowout 2021, when social media ad sales in the United States grew 36 per cent to reach \$58 billion as brands increased marketing budgets to recover from the pandemic and reach customers online.

But social media platforms have since warned investors and employees that the tide is turning as inflation lingers around 40-year highs, an environment where brands spend less on advertising.

Meta Platforms Chief Executive Mark Zuckerberg told employees last month the company was

slashing hiring plans and that "this might be one of the worst downturns that we've seen in recent history."

Snap Inc, which owns Snapchat and is due to report earnings after the close, earlier said it expected to miss its own quarterly revenue forecast due to deteriorating economic conditions.

Global social media ad sales are now expected to grow by 11 per cent, the slowest pace on record, according to media intelligence firm MAGNA, which downgraded the growth forecast from 18 per cent.

Analysts had expected some degree of slowing growth after 2021. However, growing competition from viral short-form video app TikTok and Apple has created a "perfect storm" and "investors are rightfully wary" about digital ad growth this year, wrote Barclays analysts in a research note this month.

Ukraine pushes for debt freeze to dodge default

REUTERS, London

Ukraine has asked its creditors for a two-year payment freeze on its international bonds in a bid to focus its dwindling financial resources on repelling Russia.

Creditors have until Aug. 9 to vote on the proposal. Ukraine has called its plan a liability management exercise, indicating Kyiv's efforts to spare bondholders a writedown on the bonds. Official creditors have already said they would suspend payments owed to them and urged bondholders to accept the country's request for the freeze.

The group, including Canada, France, Germany, Japan, the United

Kingdom and the United States, said they would provide a coordinated suspension of debt servicing from August 1 to the end of 2023 and potentially for an additional year.

At the end of 2020, Ukraine had \$130 billion in external debt outstanding, according to World Bank data.

Ukraine has earmarked nearly \$20 billion in international bonds to be subject to the debt freeze – eleven dollar-denominated securities and two euro-denominated ones maturing 2022 to 2030. Ukraine also has a warrant linked to GDP growth in the mix for an overhaul. This was created during its 2015 debt restructuring as a sweetener to creditors.