



People shop at a clothing store in Hong Kong. Bangladesh should make more Chinese market-oriented investment and produce what the Chinese market needs in order to boost export to the Asian economic giant.

PHOTO: AFP/FILE

Make more goods suitable for China market to boost exports

Analysts also suggest financial and currency cooperation

STAR BUSINESS REPORT

Bangladesh needs more Chinese market-oriented investments to boost its exports to the Asian economic powerhouse, analysts said yesterday.

Bilateral financial and currency cooperation is strongly recommended to help facilitate trade and economic cooperation between the two countries, they said.

The analysts spoke at a business networking programme titled "China-Bangladesh Enterprises Cooperation Forum 2022" held at the Bangabandhu Bangladesh-China Friendship Exhibition Centre (BCCFEC) in Dhaka's Purbachal yesterday.

The event was jointly organised by the Bangladesh Chamber of Commerce & Industry (BCCCI) and the Chinese Enterprises Association in Bangladesh (CEAB).

The China-Bangladesh bilateral relationship is strong, complementary and growing, Chinese Ambassador Li Jiming said at the event.

"Since China and Bangladesh formally established diplomatic ties back in the mid-70s of the last century, the two sides have been sharing broad success for cooperation in different areas, including agriculture, trade, marine affairs, climate change and infrastructure."

The two countries have achieved remarkable progress in these key areas, Jiming said. Under the Belt and Road Initiative, China has signed more than 200 collaboration documents with 149 countries and 32 international organisations, he said.

As of the first half of this year, China's trade in goods with countries involved in the BRI totalled \$11.8 trillion, and its nonfinancial direct investment in these countries exceeded \$140 billion, he said.

It is learnt that Chinese direct investment in Bangladesh has increased by 300 per cent and China has promised to invest \$40 billion more into joint ventures and infrastructure projects through the BRI, he said.

As one of the most reliable and trusted friends, China continuously supports

Bangladesh through various means to promote the infrastructure development, including concessional loans, investment cooperation, project contracting and China aid projects, Jiming said.

"To boost Bangladesh's exports to China, here are some points I would like to share first, we recommend Bangladesh's enterprises and exporters participate in China's International Import Expo (CIIE)."

"Second, Bangladesh needs more Chinese market-oriented investment. Bangladesh needs to produce what the Chinese market needs in order to boost export," the ambassador said.

China's investment in Bangladesh in 2021 amounted to \$1.26 billion and grew almost threefold.

With an accumulated investment of nearly \$3 billion, China remains a prominent source of foreign direct investment for Bangladesh.

The good news is that the Chinese Economic and Industrial Zone, as the first industrial park, will soon be built in Chattogram, which is of landmark significance.

Third, Bangladesh needs to advance studies on the bilateral free trade agreement, he said.

"Last but not the least, bilateral financial and currency cooperation is strongly recommended to help facilitate trade and economic cooperation."

China welcomes Bangladesh to deepen bilateral cooperation under the Belt and Road Initiative and to explore new opportunities under the Global Development Initiative, Jiming said.

BCCCI President Gazi Golum Murtoza said: "I think it would not be out of place to mention here that due to worldwide pandemic followed by the Ukraine War, the exchange rate of US dollar has become out of control as it keeps on rising and rising."

Bangladesh and China account for an average annual basket of trade worth \$15 billion and such dependence on only foreign currency of US dollar leads to a perilous loss both for Bangladesh and China, he said.

BCCCI Acting General Secretary Al Mamun Mridha and CEAB President Ke Changlian also spoke.

INFO LEAKAGE

BB serves show-cause notices on officials

STAR BUSINESS REPORT

The Bangladesh Bank has served show-cause notices on a good number of officials, asking them to explain how could media outlets published reports based on the central bank's findings on several banking scams.

Around 10 officials have faced the notices in the last couple of weeks, sources said.

This is an unprecedented move taken by the ongoing central bank high-ups as such action was never seen previously, said a number of Bangladesh Bank officials seeking anonymity.

The officials, who faced the show-cause notice, do not have any relationship with the reporters in most of the cases, they said.

A deputy governor of the central bank has played a pivotal role in issuing the show-cause notice, creating a panic among the central bankers.

The BB stance has given an indication that it is now trying to conceal release of information on scams that are now occurring in the banking sector, the officials said.

Contacted, Md Serajul Islam, spokesperson of BB, said the central bank usually sends the financial scam related information to the banks, which were involved in the scams, by issuing letters.

Such corruption related information might have been disclosed from the banks, he said.

Besides, no central bank official is allowed to share any information with media outlets, as BB has assigned spokesperson to do so, he said.

The matter of the show-cause notice given to the officials will be resolved after the reception of their response, Islam said.

The banking regulator restricted entrance of journalists to the central bank headquarters soon after Abdur Rouf Talukder had joined BB as its governor on July 12.

The decision, however, was withdrawn later.

India forex reserves fall to two-year low

REUTERS, Mumbai

India's foreign exchange reserves fell for a seventh straight week, dropping to \$545.652 billion in the week to September 16, its lowest level since October 2, 2020, Reserve Bank of India's weekly statistical supplement showed on Friday.

Reserves stood at \$550.871 billion at the end of the previous week.

Though the fall in reserves is partly due to valuation changes, analysts believe a large part of the fall has been on account of the Reserve Bank of India's intervention in the currency market to prevent the rupee from depreciating more sharply against dollar.

BB actions contradict aim

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exporters and remittances from foreign exchange houses, plus Tk 1.

A substantial number of banks on September 22 set the weighted average rate in the range of Tk 102 to Tk 106, according to data prepared by Bangladesh Foreign Exchange Dealers' Association.

Add the Tk 1 and each dollar costs Tk 107 in many cases for importers.

So, the rate difference for exporters and importers is at least Tk 8 in some cases.

In reality, many exporters are also importers, since they have to bring raw materials from abroad to manufacture their goods, which is why they are now facing losses due to the large rate gap.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, Dhaka, said the gap was now Tk 10 per dollar, meaning that the policies, in effect, were discriminatory.

He came up with the remark at a network luncheon for business journalists at the MCCI office in Dhaka yesterday.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the rate difference was not favourable for small businesses.

Furthermore, it is tainting the country's image as multiple exchange rates fixed by authorities is not acceptable anywhere, he said.

The BB initiatives are contradictory to its aim to achieve a floating exchange rate, which is now also being observed by foreigners, he said.

Many foreign lenders are showing reluctance to increase their credit lines to facilitate the country's businesses involved in foreign trade, he said.

Moreover, the central bank now supplies greenbacks quoting a lower rate, which creates a distortion in the market, Mansur said.

The BB now injects greenback quoting Tk 96 for each dollar to help government enterprises clear import bills.

"We should follow a uniform exchange rate through which other rates for import, export and remittance should be fixed," he explained.

Monzur Hossain, a research director of the Bangladesh Institute of Development Studies, said the foreign exchange market could not continue running in its current state.

The role of the BB has been weakening, which is why it is now depending on the banks to fix the exchange rate, he said.

"The multiple exchange rates have created a distortion in the market.

The market will not be able to perform well in the long run in this manner," he said.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, however, said the presence of multiple exchange rates has not created that big of a problem at this moment.

Strengthening foreign exchange reserves is important for restoring stability in the market, he said, adding that a uniform rate should be established keeping up with the times.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the market has faced stress in recent months.

"But the situation is getting better. It will not be possible to have all the problems disappear overnight. The high exchange rates of the dollar are now on the decrease," he said.

The country's foreign exchange reserves have been depleting fast since the April-May period owing to rising import payments emancipated from the global supply chain disruptions.

The reserves stood at \$36.85 billion on September 22 in contrast to \$46.32 billion a year ago. During this time, the exchange rate of the taka against the dollar has decreased 26 per cent to Tk 107.65.

Customers question

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This newspaper was able to confirm that the company also charges the food providers a registration fee and another amount on every order.

"Is foodpanda a charity? Upgrading tech and app platforms is the business foodpanda is in. Like all tech companies, always updating and changing for the better is the business they are in," Yusuf Zubayer, who says to be one of the platform's regular users.

"Why would they charge customers for doing the one thing that brings them their money?" he asked.

This was echoed by SM Najer Hossain, vice-president of the Consumers Association of

Bangladesh.

"The explanation they are giving on the use of the fee...they can easily collect it from their investment. Then, why would they charge the customers? It is not logical," he said.

The fee also goes into "support programmes like training for our vendors, home chefs and riders, amongst others", reads an email response from the communications department of foodpanda Bangladesh.

"Platform fees (sometimes called service fees) ... are typically reinvested into the platform to launch new product features, and drive innovation and operational efficiencies," it added.

From November 2021, foodpanda Singapore also brought about a platform fee of S\$0.29 for all orders.

The same was done by some of its competitors in the country, including GrabFood Singapore.

The company operates in more than 400 cities across 11 markets in Asia - Singapore, Hong Kong, Thailand, Malaysia, Pakistan, Taiwan, Philippines, Bangladesh, Laos, Cambodia and Myanmar. It was acquired by Berlin-based Delivery Hero in late 2016.

Launched in 2013, foodpanda Bangladesh is operational in 64 districts. Its website states that it has contracts with over 2,000 restaurants and employs over 1,000 people.

Registration for Banglalink's 'ennovators' begins

STAR BUSINESS REPORT

Banglalink has kicked off the registration process for the sixth season of ennovators, a digital idea-based competition in the country.

Ennovators is a platform for creative young people of the country looking to showcase their ideas in the field of digital innovation against the challenges of today's world.

Over the course of 12 weeks, ennovators will provide the most

creative and bright minds with the chance to develop their talents and skills through a variety of boot camps, grooming, workshops, and other structured learning environments, Banglalink said in a press release.

After a stringent selection process, five teams consisting of four members each will be announced as winners.

The champion team will get the opportunity to take a fully

sponsored trip to Amsterdam in the Netherlands for a visit to VEON headquarters, the telecom operator said.

Besides, the top three teams will get the opportunity to directly participate in the Assessment Center round of Banglalink's flagship strategic assistant programme.

In addition to that, the participants from both the first and the second runner-up teams will get attractive prizes.

Businesses need over 11 days

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Besides, renewing trade licenses in union parishad areas is tougher compared to the process under city corporation areas, Islam said.

"So, issuing long-term trade licences will ultimately improve the ease of doing business, which is very much needed in this time of economic downturn," he added.

Islam went on to say that if companies are given environmental certification for a five-year period, then authorities could inspect their activities periodically and cancel the licence if any irregularities are found.

Bangladesh has been gradually losing its competitiveness in international trade due to poor logistics infrastructure. However, different studies suggest that if the country improves its logistics infrastructure by 17 per cent, then it will see a 7 per cent jump in trade, which will prove essential after the country loses its preferential trade benefits as an LDC.

Bangladesh is set to graduate from the group of least developed countries (LDCs) in 2026.

Islam welcomed Bangladesh Bank's initiative to allow currency swap with the Chinese yuan and Indian rupee as such steps will

reduce the ongoing pressure on the country's US dollar reserves.

"It is possible to save at least \$4 billion if one-fourth of the trade with India can be conducted with taka and Indian rupees," he said, adding that Bangladesh imported goods worth \$16.4 billion from India last fiscal year.

Islam also said if the current import restrictions continue for long, it may create challenges for business and employment in the future.

For example, a member of the MCCI has already faced a lot of trouble in importing capital machinery due to restrictions in place.

In addition, the difference in exchange rates between importers and exporters is around 10 per cent per US dollar, which is discriminatory, he added citing how importers have to pay banks Tk 110 per dollar while exporters receive Tk 98-33 per dollar.

According to the MCCI president, employment generation could be hampered as well as the domestic economy's stellar performance in recent times could be undone by the ongoing crises.

Every era, some 2.5 million new job seekers enter the local job markets and the same will happen this year too, he said.

However, the robustness of the economy mainly depends on three important factors: a peaceful domestic political environment, geo-political situation as the Russia-Ukraine war is continuing, and climate change, Islam added.

Habibullah N Karim, vice-president of the MCCI, and Adeb Hossain Khan, director, also spoke.

Shares of loss-making firms

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Securities and Exchange Commission, said the regulator is focusing on raising awareness among investors so that they invest based on analysis and research.

"If they are aware, they will not invest in junk stocks or in the companies that do not pay dividends and are closed."

The BSEC has beefed up monitoring to unearth whether there is any manipulative trade, insider trading or any breach of securities rules, said Karim.

"We have strengthened the monitoring with the help of several government agencies."