



Through the formulation of Automobile Industry Development Policy 2021, the government seeks to cut overreliance on imported vehicles, switch to electric modes of transportation and become a regional hub for automobile manufacturing by 2030. PHOTO: STAR

Auto policy utility yet to be realised

JAGARAN CHAKMA

Initiatives expected over the manufacture of automobiles in Bangladesh is yet to become visible in spite of the unveiling of a policy by the government for the first time in 2021 to develop the sector.

Industry insiders said local investors involved in the sector were interested in assembling instead of manufacturing to avoid risks associated with big investments.

Through the formulation of Automobile Industry Development Policy 2021, the government sought to cut overreliance on imported vehicles, switch to electric modes of transportation and become a regional hub for automobile manufacturing by 2030.

The government has the intent to attract both local and foreign investments and standards will be set for locally manufactured vehicles keeping with global benchmarks, it adds.

In alignment with the policy, the National Board of Revenue (NBR) issued three circulars on June 1, 2022.

Those exempted imports of spare

parts and other equipment meant for manufacturing of automobile from value added tax and supplementary duty until June 30, 2030.

However, investors who want to avail this benefit must set up necessary machineries and equipment for the manufacture of vehicles, said the NBR.

It will also be mandatory for manufacturers to register with Bangladesh Investment Development Authority (Bida) and Bangladesh Economic Zones Authority (Beza).

A Bida analysis states that Bangladesh was one of the most promising markets for the expansion of four-wheelers.

The number of automobiles registered annually has more than doubled since what was in 2013, reaching to around 26,000 passenger vehicles and 37,000 commercial ones.

Growing purchasing power of the middle-income population is believed to be spurring passenger vehicle registration.

Bida's analysis said the annual market demand was expected to cross 100,000 vehicles by 2024, which was commercially

viable for investments.

There are at least 10 automobile plants working with completely knocked-down kits in Bangladesh, including Pragoti Industries, PHP Automobiles, Nitol Motors, Pacific Motors, Energypac Motor Vehicle Division, ACI Motors, and Fair Technology.

Besides, local company Bangladesh Auto Industries is setting up a manufacturing unit for electric vehicles at Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

"We already invested over Tk 250 crore, and need more Tk 250 crore to complete the project," Mir Masud Kabir, managing director of Bangladesh Auto Industries, told The Daily Star.

He expects to have the factory established by the first quarter of next year and go into commercial production by mid 2023.

"We will manufacture one model of a hatchback, sedan and sports utility vehicle, two models of a multipurpose vehicle (microbus), three models of a two-wheeler, and two models of a three-wheeler," he said.

According to Kabir, the government should provide further policy support to develop the industry over the next 20 years.

The existing policy was for up to 2030, meaning around eight years from now, which was not enough time to grow a new sector, he said.

Hafizur Rahman Khan, chairman of Runner Group, said, "We have installed a manufacturing plant for three-wheelers on the basis of the policy."

"We will start trial production soon to provide 'made in Bangladesh' three-wheelers," he said, informing that the plant was set up through a joint venture with an Indian automobile giant.

Referring to the policy, he said the government discouraged import of completely built-up units of used vehicles as locally assembled cars would be more affordable.

Abdul Matlub Ahmad, chairman of Nitol Niloy Group who is highly interested in establishing a truck and double cabin pick up plant, thinks the policy would help Bangladesh become an automobile manufacturing nation.

PKSF Day today

STAR BUSINESS REPORT

State-run Palli Karma-Sahayak Foundation (PKSF) is going to celebrate its first PKSF day today with the slogan "Towards Development, with Equity", reaffirming its efforts in alleviating poverty through employment generation since being established in 1990.

The ceremony will be held at Krishibid Institution Bangladesh with Gowher Rizvi, the prime minister's international affairs adviser, and Sharifa Khan, secretary to Economic Relations Division of the finance ministry, scheduled to be present as chief and special guests respectively.

PKSF Chairman Qazi Kholiquzzaman Ahmad will preside over the programme.

Dr Nomita Halder, managing director of the PKSF, made the announcement at a press briefing at National Press Club yesterday.

She said the PKSF was working as a complementary force of the government in reducing the poverty rate to 21.8 per cent in 2018 from 59 per cent in 1991 as per the Bangladesh Bureau of Statistics.

Meanwhile, the extreme poor fell from 43 per cent to 11.9 per cent.

Besides, as many as 23 lakh micro-entrepreneurs are now receiving various financial and technical support from the PKSF.

MasterCard prepaid card launched for RMG wage payment

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and MasterCard today launched co-branded credit cards for the BGMEA members and prepaid cards for more than 4.5 million garment workers.

Mutual Trust Bank will issue the MasterCard World credit cards, the platform of garment makers and exporters said in a statement yesterday.

The pre-paid card for the garment workers will be launched and issued by Southeast Bank Ltd, according to the statement.

The prepaid cards will help disbursement of garment workers' wages, potentially having the capability to ensure financial inclusion of 4.5 million RMG workers, the BGMEA said.

The card will also ensure safe digital distribution and transfer of funds for the convenience of workers, it said.

In addition, the RMG workers of the BGMEA enlisted garments will get the 'SEBL MasterCard Prepaid Card', which is designed to provide more convenient, safer and smarter options for payments rather than cash, according to the statement.

BGMEA President Faruque Hassan, Country Manager of Mastercard Bangladesh Syed Mohammad Kamal, Managing Director and CEO of Mutual Trust Bank Limited Syed Mahbubur Rahman, Managing Director of Southeast Bank Limited M Kamal Hossain signed an agreement in this regard at a programme.

Dollar extends fall after inflation data knock

REUTERS, New York

The dollar fell across the board for a second straight day on Friday, as investors favoured riskier currencies following signs U.S. inflation is cooling that boosted the case for the Federal Reserve to ease off its hefty interest rate hikes.

Friday's dollar weakness was an extension of the move set off after Thursday's data showed U.S. consumer inflation rose 7.7 per cent year-on-year in October, its slowest rate since January and below forecasts for 8 per cent.

Against a basket of currencies, the dollar was down about 3.8 per cent over two sessions, on pace for its largest two-day percentage loss since March 2009.

The U.S. currency's long rally over the last two years had drawn a host of dollar bulls leading to crowded positioning and Thursday's data left a lot of them looking for a quick exit, strategists said.

"It's not just short term trend-followers, momentum players having to get out of positions, but some long-term structural long dollar positions have to be unwound," said Marc Chandler, chief market strategist at Bannockburn Global Forex in New York. The dollar was 1.7 per cent lower against the Japanese yen at 138.55 yen while the euro advanced 1.46 per cent against the U.S. unit to \$1.036.

"The dollar is one of those markets that is extreme in its overvaluation - there is a strong chance we have seen the peak," Jim Cielinski, global head of fixed income at Janus Henderson Investors told the Reuters Global Markets Forum on Friday.

Still, some strategists warned that

dollar bears remain vulnerable to a possible near-term rebound.

"Yes, more people have become convinced the dollar has peaked but the move has been so sharp that I caution people against chasing it," Bannockburn's Chandler said.

The dollar found little support from survey data on Friday that showed U.S. consumer sentiment fell in November, pulled down by persistent worries about inflation and higher borrowing costs. The risk-sensitive Australian and New Zealand dollars advanced 1.4% and 1.6%, respectively, against the greenback.

Investor risk appetite got an additional boost from Chinese health authorities easing some of the country's strict COVID-19 restrictions, including shortening quarantine times for close contacts of cases and inbound travellers.

Sterling, meanwhile, rose 1.22 per cent against the dollar to \$1.1853 after UK data showed the economy did not contract as much as expected in the three months to September, although it is still entering what is likely to be a lengthy recession.

The dollar was 2.4 per cent lower against the Swiss franc at 0.94025 francs after Swiss National Bank Chairman Thomas Jordan said on Friday the bank was prepared to take "all measures necessary" to bring inflation back down to its 0.2 per cent target range.

Cryptocurrencies remained under pressure from ongoing turmoil in the crypto world after exchange FTX's fall. FTX's native token, FTT, was last down 26.7 per cent at \$2,731, taking its month-to-date losses to nearly 90 per cent. Bitcoin fell 4.6 per cent to \$16,747.

UK external deficit a worry: S&P

REUTERS, London

Britain's external deficit is a worry and there are questions over the country's competitiveness long-term, while the new Italian government's medium-term fiscal plan appears "realistic", senior analysts at S&P Global said on Friday.

The ratings agency cut the outlook for Britain's AA credit rating in September to "negative" from "stable."

A September 23 plan for around 45 billion pounds of unfunded tax cuts and a plan to cap energy tariffs for household and businesses sent sterling and bond markets into a tailspin. Markets have since stabilised with focus turning to new finance minister Jeremy Hunt's November 17 plan aimed at bringing down public debt.

S&P's top European sovereign analyst Frank Gill told Reuters that Britain's external deficit was a worry,

as was the country's long-term competitiveness.

"There are long term questions about the competitiveness of the UK economy, ... (on) why the weakness of sterling doesn't seem to have really improved the overall balance of payments position," said Gill.

S&P chief EMEA economist Sylvain Broyer said that while he expected a recession in the UK to last three to four quarters, a resilient labour market was a bright spot.

Data earlier on Friday showed Britain's economy shrank in the three months to September at the start of what is likely to be a lengthy recession.

On Italy, Gill said that the medium-term fiscal programme from the new government looked "realistic", but the final budget for 2023 has not been released yet.

"We're waiting to better understand how they're going to go up and out, maybe better targeting energy subsidies," he said.

384,000 tonnes, it said.

Early this month, the US Department of Agriculture, in its Grain and Feed Update on Bangladesh, forecasted that the country's overall wheat consumption might drop 10 per cent to 69 lakh tonnes in marketing year 2022-23 as high market prices and lower supply of wheat and wheat flour were reducing consumer demand.

The US agency also cut its projection regarding Bangladesh's wheat import by 21 per cent year-on-year to 55 lakh tonnes for the same year.

Bangladesh roughly produces 10 lakh tonnes of wheat and it imports the rest for domestic consumption.

Wheat flour prices

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neighbouring country has become a major source for the grain in recent years.

Wheat imports fell to its lowest in six years in fiscal year 2021-22 amid the lack of availability while many consumers' curtailed consumption after being irked by surging prices for the grain.

Public and private importers brought in 40 lakh tonnes of wheat in the last fiscal, down 25 per cent year-on-year as businesses drastically cut imports, shows food ministry data.

Between July 1 and October 6 of the fiscal year beginning from July 2022, Bangladesh's wheat imports declined 4 per cent year-on-year to

SINGLES DAY BEST-SELLERS Chinese brands outnumber foreign names

REUTERS, Beijing

Chinese consumers clutched their wallets tight in this year's Singles Day and continued seeking relatively economical home brands over pricier expensive labels, as strict COVID-19 curbs and economic uncertainty weighed on the shopping extravaganza.

From the evening of Oct. 31 through Thursday, more than 2,000 items generated sales exceeding 10 million yuan (\$1.4 million) each on Tmall marketplace, more than half of them Chinese brands, according to data from the platform owned by e-commerce conglomerate Alibaba Group Holding Ltd.

Alibaba said Singles Day sales were in line with last year, when gross merchandise value rose 8.5 per cent, the lowest since the company started the shopping event in 2009. For the first time, Alibaba did not announce sales data this year.

"It is true that people are facing such problems. I am also getting complaints from users that they cannot carry forward their data. There is an information gap between customers and the operator," he added.

Sikder then informed that if a customer does purchase a similar package, his unused data will not be carried forward. "So, mobile network operators should take steps to reduce the gap," he said.

Hans Martin Hoegh Henriksen, chief corporate affairs officer at

The shopping festival, which has expanded from a one-day online event into a lengthy spree, is seen as a barometer for consumer sentiment in the world's second-biggest economy.

Best-sellers this year included Chinese home appliance makers such as Haier, Midea and sportswear brand Anta, as well as international names such as Apple, L'Oreal and Nike.

Appliances outpaced other categories, while apparel remained the biggest drag, according to data by research firm YipitData on the pre-event period when shoppers can put down deposits on items.

Despite the rise of new domestic brands in the past few years, foreign brands still enjoy huge reputational advantages in sectors where product quality or safety are top considerations, said Jacob Cooke, CEO of e-commerce consultancy WPIC Marketing + Technologies.

Grameenphone, presented a keynote in the session on Smart Bangladesh.

He said high speed internet is a must for building a smart economy.

"A complete portfolio of a smart village/city will require the integration of several services that can help impact different verticals. As such, a flexible, scalable and open platform-based solution will be at the heart of the overall enablement," he added.

Henrichsen emphasised on developing a wide range of IOT solutions.

The government recently introduced its Smart Bangladesh goal that is based on four pillars: smart economy, smart society, smart government and smart citizen.

Knowledge on tech a must

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speed, quality of services, unlimited data package and carry forward," Sikder said.

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