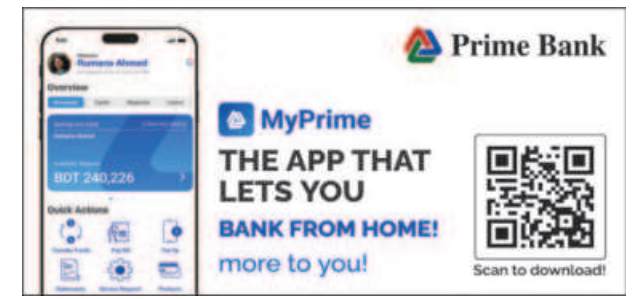


Star BUSINESS



Biz summit attracting investments: Jashim

SUKANTA HALDER

The Bangladesh Business Summit could help attract a good amount of investment from abroad as the capabilities of local businesses are being highlighted at the three-day event, according to Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Around 200 foreign investors, business leaders and government officials from various countries are participating in the summit, which began at the Bangabandhu International Conference Centre in Dhaka yesterday. The event is being held as a part of the FBCCI's 50th founding anniversary celebrations.

Saudi Arabia could provide investments of up to \$7 billion as four agreements were signed in this regard on the opening day of the summit, Uddin told The Daily Star.

"But it is not like if you hold a summit today, then investment will come tomorrow. It is a long-term process as investors will consider many things before investing," he said.

Earlier in the day, the FBCCI chief had invited global business leaders to join Bangladesh's mega initiatives and take advantage of South Asia's fastest growing economy.

Citing how the country will become a regional manufacturing hub thanks to its preferable demographic dividend and connectivity with various supply chains,



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Foreign Minister AK Abdul Momen, centre, speaks at a session titled "CNN Insights: The Global View On Bangladesh" on the opening day of a three-day Bangladesh Business Summit 2023 at Bangabandhu International Conference Center yesterday. On the right is Commerce Minister Tipu Munshi and on the left Richard Quest, CNN's international business correspondent. PHOTO: PALASH KHAN

Bangladesh not heading towards Chinese debt trap

Foreign Minister Momen says at Bangladesh Business Summit

STAR BUSINESS REPORT

Bangladesh yesterday strongly ruled out the possibility of falling into any Chinese debt-trap as the return on its investments is much higher than the cost of the funds, said Foreign Minister AK Abdul Momen yesterday.

He said there is a wrong perception among many people that Bangladesh would slip into a Chinese debt-trap.

"No way... no way," Momen said.

He made the comments in replying to questions from Richard Quest, CNN's Business editor-at-large, at the Bangladesh Business Summit.

The three-day summit, organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), kicked off at the Bangabandhu



International Conference Centre in Dhaka to showcase the country's progress and potential to both global and local investors.

The debt-trap question has surfaced as Bangladesh has borrowed heavily from many countries, including China in recent years to pull off its growth targets. The bankruptcy of Sri Lanka, whose largest lenders include China, in 2022

has cemented the worries.

But Momen said Bangladesh has received many loans from international agencies with Japan being the largest bilateral lender.

"We are taking loans from all sources on a very prudent basis and in a calculative way."

Of the \$72.3 billion foreign loan, the World Bank accounts for \$18.2 billion, followed by the Asian Development Bank (\$13.3 billion), Japan (\$9.2 billion), Russia (\$5.1 billion), China (\$4.8 billion) and India (\$1.02 billion).

Whatever investments have been made with the debts, the return on the investments is higher than the cost of the funds, Momen said.

Bangladesh has a low risk of external

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Govt borrowing from BB may fuel inflation

AKM ZAMIR UDDIN

The government has continued borrowing from Bangladesh Bank as commercial banks have been unable to come up with much-needed funds owing to a liquidity crunch.

If the government consistently borrows from the central bank, it may fuel inflation, which has remained at an elevated level over the past year.

Between July 1 and March 2 this fiscal year, the government borrowed Tk 50,043 crore from the central bank, according to the BB data. It borrowed Tk 31,403 crore in the entire fiscal year of 2021-22.

Borrowing from the central bank usually stokes inflationary pressure as it plays a vital role in creating money circulation, said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

The policymakers are now arguing that if the government borrows from commercial banks, the credit growth in the private sector will face trouble, which eventually shrinks the GDP growth, he said.

"So, the government should set its focus on whether it wants to fight inflation or give a boost to the growth," he said.

Given the ongoing stress in the macroeconomic arena, it is difficult for the government to fulfill both of the targets - containing inflation and promoting investment -- in tandem, Hussain said.

The Consumer Price Index (CPI) rose 8.57 per cent last month, a decrease of 14 basis points from 8.71 per cent in December, according to data from the Bangladesh Bureau of Statistics (BBS).

January's inflation figure was the lowest since August when consumer prices surged to a 10-year high of 9.52 per cent.

The country is now facing a dollar shortage, creating a tough situation over clearing import bills, he said.

"If you (policymakers) try to address the ongoing dollar shortage, the government should shy away from borrowing from the central bank," he said.

Bangladesh's foreign currency reserves slipped to a six-year low of \$31.15 billion after the central bank cleared import bills to the tune of \$1.05 billion with the Asian Clearing Union (ACU) on March 6.

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