StanChart, JBCCI, JCIAD, and JETRO to help accelerate Japan-Bangladesh partnership

STAR BUSINESS DESK

All should work towards accelerating Japan-Bangladesh strategic partnership so that it will deepen economic cooperation, leverage the decades-long friendship and fuel growth between the two nations, according to speakers at a discussion.

The event, titled "Our Shared Aspiration: Accelerating the Japan-Bangladesh Strategic Partnership", was jointly organised by Standard Chartered, the Japan-Bangladesh Chamber of Commerce & Industry (JBCCI), Japanese Commerce and Industry Association in Dhaka (JCIAD, Shoo-Koo-Kai), and the Japan External Trade Organization (JETRO) in Dhaka recently.

The event placed emphasis on driving collaboration across the board to facilitate the development and progress of infrastructure, trade, investment flows and sustainable finance.

"Japan and Bangladesh's partnership involves a huge element of trust and confidence that has been built over time through our people-to-people connections as well as a journey of economic prosperity that both the countries have taken together," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

"Japanese companies will keep aiding Bangladesh with investments in infrastructure and renewable energy going forward to catalyse the growth of Bangladesh's economy and business relationship between the two countries," said Yusuke Asai, chief executive officer of Standard Chartered Japan.

Lira hits record low

REUTERS, *Istanbul*

The Turkish lira hit a record low beyond 20 against the dollar on Friday, ahead of this weekend's presidential election runoff that will decide whether President Tayyip Erdogan extends his rule into a third decade.

The lira touched 20.06 against the greenback at 1246 GMT before firming slightly. It ended the session at 19.978, a record closing low, and has weakened 6.3 per cent so far this year.

Turkish assets have been under pressure since the first round of the presidential election on May 14, which showed Erdogan was poised to win in Sunday's runoff.

Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, Yusuke Asai, chief executive officer of Standard Chartered Japan, Myung-Ho Lee, president of the Japan-Bangladesh Chamber of Commerce & Industry (JBCCI), Iwama Kiminori, ambassador extraordinary and plenipotentiary of Japan to Bangladesh, Yuji Ando, country representative of Japan External Trade Organization (JETRO) Bangladesh, and M Masrur Reaz, chairman and founder of Policy Exchange Bangladesh, pose for photographs at a discussion titled "Our Shared Aspiration: Accelerating the Japan-Bangladesh Strategic Partnership" organised jointly by Standard Chartered, the JBCCI, the JCIAD, and the JETRO in Dhaka recently. PHOTO: STANDARD CHARTERED BANGLADESH

Abdul Hai Sarker, chairman of Dhaka Bank, inaugurates a Business Review Meeting-2023 of the bank at Radisson Blu Dhaka Water Garden in the capital on Saturday. Emranul Huq, managing director of the bank, presided over the meeting, where ATM Hayatuzzaman Khan, founder vice-chairman, Aman Ullah Sarker, vice chairman, Mohammed Hanif, Abdullah Al Ahsan, Mirza Yasser Abbas and Rakhi Das Gupta, directors, Khandaker Mohammad Shahjahan, former director, and Ahbab Ahmed, independent director, were present. PHOTO: DHAKA BANK

Mohammed Mosharaf Hossain, managing director of the Islamic Finance and Investment Limited (IFIL), pose for photographs with certificate winning probationary officers at the closing ceremony of a foundation training course at its head office in Tejgaon, Dhaka recently. SQ Bazlur Rashid, deputy managing director, senior officials and executives of the non-bank financial institution were present. PHOTO: IFIL

SMAC IT launches software 'ProFund' to manage provident fund

STAR BUSINESS DESK

SMAC IT Limited (SIL), a software development company, yesterday launched a provident fund management software "ProFund" as its latest product innovation in the finance management sector.

The product launch ceremony took place at a hotel in Dhaka in presence of industry leaders and top finance professionals, said a press release.

The software, developed and marketed by SIL, represents a significant leap forward in streamlining and enhancing the management of provident funds for organisations of all sizes.

This cutting-edge software solution incorporates advanced technology and industry best practices to offer a comprehensive suite of features and benefits that will revolutionise how companies handle their employee provident funds.

Snehasish Barua, director of SIL, expressed his enthusiasm for the new software.

"We are thrilled to introduce our Provident Fund Management Software – ProFund, which we believe will redefine the way businesses manage their employee benefits," he said.

"Our software combines robust functionality with user-friendly interfaces to provide organisations with a powerful tool that enhances efficiency, accuracy, compliance and transparency in provident fund management," Barua added.

Bangladesh Group of IABSE organises a seminar

STAR BUSINESS DESK

Bangladesh Group of the International Association for Bridge and Structural Engineering (IABSE) organised a seminar highlighting the different challenges of implementing mega infrastructure projects during the pandemic situation.

The seminar on "Bridges and Structures for Seamless Connectivity: A Fusion after the Pandemic" was held at InterContinental Dhaka on Saturday, said a press release.

Six technical papers on mega infrastructure projects of Bangladesh currently under implementation were presented by the project directors and experts at the seminar.

They presented papers on the Padma Multipurpose Bridge Project, Padma Rail Link Project, Cross Border Road Network Project, Dhaka-Sylhet Corridor Development Project, Chattogram Elevated Expressway Project and Metrorail Project.

Chairman AFM Saiful Amin, professor of the Bangladesh University of Engineering and Technology, General Secretary Abdur Rahman, professor of Chittagong University of Engineering and Technology, and Organising Secretary Mohammad Najmol Haque, superintendent engineer of the Roads and Highways Department, were present.

Washington, Tokyo vow closer chip cooperation

REUTERS, *Tokyo*

The United States and Japan will deepen cooperation in the research and development of advanced chips and other technologies, they said on Friday, the latest sign of the two allies strengthening ties in semiconductors.

The move, which also includes collaboration on quantum computing and discussions on artificial intelligence, comes as both Washington and Tokyo reduce exposure to China and work together to expand chip manufacturing and secure advanced components essential for economic growth.

The United States, Japan and other members of the Group of Seven (G7) advanced nations last week agreed to "de-risk" but not decouple from China, underscoring the deep concern among advanced democracies about China's rising technological might and its lockhold on technology supply chains.

In a joint statement, the two countries agreed to increase cooperation between their research and development hubs, as they map out future technology collaboration.

The statement came after Japan's Minister of Economy, Trade and Industry Yasutoshi Nishimura met in Detroit with US Secretary of Commerce Gina Raimondo.

The two countries agreed to work together "to identify and resolve geographic concentrations of production undermining semiconductor supply chain resilience". They also committed to strengthening supply chains by collaborating with emerging and developing countries.

Mobile makers in battle for survival

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"Grey market operators do not need to open an LC and they are not affected by the dollar shortage as they can conduct transactions through hundi," said Haque.

Furthermore, a 5 per cent VAT imposed at the sales stage since the beginning of the current fiscal year has exacerbated the crisis, he said.

"There is a minimum of three sales stages in Bangladesh—factory to distributor, distributor to retailer, and retailer to customers. So, the 5 per cent VAT on sales ultimately stands at over 15 per cent," he said.

In Bangladesh, local handset production has made impressive strides in recent years, aided by the government's huge tax benefits unveiled in fiscal year 2017-18.

Since then, 15 plants have been set up, creating jobs for around 15,000 people.

But the problems started to pop up since the second quarter of last year as sales started to fall drastically, said Haque.

Prior to the current fiscal year that began on July 1, 2022, there was about a 58 per cent tax on smartphone imports, whereas the tax on locally assembled and manufactured handsets was about 15 per cent to 20 per cent.

But now it stands at about 30 per cent to 35 per cent because of the VAT on sales stages, he added.

"This is particularly responsible for the expansion of the grey market. As the grey market does not have to pay taxes, they are now more inspired. Ultimately, the government is losing a huge amount of revenue," he said.

The industry is now just five years old and the pandemic laid waste to two years, he said.

"An industry cannot be self-reliant in just three years. We need at least 10 years to become a mature one," he said.

He said VAT and customs duty could be increased from next fiscal year, as per information available to him.

"How will you survive if the VAT and duties are increased?" said Haque, also CEO of ISMARTU Technology BD, which manufactures TECNO, itel, and Infinix-branded mobile phones.

He said the local industry would be able to meet 100 per cent of the local demand in 5 years and the government should continue to provide the incentives for another five years so that the local plants can make exports.

As the 15 companies have invested heavily, their survival and employment generation are threatened by the downturns, he said.

"We are not seeing any future. At present, we are struggling, and if we can not see the future, how can you make more investment?" questioned Haque.

He urged the government to have a long-term progressive manufacturing policy in place for the industry, with specific time-bound targets such as the establishment of backward linkage industry, value addition, etc.

If the government thinks that it will not be able to decrease the tax, it must take steps to eliminate the grey market by introducing National Equipment Identity Register (NEIR), he said.

All global handset brands, except iPhone, have set up manufacturing plants in Bangladesh, affirming Bangladesh's potential to become a global manufacturing hub, he said.

Many brands are shifting their manufacturing plants from China, which dominates the global mobile manufacturing industry with a 67 per cent share, due to factors including a rising cost of labour, he said.

"It creates a huge opportunity for us as we have the capability of manufacturing global-standard devices, but we do not have any handset export policy through which we could have availed some rebates," said Haque.

"However, under the current rules, the value addition target is set at 30 per cent, which is impossible for us as of now," he added.

"Even India could not increase value addition by such an extent in the last 15 years to 20 years. So, we need more time," he said.

"What we have now is cheap labour. We can utilise it to attract factories from China. Later, we can increase value addition step by step," he added.

Junk stocks infect market

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Whenever the market starts to rise, a vested group starts spreading rumours to manipulate the low performing stocks, he said.

So, general investors should be cautious about investing in these companies, he added.

Turnover, an important indicator of the market, rose 13 per cent to Tk 1,174 crore from Tk 1,036 crore the previous day. Of the traded securities, 102 advanced, 77 declined and 182 did not show any price movement.

Opportunistic investors increased their participation amid growing confidence ahead of the National Budget declaration, International Leasing Securities said in its daily market review.

Paramount Insurance increased the most by advancing 9.98 per cent followed by Meghna Pet Industries with 9.97 per cent, Trust Islami Life Insurance 9.96 per cent, Legacy Footwear 9.95 per cent and Green Delta Insurance 9.91 per cent.

Jute Spinners topped the list of losers by shedding more than 8.47 per cent. Shurwid Industries, Yeakin Polymer, Bangladesh Monospool Paper Manufacturing and Tamijuddin Textile Mills suffered substantial losses as well.

Anwar Galvanizing was the most traded stock on the day with shares worth Tk 72 crore transacted.

Stocks of Navana Pharmaceuticals, Intraco Refueling Station, Lafarge-Holcim Bangladesh and Sea Pearl Cox's Bazar Beach Resort & Spa also traded significantly.

Stocks listed with the Chittagong Stock Exchange also rose yesterday. The Caspi, the all-share price index of the port city bourse, edged up 47 points, or 0.25 per cent to close at 18,685 points.

Of the issues traded, 84 rose, 57 retreated and 106 did not see any price movement. However, turnover edged down to Tk 19.28 crore from Tk 19.40 crore the previous day.

Stock of unsold yarn piles up

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suffering for mainly three reasons, said Khorshed Alam, chairman of Little Group, one of the major yarn producers serving the local market.

The first is a fall in production in major weaving areas like Sirajganj because of frequent power cuts and the second is smuggling of garments from India through the use of passenger luggage, he said.

The last reason is a 30 per cent fall in demand for clothing items from consumers because of a price hike of basic commodities in local markets, he said.

Also chairman of a BTMA standing committee on the Development of Spinning, Weaving, Dyeing and Printing Mills, Alam himself has witnessed his cotton stocks rise to 21 lakh pounds over the past three months for the fall in demand.

He has another 10 lakh pounds of unsold yarn worth over $2.60 million although he is running his mills at 50 per cent capacity due to a shortage of gas.

A good number of people frequently bring three pieces, saris and shawls inside their luggage on trains without paying any duty. As a result, the consumption of yarn fell in the local markets, he said.

This is really profitable, he said, citing for instance that one person can bring along clothes worth Tk 2.6 lakh from Kolkata and sell those for Tk 4.5 lakh in Bangladesh.

"So, I am in trouble from two sides, with cotton lying idle alongside yarn spun in the mill. My investment is in trouble now," Khorshed said.

Since work orders from international clothing retailers and brands have dropped, the overall use of yarn also went down, said Mohammad Hatem, executive president of the BKMEA.

Even at the end of 2021, the price difference between local and imported yarn was anywhere between 30 cents and 50 cents per kg but now it was around 10 cents, he said.

Last year 14 lakh tonnes of yarn were imported and this year already 30 lakh tonnes have been brought in, said BTMA President Mohammad Ali Khokon.

So, the BTMA has suggested the woven and knitwear manufacturers and exporters to purchase more locally spun yarn for a win-win outcome, he said.

The primary textile sector has suffered losses worth $4 billion because of the price gap between the purchase price of cotton and falling price of yarn in the local markets over the last 15 months, Khokon said.

He said the yarn and garment (three pieces) were coming from India, China and Pakistan.

On one hand the sale of yarn has dropped, said Monsoor Ahmed, chief executive officer of the BTMA.

On the other, local millers cannot import cotton because of a dollar shortage and for loans from Export Development Fund (EDF) being limited to $20 million for each mill, he said.

Moreover, the local spinners cannot adjust the EDF loan within the stipulated 180 days as they cannot sell the yarn. As a result, many are facing problems in paying the EDF loan instalments, he added.

The spinners cannot use their full capacity not only for a gas shortage but also for high gas tariff, he added.