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STAR BUSINESS REPORT

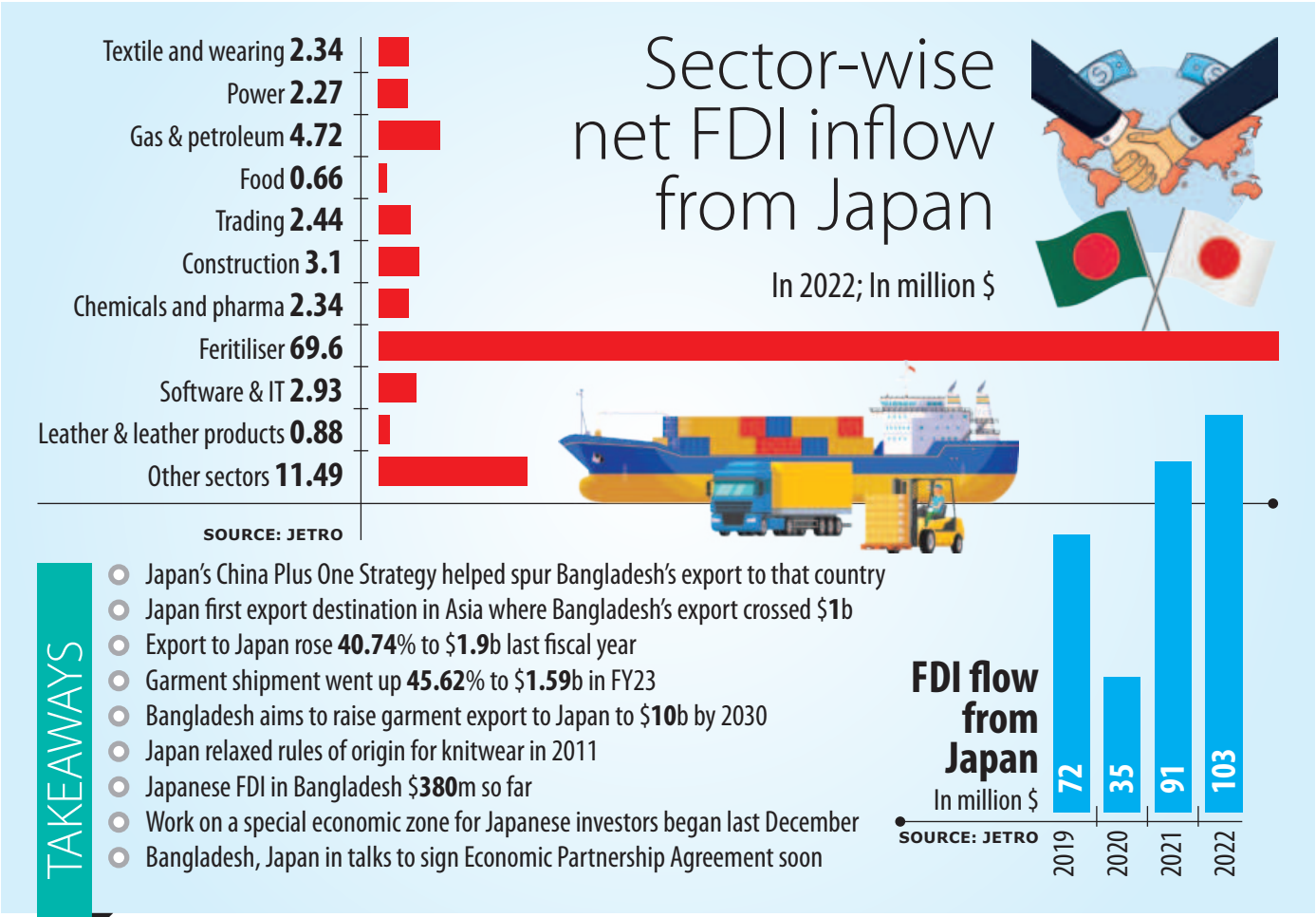
Another 21 factories being set up in Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsharai upazila of Chattogram are set to go into commercial production from September.

Up until now, four companies have gone into production at the industrial enclave, which was inaugurated by Prime Minister on November 20, 2022.

So far domestic and foreign investment proposals of around \$19 billion centring the BSMSN have been approved.

On Friday, Shaikh Yusuf Harun, executive chairman of Bangladesh Economic Zones Authority (Beza), inaugurated the construction of

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Bangladesh to  
benefit from 'China  
Plus One' policy

Says Jetro president

JAGARAN CHAKMA and REFAYET ULLAH MIRDHA

Kazushige Nobutani, president of the Japan External Trade Organisation (Jetro), is scheduled to come to Bangladesh today along with Yasutoshi Nishimura, minister for economy, trade and industry of Japan. Their visit is aimed at discussing the Economic Partnership Agreement (EPA) the two countries plan to ink in order to promote trade and investments. In an email interview with The Daily Star, Nobutani spoke about investment opportunities in Bangladesh for Japanese firms and challenges the face, among other issues.

**DS:** A lot of Japanese companies located in China also want to relocate to other countries, including Bangladesh. Do you think that Bangladesh has the opportunity to attract some of them?

**Nobutani:** Japanese companies are trying to diversify the supply chain not only from China but to other regions, especially the Association of South East Asian Nations. I believe Bangladesh is one of them.

**DS:** How do you see the business potential for Japanese investors in Bangladesh?

**Nobutani:** There are a lot of business opportunities for Japanese companies in Bangladesh.

First, we see a lot of export-oriented industries utilising abundant human resources in Bangladesh.

Since the 1980s, some Japanese companies, especially those based in the Chittagong Export Processing Zone, set up export-oriented industries and they are still doing very good business in Bangladesh.

Second, based on Jica's support, mega infrastructure development projects are going on in Bangladesh. Since Bangladesh is one of the fast-growing economies in the world, Japanese companies are showing great interest in developing infrastructures in the country.

Third, there is a huge domestic market in Bangladesh. Jetro Dhaka is getting a lot of queries from Japanese companies to market their products in Bangladesh. We see more opportunities in domestic market-oriented businesses. Lastly, the ICT and startup sectors are more focused areas in Bangladesh for Japanese companies.

**DS:** Do you think Bangladesh could create an investment-friendly environment?

**Nobutani:** I appreciate Bangladesh's government for working very hard to improve the business environment.

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WEEKLY  
INTERVIEW



Md Fazlul Hoque

'Coordinated  
efforts needed  
to diversify  
export market'

AHSAN HABIB

To diversify export destinations, Bangladesh needs to take up a comprehensive plan and coordinate efforts focusing on every country that bears potential, said Md Fazlul Hoque, former president of the Bangladesh Knitwear Manufacturers and Exporters Association.

The country needs to continue with the endeavours until all barriers are removed, he said during an interview with The Daily Star.

The private sector also needs to have the relevant mindset for facing challenges of a new market and go on to explore beyond their comfort zones, and here big exporters can play a major role, he said.

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Japan: a growing source  
of trade, investment

Top minister arrives in Dhaka today to discuss partnership deal

REFAYET ULLAH MIRDHA and JAGARAN CHAKMA

It all started in early 2008 when the Japanese government announced the "China Plus One Strategy" to cut its over-reliance on the manufacturing behemoth by setting up business operations in other countries.

The move came as the cost of production in China has climbed and there has been a dearth of skilled workforce in a country known as "the world's factory", which sent the profit margin for Japanese investors in China lower.

The China Plus One Strategy worked so well that the shipment of merchandise from Bangladesh, especially garments, has continued to grow at a faster rate.

Apparels, the country's main export item, posted more than 175 per cent shipment growth between 2008 and 2010, data from the Export Promotion Bureau (EPB) showed.

In 2008, Japan's retail giant Fast Retailing opened an office in Dhaka to source clothing items for its consumers.

Among the Asian nations, Japan was the first export destination for Bangladesh where earnings crossed the \$1-billion mark in 2015-16. The

shipment stood at \$1.32 billion in the year.

The higher export growth to the Japanese market, where consumers have long tended to prefer quality consumption, is a testament to the improving standards of goods made in Bangladesh.

The Japanese markets did not disappoint even during the peak of the Covid-19 pandemic in 2019-20 when

Bangladesh shipped goods worth \$1.20 billion despite serious disruptions to the global supply chain.

Local exporters registered a 40.74 per cent year-on-year growth to \$1.90 billion in 2022-23. It was \$1.35 billion in 2021-22.

Garment shipment grew even higher: earnings surged 45.62 per cent to \$1.59 billion from \$1.09 billion in FY22. Manufacturers have

targeted to generate \$10 billion in garment export earnings from Japan by 2030.

Apparel shipment to Japan received a major boost when Tokyo relaxed the Rules of Origin and started allowing zero-duty benefits to the import of knitwear items from the least-developed countries (LDCs) in 2011.

This was a major respite for local suppliers as Japan had

maintained a 17 per cent duty on knitwear items for many years to protect its domestic industry. Woven items have been enjoying duty preference for a long time.

Another important milestone for the bilateral ties came when former Japanese Prime Minister Shinzo Abe, during his visit to Dhaka in 2014, unveiled the Bay of Bengal Industrial Growth Belt initiative for Bangladesh.

A MAJOR SOURCE OF INVESTMENT

Over the years, Japan has also emerged as a major investment source for Bangladesh.

The inflow accelerated between 2019 and 2022 when foreign direct investment (FDI) from Japan grew 7.61 per cent annually to take the total FDI in the country to \$380 million.

The FDI came mainly in the garment, engineering, construction, healthcare, and motorcycle sectors.

The amount, however, is just 0.1 per cent of what Japanese companies have invested in Asia, according to data from the Japan External Trade Organisation (Jetro).

Currently, around 350 Japanese companies are doing business in Bangladesh, up from 245 in 2015.

The investment is expected to rise after the government established a dedicated Japanese Economic Zone at Araihaazar in Narayanganj.

The zone, owned jointly by the Bangladesh Economic Zones Authority (Beza), the Japan International Cooperation Agency, and Sumitomo Corporation, opened in December last year.

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COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,961.85 (per ounce)	\$76.80 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 1.31% 66,684.26	▼ 0.57% 32,304.25	▲ 0.12% 3,278.30	▼ 0.05% 3,167.74	

GRAIN DEAL STALEMATE

Wheat importers exploring  
alternative sources

SUKANTA HALDER

Wheat importers of Bangladesh are exploring alternative sources to ensure uninterrupted domestic supplies after Russia pulled out of a UN-brokered Black Sea grain deal that assured safe transport of Ukrainian wheat.

Importers say they are currently monitoring the situation, talking to suppliers of alternative sources and will decide on placing orders after a week.

"We have already started looking for alternative sources," Md Aminul Islam, managing director of Nabil Group, one of the traders importing some of the largest quantities.

"We are talking with suppliers of Bulgaria, Romania, Argentina and Brazil to ensure supplies," he said, adding that his firm would decide on placing orders after a week.

Islam said most private importers have bought wheat from Russia and shipments from the country had stalled following an attack on the Crimean bridge.

"We are waiting. We imported from Bulgaria and Romania several months ago. However, prices of the grain in Romania are high. Prices of Russian wheat are the lowest now," he said.

"I hope the stalemate over the continuation of Black Sea grain deal will be resolved in a week," added Islam.

Last week, Russia halted the Black Sea grain deal that allowed Ukraine to export its grains safely through the sea. It complained that promises to free up its own shipments of food and fertilisers had not been kept, reports Reuters.

Importers called the development a matter of concern for Bangladesh as Russia and Ukraine meet 40 per cent of the country's demand for wheat.

Islam said Bangladesh has enough stocks to meet the requirement for a month. So, there should not be any impact on local market prices, he added. But if the stalemate continues, food prices will be affected globally, he said.

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PHOTO: SOURAV HOSSAIN ISLAM

Workers load sacks containing wheat onto a truck in Narayanganj's Nitaiganj, one of the largest flour markets in Bangladesh. Owing to inadequate local production, Bangladesh relies on imports to meet the majority of its demand for the grain. The photo was taken recently.