

## India's forex reserves rise to near 15-month high

REUTERS, Mumbai

India's foreign exchange reserves rose for a third straight week to total \$609.02 billion as of July 14, the highest in nearly 15 months, data from the central bank showed on Friday.

They rose by \$12.74 billion from the week earlier – the biggest gain in four months – having risen by a total of \$3.08 billion in the prior two weeks.

“A major portion of the week-on-week jump in forex reserves is driven by revaluation gains due to dollar weakness and reduction in US Treasury yields,” said Gaura Sen Gupta, India economist at IDFC FIRST Bank.

The changes in foreign currency assets, expressed in dollar terms, include the effects of appreciation or depreciation of other currencies held in the Reserve Bank of India's (RBI) reserves.



People repair a boat at Char Shonpocha, a floodplain sediment island on the Jamuna river falling under Bogura's Shariakandi upazila, some 210 kilometres north of the capital. The remoteness of the location means that keeping boats in working conditions is a necessity for mobility, especially due to the ongoing rise in the water levels for it being the monsoon. The photo was taken recently.

PHOTO: MOSTAFA SHABUI

# Bangladeshis use internet mostly for calls, social networking, news

As per Bangladesh Bureau of Statistics

MAHMUDUL HASAN and MD ASADUZZAMAN

Calls, social networking and news consumption dominate internet usage in Bangladesh amidst a scarcity of local and Bangla content.

About 61.5 per cent of the users opted for internet calls in 2023, down from about 85 per cent a year earlier, according to the latest survey conducted by the Bangladesh Bureau of Statistics (BBS).

About 60 per cent of the users participated in social networks, down from 83.3 per cent a year earlier.

A significant portion of the users – over 51 per cent – read or downloaded online news in 2023. In 2022, 58.7 per cent used the internet for the consumption of news.

The BBS published the report titled “Survey on Access and Use of ICT at the Household and Individual Level” on its website on Thursday.

The internet connection tools taken into consideration were wired broadband connections and wireless mobile network connections.

“People still use the internet for rudimentary tasks due to lack of localised and Bangla content,” Syed Almas Kabir, former president of the Bangladesh Association of Software and Information Services (BASIS), told The Daily Star.

“Internet usages for performing official tasks, purchase and e-governance services are still very low,” he added.

Only 3.2 per cent used the internet to receive a formal online course.

As much as 0.7 per cent used the internet for communication with government agencies, 3.6 per cent posted opinions on civic and political matters on websites or social media and 3.6 per cent used the internet for professional networking.

Some 6.2 per cent used the internet to find information about products and services, 11.5 per cent for travel-related

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**Syed Almas Kabir**  
A former president of BASIS

accommodation services, 17.4 per cent for downloading software or applications and 43.4 per cent for sending or receiving emails.

Around 0.5 per cent used the internet to look for a job or send job applications. “There is not enough good content for education in local languages. Also, jobs are not aplenty,” AKM Fahim Mashroor, chief executive officer of bdjobs.com

Besides, the internet is predominantly

used for entertainment, he added.

Meanwhile, the number of internet connections in Bangladeshi households has increased by 5.5 per cent in 2023 compared to that in the previous year.

Currently, 43.6 per cent of households have internet facilities, specifically 63 per cent in urban areas and 37 per cent in rural areas.

Moreover, the proportion of individuals using the internet has increased to 44.5 per cent from 37.3 per cent.

Individuals' tendency to use the internet “at least once a day” has risen to 71.7 per cent from 68.2 per cent.

But in case of “at least once a week but not every day”, it is a decrease from 24.9 per cent to 21.6 per cent.

Besides, 8.9 per cent of households in Bangladesh have a computer, specifically 3.3 per cent of rural households and 26 per cent of urban households.

The survey found 68.6 per cent of urban residents using the internet while in case of rural areas it was 36.4 per cent.

## Bangladesh to benefit from ‘China Plus One’ policy

FROM PAGE B1

Our focused activity is to work with the government to create a more business-friendly environment in Bangladesh. We normally get a variety of opinions from Japanese investors regarding the business environment in Bangladesh and raise these issues with related ministries and agencies. Bangladesh is sincerely working to address the issues.

We believe that the success of existing Japanese companies will bring more FDI from Japan. That's why we are working very hard to support the existing Japanese companies.

**DS:** What initiatives should Bangladesh take to attract Japanese investments?

**Nobutani:** Japanese companies always compare business environment and incentives when they decide on investment. To attract Japanese investments, Bangladesh should have better business environment and incentives than other countries.

Japanese companies have long experience in Asian countries, and we are ready to support Bangladesh to have a better business environment based on our experiences.

**DS:** What types of opportunities are available in Bangladesh for investments?

**Nobutani:** Japan is facing an ageing society and the population is going down. It's high time for Japan to work together with Bangladesh to get the source of economic growth for both countries.

Bangladesh is a time-tested friend of Japan and we believe that we can work together for win-win relations in business.

**DS:** How can Jetro help Bangladesh attract Japanese investments?

**Nobutani:** Jetro works together with Bangladesh to provide investment opportunities for Japanese companies. We don't have

any shortcuts to promote Japanese investment. I believe the shortest way is to address the issue one by one to facilitate more business from Japan.

**DS:** What will the potential sectors for Japanese investors in Bangladesh in the coming days?

**Nobutani:** Startup is a potential sector for investments for Japanese investors. Startups are growing industries in Bangladesh, and we believe Japanese companies can collaborate with them to deliver services.

Energy is a sector that is vital for realising a carbon-neutral Bangladesh. So, it is important for Bangladesh to introduce environmental-friendly energy.

**DS:** Do you think Japanese investors face any obstacles to investment in Bangladesh?

**Nobutani:** There are a number of obstacles to investment in Bangladesh. We see bureaucratic challenges in custom procedures and tax administrations.

We want more transparency and predictability in administrative procedures. I believe that digitalisation and one-stop service would be good methods for having a better environment.

Amid the Ukraine war, the world is facing difficulties owing to the price hike of energy and essentials. Bangladesh is not an exception.

As Bangladesh needs to import raw materials, foreign exchange regulations are crucial for Japanese companies to operate businesses. Once the difficulties are over, I'd like to expect Bangladesh's government to take initiatives for better regulations in the foreign exchange policy.

Japanese companies would like to contribute to industrial diversification in Bangladesh. However, industrial diversification takes long time for getting investment

and technical transfer from outside.

In order to do that, long time and consistency in the policies are crucial. We would like to emphasise that Bangladesh learns from Japanese companies to develop industries.

**DS:** How can Bangladesh increase exports to Japan?

**Nobutani:** Bangladesh should increase the portfolio of export goods, especially value-added goods in the RMG sector. Japan and Bangladesh governments have set up the joint study group for bilateral EPA in December.

EPA is more comprehensive than free trade agreement (FTA). According to our survey, 85 per cent of Japanese companies in Bangladesh are wishing to have a bilateral FTA or EPA before Bangladesh graduates from the LDC group in 2026.

We also came to know that without FTA or EPA, 20 per cent of existing Japanese companies in Bangladesh would consider relocation or reduce procurement from Bangladesh in the future. I believe EPA would not only avoid relocation but also help Bangladesh to increase exports to Japan.

**DS:** Japanese Prime Minister Fumio Kishida, during his visit to India in April, touted the idea of a new industrial hub for the Bay of Bengal and northeast India. How will it be materialised?

**Nobutani:** The Japanese government would like to work with Bangladesh to realise “Free and Open Indo Pacific”. In the prime minister's speech, Bangladesh was cited as the hub of the region.

Japan is supporting to develop Matarbari deep seaport. The seaport will be the gateway to approach the northeastern region of India. At the end of the day, Matarbari could be the hub for exporting to other regions. Literally, Matarbari would be a game-changer in this region.



Construction work is going on in the dedicated Japanese Economic Zone in Araihaaz, Narayanganj. The photo was taken yesterday.

PHOTO: SOURAV HOSSAIN SIAM

## Japan: a growing source

FROM PAGE B1

Shaikh Yusuf Harun, executive chairman of the Beza, said they are expecting around \$1.5 billion in FDI at the zone.

He hopes that the commercial production at the factories being set up would begin in February 2024.

According to the Jetro, Japanese investments will come in the areas of automobiles, consumer goods, IT, textiles and chemicals.

Bangladesh, however, is yet to benefit from the relocation of Japanese companies located in China. About 33,050 Japanese firms with more than \$57 billion in investments have begun moving to various Asian countries and elsewhere, the state-run agency said.

According to a Jetro survey, 44.4 per cent of the companies aim to expand in the next one or two years.

The confidence of Japanese firms in Bangladesh is even higher with 71.6 per cent planning to expand, the highest in the Asia region.

INITIATIVE TO SIGN TRADE DEAL

Yuji Ando, chief country representative of the Jetro, said it would be necessary for the business environment in Bangladesh to be improved by addressing the issues facing Japanese companies through an Economic Partnership Agreement (EPA).

“Local rules should be consistent with international rules in order to promote trade and investment.”

Ando is optimistic that by creating a competitive investment climate through an EPA, Bangladesh would be the next investment destination for Japanese companies.

With a view to elevating Japanese investments, a joint study was launched in December to ink an EPA.

The survey showed about 85 per cent of the local and Japanese companies with operations in both nations want their respective governments to sign a free trade agreement so that they can continue enjoying duty benefits after

Bangladesh graduates from the LDC group in 2026.

Some local companies say the country would lose its competitiveness in Japan without a generalised system of preferences facility if compared with other countries that have struck FTAs with Japan. This is because the tariff will go up between 7.4 per cent and 10.9 per cent on garment exports after the GSP expires.

At a time when both sides looking to expand trade and investments, Yasutoshi Nishimura, minister for economy, trade and industry of Japan, is scheduled to visit Dhaka today.

During the visit, he will attend a business summit on Bangladesh-Japan trade at the Pan Pacific Sonargaon Hotel.

Nishimura is scheduled to meet Commerce Minister Tipu Munshi to discuss the joint study of the EPA, which covers not only tariffs but also trade and investment components.

## South Asia least integrated region worldwide: ICCB

STAR BUSINESS DESK

South Asia is one of the least integrated regions in the world in terms of trade and people-to-people contact, according to the International Chamber of Commerce (ICC) Bangladesh.

The world business organisation recently published its news bulletin, where ICC Bangladesh wrote about the matter in an editorial.

Quoting World Bank, ICC Bangladesh said that regional cooperation has the potential to produce significant gains across all countries of South Asia, where intraregional trade now stands at just one-fifth of its potential.

An electricity market of the BBIN countries – Bangladesh, Bhutan, India, and Nepal – would save an estimated \$17 billion in capital costs. Besides, improvements in transport and logistics can reduce the 50 per cent higher cost for container shipments in South Asia compared to OECD nations.

With the aim of promoting intraregional trade and economic cooperation within the Saarc region, Saarc countries signed the Saarc Preferential Trading Arrangement (Sapta) in April 1993. The agreement came into force in December 1995.

Later, the Sapta was replaced by the South Asian Free Trade Area (Safta) in January 2006.

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Besides Safta, there are three bilateral free trade agreements (FTAs) in South Asia, which are India-Sri Lanka, India-Bhutan and Pakistan-Sri Lanka.

Furthermore, the Bangladesh-Bhutan-India-Nepal (BBIN) Agreement signed in June 2015, is another initiative for this sub-regional cooperation.

The deepening relationship among BBIN countries on regional trade and transport is reflected by the increasing number of connectivity agreements even though opportunities for growth through regional trade remain largely untapped, according to ICC Bangladesh.

Despite all these initiatives, intraregional trade in South Asia remains much below the actual potential of trade cooperation.

Currently, regional trade in South Asia accounts for only 5 per cent of the estimated \$23 billion in trade flow, which is well below the potential trade of \$67 billion.

The ratio of trade in other regions are East Asia: 50 per cent, Asean: 26 per cent, EU: 67 per cent, Nafta: 62 per cent, LAC and COMESA: 22 per cent.

Among the countries with a population exceeding 2 billion and robust \$4.1 trillion economy, India has firmly established itself among the booming economies of the 21st century, with 1.4 billion people and a \$3.4 trillion economy.

By 2035, India will be the third-largest economy. Bangladesh is well placed to play a key role in the regional trade and logistics networks and act as a transit country in South Asia.