

South Korean company to invest \$9.39m in Bepza EZ

STAR BUSINESS REPORT

South Korean company Giant BD Footwear Ltd will invest \$9.39 million to set up a shoe and shoe accessories manufacturing plant in Bepza Economic Zone (Bepza EZ).

This fully foreign-owned company will produce 20 million pairs of different kinds of shoes, sandals and shoe accessories per year, while 600 Bangladeshi nationals will get employment opportunities, Bepza said in a press release.

Bangladesh Export Processing Zones Authority (Bepza) signed an agreement with the company to this effect at Bepza Complex in Dhaka yesterday.

Ali Reza Mazid, investment promotion member of Bepza, and Kim Byung Jin, chairman of Giant BD Footwear Ltd, signed the agreement.

Ensure conducive tax environment to enhance FDI

Experts, investors say

STAR BUSINESS REPORT

Establishing a competitive tax framework is essential for Bangladesh to attract a higher level of foreign direct investment (FDI), said a number of experts and investors.

They made the comments at a dialogue on “Conducive Tax Environment for Foreign Direct Investment (FDI) in Bangladesh” at the Gulshan Club in the capital on Wednesday, according to a press release.

Jointly organised by the Policy Exchange Bangladesh (PEB) and the Foreign Investors Chamber of Commerce and Industry, the event delved into the intricate interplay between FDI and the nation’s tax structure, dissecting key challenges and options for charting a progressive path forward.

Distinguished luminaries from both the private and public sectors, including former members of the National Board of Revenue, top executives from several multinationals, leaders of local and bilateral chambers, tax professionals and experts well-versed in Bangladesh’s tax ecosystem, attended the dialogue.

While presenting the keynote paper, M Masrur Reaz, chairman of the PEB, laid bare the current state and challenges impeding FDI, the intricacies of the country’s tax system and its dominant role in investment decisions.

Speakers said FDI holds a pivotal role in shaping Bangladesh’s journey towards becoming a smart and high-income nation by 2041, according to the press release.

The potential of FDI to provide the much-needed boost to growth engines and overcome challenges related to global value chain integration and technological innovation was widely recognised.

The speakers highlighted that adopting a progressive mindset and creating a tax regime that stands on par with neighbouring nations are crucial for attracting increased FDI inflows.

Bangladesh necessitates a stable and forward-looking tax policy that aligns with the national vision, thereby fostering greater investor confidence, they said, calling for transparency and efficiency in documentation processes.

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Biden orders ban on certain US tech investments in China

REUTERS, New York/Washington

President Joe Biden on Wednesday signed an executive order that will prohibit some new US investment in China in sensitive technologies like computer chips and require government notification in other tech sectors.

The long-awaited order authorizes the US Treasury secretary to prohibit or restrict US investments in Chinese entities in three sectors: semiconductors and microelectronics, quantum information technologies and certain artificial intelligence systems.

The administration said the restrictions would apply to “narrow subsets” of the three areas but did not give specifics. The proposal is open for public input.

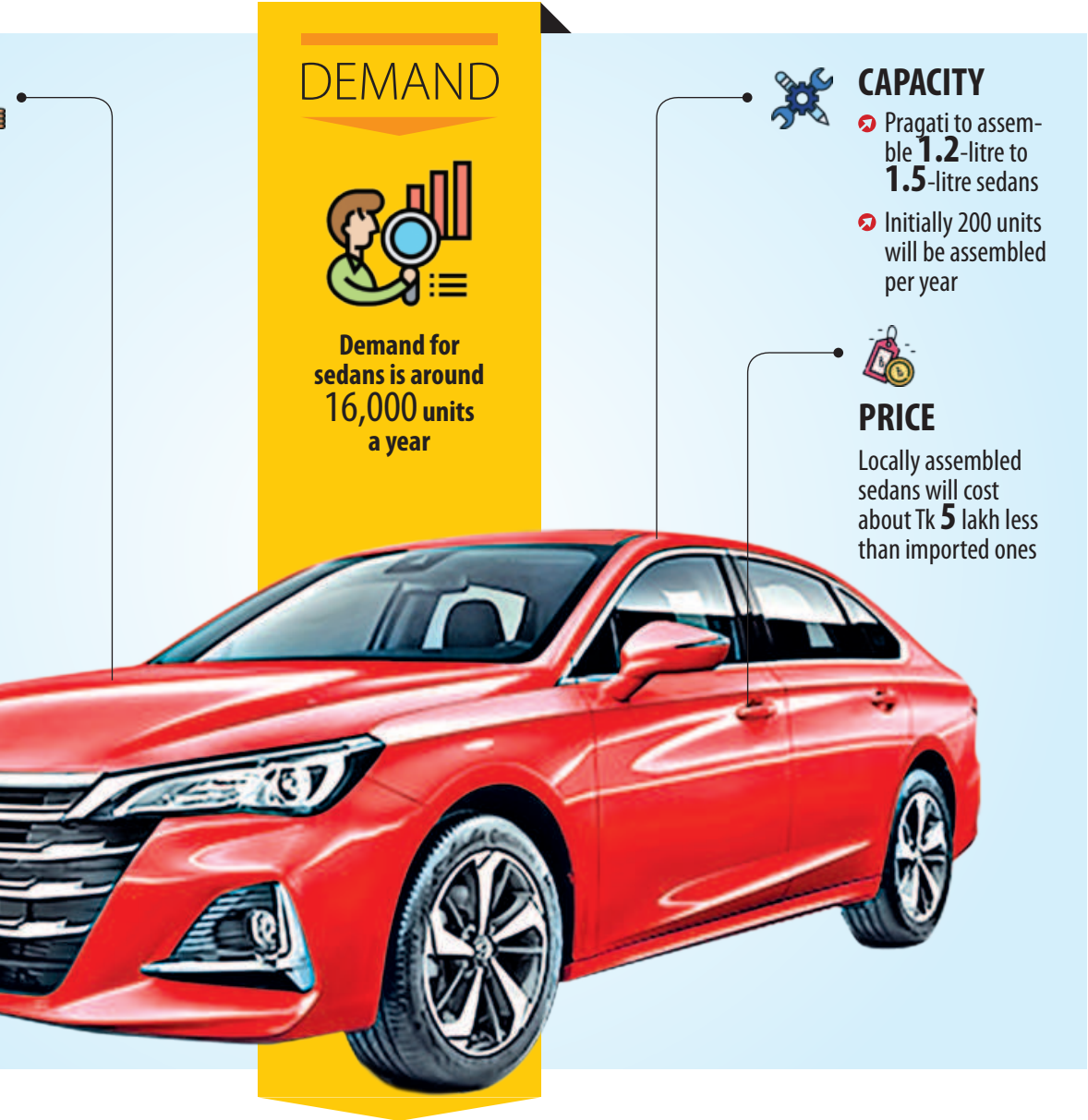
The order is aimed at preventing American capital and expertise from helping China develop technologies that could support its military modernization and undermine US national security. The measure targets private equity, venture capital, joint ventures and greenfield investments.

Biden, a Democrat, said in a letter to Congress he was declaring a national emergency to deal with the threat of advancement by countries like China “in sensitive technologies and products critical to the military, intelligence, surveillance or cyber-enabled capabilities.”

China said on Thursday it is “gravely concerned” about the order and that it reserves the right to take measures.

The order affects normal operation and decision-making of enterprises, and undermines the international economic and trade order, a statement from the Chinese Commerce Ministry read.

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Pragati to start assembling sedans by December

JAGARAN CHAKMA

Pragati Industries Limited (PIL), a state-run automobile assembler of Bangladesh, is going to start assembling sedans of foreign make by December this year, according to company officials.

“Whether it is a Japanese or Korean brand, we will start assembling sedans by December,” said Md Abul Kalam Azad, managing director of PIL, citing how they are already engaged in discussions to this end.

Earlier in May, the PIL had reached a consensus with Mitsubishi Motors Corporation (MMC) to establish a complete knock-down setup for assembling cars designed by the Japanese automaker.

“But the MCC is yet to inform us exactly how they would provide technical cooperation. Still, we are hopeful about getting a final decision soon,” he told The Daily Star yesterday.

Azad also said they would expand the necessary facilities for assembling sedans with technical help from the MMC.

“To implement this with the approval of Prime Minister Sheikh Hasina, we sent our detailed plan to the MMC in the first week of July,” he added. “We shared the plan with the MMC so that they can take necessary measures for technical cooperation.”

As per the plan, the PIL aims to assemble Mitsubishi sedans with an engine capacity of 1.2 to 1.6 litres for regular customers in the country.

And barring any unforeseen circumstance, the company will be able to launch marketing campaigns for the new cars at the beginning of 2024.

Azad said the price of locally assembled models will be at least Tk 5 lakh less compared to imported ones as there is no supplementary duty.

As such, he believes customers will get brand new “Made in Bangladesh” sedans at reasonable prices in the near future.

“We will gradually use local components for up to 30 percent of a locally-assembled unit to ensure that it can be given the ‘Made in Bangladesh’ tag,” Azad added.

Azad also said the PIL has skilled technicians with considerable experience in assembling Mitsubishi cars.

Besides, assembling such sedans is easy as the chassis will be imported with the engine from Japan.

PIL currently assembles sport utility vehicles, such as the Pajero Sport, active sports crossovers and double-cabin pickups of the Japanese brand as well as buses designed by India’s Tata.

In March, Prime Minister Sheikh Hasina urged for using locally-manufactured cars of PIL instead of imported vehicles for development

projects considering the current economic situation.

Regarding the budget, Azad said PIL will itself mobilise the necessary funds to set up the sedan assembling plant.

According to him, they will primarily assemble a minimum of 200 sedans each year on a pilot project basis.

“The number of assembled cars will then be gradually increased,” he said.

Since 1966, Mitsubishi has been outsourcing its production activities in Bangladesh to PIL, which is a concern of the Bangladesh Steel and Engineering Corporation.

Pragati sold only 177 vehicles in the last fiscal year whereas 711 units were sold the year prior.

Azad said there is currently limited demand for new cars in Bangladesh, where most people buy second hand. However, he said Mitsubishi holds a significant share of brand-new car sales in the country.

At present, around 16,000 cars hit the streets every year, according to data of the Bangladesh Road Transport Authority.

During a visit to Bangladesh in May 2019, Ryujiro Kobashi, vice president of MMC disclosed they would invest in Bangladesh to produce their branded vehicles.

Kobashi sought policy support from the government in this regard.

Cyber terror alert on August 15

MAHTAB UDDIN AHMED

In 2020, a cyber-criminal managed to take over the Twitter accounts of several high-profile individuals and companies, including Elon Musk, Joe Biden and Apple. The accounts were used to post a Bitcoin scam, promising followers they would receive double their money back if they sent Bitcoin to a specific address.

If that can happen to the people of the first world, then Bangladesh has valid reasons to worry about the rumour that shockers are in store for August 15!

The National Mourning Day on August 15 is a solemn occasion observed with much respect across the country. But this year, the impending occasion is abuzz with speculations of serious threats of cyber-attack from some religious and ideologically motivated hacker groups.

According to sources, they have declared their intent to launch a storm of cyber-attacks against the country’s cyberspace on the day. The government’s Computer Incident Response Team (BGD e-GOV CIRT) has issued an alert to all public and private organisations, especially banks, financial institutions, health care, and critical information infrastructures, to take the necessary precautions against any conceivable disruption and damage.

The hacker groups have long been targeting organisations in Pakistan and Bangladesh using various tactics such as distributed denial-of-service attacks, website defacements, data breaches, and malicious payloads.

The National Cyber Security Index 2020 of the UK ranked Bangladesh 65th among 160 countries, a commendable improvement from its previous ranking of 73rd. Bangladesh also ranked second among Saarc countries. Despite such improvements, Bangladesh is still far from being invincible to such cyber-terror attacks.

Cyber-attacks can compromise the confidentiality, integrity, and availability of sensitive information, such as personal details, financial transactions, health records, and national secrets, leading to identity theft, fraud, blackmail, espionage, and sabotage.

When a national day of such magnitude is chosen for such vile acts, it is apparent that the target is to undermine the trust and confidence of the people in its government, disrupt the social harmony of the state, and create fear, panic, and confusion among the people.

The likelihood of a cyber-terror attack on August 15 depends on multiple factors, such as the expertise and motives of the hacker groups. In all likelihood, the hackers are aware of the loopholes in the existing systems in both government and private institutions.

Some recent incidents serve to indicate that despite their severity, we, as a nation, have not taken the risks of cyber security seriously. The cyber-attack alert issued by BGD e-GOV CIRT advises organisations to take measures to ensure their security, including monitoring user activity, especially during non-office hours, and watching out for any indication of data exfiltration, implementing load balancer solutions, regular backup of data and systems, and keeping them offline or in a separate network, updating all software and hardware with the latest patches and security updates, implementing strong authentication and encryption mechanisms for accessing systems and data.

The potential cyber-attack on August 15 challenges the country’s cyber security and sovereignty. It requires the collective effort and cooperation of all stakeholders, including the government, the private sector, civil society, and the general public, to prevent and mitigate the impact of such attacks.

The country must also strengthen its legal and institutional framework for cyber security, enhance capacity-building and awareness-raising initiatives, and foster regional and international collaboration to combat cyber threats.

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Cargo shipping containers are seen adjacent to oil storage tanks in Carson, California. Crude oil prices edged up yesterday with European benchmark Brent futures jumping 1.6 percent to \$87.55 a barrel, its highest reading since January.

PHOTO: REUTERS/FILE

Oil prices rise to multi-month highs

AFP, New York

Oil prices rose to a multi-month peak Wednesday in the wake of Opec supply cuts while global stocks were mixed following disappointing China data.

China slipped into deflation for the first time in more than two years in July, official data showed, as slowing domestic spending weighs on the post-Covid economic recovery.

Despite the anemic China figures, crude oil prices vaulted higher with European benchmark Brent futures jumping 1.6 percent to \$87.55 a barrel, its highest reading since January.

US benchmark West Texas Intermediate rose by a similar percentage to finish at its highest level since November 2022.

Production limitations set by the Opec + exporters “are continuing to offset concerns over demand,” said Fawad Razaqzada, market analyst at Forex.com.