

EU wants to invest more in Bangladesh Envoy says

STAR BUSINESS REPORT

The European Union (EU) is very keen to increase investment in Bangladesh as the country has huge potential for the European investors, EU Ambassador in Dhaka Charles Whiteley said yesterday.

Bangladesh has an important relationship with the EU, as the country annually exports goods worth over 24 billion euros to the European Union, Whiteley said.

The EU is focusing on the smooth graduation of Bangladesh to a developing nation in 2026 and a smooth transition to the GSP Plus to the EU markets after the graduation, the ambassador said.

The EU head of delegation made the comments after a courtesy call on Finance Minister Abul Hassan Mahmood Ali at the minister's secretariat office in Dhaka.



Port users believe the finding that the incidents of robbery have dropped in Chattogram port will enhance Bangladesh's image in the global maritime sector.

PHOTO: STAR/FILE

Robbery rate drops in Chattogram port

Two global reports find

DWAIPAYAN BARUA, Ctg

Armed robberies of domestic and foreign vessels coming into the Chattogram port decreased sharply in the concluding year, according to two international organisations.

Port users believe the finding will enhance the positive image of the Chattogram port in the global maritime sector.

Reports of both the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), and the ICC International Maritime Bureau (IMB) found year-on-year increase in incidents of piracy and armed robbery across the world in 2023.

ReCAAP, in its report published in mid-January, recorded 100 armed robberies of ships in Asia in 2023, a 19 percent increase from the 84 incidents recorded in 2022.

However, it only found one such reported incident in Bangladesh in 2023 compared to five in 2022.

The IMB annual report recorded 120 such incidents globally in 2023 compared to 115 in 2022.

It also recorded just one instance

of armed robbery in Bangladesh in 2023, although it estimated there were seven such incidents in 2022. Both organisations had recorded zero such incidents in Bangladesh in 2019 and 2021.

Bangladesh Shipping Agents' Association Chairman Syed Mohammad Arif termed the news as very impressive.

There was a time when many incidents of piracy occurred at the outer anchorages of the Chattogram port, he said. At that time, foreign shipping lines used to express unwillingness to send ships here and either hiked freight charges or imposed surcharges, he added.

CPA Secretary Md Omar Faruk said they ensured round the clock surveillance with the help of the Vessel Traffic Management Information System (VTMIS), equipped with CCTV cameras as well as a radar system.

Any suspicious movement near the vessels anchored at the Outer Anchorage and Kutubdia is immediately informed the Coast Guard, who respond promptly, he said.

Moreover, the Bangladesh Navy, which surveils the maritime territory, also comes forward if there is any need, he informed, adding that the river police are also working to safeguard foreign vessels.

Purchasing Managers' Index launched in Bangladesh

Data on economic indicators to be available from April onwards

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A Purchasing Managers' Index was launched for the first time in Bangladesh yesterday, with data generated by the real-time, data-based early economic indication system set to be published in April.

The PMI is used to gauge the direction of a country's prevailing economic trends in its manufacturing and service sectors.

In essence, the index summarises whether market conditions are expanding, staying the same or contracting, as viewed by purchasing managers.

The index already features data on the December and January months, but it is being preserved internally for fine-tuning before being published, official sources said.

The index will help the private sector identify turning points in the business cycle, closely track key economic variables and get early indications of where the economy is headed.

The Metropolitan Chamber of Commerce and Industry (MCCI) unveiled the PMI in partnership with Policy Exchange Bangladesh (PEB), with support of the UK government's Foreign, Commonwealth, and Development Office (FCDO).

The PMI is used to gauge the direction of a country's prevailing economic trends in its manufacturing and service sectors

The index is measured within a range of 0 to 100, with a PMI of more than 50 representing expansion compared to the previous month while a reading of under 50 represents contraction.

The PMI is a leading economic indicator that helps provide a picture of a nation's economic health.

The data for the index will be compiled from monthly surveys of private sector enterprises.

Matt Cannell, acting British High Commissioner and development director to Bangladesh, acknowledged that the country must prepare for forthcoming challenges after graduating from a least developed country (LDC) in 2026.

Many Latin American nations have witnessed low growth and job creation rates after LDC graduation.

So, raising skills, strengthening institutions, and attracting investment are key to overcoming the problem, he said.

By leveraging real-time data and insights from the PMI, Bangladesh will be able to tackle future challenges effectively.

Before concluding, Cannell assured of the UK's continued support for Bangladesh's development pursuits.

MCCI President Kamran T Rahman said the PMI datasets had wide-ranging applications and could be used by various stakeholders.

Citing how it has already been implemented in several nations, Rahman said he believes the PMI could play a

key role in sustaining Bangladesh's development trajectory.

Bangladesh has done well in terms of social and economic indicators but struggled to regularly ensure robust data for the private sector, said PEB Chairman M Masrur Reaz.

The index will be available regularly throughout the year. As the PMI provides actionable and quantifiable insights about the economy, it is very useful for stakeholders, he added.

Reaz also believes the index will help improve business and policy decisions in the country.

Hasnat Alam, senior manager of market and policy advisory of the PEB, gave a brief presentation on the fundamentals and practicality of the PMI.

During the open forum, the topics that came up for discussion included the correlation between different variables used in PMI surveys, data reliability, confidentiality and interpretation challenges.

Ahmed re-elected as AmCham president

STAR BUSINESS DESK



Syed Ershad Ahmed, country manager and managing director of Expeditors (Bangladesh), has been re-elected as president of the American Chamber of Commerce in Bangladesh (AmCham) for a two-year term.

Ahmed is the former president of the Foreign Investors Chamber of Commerce and Industries (FICCI). He also served as an executive committee member of the board of the International Chamber of Commerce (ICC) Bangladesh Chapter, read a press release.

Eric M Walker, president of Chevron Bangladesh, was elected as vice-president of the chamber and Al-Mamun M Rashel, country manager and managing director of NATco Bangladesh, as treasurer.

Aftab Ul Islam, chairperson of the election board for AmCham Executive Committee 2023-25, declared the results of the election at its 27th annual general meeting at Sheraton Dhaka in Banani yesterday.

Textile millers seek a way out

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made fibres, increased due to high demand from consumers, local millers imported capital machinery to grab a larger share of the global non-cotton market, worth around \$760 billion.

However, they could not launch operations because of the gas crisis. Instead, many are looking to sell their units.

Md Saleudh Zaman Khan, chairman of NZ Denim Ltd, said production was falling day by day.

He added that, after many days, the gas supply had improved for eight hours on Friday before falling again.

"Now, the government is reducing export incentives, a move which will have a significant impact on the sector."

The government has cut the export subsidy for almost all sectors to reduce the pressures on Bangladesh's coffers and bring down the rates gradually since the country can't provide such subsidies once it becomes a developing nation. The cut came into effect on January 1.

Millers say the situation in Narayanganj, Rupganj, Bhulta, Gausia and Narsingdi has been so severe over the past month that factory owners are losing money.

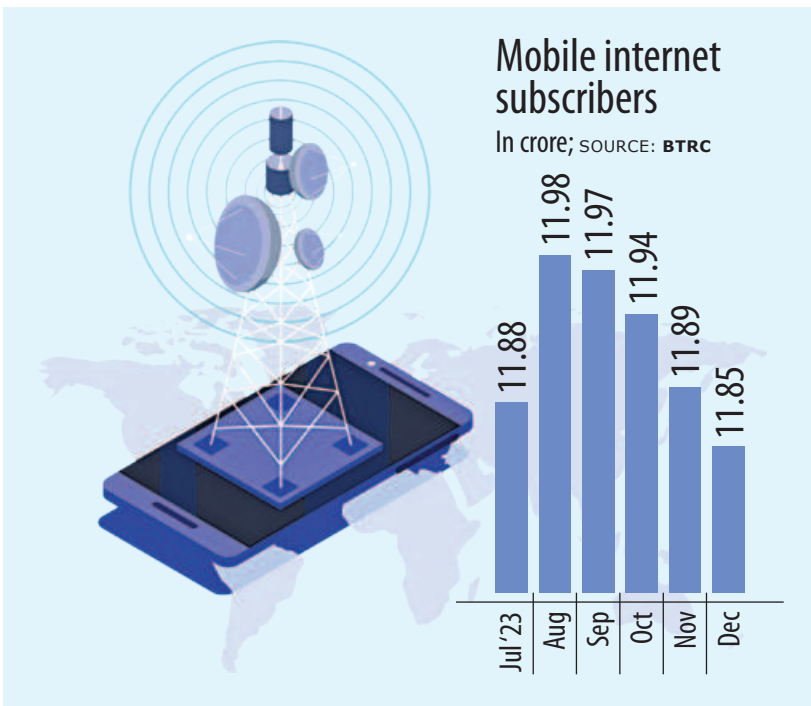
Khokon said at a press conference last week that many mill owners were becoming uncompetitive and losing money due to the gas crisis.

Ahsan H Mansur, executive director of the Policy Research Institute, said the government must ensure the supply of gas with adequate pressure to textile units, but at international prices.

"Do not subsidise prices for them."

The economist said renewable energies could be a good source of power but installing solar panels is expensive because of high import duty.

"The textile sector's investment is huge and they need an adequate gas supply."



Mobile internet subscriber

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Alam said that many consumers are reluctant to buy costlier longer-duration packages.

On a year-on-year basis, the number of mobile subscribers increased by 5.27 percent in December.

Meanwhile, the broadband

internet subscriber base increased by nearly 4 lakh month-on-month to 1.29 crore in December.

Broadband subscribers account for 9.80 percent of the country's total internet subscriber base of 13.13 crore. The rest comes from mobile internet.

BB to appoint adviser

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future extensions, Bangladesh Bank officials said.

The policy advisor will help implement a roadmap the BB unveiled on Sunday meant to rein in default loans and ensure good governance in the banking sector, they said.

The central bank targets limiting the default loans to less than 8 percent of all outstanding loans by June 30 of 2026 with the help of its economic policies.

Experts said most of the policies introduced by the central bank in recent years have failed to reduce bad loans in the banking sector.

Salehuddin Ahmed, a former BB governor, told The Daily Star that the banking sector has become weak as the central bank was "inactive".

"This reform plan is not new. Such types of policies were introduced before, but were hardly executed. The BB has now announced this roadmap to show that it is very active," he said.

GP profit rebounds

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subscribers posted Tk 3,306 crore in profit, according to a price sensitive disclosure posted on the Grameenphone website.

However, the company has not disclosed its total profits.

The earnings figure has been calculated by multiplying its total outstanding shares with the earnings per share (EPS).

The telecom operator said its earnings grew Tk 24.49 per share in 2023, registering a spike of 9.86 percent year on year.

Grameenphone also said its revenue edged up 5.5 percent year-on-year to Tk 15,870 crore at the same time, according to its disclosure.

Revenue for the year 2023 increased by Tk 830 crore compared to that of 2022 mainly due to higher mobile communication revenue, which was driven by higher voice only and data only services, partly offset by lower bundle service revenue.

With a customer base of 8.22 crore, Grameenphone said its expenses for the year 2023 increased by Tk 530 crore compared to that of 2022 mainly due to an increase in depreciation and amortisation expenses.

The mobile phone operator, which listed with stock market in 2009, said it net operating cash flow per share declined 5 percent year-on-year to Tk 44.88 in financial year 2023.

Incorporated in Bangladesh in 1996, Grameenphone Ltd is a joint venture between Telenor and Grameen Telecom.

Telenor, the largest telecommunications service provider in Norway, owns 55.8 percent of the company's shares while Grameen Telecom owns 34.2 percent. The remaining 10 percent is owned by general retail and institutional investors.

Shares of Grameenphone closed unchanged at Tk 286.60 at the DSE yesterday.

NBR plans benefits

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"TRPs will help people prepare tax files, thereby boosting tax collection," Muneem opined.

He said the number of taxpayer identification number (TIN) holders in Bangladesh is high as many availed them for one-time use for various reasons. However, return submissions have also increased.

Return submissions have reached 36 lakh compared from 21 lakh in June 2020.

"By June this year, the number of return submissions will reach 40 lakh while the number of TIN holders will rise by 30 percent."

The number of companies with VAT registration codes has also gone up.

In June 2020, there were 2 lakh companies with VAT registration numbers. That number has climbed to 4.97 lakh and is expected to cross 5 lakh soon.

The NBR also plans to reduce the VAT rate, the senior secretary said, adding that VAT had already been reduced at the retail level in some cases for the greater interest of consumers.

For instance, the VAT on sales of sweetmeat is included in the prices as many shops do not have the capacity to calculate the indirect tax separately.

The NBR chief suggested consumers collect invoices when they purchase goods from shops so that no entity can evade taxes or VAT.

At the meeting, the ERF submitted a set of proposals for the NBR to consider in the upcoming budget, which will be unveiled in June.

Doulot Akter Mala, special correspondent of the Financial Express, read out the budget proposal. ERF President Mohammad Refayet Ullah Mirdha also spoke.

Private sector's short-term foreign debt edges down

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"In such a situation, a borrower will not show interest in availing loans from foreign sources. Rather, the borrower will be more interested in repaying previous debts," said the former economist of the International Monetary Fund.

According to Bangladesh Bank data, borrowers have repaid \$2 billion to \$3 billion every month against their short-term foreign loans since January 2023.

They repaid \$2.24 billion in December and \$2.51 billion in November.

Bangladesh used to borrow \$8 billion to \$9 billion each month in the form of buyer's credit, which has reduced gradually.

Buyer's credit is a short-term loan facility extended to an importer by an overseas lender such as a bank or financial institution to finance the purchase of capital goods, services, and other big-ticket items.

In December, buyer's credit of private sector borrowers stood at \$6.24 billion compared to \$6.47 billion in November.

Another reason behind the decrease in short-term foreign borrowing could be the ongoing dollar crisis in Bangladesh, Mansur added.

"Foreign lenders are cautious when giving out loans to Bangladesh's private sector as they are apprehensive about getting their money back."

That repayments are higher than fresh borrowing is detrimental to the country's foreign exchange reserves, said central bank officials.

The reserves stood at \$19.94 billion last week, down from \$40.7 billion in August 2021, data from the Bangladesh Bank and the IMF showed.