

# Bangladesh could be a regional trade hub

Says Canadian trade representative

PORIMOL PALMA

Bangladesh could become a regional hub for trade and investment in the wake of ongoing geopolitical tensions and growing focus on the Indo-Pacific region, according to Paul J Thoppil, Canada's trade representative for the Indo-Pacific.

However, the country would need to sign Foreign Investment Protection Agreements (FIPAs) in order to encourage foreign direct investment (FDI) to this end, he said.

A FIPA is an international treaty between two countries that imposes rules on how foreign investors from either side can be treated while doing business with the other, thereby protecting their interests.

Most countries have taken advantage of the huge low-cost labour force in China, Thoppil said.

"But given geopolitical tensions, a lot of foreign multinationals are considering adopting a combined China Plus One policy," he added.

China Plus One refers to a global business strategy where companies avoid investing only in China and opt for a more diverse portfolio featuring a variety of ASEAN countries.

Bangladesh has the opportunity to benefit from this strategy amid the changing global supply chain thanks to its low-cost and educated labour force, Thoppil said.

"I would like Bangladesh to leverage this attribute as demonstrated in the country's garments sector to increase trade and investment with Canada

and other parts of the North American market," he added.

Thoppil made these comments in an

exclusive interview with The Daily Star on May 21 during a three-day visit to Dhaka, where he held meetings with top government officials to promote bilateral trade and investment.

There is also a willingness on the government side to sign FIPAs, which gives a note of confidence and some degree of legal recourse in protecting investments from other countries.

various crops that are resilient to climate shocks.

Besides, with global focus shifting to the Indo-Pacific region, the highly developed economies of North America have a strategic desire to step up engagements with Bangladesh and some 40 other economies in the region, Thoppil said.

Canada aims to achieve this through its five pillars, which include ensuring peace, security and stability, expanding trade and investment, fostering sustainable and inclusive growth, increasing investment in people to people contacts and deepening diplomatic engagement in the region.

Thoppil, who has been posted in Indonesia, said there are already more than 100,000 Bangladeshis, of which roughly 15,000 are students, living in Canada.

"We want more Bangladeshis to come to Canada and are also looking for young Canadians to come work and study in this region," he added.

Thoppil informed that Canada is also willing to support Bangladesh in its transition to middle-income status following its graduation from least developed country status in 2026.

"We will provide duty-free access to Bangladeshi products for three years after 2026. We will give more support in terms of tariff reduction but it will be conditional on labour reforms as recommended by the International Labour Organization," Thoppil said.

Canada will also look at the aspects of inclusivity, including women empowerment and Bangladesh's pursuit of multilateral systems, he added.



## KEY POINTS

Bangladesh exports products, mostly RMG, worth over \$2b to Canada a year

Canada exports goods such as wheat, pulses and MoP worth nearly \$1.5b to Bangladesh

Canada looks to sign Foreign Investment Protection Agreement with Bangladesh

It considers Bangladesh a regional hub for trade and investment

Bangladesh has improved infrastructure, now it needs branding

Canada willing to reduce tariff post-2029 subject to labour reforms

exclusive interview with The Daily Star on May 21 during a three-day visit to Dhaka, where he held meetings with top government officials to promote bilateral trade and investment.

He said he observed vibrancy in the economy, confidence in the private sector, good infrastructure and a youthful population.

In fact, Bangladesh's economic progress in the past two decades has been so fast that it was not well observed by the outside world, he said.

"I think we should send the Canadian private sector a signal that Bangladesh is a fantastic place for investment as it could be a hub for exports to India, China and neighbouring countries," he said.

"So, I came here to signal, that beyond diversifying our trade, we want to encourage investment in this country and also tell Bangladeshi companies to consider Canada as an investment destination," Thoppil said.

"We need to give both parties confidence through this agreement," he added.

However, bilateral trade with Canada rose significantly to about \$3.5 billion a year, with Bangladesh exporting goods worth more than \$2 billion to Canada.

Bangladesh's main export items include garments while Canada's are wheat, pulses and potash. Canada is also deepening its relations with Bangladesh in areas of agricultural research by developing



## iPhone sales in China jump 52% in April

REUTERS, Beijing

Apple saw its iPhone sales in China jump 52 percent in April from a year earlier, Reuters calculations based on industry data showed on Tuesday.

The big increase follows a weak performance earlier this year in the world's biggest smartphone market, as the US tech giant faces intensifying competition in the high-end market from local rivals such as Huawei.

Apple's shipments in China increased by 12 percent in March, marking a significant improvement from the first two months of 2024, when the company experienced a 37 percent slump in sales.

Overall smartphone sales in China increased by 25.5 percent to 22.7 million units in April, data from the China Academy of Information and Communications Technology (CAICT) showed.

# DCCI seeks more Russian investments in power and energy

STAR BUSINESS REPORT

More Russian investments, especially in the power and energy sector, could play a pivotal role in ensuring steady economic progress and industrialisation in Bangladesh, said Ashraf Ahmed, president of the Dhaka Chamber of Commerce & Industry (DCCI), yesterday.

He made the remarks during a meeting with a Russian trade delegation at the DCCI auditorium in the capital.

The 14-member delegation led by Alexander Rybas, trade commissioner of the embassy of the Russian Federation in India, visited the DCCI to explore business opportunities for the entrepreneurs of both countries.

Ahmed urged Russian importers to import more products from Bangladesh, especially readymade garments, pharmaceuticals, jute and jute goods, light engineering, leather goods, plastics, footwear, shipbuilding, ceramics, IT, and IT-enabled services.

The DCCI chief also said Russian investors who are already operating in Bangladesh have

been successful so far. He invited Russian investors to invest in the field of agriculture, science, technology, education, maritime and service since these sectors offer huge opportunities to widen the bilateral ties.

Bilateral trade between the two countries stood at \$965.61 million in the last financial year of 2022-23: Bangladesh's exports were \$460.39 million while imports amounted to \$505.22 million, according to the press release.

Rybas said that Russia and Bangladesh have been maintaining a cordial bilateral trade relation since 1972.

Bangladesh and Russia have signed a joint trade agreement to foster bilateral trade and investment.

He said that Russia has already extended all-out support for the implementation of the Rooppur nuclear power plant and will continue the cooperation for Bangladesh's energy security and natural gas exploration.

In 2023, Russia exported 2.67 million tonnes of wheat to Bangladesh, according to Rybas. "There are many opportunities for Russia's

investment either in the form of single or joint venture, especially in the information technology, banking, chemical and mechanical engineering sectors of Bangladesh."

Rybas said Bangladesh's skilled workforce has been engaged in the shipbuilding industry in Russia since 2023 and it is expected that this trend will be expanded in the future.

Ekaterina Semenova, minister counsellor and deputy chief of mission at the embassy of the Russian Federation in Bangladesh, said Russia has the second-biggest commercial relationship with Bangladesh among South Asian countries.

In order to strengthen the trade ties, she emphasised expanding the relationship between the private sector representatives of the two countries.

After the meeting, the members of the delegation took part in a business-to-business networking where they expressed their keen interest in doing business in Bangladesh and lauded the country as an attractive destination for investments, the press release added.

## Sri Lanka holds rates to manage inflation, foster economic stability

REUTERS

Sri Lanka's central bank held interest rates steady on Tuesday to ensure inflation pressures remain in check as authorities look to foster economic stability and lift growth following the South Asian nation's worst financial crisis in decades.

The Central Bank of Sri Lanka (CBSL) kept the Standing Deposit Facility Rate at 8.50 percent and the Standing Lending Facility Rate at 9.50 percent, it said in a statement.

The decision surprised some in the market as eight out of 15 economists and analysts polled by Reuters had projected rates to be cut by 50 basis points.

Sri Lanka's key annual inflation rate was at 1.5 percent in April, down from 6.4 percent at the start of the year, and prices appear well anchored, the central bank said in a statement.

"Incoming data suggests that headline inflation is likely to be below the targeted level of 5 per cent in the upcoming months due to the combined impact of the administered price adjustments and eased food prices, although some upside risks remain," the central bank said.

CBSL reduced rates by 50 bps in March as it continued an easing cycle that has seen rates drop by 700 bps since June, partially reversing the 1,050 bps in increases made since April 2022 when the economy plunged into crisis.



REUTERS, Hong Kong

China is roping in financial blue-chips in a renewed push to achieve technological self-sufficiency. Six of the country's biggest lenders have invested in Beijing's third and largest semiconductor fund, marking a new and riskier phase in China's industrial ambitions.

Known as the "Big Fund", the China Integrated Circuit Industry Investment Fund this week launched a 344-billion-yuan (\$47.5 billion) investment vehicle worth more than its two predecessors combined. It underscores President Xi Jinping's bold campaign to wean his country off Western chips, equipment and software amid Washington's efforts to hobble technological advances in the People's Republic and rising trade tensions with Brussels. Shares of Semiconductor Manufacturing International, a \$25 billion domestic chipmaking champion and key beneficiary, rallied more than 4 percent in Shanghai on Monday.

# China cashes in on banking chips for tech drive

As with the earlier ones, Big Fund III counts China's Ministry of Finance as its top shareholder with a roughly 17 percent stake. What's different this time is its roster of investors: whereas in the

past, policy banks and local governments from Wuhan to Hefei featured heavily, the latest fund has roped in the \$270 billion Industrial and Commercial Bank of China, the world's largest bank by assets,

and peers. Altogether, the six Chinese lenders have invested 114 billion yuan for a combined one-third stake.

It's a prudent move. The central government is grappling with a property crisis alongside a sluggish economy; it is already issuing 1 trillion yuan worth of special bonds to boost growth. Tapping the country's lenders, which have access to the country's nearly \$18 trillion of savings, could help ease the fiscal strain on cash-strapped provinces. Companies in the private sector, from Alibaba, and Tencent, are also investing huge sums to back promising startups.

This will come at the expense of shareholders. China Construction Bank, which took a 6 percent stake in the chip fund, justifies the investment as "a strategic choice to serve the real economy". Moreover, since its inception in 2014, the Big Fund has been marred by bankruptcies and corruption scandals, culminating in the arrest of its chairman in 2022 shortly after the financial implosion of Tsinghua Unigroup, the country's erstwhile chip darling.

The payoff for the local semiconductor sector could be huge. So will the investment risks for the country's biggest firms.



A worker is producing chips at a workshop in Suqian, in China's eastern Jiangsu province. China Integrated Circuit Industry Investment Fund launched a \$47.5 billion investment vehicle this week. PHOTO: AFP/FILE

## BB upgrading software to expedite treasury bond transfers

STAR BUSINESS REPORT

Bangladesh Bank is currently in the process of upgrading its treasury bond management software to address delays in the transfer of these government securities to beneficiary owner (BO) accounts following their purchase by individual investors.

The central bank sent a letter to the chairman of the Bangladesh Securities and Exchange Commission (BSEC) last week informing of this initiative.

Due to the software upgradation process, the transfer of treasury bonds has been suspended since May 26.

However, associated systems have been kept running, such as for secondary trading and investor participation in primary auctions for treasury bonds.

The central bank hopes to bring the upgraded software online from June 2.

The banking regulator took up this initiative as some investors were facing long delays in getting treasury bonds upon their purchase through the existing system.

A top official of a stock brokerage told The Daily Star yesterday that although some investors had bought treasury bonds in recent weeks, it was not showing up in their BO accounts.

This was creating confusion among the investors over whether their payments had gone through, whether the system had registered their purchase orders and whether the treasury bonds would indeed be transferred to their BO accounts.

However, brokers assured them that the delay was just a technical issue.

As such, the central bank's decision to upgrade the treasury bond management software will give relief to the investors as it will expedite the transfer of the bonds to their BO accounts, said the official.

Treasury bonds made their debut at Dhaka Stock Exchange on October 11, 2022, offering a new product to investors in a market that had limited investment options.

## Stocks fall again

STAR BUSINESS REPORT

The benchmark index of Dhaka Stock Exchange (DSE) fell again yesterday on rising the preceding day snapping a nine-day losing streak.

The DSEX, the broad index of the country's premier bourse, dropped 31.63 points, or 0.60 percent, from that on the day before to close at 5,278.88.

Similarly, the DSES, the index that comprises Shariah-based firms, went down 7.63 points, or 0.66 percent, to 1,152.55.

The DS30, the index that represents the best blue-chip stocks, dipped 13.92 points, or 0.73 percent, to 1,886.72.

The market closed in the negative with a decrease in turnover, according to UCB Stock Brokerage. Turnover, meaning the value of the shares traded on a given business day, decreased 12.92 percent to Tk 440 crore.

The pharmaceuticals sector dominated the turnover chart, accounting for 16.40 percent of the market's total turnover for the day.

International Finance Investment and Commerce (IFIC) Bank was the most traded share accounting for 7.6 percent of the total turnover, or Tk 21.4 crore.

It was followed by eGen Consultants with 2.78 percent, Reliance Insurance Mutual Fund 2.80 percent and Alif Industries 3.62 percent.

Block trades accounted for 9.4 percent of the total market turnover.

A block trade is a large, privately negotiated securities transaction which is arranged away from public markets to lessen the effect on the security's price.

The total block market turnover stood at Tk 41.3 crore, representing 9.4 percent of the day's total turnover.