



A view of the Bangabandhu Sheikh Mujib Shilpa Nagar, the biggest economic zone in Bangladesh. Built on about 33,800 acres of land in Chattogram, the BSMSN is located 200 kilometres away from Dhaka and 70 kilometres from both Chattogram port and Shah Amanat International Airport.

PHOTO: STAR/FILE

A bright spot: Govt project costs Tk 100cr less than estimate

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There is a common allegation that the actual implementation costs of government projects inevitably exceed the estimated costs due to a number of reasons, including time extensions and unnecessary expenditures. However, the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning has found a project standing out as an exception, for which the implementation cost was Tk 100 crore less than estimated. The gas pipeline construction and distribution project of the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) lays claim to this achievement, according to an IMED assessment. The assessment said Karnaphuli Gas Distribution Company implemented the project between May 2017 and June 2019 at a cost of Tk 305.98 crore against an estimate of Tk 406.93 crore. Initially, Tk 367.10 crore was approved before a revision for “river crossing by Horizontal Directional Drilling etc” increased the cost by about Tk 40 crore, or 11 percent, to Tk 406.93 crore. Due to various reasons, progress has been achieved in some aspects of the project without any additional expenditure and in some cases at a lower cost, the IMED said. The report said in terms of land acquisition and requisition, the Bangladesh Economic Zones Authority

(Beza) provided land for free for a valve station. Besides, land previously acquired by Beza was used for construction of a 20 feet wide pipeline of Karnaphuli Gas Distribution Company and Gas Transmission Company, which meant no funds were required for

estimated,” it said. Another reason behind the costs being lower is the absence of detailed feasibility studies by independent consulting firms, said the report. Under the project, a gas distribution pipeline has been constructed up to



land acquisition, it said. “Besides, in case of river crossing and installation of cathodic protection system under horizontal directional drilling method on Engineering, Procurement, and Construction (EPC), the actual work required is less than the project plan

Mirsarai industrial area or BSMSN, the report added. As a result, infrastructure for gas supply has been created in the area and gas connections have already been provided to three industrial customers in that industrial area, it said.

Against this backdrop, the aims of the project have been achieved, the IMED said. It also said as new industries would come under gas connection as a result of the implementation of the project, the positive impact of the project would increase. However, the IMED said the estimated costs of various procurement packages of the project were not in line with market rates as the contractor submitted bids significantly higher than the estimated costs. As a result, tenders had to be floated again and again, it said. Besides, there was no feasibility study by a third party before the project was undertaken, hence the cost estimation and scope of work of various parts of the project was not proper, it said. Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said it was a good example that the entity implementing the project could save government revenue as the Beza did not charge anything for land. The money saved can be used for other projects, which is important during an economic crisis, he said. However, the funds were not saved by virtue of efficiency of the implementing entity, rather it was due to Beza’s generosity, he said. He believes such a scope was available for a number development projects, which could have led the implementing entities to save funds.

Linde sells off welding electrode business

STAR BUSINESS REPORT

Linde Bangladesh has sold its welding electrode business to ESAB Group, an American-Swedish industrial company, said the company yesterday. It said its board noted and recorded the transfer of 13.82 crore shares to EASB Group Middle East FZE and one equity share held by Abu Mohammad Nisar, its nominee shareholder, to Exelvia International Holdings BV. “From henceforth, Linde Industries Pvt Ltd is no longer a subsidiary of Linde Bangladesh Ltd,” said the company in an advertisement in the newspapers. The company did not disclose the value of the deal. Shares of Linde Bangladesh fell 2.95 percent to Tk 1,208.9 on Dhaka Stock Exchange yesterday. Linde announced its decision to sell its welding electrode business at the end of May this year. Electrodes were the biggest contributor to its revenue and its longstanding business. It accounted for 53.3 percent of Linde’s income originating from the segment in 2021-22. Linde’s profit dipped 40 percent year-on-year to Tk 52.56 crore in the year 2023 ending on December 31, from Tk 88.33 crore a year ago. As such, its earnings per share declined to Tk 34.54 last year from Tk 58.04 a year ago. Linde has been a key player in Bangladesh’s industrial gas sector for more than 50 years, operating through 18 sales centres. Its products include liquid and gaseous oxygen and nitrogen, argon, acetylene, carbon dioxide, dry ice, refrigerant gases, lamp gas, and medical oxygen. On June 20, the board of Linde declared a 1,540 percent interim dividend, or Tk 154 per share.

Chinese firm wants to invest \$21.85m in Bepza EZ

STAR BUSINESS REPORT

Chinese company Unicorn Handbag has expressed interest in investing \$21.85 million in Bepza Economic Zone (Bepza EZ) in Mirsharai, Chattogram to set up a carry bag and luggage manufacturing industry. The company signed an agreement to this effect with Bangladesh Export Processing Zones Authority (Bepza) at Bepza Complex in the capital’s Dhanmondi yesterday. Md Ashrafur Kabir, member (investment promotion) of Bepza, and Zheng Shuyong, managing director of Unicorn Handbag, inked the deal. The Chinese company will annually produce 1.7 million pieces of backpacks, handbags, wallets, bags, caps, belts and luggage offering employment opportunities to 2,000 Bangladeshi nationals. Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, hoped for the investment to have a significant impact, including instilling more confidence, in drawing more foreign direct investment (FDI) to Bangladesh. Mohammad Faruque Alam, member (engineering), ANM Foyzul Haque, member (finance), Md Khorshid Alam, executive director (enterprise services), and Moshuiddin Bin Mesbah, executive director, were present during the signing ceremony.

Gold gains

REUTERS

Gold prices strengthened on Wednesday as the dollar eased after dovish comments from Federal Reserve Chair Jerome Powell, with investors now turning to minutes from the US central bank’s latest policy meeting to gauge future interest rate cuts. Spot gold rose 0.7 percent to \$2,344.60 per ounce by 0846 GMT. US gold futures gained 0.9 percent to \$2,354.20.

Eurozone business growth slows sharply in June

REUTERS, London

Overall business growth across the eurozone slowed sharply last month as a solid expansion in the bloc’s dominant services industry failed to offset a further deterioration in manufacturing, a survey showed on Wednesday. HCOB’s composite Purchasing Managers’ Index for the currency union, compiled by S&P Global and seen as a good gauge of overall economic health, dropped to 50.9 in June from May’s 12-month high of 52.2. It was just above a preliminary 50.8 estimate and the fourth consecutive month above the 50 mark separating growth from contraction. “Growth in the eurozone can be attributed fully to the service sector. While the manufacturing sector weakened considerably in June, activity growth in the services sector continued to be nearly as robust as the month before,” said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank. The services PMI dipped to 52.8 last month from 53.2 but was ahead of the 52.6 flash estimate. Manufacturing activity across the bloc took a turn for the worse last month as demand fell at a much faster pace despite factories cutting their prices, a sister survey showed on Monday. Falling demand for manufactured goods, alongside slower growth for services, meant the composite new business index slumped below breakeven for the first time since February, registering 49.4 compared to May’s 51.6. The flash reading was 49.2.

EU governments waver over Chinese EV tariffs as trade spat escalates

REUTERS, Brussels

EU countries are wavering over whether to back additional tariffs on Chinese-built electric vehicles, highlighting Brussels’ challenge in building support for its largest trade case yet as Beijing threatens wide-ranging retaliation. Germany, whose carmakers made a third of their sales last year in China, wants to stop the tariffs, according to a government source, while France has been among the firmest backers. But a majority of countries are still weighing the pros and cons of the escalating trade spat, according to an informal poll by Reuters of EU governments. The issue will be put to members in an advisory vote in the coming weeks, the first official test of support in a landmark case for the Commission. The EU initiated the probe without an industry complaint, the first such trade case of this kind. The bloc is set to confirm on Thursday provisional duties of up to 37.6 percent on Chinese brands such as BYD, Geely and SAIC, as well as on China-made models of Tesla, BMW and other western automakers. EU members will also vote in October if the Commission proposes multi-year



An electric car of Chinese automobile manufacturer BYD stands in front of the car carrier ship BYD Explorer No.1 at the port of Bremerhaven, Germany. The German automakers have said tariffs are the wrong approach, with the negative effects outweighing any benefits.

PHOTO: AFP/FILE

tariffs at the end of its investigation. These would be blocked if a “qualified majority” of at least 15 countries representing 65 percent of the EU population votes against them. France, Italy and Spain, with 40 percent

of the EU population, have indicated they would back tariffs. “Europe must defend itself if our companies are harmed and do not compete on equal terms,” Spain’s economy ministry said. However, the Czech Republic, Greece, Ireland and Poland were still debating the issue, official and government sources said, while Belgium has a caretaker government and the Dutch only got a government this week. Germany has stressed the need for a negotiated solution with Beijing. Its automakers have said tariffs are the wrong approach, with the negative effects outweighing any benefits. Increasing the cost of EVs for consumers undermines the EU’s goal of being carbon-neutral by 2050, opponents say. Tesla has said it will hike prices. Beijing’s retaliation could bring extra tariffs on EU exports of cognac, pork or luxury cars. The Commission says duties are needed to counter cheap loans, land and raw materials and other subsidies and the goal is a level playing field, not shutting Chinese car makers out, as the United States’ planned 100 percent tariff is likely to do.