

Continue funding for logically acceptable projects

Govt urges World Bank, ADB

STAR BUSINESS REPORT

The interim government has suggested multilateral lenders continue financing existing projects that are reasonable, Finance Adviser Salehuddin Ahmed said yesterday.

"We have not closed any ongoing project. We want the World Bank and the Asian Development Bank to continue to finance the projects that have a reasonable basis," he said after a meeting with ADB Country Director Edimon Ginting at the Economic Relations Division in Dhaka.

The adviser said the lenders were also positive regarding financing for projects that the government would select.

"They are very positive," he said citing the WB and the ADB.

Ahmed, who recently got the responsibility of the commerce ministry, said he would try to ensure a business-friendly environment in the country and reduce corruption.

"There is a major role of trade and shops in inflation. Our efforts will be to address the issues and reduce the problems of common people," he said, adding that he would also sit with the trade bodies.



The file photo shows the under-construction Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram. Three factories in the Bepza economic zone inside the Shilpa Nagar have started operations and exports.

PHOTO: STAR/FILE

3 factories in Bangabandhu Shilpa Nagar start exports

JAGARAN CHAKMA

Three firms in the Bepza economic zone inside Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram have started operations and exports, according to sources at Bangladesh Export Processing Zones Authority (Bepza).

Starting operations early this year, these manufacturing units exported products worth \$300,000 till June and created more than 1,500 employment opportunities directly, said ASM Anwar Parvez, executive director (public relations) of Bepza.

The companies are KPST Shoes (BD) Co Ltd, Fengqun Composite Material Company (BD) Ltd, and Kiaksi Lingerie Bangladesh Co Ltd.

Their combined investment is \$71.14 million.

These factories are producing agro-processed food, accessories, hangers and foam, foil sealed bags, shoe accessories and packaging materials such as duct tape, cartons, paperboard boxes, inner boxes, corrugated boxes and rigid boxes.

KPST Shoes (BD) Co, which invested around \$8.07 million, is producing shoe accessories like insole, outsole and midsole, and ethylene-vinyl acetate and polyurethane foams.

Fengqun Composite Material Company (BD) of China has invested \$2.22 million and is making shoe accessories and packaging items.

Kiaksi Lingerie, which specialises in

lingerie items, textiles, accessories, hangers and foam, has invested \$60.85 million.

Parvez said another eight factories are under construction and two of them will start production within a short time.

He said they have so far signed contracts with 30 companies for plot allocation with a total investment plan of \$706 million. Of the amount, \$71.14 million has already been invested.

Besides, there were around 100 applications in the pipeline but land could not be allocated for those investors as those factories will require a huge amount of water.

Bepza will not be able to allocate land until water is available, he said.

Business confidence in tackling inflation is critical

MONZUR HOSSAIN

Inflation has become a significant economic challenge for Bangladesh, impacting both consumers and businesses alike. As the country navigates through the post-pandemic recovery period, global supply chain disruptions, rising fuel prices, and domestic political regime shifts have all contributed to surging inflation.

For businesses, this environment presents both challenges and opportunities. Business confidence in tackling inflation is critical as it determines how they plan, invest and operate under pressure, particularly those who are politically involved with the ousted Awami League regime. The current state of inflation hinges on business sentiment, and the strategies businesses are adopting to navigate this challenging landscape.

Bangladesh has experienced persistent inflationary pressures in recent years. According to official data, the inflation rate in July 2024 averaged above 11 percent, significantly higher than the previous year's average. This increase has been driven primarily by food price inflation, exacerbated by supply chain disruptions, rising global commodity prices and adverse weather conditions affecting agriculture. Moreover, the depreciation of the Bangladeshi Taka against the US dollar has led to higher import costs, contributing further to inflation.

Business confidence in Bangladesh has been somewhat mixed amid the regime changes. On the one hand, there is cautious optimism among businesses due to the new interim government's vision to create a level playing field for all. However, it will be difficult to restore discipline in the market overnight without the support from businessmen who were political aides of the previous regime and have captured most of the import-export and other businesses.

It is important for the Interim government and the Bangladesh Bank to be actively working to contain inflation and restore business confidence. The monetary policy has been tightened, with the central bank raising interest rates and adopting measures to control money supply growth. While these steps are aimed at curbing inflation, they also

pose challenges for businesses by increasing borrowing costs and limiting access to credit. It is time to review the monetary policy and exchange rate policy stance. On the fiscal side, the government has introduced subsidies and targeted support for essential goods, particularly food items, to ease the burden on consumers and stabilize prices.

However, these measures have limitations, and businesses remain wary of potential tax hikes or further austerity measures that could be introduced to manage fiscal deficits.

Additionally, the government is focusing on improving supply chains and promoting local production to reduce dependency on imports. This is aligned with its broader strategy to build resilience in the economy by encouraging self-sufficiency, particularly in sectors like agriculture and manufacturing.

Despite the inflationary challenges, businesses in Bangladesh need to explore various strategies to manage costs and maintain profitability. One key approach has been cost optimization. Companies need to reevaluate their supply chains, seek more cost-effective suppliers and implement energy-saving technologies to reduce operational costs. Price adjustments have also become a common strategy. Businesses are gradually passing on higher costs to consumers, though this is done cautiously to avoid significant demand contraction. Retailers, for example, are offering smaller packaging sizes at lower prices to maintain affordability for consumers while preserving margins.

Business confidence is crucial for economic stability, especially during inflationary periods. High levels of confidence encourage investment, job creation and innovation, which are vital for sustaining growth. Conversely, if confidence wanes, businesses may cut back on investment, leading to slower economic activity and potentially triggering a recession. This should be the main concern for now. There are curbs among big business houses, particularly those involved in importing edible oil, LNG, and many other essentials. It is now important to increase competition in import markets and give a positive signal to the market that businesses will get due support from the government if they play fairly and don't breach market fundamentals.

Finally, maintaining business confidence hinges on the government's ability to manage inflation effectively and create a stable operating environment. Clear and consistent communication from policymakers, along with targeted support measures for vulnerable sectors, can help bolster confidence. Equally important is the role of industry associations and business leaders in fostering collaboration and sharing best practices to navigate inflationary challenges.

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Stocks fall for second day

STAR BUSINESS REPORT

Stock markets in Bangladesh sharply fell yesterday as risk-averse investors opted to lock in profits on quick-gaining shares on the trading floors amid price fluctuations.

Shares of companies like Grameenphone, BAT Bangladesh Company, Square Pharmaceuticals, BRAC Bank, Renata, LafargeHolcim Bangladesh, Beximco Pharmaceuticals, Eastern Bank, City Bank and Pubali Bank suffered losses.

Of them, Square Pharmaceuticals logged the highest loss of 16.61 percent, the only double-digit loss. BAT Bangladesh Company and Grameenphone jointly recorded a loss of over 15 percent.

As a result, the benchmark index of Dhaka Stock Exchange (DSE), slumped 125.20 points, or 2.12 percent, from that on the day prior to close at 5,778, marking a fall for the second straight day.

Similarly, the DSES, the index for the Shariah-based companies, slipped 24.54

points, or 1.94 percent, to 1,240 and the DS30, the index that is composed of blue-chip firms, edged down 52.74 points, or 2.42 percent, to 2,126.

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The banking sector dominated the turnover chart, accounting for 16.02 percent of the day's total market turnover.

Block trades, meaning high-volume transactions in a security that are privately negotiated and executed outside of the open market, contributed 4.1 percent of the overall market turnover.

Grameenphone became the most traded share with a turnover of Tk 49.3

crore. All the sectors which account for large amounts in market capitalisation, which refers to the total value of their shares at present, posted a negative performance, according to the day's market update by BRAC EPL Stock Brokerage.

Telecommunications experienced the highest loss of 2.99 percent followed by non-bank financial institutions (2.64 percent), fuel and power (2.38 percent), engineering (2.36 percent), bank (2.31 percent), food and allied (2.28 percent), and pharmaceuticals (2.02 percent).

Out of the 398 scrips that changed hands on the trading floor of the country's premier bourse, prices of 18 advanced, 366 declined and 14 did not witness any price movement.

In case of blue-chip companies, Islami Bank Bangladesh, Olympic Industries, Kohinoor Chemicals, Saif Powertec, Daffodil Computers, Premier Cement, Oimex Electrode, Marico Bangladesh and Miracle Industries drew investors the most, according to LankaBangla Financial Portal. Daffodil Computers topped the

gainers' list with a rise of 6.61 percent.

Oimex Electrode, Zeal Bangla Sugar Mills, SAIF Powertec, Olympic Industries, Miracle Industries, Beach Hatchery and Islami Bank Bangladesh showcased a strong performance.

Kohinoor Chemicals Company Bangladesh, Northern Islami Insurance, Premier Cement Mills and United Insurance Company were also on the gainers' list.

Meghna Petroleum shed the most, losing 3.67 percent.

Alif Manufacturing Company, Legacy Footwear, Unilever Consumer Care, Rupali Life Insurance Company and Dulamia Cotton Spinning Mills did not fare that well.

Bashundhara Paper Mills, Grameenphone, JMI Hospital Requisite Manufacturing, National Tubes, Bangladesh Thai Aluminium and IPDC Finance were also on the chart of those suffering losses.

Chittagong Stock Exchange also saw a similar downturn as its all-share price index plunged 316.20 points, or 1.86 percent, to settle the day at 16,715.

Indonesia, Chinese firms combine to drive EV growth

ANN/CHINA DAILY

After driving his Wuling Binguo electric vehicle for about half a year, Luthfi, a resident of Jakarta, Indonesia, found the experience of using his first EV to be "pretty good".

"The (EV charging) is cheap...and the car is quite small so I can move on the road easily," said the 45-year-old, who goes by one name.

One of the first buyers of a Wuling Binguo, a compact electric car launched in Indonesia in December, Luthfi said he chose it because the manufacturer, SAIC-GM-Wuling, has been in Indonesia for seven years, and the vehicles are made locally.

SGMW is a joint venture between Shanghai-based SAIC Motor, United States-based General Motors and Liuzhou Wuling Motor. It is based in Liuzhou, in South China's Guangxi Zhuang autonomous region.

The joint venture's plant in Indonesia, the first of its kind outside China, started production in 2017. It has invested a total of \$1 billion to build the manufacturing base, which includes a factory with an annual production capacity of 120,000 units and a parts and components park.

While Japanese cars are a familiar sight on the busy roads of Indonesia's capital Jakarta, Jefri Setiawan is seeing more Chinese vehicles as he drives to work every morning.

The 40-year-old mid-level manager is the proud owner of Wuling BinguoEV. He bought the car three months ago after visiting a motor show at the Jakarta International Expo.

He decided to buy the model as it is more affordable than higher-priced brands such as Chery, Neta and BYD — the latest Chinese EVs to enter the

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Japan firms see Harris presidency as better for business than Trump

REUTERS, Tokyo

More Japanese companies believe a Kamala Harris presidency in the US would be better for their businesses than a second Donald Trump administration, a Reuters survey showed on Thursday, reflecting the respondents' concerns about protectionism and policy unpredictability.

The outcome of November's US presidential election is being closely watched by countries around the world. But Japan is a close ally of Washington, with tens of thousands of US troops stationed there, and its businesses would feel the impact of a renewed US-China trade war since both are among its top trading partners.

Some 43 percent of Japanese firms said they preferred Harris in light of their corporate strategies and business plans while 8 percent picked Trump.

A total of 46 percent said either candidate would be fine, with the remaining 3 percent saying they preferred neither.

"There is a possibility that trade war, economic friction and security threats

will be brought about under another Trump administration, forcing us to change our business strategy," a manager at a ceramics manufacturer wrote in the

survey.

Japan's relations with the Trump administration were at times strained by his demands for more payments towards

military assistance and by trade tensions.

With Harris, "we can expect current policies to be maintained by and large. That would give us better visibility into the future," an official at a chemicals firm said.

Asked what change will likely be necessary under a Trump administration, 34 percent said their foreign exchange strategy would need to be reviewed, while 28 percent said their supply chains would be realigned and 21 percent said they would reduce their China operations.

Trump has floated the idea of a 10 percent universal tariff on US imports, which could disrupt international markets, and a tariff of at least 50 percent on Chinese goods.

Nikkei Research reached out to 506 companies from July 31 to Aug. 9 on behalf of Reuters for the survey, with 243 firms responding.

Regardless of who wins the US election, 13 percent of Japanese companies are considering reducing operations in China, while 3 percent are looking into expanding their businesses, with 47 percent planning to maintain their current exposure, the survey showed.



US Vice President Kamala Harris delivers remarks at the Eisenhower Executive Office Building near the White House in Washington.

PHOTO: REUTERS/FILE