

star

BUSINESS



### Reserves drop below \$20b after ACU payment

**STAR BUSINESS REPORT**

After remaining above the \$20 billion mark for just three days, Bangladesh's foreign currency reserves dropped to \$18.46 billion after the country paid its regional import bills on October 9.

This means that Bangladesh will be able to cover at least three and a half months of import bills with the current reserves, which is above the International Monetary Fund's (IMF) recommended three-month import cover threshold.

In the last six months since April this year, Bangladesh on average paid around \$5.3 billion for monthly import bills, according to central bank data.

On November 7, the country's foreign exchange reserves, as per the IMF's calculation method, crossed the \$20 billion mark after two months.

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### Deal with Japan can boost trade

**Says commerce adviser**

**STAR BUSINESS REPORT**

The signing of an economic partnership agreement (EPA) between Bangladesh and Japan will increase bilateral trade and open a new door of opportunities for the South Asian country, Commerce Adviser Sk Bashir Uddin said yesterday.

Bangladesh is a country with a growing economy and it will have a strong position in international trade if the EPA is signed, he said.


The adviser made the comments in a meeting with Japanese Ambassador in Bangladesh Iwama Kiminori at the commerce ministry in Dhaka.

The relationship between Bangladesh and Japan is characterised by trust and transparency, and it will be further strengthened with the increase in trade between the two countries, Bashir Uddin said.


Kiminori highlighted Bangladesh's long friendly relationship with Japan and said both the countries would be benefited if bilateral trade was increased.

## Import payment delay a reputational loss for Bangladesh: BB

KEYPOINTS



Overdue LC payment stood at \$400m so far



State banks have highest LC overdue

MEASURES

BB warns banks against delayed import payment


Banks have been asked to ensure appropriate credit lines available for respective importers

BB will take punitive measures for failure to pay on time


IMPACT OF DELAY IN LC PAYMENT

- Delayed payment results in reputational loss for Bangladesh
- Correspondent banks raise fees by up to 4% for late payment
- Correspondent banks reduce credit line for Bangladesh
- Banks have to spend nearly \$100m as confirmation fees yearly


WHY BANKS FAIL TO CLEAR LC PAYMENT




Liquidity crisis in some banks



Non-payment culture among customers



US dollar shortage in some banks



Lack of availability of credit lines for importers

SOURCE: BB

MD MEHEDI HASAN

Despite an overall improvement in foreign currency stocks, some state-run banks and Shariah-based lenders are not making import payments on time, prompting the central bank to issue a notice and warn of punitive actions against bank officials.

In the notice issued yesterday, the Bangladesh Bank (BB) said delays and defaults on import payments damage Bangladesh's image on the international stage and push up import costs, eventually weighing on people who are struggling under persistent price pressures.

The overdue letter of credit (L/C) payments stand at \$400 million so far, with state-run banks having the highest overdue LC payments, central bank officials on condition of anonymity told The Daily Star.



Meanwhile, industry insiders attributed the delayed payment of import bills by the banks to the taka and dollar crises, a lack of availability of credit lines for importers and a culture of non-payment.

At a meeting on Monday, the issue of delayed import payments was discussed between managing directors and CEOs of seventeen banks and the Bangladesh Bank governor.

In yesterday's notice, the banking regulator said that delays in payments deteriorate correspondent relations with counterparts and increase import costs.

Given the current improved foreign exchange

situation, the forex market of the country is in a long position, it said, adding that delays in making import payments by banks are "not acceptable" against clean bills and accepted bills.

"The result of delayed payment is a reputational loss for Bangladesh, leading to higher costs for imports relating to confirmation charges, trade credit, etc," read the BB's notice.

Seeking anonymity, a senior official of the central bank told The Daily Star that some banks, especially two or three state-run banks and some Shariah-based banks, continually fail to pay import bills, which ultimately increases the cost of imports.

He said some local banks will have to settle import payments with up to 4 percent confirmation charges, which was 2 to 2.50 percent earlier.

The correspondent banks imposed higher confirmation charges, a security mechanism that minimises risks for exporters, due to delays in import payments.

Bangladesh spends around \$100 million annually on confirmation charges for imports, the official informed.

Due to the reputational loss of the country's financial sector, the official said that some foreign lenders have reduced credit lines, while others are suspending them for Bangladesh.

For instance, he said Dubai-based Mashreq Bank has already reduced its credit line for Bangladesh.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, told The Daily Star that the charge for confirming LCs remains between 2.50 and 3 percent annually, depending on the client, but has been pushed up further due to a failure to settle import bills on time.

He said correspondent banks previously did not bother about the identity of the importers or customers, but nowadays they want to know who the customers are.

"Some banks just say that I cannot pay the import bills because I have yet to get the payment from the customer. But the actual thing is that the bank does not have the right to say that."

Rahman, also a former chairman of the Association of Bankers, Bangladesh (ABB), said that in some cases

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### Why does labour unrest drag on?

REFAYET ULLAH MIRDHA

Following the political changeover on August 5, the country's main export-earnings sector, the garments industry, witnessed a large-scale and drawn-out spell of labour unrest in industrial belts such as Savar, Gazipur, Ashulia, Zirabo and Zirani.

The weak law-and-order situation at the time contributed to the long period of agitation, which took hold in mid-July.

This seriously affected the shipment of goods, impacting both transportation and production.

The issue was only settled in the first week of October following the adaptation of a tripartite agreement in the last week of September.

The 18-point demands made by the garment workers had some logical requests and all of them were accepted.

For instance, a number of garment factories failed to pay timely salaries while around 5 percent failed to fully implement the minimum wage structure that came into effect in December last year.

Other demands included the removal of abusive mid-level managers as well as increases in attendance bonuses and tiffin allowances.

**The workers are unable to trust union leaders or factory owners as they were not paid timely despite several assurances, said a labour leader**

Union leaders also demanded swift amendments to the labour law, which has some anti-union clauses that hinder workers from forming unions unless they adhere to stringent conditions.

For example, they demanded revising the rule that requires at least 20 percent of workers to participate for the formation of a union in garment factories.

The workers also demanded a review of the minimum wage structure and the Ministry of Labour and Employment formed a committee to re-evaluate it in light of persistent inflation.

The decision on whether another minimum wage will be formulated for garment workers will be made by April next year.

The spate of labour unrest caused direct losses worth more than \$100 million although indirect losses, as a consequence of delayed shipments, expensive air shipments, providing big discounts and cancellation of work orders, were far higher.

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STOCKS			
	DSEX ▼	CASPI ▼	
	0.65%	0.22%	
	5,298.36	14,808.14	

COMMODITIES			
	Gold ▼	Oil ▲	
	\$2,596.89	\$68.47	
	(per ounce)	(per barrel)	

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▼ 1.03%	▼ 0.40%	▼ 0.75%	▼ 1.39%
	78,675.18	39,376.09	3,711.48	3,421.97


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### Pubali Bank to raise Tk 400cr thru bonds

**STAR BUSINESS REPORT**

Pubali Bank has received approval from the Bangladesh Securities and Exchange Commission (BSEC) to raise Tk 400 crore in funds by issuing unsecured, non-convertible, and redeemable subordinated bonds for a four-month term.

The approval came at a BSEC meeting at its office in Dhaka yesterday.

Subordinated bonds are ones that rank below other, more senior loans or securities with respect to claims on assets or earnings.

An unsecured bond refers to one that is not backed by any assets, while "non-convertible" indicates that it can not be converted into shares or equities.

**The face value of each unit of the bond is Tk 10 lakh**

Redeemable bonds can be redeemed or paid off by the issuer prior to the maturity date.

The face value of each unit of the bond is Tk 10 lakh. Its coupon rate would be the reference rate, meaning the six-month moving average rate of treasury bills, and an additional 3 percent.

The lender will raise the fund through private placement among institutional investors and high-net worth individual investors.

With the bond proceeds, the lender will strengthen its capital base under Basel III, which is an international regulatory accord on reforms designed to mitigate risk within the international banking sector by requiring banks to have more capital on hand.

DBH Finance is the trustee of the bond while UCB Investment the arranger.

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## Steelmakers face capital shortage as sales nosedive

JAGARAN CHAKMA

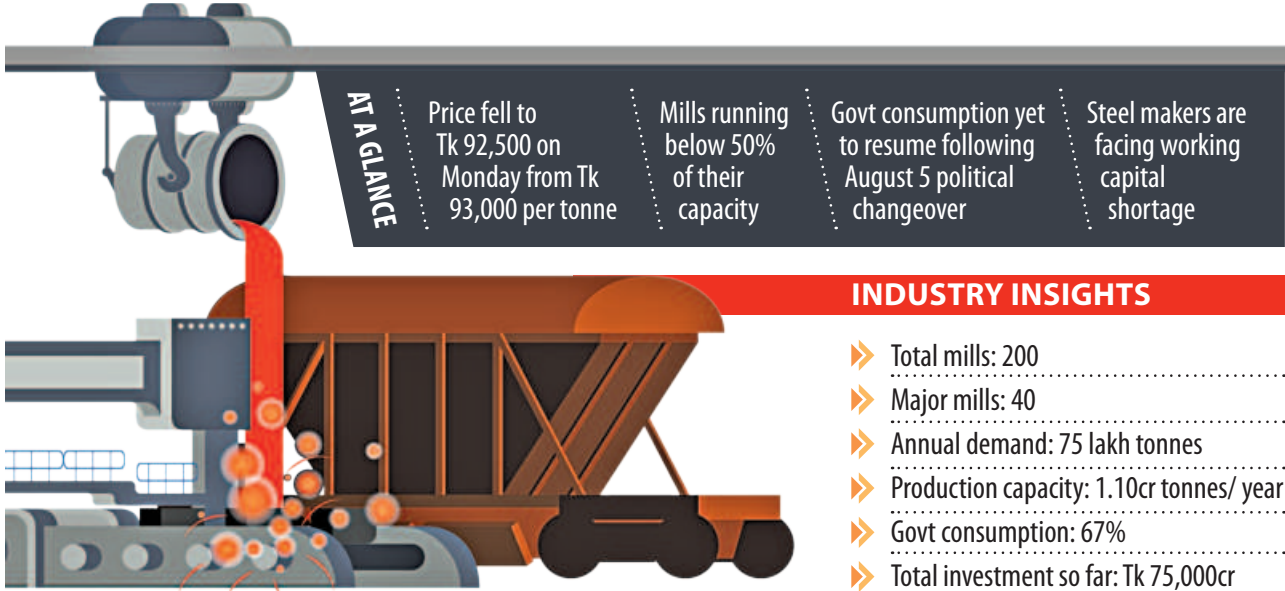
Steelmakers in Bangladesh are facing a severe working capital shortage due to the sharp rise in the US dollar exchange rate and a slowdown in sales, according to industry insiders.

"The ongoing economic downturn, inflationary pressure, high interest on bank loans, and increased gas and electricity costs have put steelmakers at financial risk," said Sumon Chowdhury, secretary general of the Bangladesh Steel Manufacturing Association (BSMA).

Now, most steelmakers are facing difficulty in paying their staff salaries and bank loan instalments, said the secretary general of the association that represents more than 40 major steel producers in Bangladesh.

BSMA data shows that about Tk 75,000 crore has been invested in the local steel industry, which employs roughly 10 lakh people both directly and indirectly.

Chowdhury said that of the total investment, around 65 percent came from bank finance. But now, the investors are struggling to pay their



loan instalments due to poor revenue generation.

As such, the steel industry may not survive if the situation prolongs, he added.

Chowdhury explained that steelmakers are now facing a

significant working capital shortage as the US dollar price has increased to between Tk 122 and Tk 125 from Tk 85 over the past two years.

He said this unexpected surge raised concerns about the stability and future of the steel industry.

Earlier, on October 16, the BSMA wrote a letter to the Bangladesh Bank, requesting necessary measures to support the steel industry.

In the letter, BSMA President Mohammad Jahangir Alam urged for forming a special fund for providing



# Banglalink launches AI-powered lifestyle pack RYZE

STAR BUSINESS DESK

Banglalink has launched a new digital lifestyle prepaid package, styled “RYZE”, aimed at empowering young users with a dynamic digital experience.

Aligning with the government’s vision to support youth through upskilling opportunities, the new pack provides AI-powered productivity tools for self-development.

The launch event was held at Alok on Tejgaon-Gulshan Link Road in the capital recently, the mobile operation said in a press release.

Under this package, RYZE offers a unique feature of “endless internet”, where all data packs ensure continued internet availability even if the purchased volume is consumed before the pack’s expiry.

Kaan Terzioğlu, group chief executive officer of VEON, said, “VEON is committed to empowering individuals through technology that not only connects them but also enhances their potential. Our augmented intelligence 1440 (AI1440) strategy is designed to offer customers access to AI-powered services that are relevant during every minute of the day.”

“This approach prioritises digital solutions for professional and personal life, with super apps playing an important role in this vision.”

“With RYZE, we aim to contribute to building a digitally connected Bangladesh filled with innovative minds,” he added.

Erik Aas, chief executive officer of Banglalink, said, “RYZE exemplifies our commitment to empowering the youthful communities we serve through seamless



Jahrat Adib Chowdhury, chief legal officer of Banglalink, speaks while unveiling a new digital lifestyle prepaid package, styled “RYZE”, at Alok on Tejgaon-Gulshan Link Road in the capital recently.

PHOTO: BANGLALINK

digital solutions that meet the unique needs of the next generation.

“By integrating AI-driven productivity tools, RYZE delivers a comprehensive lifestyle experience, from skill development to entertainment, ensuring it resonates with the digital-first generation,” Aas added.

RYZE is available to all mobile users

across any network.

It also aims to enhance entertainment options by providing easy access to a wide range of streaming services, digital content and gamification features, making it an ideal choice for the country’s dynamic youth.

Huseyin Turker, chief technology and information officer of the mobile operator,

Muhammad Mahbub Islam, internal audit director, Jahrat Adib Chowdhury, chief legal officer, Taimur Rahman, chief corporate and regulatory affairs officer, and Muniruzzaman Sheikh, chief ethics and compliance officer, along with key leaders of the operator, prominent guests, influencers, students and business partners were also present.

## China, Indonesia sign \$10b deals

REUTERS, Beijing

China and Indonesia signed deals worth \$10 billion at the Indonesia-China Business Forum in Beijing on Sunday, spanning sectors including food, new energy, technology, and biotechnology, Chinese state media reported.

The forum followed a meeting on Saturday between Chinese President Xi Jinping and Indonesian President Prabowo Subianto, who is in China through Nov. 10, the first country he has visited since taking office last month.

Prabowo, who won Indonesia’s presidential election in February, also chose China for his first visit as president elect, underscoring Jakarta’s commitment to stronger strategic ties with Beijing.

In a joint statement after the leaders’ meeting, the countries agreed to enhance collaboration in sectors such as new energy vehicles, lithium batteries, photovoltaics, and the digital economy.

They also pledged to strengthen partnership on the global energy transition and jointly ensure the security of global mineral supply and industrial chains, the statement said.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (NOV 12, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 68-Tk 80	2.78 ↑	9.63 ↑
Coarse rice (kg)	Tk 52-Tk 55	1.90 ↑	7.00 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-5.56 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 167-Tk 168	8.77 ↑	9.84 ↑
Potato (kg)	Tk 65-Tk 75	27.27 ↑	47.37 ↑
Onion (kg)	Tk 130-Tk 150	21.74 ↑	12.00 ↑
Egg (4 pcs)	Tk 48-Tk 50	-14.78 ↓	15.29 ↑
SOURCE: TCB			

## Midland Bank wins award at Visa Leadership Conclave



Md Ahsan-uz Zaman, managing director and CEO of Midland Bank PLC, receives an award from Sandeep Ghosh, group country manager for India and South Asia at Visa, at Visa Leadership Conclave Bangladesh 2024 at the Sheraton Dhaka in the capital’s Banani recently.

PHOTO: MIDLAND BANK

STAR BUSINESS DESK

Midland Bank PLC has won the “Excellence in Consumer Cards – Prepaid” award in the prepaid card category at the “Visa Leadership Conclave Bangladesh 2024”.

Md Ahsan-uz Zaman, managing director and CEO of the bank, received the award from Sandeep Ghosh, group country manager for India and South Asia at Visa, at a function at the Sheraton Dhaka in the capital’s

Banani recently, according to a press release.

“As we journey with the nation toward a cashless future, we are grateful for partners like Visa, who share our vision,” Zaman said.

“We look forward to further

collaboration with VISA to support the nation’s growth by encouraging secure, simple, and safe payment solutions.”

He extended his gratitude to the bank’s customers, regulators, and partners for their continuous trust, and thanked his colleagues, whose dedication made this achievement possible.

The award reflects Midland Bank’s commitment to advancing a cashless economy and delivering secure and seamless payment experiences for customers.

Midland Bank is always committed to promoting development and inclusion.

Known for introducing pioneering digital payment solutions, the bank offers innovative card solutions designed to enhance the lives of customers.

Through ongoing investments in communities and innovative products, the bank plays a vital role in enabling customers to save, spend, and access exceptional rewards and offers.

Among others, Md Zahid Hossain, deputy managing director of the bank, and Md Abed ur Rahman, head of cards, were present.

## AB Bank holds anti-money laundering training



Mohammad Mokter Hossain, additional director of Bangladesh Financial Intelligence Unit, poses for photographs with participants of a training programme on “Prevention of Trade Based Money Laundering” organised by AB Bank for officials of its authorised dealer branches and head office at the latter’s office in Dhaka recently.

PHOTO: AB BANK

STAR BUSINESS DESK

AB Bank PLC recently organised a daylong training programme on “Prevention of Trade-Based Money Laundering” for its officials of authorised dealer branches and head office.

Mohammad Mokter Hossain, additional director of Bangladesh Financial Intelligence Unit (BFIU), attended the training programme as the chief guest, the

bank said in a press release.

Kaiser A Chowdhury, consultant of AB Bank Foundation, and Md Aminur Rahman, deputy managing director and chief anti-money laundering compliance officer of the bank, were present as special guests.

Mohammad Mokter Hossain, additional director of BFIU, and Md Mosharraf Hossain, joint director, along with other senior bank officials, were also present.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

বিচার প্রশাসন প্রশিক্ষণ ইনস্টিটিউট

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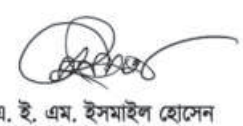
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১২ নভেম্বর, ২০২৪ খ্রিস্টাব্দ

নিলাম বিজ্ঞপ্তি

বিচার প্রশাসন প্রশিক্ষণ ইনস্টিটিউটের পুরাতন আসবাবপত্র ও অন্যান্য মালামাল বিক্রয়ের জন্য আগ্রহী ব্যক্তি/প্রতিষ্ঠান/ব্যবসায়ী/ঠিকাদারগণের নিকট হতে দরপত্র আহ্বান করা যাচ্ছে। আগ্রহী দরপত্রদাতাগণকে নিজ নিজ প্রতিষ্ঠানের ছাপানো প্যাডে সিলগালাসহ খামে আগামী ২৪/১১/২০২৪ খ্রিস্টাব্দ তারিখ দুপুর ১২:০০ ঘটিকার মধ্যে এই কার্যালয়ে রক্ষিত দরপত্র বাজে দরপত্র দাখিল করার জন্য অনুরোধ করা হল। উক্ত দিন বেলা ১২:০০ ঘটিকায় দরদাতাগণের উপস্থিতিতে (যদি কেউ উপস্থিত থাকেন) দরপত্র খোলা হবে। দরদাতাগণকে আরোপযোগী ভাট পৃথকভাবে উল্লেখ করে প্রস্তাবিত দর দাখিল করতে হবে। যে কোন ভদ্রসিলী ব্যাংকের ইস্যুকৃত ব্যাংক ড্রাফট/পে-অর্ডার এর মাধ্যমে নিম্নস্বাক্ষরকারীর অনুকূলে প্রস্তাবিত দরের ২৫% হারে টাকা জামানত হিসেবে দরপত্রের সাথে দাখিল করতে হবে। আগ্রহী ব্যক্তি/প্রতিষ্ঠান/ব্যবসায়ী/ঠিকাদারগণ আগামী ১৪/১১/২০২৪ খ্রিস্টাব্দ তারিখ হতে ২১/১১/২০২৪ খ্রিস্টাব্দ তারিখ পর্যন্ত প্রতি কর্মদিবসে সকাল ১০:০০ ঘটিকা হতে ১২:০০ ঘটিকা পর্যন্ত সরেজমিনে বিক্রয়যোগ্য আসবাবপত্র/মালামাল পরিদর্শন করাসহ ইনস্টিটিউটের হিসাব শাখা হতে এতদসংক্রান্ত সিডিউল ক্রয় করতে পারবেন। কর্তৃপক্ষ কোন প্রকার কারণ দর্শানো ব্যতিরেকে যে কোন দরপত্র/সকল দরপত্র বাতিল করার ক্ষমতা সংরক্ষণ করেন।



এ. ই. এম. ইসমাঈল হোসেন  
পরিচালক (প্রশাসন)  
(জেলা ও দায়রা জজ)  
ফোনঃ ৪১০৫৩৪৭৭ (অফিস)

## Elite Hitech launches eco-friendly AC

Md Shafiqul Islam, managing director of Elite Hitech Industries, attends the launching ceremony of a new model of air conditioner of the company, styled “R290”, in the capital recently.

PHOTO: ELITE HITECH INDUSTRIES

STAR BUSINESS DESK

Elite Hitech Industries Ltd recently launched a new model of refrigerant-based air conditioners, R290, which the AC-maker describes as “a leap forward in eco-friendly cooling technology” in Bangladesh.

The R290, a hydrocarbon refrigerant, features zero ozone depletion potential and low global warming potential, the company said in a press release.

This innovation directly aligns with global environmental goals established by the Montreal Protocol and the Kigali Amendment, which aim to phase out Hydrochlorofluorocarbons and reduce greenhouse gas emissions.

Md Shafiqul Islam, managing director of the company and Noor

A Alam, deputy managing director, unveiled the air conditioners.

Md Ziaul Hoque, director of the Department of Environment, Arif Mohammad Faisal, programme specialist at UNDP Bangladesh, Md Ali Ahammud Shoukat Choudhury, Md Zahurul Haq, Mohammad Arif Hasan Mamun, and Aloke Kumar Mozumder, professors of the Bangladesh University of Engineering and Technology (Buet), attended the programme.

The R290 models are equipped with specialised features, including energy efficiency and cost savings, enhanced cooling performance, quiet operation for maximum comfort, advanced safety with leak detection and durable design and extended warranty.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

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সড়ক বিভাগ, সিলেট

ফোন নং-০২৯৯৭৭০০৫৭২

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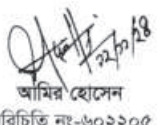
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তারিখঃ ১২/১১/২০২৪

স্মারক নংঃ ৩৫.০১.৯১০০.৪৭৩.০৭.০১৭.২৩.৪০৩১

সেতুর ইজারা কোটেশন এর চূড়ান্ত আহবান বিজ্ঞপ্তি

০১।	ইজারা কোটেশন নং	:	০১(এক)/২০২৩-২০২৪/নিঃপ্রঃ, সওজ, সিলেট (১৪তম ও চূড়ান্ত আহবান)।
০২।	ইজারার বিবরণ	:	২০২৪-২০২৫ অর্থ বছর ও পরবর্তী ০২ (দুই) অর্থ বছরের (২০২৫-২০২৬ এবং ২০২৬-২০২৭) জন্য সিলেট সড়ক বিভাগাধীন সিলেট-সুনামগঞ্জ সড়কের ১৫ তম কিমি-এ রিয়ার এডমিরাল এম.এ খান (লামাকাঙ্গী) সেতুর টোল আদায়ের ইজারা কোটেশন
০৩।	ইজারা তুষ্টির মেয়াদ	:	০৩ (তিন) অর্থ বছর (১০৯৫ দিন)।
০৪।	ইজারা কোটেশনের সিডিউল মূল্য	:	টঃ ৫০০০.০০ (পাঁচ হাজার টাকা মাত্র)।
০৫।	বায়নার টাকার পরিমাণ	:	উক্ত মূল্যের ১০% (শতকরা দশ ভাগ) ব্যাংক ড্রাফট/পে-অর্ডার আকারে
০৬।	ইজারা কোটেশন বিক্রয়ের শেষ তারিখ ও সময়	:	২৬/১১/২০২৪ খ্রীষ্টাব্দ তারিখ বিকাল ৫.০০ পর্যন্ত।
০৭।	মুখবন্ধ অবস্থায় ইজারা কোটেশন গ্রহণের শেষ তারিখ ও সময়	:	২৭/১১/২০২৪ খ্রীষ্টাব্দ তারিখ দুপুর ১২.০০ পর্যন্ত।
০৮।	ইজারা ভাঙে অংশগ্রহণের যোগ্যতা	:	ভাট ও আয়কর সনদধারী প্রতিষ্ঠান/নাগরিক/সরকারী/বেসরকারী/স্বায়ত্বশাসিত সকল প্রতিষ্ঠানের ঠিকাদার।
০৯।	যে সকল কার্যালয়ে ইজারা কোটেশন ক্রয়ের জন্য পাওয়া যাবে	:	বিভাগীয় কর্মশ্রমার সিলেট/জেলা প্রশাসক, সিলেট/নির্বাহী প্রকৌশলী, সড়ক বিভাগ, সিলেট/উপবিঃপ্রঃ সড়ক উপ-বিভাগ, সিলেট/সোয়াপগঞ্জ/বিখানাব ও যান্ত্রিক উপ-বিভাগ, সিলেট।
১০।	যে সকল কার্যালয়ে ইজারা কোটেশন মুখবন্ধ অবস্থায় গ্রহণ করা হবে	:	নির্বাহী প্রকৌশলী, সড়ক বিভাগ, সিলেট/অতিরিক্ত প্রধান প্রকৌশলী, সওজ, সিলেট সড়ক সার্কেল, সিলেট/অতিরিক্ত প্রধান প্রকৌশলী, সিলেট সড়ক জোন, সিলেট/বিভাগীয় কর্মশ্রমার সিলেট/জেলা প্রশাসক, সিলেট।
১১।	ইজারা কোটেশন খোলার স্থান, তারিখ ও সময়	:	স্থানঃ নির্বাহী প্রকৌশলীর কার্যালয়, সড়ক ও জনপথ অধিদপ্তর, সড়ক বিভাগ, সিলেট। তারিখঃ ২৭/১১/২০২৪ খ্রীষ্টাব্দ। সময়ঃ বিকাল ০৪.০০ ঘটিকা।
১২।	ইজারা আহ্বানকারী যে কোন সময় যে কোন কোটেশন/সকল কোটেশন বাতিলের ক্ষমতা সংরক্ষণ করেন।	:	



অমির হোসেন  
পরিচালক নং-৬০২২০৫  
নির্বাহী প্রকৌশলী, সওজ  
সিলেট সড়ক বিভাগ, সিলেট  
টেলিফোনঃ ০২৯৯-৭৭০০৫৭২  
ই-মেইলঃ eesyl@rhd.gov.bd



# Stocks fall on poor performance of large companies

## STAR BUSINESS REPORT

Indexes of the stock market in Bangladesh declined yesterday on rising the day before, largely due to the poor performance of Islami Bank Bangladesh along with the large cap and blue-chip shares amid sales pressures.

Large-cap refers to shares which account for large amounts in market capitalisation, which is the value of a company's outstanding shares.

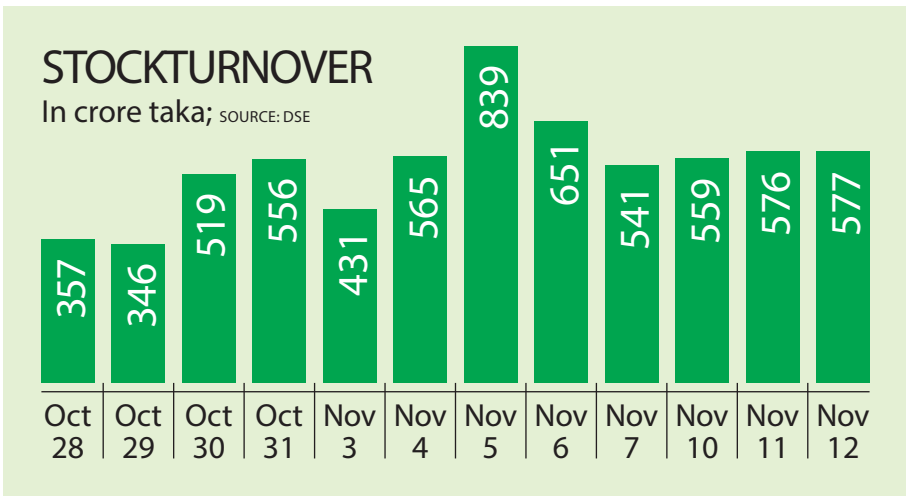
Blue chip refers to companies which are nationally or internationally recognised, well-established, and financially sound.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), went down by 35.06 points, or 0.66 percent, from that on the day prior to close at 5,298.

The DSES, the index that represents Shariah-based companies, edged down by 12.29 points, or 1.03 percent, to 1,183.

The DS30 index of blue-chip firms shed 7.35 points, or 0.37 percent, to reach 1,970. Islami Bank Bangladesh was alone liable for the loss of 19.90 points on the DSE.

LafargeHolcim Bangladesh, Al-Arafah



Islami Bank, Beacon Pharmaceuticals, BRAC Bank, National Bank, Khan Brothers PP Woven Bag Industries, United Commercial Bank, Pubali Bank and Bangladesh Shipping Corporation all suffered losses.

However, Square Pharmaceuticals, Beximco Pharmaceuticals, MJL

Bangladesh, BAT Bangladesh, Grameenphone, Olympic Industries, Shahjalal Islami Bank, Meghna Petroleum, Sea Pearl Beach Resort and Spa and BSRM Steels managed to attract investors.

None of the companies witnessed a double-digit growth.

Square and Beximco, the leading two

drugmakers of the country, jointly logged a gain of 7 points.

Of the issues that changed hands on the DSE, 136 experienced a price hike, while 216 closed lower, while the remaining 48 did not see any price fluctuation.

Turnover, which indicates the total value of shares traded, stood at Tk 578 crore on the DSE, an increase of 0.19 percent compared to the previous day's trading session.

The pharmaceuticals sector dominated the chart, accounting for 19.19 percent of the total turnover.

Another 5.6 percent was posted by block trades, which refers to high-volume transactions in securities that are privately negotiated and executed outside the open market, according to the daily market update by BRAC EPL Stock Brokerage.

Meghna Petroleum emerged as the most traded share, with a turnover of Tk 25.6 crore.

Sector-wise, general insurance, life insurance and food and allied sectors became the top three sectors that closed in the positive, UCB Stock Brokerage said in its daily market update.

## State sugar mills aim to boost output by 45%

### STAR BUSINESS REPORT

State sugar mills are set to start the crushing of sugarcane from the middle of this month, with a target of increasing production by 45 percent year-on-year in the current fiscal year of 2024-25.

Nine state sugar mills under the Bangladesh Sugar and Food Industries Corporation (BSFIC) target to produce 45,000 tonnes of sugar in the current fiscal year, up from around 31,000 tonnes a year ago, according to official data.

"We have good plantations this year," said BSFIC Secretary Md Anwar Kabir.

The BSFIC looks to increase production of sugar at a time when inflation has been stubbornly high and consumers are compelled to pay at least Tk 135 to buy one kilogramme of sugar in Dhaka.

The corporation aims to crush 750,000 tonnes of locally grown sugarcane during this crushing season, beginning with North Bengal Sugar Mill on November 15. The BSFIC crushed just over 600,000 tonnes of sugarcane in the previous season.

If achieved, the latest target would be the highest in four years.

Sugar production by state mills fell to 21,000 tonnes, the lowest on record, in FY23 and the BSFIC was able to prevent it from falling further and increase overall output the following fiscal.

However, the corporation could not bring down its losses, which stood at Tk 571 crore in FY24, up from Tk 532 crore.

## Why does labour unrest drag on?

### FROM PAGE B1

Moreover, the timing of the episode meant that local exporters received nearly 10 percent fewer work orders for the next autumn and winter seasons.

However, normalcy has been restored with the adoption of the 18-point charter as a majority of factories implemented the measures outlined in the agreement.

However, 19 factories could not implement it fully. As a result, unrest broke out again in those factories.

They failed to implement the changes due to a plethora of reasons, including the fact that some of the owners are abroad while others are in jail because of their political affiliations. Others are failing to avail loans from banks and are overburdened with instalments.

AHM Shafiquzzaman, secretary to the Ministry of Labour and Employment, said the problem had been resolved at two to three factories.

The owners of the affected factories are either in jail, abroad or do not have the financial capacity to pay salaries, he said.

For the latest resolution, the government lent Tk 16 crore to TNZ Group so it could resolve problems in paying the workers of its Gazipur unit. Of the amount, Tk 10 crore was sourced from the finance ministry and Tk 6 crore from the Central Fund.

Following such assurances, workers withdrew their blockade along the Dhaka-Mymensingh Highway on Monday night.

Brig Gen (ret'd) M Sakhawat Hussain, adviser to the Ministry of Labour and Employment, yesterday

warned factory owners to pay workers timely and to implement the minimum wage structure.

"Otherwise, the government will appoint administrators to those factories," he said.

Amirul Haque Amin, president of the National Garment Workers Federation, said the financial condition of garment workers is dire now due to inflation, which has hovered above 9 percent since March last year.

"On top of that, they do not get timely wages from factory owners," he lamented.

Some workers have not been paid for two to three months, so they took to the streets to realise their demands, he said.

He added that the latest spell of unrest took place in specific factories because they were not paying workers timely although a tripartite agreement in September said arrears would be cleared very soon.

Md Towhidur Rahman, president of the Bangladesh Apparels Workers Federation, echoed Amin's views.

The workers are unable to trust union leaders or factory owners as they were not paid timely despite several assurances in the past, he said.

Khandoker Rafiqul Islam, the immediate past president of the Bangladesh Garment Manufacturers and Exporters Association, said the association had warned factories to pay workers timely.

All factory owners are not adhering to the conditions in the 18-point agreement, he also said.

As a result, workers are taking to the streets to demand timely payment, he added.

## Dollar climbs with bitcoin

### REUTERS, Tokyo

The US dollar rose toward a four-month peak versus major peers on Tuesday, while bitcoin extended its record rally as investors continued to pile into trades seen as benefiting from the incoming Donald Trump administration.

The euro languished near an almost seven-month trough reached overnight, and the yuan slumped to a more than three-month low with Europe and

China both major targets of potential Trump tariffs.

The US dollar index, which measures the currency against six peers including the euro, rose 0.16 percent to 105.59 as of 0507 GMT, edging back towards Monday's high of 105.70, its strongest since July 3.

Leading cryptocurrency bitcoin pushed to a new all-time peak of \$89,637 earlier in the day. Trump has vowed to make the United States "the crypto capital of the planet".

## Import payment delay

### FROM PAGE B1

when importers are not paying their bank, the lender creates the liability as a forced loan and the bank does not want to pay the import bill in that scenario.

BB measures against payment delays

In the notice, the central bank also asked banks to clear unsettled import bills immediately and said that lenders must ensure

appropriate credit lines are available for the respective importers before issuing letters of credit.

The BB asked banks to ensure adequate cashflow and prospective fund arrangements to cover import payments in cases of issuance of LCs on behalf of importers without underlying credit facilities.

The central bank's notice said that usance imports should be

financed through buyer's credit through offshore banking operations or using the banks' own funds in terms of the foreign exchange transaction guidelines.

The banking regulator warned that failure to settle payments on time is subject to punitive actions, including personal accountability for the officials responsible for the transactions.

## Reserves drop below \$20b

### FROM PAGE B1

After the ACU payment, the country's gross reserves, a conventional calculation by the central bank, stood at \$24.19 billion.

The ACU is a Tehran-based institution for settling payments among nine countries -- India, Bangladesh, Bhutan, Iran, the Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.

Under the ACU, Bangladesh clears import bills every two months and reserves usually fall after the payment is made.

Bangladesh's reserves surged to a record high of \$48 billion in August 2021 amid the Covid-led import and economic shutdown. However, the forex reserves started to fall gradually in the post-pandemic period driven by a spike in import

payments.

This downward trend continued amid increases in import bills against lower exports and remittance earnings until the end of the Awami League regime on August 5 this year in the face of a student-led mass movement.

After the political changeover, the forex reverses started to inch up riding on the increasing remittance inflow. Besides, the Bangladesh Bank's decision to not sell dollars to the market from the reserve also contributed to the upward trend of the forex reserves.

On top of that, the central bank devalued the local currency to Tk 120 against each US dollar amid a greenback shortage and pressure on banks to settle import payments.

The amount of money sent back home by Bangladeshis living abroad rose 21.31 percent year-on-year to \$2.39 billion in October.

Although October's inflow was 0.41 percent lower than September's, remittance earnings stood at \$8.93 billion during the July-October period of FY25, up from \$6.87 billion during the same period of the previous fiscal year, shows central bank data.

According to industry insiders, remittance inflows are likely to increase in the coming days, driven by the central bank's efforts and the support of remittance earners for the new interim government.

This rise in remittances is expected to provide some relief and ease the pressure on foreign exchange reserves, they said.

## Steelmakers face

### FROM PAGE B1

Amid nationwide protests, curfews, a political changeover and ensuing uncertainty, the past three months have been brutal for the steel sector, with top suppliers like Bangladesh Steel Re-Rolling Mills (BSRM) and Anwar Ispat warning of increasingly bleak conditions.

As mills faced losses on every tonne of steel they made, many are lately opting to shut down their furnaces, according to the industry people.

And in view of the current economic crisis and challenging conditions, industry people are calling for the suspension of Group CIB report requirements for at least two years to protect business interests.

The BSMA believes that such a suspension would bring positive changes to the country's economic

growth and investment environment.

"If one unit within an industry faces difficulties, it should not result in negative classification for all units in that group," the BSMA said.

On condition of anonymity, an official of a steelmaker said two letters of credit were blocked back-to-back as a director of his company defaulted on a personal loan, putting nearly 2,000 employees' jobs at risk.

As per BSMA data, there are 190 steel plants in the country, with around 40 being advanced facilities.

Tapan Sengupta, deputy managing director of BSRM, said steel mills are currently incurring losses for producing each tonne of rod. In this situation, some small manufacturers are completely shutting down their furnaces.

This is because mill

owners are selling their products for less than their production cost just to cover workers' salaries and utility bills, he added.

Sengupta also said new construction projects in semi-urban and rural areas have stalled as representatives of local government offices left during the political changeover, leaving official approvals in limbo.

"We do not know if the situation will improve," he added.

Public construction and government mega projects, which account for about 67 percent of the local steel demand, have been declining since July and came to a complete halt following the political changeover on August 5.

Additionally, high inflation has weakened the real estate sector, further impacting the demand for steel, the BSMA said.

**THE SECURITY PRINTING CORPORATION (BANGLADESH) LTD. (SPCBL)**  
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**Local Re: e-Tender Notice.**

Local Re: e-Tender is invited in 'The Security Printing Corporation (Bangladesh) Ltd. (SPCBL)'s e-Tender site <https://spcbltender.bb.org.bd> for procurement of the following works for SPCBL as per e-Tender schedule. Necessary information is given below:

Sl. No.	e-Tender No.	Nature of e-Tender	Name of the Works	Date of Publish	Last Date & time for Submission of e-Tender	Date & time for Opening of e-tender
01.	17/2024	Local	Repair and renovation works of E-1 and E-2 residential building at SPCBL, Gazipur	13/11/2024	11/12/2024 up to 11.00 AM	11/12/2024 up to 11.15 AM
02.	18/2024	Local	Repair and renovation works of F-2 residential building at SPCBL, Gazipur	13/11/2024	11/12/2024 up to 11.00 AM	11/12/2024 up to 11.15 AM

For more details, please visit/contact the followings:

Website : [www.spcbl.org.bd](http://www.spcbl.org.bd)  
Telephone : +88-02-223375570  
E-Mail : [info@spcbl.org.bd](mailto:info@spcbl.org.bd)  
E-tender site : <https://spcbltender.bb.org.bd>

(Md. Mahbubul Haque)  
General Manager (Engineering Department)  
Phone: +88-02-223375570  
E-Mail: [info@spcbl.org.bd](mailto:info@spcbl.org.bd)

GD- 935

**গণপ্রজাতন্ত্রী বাংলাদেশ সরকার**  
**বাংলাদেশ পুলিশ**  
**পুলিশ সুপারের কার্যালয়, গাজীপুর**

**দরপত্র বিজ্ঞপ্তি**  
**দরপত্র বিজ্ঞপ্তি নং-০৪/২০২৪-২০২৫**

তারিখঃ ১২-১১-২০২৪খ্রিঃ

স্মারক নং-৪৪৮১/ই

গাজীপুর দপ্তর পুলিশের ২০২৪-২০২৫ অর্থ সালের ৩য় কোয়ার্টারের নিম্নলিখিত আইটেমের মালামাল সরবরাহের পার্শ্বে বর্ণিত মেয়াদের জন্য টিকাদার নিয়োগের নিমিত্ত পাবলিক প্রকিউরমেন্ট এন্ট্রি/২০০৬ ও পাবলিক প্রকিউরমেন্ট রেগুলেশন/২০০৮ (সর্বশেষ সংশোধনীসহ) অনুসারে নিম্নবর্ণিত শর্ত সাপেক্ষে সীলমোহরকৃত দরপত্র আহ্বান করা যাচ্ছে।

স্মারক নং-৪৪৮১/ই	তারিখঃ ১২-১১-২০২৪খ্রিঃ
১	মন্ত্রণালয়/বিভাগ
২	সংস্থা
৩	দরপত্র সম্পাদনকারী প্রধান
৪	কি কারণে দরপত্র আহ্বান
৫	দরপত্র সূত্র নং ও তারিখ
৬	বাজেট ও অর্থনৈতিক খাত
৭	বাজেট ও অর্থনৈতিক খাত
৮	দরপত্র বিজ্ঞপ্তি প্রকাশের শেষ তারিখ
৯	দরপত্র বিজ্ঞপ্তির শেষ তারিখ
১০	দরপত্র জমা প্রদানের সর্বশেষ তারিখ
১১	দরপত্র খোলার তারিখ ও সময়
১২	অফিসের নাম ও ঠিকানা
১৩	প্রি টেন্ডার সভার স্থান, তারিখ, সময়
১৪	দরপত্রের যোগ্যতা
১৫	মালামালের বিবরণ
১৬	দরপত্র আহ্বানকারী কর্মকর্তার নাম
১৭	দরপত্র আহ্বানকারী কর্মকর্তার পদবী
১৮	দরপত্র আহ্বানকারী কর্মকর্তার ঠিকানা
১৯	দরপত্র আহ্বানকারী কর্মকর্তার যোগাযোগের মাধ্যম
২০	বিশেষ শর্তাবলী

ক) নির্দিষ্ট সময়ের পর কোন দরপত্র গ্রহণ করা হবে না। খ) কোন কারণ দর্শানো ব্যতিরেকে কর্তৃপক্ষ যে কোন দরপত্র গ্রহণ বা বাতিল করার ক্ষমতা সংরক্ষণ করেন। গ) দরপত্রের উল্লেখিত যে কোন আইটেমের পরিমাণ বৃদ্ধি অথবা কমানোর বিষয়ে কর্তৃপক্ষের ক্ষমতা রয়েছে। ঘ) দরপত্র পিপিএ/২০০৬ ও পিপিআর/২০০৮ (সর্বশেষ সংশোধনীসহ) মোতাবেক শর্তাবলী কার্যকর হবে।

স্বাক্ষরিত/-  
তারিখঃ ১২-১১-২০২৪খ্রিঃ  
(মোঃ আবুল কালাম আযাদ)  
বিপি নং-৭২০৩০৮/১৪৪১  
পুলিশ সুপার, গাজীপুর  
(অতিরিক্ত ডিআইজি পদে পদোন্নতি প্রাপ্ত)  
১১-৪৯২৭৩০৬৪, ১১-৪৯২৭৩১৭১  
E-mail: [spgazipur@police.gov.bd](mailto:spgazipur@police.gov.bd)

জিডি-৯৪২





PHOTO: PRABIR DAS

Experts attend a discussion, styled “Inclusive and Gender Responsive Environment for Women-Owned Business”, at The Daily Star Centre in Dhaka yesterday.

## Walton’s profit falls 26% in Q1

### STAR BUSINESS REPORT

Profits of Walton High-Tech Industries plunged in the first quarter of 2024 owing to higher finance costs and foreign currency losses.

Walton’s net profit stood at Tk 149 crore in July-September this financial year, a 26 percent drop year-on-year.

The profit slump weighed on its shares, which declined by 3.96 percent to Tk 494.40 on the Dhaka Stock Exchange yesterday.

Walton attributed the profit decline to Tk 45.85 crore in foreign currency losses, higher interest expenses, and rising sales and distribution costs.

The company said its net revenue rose marginally to Tk 1214 crore, up from Tk 1203 crore a year earlier.

However, its operating profit margin slid slightly to 21.38 percent from 22.58 percent in the previous period.

Besides, the finance costs of the company surged to 10.12 percent of sales from 5.22 percent, according to Walton’s unaudited financial statements.

Walton said adverse impact of currency devaluation and heightened interest rates on short-term loans were the main drivers behind the elevated finance costs.

Earnings per share (EPS) of the company fell to Tk 4.92 in July-September, down from Tk 6.67 in the same period last year, it said.

Net operating cash flow per share of Walton dropped to Tk 3.92, a significant decline from Tk 16.68, due to extended credit terms provided to customers.

Walton said that this strategic credit extension aims to strengthen their distribution network and ensure market stability.

“Payments to suppliers and the government exchequer increased to accommodate higher material purchases necessary for sustaining sales growth,” Walton said.

# Women in online business lack access to finance: experts

### STAR BUSINESS REPORT

Many women entrepreneurs who run online businesses face challenges in accessing finance as they operate from home and lack a physical setup, according to a paper presented during a discussion.

Additionally, entrepreneurs are often required to provide property as collateral when seeking loans to start a business, but many women do not have this asset, making it a significant obstacle for them, Siddikur Rahman, programme analyst for Women’s Economic Empowerment at UN Women Bangladesh, said during a presentation.

Besides, two guarantors are required to take formal loans, another factor that poses a challenge for women, he also mentioned.

The discussion, styled “Inclusive and Gender Responsive Environment for Women-Owned Business”, was held at The Daily Star Centre in Dhaka yesterday. The event was organised by UN Women in partnership with Bangladesh Nari Progati Sangha and The Daily Star.

This discussion was a part of the Women’s Empowerment for Inclusive Growth (WING) project, implemented jointly by UN Women, the United Nations Development Programme and the United Nations Capital Development Fund with funding from the Embassy of the Kingdom of the Netherlands.

The WING project, running from November 2020 to December 2024, aims to enhance the formal participation of women as employees and entrepreneurs, ensuring sustainable improvements in

income and economic security at the local level.

Siddikur said there is a negative perception of women-owned businesses in our society. “It’s not gender-friendly. In Bangladesh, many people still think there is no diversity in products made by women.”

Rahman also mentioned that women are facing gender-specific challenges, including gaps in skills, lack of relevant education and training, and ignorance of export quality standards.

**Entrepreneurs are often required to provide property as collateral when seeking loans to start a business, but many women do not have this asset, said an expert**

The unavailability of quality raw materials, dependence on neighbouring countries for raw materials, absence of skilled labour and issues related to market access, technology and innovation are other barriers, he added.

About 7.2 percent of Bangladeshi businesses are owned by women. There are only around 95,000 females among the 1.3 million retail micro-merchants in Bangladesh.

Sharmin Islam, gender team leader of UNDP Bangladesh, said a woman faces several social barriers when she goes to start a business.

“Just because she is a woman, she must face this situation. In the beginning, their family poses such obstacles. When she

resolves these issues, the market poses another big barrier as it is unwilling to accept a woman as a businessman. The Bangladeshi market is not at all women friendly.”

Sharmin added that the ecosystem required for a woman to become an entrepreneur has not yet been created in the country.

Mohammad Arifur Rahman Sheikh, director for research at the National Institute of Local Government, said the mindset of many posed a challenge to women looking to become entrepreneurs.

He added that they would continue to work to increase skills, create women entrepreneurs and develop the country’s economy.

Mosharraf Hossain, director of social safety net at the Department of Social Services, said they have many initiatives that entrepreneurs are unaware of because they are far behind in terms of promotion.

For example, they offer a loan programme exclusively for women entrepreneurs. “Although the amount of money is Tk 50,000, it is not too low to start a new venture initially,” Sheikh said.

Anwar Hossain Chowdhury, managing director of the Small and Medium Enterprise Foundation, said they are providing diversified support to existing and potential women entrepreneurs to position them in the mainstream business community.

Tanjim Ferdous, in charge of NGO’s and foreign missions at The Daily Star, moderated the discussion.

## Chic Wings to invest \$18m in Bepza EZ

### STAR BUSINESS REPORT

Chic Wings (BD) Lingerie Co Ltd, a Singapore-China joint venture, will invest \$18 million to set up a garment manufacturing factory inside Bepza Economic Zone (Bepza EZ).

The company plans to annually produce 30 million pieces of briefs, undergarments, slips, boxers, shorts, camisoles, bras and vests, Bangladesh Export Processing Zones Authority (Bepza) said in a statement.

The factory will create employment opportunities for 3,000 Bangladeshi nationals, according to the statement.

Md Ashraful Kabir, member for investment promotion of Bepza, and Lijuan Chen, managing director of Chic Wings (BD), signed an agreement in this regard at the Bepza Complex in Dhaka yesterday.

Major General Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, thanked Chic Wings (BD) for investing in Bangladesh, particularly in the Bepza EZ.

Rahman also assured the company of providing all necessary support for smooth business operations.

Bepza EZ, the largest venture of Bepza, is located in Chattogram’s Mirsharai.

Thirty-six companies, including Chic Wings (BD), have so far signed agreements to set up factories in the zone, with a total proposed investment of \$868.5 million.

Among them, three companies have already commenced commercial operations.

## Gold hits near two-month low

### REUTERS

Gold fell on Tuesday to its lowest in nearly two months, weighed down by a stronger dollar, while investors awaited a set of key US economic data and comments from Federal Reserve officials for further clarity on the interest rate trajectory.

Spot gold fell 0.9 percent to \$2,597.91 per ounce by 0747 GMT, hitting its lowest since Sept. 20. US gold futures fell 0.5 percent to \$2,604.30.

“Gold has succumbed to the purple patch of the U.S. dollar in the aftermath of the election,” said Tim Waterer, chief market analyst at KCM Trade.



“The President-elect’s policies appear to be a boon for the dollar and potentially from an inflationary standpoint, it could slow down the Fed’s rate-cutting trajectory in 2025.”

The dollar surged while bitcoin extended its record rally, as investors continued to pile into trades seen as benefiting from the incoming Donald Trump administration.

Gold is also under pressure due to Trump’s pro-bitcoin stance, which could act as an alternative safe haven to bullion, analysts at Berenberg said in a note.

“While we still expect the gold price to ease over 2025 and beyond, we do not expect a material negative correction,” Berenberg said.

Gold is considered a hedge against inflation, but higher interest rates reduce its appeal.

Focus is on the October Consumer Price Index data on Wednesday, the Producer Price Index and weekly jobless claims on Thursday, and retail sales data on Friday.

## Trump victory poses challenges for Fed’s independence

AFP, Washington

Donald Trump’s return to the White House could put the independence of the US Federal Reserve under strain, potentially weakening its ability to fight against inflation and unemployment free from political interference.

The Fed has a dual mandate from Congress to act independently to tackle both inflation and unemployment – primarily by raising and lowering interest rates.

Anything that undermines the Fed’s independence could spook traders in the financial markets, who might come to question if it could effectively tackle inflation.

“The prevailing view for the past 30 years, with the exception of the first Trump administration, has been that it’s best to give the Fed the widest possible latitude to conduct monetary policy,” David Wilcox, a senior fellow at the Peterson Institute for International Economics (PIIE), told AFP.

“Monetary policy is complicated enough even without having to take that additional consideration,” added Wilcox, a former senior advisor to three Fed chairs who is also Bloomberg’s director of US economic research.

The Federal Reserve System includes a decentralized network of 12 regional reserve banks and a seven-member Board of Governors in Washington.

Fed governors are nominated by the US president to serve staggered 14-year terms, and must be confirmed by the Senate.

The Fed chair and vice chairs are appointed from among these seven governors and, once appointed, cannot be removed without cause. The Fed Board of Governors also plays a role in approving nominations to run the 12 regional reserve banks.

# Asia, the world’s economic engine, prepares for Trump shock

AFP, Tokyo

Some Asian countries stand to gain if US president-elect Donald Trump pushes ahead with his promised massive tariffs on China and triggers a new wave of factory relocations to the rest of the region.

But a trade war between the world’s biggest economies would also destabilise markets everywhere, with Asia – which contributes the largest share of global growth – the most affected.

Trump, who won a crushing presidential victory this week, vowed during his campaign to slap 60 percent tariffs on all Chinese goods entering the United States in an attempt to balance trade between the two nations.

Analysts however question whether the new president will stick to such a high figure, and dispute the blow such tariffs could inflict on the Chinese economy, estimating GDP could be lowered by between 0.7 percent and 1.6 percent.

The cooling effect would also make waves throughout Southeast Asia, where production chains are closely linked to China and enjoy significant investment from Beijing.

“Lower US demand for Chinese goods due to higher tariffs on China will translate into lower demand for ASEAN

exports, even if there aren’t US tariffs levied directly onto those economies,” said Adam Ahmad Samdin, of Oxford Economics.

Indonesia is particularly exposed through its strong exports of nickel and minerals, but China is also the top trading

partner of Japan, Taiwan and South Korea.

In addition to China, Donald Trump has also warned of an increase of 10 to 20 percent on duties for all imports, as part of his protectionist policies and fixation that other countries take advantage of

the US.

“The extent of these effects likely depends on the direct exposure of each economy to the US,” said Samdin, who added that America accounts for a 39.1 percent share of Cambodian exports, 27.4 percent from Vietnam, 17 percent from Thailand and 15.4 percent from the Philippines.

Trump first slapped China with heavy tariffs in 2018 during his first administration, leading to the emergence of “connector countries”, through which Chinese companies passed their products to avoid American taxes.

Those countries could be in the line of fire now.

“Vietnam’s electronics exports to the US could also be targeted by Trump, in a bid to halt the diversion of Chinese electronic products to the US via Vietnam since 2018,” said Lloyd Chan, a senior analyst at MUFG, Japan’s largest bank.

“This is not inconceivable. Trade rewiring has notably gained traction in the region’s electronics value chain.”

“India could itself become a target of protectionist measures by the US due to the large share of Chinese components in Indian products,” added Alexandra Hermann, an economist with Oxford Economics.



Workers assemble cars at an automobile assembly factory in Qingdao, in eastern China’s Shandong province. Trump slapped China with heavy tariffs in 2018 during his first administration.

PHOTO: AFP/FILE