

## Profit of CVO Petrochemical surges 45% in Q2

STAR BUSINESS REPORT

CVO Petrochemical Refinery's profit increased in the second quarter of fiscal 2024-25 thanks to a strong growth in turnover. The company posted a 45 percent year-on-year profit growth in Q2, reaching Tk 2.66 crore.

Shares of the company gained 2.80 percent as of mid-day trading yesterday on the Dhaka Stock Exchange (DSE), reaching Tk 121.2.

The earnings per share (EPS) for October-December rose to Tk 0.96, up from Tk 0.66 during the same period in 2023, according to a disclosure on the DSE.

The company attributed the EPS growth to a rise in turnover during the quarter.

The positive result in the latest quarter helped CVO to record EPS of Tk 1.88 during the July-December period, compared to Tk 1.76 a year earlier.

Additionally, net operating cash flow per share (NOCFPS) surged to Tk 2, up from Tk 0.78 during the corresponding period in 2023.

The company mentioned higher customer collections outpacing payments to suppliers, employees, and operating expenses for the NOCFPS growth, as per the disclosure.

Founded in 1984 as Chittagong Vegetable Oil Industries, CVO transitioned into petroleum production in 2010.

Its condensate fractionation plant has been producing motor spirit, high-speed diesel, and mineral turpentine since April 2014.

## Gold climbs to 10-week peak

REUTERS

Gold prices climbed to their highest level in over ten weeks on Tuesday as the US dollar slumped following President Donald Trump's inauguration and investors sought the safe-haven metal to hedge against uncertainty sparked by his tariff plans.

Spot gold climbed 0.7 percent to \$2,727.19 per ounce by 0625 GMT and hit its highest since Nov. 6, not far from an all-time high of \$2,790.15 hit in October.

US gold futures were 0.2 percent lower at \$2,744.40, narrowing the premium over spot rates, after Trump did not immediately impose tariffs on Monday as was expected.

## CURRENT STATE of mobile manufacturing

Production increased by 17.17% in 2024

It's still lower than an all-time high in 2022

Industry witnessed first downturn in 2023

Local production dropped by 27% in 2023

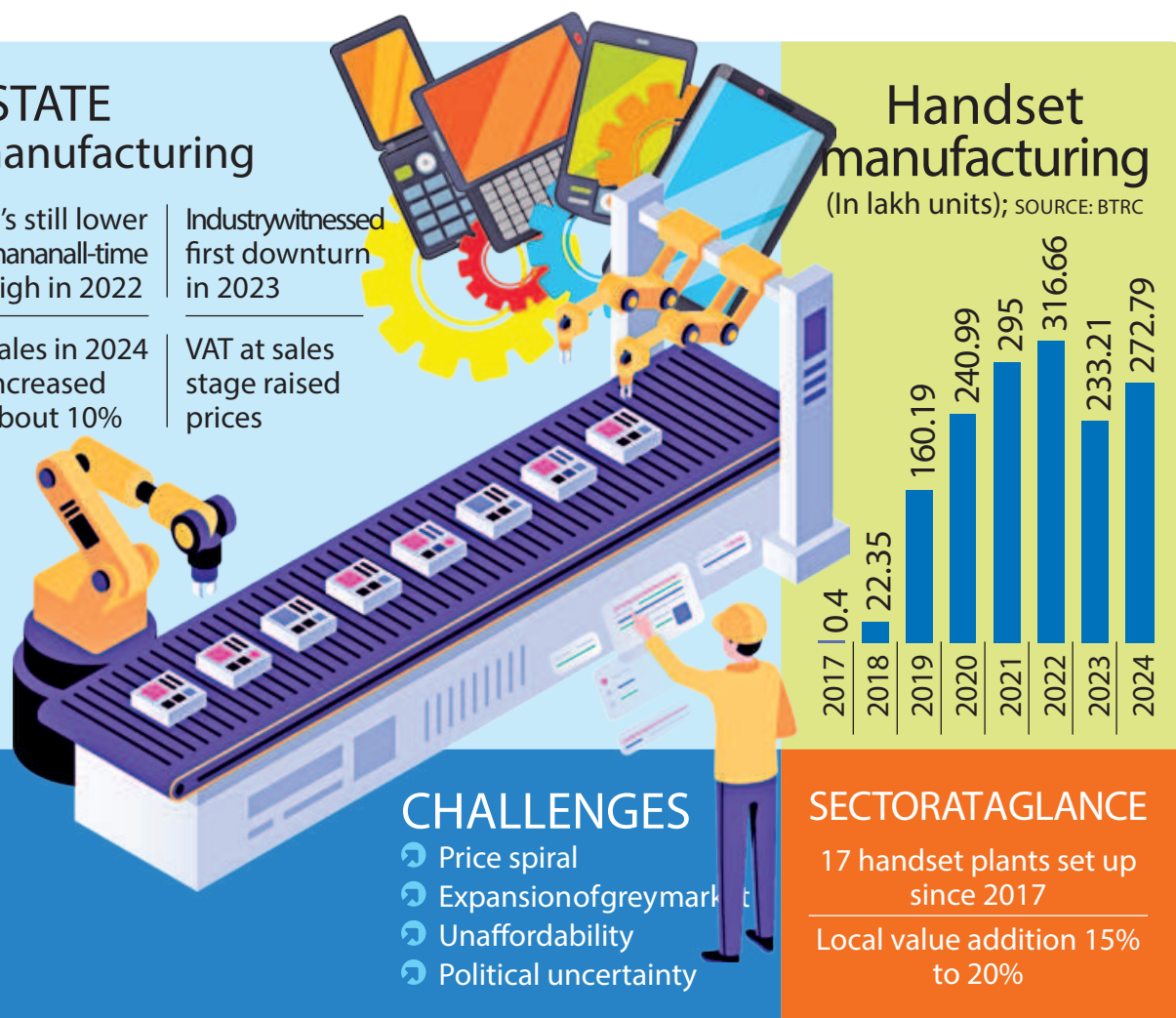
Sales in 2024 increased about 10%

VAT at sales stage raised prices

Costly dollar contributed to price hike

Countries like India and Pakistan are advancing in component manufacturing, with policies favouring relocation and investment from China

Rizwanul Haque  
Vice-president of Mobile Phone Industry Owners' Association of Bangladesh



# HANDSET PRODUCTION rose 17% in 2024 but challenges persist

MAHMUDUL HASAN

Handset production in Bangladesh increased by 17.17 percent year-on-year in 2024, but local assemblers faced significant challenges due to sluggish sales and the rapid expansion of the grey market.

The local plants produced 2.73 crore units in 2024, up from 2.33 crore in 2023.

However, the production volume has dropped compared to the preceding years as it had reached an all-time high of 3.16 crore in 2022 and 2.95 crore in 2021.

The latest increase in production did little to raise hopes for local assemblers as an increase in taxes, alongside the rise in the exchange rate of the US dollar against the taka, upended capacity expansion and profits.

Bangladesh's journey in handset manufacturing began in 2017, when the

government offered substantial tax benefits to encourage local production.

This policy spurred a meteoric rise in output, from only 40,000 handsets produced by Walton in 2017 to an impressive 3.16 crore units in 2022.

Global brands like Samsung, Oppo, Vivo, and Tecno established manufacturing plants in the country to capitalise on the growing market.

However, the sector experienced a sharp downturn in 2023, with production declining by 26.35 percent year-on-year.

This downturn was driven by several factors, including the high currency exchange rate, an increase in taxes, and a decrease in consumer purchasing power.

Consumers significantly tightened their spending owing to inflation remaining persistently high for the past two years.

The price of handsets has increased by about 40 percent in some cases due to the US dollar price hike.

Despite modest growth of 7 percent to 8 percent in overall sales, the sector struggled under the weight of these challenges, said Rizwanul Haque, vice-president of the Mobile Phone Industry Owners' Association of Bangladesh.

According to him, local assemblers now face a complex tax structure, including VAT of up to 7.5 percent at the factory level, customs duties of 8 percent to 10 percent on components, and an additional 5 percent VAT at each stage of sale.

In contrast, neighbouring countries like India benefit from lower tax rates, making their products more competitive.

The dominance of distributors and retailers further squeezed local producers' profitability.

Meanwhile, the grey market, offering cheaper, often smuggled phones, continues to expand unchecked, undermining legitimate sales, Haque said.

According to the association, the grey market now accounts for 35 percent of the total handset demand in Bangladesh.

Bangladesh's potential to become a regional manufacturing hub faces significant hurdles. Countries like India and Pakistan are advancing in component manufacturing, with policies favouring relocation and investment from China, added Haque.

Local assemblers add only about 20 percent value as critical components like chips, displays, cameras, RAM, and batteries are imported.

To compete, Bangladesh must address its high tax regime, strengthen local supply chains, and focus on political stability to attract investment and bring stability to the industry, he said.



## SMEs: Start locally, think globally

SALEKEEN IBRAHIM

Since the country's independence in 1971, small and medium enterprises (SMEs) have played a pivotal role in GDP growth, employment, income generation, and local development. However, despite their substantial potential, most Bangladeshi SMEs struggle to transition from local markets to global trading platforms. It is embarrassing that, despite having immense potential to shine on the global stage, our entrepreneurs remain constrained by local limitations and fail to become formidable players in the international market.

Now, at the beginning of 2025, Bangladesh stands at a critical crossroads in its history. The nation must refocus its attention on SMEs from a fresh perspective. First and foremost, government support must be leveraged to help SMEs represent themselves globally. The government should expand policy support and incentivise entrepreneurs to promote SME exports on a broader scale. Entrepreneurs, in turn, should take advantage of initiatives such as export subsidies, training programmes, and trade fairs and similar entities. Additionally, the government should develop a robust business plan encompassing export strategies, target markets, and potential challenges.

Capacity building and skill development remain major barriers to global expansion. Training programmes focused on global trade, export procedures, digital marketing, and letters of credit (LC) can equip entrepreneurs



with the necessary skills to succeed globally. Collaborating with institutions like the SME Foundation and trade associations can facilitate such training. In terms of capacity building, more emphasis should be placed on audiovisual content available on digital platforms. This approach can help overcome geographical barriers

and support better time management for entrepreneurs. Digital tools and e-commerce platforms can also enable SMEs to reach a global audience. Entrepreneurs should invest in user-friendly websites, enhance their online presence on social media, and leverage global marketplaces.

Most Bangladeshi enterprises face significant challenges in securing adequate financing. High interest rates, lack of collateral, and limited access to alternative funding sources hinder their ability to invest in global expansion. To address these challenges, the government, NGOs, and international donors should offer more financing schemes and grants tailored specifically for SME exports. Additionally, mitigating currency risks should be a strategic priority in international trade.

For global acceptance, obtaining internationally recognised certifications, such as ISO standards, can significantly boost buyer confidence. SMEs in Bangladesh should focus on improving production processes, operational efficiency, adopting green business practices, ensuring superior quality control, and achieving high packaging standards to compete with top global players. Collaborating with international merchants, agents, and trade intermediaries can also help SMEs access new markets. Participation in global trade fairs and business matchmaking events can open doors to valuable connections.

In the context of global trade, branding with a unique selling proposition (USP) distinguishes one enterprise from another and creates demand for its products or services. SMEs should invest in building a distinctive brand identity that resonates with international audiences.

Through determination, innovation, and visionary strategic planning, Bangladeshi SMEs can overcome barriers and become competitive players on the global stage. By fostering synchronisation between the government, financial institutions, donors, NGOs, and the private sector, Bangladesh's SMEs have the potential to transform the nation into a global trading powerhouse. If we do not start thinking big now, it may never happen.

The writer is a banker

## At Davos, EU vows pragmatism with Trump

AFP, Davos

EU chief Ursula von der Leyen declared Tuesday that Europe was ready to negotiate with US President Donald Trump but the bloc will also seek to improve ties with China and other nations as global competition heats up.

Von der Leyen insisted that the United States remains an important partner, taking a conciliatory tone in a speech to the annual meeting of global elites in Davos, Switzerland.

The EU's "first priority will be to engage early, discuss common interests, and be ready to negotiate" with Trump, she said.

"We will be pragmatic, but we will always stand by our principles. To protect our interests and uphold our values," she said.

Trump returned to the White House on Monday, bringing with him fears he will deliver on promises to slap heavy tariffs on China and US allies including Canada and the European Union.

After his inauguration, Trump said he may impose 25 percent tariffs on Canada and Mexico as early as February 1.

He also announced the United States'

withdrawal from the Paris climate accord, which the European Commission president defended as the "best hope for all humanity" and vowed "Europe will stay the course".

China's Vice Premier Ding Xuexiang — also a member of the Chinese Communist Party's apex of power that rules the country — will speak immediately after von der Leyen.

The EU chief reiterated her commitment to free trade during her speech, pointing to recent deals with Switzerland, the Latin American bloc Mercosur and Mexico.

Von der Leyen also said she and Indian Prime Minister Narendra Modi wanted to "upgrade" their partnership.

She stressed that Europe "must engage constructively with China — to find solutions in our mutual interest" despite escalating trade tensions between the two.

"2025 marks 50 years of our Union's diplomatic relations with China. I see it as an opportunity to engage and deepen our relationship with China, and where possible, even to expand our trade and investment ties," she said.

## Asian markets swing as Trump revives tariff fears on taking office

AFP, Hong Kong

Asian markets saw big fluctuations Tuesday as Donald Trump took office warning he could impose stiff tariffs on Canada and Mexico next month but appeared to delay any action against China for now.

The new US president's announcement that the country's closest neighbours could be hit with 25 percent levies as soon as February 1 also jolted currency markets, with the Mexican peso and Canadian dollar tumbling.

His comments came as he signed a slew of executive orders that indicated he could resume his hardball approach to global diplomacy and trade, including pulling out of the Paris climate accord and the World Health Organization.

He also gave social media app TikTok 75 days to find a buyer for its US business, after it missed a deadline Saturday ordering its Chinese owners ByteDance to sell its US subsidiary to non-Chinese buyers or be banned.

"We're thinking in terms of 25



People walk past a sign showing the numbers for the Hang Seng Index in Hong Kong.

PHOTO: AFP/FILE

percent on Mexico and Canada, because they're allowing vast numbers of people — Canada's a very bad abuser also — vast numbers of people to come in, and fantasy to come in," he said in the Oval Office.

He had earlier said he would "immediately begin the overhaul of our trade system to protect American workers and families".

"Instead of taxing our citizens to enrich other countries, we will tariff and tax foreign countries to enrich our citizens," he announced in his inaugural address.

Markets in Asia and Europe had enjoyed a healthy run-up Monday — with Frankfurt hitting another

record — on hopes Trump would take a more gradual approach to trade policy, after news of positive talks with Chinese President Xi Jinping added to the optimism.

That lack of mention of China fanned hopes the economic superpowers will not embark on another trade war.

And Beijing said Tuesday it hoped the two sides could cooperate on the issue, with foreign ministry spokesman Guo Jiakun saying it is "willing to strengthen dialogue and communication with the United States (and) properly manage differences".

However, Trump's warning to Ottawa and Mexico City caused some nervousness on trading floors.

Shanghai, Singapore, Seoul, Wellington, Manila and Mumbai fell while Tokyo, Sydney, Taipei, Bangkok and Jakarta rose.

Hong Kong advanced, with embattled Chinese developer Country Garden soaring as much as 30 percent at one point as trading in the firm resumed after a nine-month suspension. It ended 17.5 percent higher.