China second biggest investor in Bepza zones after Bangladesh

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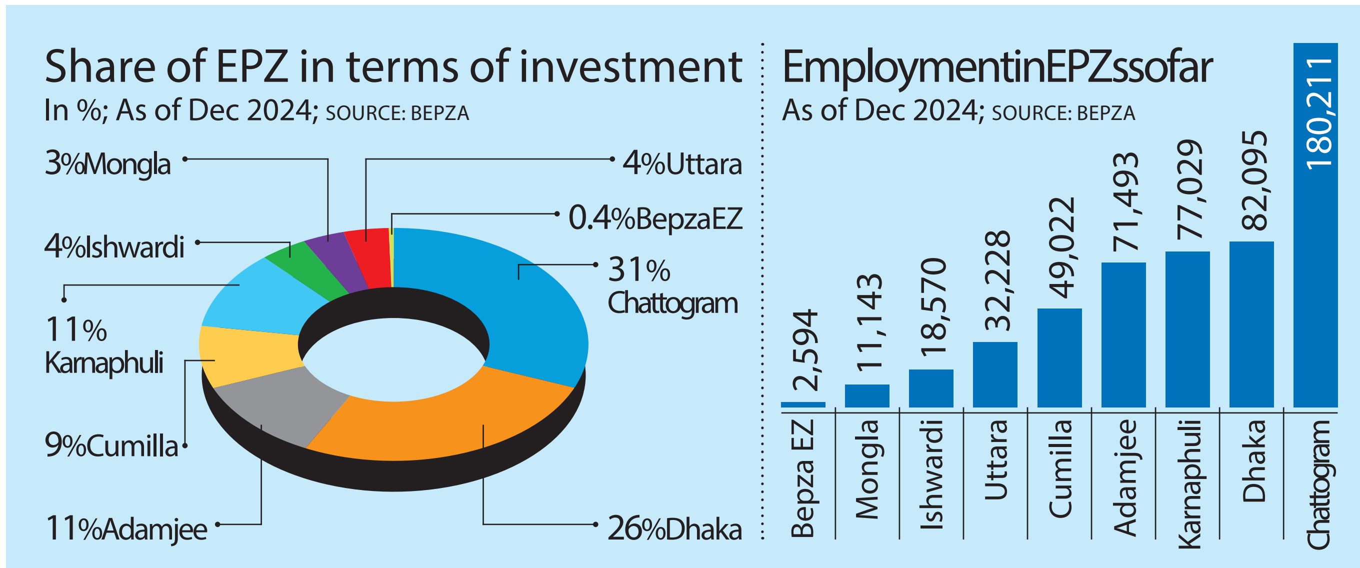

Chinese investment in all eight export processing zones (EPZs) of the Bangladesh Export Processing Zones Authority (Bepza) and its economic zone in Chattogram is only exceeded by domestic investment, show documents of the government agency.

So far, companies from a total of 38 countries have invested in the Bepza EPZs. Bangladesh ranks first in terms of investment, with 148 of its local companies having vested interests in these industrial enclaves.

China holds the second position as 108 of its companies have invested in EPZs, while South Korea follows with 62 companies.

The number of foreign firms invested in local EPZs also includes 30 from Japan, 19 from India, 19 from the UK, 17 from the US, 10 from Canada, seven from Sri Lanka, and six from the Netherlands.

Bepza Chairman Major General Abul Kalam Mohammad Ziaur Rahman informed that US President Donald Trump has announced plans to impose a 10 percent tariff on Chinese goods from February 1.

"This will raise the price of Chinese products in the American market. Consequently, the products will lose competitiveness," he said.

So, many Chinese entrepreneurs have started relocating their industries to other countries, with Vietnam, Cambodia, Indonesia, Sri Lanka, Myanmar, and Bangladesh becoming their preferred destinations.

"Among these, Bangladesh ranks as the top choice," Rahman said.

"We are seeing significant interest from Chinese firms to invest in the country. Just three or four days ago, we received a proposal for a $150 million investment," he added.

Rahman also highlighted the demographic challenges in China.

"The number of young people in China has decreased, leading to a shortage in its workforce. As such, those available are demanding significantly higher wages."

The Bepza chief addressed concerns regarding foreign direct investment (FDI) in Bangladesh, particularly in the aftermath of last August, when the Awami League government was ousted by a mass uprising.

"Numerous investors are actively reaching out with plans for new investments, which reaffirms the country's potential for FDI," he said.

At present, there are 449 industrial establishments operating in the eight EPZs under Bepza and the BEPZA Economic Zone in Chattogram.

They have generated employment for 524,385 people, with a total investment of $6,914 million.

The combined area of the eight EPZs and BEPZA Economic Zone is only 3,445 acres. However, these industrial areas contributed 29 percent of the country's total FDI in fiscal 2023-24.

Data from the Bangladesh Bank shows that FDI inflows amounted to $1,468 million in the last fiscal year, with $424 million of the total coming as investments in the EPZs.

Ashraful Kabir, member for investment promotion at BEPZA, noted that by reducing reliance on garment making, the EPZs are strengthening the country's economic foundation through product diversification and export expansion.

"Beyond garments and garment accessories, 48 percent of the products manufactured in the EPZs are now diversified items," he said.

Bepza began developing its ninth industrial area, the Bepza Economic Zone, in 2018 on 1,138 acres of land in Mirsarai, Chattogram.

The project, which is still underway, aims to construct 539 industrial plots and 45 factory buildings.

So far, 42 domestic and foreign investors have signed agreements with Bepza to collectively invest $970.91 million in this zone. Of the planned industrial plots, 249 have already been allocated.

Bepza has also initiated land development for two EPZs in the Jashore and Patuakhali districts.

The Patuakhali EPZ, spanning 410.78 acres, will feature 306 industrial plots. It is expected to attract investment of $1,530 million, generate $1,836 million in annual exports, and create 100,000 opportunities for direct employment and 200,000 opportunities for indirect employment.

The Jashore EPZ, covering 503 acres, will comprise 400 industrial plots. Bepza anticipates that this zone will draw investments of $2,000 million, generate $2,400 million in annual exports, and create 150,000 direct jobs and 300,000 indirect jobs.

Reimagining Bangladesh's telecom future

TANVEER MOHAMMAD

Returning to Bangladesh after more than a decade is both a homecoming and a rediscovery for me. I see a country alive with the energy of resilient youth and shaped by a relentless spirit for progress.

This Bangladesh holds within it the promise of becoming a beacon for the region -- a nation poised to take its place among the world's great stories of progress.

But as someone who has walked the corridors of the domestic telecom industry since its formative years, the experience has given me a multi-dimensional perspective on its journey.

I am reminded that connectivity is not just a service; it is the invisible thread binding dreams to reality, powering economies, and bridging the distance between potential and achievements.

The telecom sector, a vital driver of the country's socioeconomic transformation, contributed around 1.05 percent of the national GDP in fiscal 2023-24, according to data of the Bangladesh Bureau of Statistics.

Furthermore, the telecom industry is one of the largest contributors of foreign direct investment (FDI). Since inception, approximately Tk 150,000 crore has been invested in the industry till 2023. Also, it has generated about 900,000 jobs, underscoring the crucial interplay between telecommunications growth and overall economic prosperity.

Despite all of its contributions, the sector is shadowed by structural constraints and regulatory uncertainties. Therefore, the question remains: Are we ready to give this sector the space and tools it needs to help Bangladesh soar into a digital future?

Imagine an eagle, born to soar among the clouds, yet its wings are clipped. Its eyes scan the horizon, but flight remains a distant dream. This is the reality of our telecom industry -- immense potential shackled by frameworks and inefficiencies.

A major obstacle is the unpredictable and unfavourable regulations along with micromanagement, which created a climate of uncertainty that hampers innovation and deters investment.

The industry, which thrives on agility and forward-thinking, is also bogged down by overly prescriptive policies, lengthy approval processes, frequent policy changes and a lack of clear dispute resolution mechanisms.

Despite Bangladesh being a promising market, such unpredictability not only delays progress, but poses risks and erodes investor confidence.

Besides, the fragmented licensing regime complicates rather than facilitates growth. Operators are prohibited from managing their own transmission infrastructure or constructing fibre networks. So, they instead rely on multiple intermediaries, often hindering service quality.

Moreover, the absence of uniform KPIs have created an accountability vacuum across the value chain. This fragmented value chain inflates operational costs, reduces efficiency and stifles accountability, ultimately resulting in customer dissatisfaction.

Without addressing these issues, we risk widening the digital divide and holding back the very communities that stand to gain. Therefore, it is worth reflecting on whether we are creating a regulatory environment that empowers the telecom sector to innovate and grow, or are we inadvertently letting these frameworks dictate its trajectory?

To unlock the telecom sector's potential, we need a regulatory framework that fosters innovation, encourages investment and promotes competition. By consolidating fragmented regimes and allowing operators to build and manage their own infrastructure, we can reduce inefficiencies and lower costs, ultimately improving service delivery. A shift from micromanagement to principle-based regulation would further empower the sector. Finally, a stable and predictable regulatory environment will add speed and efficiency in the journey of building a prosperous, inclusive digital society.

The choice before us is profound: Do we embrace a future where innovation thrives, investments flow, and opportunities expand, or do we accept a status quo that limits what it could be?

The author is chief corporate affairs officer of Grameenphone

Berger Paints' Q3 profit rises 11%

STAR BUSINESS REPORT

Berger Paints Bangladesh's profit grew in the third quarter of the fiscal year 2024-25, while its cash flow deteriorated.

The leading paint manufacturer posted a profit of Tk 94.25 crore in the third quarter of FY25, marking an 11 percent year-on-year growth.

Shares of Berger declined 0.52 percent to Tk 1,806.40 yesterday at the Dhaka Stock Exchange.

The consolidated earnings per share (EPS) stood at Tk 20.32 for October-December 2024, up from Tk 18.30 in the same period of the previous year, according to its financial statements.

Berger also posted earnings growth in the first nine months of FY25, as its consolidated EPS for April-December rose to Tk 53.26 from Tk 49.38 in the same period of the previous year.

Berger Paints is a leading name in the paint industry; however, its cash flow declined.

The consolidated net operating cash flow per share (NOCFPS) plunged to Tk 18.46 for April-December 2024 from Tk 104.99 a year earlier.

The company said the NOCFPS significantly decreased compared to the same period last year, primarily due to higher import payments.

Increasing efficiency of NBR essential for business growth

Finance adviser says

STAR BUSINESS REPORT

Finance Adviser Salehuddin Ahmed yesterday said that increasing the efficiency of the National Board of Revenue (NBR) is essential for the growth of trade and commerce in the country.

At the same time, he called on local businesses to maintain labour and environmental compliance to enhance their competitiveness, enabling them to compete effectively in the global market after Bangladesh's graduation from the least developed country (LDC) category.

Ahmed made these comments at a seminar on "Reforms in customs, income tax, and VAT to address the challenges after LDC graduation," held at the National Economic Council in Dhaka. The event was organised by the Economic Relations Division (ERD).


Salehuddin Ahmed

Commerce Adviser Sk Bashir Uddin and NBR Chairman Md Abdur Rahman Khan were present at the event, which was chaired by ERD Secretary Md Shahriar Kader Siddiky.

At the seminar, the finance adviser highlighted the need for the private sector to be proactive alongside the government in addressing the challenges of LDC graduation.

He also underscored the importance of effectively implementing the recently finalised Smooth Transition Strategy (STS).

Commerce Adviser Sk Bashir Uddin stressed the importance of improving the efficiency of local businesses to handle the challenges of the post-LDC era.

NBR Chairman Md Abdur Rahman Khan highlighted the need to reduce tax expenditure. He announced that the National Single Window would be fully operational by next March and assured attendees that the entire tax system would soon be automated.

ERD Secretary Md Shahriar Kader Siddiky reaffirmed the government's commitment to ensuring the effective and timely implementation of the STS.

He added that a series of stakeholder consultations would be organised to facilitate its successful execution.

Apex Footwear reports 32% profit growth in Q2

STAR BUSINESS REPORT

Apex Footwear announced that its profit grew in the second quarter of the fiscal year 2024-25, driven by reduced operating expenses.

The shoe manufacturer posted a profit of Tk 3.19 crore in the October-December quarter, marking a 32 percent year-on-year growth.

Shares of Apex gained 0.68 percent to Tk 206 yesterday at the Dhaka Stock Exchange (DSE).

Apex Footwear stated that earnings per share (EPS) for the quarter soared to Tk 2.03 in the October-December quarter, up from Tk 1.53 during the same period a year ago, according to a disclosure on the DSE.

The company attributed the increase primarily to a reduction in operating expenses, which fell to Tk 81.71 crore in Q2 from Tk 87.27 crore in the same quarter last year.

With the second-quarter earnings results, the total profit of Apex Footwear increased by 31 percent year-on-year to Tk 6.02 crore in the July-December period of FY25 compared to the previous year.

However, its cash flow, a major indicator of the financial health of a company, declined.

Apex reported that its net operating cash flow per share (NOCFPS) dropped 14 percent year-on-year to Tk 71.34 in the July-December period of FY25.

The footwear maker explained that the decline was due to higher payments to suppliers, employees, and other costs, driven by increased material procurement expenses, higher direct labour costs, and rising utility expenses.

Founded in 1990, Apex Footwear began as an export-focused factory and went public in 1993. It launched Gallerie Apex in 1997 and the brands Apex and Moochie in 2000. By 2018, Apex had become Bangladesh's largest retail chain, with over 250 stores, according to its website.

Weak yuan, Trump tariff threats confound Beijing's economic puzzle

AFP, *Beijing*

Higher US tariffs under President Donald Trump could accelerate a slump in the value of China's currency, complicating recent efforts by Beijing to kickstart a rebound in its struggling economy, analysts warn.

Just days after beginning his second term in the White House last week, Trump said he would impose a 10 percent levy on all Chinese products from February 1, while leaving the door open for negotiations.

If implemented, the duties will likely exacerbate the yuan's weakness, just as Chinese leaders work to shore up an economy beset with challenges including sluggish domestic consumption and a prolonged debt crisis in the property sector.

Economists say this year could see the yuan fall to the lowest level against the US dollar since Beijing scrapped its fixed exchange rate two decades ago.

"The combination of looming tariffs, looser monetary policy and a slower pace of rate cuts in the United States will weaken the yuan," said Harry Murphy Cruise, an economist at Moody's Analytics.

A depreciated currency enhances the competitiveness of exporters by lowering the prices of their goods and services overseas.

This could encourage Beijing to allow the yuan to decline further in order to support its foreign trade and reduce deflationary pressure at home, notes Alicia Garcia Herrero of Natixis.

But a weaker yuan "could exacerbate trade tensions with the United States, hindering negotiations to bring tariffs back down", said Murphy Cruise.

He added that a "rapid drop" in its value could trigger large-scale capital outflows, similar to those that occurred in 2015 as uncertainty regarding China's economy swirled.

Above all, a major depreciation would run counter to the strategic objective of President Xi Jinping to ensure a "strong currency" and make China a "financial power".


An employee counts 100 Chinese yuan banknotes at a bank in Hefei of Anhui province.
PHOTO: REUTERS/FILE

But a stronger yuan would require sacrificing China's currency advantage in trade -- a vital lifeline for the economy at a time of sluggish domestic spending.

"It is a Catch-22 situation," wrote Garcia Herrero.

For now, Beijing's strategy is to prioritise the yuan's stability, with the ambition of ultimately making it a major global reserve currency, analysts from Macquarie Group noted.

The exchange rate could slide to 7.45 yuan per dollar by the end of 2025, from 7.24 currently, noted Murphy Cruise.

While China's central bank cannot put a full halt to the yuan's slump, it "will likely intervene in the foreign exchange markets to ensure that the depreciation... is gradual", he said.

Surpassing the symbolic marker of 7.5 yuan per dollar could cause "panic", sparking an even more rapid spiral, Wang Guo-Chen of the Taiwan-based Chung-Hua Institution for Economic Research told AFP.

Authorities may initially orchestrate a slight devaluation in response to US tariffs, but "they will eventually pull back" he said.