Creative economy to be part of economic growth: Khosru

STAR BUSINESS REPORT

Finance and Planning Minister Amir Khosru Mahmud Chowdhury yesterday said the government wants to bring art and culture into mainstream economic activity, making the creative economy a new component of Bangladesh's development.

He was speaking as chief guest at the launch of a book titled "Creative Footprints: Modern and Contemporary Art in Bangladesh" in Dhaka. Standard Chartered Bangladesh published the book in partnership with Bengal Foundation.

"We all love arts. We like theatres. We like music. But we never monetised it," the minister said.

He said spending around London's theatre district, from tickets to nearby galleries and shops, adds to British GDP. "Why don't we create the same environment in Bangladesh?" he said.

The minister said the government is working with the private sector and nongovernmental organisations, since "government is not always in a position to deliver". Funding has been earmarked in the budget, and more is expected from private partners, he said.

He cited an artist from the hills who sold him paintings at Tk 5,000 each. After an exhibition arranged with Bengal Foundation, similar works sold for Tk 50,000 to Tk 100,000 apiece, he said.

Artisans will get financial, design, branding and marketing support, including online sales through platforms such as Amazon, eBay and Alibaba, he said, adding that this could double the prices they receive.

He said this would create jobs and bring in foreign currency.

"This is a soft power for Bangladesh," he said.

British High Commissioner Sarah Cooke was the special guest. They jointly unveiled the book with Enamul Huque, chief executive officer of Standard Chartered Bangladesh; Abul Khair, founder and chair of Bengal Foundation; and Luva Nahid Choudhury, the foundation's director general.

Finance and Planning Minister Amir Khosru Mahmud Chowdhury said artisans will get financial, design, branding and marketing support, including online sales through platforms such as Amazon, eBay and Alibaba

The book documents the movements and creative voices that have shaped the country's art over more than a century, featuring 32 artists.

"Art offers a unique way of understanding a nation: its identity, its evolution and the imagination of its people," said Enamul Huque.



Finance and Planning Minister Amir Khosru Mahmud Chowdhury and British High Commissioner Sarah Cooke unveil the book titled "Creative Footprints: Modern and Contemporary Art in Bangladesh" in Dhaka yesterday. PHOTO: FINANCE MINISTRY



Potters make clay moulds for chitoi pitha, a traditional rice cake commonly prepared in Bangladesh during winter. They sell 100 moulds wholesale for Tk 1,500 to traders in Dhaka and other parts of the country. The photo was taken from Bakerganj upazila in Barishal recently. PHOTO: TITU DAS

Biman doubles Dhaka-Narita flights

BSS

Biman Bangladesh Airlines will double its weekly flights between Dhaka and Japan's Narita from October 29, coinciding with Prime Minister Tarique Rahman's official visit to Japan, a senior airline official said yesterday. "We are increasing the frequency on the Dhaka-Narita-Dhaka route from one to two flights a week, with the additional service beginning on October 29," Md Ashraful Alam, Biman's director of marketing and sales, told BSS.

The national flag carrier will operate flights on the route every Monday and Thursday, strengthening direct air connectivity between Bangladesh and Japan, he said.

Prime Minister Tarique Rahman is scheduled to travel to Japan on Biman's regular commercial flight for a four-day official visit beginning October 26.

"The Prime Minister will also return home on October 29 aboard Biman's newly introduced Thursday flight from Narita," Alam said.

The decision to increase flight frequency comes nearly three months after Biman resumed its direct Dhaka-Narita-Dhaka service on July 27, restoring Bangladesh's only nonstop air connection with Japan following a suspension of more than a year.

The airline initially relaunched the route with one weekly flight using a Boeing 787-8 Dreamliner, with plans to increase frequencies depending on passenger demand, commercial performance and aircraft availability.

Biman officials had earlier said the resumed service received an encouraging response from passengers, particularly Bangladeshis living in Japan.

More than 40,000 Bangladeshi students and workers are estimated to live in Japan, contributing to demand for direct air travel between the two countries.

The route is also considered important for expanding bilateral trade, investment, tourism and people-to-people exchanges.

IDRA wants

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Star Tower, while relocating to IDB Bhaban would raise it to Tk 7.76 crore.

The proposed move to Agargaon would therefore increase the regulator's annual office costs by Tk 1.81 crore compared with its current expenditure and by Tk 2.05 crore compared with the Sunmoon Star Tower option.

WHY IDB

During its search for new premises, IDB Bhaban initially offered office space with associated facilities at Tk 151.25 per square foot a month, according to IDRA's letter.

The regulator countered with an offer for around 31,989 square feet across the 11th, 15th, 16th and 17th floors, along with part of the ground floor, at Tk 118 per square foot a month. The proposed rate comprised Tk 75 in rent and Tk 43 in utility charges and service fees.

After negotiations, IDB Bhaban offered a final rate of Tk 130 per square foot a month, inclusive of all charges.

IDRA said it had assessed the rate based on the floor area, location, facilities and overall operating costs. The proposed rent covers security, parking, water and sewerage, central air conditioning, and generator operation and repairs, all of which are billed separately at its current office.

The authority said these inclusions, along with the building's security arrangements and adequate natural light and ventilation, made the proposal worthy of consideration.

WHY NOT SUNMOON?

IDRA's proposal highlighted the concentration of insurance companies around its existing location as a potential disadvantage of moving to Agargaon.

Of the country's 81 insurance companies, 45 have their head offices in Motijheel, Paltan, Kakrail, the Daily Bangla intersection and nearby areas, according to the proposal.

No insurance company has its head office in Agargaon itself, although around six have head offices or offices in nearby areas.

The proposal also raised concerns about the impact of relocation on employees, noting that many had organised their housing, children's schooling and other family and social arrangements around the authority's current location.

A move to Agargaon could require employees to change their homes and their children's schools and reorganise their family lives, it said.

Despite these considerations, IDRA did not seek no-objection approval for Sunmoon Star Tower, the less expensive option that would keep it closer to most insurance companies, an official familiar with the matter confirmed to The Daily Star. The official, however, was unable to explain the reasoning behind the choice.

The Daily Star contacted IDRA Chairman Mir Nadia Nivin by phone and text message to ask why the authority had sought approval for IDB Bhaban but not for Sunmoon Star Tower. She did not respond immediately.

Sadique Arman, public relations consultant at IDRA, said the primary objective of relocating the office was to provide a better working environment and more spacious, suitable facilities.

"We are optimistic that the improved working environment will enhance the efficiency, productivity and motivation of IDRA officials and employees," he told The Daily Star.

He added that the authority had received no official update on its request for no-objection approval to relocate to Agargaon.

The Daily Star also tried to contact Nazma Mobarek, secretary of the Financial Institutions Division, but she did not respond immediately.

Japan eyes Bangladesh

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He said energy infrastructure could attract even more investment than the auto sector.

Bangladesh's energy shortages, particularly liquefied natural gas (LNG), could create opportunities for Japanese companies to expand their operations, Kazuiki said.

JERA, Japan's largest power generation company, already runs an LNG-based power plant in Meghnaghat and is interested in energy supply and other energy-related businesses in Bangladesh, he said.

Kazuiki said the proposed Matarbari deep-sea port in Cox's Bazar could offer another avenue for investment.

The port is being developed with support from the Japan International Cooperation Agency (JICA). The construction is expected to be completed around 2030.

Kazuiki said energy-related businesses, including an LNG terminal, could form part of those operations, although specific investment decisions have yet to be finalised.

'BANGLADESH MUST OFFER POLICY PREDICTABILITY'

Kazuiki said low labour costs alone will not secure long-term industrial investment as wages rise. Manufacturers need predictable regulations, reliable energy supplies, efficient customs clearance, access to foreign exchange and the ability to repatriate profits.

Tareq Rafi Bhuiyan (Jun), immediate past president of the Japan-Bangladesh Chamber of Commerce and Industry (JBCCI), said manufacturing, particularly automobiles and components, electrical appliances and light engineering, could attract significant Japanese investment, alongside energy and logistics.

Higher-value textiles, agro-processing and healthcare also offered promising opportunities, he said.

"The proposed $6.35 billion investment over five years is achievable if Bangladesh ensured policy stability, reliable utilities and commercially viable projects."

Tareq said uncertainty over tax and customs rules, slow approvals, unreliable energy supplies, and difficulties with foreign exchange and profit repatriation weaken Bangladesh's competitiveness.

"Japanese investors need predictability," he said.

To compete with Vietnam and Thailand, Bangladesh must offer reliable infrastructure and efficient administration alongside competitive costs, he added.

Tareq called for a joint Bangladesh-Japan mechanism with named investors, commercially viable projects and clear deadlines for approvals, land, utilities and financing.

Nahian Rahman Rochi, member (Investment Development) of Invest Bangladesh, said they are very encouraged by the Japanese private sector's intent to invest.

He said recent investments by Japanese household and personal care giant Lion and Toyota Tsusho reflect a clear shift from a traditionally official development assistance-led relationship towards deeper commercial engagement.

"Invest Bangladesh will work closely with our Japanese counterparts to identify this estimated pipeline companies and convert these opportunities into actual investments as quickly as possible," he added.

More than RMG needed

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Japan is already a significant destination for Bangladeshi exports. Bangladesh's annual exports to Japan have exceeded $1 billion since fiscal year 2015-16 (FY16). Two-way trade between the countries crossed $3 billion in FY18, according to the EPB.

Japan also supplies Bangladesh with a wide range of products, including iron and steel, vehicles and accessories, ships, machinery, mineral fuels, medical and surgical instruments, plastics and electrical machinery, according to Bangladesh Bank data.

Prime Minister Tarique Rahman is expected to visit Japan from October 26 to 29. During the visit, the two countries are expected to elevate their existing strategic partnership to a comprehensive strategic partnership (CSP), The Daily Star has learnt from officials involved with the proceedings.

Bangladesh retains EU's top denim

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fell 14.48 percent to €63.87 million, while those from Pakistan declined 7.88 percent to €525.49 million. Cambodia and Tunisia also recorded declines of 6.47 percent and 6.44 percent, to €144.83 million and €219.94 million, respectively.

Several suppliers, however, recorded growth. Egypt's denim exports to the EU rose 31.46 percent year-on-year to €188.14 million, while China's increased 17.70 percent to €197.13 million. Vietnam posted the strongest growth, with exports rising 45.38 percent to €53.98 million.

BSEC reopens direct listing route

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Iftekhar Alam, president of the Bangladesh Merchant Bankers Association (BMBA), welcomed the initiative, saying it would give large companies that do not need fresh capital an opportunity to enter the stock market.

"This is a positive step. There needed to be an opportunity for direct listing, particularly to help expand the market," he said.

Iftekhar is optimistic that the eligibility criteria would help bring fundamentally sound companies to the market. Companies with annual turnover of Tk 1,000 crore or more, in particular, could be valuable additions, he said.

He also expects the prescribed valuation methods to reduce the risk of companies entering the market at excessively high prices, provided the institutions involved perform their roles professionally.

"As the valuation methodology has been specified, there should be no repetition of the previous instances of inflated valuations. I hope valuation will no longer be a problem if the institutions concerned act professionally," he said.

STRICT ENTRY REQUIREMENTS

Companies seeking to use the direct listing route must meet a series of operational, financial and governance requirements.

An applicant must be a public limited company that has been in continuous operation for at least five years. It must also have earned a profit from its core operations in each of the preceding two financial years, have no accumulated losses and report positive operating cash flow in its latest financial year.

Its financial statements must comply with International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA), and it must have an investment-grade credit rating.

Neither the company nor its sponsors or directors can be classified as loan defaulters in the Credit Information Bureau (CIB) of Bangladesh Bank.

However, meeting the eligibility criteria alone may not guarantee that a company's shares will be fairly priced or that its business will grow after listing.

Prof Al Amin, acting dean of the University of Dhaka's Faculty of Business Studies, said the benefits of direct listing would depend on the objectives of the companies entering the market and whether their shares were valued appropriately.

Investors could suffer losses if shares were overpriced, while listing would offer limited benefits if a company had no plans to expand its business, he said.

Many companies that previously entered the market through direct listing failed to sustain even their indicative prices. The route would benefit investors and the market if it attracted sound businesses with growth potential, he added.

PRICING AND TRADING SAFEGUARDS

The new rules set out a valuation framework intended to reduce the risk of inflated share prices.

The rules mandate that a company's equity must be valued independently using at least two approaches, including one absolute valuation method and one relative valuation method. The company must also set a minimum asking price at least 25 percent below the reference price determined through the prescribed process.

The rules also introduce a price discovery period during the first two hours of trading on the first day. During this period, buy orders cannot be placed below the minimum asking price, while sellers cannot place sell orders. No circuit breakers apply on the first trading day.

Circuit breakers are mechanisms that temporarily halt or restrict trading when share prices move beyond specified limits. Their absence on the first day means the usual price-movement restrictions will not apply, making the initial trading process particularly important.

The rules also prescribe limits on share sales and purchases to regulate the supply of shares entering the market and curb potential trading abuses.

Sponsors, directors and primary shareholders must collectively offload at least 10 percent of the company's paid-up equity within 30 trading days of the first trading day.

Sponsors and directors cannot buy shares of the company for one year after listing. They are also barred from selling more than 50 percent of their holdings until the conclusion of the first annual general meeting held after a full financial year.

Individual and institutional investors, meanwhile, cannot purchase more than 1 percent of the total shares being offloaded during the initial 30-day period.

A RETURN AFTER PAST CONTROVERSIES

Bangladesh introduced direct listing in 2006. Several major state-owned power and energy companies, including Dhaka Electric Supply Company (DESCO), Power Grid Company of Bangladesh, Jamuna Oil, Meghna Petroleum and Titas Gas, entered the market through the mechanism.

Private companies, including ACI Formulations, Shinepukur Ceramics and Navana CNG, also used the route.

However, concerns over aggressive price discovery and irregular trading prompted regulatory investigations and led the authorities to impose restrictions in 2010.

By 2016, direct listing provisions had been restricted to state-owned enterprises. The new rules reopen the route to eligible private companies as well.