

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

September 19, 2021

Private Firms to Get Under-sea Cable Licences

The government has initiated a move to award licences for submarine cable to the private sector with a view to attracting private investment to the telecommunication industry to support the growth in bandwidth consumption.

The winning firms will build, operate and maintain submarine cable systems and services.

With the roll-out of 3G and 4G services in Bangladesh, bandwidth consumption has significantly increased in the last few years. The trend is expected to continue as more people embraced digital technologies during the coronavirus pandemic to work, communicate, study, and get entertained as they stay most of the time indoors.

Of the estimated cost of the project of Tk. 693 crore, the government will invest Tk. 392 crore and BSCCL Tk. 300 crore, according to a regulatory filing on the Dhaka Stock Exchange recently.

Source: <https://www.thedailystar.net/business/economy/news/private-firms-get-undersea-cable-licences-2179131>

TAKEAWAYS

- 2 licences to be awarded to private sector initially
- Licensing guideline updated
- 1cr customers use broadband internet
- Bangladesh consumes 2,600 Gbps bandwidth
- BSCCL to launch 3rd cable by 2024
- Tk 693cr project undertaken

Broadband penetration now 6pc, target 15pc by 2021



TRADE WITH BHUTAN



- Dhaka inked PTA with Thimphu on Dec 6
- It's first bilateral trade pact for Bangladesh
- 100 export items, 34 import items to move duty-free
- Exports to Bhutan up 58pc to \$6.89m in FY21
- Trade balance in favour of Bhutan
- Some firms say they are yet to benefit from PTA
- Govt officials, chamber leaders say nobody raised the issue yet

Exports to Bhutan Go up as Trade Agreement Kicks in

Bangladesh's exports to Bhutan could rise on the back of the bilateral trade pact signed last year after shipment to the South Asian nation has already shown a significant upward trend.

Bangladesh struck its maiden preferential trade agreement (PTA) with Bhutan on December 6 last year.

The country was chosen for the first such bilateral agreement out of respect as Bhutan was the first nation to recognise newly independent Bangladesh in 1971.

The agreement allows duty-free export of 100 goods and import of 34.

The beneficiary Bangladeshi products are garments, processed agricultural goods and electronics, while that of Bhutan are fruits and stone.

Source: <https://www.thedailystar.net/business/economy/news/exports-bhutan-go-trade-agreement-kicks-2179106>

Jamalpur Economic Zone Ready for Investors

Jamalpur is ready to get busy with industrial activities as a 436-acre economic zone is ready for investors with all modern facilities.

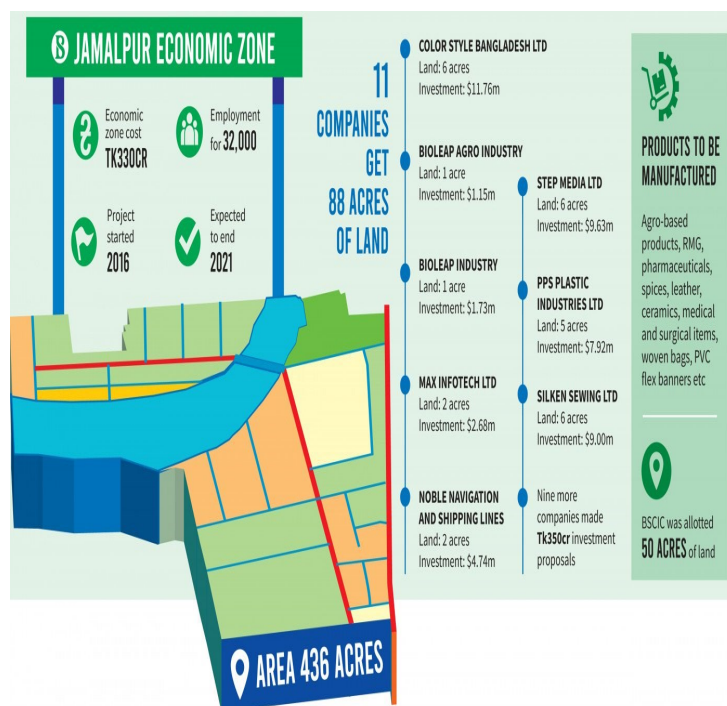
Nine companies have already presented proposals to the Bangladesh Economic Zones Authority (Beza) for investing more than Tk350 crore in the Jamalpur Economic Zone.

Employing 3,675 people, these companies will produce agro-based products, medical and surgical items, woven bags and PVC flex banners, etc, in the economic zone.

So far 11 companies have signed agreements with Beza on leasing 88 acres of land in the economic zone.

Experts say that the economic zone will help alleviate poverty in the district by expanding economic activities as it expects to employ around 32,000 people.

Source: <https://www.tbsnews.net/economy/jamalpur-economic-zone-ready-investors-303991>



CCH Revenue Receipts Grow by 35pc in Aug

Revenue collection by the Chattogram Customs House grew by 35.09 per cent year-on-year in August of the current fiscal year.

The CCH collected Tk. 4,410 crore in August this year compared with Tk. 3,265 crore in the same month in the previous year. The CCH collected Tk. 2,927 crore in revenues in August 2019.

Exports and imports under the CCH have reached pre-pandemic levels, riding on an ongoing recovery in global trade.

In August this year, a total of 2,76,690 TEUs (twenty-foot equivalent units) were handled by the Chattogram Port Authority compared with 2,41,867 TEUs handled in the same month of the previous year, according to data of the Chattogram Port Authority.

Source: <https://www.newagebd.net/article/149480/cch-revenue-receipts-grow-by-35pc-in-aug>



First Security Islami Bank to Raise Capital with Right Shares

First Security Islami Bank wants to raise capital of Tk498 crore by issuing the right shares to its shareholders to strengthen the capital base as required by the Bangladesh Bank.

The bank will arrange an extraordinary general meeting on 27 October to get shareholders' approval for the right share issuance. To entitle the shareholders, the record date has been set for 6 October.

It needs approval from the Bangladesh Securities and Exchange Commission (BSEC) to execute the plan.

The bank paid 5% cash and 5% stock dividends to the shareholders for 2020. In the previous year, it had paid a 10% stock dividend.

The lender got listed on the capital market in 2008. In the last six months, its share price rose 44% to Tk13 each at the Dhaka Stock Exchange.

Source: <https://www.tbsnews.net/economy/stocks/first-security-islami-bank-raise-capital-right-shares-304357>



Sonali Paper's Profit Sees 235% Annual Growth

Sonali Paper and Board Mills, a concern of Younus Group of Industries, posted a 235% year-on-year profit growth for FY21, bouncing back from the Covid-19-induced shocks.

On Thursday, the company's board of directors in a virtual meeting recommended dividends for stockholders while accepting the audited financial statements.

They decided to give a 20% cash and 20% stock dividends to shareholders, the highest over the last decade, as its profit jumped.

The stock dividend has been declared to enhance paid-up capital as a re-investment in the company, said the company in its price sensitive information (PSI).

Its net profit was also the highest in the last eight years from FY14 to FY21 as per data available, despite a bad time for the paper industry amid the pandemic.

Source: <https://www.tbsnews.net/economy/stocks/sonali-papers-profit-sees-235-annual-growth-303580>



Futures Inch Lower ahead of Unemployment, Retail Sales Data

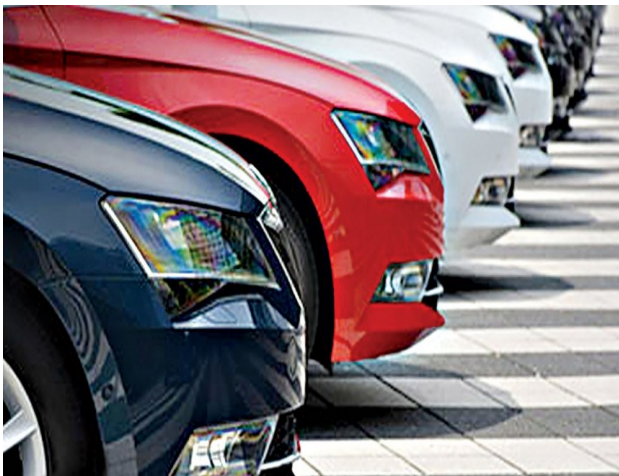
US stock index futures fell slightly on Thursday after a strong rally in the previous session, with investor focus shifting to upcoming data on jobless claims and retail sales for a better reading on the ongoing economic recovery.

Wall Street indexes marked strong gains on Wednesday, with economically sensitive cyclical stocks benefiting the most from a rally in oil prices and data suggesting that factory activity growth remained steady in the country.

Data also showed a dip in import prices, which coupled with a recent reading that showed consumer prices were slowing, implied that inflation had likely peaked and would fall to more manageable levels eventually.

But the stock market has struggled to hold on to record highs hit earlier this month due to seasonally weaker trends in September, as well as concerns that an economic recovery could lose steam towards the end of the year.

Source: <https://www.thedailystar.net/business/global-economy/news/futures-inch-lower-ahead-unemployment-retail-sales-data-2177801>



India Launches \$3.5b Incentives for Green Cars

India will splash 257 billion rupees (\$3.5 billion) on incentives for the auto sector to boost production of clean cars, the government said Wednesday, as it seeks to cut greenhouse gas emissions as part of the Paris climate accord.

The push for electric vehicles is also fuelled by the need to reduce pollution, with major cities in the nation of 1.3 billion people home to some of the world's dirtiest air.

The scheme will allow India to "leapfrog to environmentally cleaner, electric vehicles and hydrogen fuel cell vehicles", the cabinet said in a statement.

"It will herald a new age in higher technology, more efficient and green automotive manufacturing," it added.

Source: <https://www.thedailystar.net/business/global-economy/news/india-launches-35b-incentives-green-cars-2177816>

Airbus Reaches Deal to Restructure AirAsia Jet Order

Airbus has agreed to cut prices or reschedule delivery for hundreds of jets ordered by Malaysia's AirAsia to salvage a contract worth tens of billions of dollars with its largest Asian customer, industry sources said on Friday.

The restructuring deal resets relations between two of the industry's closest partners, torn apart by the financial impact of the coronavirus crisis, and lifts uncertainty over the fate of up to 400 A320-family single-aisle jets yet to be delivered.

The AirAsia deal does not involve cancelling jets on order but includes a new delivery schedule and price cuts or other improvements in terms, the sources said.

AirAsia said last year it would stop taking deliveries of all Airbus jets and review remaining orders.

The deal comes as other airlines in Asia that have ordered hundreds of jets to secure their growth are in the midst of restructuring or are expected to press for relief. Other suppliers are also expected to come under pressure to negotiate new conditions, one of the sources said.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/airbus-reaches-deal-restructure-airasia-jet-order-2179086>

Marks & Spencer Shuts France Stores on Brexit Fallout



British retailer Marks and Spencer said that Thursday it planned to shut more than half its stores in France with Brexit affecting supplies of fresh and chilled products.

Announcing the closure of 11 out of 20 franchise stores, the food-to-clothing retailer said in a statement that 'the lengthy and complex export processes... following the UK's exit from the European Union are significantly constraining' supplies.

Already following Britain's formal EU exit at the start of the year, Marks has reconfigured its food business in Czech Republic, removing the sale of all fresh and chilled products from stores.

It comes as British businesses across various sectors are struggling with deliveries as the pandemic and Brexit result in a shortage of lorry drivers.

Consequently, Britain on Tuesday said that it would push back its implementation of full post-Brexit borders checks on goods from the European Union, as Covid, red tape and new immigration rules fuel supply problems.

Source: <https://www.newagebd.net/article/149290/marks-spencer-shuts-france-stores-on-brexit-fallout>

Disclaimer

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