

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

February 23, 2022

Kuwait- Bangladesh Joint Venture to Invest \$10.39m in BEPZA Economic Zone

KB Petrochemicals Limited, a Kuwait-Bangladesh joint venture company, will invest 10.39 million US dollars to establish a Lubricating Oil Blending Plant in BEPZA Economic Zone.

Bangladesh Export Processing Zones Authority (BEPZA) signed a land lease agreement on Tuesday with KB Petrochemicals Limited to set up an industry in the economic zone.

The signing ceremony was held at BEPZA Complex in Dhaka, reports UNB.

The company will create employment opportunities for 129 Bangladeshi nationals. The industry will produce 20,000 tonnes of finished lubricants.

In presence of Executive Chairman of BEPZA Major General Abul Kalam Mohammad Ziaur Rahman, Member (Investment Promotion) Ali Reza Mazid, and Managing Director of KB Petrochemicals Limited Jahangir Hossain Patwary signed the agreement on behalf of their respective organisations.

Source: <https://thefinancialexpress.com.bd/economy/kuwait-bangladesh-joint-venture-to-invest-1039m-in-bepza-economic-zone-1645536631>



Hoteliers Demand Tax Waiver on Goods, Services



The owners of hotels, resorts and guesthouses, one of the worst-hit sectors by the Covid-19 pandemic, on Tuesday sought a tax waiver on equipment and products they import to ensure modern facilities for foreign tourists.

At the first meeting of the FBCCI's Standing Committee on Hotel, Motel, Resorts and Guest House Development held at the FBCCI office, businesspeople said they have to pay VAT on services and a 37 % tax on income, although hotels and motels are an integral part of tourism, said a press release

FBCCI Director Syed Moazzem Hossain called for ensuring quality services to tourists at reasonable prices at hotels and resorts and also called for the apprentice programmes to create skilled manpower.

Source: <https://www.tbsnews.net/economy/hoteliers-demand-tax-waiver-goods-services-374374>

BEA Welcomes Govt Move to Introduce Universal Pension Scheme

The Bangladesh Economic Association (BEA) has welcomed the government move to introduce a universal pension scheme for people above the age of 60.

The body of economists thanked Prime Minister Sheikh Hasina to finally kick start the implementation of the much-anticipated initiative, reads a BEA press release issued on Tuesday.

Earlier in FY2020-21, during a pre-budget discussion with the finance ministry, BEA President Dr Abul Barkat had submitted a written proposal for a universal pension scheme.

The BEA, in its national budget proposal for the fiscal year, recommended an allocation of Tk5,000 to bring the country's senior citizens involved in the private sector under government welfare, added the release.

Source: <https://www.tbsnews.net/economy/bea-welcomes-govt-move-introduce-universal-pension-scheme-374209>



Soft Tech Innovation Gets BB's PSO Licence

The Bangladesh Bank on Tuesday gave licence to Soft Tech Innovation Ltd to operate as a payment system operator under its brand name of aamarPay, taking the country's total PSO licensees to seven.

The central bank's payment systems department issued a circular on Tuesday, saying that the licence was issued under the Bangladesh Payment and Settlement Systems Regulations-2014.

aamarPay has received the licence to provide PSO service as a merchant aggregator, it said.

aamarPay works on money management for online businesses by providing clean, developer-friendly APIs and hassle-free integration, as per the entity's web site information.

'We offer a fast, affordable and secure way for merchants, schools, ecommerce and other companies to accept and disburse payments online, and also we aim to provide best B2C super app experience through our flagship product — aamarPay App,' it said.

Source: <https://www.newagebd.net/article/163410/soft-tech-innovation-gets-bbs-psy-licence>



DSE Seeks Tax Waiver for Interest Earnings from Bonds, Sukuk

The Dhaka Stock Exchange Limited has proposed that the government offer investors exemption from income tax on interest earnings from bond and Sukuk investments in the forthcoming national budget for the fiscal year 2022-2023.

At a pre-budget meeting with the National Board of Revenue on February 15, DSE officials said that the size of corporate bond in the country was very small, but tax exemption for interest from bond might vibrant the local bond market.

They also demanded a reduction in the corporate tax rate of listed companies from the existing 22.50 per cent to 17.50 per cent.

Reduced tax rate would encourage multinational and good quality companies to be listed on the stock exchanges, they said.

Considering the present market situation, the officials also proposed extending the limit of income from dividend received from a company listed in any stock exchange in the country up to Tk 2.50 lakh to attract the small investors.

Source: <https://www.newagebd.net/article/163296/dse-seeks-tax-waiver-for-interest-earnings-from-bonds-sukuk>



Three Firms get BSEC Nod for Issuing Bonus Shares

The Bangladesh Securities and Exchange Commission (BSEC) has approved the issuance of bonus shares by Saif Powertec, Advent Pharma, and Quasem Industries for 2020-21 fiscal.

According to the disclosures, the three listed firms have recommended and approved bonus shares as stock dividends for FY21 for utilising their retained earnings as capital for business expansion.

Earlier, any listed firm was able to issue bonus shares without any restrictions.

But recently, the BSEC has imposed some restrictions on unusual stock dividends to ensure proper justification for issuing bonus shares.

Also, any listed firm may issue bonus shares or declare stock dividends only for balancing, modernisation, rebalancing, and expansion (BMRE), regulatory requirement to raise capital, and for profitable investment or reinvestment in the company.

Source: <https://www.tbsnews.net/economy/stocks/three-firms-get-bsec-nod-issuing-bonus-shares-374503>



Oil Nears \$100

Oil prices surged close to \$100 per barrel Tuesday as major crude producer Russia prepared to send troops into two breakaway regions of Ukraine, sparking Western nations to ready economic sanctions against Moscow.

After heavy falls at the open, European stocks edged into positive territory, as the Kremlin said it remained open to all diplomatic contact over Ukraine. Asian stock markets had earlier ended their sessions with heavy falls.

Brent North Sea crude oil reached \$99.50 per barrel, the highest level in seven years.

At around 1115 GMT, it pulled back to just below \$98, still a gain of around 2.5 per cent compared with late Monday.

German Chancellor Olaf Scholz said he was suspending the Nord Stream 2 pipeline project with Russia in response to Moscow's recognition of breakaway regions Donetsk and Lugansk.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/oil-nears-100-2968441>



Turkey Woos Foreign Firms

There is a silver lining to Turkey's currency crisis and the global supply chain crunch: The country is becoming an attractive alternative at the gates of Europe for foreign firms.

Turkey is seizing on its geographic advantage to woo companies as the skyrocketing cost of sea freight and pandemic-related disruptions to supply chains push some European companies to reduce their dependence on Asia.

"Many international companies are taking action to supply more from Turkey," Burak Daglioglu, head of the Turkish presidency's investment office, told AFP.

He said the country offers automakers or textile companies a "competitive talent pool, sophisticated industrial competencies, well-developed services industries, perfect geographic location and state-of-the-art logistic infrastructure."

President Recep Tayyip Erdogan, whose policies have contributed to the lira's plunge, has promoted a new slogan for exports: "Made in Türkiye", using the country's language instead of the internationally-known "Made in Turkey".

Source: <https://www.thedailystar.net/business/global-economy/news/turkey-woos-foreign-firms-2967426>



Thailand's Economy Rebounds in Q4

Thailand's economy rebounded in the fourth quarter of last year on the back of rising exports and the easing of coronavirus restrictions that allowed tourists to return, senior officials said Monday.

The 1.9 per cent on-year expansion was more than double what was forecast and marked a strong bounce after a 0.2 per cent contraction in the previous three months.

For the whole year the economy grew 1.6 per cent, according to the National Economic and Social Development Council, and also beat expectations.

South East Asia's second largest economy was hit with a 6.1 per cent contraction in 2020 -- its worst economic performance since the 1997 Asian Economic Crisis.

The NESDC said it saw growth of 3.5-4.5 per cent this year as tourism picks up and government spending kicks in.

Source: <https://www.thedailystar.net/business/global-economy/news/thailands-economy-rebounds-q4-2967516>



Luxury Sector Undaunted by Covid, Soaring Inflation

The pandemic and soaring inflation have done nothing to take the shine off luxury brands, from Louis Vuitton to Gucci and Cartier, as the sector hiked prices to notch up stellar profits.

The world economy began to recover from the pandemic last year but the rebound has been accompanied by rising inflation, with prices for raw materials and energy soaring.

UBS analysts estimate that top brands such as Louis Vuitton, which is owned by industry leader LVMH, have raised their prices two-and-a-half times higher than the inflation rate over the past 20 years.

Indeed, "pricing power remains one of the key characteristics of the luxury goods industry," UBS analysts wrote in a research note.

The French company also owns a broad range of spirits, perfume, jewellery and cosmetics products.

Kering -- which owns Gucci and Yves Saint Laurent -- also beat its pre-Covid levels to book a net profit of 3.2 billion euros on sales of 17.6 billion euros, the group reported on Thursday.

Source: <https://www.thedailystar.net/business/global-economy/news/luxury-sector-undaunted-covid-soaring-inflation-2967591>



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