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Tata proposal threat to energy security

Warn energy experts, economists

STAR BUSINESS REPORT

The country's energy experts and economists yesterday warned the government not to accept the Indian industrial giant Tata's three billion dollar investment proposal, noting if allowed, it would severely diminish the country's energy security.

Heavily criticising the government for maintaining non-transparency about Tata's investment proposal, they said as local industries are now facing serious gas and power shortages, how the government can sell gas to the Indian company at subsidised price.

Many a power plants will be closed down between 2011 and 2016, as the present gas reserve will be finished before 2016, they mentioned.

They were speaking at a roundtable on 'Investment Proposal of Tata: The Future of Bangladesh' organised by National Committee for Protecting Oil-Gas Mineral Resources and Electricity-Port in Dhaka with Sheikh Muhammad Shahidullah, convenor of the committee, in the chair.

Shahidullah said as the country has a very little gas reserve, it will have to buy gas at much higher prices in future if it sells gas from its thin reserve and this will cripple the country's economy.

He urged the government to take the total energy reserve and energy security level of India into account and then decide on what should be done about Tata's proposal.

Prof Badrul Imam said Bangladesh could not increase its gas reserve in the last five years while India and Myanmar have been able to add to their reserve substantially during this period.

"What is crucial for us is the energy security issue and the government should take the reserve issue into account seriously," he noted.

SK Abdullah, former chairman of Petrobangla, said the possible source for giving gas to Tata is Bibiyana gas field. When government will have to buy the gas from the foreign operator of Bibiyana at around US$4 per mcf (million cubic feet), how it can sell gas to Tata at less than half of its purchasing price, he explained.

Hossain Monsur, another former chairman of Petrobangla, said Tata mentioned that it would employ around 24,000 persons if its proposal was accepted.

"But the amount the government will need to give as subsidy to Tata will be US$3.3 lakh every month. Everybody of these 24,000 people can get $412 a month if the amount is distributed among this number of people and it is much higher than what they will get from Tata," he argued.

According to Prof Sirajul Islam of Dhaka University, Tata's investment proposal is not out of a political game.

"It's true that we need investment. But it does not mean that we will allow foreign investment, which is harmful to the country," he said stressing the need for creating scopes for increasing local investment.

Anu Muhammad, member secretary of the committee, alleged the government is depending only on the information provided by Tata, which cannot be acceptable as the government did not do enough feasibility study to take a decision that would serve the interest of the people.

Asian Development Bank and the World Bank are favouring the proposal because they are the involved parties here and would inject funds as well as make profits, he said adding that the energy adviser is working as Tata representative within the government.

Why the government would sell gas at $1.5 per mcf to Tata when local industries are paying on an average $2.34 per mcf, he raised point. Citing example of the country's emerging steel re-rolling mills, Anu Muhammad said they do not get necessary power and gas required for running their plants despite buying those at much higher prices.

So, the government cannot give subsidy to Tata draining out the money from the state coffer, he said.

Nuruddin Mahmud Kamal, former chairman of Power Development Board (PDB), said the energy adviser is not thinking about the interest of the country at all.

"Tata alone will dry up around 2.14 tcf (trillion cubic feet) gas if the proposal is accepted but we will not have gas after 2016. So, it is an issue of energy security of the country that the government needs to think seriously," he mentioned.

Prof Nazrul Islam said 10 tcf gas reserve is so inadequate that the gas-based industries will not be secured in the long run.

Many small and medium industries in Bangladesh are now dependent on gas, he said. "If there is enough gas, more industries will be set up in the coming days and our export will also increase."

Masudul Alam Masud, general secretary of Bangladesh Steel Mills Owners Association (BSMOA), said, "We have to think about how all the industries including re-rolling and steel mills depending on gas will survive after 10 years."

"So, we do not have time to think of the investment proposal of Tata let alone allow it to set up gas-based industries here and give it subsidy," he cautioned.

Ali Hossain, president of Bangladesh Steel Re-rolling Mills Association, said Tata is now planning to create 24,000 jobs in Bangladesh but re-rolling mills have already created one million jobs. "If we are given the opportunity of what Tata is asking for, we can create even 10 million more jobs," he argued.

Developers, planners laud building construction regulations

STAR BUSINESS REPORT

Developers and urban planners yesterday lauded the newly formulated building construction regulations, saying the rules will help speed up overall project clearance process.

However, they said as the new rules are yet to take effect, the approval for the projects, which have already been submitted, should not be delayed.

They were speaking at a discussion organised by Real Estate and Housing Association Bangladesh (Rehab) in Dhaka. Engineers, architects, academics and developers attended the discussion.

Mahbubur Rahman, general secretary of Institute of Architects Bangladesh (IAB), said provision for One Window Service Cell in the Building Construction Rules 2006 will bring a significant change in the procedure of obtaining plan approvals. He said the developers will not be required to go to different authorities for approvals.

Compulsory involvement of the experienced architects and engineers in making project designs and building construction will help maintain the quality of the buildings, said QM Mahtab-uz-Zaman, associate professor of Brac University.

Moderating the discussion, Rehab President Abul Awal said obtaining occupancy certificate has been made compulsory, which will resist mixture of residential and commercial areas.

A special provision to make the narrow lanes of the cities at least of 20 feet will slowly help the vehicles ply on the lanes, which will reduce the traffic congestion, he added.

President of Bangladesh Institute of Planners Toufiq M Seraj said the new building rules will make a win-win situation both for the developers and people.

Textile sector faces skilled manpower shortage

BTMA to set up training institute

UNB, *Dhaka*

The country's growing textile industry is facing shortage of skilled manpower, compelling local entrepreneurs to recruit technical hands from abroad.

Industry insiders said thousands of foreign engineers, particularly from India, Pakistan and the Philippines, are working in Bangladesh, as the country lacks skilled professionals.

Sources in Bangladesh Textile Mills Association (BTMA) said the sector, in average, is getting one new industry every 15 days, but the supply of manpower, particularly with textile engineering background, is very limited.

As such, the entrepreneurs are being forced to appoint textile engineers from outside the country, offering higher salaries and benefits, they told the news agency.

The sector is primarily serving the readymade garment industry that exports the products mainly to the developed countries of Europe and North America where quality matters the most.

Currently, BTMA has some 875 member factories: 249 producing yarn, 478 fabrics and 148 doing the dying and printing jobs.

"These mills need huge skilled manpower, but the lone textile-engineering college in the country cannot provide us with enough skilled professionals we are crying for," BTMA Chairman MA Awal said.

He urged the government to make it mandatory for all public and private universities to offer programmes and courses on textile engineering in order to make up the shortage of textile engineers in the country.

Meanwhile, the BTMA has taken up a project to set up a training institute for the textile graduates to equip them with the state of the art technology and applied education.

The BTMA has already signed an agreement with a donor agency to this effect and completed formalities with the concerned ministry.

"We hope the institution would be able to offer courses within the next three months," MA Awal said.

He said the institute would design various short courses on commercial and technical issues for capacity building of the fresh textile graduates for their smooth entrance into the industry as professionals.

A board, comprising representatives from the BTMA and the government, will be constituted to supervise the institute to be housed beside the BTMA office at Unique Trade Center on Panthapath in Dhaka.

Awal said the institute would be affiliated with different universities of Taiwan and the United States to enhance its quality of education.

PHOTO: STAR

Syed Tanvir Hossain, former secretary of Forest and Environment Ministry, MA Malek, former chairman of Power Development Board (PDB), and AHM Mahtab Uddin, chairman of Techno Venture Ltd, are seen at a press conference in Dhaka yesterday.

Tax holiday facility sought for electrical component makers

STAR BUSINESS REPORT

Techno Venture Ltd, a local electrical component manufacturer, yesterday demanded tax holiday facilities for local manufacturers in the upcoming budget.

It also demanded 15 percent cash incentives for the electrical component manufacturing industry.

"As the government is yet to have any policy to offer tax holiday to the electrical manufacturers, local investors are being discouraged to invest in the industry. As a result, the government is importing transformers, meters, and other electrical equipment," said AHM Mahtab Uddin, chairman of Techno Venture Ltd, while addressing a press conference in Dhaka.

Syed Tanvir Hossain, former secretary of Forest and Environment Ministry, MA Malek, former chairman of Power Development Board (PDB), and Abdul Awal Mintoo, former president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), were present at the conference titled 'Electricity and Beneficial Policy for Industrial Growth'.

Mahtab Uddin also demanded for imposing a 25 percent duty on import of finished meters, parts and other accessories of electrical products.

He said local companies are able to manufacture meters and meter components such as base casing, terminal cover, nameplate, potential coil and current coil, but they have to pay 6 to 13 percent duties to import raw materials.

He urged the government to cut duty from existing 13 percent to 5 percent on import of raw materials of meter components.

He alleged that in the name of exporting, some companies in the export processing zones are importing copper rods and selling them to local companies, depriving the government of losing revenue. He urged the National Board of Revenue (NBR) to take immediate steps to protect such illegal imports.

He also urged the government to establish a testing laboratory for examining the locally produced and imported electrical equipment.

Former FBCCI president urged the government to increase 15 percent power generation every year for effective generation of industrial production.

Reliance Ins okays 25pc stock, 10pc cash dividends

Reliance Insurance Ltd has declared a 25 per cent stock dividend and a 10 per cent cash dividend for its shareholders.

The dividends were announced at the 18th annual general meeting (AGM) of the company held yesterday in Dhaka, says a press release.

Chairman of the company Latifur Rahman presided over the AGM.

This was the 11th AGM of the company after it went public in 1995 and was attended by a large number of shareholders.

The AGM also elected two directors from public shareholders. The newly elected directors are Amanullah Chowdhury and Yasmeen Khan.

The AGM was followed by a meeting of the Board of Directors in which the members of the Board, including the newly elected directors, took part and discussed elaborately the future course of action of the company. In the meeting of the Board of Directors Rokia A Rahman and Asadul Huq were unanimously elected chairman and vice-chairman respectively.

The Board of Directors of the company is now comprised of Rokia A Rahman, chairman, Asadul Huq, vice-chairman, and M Shamsul Alam, A Rouf Chowdhury, Anwarul Huq, Habibullah Khan, Latifur Rahman, Shahnaz Rahman, Shamsur Rahman, Rajiv Prasad Shaha, Amanullah Chowdhury, Yasmeen Khan, Atiqur Rahman, Imran F Rahman and Romana Rouf Rumee, directors, and Akhtar Ahmed, managing director and chief executive officer.

Chinese footwear makers on the march to Indonesia

ANN/THE JAKARTA POST

Nine shoe producers from China have relocated factories to East Java at a total investment of up to US$80 million, a local industry executive says.

Indonesian Footwear Association (Aprisindo) chairman Eddy Widjanarko said that the relocations were so as to avoid new antidumping duties imposed by the European Union on footwear products from China and Vietnam.

He said that the new investments would create at least 20,000 new jobs.

Eddy further said that 15 other foreign investors would visit Indonesia in July to search for potential business partners.

The European Union imposed an antidumping duty of 25 percent on China and Vietnam-made products in May.

The Industry Ministry's director for miscellaneous industries, Nugraha Sukmajaya, said that foreign companies had chosen Indonesia for the relocation of their factories as, in contrast to the antidumping duties imposed on China and Vietnam, the EU had relaxed tariff barriers to Indonesian-made footwear products. The import duty was recently cut to 14 percent from 17 percent previously.

He said that the arrival of the Chinese investors would help increase the country's footwear exports.

The government is targeting a 20 percent increase in the value of footwear exports this year to US$2 billion from $1.5 billion last year.

PHOTO: RELIANCE INSURANCE

Chairman of Reliance Insurance Ltd Latifur Rahman presides over the 18th annual general meeting (AGM) of the company yesterday in Dhaka.

India to withdraw additional tax on Nepal goods

XINHUA, *Kathmandu*

The additional tax imposed on goods exported by Nepal to India will be withdrawn, the Indian ambassador to Nepal said here Saturday.

Talking to local industrialists and businessmen, Ambassador Shiv Shankar Mukherjee said: "A decision to withdraw the tax will be taken soon. It will help upgrade competition among Nepali industries."

Going against an Indo-Nepal trade treaty, India has imposed 4 percent additional tax on such goods from March 1, 2006.

On the economic assistance, the ambassador said: "India is not bringing in special economic packages, but will simply increase the previous assistance."

Uttara Bank okays 100pc stock, 20pc cash dividends

Uttara Bank Ltd has declared a 100 per cent stock dividend and a 20 per cent cash dividend for its shareholders for the year 2005.

The dividends were announced at the 23rd annual general meeting (AGM) of the bank held on Thursday in Dhaka, says a press release.

Chairman of the bank Azharul Islam presided over the AGM. Meanwhile, at an extra-ordinary general meeting on the same day, the bank raised its authorised capital from Tk 20 crore to Tk 100 crore.

PHOTO: UTTARA BANK

The 23rd annual general meeting (AGM) of Uttara Bank Ltd was held on Thursday in Dhaka. Chairman of the bank Azharul Islam presided over the AGM.

Tri-nation gas project may start in months

XINHUA, *Islamabad*

Iran's Vice-President Parviz Davoudi has said that the gas pipeline project would likely start in one or two months and the negotiations regarding settling of the gas price issue between the experts from the two countries is underway, local private television the Geo TV reported Friday.

Davoudi while talking to businessmen at Islamabad chamber of commerce and industry informed that nearly all the matter regarding the project had been finalised between the two countries.

Pakistan and Iran agreed not to yield to any external pressure on Iran-Pakistan-India (IPI) gas pipeline and go ahead to launch the project at any cost.

$17m India-EU trade programme launched

ANN/THE STATESMAN

India and the European Union (EU) have launched a Euro 13.350 million (US$17.07 million), EU-India trade and investment development programme (TIDP), seeking to enlarge trade and investment between the two sides. The programme has been launched as a joint endeavour of the commerce and industry ministry and the EU through its delegation in New Delhi.

Announcing this at a workshop organised by the Overall Technical Assistance Team (OTAD) of the EU, in cooperation with the Confederation of the Food Trade and Industry of the Federation of Indian Chambers of Commerce and Industry (Ficci), the EC delegation head of operations, Etienne Claeye, said there were great opportunities for both the EU and India to increase trade and investment, either way.

Though export from India to the EU accounted for 22 per cent of the country's total export and import from EU for 17 per cent during last year, yet from the point of view of the EU, these formed only 1.5 per cent of EU's global trade and less the 0.2 per cent of the EU's total investments abroad, he elaborated.

The workshop discussed the overall scope of the TIDP, with particular focus on the programme component dealing with augmenting export of food and agricultural products from India to the EU. A number of leading exporters of food and agricultural products from India to the EU participated.

The TIDP seeks to address some of the major obstacles bedeviling trade and investment between the EU and India. The export of food and agricultural products to the EU are constrained by the often-repeated EU objection of these products not conforming to the sanitary and phytosanitary measures prescribed by the EU.

Etihad Airways expands services to Sudan

Etihad Airways, the national airline of United Arab Emirates (UAE), will launch a guest and cargo services to Sudan from July 5, 2006.

In an effort to serve more than 40,000 Sudanese living in the UAE and thousands of UAE-based tourists and business travellers, Etihad will operate between Abu Dhabi and Khartoum, the Sudanese capital, thrice a week on every Monday, Wednesday and Sunday, says a press release.

"Established cultural and commercial ties have existed for many years between the two countries, and we look forward to enhancing this even further," said Sheikh Ahmed Bin Saif Al Nahyan, chairman of the airline.

Opec unlikely to lower output ceiling: Iran

AFP, *Tehran*

Iran's Oil Minister Kazem Vaziri-Hamaneh said Saturday that Opec would not lower its output ceiling at its meeting next month, a news agency affiliated to the oil ministry reported on Saturday.

"Given the current upward trend of global oil prices, it seems unlikely that any special decision will be made by Opec to decrease the production ceiling," Vaziri Hamaneh said, the Shana news agency quoted him as saying.

The 11-member cartel is due to meet on June 1 in Caracas.

Iran is the world's fourth and Opec's second crude producer, with a production level of around four million barrels a day.

Analysts fear that any international action against Iran over its nuclear program would disrupt its crude exports.

World oil prices have spiked as UN Security Council members consider the next step regarding Iran, which refuses to halt uranium enrichment activities despite international appeals.

Vaziri-Hamaneh has repeatedly vowed that Iran will not use oil as a political weapon against Western nations despite rising tensions over its nuclear program, which Iran claims is peaceful but the United States fears is aimed at building an atomic bomb.