

MANPOWER EXPORT TO MALAYSIA

Uneven competition among agents to up migration costs

Fear business insiders

PORIMOL PALMA

A decision on distribution of job letters from Malaysian employers for Bangladeshi workers among the country's recruitment agencies has evoked a mixed reaction in the business circle as they anticipate an uneven competition, resulting in a sharp rise in the service charges the job seekers might have to bear, according to manpower experts.

They alleged the decision that has been taken by the apex body of recruitment agencies is contrary to the Malaysian policy, which voiced against any exploitation and discrepancies in recruiting the Bangladeshi workers. Malaysia has recently withdrawn the ban on import of Bangladeshi manpower.

President of Bangladesh Association of International Recruiting Agencies (Baira) MA Salim, however, told The Daily Star that they were yet to reach any concrete decision on the distribution system and would do it after consultation with the expatriates' welfare ministry. He said a ruling party lawmaker has been assigned to formulate a strategy to fix a migration cost rate acceptable to both Bangladesh and Malaysia.

According to a business insider, the Baira has informally gave a directive to all of the 700 manpower agencies that they can choose as many workers for the Malaysian companies as they can collect demand letters from their counterparts.

"The matter is not as simple as it is said. Here lies the mystery why a Malaysian company will select a particular recruiting agency in Bangladesh for hiring workers? That is because the Bangladeshi agency will have to pay a good amount of money. This unofficial amount will even be more as several agencies will try to get demand letters from a single company," said an agent requesting anonymity.

This has been a practice previously in Malaysia and still it prevails in many of the Middle Eastern countries, he said, adding that Malaysia had incorporated a provision in its recent policy to eliminate such practices.

As per a handout by the Ministry of Home Affairs of Malaysia, Kuala Lumpur does not allow any individual or any employer's representative to collect demand or approval letters for recruitment of Bangladeshi workers.

Under the present system the total cost of migration of a worker should not be more than Tk 70-80 thousand, but it will be more than two lakh and even more if individual recruiting agents have chances of lobbying the Malaysian companies, some recruiting agents said.

Sources said that initially Baira wanted equal distribution of the demand letters for job from Malaysia among all the recruiting agents eliminating any scope for any individual agency to lobby the Malaysian employers.

"But a strong lobby inside Baira that had very close connections in Malaysia is opposed to such equal distribution as they think their scope for business will then come down. The Baira chief could not, but bowed down to the demand," another recruiting agent said.

MA Salim, however, denied making any proposal for equal distribution. Referring to the association's general meeting held on July 25 at Hotel Purbani in the city, he said, "Such a demand was raised, but nothing concrete has been decided."

"We shall make a mechanism so that recruiting agencies will not

be able to charge the aspirant migrant workers more than the rate fixed," he went on.

But manpower business experts believe the migration cost cannot be controlled, unless uneven competition among the recruiting agencies in collecting job demand letters from the Malaysian companies is checked.

Under the recently formulated policy, Malaysia will send the demand letters directly to Baira, which has been asked to make a mechanism to distribute them to its members.

"Under this system there is no scope for the agents to lobby the employers of Malaysia, but unofficial contacts and dealings cannot be stopped if individuals have any chances to lobby the employers. But Baira's probable decision makes this chance," the agent said.

Malaysia presently needs about 26 lakh of workers and Bangladesh got the quota of exporting half of the number, which, according to observers, could immensely help Bangladesh economy once the workers are sent there and they start remitting.

Free internet facility at edn instts in future, says minister

STAR BUSINESS REPORT

The post and telecommunications minister has hinted at making the BTTB internet facility free of cost for the country's all educational institutions in future.

"We now have internet service at 250 upazilas across the country and the service cost has gone to three paise per minute from one taka. We will make it free of cost for educational institutions in future," he said.

The minister was speaking as chief guest at a seminar on 'Submarine Cable and Opportunity for Bangladesh' jointly organised by Electrical Engineering Division of IEB and Eastern University at the IEB conference room in Dhaka.

The minister said linking the country with submarine cable, having 14 million cell phone users, expanding internet facility to upazila level and reducing its cost are some of the achievements gained in the last couple of years.

Aminul said the country had to wait for a long time to be connected with the information superhighway, but finally it is done.

"It is true that preparation for reaping the benefit of submarine cable was not up to the mark and we would need many years to utilise its total capacity," he admitted, adding that it is high time for the country to reap benefit of the information and communication technology (ICT).

The government has decided to reduce phone connection cost at Tk 2,500 at the upazila level, he said, hoping that it would help make telecommunication service accessible for the ordinary people in the rural areas.

"Now we have 14 million users of cell phone in the country and its charges have gone down substantially. I hope cost will further go down in the coming days and more and more people will be able to use them," the minister noted.

ANH Akhtar Hossain, president of the Institute of Engineers, Bangladesh, and secretary of Power Division, stressed the need for undertaking measures for research and development in the ICT sector so that the country can reap benefit of it.

"Usually, we are used to utilise the service of a certain technology developed by others. But we need to do it by ourselves," he added.

Earlier, Md Mujibur Rahman, general manager of Bangladesh Telegraph and Telephone Board, made a keynote presentation on submarine cable and opportunity for Bangladesh.

RMG unit owners urged to ensure minimum wage for workers

State Minister for Labour and Employment Amanullah Aman yesterday urged garment factory owners to implement the tripartite deal to ensure minimum wage of the workers.

He also urged the labour leaders to come forward to implement the deal, which was signed between the government, garment factory owners and workers on June 12, according to a press release.

He made the call at a meeting with the new office bearers of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in Dhaka. Syed Sujauddin Ahmed, labour ministry secretary, SM Fazlul Huq, BGMEA president, Lutfar Rahman, second vice-president, Harun-or-Rashid, vice-president, Sirajul Islam, vice-president (Finance), and labour leaders were present at the meeting.

The state minister also said the government will take all possible measures to retain the global market of Bangladesh's garments.

Emirates to fly to Tunisia from Oct 29

Tunis, the capital city of the Tunisian Republic, will be added to the Emirates Airline's timetable from October 29.

Continuing its strategy of providing links to the North African region, the Dubai-based airline will serve Tunis five times a week, via Tripoli, says a press release.

The airline's aircraft on the route will be equipped with 12 First, 42 Business and 183 Economy class seats, and 17 tonnes of cargo capacity. Sheikh Ahmed bin Saad Al-Maktoum, chairman and chief executive of Emirates Airline and Group, said: "The governments of the UAE and the Tunisian Republic have signed a bilateral agreement for enhanced economic relations, and I am confident that our efficient and timely air links will support this agreement."

PM opens country's first condensed milk plant

UNB, Baghabari, Sirajganj

Prime Minister Khaleda Zia yesterday inaugurated Bangladesh's first condensed milk plant that will use fresh cow-milk, setting a new milestone in the country's dairy industry.

The state-owned Milk Vita, which is meeting the country's growing need for milk and milk-products, has established the Milk Vita Condensed Milk Plant that officials said would save huge amounts of foreign currencies spent on such dairy-product imports.

"The demand for milk and dairy foods has been on a steady rise in the country. Presently, nearly Tk 400 crore in foreign currency is spent annually on milk import," the prime minister told the inaugural function.

She said it has become imperative to save the hard-earned foreign currencies and it is possible through development and expansion of dairy farms and industry.

The prime minister said her government has been implement-

ing various programmes to attain self-sufficiency nationally in milk and dairy products.

In this regard, she noted with happiness that private entrepreneurs and NGOs have come forward to build on the foundations being laid under government initiative to meet nutritional needs of the countrymen.

Khaleda said Milk Vita set up the condensed milk plant with its own funds amounting to Tk 21 crore. The landmark venture also involves another chunk of investment of Tk 52 crore—including Tk 6 crore for the installation of a water-treatment plant and Tk 4 crore for a chocolate plant.

Besides, it has set up a number of dairy farms and milk-cooling factories in the last four years through offering nearly Tk 48 crore in credits to entrepreneurs.

She lauded the "pioneering role" of Milk Vita or Bangladesh Milk Producers Cooperatives Union Limited.

"They are supplying processed milk to consumers after procuring milk from farmers in remote vil-

lages, maintaining its quality for processing in modern factories," the prime minister told her audience.

Fate of nearly 1.5 lakh cooperator-farmers of the country is linked with the Milk Vita. Nearly 6 lakh families are dependent on this institution, Khaleda noted.

She said Milk Vita can take active initiative to set up cattle-feed-manufacturing factory to ensure supply of cattle feed at fair prices so the farmers who are involved with the institution and others could be benefited.

She said the government will provide assistance if it gets proper proposals in this regard.

She reminded that the amounts of arable and grazing lands are decreasing day by day following gradual increase in population of the country. Cattle are being given factory-made feed following the shrinking of ranch.

State Minister for LGRD and Cooperatives Ziaul Haque Zia told the function that the price of percan condensed milk would be Tk 41.

Indian firm buys Finnish wireless company for \$46.1m

AFP, Bangalore

An Indian technology firm said Wednesday it has acquired a Finnish wireless company, Botnia Hightech Oy, in an all-cash deal worth 35.5 million euros (46.15 million dollars).

Sasken Communications Technologies said it acquired Botnia which provides wireless research and development and testing services to mobile handset vendors.

The Finnish firm, with 230 employees, clocked revenues of 17.7 million euros in the last financial year to April 2006.

The acquisition helps Sasken to have a presence in Finland. The Indian firm has global development centers in Mexico, China and India.

"Integration planning will start immediately," said Rajiv Mody, chairman of Sasken.

"A joint team has been identified to work on various aspects of the integration process," he said.

Vietnam lures bigger fresh FDI in first 7 months

XINHUA, Hanoi

Vietnam has so far this year attracted fresh foreign direct investment (FDI) worth over 2.6 billion US dollars, posting a year-on-year rise of 21 percent, according to a local foreign investment agency on Wednesday.

In the period, the country licensed nearly 400 projects with investors mainly coming from Germany, Spain, South Korea, Japan, China's Taiwan and the United States, said the Foreign Investment Department under the Ministry of Planning and Investment.

Between January and July, Vietnam's southern economic hub, Ho Chi Minh City, lured most of FDI, followed by Hanoi capital, the northern province of Hai Duong, and the three southern provinces of Ba Ria Vung Tau, Dong Nai and Binh Duong.

To entice more FDI, the Vietnamese government and localities will create a more liberal investment environment and lower charges, especially those on telecommunication and air transport services, said the department.

Vietnam is expected to lure 6.5 billion US dollars on FDI this year, up from nearly 5.9 billion dollars last year, said Nguyen Anh Tuan, vice head of the department.

As of June 20 this year, Vietnam housed 6,390 foreign-invested projects with total registered capital of over 53.9 billion dollars.

Unrest in garment industry a threat to economy

Says ICC-B

STAR BUSINESS REPORT

International Chamber of Commerce-Bangladesh (ICC-B) has said the recent unrest in the readymade garment (RMG) sector is a major threat to the country's economy.

The ICC-B in its quarterly review editorial, which was released yesterday, said between May 20 and 24 of this year, Bangladesh economy suffered a severe blow as a group of so-called RMG workers went on rampage on a number of factories.

The editorial of the Bangladesh chapter of the international chamber said a number of non-garment factories and business establishments were also damaged by the same elements. Later workers from a few garment factories, including some in the EPZ (export processing zone), joined the violence under severe instigation.

"The chain of violence and indiscriminate damage to property went to such an extent that finally the government had to deploy paramilitary forces to bring the situation under control," it said.

It said in spite of political and economic upheaval at times, apparel export continued to maintain its dominance in Bangladesh foreign trade amid the phaseout of MFA (multi fibre arrangement). "With about 2,500 factories and more than 1.8 million workers, the industry accounts for 75 per cent of

annual export earnings and employs 40 per cent of the country's industrial labour force, substantially contributing towards poverty alleviation."

The editorial said despite importing almost everything such as accessories, raw cotton, yarn, fabrics and packaging materials for export of garment products, the country's competitive advantage is attributable to cheap labour due to low costs of living and various incentives offered for export. The success of the industry has had significant impacts on other backward and forward linkage sectors, it added.

As against many apprehensions that after MFA phaseout Bangladesh would suffer a severe loss of market share, its knitwear and woven apparel exports grew by 33.9 per cent and 13.27 per cent during July to May of fiscal year 2005-06, it noted.

It said it is alleged by the workers that their minimum monthly wage of US\$24 that was set in 1994 is not enough any more due to devaluation of taka and remains unchanged even though the cost of living has almost doubled since then. Workers also complain they are often engaged in 12-hour labour with small overtime or no compensation and virtually with no weekly holidays and medical benefits. Besides, a number of factories often fail to pay wages to workers on time.

"More and more women workers are coming to work in apparel industry in spite of low wages since it has been a better option for them, as other jobs are hardly suitable or available for such illiterate women workers."

It is welcoming that the government has since set up a 'Wage Commission' having representation of workers, employers and trade unions for re-fixing the minimum wage for the workers, which of course demands due consideration under the present price index, the editorial said.

It said according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA), wages and service conditions are not uniform throughout the industry and that some workers earn more than \$200 per month. The BGMEA says long workdays and overtime work are seasonal and are necessary to meet orders at peak times. Nonetheless, as the garment industry has flourished, real wages did not increase consequentially and now it should be according to the earnings of the factories.

"If Bangladesh has to remain as one of the 'Next Eleven' or N-11 countries that have tremendous growth potential, it is of utmost importance to take immediate steps by all concerned to rectify the situation through appropriate policy measures," the editorial said.



Alap Communication Ltd recently signed an agreement with mobile phone operator GrameenPhone (GP) Ltd for using the countrywide fibre optic network regarding nationwide data communication. Under the deal, Alap can provide E-1 level data transmission service from Dhaka to Rajshahi through Bogra. AMM Yahya (R), director (Fibre Optic Network Division) of GP, and Tareque Osman Farruk (L), director and CEO of Alap Communication, signed the agreement on behalf of their sides.



Department of Fisheries and Bangladesh Frozen Foods Exporters Association (BFFEA) signed a memorandum of understanding (MoU) on Tuesday in Dhaka to procure antibiotic testing machine for shrimp and fish. Fisheries and Livestock Minister Abdullah Al Noman, among others, was present at the signing ceremony.

Central bank, IFC reinforce corporate governance benefits

UNB, Dhaka

Experts at a session on corporate governance for banks yesterday emphasised the importance of governance in the corporate houses that will ultimately bring good business to them.

International Finance Corporation (IFC), the private sector arm of the World Bank Group, along with the Bangladesh Bank organised the session.

Bangladesh Bank Deputy Governor Rumea A Ali inaugurated the session.

"Corporate governance is an area of great importance for all financial institutions. A discussion on this subject is both timely and appropriate for the banking sector in Bangladesh today," he said.

Senior Corporate Governance Officer of the IFC Dr Maxine L Garvey presented a paper titled "Good Corporate Governance is Good Business."

In her presentation, Garvey

said, "A firm with good governance can attract higher investment premiums, have cheaper access to debt, can outperform its peers in the long run and gain better access to multilateral investors."

Syed Abu Naser Bukhtear Ahmed, managing director and CEO of Agrani Bank, Shahed Noman, managing director of Dhaka Bank, M Nazrul Islam, managing director of Jamuna Bank, Syed Anisul Huq, president and managing director of Bank Asia, Manun Rashid, CEO of Citibank NA, and Neaz Ahmed, president and managing director of Southeast Bank, among others, took part in the programme.

IFC Regional Representative (Bangladesh, Nepal and Bhutan) Per Kjellerhaug said, "The IFC builds good corporate governance into its own investment decisions to help firms unlock their potential values. We work closely with financial institutions for better corporate governance."

China facing increasing inflationary pressures

AFP, Beijing

China is bracing for higher inflation due to the rising costs of oil and other raw materials, with the authorities also phasing in price hikes for electricity and water, state press said Wednesday.

"The price rises of raw materials have increased costs for producers and will eventually push up prices of finished products," the China Daily quoted Zhu Hongren, a top official at the National Development and Reform Commission, as saying.

"It's one of the problems China

faces besides the spree of fixed assets investment."

Crude oil prices are 40 percent higher than July last year and copper more than double a year ago, Zhu pointed out.

China's consumer price index rose 1.4 percent in the second quarter of the year compared with the same period in 2005, official data showed last week.

The index -- the main gauge of inflation and a key factor in determining the temperature of the economy -- was up 1.5 percent in June alone, the National Bureau of Statistics said.

Japan's exports, imports set new records in first half of 2006

XINHUA, Tokyo

Japan's exports and imports hit record highs in the January-June period of 2006, with exports and imports rising 16.1 percent and 22.9 percent respectively compared with the same period of last year.

According to Japanese Finance Ministry's preliminary report released Wednesday, Japan's exports climbed to 35,775.7 billion yen (about 308.4 billion US dollars) and imports increased to 32,374.0 billion yen (279.1 billion US dollars).

The rise of exports was attributed to auto exports as the world economy logged a solid growth, while the increase of imports was due to the inflation of the value of imports engendered by soaring oil prices, the report said.

Euro up against dollar

AFP, London

The euro edged up against the dollar on Wednesday, despite a fall to business confidence in Germany, Europe's biggest economy, dealers said.

The euro rose to 1.2586 dollars in European trade, compared with 1.2575 dollars late in New York on Tuesday.

The dollar fell to 116.78 yen from 117.24 yen late on Tuesday. Traders on Wednesday studied the widely watched Ifo business climate index, which showed a fall to 105.6 in July from 106.8 in June, when it had struck a 15-year high.

"Caution ahead of the Ifo may have been a factor preventing the euro from rising over recent days, but now the release is out of the way it could open up some potential for euro appreciation despite the fall in the index," CALYON analyst Mitul Kotecha said in London.