

## Govt curbs put plastic products in trouble

### Manufacturers fear Tk 200cr export loss this year

SARWAR A CHOWDHURY

Export earnings from plastic sector are likely to witness a major setback due to a number of government restrictions on producing plastic goods, local manufacturers said.

Plastic goods exporters are fearing a loss of Tk 200 crore this year. They exported plastic products of around Tk 500 crore last year, industry sources said.

The manufacturers said they are facing 'harassment' in producing and transporting plastic products like wrapping items for apparel export and other packaging materials in the name of restricting the production of polythene bags.

The officials of Department of Environment (DoE) and law enforcers sometimes seize the products measuring below 100 micron by visiting plastic factories though the products are manufactured for export or wrapping export items, they said.

Considering the environmental degradation caused by polythene, the government last year banned all kinds of plastic products measuring below 100 micron by enacting a law.

Widely used polythene shopping bags and all types of packing materials made of plastic also came under the purview of the law.

However, there is no restriction on wrapping materials that are coming from abroad as usual with imported goods.

"It is a dual policy which is against the interest of local industries," said Yusuf Ashraf, president of Bangladesh Plastic Goods Manufacturers Association (BPGMA).

In the absence of such restrictions on imported goods, the BPGMA president said he sees no justification in banning plastic wrapping materials produced locally.

Citing an example of harass-

ment on them, he said three months ago a team of police ransacked a factory in Narayanganj in the name of inspection and seizing polythene.

The factory, Bengal Pacific Pvt Ltd, a joint venture between Australia and Bangladesh, is a hundred per cent export oriented company, Ashraf said. The team ransacked factory goods, which were produced for export, he alleged.

Following the incident, the foreign investors had decided to close down the factory but after a long discussion among the entrepreneurs the company was able to keep the factory operational, he said.

"Such a situation has led to the closure of the entire plastic packaging industry," Ashraf said and hoped the government will ease the restrictions immediately.

"We have already appealed to the government to ease the ban specially for the plastic products

manufactured for export, or used for packing export items," he said.

Moreover, the manufacturers are not happy with the condition of showing 25 per cent bank guarantee before the customs for importing raw materials as this restriction increases the cost of production.

As a result, exporters are now unable to supply wrapping products like polybags and hangers, which are used by the export oriented readymade garment industry, at competitive price.

ASM Kamal Uddin, a local manufacturer, said the government should formulate an industry friendly policy, which will promote all kinds of industry in Bangladesh.

He said if the industry does not get co-operation from the government, the sector will lose the international market.



A man paddles a van selling icecream outside Osmani airport in Sylhet. The young man also makes separate arrangement on the front part of his van to sell chanchur and other traditional snacks.

## Encourage private sector participation in power

### World Bank study urges govt

M ABDUR RAHIM

Bangladesh needs to encourage private sector participation in power sector and review its electricity tariff structure to stamp out losses and ensure reliable and quality power, a World Bank study observed.

Citing an example the study said Bangladesh Power Development Board (BPDB) sales to Rural Electrification Board (REB) are priced at Tk 1.96/kWh less than its average production cost of Tk 2.22/kWh, causing around \$ 40 million annual loss for BPDB.

The draft of Country Framework Report for Private Participation in Infrastructure said in view of growing demand, power sector requires about \$ 300-350 million investment annually. As donor fund is shrinking, public fund will not be sufficient to meet the huge sectoral investment. So, private sector should be encouraged to participate in power sector, it said.

The Country Framework Report for Bangladesh was prepared by

the World Bank and Public and Private Infrastructure Advisory Facility (PPIAF), a multi-donor technical assistance facility aimed at helping developing countries improve quality of their infrastructure through private participation.

Power tariff policies in Bangladesh are distorted with high cross-subsidies from commercial and industrial consumers to households. The average tariff also falls below the long-run marginal cost leading to financial loss and constraining much needed sectoral investment, the study said. To improve the financial condition the government raised end-user electricity tariffs by an average eight per cent in January, 2002, the first adjustment since November, 2000. In August 2002, tariffs were raised for all customer categories by another five per cent, the first adjustment for irrigation customers since 1996, it noted.

At present, power tariff rate for households is Tk 2.41/kWh, Tk 4.97/kWh for commercial and Tk 3.65/kWh for industrial customers, the draft said.

The cross subsidies by industrial and commercial customers to households constrain the ability of industries to compete in international markets. Competitiveness is further eroded by the need to maintain back-up generators due to unreliable supply, it observed.

Unplanned outage due to poor maintenance and fluctuations in frequency and voltage lead to about \$ 1 billion in lost industrial output which amounts to 0.5 per cent in GDP growth, the draft titled "Private Solutions for Infrastructure in Bangladesh" found.

Though systems loss declined marginally, BPDB's net losses amounted to \$ 110 million in FY 2002.

The study recommended for separation of transmission from generation and distribution of power to staff off loss and insulate political pressure. The Power Grid Corporation of Bangladesh (PGCB), created in 1996, was to be responsible for the full high voltage transmission, it added.

Resistance by BPDB's labour unions has challenged PGCB's ability to adhere to merit-based system for contracting operational staff so the entity has relied almost entirely on BPDB's transmission workers seconded to PGCB, it said.

As BPDB has to purchase electricity from independent power producers (IPPs) in foreign currency and sell in local currency, it faces loss due to currency fluctuation. For example, in FY 2002, BPDB purchased 22 per cent of its total electricity from IPPs but the purchase accounted for 31 per cent of BPDB's total operating expenses, the study mentioned.

Demand for power has risen significantly over the last ten years. Peak demand was 1,600 MW in 1991 which jumped to 3,300 MW in 2002. Physical sales have tripled and the customer base has grown by 11.5 per cent per year. End-users were billed about 12,728 million kWh of electricity in FY 2002, equivalent to about Tk 38,860 million. Only 31 per cent of the population have access to electricity, it added.

## Islami Bank managers' confce held

A day-long half-yearly conference of heads of zones, corporate branches and branches under Dhaka South and North Zones of Islami Bank Bangladesh Limited was held in Dhaka yesterday, says a press release.

Muhammad Mosharrif Hussain, MP, director of the bank, was present as chief guest at the conference.

Abdur Raquib, executive president of the bank, presided over the conference.

Prof Mohammad Abdullah and Prof Md Sharif Hussain, directors, attended.

## Emirates Group's management shake-up

Emirates Group has announced changes in the management structure of the company.

Sheikh Ahmed Bin Saeed Al-Maktoum, chairman of the Group, announced the changes in Dubai on Tuesday, says a press release.

The changes will take effect from July 1, 2003.

Under the shake-up, Group Managing Director Maurice Flanagan to take over the position of vice chairman and group president and report to the chairman, Chief Director Airline Tim Clark to become president Emirates Airline and report to the vice chairman and group president, Chief Director Finance, IT and Services Dermot Mannion to be president of Group Support Services.

## US businesses urge Bush to fix post-Sept 11 visa woes

REUTERS, Washington

A coalition of US business groups urged US President George W Bush Thursday to accelerate procedures for reviewing US visa applications, which began getting more scrutiny after the Sept 11 attacks.

"A growing number of our member companies, large and small, have heard the same message from key customers overseas," the groups said in a letter to Bush. "It is simply 'too hard' to do business with US companies because of the complexities, delays and frustrations inherent in the visa process."

As part of the US war on terrorism, the State Department made changes last summer to its pro-

grams for reviewing visa applications. That means that many more are sent to Washington for a lengthy interagency review that includes the FBI and CIA.

It now takes a foreign business traveler three or four months to get a US visa, compared to just a few weeks previously, said Bill Reinsch, president of the National Foreign Trade Council.

"For people trying to do business, that's just ridiculous. You apply at the first of the year and you're not getting here until May," he said, adding that business groups were frustrated with administration inaction on their concerns.

"Meeting after meeting with the agencies involved in visa review

has yielded little progress for our associations. We now must rely on the president to initiate immediate changes in what has become over the past year an increasingly inefficient and opaque process that is doing serious damage to the American economy and to America's image abroad," he said.

The groups urged Bush to direct the departments of State and Homeland Security to finish work quickly on a joint memorandum of understanding for handling visa reviews.

The also called on Bush to restore time limits for visa application reviews and consider other changes to make the process "more predictable, timely and transparent."

## Errant trade bodies irk commerce ministry

### July 15 deadline given to submit receipts of income tax of members, licences

UNB, Dhaka

Some of the trade bodies, being run like pocket organisations, have confined elections within a close circle as if running informal family matters, observed the commerce ministry.

Noticing serious irregularities in elections and other affairs of the trade organisations, the ministry in a letter asked them to run their organisations under the existing rules and regulations.

It also asked the trade bodies to submit the receipts of income tax of their members and copies of up-to-date trade licences along with present address and telephone number by July 15.

On many occasions, letters sent from the ministry to the organisa-

tions bounced back due to incorrect addresses of the trade bodies and also they were not found when tried to reach over telephone, it said.

The commerce ministry in the letter observed that a handful of trade organisations were conducting elections and other activities in a way that goes against the rules and regulations.

"They are not submitting minutes of annual general meetings, statements of income and expenditure, and the audited balance sheets, which is a violation of clause 24 of the Trade Organisation Rules," it said.

In this respect, the ministry's letter to all the trade organisations mentioned that submitting the documents is a prerequisite to

retain the TO license of the trade bodies.

It further observed that TIN of the members is not mentioned in the voters' lists. The voters' lists are also being finalised without examining the up-to-date receipts of income tax and trade licences.

But, the letter said, membership of a person of a trade body should be cancelled under clause 6 of the TO Rules of 1994 if the procedures are not followed properly.

It mentioned that an election should be conducted with announcement of the schedule 80 days ahead of the voting and formation of an election board and an appeal board in the executive committee meeting.

The elections of the members and office bearers should also be

held separately, the ministry said adding that some of the trade bodies have made the election "an informal family affair."

"The elections are being held by some means or other without prior information to the ministry. Some also lobby to extend their tenures and not to hold timely elections," said the commerce ministry letter.

Besides, it said, amendment proposals are also brought without caring for the presence of three-fourth of the members of the organisations and the requirement of a 21-day prior notice for EGMs.

The commerce ministry letter also blasted the errant trade bodies saying they did not make any bid to raise the number of members of their respective organisations.

## Sony Days '03 sales campaign launched

Rangs Electronics Ltd, sole distributor of SONY/AIWA brand audio-video and Rangs brand home appliance, popularly known as 'Sony Rangs', has launched 'Sony Days '03 sales campaign.

Chairman and Managing Director of the company Aktar Hossain inaugurated the campaign in Dhaka yesterday, says a press release.

Among others, Vice-Chairperson of the company Sachimi Hussain, directors Beansus Hussain and Sabur Ahmed and other high officials were also present.

The campaign will continue till August 31.

Slogan of this year Sony days is "Sony days came with bumper offer, heavy discount on purchase of Sony product."

## City Bank earns Tk 22.47cr operating profit

The City Bank Limited has earned a Tk 22.47 crore operating profit in the first six months of the year 2003.

This was announced by the Managing Director of the bank Abbas Uddin Ahmed at a two-day half-yearly managers' conference in Dhaka on Thursday.

Deen Mohammad, chairman of the bank, inaugurated the conference, says a press release.

The managing director of the bank gave a vivid account of the bank's performance in deposit mobilisation, business development and foreign trade expansion.

Speaking at the conference, the chairman said the bank declared the year 2003 as the year of challenge.

Vice-chairman of the bank Aziz Al-Kaisers also spoke at the conference.

## Malaysia, Japan on course to free trade pact: Abdullah

AFP, Tokyo

Malaysia's prime minister in waiting said Friday his country is on course to forge a free trade agreement (FTA) with Japan as it is determined to maintain its "Look-East" policy of learning from the rest of Asia.

"The (FTA) talks are progressing very well," Malaysian Deputy Prime Minister Abdullah Ahmad Badawi told a news conference here. "There has been no difficulty."

Abdullah said he expects a "positive" result from a third round of Malaysia-Japan FTA talks in September, involving a study group which has been expanded to

include government officials, private-sector representatives and academics.

Japan set up its first-ever FTA in November 2002, with Singapore, and is working on similar pacts with other members of the Association of Southeast Asian Nations (ASEAN) as well as South Korea and the Philippines.

Abdullah said the progress of Malaysia's FTA talks with Japan is "going faster" than that of the Thailand and the Philippines.

Abdullah has been tapped by the ruling United Malays National Organisation (UMNO) party to succeed Prime Minister Mahathir Mohamad in October.

Dubbing it an "over-arching policy," Abdullah said Mahathir's two-decade-old Look-East policy would "remain a very important basic policy" for Malaysia with any adjustments necessitated by changing circumstances.

Mahathir, 77, who pledged last year to retire after 22 years in power, has pioneered the policy to adopt eastern labour ethics, morale and management practices to spur Malaysia's economic and social development.

Abdullah said he agreed with Japan's Finance Minister Masajuro Shiokawa to press for the establishment of an Asian bond market "as soon as possible" when they met on Thursday.

## Global labour body blasts WTO as undemocratic

REUTERS, Geneva

International labour union grouping the ICFTU denounced the World Trade Organisation Thursday as a secretive, undemocratic body undermining human and worker rights around the globe.

The Brussels-based ICFTU -- which says it represents 158 million workers in 150 countries -- also accused rich powers in the WTO of trying to force poor nations to open up their service markets for exploitation by big multinational firms.

"Adequate public oversight of the WTO is impossible because negotiations take place behind closed doors," declared an ICFTU statement on the trade body's

current Doha Round, now moving towards a crucial conference in September.

Trade unions civil society groups and representatives of national parliaments were shut out while decisions taken at the Geneva-based body had far-reaching implications for domestic policies, the statement said.

The ICFTU, or International Confederation of Free Trade Unions, said it was especially concerned over the powers of the WTO's dispute settlement body which it argued could "overrule any democratic national laws" seen violating trade rules.

It said the trade body "casts aside social or environmental standards in its agreements" in

favour of narrow economic considerations.

WTO officials routinely decline comment on such charges but argue that control of the body lies with its members -- mostly states with elected governments -- and that decisions are taken on the basis of a consensus that can be blocked by any country.

"For decades, trade unions worldwide have been striving to improve conditions for working people all over the world, ICFTU General-Secretary Guy Ryders said.

"We cannot risk having these hard-won victories overturned and the WTO must be reformed to put social concerns first in its scale of priorities."