

BGMEA ratchets up calls for stimulus

STAR BUSINESS REPORT

BGMEA leaders yesterday reiterated their demand for a stimulus package for the ready-made garments (RMG) sector to offset the impacts of recession.

At a post-budget press conference, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Abdus Salam Mursedy termed the proposed budget for fiscal 2009-10 unfortunate, as their demand was not met.

In the run-up to the budget, the RMG makers had lobbied with ministers and other high-ups in the government for a stimulus package after the effects of global recession loomed over exports.

Finance Minister AMA Muhith did not propose any stimulus package for the country's main export earning sector in his budget speech on June 11, although he announced a stimulus package worth Tk 5,000 crore. The minister did not mention which sectors would benefit from a reserve fund.

"We did not get any benefit from the interim stimulus



Abdus Salam Mursedy, president of Bangladesh Garment Manufacturers and Exporters Association, speaks at a post-budget press conference in Dhaka yesterday.

package and the RMG sector was bypassed in the stimulus package in the proposed budget," Mursedy said.

The BGMEA chief demanded a 5 percent subsidy on bank interest rate and subsidy on the purchase of diesel at Tk 10 per litre.

He said the government should give bonus on export performance or cash incentives of 10 percent against exports. He said the government should also withdraw VAT on utilities for the gar-

ment factory owners.

Mursedy criticised the provision to allow people to whiten undisclosed money, as he said honest taxpayers would be discouraged from paying tax.

The BGMEA chief also urged the government to reinstate a tax break up to 2015 and fix duty on import of export-oriented capital machinery at 1 percent.

The government should provide long-term loans to set up Effluent Treatment

Plants (ETPs) in factories to save the country from environmental pollution, he said.

Mursedy also urged the government to extend the loan rescheduling facility without any down-payment up to 2010 from June 30, 2009 now.

"We demand the taskforce committee on global recession hold a meeting to extend an allocation for the RMG sector from the proposed stimulus package worth Tk 5,000 crore," he said.

Minister visits Biman

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The issues like development, plans and initiatives for a better operation of Biman Bangladesh Limited, the national airline, came up for discussion during a meeting when Civil Aviation and Tourism Minister Ghulam Muhammed Quader paid his maiden visit to the airline's headquarters in Dhaka yesterday, according to a press release.

The minister also enquired about Biman's preparations for the upcoming Hajj flights.

The ministry's secretary, chairman of the Civil Aviation Authority of Bangladesh and Biman's managing director were also present.

Nestle investing \$241m to expand in Asean

ANN/THE STRAITS TIMES

Eating is serious business.

Just ask the world's largest food company, Nestle, which is raising investments in Asean this year despite the economic crisis.

The Swiss-based firm announced Saturday that it is investing 260 million Swiss francs (US\$241 million) to expand its business and manufacturing facilities in the region.

This is a significant rise from its previous capital investments in the region, which totalled 550 million francs over the past three years.

"The reason for that is we are seeing growth... and I believe the way growth is going, we will continue to see more investments," said Fritz Van Dijk, Nestle's executive vice-president and zone director for Asia, Oceania, Africa and Middle East.

The company's business in the region grew 15 percent last year.

Speaking at a press conference, Nestle Chief Executive Paul Bulcke said Singapore plays a key role in its Asean operations. It will spend 3 million francs to update and expand the production facilities at its Jurong factory.

Sullivan O'Carroll, region head of Nestle Malaysia and Singapore, said the factory supplies 80,000 tonnes of proto malt, the key ingredient in popular drink Milo, to virtually all of this part of the world per year.

"There are very good logistics and efficiencies that operate in Singapore. We've invested in the Jurong plant over the last couple of years to increase its capacity, and it is now the single biggest malt plant in the world," he said.

But trade unionists and environmentalists have criticised the treaty for failing to address the serious dangers faced by workers and the pollution that the industry causes.

About 25,000 men are employed on the Sitakundu coastline of south-east Bangladesh, exposed to dire conditions and the risk of poisoning from asbestos, mercury and other substances.

Ships are driven into the 10-kilometre (six-mile) stretch of beaches on high tides and then taken apart, with their steel recycled for uses such as construction.

"Around a dozen new companies are popping up here," Enam Ahmed, technical head of the Bangladesh Shipbreakers Association, told AFP from Sitakundu.

"Yards that have been dormant for years are bouncing back to life. There's a sense a boom time is coming with more ships heading our way. The new

Director General of CPTU Amulya Kumar Debnath, Dean of ESCB ARM Anwar Hossain, Team Leader of Fineurop Liam Heavin, Faculty trainers Saeedur Rahman and Salma Akhter were present at the opening session.

The training course will conclude on July 2.

A total of 29 officials from different government offices are taking part in the 14th training course.

Such three-week trainings under the Public Procurement Reform Project (PPRP-II) are the part of 108 such courses to be held in next three years.

MCCI urges lenders for low-cost funds for power

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The Metropolitan Chamber of Commerce and Industry (MCCI) yesterday urged international lending agencies to provide low-cost finance for power and energy projects under public private partnership (PPP).

MCCI fears a serious setback to the economy because of a delay in generating an additional 1,000MW of electricity a day. It also urged the government to ensure completion of the power plants, which are due to contribute 780 MW of power this year.

MCCI recommended the highest priority to early operation of coal-based Barapukuria Power Station, and replacement of more than 20-year-old plants, increased use of rental power plants, urgent completion of feasibility study on nuclear power station to save the country from blackouts.

"Energy shortage is now a serious constraint on growth. Unless immediate measures are taken to generate an additional capacity of 1000MW a day, the economy will be paralysed," said MCCI President Abdul Hafiz Choudhury at a meeting with a World Bank Country Assistance Strategy Team at its chamber office.

Presently, the trade body observed that the daily shortfall of electricity is 1,800MW and demand for electricity would be 8,364MW to maintain annual growth of the economy at 5.5 percent.

"For a higher growth rate of 7-8 percent, the requirement will go up to 10,474MW," he said. "There is no indication that it will be

possible to raise the current generation level to 8,364MW. This year's development budget provides for Tk 4,278 crore only for investment in the power sector."

Choudhury said the energy sector has an important share in the PPP programme. "International funding agencies should provide special credit facilities to finance projects in the power and energy sector at low interest costs under the PPP," he said.

MCCI also stressed the need for increasing productivity in agriculture, as it recognises the sector's importance in generating employment, price stabilisation, poverty reduction and market creation for industrial sectors.

"An annual growth of at least 3.6 percent to 4 percent is essential to help domestic price stability, poverty alleviation, keep a check on rapid migration of rural people to the urban areas and most importantly, provide a steady market for the industrial sector," Choudhury said.

"Trade and industry therefore have a vital stake in the agriculture sector and productivity improvement."

Complementing the hard work and resilience of millions of farmers, the lobby group suggested extending electricity to rural areas to help farmers get electricity for irrigation.

It criticised commercial banks for remaining mum in extending agricultural credit.

MCCI stressed that commercial banks should give 10 percent of their credit to the agriculture sector.



Abdul Hafiz Choudhury, 4-R, president of Metropolitan Chamber of Commerce and Industry, speaks at a meeting with a World Bank Country Assistance Strategy Team at the chamber's conference hall in Dhaka yesterday.

New deal brings boom time for shipbreakers

AFP, Dhaka

treaty recognises the way we work."

A controversial global treaty to clean up the ship recycling industry will mean a boom in business for the Bangladeshi magnates whose workers pull the often toxic vessels apart, experts say.

It also orders bosses to improve safety procedures for workers, dozens of whom are reported to die every year in accidents.

Nevertheless, the treaty "will give legitimacy to the way Bangladeshi entrepreneurs break ships at Sitakundu," said Bazlur Rahman, head of the government's shipping department.

"It'll tremendously boost growth and remove the stigma attached to it (ship-breaking)."

With no iron ore, Bangladesh is dependent on the recycled steel for its fast growing economy -- and 45 percent of all global ship-breaking is undertaken in the country.

But environmentalists have slammed the IMO deal, saying it effectively supports an industry that exacts a terrible toll on men and the coastline.

"No doubt Bangladeshi ship breakers will be delighted at the deal. But it legalises some of the worst environmental and labour practices in the world," said Mohammad Ali Shahin, local head of the Platform on Shipbreaking campaign.

He said Bangladeshi shipbreakers dumped an average five tonnes of toxic sludge -- such as mercury and asbestos -- for every

ship dismantled.

Last year the shipping department said 200 ships were pulled apart in Bangladesh.

"Each ship brought toxic waste, which was dumped in the water, polluting the entire beach. We have done studies and found it to be a leading cause of deaths of workers," he said.

But Ahmed, who represented the country's ship breaking industry when the deal was struck in Hong Kong last month, said the treaty proved that the business was doing nothing wrong.

"We're aware of the concerns about beaching. But it's not the hazardous practice that some claim it is. It does not destroy beaches," he said.

Ahmed says the agreement was a breakthrough for Sitakundu, which for years has faced the threat of being shut down by environmental lobby groups.

The IMO said the deal would ensure that ships did "not pose any unnecessary risk to human health and safety or to the environment" as they were taken apart.

The new rules also say about 1,000 single-hull oil tankers currently at sea must be mothballed by 2010 -- a deadline that means more business for Bangladesh.

"This will create 50,000 new jobs in scrap yards and in steel mills which melt dismantled ship plates," Ahmed said. "It'll help Bangladesh beat the recession."

Investment of undisclosed money to boost market

Says DSE

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prescribed sectors, including stockmarket.

The DSE president said allowing such investment in the capital market would not discourage people from paying taxes.

"The government has accepted our suggestion. I don't think the decision will discourage people from paying taxes," he said.

Replies to queries, Rahman said: "We won't seek investment of undisclosed or black money in the market after the expiry of the money whitening provision."

Appreciating the PPP (public-private partnership) initiatives, the DSE chief said the government should ensure a workforce with honest, dedicated and skilled people to implement 70 percent of the PPP projects within one year.

He also hailed the government for taking initiative to sign two agreements with

international rating agencies to determine sovereign credit rating for Bangladesh.

"If the agreements are signed, foreign investment flow will get a momentum," he said.

Rahman however was critical of not reducing corporate tax for banks and non-bank financial institutions.

"The government should reconsider our earlier demand for corporate tax cut. I hope the government will accept it," he added.

Meanwhile, Chittagong Stock Exchange in a written reaction to the proposed budget urged the government to withdraw its decision to increase tax on turnover from the existing 0.015 percent to 0.025 percent.

However the CSE hailed the government for its consideration of mobilising funds from the stock market instead of banking sources.

Training on public procurement begins

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The 14th three-week residential course on public procurement of goods, works and services organised by the Central Procurement Technical Unit (CPTU), IMED of the Ministry of Planning, began at the Engineering Staff College Bangladesh (ESCB) at Bausia in Munshiganj district yesterday, according to a press release.

"Around a dozen new companies are popping up here," Enam Ahmed, technical head of the Bangladesh Shipbreakers Association, told AFP from Sitakundu.

"Yards that have been dormant for years are bouncing back to life. There's a sense a boom time is coming with more ships heading our way. The new



Nowfel Anowar, head of marketing of Nokia Emerging Asia, speaks at a press conference co-organised by Nokia and Bangalink at Songargaon Hotel in Dhaka yesterday.

Nokia teams up with Bangalink

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after which, unlimited access will cost Tk 650 per month.

The offer will be launched today.

The offer was revealed at a press conference jointly organised by Nokia and Bangalink at Songargaon Hotel in Dhaka yesterday.

"We are pleased to introduce the first mobile email in Bangla through Ovi Mail. Unlike most email services, an Ovi Mail account can be created and used directly on a Nokia device, without even having to use a computer,"

said Nowfel Anowar, head of marketing of Nokia Emerging Asia.

Mobile users having the Ovi mail optimised devices can set up their email account and send email to yahoo, gmail or any other mail account.

"This is definitely a very beneficial partnership for us. Bangalink internet will allow fast, effortless and easy access to the web at very affordable prices," said Solaiman Alam, head of PR and communications and M-commerce of Bangalink.

The training course will conclude on July 2.

A total of 29 officials from different government offices are taking part in the 14th training course.

Such three-week trainings under the Public Procurement Reform Project (PPRP-II) are the part of 108 such courses to be held in next three years.



CPTU Director General Amulya Kumar Debnath addresses the opening session of the three-week training course on public procurement that began at ESCB in Munshiganj yesterday.