

# Ctg BGMEA seeks stimulus to withstand crisis

## 47 RMG units closed in six months

SHAHIDUL ISLAM, Chittagong

Readymade garment (RMG) factory owners in Chittagong, hit hard by global recession coupled with severe power crisis and poor infrastructure, have demanded that the government immediately come up with a bailout package to help them make up for the losses they have been facing for the last six months.

Experiencing around 30 percent drop in orders from foreign buyers during the time, at least 47 out of 742 RMG units in the port city were forced to suspend their production, BGMEA leaders told a visiting team of Chittagong Journalists Forum in Dhaka here on Monday.

As the factories have been shut down since February, around 10,000 people became jobless, the sectoral trade body also pointed out.

The leaders of Bangladesh Garment Manufacturers and Exporters Association feared that it would not be possible for the owners to keep the usual production pace if the situation does not improve with government intervention.

They blamed the poor placing of buying orders for the absence of sufficient direct air links and a 5-star hotel in the commercial hub.

BGMEA First Vice President Nasiruddin Chowdhury said, "Recurrent power outages take a heavy toll on the Chittagong RMG industry."

The July data show 3.5 hours loadshedding at Patharghata, 4.45 hours at Madarbari, 3.5 hours at Muradpur, 3 hours each at Kalurghat and Bakalia, 4 hours at Khulsi in Halishahar, 3.5 hours at Agrabad, 2.40 hours at Parhartali and 2 hours at Stadium areas.

"On an average, the production cost of Chittagong factories has increased no less than 20 percent in comparison to pre-recession period," Chowdhury said.

To withstand recession and other crises, BGMEA demanded subsidies on diesel and urged the government to allow procurement of generator with zero duty for the time being.

The other demands it raised during the meeting with the visiting journalists include a 10 percent cash incentive on the export value of garment products, special measures to rehabilitate the 270 sick factories across the country, keeping all banking interest rate below 7 percent and bringing down bank service charges to a tolerable level rescinding all value added taxes imposed on RMG units and reducing the increased tariffs on different services at the Chittagong Port.



Finance Minister AMA Muhith speaks at a meeting with the Chittagong Customs House in the port city yesterday.

## Duty cut aims at stable market in Ramadan: Muhith

STAFF CORRESPONDENT, Ctg

It is the management of economy that matters for the country's development, not revenue collection, as the finance minister viewed when customs officials drew his attention to a possible significant shortfall in the revenue target because of the recent duty cut on some commodity imports.

"The government's aim is definitely the welfare of common people and economic development. The duty cut is part of its drive to contain essentials' prices and make the market stable in Ramadan," AMA Muhith told the officials during a meeting with them in the port city yesterday.

Chittagong Customs House pointed out that the withdrawal of duty on sugar alone would lead to a Tk 200 crore revenue loss, while the figure is Tk 1,000 crore in the case of VAT lifting from edible oil.

It suggested the government re-fix the revenue target for the customs house, pointing to a possible decline in revenue income from car imports on a rise in supplementary tax rate.

Tk 16,690 crore has already been set as the revenue target for this customs house.

The minister informed the meeting that the government would decide by year-end on whether it should find alternative to pre-

shipment inspection for imports.

National Board of Revenue Chairman Dr Nasiruddin Ahmed and Member Farid Uddin and Commissioner (Export) Shahabuddin Nagri were also present at the meeting.

In a separate meeting with different stakeholders such as shipping agents, C&F agents, freight forwarders and Chittagong chamber, the minister hinted at introduction of new rules for private Inland Container Depots (ICD) in a year.

Chittagong Port Authority Chairman Commodore RU Ahmed, Director (Traffic) Ahsanul Kabir and other officials were present at this meeting.



Bilal Mamoon, chairman of Paragon Ceramic, and K Mahmood Sattar, managing director of City Bank, and top brasses from other participating banks, pose at a syndicated term loan signing ceremony in Dhaka recently.

## Tk 520m to bankroll Paragon Ceramic

STAR BUSINESS DESK

An export-oriented porcelain tableware manufacturing plant, Paragon Ceramic Industries Ltd, will be set up at Gazipur soon with a target to go into commercial operation in the second quarter of 2010.

City Bank has recently arranged a syndicated term loan of Tk520 million and working capital of Tk130 million for the company, according to a press release.

The deal was inked at a city hotel in presence of Bilal Mamoon, chairman of Paragon Ceramic, and K

Mahmood Sattar, managing director and chief executive officer of City Bank, and other high officials from participating banks.

Other participants of the syndication are Eastern Bank, Mercantile Bank, Mutual Trust Bank, Premier Bank, SABINCO, Standard Bank and United Commercial Bank. City Bank is also assuming the role of Facility Agent and Account Bank.

The venture sets out to tap highly potential export market for Bangladesh made ceramic tableware.

It also targets meeting domestic market also.

## Pakistani textile millers keen to relocate plants to Bangladesh

STAR BUSINESS DESK

Pakistani textile businessmen are keen to relocate their industrial units to Bangladesh and invest in other sectors like tourism and infrastructure, said the president of Faisalabad Chamber of Commerce & Industry of Pakistan yesterday.

Mian Hamid Javed, also the leader of an eleven-member delegation from Pakistan, was speaking at a meeting with the members of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka, said a statement.

Abul Kashem Ahmed, acting president of FBCCI, urged the delegation to import more from Bangladesh to reduce the trade gap between the two countries.

## Essar bids for Shell refineries in Europe

AFP, London

Indian conglomerate Essar has made a bid to buy one British and two German refineries from Anglo-Dutch oil giant Royal Dutch Shell, the Financial Times reported Tuesday without citing its source.

Energy-to-telecoms group Essar has bid for the British-based Stanlow refinery in Ellesmere Port, Cheshire, and two German refineries, according to the daily business newspaper.

The FT added that US company Valero Energy, Libya's National Oil Corporation and an investment vehicle controlled by the Saudi royal family have also expressed an interest. A Shell spokesman declined to comment on the story.



Abul Kashem Ahmed, acting president of FBCCI, sits for a meeting with an 11-member delegation from Faisalabad Chamber of Commerce & Industry of Pakistan in Dhaka yesterday.

## Stress on agriculture to eradicate poverty

STAR BUSINESS REPORT

The government should put more emphasis on the agriculture sector to eradicate poverty in line with the United Nations Millennium Development Goals, speakers said at a discussion in Dhaka yesterday.

They urged the government to reform and distribute public lands among the poor so that the landless could own plots to edge out of poverty.

"It is not possible to develop the agriculture sector without land reforms," Khondkar Ibrahim Khaled, chairman of Bangladesh Krishi Bank, told the discussion.

Bangladesh Unnayan Parishad (BUP) organised

the discussion in association with the UN Millennium Development Campaign.

Although agriculture is the key to eradicating poverty, around 70 percent of farmers do not own lands, nor do they take bank loans as they have no collateral, said an official with the agriculture ministry.

In such cases, measures should be taken to expose them to banking services, he added.

"To establish a rights-based society, the government should distribute public lands among poor people through cooperative societies, for which it requires strong financial support," said Jatiya Samajtantrik Dal President Hasanul Haq Inu.

The constitution enshrined three forms of ownership systems: state ownership, private ownership and cooperative ownership. But the government is not promoting ownership based on cooperative societies, said Inu, also a member of parliament.

BUP President Dr Qazi Kholiquzzaman Ahmad, who chaired the function, said politicians must take appropriate decisions to pull the country out of poverty by 2015.

The government needs to be made accountable to eradicate poverty, said Minar Pimple, visiting deputy director (Asia) of UN Millennium Campaign. He suggested constructive policies for the government to make.

## US automakers improving

AP, New York

All three US-based automakers are doing a better job of satisfying their customers than they were a year ago, according to a recent survey.

General Motors Co, Ford Motor Co and Chrysler Group LLC all posted significant gains in this year's American Customer Satisfaction Index released Tuesday by the University of

Michigan.

"Although the future will obviously be challenging for Detroit, the rise in customer satisfaction provides a much needed improvement in competitive standing," Claes Fornell, the University of Michigan business professor who heads the annual survey, said in a statement.

Fornell said keeping customers happy is key for the automakers, especially

at a time when less people are buying cars, because they will be more likely to come back the next time they need a new vehicle.

GM's Cadillac and Toyota's Lexus brands tied for first place in the survey with scores of 89 out of 100. That marked a 4 point increase for Cadillac from its 2008 results and a 2 point improvement for Lexus, which also ranked first in last year's survey.

## News in Brief

### Global economic recovery has started: IMF chief economist

AFP, Washington

The global recovery from recession has begun but a delicate rebalancing of economies is needed to ensure its sustainability, the International Monetary Fund's chief economist said Tuesday.

"The recovery has started. Sustaining it will require delicate rebalancing acts, both within and across countries," Olivier Blanchard said in an IMF article, released in advance of publication Wednesday.

Blanchard cautioned that predictable models based on past recoveries from recessions would not apply to the worst global slump in seven decades.

"The world is not in a run-of-the mill recession. The turnaround will not be simple. The crisis has left deep scars, which will affect both supply and demand for many years to come," he said.

The top economist at the 186-nation institution noted that in a typical battle against recession, the central bank lowers interest rates, which results in increased demand, and output, and often a decline in the value of the currency boosts exports by making them cheaper.

"The lower-than-normal growth during the recession gives way to higher-than-normal growth for some time, until the economy has returned to its normal growth path," Blanchard said.

"The current global recession is far from normal," he said, citing the breakdown in parts of the economic system.

### British inflation stable at 1.8pc in July

AFP, London

Britain's 12-month inflation rate was unchanged at 1.8 percent in July, holding underneath the Bank of England's 2.0-percent target level, official data showed on Tuesday.

"Consumer Prices Index (CPI) annual inflation was 1.8 percent in July, the same as June, which is below the government's 2.0 percent target," the Office for National Statistics (ONS) said in a statement.

CPI inflation stood at zero in July on a monthly basis from June, the ONS added.

The data compared with economists' forecasts for an annual rise of 1.5 percent and monthly decline of 0.3 percent.

"The largest downward pressure affecting the change in the CPI annual rate came from food and non-alcoholic beverages," the ONS added.

"This was principally due to meat and vegetable prices falling this year but rising a year ago across a range of products."

The biggest upwards influence came from recreation and culture sector, according to the ONS.

"The (upwards) effect came mainly from games, toys and hobbies and, to a lesser extent, from recording media, with prices of computer games and pre-recorded DVDs rising this year but falling a year ago," it added.



Chancellor Alistair Darling leaves after a visit to a JobCentrePlus in Marylebone in London yesterday. Inflation stabilised last month in recession-hit Britain, official data showed on Tuesday, but economists warned that prices would fall further in the coming months. Darling told reporters at a central London job centre: "The Governor of the Bank of England last week made it clear that he believes inflation will continue to fall."

### Singapore property sales set for record year after hot July

AFP, Singapore

Record sales of private homes here in July may push the 2009 total to an all-time high as local sentiment and global economic prospects improve, analysts said Tuesday.

A total of 2,767 apartments and houses were sold in July -- the most ever sold in a single month -- and this brought the total for the first seven months of 2009 to more than 10,000 units, according to official figures.

The previous annual record of 14,811 units was set in 2007 and experts believe there is still pent-up demand from buyers sidelined by high prices that year and the financial crisis of 2008, when property sales dipped sharply.

Buyer interest began to pick up in the first quarter of 2009 and exploded in the second quarter as developers launched affordable projects and foreign investors returned to the Singapore property market.

### Euro breaches \$1.41 after ZEW survey

AFP, London

The European single currency climbed past 1.41 dollars on Tuesday after news of soaring investor confidence in Germany, Europe's largest economy, analysts said.

Approaching midday trade in London, the euro rallied to 1.4128 dollars from 1.4077 dollars in New York late on Monday, when it had touched 1.4014 -- which was the lowest level since July 30.

Against the Japanese unit, the dollar advanced to 95.09 yen from 94.46 yen late Monday.

German investor confidence bounded higher in August, the ZEW survey showed on Tuesday, less than a week after data showed Europe's biggest economy emerging from recession sooner than expected.

The closely watched ZEW index, based on a survey of institutional investors and analysts, rose 16.6 points to reach 56.1 points, smashing expectations by economists polled by Dow Jones Newswires of a rise to 47.3 points.

## Platinum workers end siege in Khulna

STAFF CORRESPONDENT, Khulna

Workers of state-owned Platinum Jubilee Jute Mill called off a siege programme in Khulna yesterday after 17 hours of a demonstration as authorities assured them of paying out last week's arrears.

Md Alamgir Mallick, Platinum project director, said Bangladesh Jute Mills Corporation had arranged Tk56 lakh to pay the arrears.

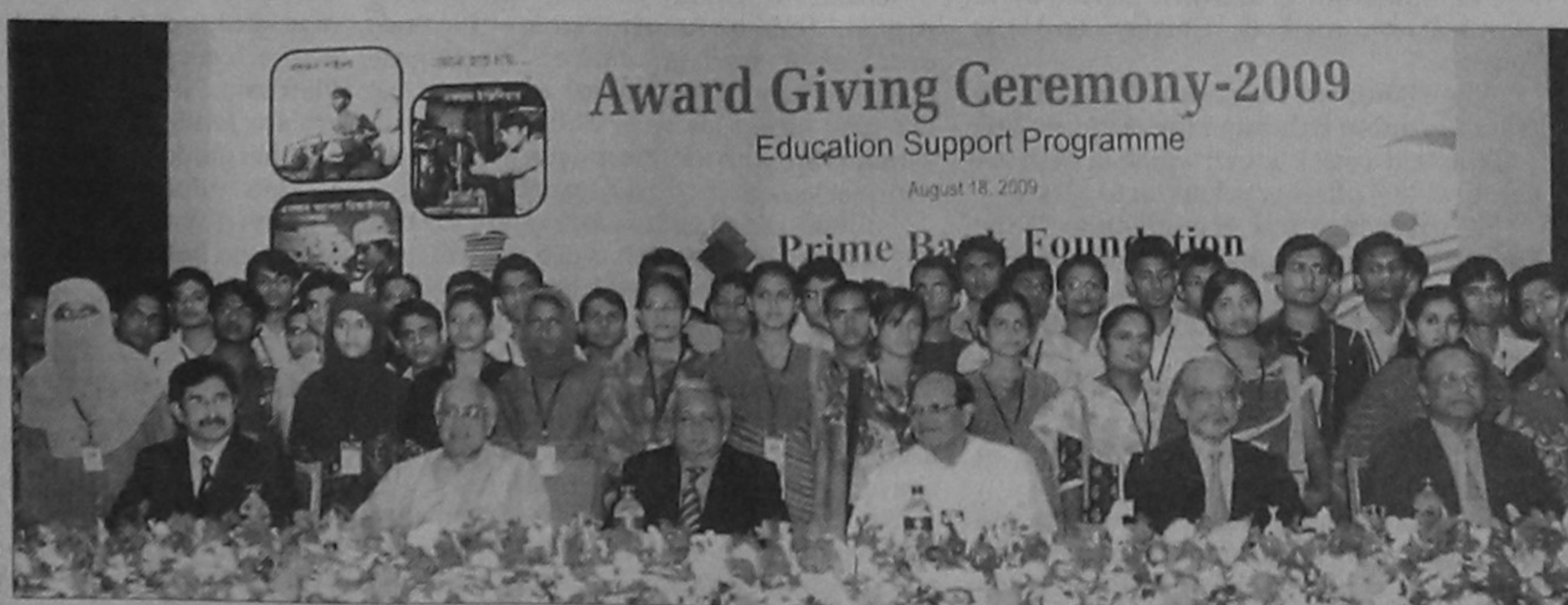
Workers went on strike on Monday from 7.30pm to protest the management's

failure to pay the arrears as committed earlier.

They also laid siege to the administrative building of the mill after holding demonstrations and putting up barricades at several points on Khalishpur BIDC Road.

Later, with police intervention they withdrew their siege and removed barricades.

Khalilur Rahman, president of Platinum Workers' Union, blamed the mill management for stoking tensions by faking a fund crisis.



Dr Atiur Rahman, governor of Bangladesh Bank, is seen at the award giving ceremony of the education support programme of Prime Bank Foundation in Dhaka yesterday. Prof Jamilur Reza Choudhury, vice chancellor of BRAC University, and Azam J Chowdhury, chairman of both the bank and foundation, are also seen.