

# German minister for better business climate in Bangladesh

STAR BUSINESS REPORT

Bangladesh must strengthen its business environment for wooing long-term foreign investments to make the most of its growth potential, a German minister said.

Dirk Niebel, the economic cooperation and development minister of Germany, said the country needs political stability and a transparent, predictable and reliable legal and administrative framework for achieving higher economic growth.

"Definitely, fighting corruption is also a part of it," he said while addressing a reception at Radisson Water Garden Hotel in the city on Wednesday.

"As the minister for development I know that sustainable development can only be achieved through working with the private sector. Businesses create jobs and income," he said.

"But it is only when companies adhere to agreed standards for human rights, social practices and environmental principles, and their contribution towards poverty reduction is really effective," he said.

Niebel said German and European consumers are becoming more and more concerned about the social and environmental standards in connection with manufacturing of goods.

"German and European businesses are also paying ever closer

attention to these aspects when sourcing goods and services," the visiting minister said.

"I am very impressed by the constantly growing trade volume between our two countries. Germany now imports more goods from Bangladesh than from some other industrialised countries. We are pleased to accompany and support Bangladesh on the road towards becoming a middle-income country," he said.

Commerce Minister Faruk Khan sought cooperation from the leaders of Germany and EU for further business expansion. "We are working hard to strengthen our bilateral trade relations with EU and Germany," he said.

Saiful Islam, president of the Bangladesh-German Chamber of Commerce and Industry, said in recent years the trade volume between the two countries has increased constantly to double digits.

In 2010, the total trade volume between the two countries amounted to US\$4 billion, with a trade surplus in favour of Bangladesh of \$2.7 billion.

"Even in the midst of the global recession Bangladesh was the only Asian market where the German export volume grew," said Islam, also the chairman of Western Marine Shipyard, the country's one of the leading shipbuilding companies.

"These figures are strong

evidence of Bangladesh's entrepreneurial private sector and the growing interest of German companies to do business and invest in the country," he said.

Islam said this year's German Trade Show would be held at the Bangabandhu International Conference Centre in Dhaka from October 27 to October 29.

"We are expecting more than 25,000 visitors this time. A total of 118 stalls for the event have already been sold out," he said.

Stephan Opitz, first vice-president, South Asia of KfW and Sebastian Paust, managing director of GIZ, also spoke.

The chamber hosted the reception in honour of the visiting EU and German delegation.



RAHIMAFROOZ

Rahimafrooz Group has recently organised a programme in Dhaka where global strategy management guru Dr David Norton, *middle*, spoke on how to build a strategy management system.

## Garment makers urge govt to reverse tax proposal

STAR BUSINESS REPORT

Garment makers yesterday urged the government to reduce export tax at source to 0.25 percent from the proposed 1.50 percent as they feared the new plan would increase the cost of production.

The demand came from a hurried meeting of garment owners at Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"All members of the association have expressed concerns over the government's tax proposal. If implemented, export tax will increase manifold," said Shafiul Islam Mohiuddin, president of BGMEA, after the meeting. "It is a burden on the garment exporters."

In the first nine months of the outgoing fiscal year, apparel exports grew 41.10 percent, but costs of raw materials went up about 75.18 percent during the same period, BGMEA said in a statement.

BGMEA demanded the government impose source tax on profit, not FoB (free on board) prices. If a commodity is quoted on a FoB basis, it means the cost of goods and their loading onto a ship are included but not the insurance or freight charges.

Industry leaders said spiraling production costs, fuelled by a spike in gas and fuel prices, put the garment makers in a tight corner.

Bangladesh will face more competition in future, as India is likely to get duty benefits from Japan for exports, thanks to an economic partnership agreement between the two Asian giants, they said.

Also, Pakistan will get duty-free access to the European markets in 2014 if a proposal for tax benefits for exports gets through, said local exporters.

They said India and Pakistan have taken a series of steps to boost competitiveness of their clothing industries.

The leaders of BGMEA, Bangladesh Knitwear Manufacturers and Exporters Association and Bangladesh Textile Mills Association met Commerce Minister Faruk Khan yesterday to place their demand to the government, said Mohiuddin.

## German House: home to five organisations

STAR BUSINESS DESK

The German House, home to five organisations, opened in the capital yesterday, according to a statement.

Dirk Niebel, German federal minister for economic cooperation and development; Holger Michael, German ambassador to Bangladesh, and Musharraf Hoossain Bhuiyan, secretary of Economic Relations Division, attended the opening ceremony.

German Development Organisations such as GIZ, KfW and DEG have already been part of the House. The Bangladesh-German Chamber of Commerce and Industry and Konrad Adenauer Foundation have also joined the House.

"It is only by keeping up a close exchange and tackling the challenges together that we will manage to find ideas and solutions for the future and make our development cooperation even more

## Singapore Airlines awards Bangladeshi national

STAR BUSINESS DESK

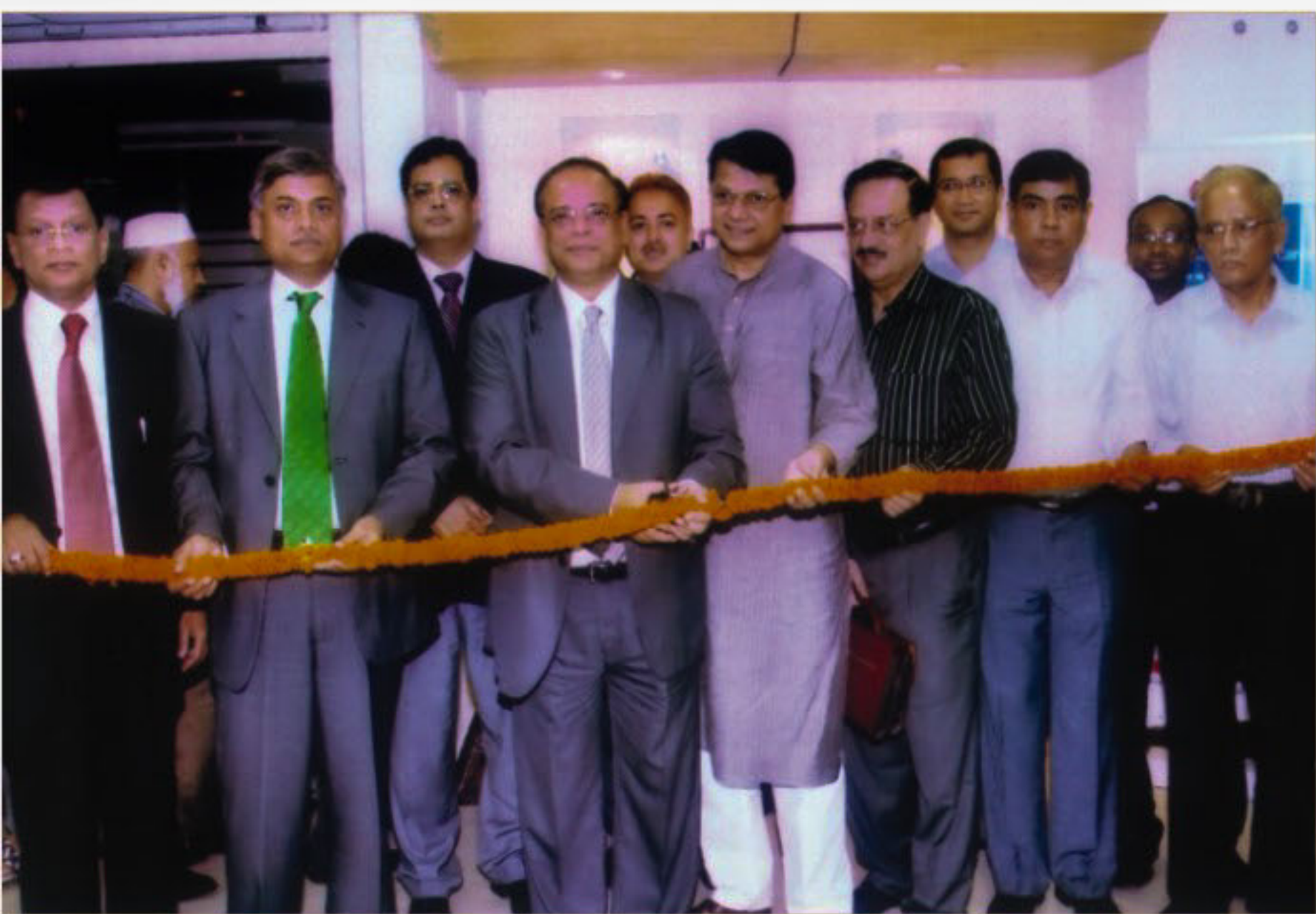
R Bikash, a member of Dhaka Airport service team of Singapore Airlines, has recently been awarded with the prestigious Singapore Airlines CEO TCS award this year.

The award is an annual presentation conferred upon outstanding service staff of the reputed international carrier.

He beat hundreds of nominees from over 60 destination offices all over the world to take home the award in the Airport Operations category, the airline said in a statement yesterday.

Bikash started his career with the airline in 2002 as a traffic assistant. Over the span of nine years, he made his way up to a position of a customer service agent.

In October 2010, he was also honoured by the airline for saving the life of a diabetic patient-cum-



PRIME BANK

M Ehsanul Haque, managing director of Prime Bank, launches Q-Management System for the customers of the bank at its Mohakhali branch in Dhaka recently.



GP

Raihan Shamsi, deputy chief executive officer and chief financial officer of Grameenphone, hands a cheque for Tk 200 crore to Nasir Ahmed, chairman of the National Board of Revenue, as installment of advance tax of the mobile operator for 2010-11, at the national exchequer's office in Dhaka on Wednesday.

## Optimism over stocks caps the week

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Turnover made a turnaround yesterday helping Dhaka and Chittagong bourses end the week on a positive note, indicating investors' new-found confidence.

The benchmark general index of Dhaka Stock Exchange edged up 39.05 points, or 0.7 percent, to close at 5,847. The port city's selective categories index advanced 87 points, or 0.8 percent, to end the week at 10,439.

Turnover on the country's premier bourse stood at Tk 616 crore, hitting a two-week high, which was also 38.9 percent up on the previous day's Tk 444 crore.

Most investors started the day in a happy mood as they expected a positive outcome on untaxed money from a meeting between the parliamentary standing committee on finance ministry and Finance Minister AMA Muhith.

Investors went for fresh buying due to the parliamentary watchdog's appeal to allow black money in the stockmarket, and the central bank's decision to

relax credit deposit ratio rules, said a market operator.

On Tuesday, AHM Mustafa Kamal, chairman of the committee, said they would try to convince the minister to allow investment of the untaxed money in the capital market.

On the day, the DGEN gained more than 30 points within 5 minutes of the trading. All the major sectors advanced with banks adding 0.75 percent, non-bank financial institution 0.16 percent, telecommunications 2.19 percent, pharmaceuticals 0.94 percent and energy 1.32 percent.

Lanka Bangla Finance topped the turnover leaders with 15.2 lakh shares worth Tk 31.2 crore changing hands.

The other turnover leaders were United Commercial Bank, MI Cement Factory, AB Bank, City Bank, One Bank, Square Pharmaceuticals, First Lease International, Beximco and Pubali Bank.

Karnaphuli Insurance was the biggest gainer of the day, posting a 7.1 percent rise, while CMC Kamal was the worst loser.

## Experts identify ways to reach 7pc GDP growth

STAFF CORRESPONDENT, Ctg

The government should attach importance to agro-based industrial development, trade balance and remittance to achieve 7 percent economic growth in the upcoming fiscal year, said experts yesterday.

The recommendations came at a seminar, National Budget 2011-12: Appraisal and Measures, organised by Southern University Bangladesh at its auditorium in the port city.

Khalilur Rahman, chairman of the university's trustee board, presided over the event.

While presenting the keynote, Muhammad Saleh Jahur, a professor of finance and banking at Chittagong University, said the proposed budget should emphasise three areas: agro-based industrial development, international trade and foreign remittance.

Awami League lawmaker Nurul Islam said the country needs more technically trained manpower for overseas jobs.

Prof Hasina Zakaria said employment opportunity for the new generation is not seen in the budget. She said the budget has also proposed an increase in taxes on furnace oil, but it should be reduced.

She suggested the government review the budget every three months, which was also proposed by the finance minister last year but was not implemented.

Former chief executive officer of Chittagong Stock Exchange Abu Bakar Siddique urged the government to provide incentives to the stock investors.

Nur Uddin Chowdhury, a former vice chancellor of Chittagong University, said political stability is essential for the implementation of the budget.

"Otherwise, it will be a tough task for Bangladesh to achieve a middle income country status by 2021," he said, adding that the private sector should be given priority to achieve the goal.

He also emphasised cooperative marketing for the sake of farmers and consumers. "If coop-

erative marketing can be established, the farmers and consumers will get rid of the exploitation by the middlemen."

Lawmaker Tajul Islam, also a member of parliamentary standing committee on the finance ministry, said despite all the barriers the country is moving ahead, and the government is trying its best to materialise the dream of the people.

On the Securities and Exchange Commission (SEC), he said the SEC is a weak institution and does not have sufficient manpower.

Islam said the key players responsible for the stockmarket manipulation are powerful, and have black money and political power.

He criticised the main opposition BNP for its refusal to accept the probe report on the stockmarket debacle.

He also said big industrialisation is badly needed to create jobs for the country's educated young people. He stressed the need for an industrial park in the port city.



IBN SINA

Shah Abdul Hannan, chairman of the executive committee of Ibn Sina Pharmaceutical Industry Ltd, presides over the company's 27th annual general meeting at Gulistan in Dhaka yesterday. The company approved 20 percent stock and 10 percent cash dividends for 2010. Abu Naser Md Abdus Zaher, managing director, was also present.



BATA

Fernando Garcia, group managing director of Bata Emerging Market (West), unveils the "Light & Easy" collection of Bata at the launch of the products at Sonargaon Hotel in Dhaka on Wednesday. Muhammad Qayyum, managing director of Bata Bangladesh, was also present.

## Viyellatex chief becomes Bata's independent director

STAR BUSINESS DESK

David Hasanat, chairman and chief executive officer of Viyellatex Group, has been made an independent director of the Board of Directors of Bata Shoe Company (BD) Ltd, according to a statement.

The decision was made at the company's annual general meeting.

Hasanat said Viyellatex has set its vision to be the

