

Redesign policy for ease of business

Top BGMEA official suggests methods to help businesses grow

ARUN BIKASH DEY, Chittagong

CHITTAGONG is a city that deals in a lot of business but it still lags in infrastructure, which deters it from reaching its potential, said Nasir Uddin Chowdhury, the first vice-president of Bangladesh Garment Manufacturers and Exporters Association.

The Chittagong port is a gateway of prosperity but port management cannot exercise adequate power to run operations, he said, adding that port management should be kept free from all sorts of interference.

"If Chittagong port can be developed to a certain standard by providing proper power and independence to its management, the country would surely achieve economic development," he said.

"As we see the process of employment of operator for the New Mooring Container Terminal, which was built at a cost of Tk 700 crore, has been hanging for three years in a tangle of tender and re-tender, we cannot utilise this terminal to its full capacity," Chowdhury said. The terminal is 'underutilised'.

Colombo port in Sri Lanka has become a world-class port after the government gave the port-management necessary independence and power, the BGMEA first vice-president said. The chairman of Colombo port was given a designation and power equivalent to that of a minister, he added.

Chowdhury suggested an office of the shipping ministry be set up at Chittagong port. The minister-in-charge should arrange a meeting every week on different agenda regarding the port, he said.

Doing business in the port city is not easy as there are many constraints, said Chowdhury, who is also the managing director of Eastern Apparel Ltd. To make the port city business-friendly, the government should pay attention to building infrastructure and provide necessary utilities without any interruption, he added.

"We have no industrial zone in Chittagong, neither in the country. Entrepreneurs are not interested in investing here," he said. The government can make garment-villages in different zones of the city and its outskirts that will not only expand industrialisation but also create jobs for the rural people, he added.

By providing all sorts of infrastructure and utilities, the government can make townships in different zones off the city, like Patiya, Hathazari, Fatikchhari, Mirsarai, Sitakunda and Chakaria, he said.

If the government can make at least two industrial zones under a pilot project, the rush of the rural population to the city will shrink and it will reduce the pressure on the city, Chowdhury said. It will also generate significant employment, he added.

There is no five-star hotel in Chittagong, which also holds back businesses from growing in the port city as foreign delegates want comfortable accommodation when in the city for business, he said. This is also one of the main problems to tourism too, he added.

Increasing international connectivity of Chittagong Shah Amanat International Airport is also another issue that must be addressed immediately, Chowdhury said. "Frequent flights should be operated to different international routes and a good number of new flights should also be introduced," he added.

An expressway will have to be constructed from the airport into the city to reduce travel time, he said. It can be constructed through either public private partnership or build-operate-and-transfer, he added.

The energy crisis is the major impediment to industrialisation in the country at the moment, he said. "I suggest the government set up coal-based power plants. There is no alternative to an uninterrupted supply of power and gas to the industrial units. The inactive power plants will also have to be renovated."

The government should adopt modernised policies to bring about improvements; some policies like



Nasir Uddin Chowdhury

establishing a bonded warehouse, back to back letter of credit facility, and utilisation permission and declaration are welcome moves, he said.

However, some policies are vague and take time to implement, and the industries become sick by the time the benefits reach them, he said.

In the readymade garment (RMG) sector, time is an important factor, for which dynamic policy is needed to finish work in the quickest time, he said. Bureaucratic tangles should also be resolved, he added.

As an organisation, BGMEA has been playing a role in protecting the interest of its members, he said. BGMEA negotiates government institutions on different issues to enhance the facilities of RMG business.

It also plays a proactive role in the welfare of the workers, said Chowdhury. "We have built a hospital for the RMG workers in the port city and we have taken initiatives to build dormitories for female workers."

In addition, BGMEA runs a good number of schools to provide primary education to the children of workers employed in 5,000 RMG factories throughout the country, he said.

Large-scale dormitories need to be constructed for the sake of safe accommodation of the RMG workers, Chowdhury said. "The government should come forward to take this initiative as it is difficult for an individual or a group to take such an initiative."

The BGMEA first vice-president said the Chittagong Chamber of Commerce and Industry should play a

proactive role in addressing the problems of the business community in the port city. As a pressure group, it has scope to make a difference and it can make guidelines through its research and development cell to suggest business-friendly policies to the government, he said.

Chowdhury said environmental and climate issues should be addressed at micro-levels. At present, the "green business" is the slogan for worldwide business, he said. To ensure a green business, factories need to install effluent treatment plants (ETP), he added.

It is tough for an individual factory to install an ETP, Chowdhury said. The government can come forward to cooperate with the factories in clusters of 10-20 factories in an area under the green business slogan, he added.

Ford sees China, India fuelling auto market growth

REUTERS, New Delhi

THE global automobile market is likely to grow by 5 percent a year for the next two years, led by China and India, Ford Motor Co CEO Alan Mulally said, after the US automaker launched a global compact sports utility vehicle in India.

The EcoSport is the second of eight new global models that Ford plans to launch in India, the company said in a statement earlier, as it targets Asian and African markets in a push to increase annual global sales to 8 million vehicles by 2015.

"The global automobile market is expected to grow by 5 percent in the next two years and most of it will come from the Asia Pacific region," Mulally told reporters in Delhi after unveiling the EcoSport.

"There is some slowdown in Asia Pacific but it is a very good market with a huge potential. In the Asia Pacific market, China and India will drive the growth," he said.

Ford, which sold just under 100,000 cars in India in 2011, a rise of 15 percent from the previous year, has said it expects Asian sales volumes to double to account for a third of the carmaker's global sales by 2020.

"The Indian market will be the third largest by the end of the decade behind the U.S. and China," Joe Hinrichs, group vice-president and Asia Pacific and Africa president told reporters. "We are still bullish on India

and we expect significant growth as per capita income rises in tier-II and -III cities."

India's car sales, which grew 30 percent in the year that ended in March 2011, are expected to be flat in the current financial year, an industry body said last month, as high interest rates and rising input costs bite.

Despite slowing economic growth, India's young population, rising salaries and low penetration makes it a key market for global carmakers such as Ford as economic turmoil continues to

keep developed markets sluggish.

Renault said on Tuesday it would announce plans for low-cost cars in India this year with Japanese affiliate Nissan, after weighing the alliance's technologies against those of potential partners.

Ford will invest \$142 million in its 200,000 vehicles-a-year plant in Chennai, where the carmaker builds its Figo and Fiesta models, to buy equipment to manufacture the EcoSport, said Michael Boneham, managing director of Ford India.

Ford, the only US automaker not

to take a federal bailout in 2009, said it will make the EcoSport for the domestic and export markets. It, however, did not disclose the price of the vehicle.

The car was launched a day ahead of the start of India's Auto Expo where fuel-efficient cars and a slew of new SUV models will be unveiled as global carmakers continue to rev up their activity in one of the world's few growth engines.

The 2012 India Auto Expo, held once every two years, begins on Thursday in New Delhi.



President and Chief Executive Officer of Ford Motor Company Alan Mulally (C) poses during the preview of the new Ford EcoSport car in New Delhi yesterday along with Ford India President and Managing Director Michael Boneham (L) and Group Vice-President Ford Asia-Pacific and Africa Joe Hinrichs (R).

Bleak outlook as Brits count cost of Christmas

REUTERS, London

BRITONS lured to spend by unprecedented discounting at Christmas look set to cut back in the new year as they count the cost of the festive period and worry how Europe's debt crisis will play out.

Next, Britain's No. 2 clothing retailer, kicked off the post-Christmas reporting season, saying sales and profit growth in its 2012-13 year would be modest, citing concerns over the euro-zone debt crisis, a credit squeeze on businesses and rising unemployment. Its shares fell 4 percent.

"My sense is the underlying economic situation is slightly worse than it was in September and that the only thing that has really changed is the situation in Europe," chief executive Simon Wolfson, a prominent supporter of the Conservative Party, told Reuters in an interview.

Next said it would meet profit expectations for its 2011-12 year to end-January after sales rose 3.1 percent in the August 1 to December 24 period, adding it was disappointed with its performance in November and December, blaming unhelpfully warm weather, discounting by rivals and economic headwinds.

Although Next has a long-standing policy of not discounting before Christmas, Wolfson said rivals' pre-Christmas activity was "more than I have ever seen before."

A 2.7 percent fall in store sales was offset by a 16.9 percent jump in the firm's Directory home shopping business.

Britain's biggest department store chain John Lewis also benefited from a strong internet offer, with a 27.9 percent leap in online sales driving a 9.3 percent rise in total sales over the five weeks to December 31.

Although employee-owned John Lewis might be counted among the Christmas winners, analysts are concerned its profit margins will have been eroded by its guarantee to match competitors' prices.

And with shoppers' disposable incomes squeezed by rising prices, muted wages growth and government austerity measures, the store chain is not expecting an easy year.

"Trade in 2012 will undoubtedly be challenging and economic conditions volatile," Managing Director Andy Street said.

In the UK, with unemployment at a 17-year high, confidence hit a 34-month low in December.

Also on Wednesday, Bank of England data showed British mortgage approvals rose to their highest level in almost two years in November, but net lending sank to its lowest level since June, underscoring a weak outlook for consumer demand.

Hopes were raised, however, that Britain could fend off economic contraction for another quarter by a survey showing that growth in Britain's construction sector unexpectedly picked up in December, while a similar survey on Tuesday indicated manufacturing might be showing signs of stabilising after a two-month decline.

FESTIVE FAILURES

With the retail outlook bleak, hedge funds hunting profits from falling share prices are circling many of the biggest store groups, and fears are growing of a wave of retail failures equivalent to that which saw Woolworths go under in 2008-9.

A handful of small privately owned retail players went into administration over the Christmas holiday, including toy store Hawkins Bazaar and fashion chain D2 Jeans, after quarterly rent fell due on December 25.