

Minister sheds light on trade union in RMG factories

UNB, Dhaka

Expatriates' Welfare and Overseas Employment Minister Khandker Mosharraf Hossain yesterday stressed the need for formation of trade unions in garment factories to establish good relations between employees and employers.

"If trade unions are formed, you (owners) will be able to properly manage your factories and laws can be enforced effectively... there is no alternative to forming trade union to ensure healthy industrial relationship," he told a seminar at the DCCI auditorium in the city.

Dhaka Chamber of Commerce and Industry (DCCI) and Bangladesh Society for Human Resource Management (BSHRM) jointly organised the seminar on "Employees and employers relationship: development

perspective".

Chaired by DCCI President M Sabur Khan, the seminar was also attended by the President of Bangladesh Employers' Foundation (BEF) Fazlul Hoque, Vice Chancellor of Daffodil University Lutfur Rahman, former DCCI president Asif Ibrahim, BGMEA Vice President Reaz-Bin-Mahmood, BSHRM Secretary General M Bahauddin Miah and consultant of ILO Dhaka office Francis DV De Silva.

Speaking as the chief guest, Mosharraf said if the trade unions are formed in the RMG sector, it will safeguard interests of the owners more than the employees.

"Many of us have bitter experience about trade unions. But if the trade union is set up properly, there will be no scope to politicise it," he said, About the announcement of fresh

wages for RMG workers, the minister said nearly 40 lakh people now work in the RMG sector and the government will not compromise in matters of their rights.

The BEF president said a confidence gap has been prevailing between the workers and the owners in RMG sector. The owners of factories must take initiative to reduce this gap.

The DCCI president said employers should treat the employees respectfully, pay them fairly and provide good working conditions.

"Companies should be loyal to their workers. Employees also have moral obligations to the organisation and the customers. These obligations include loyalty, honesty and respect for each other."

The BSHRM president made a power-point presentation at the seminar on "Employees and employers relationship".

Volkswagen, Audi recall 32,000 cars in Australia

AFP, Sydney

German auto giant Volkswagen (VW) on Wednesday recalled nearly 26,000 vehicles in Australia and Audi followed suit with 6,000 cars due to a gearbox problem that could cause a loss of power while driving.

The recalls follow growing safety worries sparked by the death in Australia of a woman while in a 2008 Golf.

The 32-year-old's car slowed and was hit from behind by a truck on a Melbourne motorway in 2011, a coroner's inquest heard last month.

The news sparked complaints from other VW owners whose cars had also cut out or stopped on busy roads.

"In isolated cases, an electronic malfunction in the control unit inside the gearbox mechatronics may result in a power interruption," VW's Australian

branch said in a statement.

The models affected include Golf, Jetta, Polo, Passat and Caddy cars produced between June 2008 and September 2011.

Last week, VW Australia managing director John White said the company "stands by the quality of our cars and integrity of our engineering excellence".

On Wednesday, he said replacement of the gearbox unit would be free of charge and "owners can continue to drive their vehicles as usual until their appointment".

"Please be assured that this recall does not affect any Volkswagen vehicles currently being produced or sold," he added on Facebook.

The move follows similar recalls in other countries, including China where more than 380,000 vehicles were recalled in March over gearbox defects.



Signing Ceremony
of
Memorandum of Understanding (MOU)
Between
MJL Bangladesh Limited and Balmer Lawrie & Co
Date - June 12, 2013
MJL BANGLADESH
Sanaul Haque, chief executive officer of MJL Bangladesh, and HK Bhoklay, executive director for corporate affairs at Balmer Lawrie & Company Ltd, exchange documents of a deal at The Westin Dhaka yesterday. The companies formed a joint venture to set up a steel drum manufacturing plant in Chittagong under 50:50 equity partnership.

Telecom operators to cut internet prices

STAR BUSINESS REPORT

All private mobile operators are going to reduce tariff on the pay-per-use internet packages, responding to an initiative taken by the telecom regulator.

"We have informed the operators that the subscribers should get the benefit of the revised tariff from July 1," Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), said earlier.

Pay-per-use is the internet package that subscribers enjoy by default prior to shifting to any other package. This package comes at a comparatively higher tariff rate -- Tk 20 per megabyte of download.

However, after a series of meetings with the regulator, the operators agreed to reduce the price.

More than three crore people use the internet in Bangladesh, with 95 percent having access through the mobile network, according to the BTRC website.

Grameenphone was the first to declare the new internet tariff rate on Tuesday, followed by Robi.

Mahmud Hossain, chief corporate officer of Grameenphone, said, "We have decided to reduce the internet price on the pay per use package to become customer-centric. There are some formalities and backend works left to execute the new tariff plan."

Mahmudur Rahman, executive vice president of Robi, said: "We expect that the new pricing could potentially encourage thousands of first-time users to explore the web as a ready source of information."

"This drop in internet pricing will make access to the internet even more affordable for users."

In a statement, Banglalink said: "We want to reiterate Banglalink's role as a change maker in the market and make internet connectivity more affordable for everyone."

"We currently have affordable data plans for our subscribers and a review of the 'P-1' package will further reinforce our commitment in this area."

It also said the price details will be declared after all the necessary works are completed.

In a statement, Airtel said: "This upcoming reduction of internet tariff will increase availability of internet among the mass and prove to be a revolutionary step forward."

Taslim Ahmed, head of corporate communications of Citycell, said, "We would like to state that Citycell provides one of the lowest internet tariffs currently in the market. The addition of extra usage, bonus and discounts make our products even more affordable."

"We would continue to pursue it to make it more affordable in the days to come."

State-run Teletalk is providing high speed 3G internet service for its customers. Mohd Shamsuzzoha, head of marketing, said his company already provides the cheapest internet rate, which is Tk 1 for 1 MB for 3G users and Tk 2 for 2G users.

ICT industry's demand not reflected in budget: BASIS

STAR BUSINESS REPORT

The country's information and communication technology (ICT) trade body yesterday expressed their frustration over the sector's budget allocation in the upcoming fiscal year.

"People of the ICT sector are not happy as the government did not give them any tax incentives," said Fahim Mashroor, president of Bangladesh Association of Software and Information Services (BASIS).

The association called for a 15 percent value-added tax waiver on the internet and 4.5 percent on IT-enabled service and tax waiver on e-commerce services, which was not incorporated in the budget for fiscal 2013-14.

Mashroor urged the government to reconsider the budget size for the ICT sector, at least for the sake of realising the government's 'Digital Bangladesh' vision.



Law Minister Barrister Shafique Ahmed addresses the closing ceremony of "Training of trainers on arbitration" organised by Bangladesh International Arbitration Centre (BIAC) in Dhaka yesterday. BIAC Chairman Mahbubur Rahman was also present.



Atiur Rahman, governor of Bangladesh Bank; Abul Kashem, deputy governor, and Ishtiaque Ahmed Chowdhury, managing director of Trust Bank, attend the launch of a guide to SME help desks and women entrepreneur dedicated desks, developed by Trust Bank, recently.

Asia's ticking time bonds; time to cut and run?

REUTERS, Hong Kong

Efforts to make the global financial system safer could be making Asia more - not less - vulnerable to any credit market shocks, leaving bond traders worried that a sharp selloff since late May could turn into a rout.

Low global interest rates have made it easier than ever to sell new bonds denominated in dollars, euros or yen, resulting in a boom in issuance that has made Asia and its companies ever more dependent on debt.

But the market for trading those bonds is slowly drying up, leaving it susceptible to a sharper selloff if holders of these so-called G3 bonds decide it is time to head for the exit.

"The issue is that if any of them choose to sell their holdings, the market may not have the capacity to absorb these flows. If we reach a stage like that then liquidity could dry up very quickly and that can have a spiralling effect," said Dhimant Shah, a fund manager at Mackenzie Investments in Singapore.

Bond markets in Asia have generally trended higher since the Lehman crisis during the global financial crisis in 2008, partly aided by the flood of cash from Western central banks aimed at reviving their economies. By one measure, a JP Morgan basket of credit, the debt market hit its highest level in May since the global financial crisis.

In the last month though, bonds have stumbled on jitters over when the US Federal Reserve will start to unwind its stimulus programme. Yields, which move inversely to prices, on the debt tracked by the JP Morgan basket have jumped in the past month more than 60 basis points, largely in the past two weeks. The yield on Indonesian government bonds due in 2020

have risen even faster, nearly 100 basis points in the past month.

Asia's low market liquidity could create a more explosive selloff in which a lack of trading creates a price vacuum, leading to sharper price declines as investors scramble to sell assets for cash, a scenario similar to the dark days of the Lehman crisis. "I don't recall in recent memory bonds falling so quickly without a tail-risk event as they did in the last month," said Richard Cohen, head of credit trading in the Asia Pacific for Credit Suisse. Tail-risk refers to a sudden event that has a major impact on financial markets.

Unlike equity and currency markets, there is no central repository for information on bond volumes. But dealers said volumes have fallen sharply as the market has sold off, although more generally liquidity has also been sliding in the past year as the result of some powerful factors.

Regulations under new Basel III capital requirements and the Dodd-Frank legislation in the United States are forcing Western banks to cut global operations, trim, or even eliminate their own bond trading operations and to cut Asian bond portfolios to reduce risk.

For example, fund manager Shah, 41, left J.P. Morgan Chase & Co in Singapore as head of proprietary trading last year, one of many traders who left banks as the stricter capital requirements made it tougher for them to conduct proprietary trading.

At the same time, Asian banks have not developed the expertise or the risk-appetite to fill the void.

In addition, the same low interest rates that make it easy to sell new bonds are making older bonds more attractive to hold rather than trade. The result is a

diminishing amount of secondary trading in Asian bonds.

The combination of factors makes it more difficult for sellers, said Hong Kong-based Fredric Teng, a partner at hedge fund Oracle Capital Limited.

"It's a bit like Tom trying to get out using Jerry's pet flap. If investors cannot get out we could have crazy knee jerk price actions," Teng said.

Such a squeeze could have far reaching consequences in Asia given its growing appetite for debt.

The region's debt-to-GDP ratio rose to 155 percent in mid-2012 from 133 percent in 2008, data from McKinsey Global Institute, a unit of consulting firm McKinsey & Co, shows. It is also higher than 1997, when several economies in Asia buckled as capital fled the region.

To be sure, there is no sign of widespread panic in markets. Historically low interest rates, and in some cases a relaxation of regulations governing bond markets, are keeping new issues of bonds at record levels.

G3 bonds issued by Asian borrowers outside Japan hit a record high in 2012 of \$133.8 billion and the momentum has intensified this year. In the first five months of 2013, nearly \$88 billion in G3 debt has been sold, up from \$71 billion in the same period last year.

But the selloff is the first sign that a bull run in bonds of more than four years may be coming to an end as investors anticipate the US Fed easing back on its stimulus pedal. That risk means investors are wary of some areas of the market.

Bonds from single "B" rated China property companies, sovereign issuers such as Sri Lanka, Vietnam and Mongolia and infrequent borrowers that make \$100-\$200

million offerings are struggling for buyers. Trading liquidity in these bonds is low anyhow, so during times of market caution, buyers retreat further.

"If you are holding those names good luck trying to sell. Even though things have cheapened up considerably, traders don't want to hold some of these bonds because there may be no buyers," said a Hong Kong-based trader at a US bank. He declined to be identified because he is not authorised to speak with the media.

But there is also a flip side. Bryan Collins, a portfolio manager at Fidelity International, says that while bouts of bond market illiquidity are a risk, they also help to remove some of the frothiness from bull markets.

Ultra-low interest rates have fuelled record issuance of new debt, but they have also helped reduce the risk of debt default as many companies refinanced outstanding debt into longer-dated maturities.

That means that, even if yields on 10-year US Treasuries lurch higher after a 64 basis points rise since early May to 2.26 percent, it is unlikely to cause panic among cash-rich Asian companies.

And as a rise in interest rates causes a corollary fall in bond prices, some global fund houses, such as T. Rowe Price, are waiting in the wings to buy up beaten-down debt.

Still, T. Rowe is hedging its positions with safe-haven US and German government debt, said Terry Moore, a fixed-income portfolio specialist at the US-based firm.

"So when volatility spikes in the bond market, we have some liquid bonds we can sell to buy less liquid debt," said Moore, a member of an investment team overseeing more than \$800 billion in assets.



Nazeem A Choudhury, head of business at Eastern Bank Ltd (EBL), and Hasib M Abdullah, head of marketing at Urban Design and Development Ltd (UDDL), exchange documents of a deal in Dhaka on Tuesday. EBL will provide up to Tk 1 crore home loan facility to UDDL customers while EBL home loan customers will enjoy privileges from UDDL.



M Anis Ud Dowla, chairman of ACI Ltd, and Arif Dowla, managing director, attend the company's 40th annual general meeting at Officers' Club in Dhaka on Tuesday. The bank declared 80 percent cash and 20 percent stock dividends for 2012.



Tanjil Chowdhury, chairman of Prime Exchange Co Pte Ltd, Singapore, launches the exchange's remittance services to India from Singapore at the head office of Prime Exchange recently. Md Ehsan Khasru, managing director of Prime Bank, was also present.