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BUSINESS

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Put transport, power projects on fast track: WB

The lender says the budget is a mix of opportunities and challenges

STAR BUSINESS REPORT

The World Bank has recommended special attention for a set of projects in the transport and power sectors in the upcoming fiscal year in a bid to keep up the growth momentum amid an anticipated political chaos.

Zahid Hussain, lead economist of World Bank Bangladesh, singled out seven projects in the transport sector and eight in the power sector, all of which are in the advanced stages, for swift implementation. The projects together account for 74.7 percent of fiscal 2013-14's allocation for annual development programme (ADP).

"It would help cope with the likely disruptions ahead of the general elections early next year," he said during a press briefing at his office on the budget for fiscal 2013-14.

The economist described the budget as a "mixed bag": while the expenditure plan is not big, the government's revenue target is "ambitious".

"But the sky won't fall if the revenue growth is short of the target," he said, while suggesting the deficit can be met by way of the non-development budget.

He cited the Tk 153.6 billion allocated in the budget for investment in shares and equities and Tk 34.7 billion in block allocations. "Fund release from these provisions will have to be tightened and back loaded to also keep space for external financing shortfall."

Hussain said the new budget offers a "mixture of opportunities and challenges" for the government.

Opportunities come by way of the need to increase the stagnant investment-GDP ratio, boost wealth accumulation, reduce subsidy and rationalise spending for social safety net projects.

On the other hand, challenges spew from revenue mobilisation, deficit financing and ADP implementation, he said.



Johannes Zutt

PRIORITISING ADP IMPLEMENTATION
TRANSPORT PROJECTS
Dhaka-Chittagong Highway Upgrade
Construction of 3rd Karnaphuli Bridge
Eastern Bangladesh Bridge Improvement Project
Joydebpur-Mymensingh Road Development
Bangladesh Railway Sector Improvement Project
Dhaka-Chittagong Rail Line Improvement
Shahjalal Airport Upgrade
POWER PROJECTS
Construction of 80MW Peaking Power Plant
Bheramara Combined Cycle Plant (360MW) Development
Upgrade of Sirajganj 150MW and Peaking Power Plant to 225 MW and Combined Cycle Power Plant
Construction of Haripur 360MW and Combined Cycle Power Plant and Associated Sub-station
Siddhirgong 330MW Peaking Combined Cycle Power Plant
BibiYana-Kaliakoir 400KV and Fenchuganj BibiYana 230KV Transmission Line
Bangladesh Central Zone Power Distribution Project
Expansion of Rural Electrification

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Yunus meets CEOs of leading retailers

STAR BUSINESS DESK

Nobel laureate Prof Muhammad Yunus met the chief executive officers of top clothing retailers at the Consumer Goods Forum in Tokyo on June 11-13.

Prof Yunus was a key-note speaker at the conference, Yunus Centre said in a statement yesterday.

He invited the CEOs of the top retail companies for a private meeting with him on the sidelines of the conference to discuss the situation of garment industry in Bangladesh.

The CEOs had an hour-long exclusive meeting with the Nobel laureate and briefed him about their support for Bangladesh.

Prof Yunus elaborated his proposals on voluntary international minimum wages for garment workers for each garment producing country and the use of "Happy Workers' Tag" for offering workers' welfare programmes by independent social business companies.

The CEOs showed positive interest in both the subjects. He urged the CEOs to join hands to make Bangladesh a highly attractive country for sourcing garment products and help bring back the companies which left the country.

He emphasised the social impact of garment industry in Bangladesh in terms of women empowerment along with its impact on poverty reduction.

Michael Duke, CEO and president of Walmart; Georges Plassat, CEO and president of Carrefour; Gareth Ackerman, chairman of Pick and Pay Stores Ltd; Tadashi Yanai, chairman and CEO of Uniqlo, and Motoya Okada, CEO of AEON Ltd, Japan, attended the meeting.



YUNUS CENTRE

From left, Professor Okada; Tadashi Yanai, chairman and CEO of Uniqlo; Michael Duke, president of Wal-Mart; Nobel Laureate Muhammad Yunus; Gareth Ackerman, chairman of Pick and Pay Stores; Motoya Okada, president of AEON Co Ltd; Georges Plassat, CEO of Carrefour; Marie-Benedicte Beaudoin of Consumer Goods Forum; and Rhoda Lane-O'Kelly of Consumer Goods Forum, pose at a recent conference in Tokyo.

Muhith worried over losses in state firms

STAR BUSINESS REPORT

Rising losses of state enterprises have become a matter of serious concern, Finance Minister AMA Muhith said yesterday.

"I realised this year that the loss is a serious item," he said, suggesting the next government should pay high attention to the enterprises.

The minister also said such losses put a huge pressure on the budget.

Muhith made the remark after a former adviser to a caretaker government, AB Mirza Azizul Islam, shared his concern about the enterprises.

They spoke at a discussion on the proposed budget for the next fiscal year organised by Economic Reporters' Forum at Cirdap auditorium in the capital.

Islam said there is no guideline on how to address the skyrocketing losses of the state firms.

The former adviser also said some

of the targets set in the proposed budget may not be achieved.

Political uncertainty, weak administrative capacity and inefficiency in implementing the budget are the main challenges, according to Islam.

He said the tax authority will fall short of the revenue target for the outgoing fiscal year and predicted that the total revenue collection would be around Tk 106,000 crore against the target of Tk 112,259 crore.

So, the National Board of Revenue will have to collect 28 percent higher revenue to meet the target of Tk 136,090 crore set for the next fiscal year, he added.

He said the reduced allocation for agriculture would hurt the rural people and the economy.

Muhith said there have been criticisms that the projections made in the budget are very high. "But I don't want to term the budget ambitious."

On the reduced allocation for the farm sector, the minister said the government provides support to the sector through policy measures. "We have increased the outlay for agricultural research."

Muhith said the allocation for public administration has gone up due to the upcoming parliamentary election, which, according to him, has a huge expenditure.

TIM Nurul Kabir, secretary general of Association of Mobile Telecom Operators of Bangladesh, said a number of issues related mainly to taxes remain unresolved and have created problems for mobile operators.

He demanded withdrawal of SIM tax and said the NBR should let the telecom operators amortise their spectrum fees as allowable expenditure.

Muhith said the unresolved issues in the telecom sector would be addressed soon.

EU PREFERENTIAL TRADE

Workplace upgrade key to GSP retention: Dutch minister

Netherlands to give €9m in four years to develop garment sector

STAR BUSINESS REPORT

The Dutch trade minister yesterday advised Bangladesh to improve the working conditions immediately in the garment sector to retain preferential trade benefits from the European Union.

"I think the best way is to follow up very quickly and swiftly on the recommendations that have been made for enhancing labour conditions," said Lilianne Ploumen, minister for foreign trade and development cooperation of the Netherlands.

She signed a joint statement to support the garment sector with Commerce Minister GM Quader, at Ruposhi Bangla Hotel in Dhaka.

The fast implementation of the decision to amend the labour law will be instrumental, Ploumen said, taking a question on whether the EU will be influenced by any US decision on generalised system of preferences.

According to Ploumen, it will be an important step if Bangladesh adopts the Better Work Programme of ILO as it will encourage everyone to work methodically and adhere to international standards.

"It will be the best way to have to continued favourable trade conditions with the EU," she said.

"I don't want Dutch companies to stop sourcing from Bangladesh. I want them to support the garment industry here to improve in order for workers to work safely and with decent wages."



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Left, Lilianne Ploumen, Dutch minister for foreign trade and development cooperation, shakes hands with Commerce Minister GM Quader after signing a joint statement on the garment sector in Bangladesh, at Ruposhi Bangla Hotel in Dhaka yesterday. Mahub Ahmed, commerce secretary, was also present.

"I want to stimulate our enterprises at home to take up their responsibility, among others for paying living wages in their supply chains," Ploumen said.

"We all are connected." The Dutch businessmen cannot ignore the responsibility, she said.

Ploumen will sit with Dutch textile traders next week in the Netherlands to take an action plan to develop the garment industry in Bangladesh, as it brings "many good things to the country".

The Netherlands will contribute €9 million in four years to develop Bangladesh's garment sector.

Ploumen and Quader vowed to work for improving working conditions in the garment sector through forming a forum with the EU countries, USAID and the Canadian government.

The first consultative meeting was held in Dhaka yesterday and the Dutch minister will hold several meetings with officials from Germany, Sweden and Denmark

soon to form the forum and to raise funds for developing the RMG sector under the CSR formula, she said.

Replying to queries, Quader said Bangladesh attended the USTR GSP hearing in Washington on March 28. The USTR has not contacted back yet. "But I am hopeful for a positive outcome from the USTR hearing."

Ploumen also signed a technical cooperation agreement on behalf of the Dutch government with the BGMEA University of Fashion and Technology yesterday.

RMG factories asked to remove mobile towers from rooftops

ABDULLAH MAMUN

The garment sector's apex trade body has ordered removal of all mobile antennas from factory rooftops on the outskirts of Dhaka city.

Most of the mobile antennas or base transceiver stations (BTSs) are installed on top of garment factories -- located in Savar, Ashulia, Gazipur, Kanchpur -- due to their height advantage, officials of mobile operators said.

The wholesale removal of the BTSs, they said, would significantly disrupt the network.

"The garment factories with no capacity to bear the load of the mobile towers should be removed from the rooftops. Otherwise, their BGMEA [Bangladesh Garment Manufacturers and Exporters Association] membership would be revoked," Atiqul Islam, the body's president, said.

The call was made to avoid accidents like the Rana Plaza collapse on April 24 that killed 1,131 and injured thousands, he added.

"Any heavy structure on top of buildings should be removed lest the upper floors get damaged by their weight. In fact, we have already taken down some of the mobile towers from rooftops."

However, factories with the capability to stand the BTSs would not need to remove them but they would still have to get the

green light from an inspection team of Bangladesh University of Engineering and Technology (Buet), Islam said.

"But, under no condition would electric generators be allowed on rooftops," the BGMEA president said.

However, leading mobile operator Grameenphone said: "We think BGMEA's notice in this regard is ill-advised as BTSs are installed only after concerned buildings meet our technical criteria."

The operator has around 100 BTSs in the surrounding areas of the capital, it said in a statement.

"Many industrial areas are covered by the BTSs installed on garment buildings; if they are removed, the whole area will be out of network. We hope the BGMEA will look into the matter and withdraw its notice."

Tanveer Mohammad, chief technology officer of Grameenphone, said operators do not place the stations directly on the rooftops; rather they use poles to install the antennas, which are not heavy at all.

"We are in a position to discuss the issue with the BGMEA as the mobile networking structures do not jeopardise the buildings," TIM Nurul Kabir, secretary general of the Association of Mobile Telecom Operators of Bangladesh, said.

To address the matter, the operators' association will soon form a technical team of experts from Buet, BGMEA and the telecom regulator, he said.

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