

# Sovereign bonds left for next govt

REJAUL KARIM BYRON

The government's plan to issue sovereign bonds this June has been pushed back to the next government due to uncertainty over the foreign currency requirement for the Padma Bridge project.

The country plans its first international bond sale once a new government is elected this year or in early 2014, Bangladesh Bank Governor Atiur Rahman told Bloomberg News yesterday. "Preparatory work for a debut international issue of hard currency has progressed well. The bond will provide a benchmark facilitating bond issuance abroad by corporates," Rahman said at a presentation to investors in London on Friday.

The Sovereign Bond Transaction Execution Committee, a government panel set up to recommend steps before the bond is issued, said the government could raise \$500 million in the offering to help finance infrastructure development.

In an interim report, the nine-member panel also said the government had completed consultation with three banks on bonds' international market situation, possible yields and transaction process. The committee also warned the government about the tim-

ing of the bond issuance, as the issuance might overshoot the country's ceiling set by the International Monetary Fund for borrowing from external sources on hard terms.

Bangladesh is allowed to borrow \$4.25 billion by December 2013 under the IMF's external credit facility.

If the government goes ahead with its sovereign bond issuance plan then it might need to trade off with its borrowing plans for power projects, the committee said.

A finance ministry official upon conditions of anonymity said there is also uncertainty over whether the government would be able to start construction of the Padma Bridge at all.

"Even if the project starts there will be uncertainty over the amount of foreign currency to be needed for the country's largest ever infrastructure project in the first six months of the next fiscal year," said the official.

Communications Minister Obaidul Quader has already said the tender for the project would be opened by this month for the construction of the main bridge.

The government has allocated Tk 6,852 crore for the bridge project in fiscal 2013-14. Of the amount, foreign currency accounts for \$591, which is 70 percent of the allocation.

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# KEPZ hamstrung by setbacks

## The Korean Export Processing Zone management urges govt to fix four impediments to clear the way for full operations

STAR BUSINESS REPORT

The Korean Export Processing Zone yesterday urged the government to remove the four impediments preventing full-scale operations at the specialised industrial area.

The KEPZ asked the government to execute the deed of transfers of the entire KEPZ lands, allow all types of industries, authorise KEPZ to lease out lands to other factories and restore electricity lines.

Korean Prime Minister Chung Hong-won also requested Bangladesh Prime Minister Sheikh Hasina to lift some restrictions on KEPZ, at a meeting recently.

"We have to work together to solve these problems," Kihak Sung, chairman of KEPZ, said at a media briefing at Sonargaon Hotel.

Sung is scheduled to attend the 18th meeting of the board of governors of the private EPZ, a cell under the prime minister, on June 26 in Dhaka to explain what is holding them back from beginning operations in full swing.

KEPZ is now running with diesel generators as electricity connections were snapped in September 2012 by the authorities.

KEPZ received the operational licence in 2007, but the land transfer deed is yet to be executed, Sung said.

Currently, four shoe factories, out of eight, are in operation in KEPZ, he said.

The EPZ started its journey in 1999 on 2,492 acres of land in Chittagong, he added.

"I do not have plans to leave Bangladesh ever. Bangladesh comes first to me for business, China is second and Vietnam third," said Sung, also chairman and chief executive of Youngone Corporation, a Korean company invest-



STAR

Kihak Sung, chairman of Youngone Corporation that owns KEPZ, speaks at a press conference at Sonargaon Hotel yesterday.

ing in Bangladesh.

His corporation has operations in Bangladesh, China and Vietnam and exports more than \$1 billion of goods a year from the three countries.

The corporation seeks to build factories for leather products, shoes, bags, jackets, footwear, textiles, apparels, sporting goods, bicycles, toys, electrical and optical goods, accessories and supporting industries, IT zone, design and development centre, agro-based industries like fruits and vegetables processing and packing industries.

Youngone, which employs nearly 50,000 workers in its 17 factories mainly in garments in Dhaka and Chittagong export processing zones, has started

another eight projects in KEPZ.

The project is expected to be complete by the first quarter of 2014.

"On completion, this project will create jobs for 40,000 people," Sung said.

It took 14 years to complete the administrative process of KEPZ. As a result, operations were delayed, he added.

"Now we need strong ties between Korea and Bangladesh. Korea is the 13th largest economy worldwide. Bangladesh can immensely benefit from this friendship."

KEPZ was registered in Bangladesh when Bangladesh Private EPZ Act 1996 was passed after a summit meeting of top-level leaders of both Bangladesh and Korea. The operational licence required under the law was given in May 2007, he said.

The company will form a fund of Tk 1.5 crore for fire and building safety accord in the country's garments sector, Sung added.

## Youngone chief targets \$1b exports from Bangladesh

REFAYET ULLAH MIRDHA

Kihak Sung, chairman of Youngone Corporation, plans to export \$1 billion of products from Bangladesh in future.

"My business growth here is 10 percent year-on-year, but it should be 20 percent. So, my targets are realistic," Sung told The Daily Star in an interview.

At present, his 17 production units

in Bangladesh export \$600 million worth of products a year. Of the amount, \$500 million alone comes from garment items, and the rest from footwear.

"But I do not want to compete with the local garment exporters. They are doing fantastically themselves, and some even have the potential to hit the \$1 billion-mark."

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# Cox's Bazar student wins i-Genius award

STAR BUSINESS REPORT

A 16-year-old student from Cox's Bazar yesterday beat 121 competitors from across the country to win the prestigious i-Genius Grandmaster Award.

Silma Subah Raisa, who studies at Class X at Cox's Bazar Govt Girls' High School, was the fastest in browsing the internet from her mobile handset to find the correct answers.

She received Tk 100,000 as prize money, together with the opportunity to visit Oslo where the headquarters of Telenor, Grameenphone's parent company, is located.

"I could not believe it. It's like a dream," a jubilant Raisa told the audience at Ruposhi Bangla Hotel after bagging the top prize of the second edition of the contest.

The competition, a joint initiative of Grameenphone, Prothom Alo and Channel i, began in September last year. This year, it attracted a total of 500,000 students from schools.

Education Minister Nurul Islam Nahid, who gave away the prize, said the new technology has opened a window of opportunity to provide modern education to people.

He said the government has set up multimedia classrooms in 23,300 schools. Besides,



Participants pose at the Prothom Alo-Grameenphone Internet Festival at Ruposhi Bangla Hotel.

16 minibuses equipped with computer labs are showcasing different computer devices in rural areas to make the people familiar with them.

"The country is moving ahead in educa-

tion, health and social sectors though we face strike, murder, corruption and many other challenges," said Matiur Rahman, editor of Prothom Alo.

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## Market surveillance begins in preparation to Ramadan

STAR BUSINESS REPORT

The government has started market surveillance in a bid to curb an unusual spiral in essential commodity prices ahead of Ramadan.

Four teams visited six kitchen markets in the city yesterday and fined 12 retailers for selling sugar and edible oil at higher prices, said Md Abul Hossain Mian, director general of Directorate of National Consumers Rights Protection.

The inspection took place at Shantinagar market in Malibagh, Shah Ali Market in Mirpur, Mohammadpur Town Hall market and Kathalbagan market.

Commerce Secretary Mahbub Ahmed said 14 teams will be formed to monitor the prices of essentials in Dhaka from the beginning of next month. The monitoring would be done on a daily basis during Ramadan.

"The government will take legal actions against attempts to increase prices by creating artificial crisis in the market," the commerce ministry said in a statement yesterday.

Teams in district and divisional cities, too, will monitor the markets, said the commerce ministry.

The ministry began sending price monitoring teams after it held several meetings with traders over supplies of commodities ahead of Ramadan when the demand goes up.

"Businesses have assured the commerce ministry that prices will not increase ahead of Ramadan and there will be no supply shortfall," added the statement.

Referring to businesses, it said the stock of rice, pulse, edible oil and sugar and essentials are adequate. "So there is no possibility of supply shortfall in the market," it added.

## Aim for higher economic status: governor

STAR BUSINESS REPORT

Bangladesh should set its sights on becoming an upper middle-income country by 2030 and a developed economy by 2050, said the central bank governor.

The country is set to earn the status as a lower middle income nation in a couple of years, he said.

"Bangladesh is poised to cross the (lower) middle income country group GNI threshold in a couple of years. Time is now therefore to chart the next phase of its progress path," said Atiur Rahman, governor of Bangladesh Bank.

He spoke while giving a lecture on "recent socio-economic trends and prospects in Bangladesh: stability supportive use of inclusive financing" in London on Friday.

Rahman said Bangladesh has two of the most important requisites: the demographic dividend of a large youthful work force and a broad-based social consensus on social responsibility driven inclusive development strategy to harness the creative energy of the people in overcoming challenges on path of rapid poverty eradication and eventual prosperity.

While the population growth is now 1.5 percent per year, the working age population is growing at 2.5-2.8 percent, the BB chief said, adding that the growing working age population widens the opportunity for rapid development.

The governor said the central bank's caution-mixed inclusive financing promotion initiatives are serving the economy well, as evidenced by stable, steady economic growth amid the global financial crisis and the lingering global growth slowdown.

"Unlike elsewhere including advanced economies, credit flows for output activities of SMEs in Bangladesh held steady and did not suffer exclusion crunch during or following the global financial crisis, upholding internal demand and output activities on steady long-run growth path," he said.

He said steadily growing but still a low income economy, Bangladesh has over the years developed a social consensus for inclusive socioeconomic growth equitably opening up advancement opportunities for all population segments.

To this end, Rahman said, annual national budgets consistently allocate substantial expenditure outlays in the social sector for pro-poor human development and social safety net to unleash the creative energies of the entire population.

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# Shrimp processors run below capacity as yields remain low

STAR BUSINESS REPORT

Shrimp and frozen foods processing plants are running below 80 percent of their capacity due to low yields of shrimps and prawns.

Local frozen fish processors receive only 18 percent of their required raw materials at present, against a minimum processing capacity of 265,000 tonnes a year.

This was revealed at a seminar on increasing shrimp production at Hotel Purbani organised jointly by Bangladesh Frozen Foods and Exporters Association (BFFEA) and Business Promotion Council under the commerce ministry.

"We have scope to boost production by technological intervention and expansion of modern cultivation," said M Kabir Ahmed, a former official of Department of Fisheries.

Bangladesh lags in shrimp yield, behind

China, Thailand, Vietnam and India.

Following traditional cultivation methods, the country produces 350 kilograms of shrimp a hectare while China, Vietnam and Thailand produce 8-10 tonnes (1 tonne=1,000kg).

Ahmed said yield can be increased four to five times with technological upgrade and expansion at the farmers' level. Semi-intensive cultivation will also facilitate increased production, he added.

At present, shrimp is cultivated on 217,000 hectares in the coastal zone, mainly the south-west, and sweet water shrimps are grown on 30,000 hectares, allowing Bangladesh to earn foreign currency through exports.

Of 184,939 tonnes of shrimp production in fiscal 2010-11, Bangladesh exported 54,891 tonnes. The volume of shrimp and frozen fish

exports grew to 58,503 tonnes in fiscal 2011-12, according to BFFEA.

"We urge the government to increase allocation and incentives to increase the modern cultivation of shrimp," said BFFEA President Md Amin Ullah.

"The government can facilitate farmers to get medicines and feed at low costs. It is also necessary to train farmers," he said, recommending the establishment of demonstration farms to encourage farmers to adopt modern cultivation methods.

Former BFFEA Director AH Md Shahdat Ali Khan stressed the need to establish a common landing centre for all the processors, in a bid to ensure shrimp quality.

It will also reduce malpractices by dishonest middlemen, who inject water, liquid and various other substances to make the shrimps gain weight, he said.

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