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ADB appoints new country director



STAR BUSINESS DESK

The Asian Development Bank has appointed Kazuhiko Higuchi as the new country director for its Bangladesh resident mission.

Prior to this assignment, he was in Uzbekistan as ADB country director, a post he had held since 2009, according to a statement.

From 2005 to 2009, Higuchi was director of the transport and communications division of the South Asia Department of ADB, managing ADB's operations in the transport and communications sectors in Bangladesh, Bhutan, India, the Maldives, Nepal, and Sri Lanka. From 2002 to 2005, he was posted in Kazakhstan as ADB country director.

"I am looking forward to working for Bangladesh, and the people of Bangladesh," Higuchi said.

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Stable credit outlook for Bangladesh

Moody's retains Ba3 rating despite hovering political uncertainty

REJAUJUL KARIM BYRON and MD FAZLUR RAHMAN

Leading international credit rating agency Moody's yesterday gave a stable outlook to Bangladesh's credit rating, a resounding endorsement for the government seeing that the uncertainty in the political arena is yet to dissipate completely following the parliamentary elections.

"The stable outlook reflects prospects for continuing economic stability despite recent electoral pressures," it said while retaining the credit rating of Ba3 for Bangladesh.

Political turmoil and divisiveness, as seen in January 2014 ahead of parliamentary elections, have been a recurrent feature in Bangladesh. "Nevertheless, we expect ongoing tax and subsidy reforms to eventually strengthen the budget and provide more fiscal space, enabling the government to expand capital expenditure."

Moody's said its affirmation of the stable outlook for Bangladesh is based on the view that the country's underlying credit strengths have withstood the impact of recent political tensions, industrial accidents in the garment sector and the poor financial health of state-owned commercial banks.

A healthy outlook for economic growth, progress on policy reform and limited vulnerability to fiscal and external funding stress were key drivers for the decision.

It said despite political turbulence and headwinds to the garment industry on the back of a number of industrial accidents, the outlook for economic growth remains largely favourable.

It estimates that real gross domestic product (GDP) growth will moderate only mildly, to around 5.8 percent year-on-year in the fiscal year ending June 2014, from a 6.2 percent average over the last decade.

"Even factoring in this deceleration, Bangladesh's growth during 2003-13 has been significantly above the median for Ba rated countries."

Moody's said political uncertainty likely led to some investment delays, while a contraction in remittances from workers abroad depressed consumption expenditure.

"However, increases in minimum wages in the garment industry and in civil servants' allowances, as well as dissipating political tensions are expected to contribute to a recovery in consumption."

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"The stable outlook reflects prospects for continuing economic stability despite recent electoral pressures"

Noted citizens reject new Grameen Bank rules

STAR BUSINESS REPORT

A group of noted citizens yesterday protested the newly scripted rules of picking directors for Grameen Bank, saying the regulations have taken away power from its majority shareholders, the rural women.

They called for unity to protect the interest of the bank's 85 lakh members who own 75 percent shares of the Noble Peace Prize-winning lender, while the rest 25 percent is owned by the government.

Their protest was in response to the Grameen Bank (Election of Directors) Rules 2014 published by the government on April 6.

"The government is plotting to get hold of the Tk 14,000 crore the Grameen Bank members have deposited with the bank," said Rafiqul Islam, a language movement veteran.

"We have to do everything within our means so the government can't do it," he said at a programme organised by the Bangladesh Projonmo Academy, a pro-BNP platform, at the National Press Club in Dhaka.

Islam alleged that the problem related to Grameen Bank is the personal problem of Prime Minister Sheikh Hasina.

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Alliance to pay workers during factory renovation



Ellen Tauscher, right, independent chair of the Alliance and a former US congresswoman, speaks at a press conference in Dhaka yesterday. Atiqul Islam, BGMEA president, is also seen.

STAR BUSINESS REPORT

Workers of garment units that need to shut down temporarily for renovation will receive payment to cover two months' salaries, said North American buyers of apparel made in Bangladesh.

Of the payment, the Alliance for Bangladesh Worker Safety, a forum of 26 North American apparel retailers, will bear 50 percent of the cost while the factory owners will bear the rest.

The Alliance made the disclosure after it inspected nearly 400 factories out of the 700 that American buyers source from. The announcement was made in presence of Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, and some labour leaders.

"Upon inspecting the factories, we understand the state of the owners. The Alliance has agreed to pay 50 percent of the workers' two months wages, in case a

factory needs to be partially closed for remediation," Ellen Tauscher, independent chair of the Alliance and a former US congresswoman, told a news briefing at The Westin Hotel in Dhaka.

"If a factory is closed for an indefinite period, workers have the opportunity to go for jobs in other factories."

The Alliance is committed to be here for five years to ensure integrity, fire safety and training for workers who produce clothes for consumers in North America, she said.

In response to a query on factory closure on account of poor working conditions, she said the Alliance is nobody to order that a factory should be closed; if inspectors find that a factory is risky, it advises the government agencies concerned to take action.

Members of Alliance's board of directors Rumee Ali, Dr Wajidul Islam, Sukur Mahmud and Sirajul Islam Rony also spoke on the occasion.

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Exports on way to hitting targets

REFAYET ULLAH MIRDHA

Export earnings increased 12.88 percent year-on-year to \$22.24 billion in the first nine months of the fiscal year, on the back of the continued high demand for the country's garment products in the global market.

In spite of odds such as Tazreen fire and Rana Plaza collapse, garment exports between the months of July and March rose 15.15 percent year-on-year to \$18.05 billion, according to data from Export Promotion Bureau.

"Buyers are regaining confidence in Bangladesh as the government, garment entrepreneurs, international community and retailers have undertaken a lot of positive reforms in the sector after the Rana Plaza building collapse last April," said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

"We have progressed a lot in safety and compliance. We are hopeful that the safety situation will improve further as three national and international agencies have been



conducting factory inspection to identify flaws in structures."

The three inspection agencies -- Bangladesh University of Engineering and Technology, Accord and Alliance -- found flaws in only 13 of the 700 inspected factories so far.

"So this number is less than one percent, which indicates that our garment sector is safe," he said.

Other than garments, frozen food, leather and leather goods, pharmaceuticals products, handicrafts and furniture also contributed notably to the July-March period's takings, which was 0.79 percent above target.

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Six BASIC Bank officials suspended

STAR BUSINESS REPORT

Six high officials of BASIC Bank were suspended yesterday on charges of irregularities.

However, the officials pointed at others inside the bank for the irregularities.

"Everybody, from officials inside the bank to the central bank, knows about the irregularities and the loans that were given out that even the branches opposed to," said one of six officials suspended, seeking anonymity.

The suspended officials are Monaem Khan, deputy managing director; three general managers -- Zainul Abedin Choudhury, Kh Shami Hasan and Mohammad Ali; Shipar Ahmed, deputy general manager; and Zahid Hasan, deputy manager.

The officials said they were suspended to protect the actual culprits. The bank has been in the news in the last few years for granting thousands of crores of taka in loans without proper

Apparel makers seek policy support to relocate plants

STAR BUSINESS REPORT

Garment makers yesterday sought policy support to immediately relocate their factories to purpose-made buildings to ensure workers' safety.

"We are under pressure to relocate hazardous factories to safer places in bids to continue exports globally," said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

In the last six months, global retailers cancelled orders worth around \$110 million from 57 factories housed in shared buildings, he said at a pre-budget discussion with the National Board of Revenue at the tax administrator's office in Dhaka.

So far, BGMEA has shut production at 13 risky buildings in and around Dhaka during factory inspection, he added.

"It is an urgent need to relocate the factories from faulty buildings. So we want duty waivers for building materials."

The government currently imposes 61 percent duty on the import of pre-fabricated building materials, he said. "So we want a 100 percent waiver on such items to minimise the relocation costs."

Of the 3,600 garment factories now in operation, 40 percent are housed in shared buildings employing around 15 lakh people; the rest operate in converted and purpose-made buildings, Islam said.

MAJOR DEMANDS

- Withdrawing import duty on pre-fabricated building materials
- Simplifying VAT on utility used in export-oriented factories
- 2% special cash incentive on exports for next 3 years
- Raising Export Development Fund to \$2 billion
- Allocating special fund to provide credit at 5-6% interest rate
- Fixing 3% interest rate for setting up ETP

BGMEA also called upon the government to waive all duties and taxes on the import of modern fire fighting equipment and energy saving lights, especially for the export oriented factories.

Currently, NBR charges 31 percent in duties on the import of LED lights; such duties should also be waived, Islam said.

Bangladesh Knitwear Manufacturers and Exporters Association urged the government to exclude value added taxes from their gas and electricity bills.

Currently, export oriented companies receive 80 percent VAT waiver on gas and electricity bills, said Mohammad Hatem, first vice-president of BKMEA. "But we are failing to get such a waiver."

He also called upon NBR to extend the deadline to submit VAT returns from one month to six months to minimise hassle.

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Visitors through a stall at Dhaka Travel Mart 2014 at Sonargaon Hotel in the capital yesterday. The show ends tomorrow.

ALL EXECUTIVES, STAFFS AND MEMBERS OF THE UNION

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