Tofail urges US Congressmen to back trade benefits

DIPLOMATIC CORRESPONDENT

Commerce Minister Tofail Ahmed has urged US Congressman Steve Chabot to support Bangladesh's call for restoration of trade benefits for exports to the US market.

Ahmed, currently on a visit to the United States, made the appeal during his meeting with Chabot, who also chairs the US Congress Sub Committee on Asia and the Pacific, in Washington DC on Friday.

Chabot said he would keep discussing the issue with his colleagues in the US Congress, Ahmed said in a statement.

Ahmed also met a panel of members of the Congress: Joseph Crowley, also cochair of the Bangladesh Caucus, Eliot L Engel, Grace Meng, George Miller and Jan Schakowsky.

Briefing the panel on worker rights and safety in Bangladesh, the minister said Bangladesh has been successfully implementing the commitments made and suggestions elaborated by the ILO, Alliance, Accord and other development partners and has made substantial progress in the last one and a half years in safety standards.

With remarkable economic growth, foreign currency reserves and rising export volumes along with increasing product and destination diversity, Bangladesh is set to become a middle-income country by 2021, he said.

Responding to Chabot's question regarding the January 5 election, Ahmed said it was a constitutional obligation for the government to hold the polls in time to ensure the smooth transition of democratic process.

Despite repeated efforts by Prime Minister Sheikh Hasina, the opposition political parties boycotted the election jeopardising the political stability, Ahmed

Later, the minister met a panel of five democrat congressmen that have shown serious interest in Bangladesh's garment industry.

He briefed them on social and economic growth, export volume, export diversifications, prospective garment industrial park, raising wages and comprehensive action plan on the workers' rights and safety in Bangladesh's RMG sector.

Ahmed also exchanged views with major retailers of the US at a meeting in New York yesterday, followed by his meeting with the editorial board of the New York Times at its office.

WEEKLY REVIEW Stocks end flat

STAR BUSINESS REPORT

Stocks ended flat last week amid a dearth of fresh bids as the investors considered the proposed national budget "unfriendly" for the stockmarket because of the launch of capital gain tax at the individual level.

DSEX, the key index of the Dhaka Stock Exchange, closed at 4,408.80, after gaining 15.13 points or 0.93 percent.

The proposed budget cannot be called capital marketfriendly, LankaBangla Securities said in its market analysis. Investors did not well receive the inauguration of the capital gain tax, it said.

The time is inappropriate to introduce such a tax as the market sentiment is very shaky, the stockbroker said.

Moreover, withdrawal of the 10 percent tax rebate for companies that declare more than 20 percent dividend is also very discouraging, it said.

This will increase effective tax rate for companies that used to pay more than 20 percent dividend, it said.

Mismatch between expectation and reality pushed the investors to the sideline, stated IDLC Investments.

In the proposed budget for the next fiscal year, the government slapped a 3 percent tax on capital gains upwards of Tk 10 lakh. For gains above Tk 20 lakh, a 5 percent tax will be applicable. Daily average turnover gained 3.26 percent to Tk 419 crore, compared to the previous day.

Among the major sectors: telecoms gained the highest-4.59 percent-followed by engineering 3.19 percent, non-bank financial institutions 2.15 percent and pharma 1.24 percent. Conversely, top losing sectors were led by cement with a 6.58 percent fall, followed by insurance 2.96 percent, foods 2.32 percent and life insurance 1.81 percent. Lafarge Surma Cement featured in the most traded stocks chart with 13.74 lakh shares worth Tk 23.77 crore changing hands.

Al-Haj Textile was the highest gainer of the day, posting a 14.68 percent gain, while Wata Chemicals was



Norlin binti Othamn, high commissioner of Malaysia, poses with Salahuddin Kasem Khan, managing director of AK Khan & Company; Abdul Matlub Ahmad, chairman of Nitol-Niloy Group; and Nasir A Choudhury, adviser of Green Delta Insurance, as the three were awarded for their contribution to business, at a programme organised by Bangladesh-Malaysia Chamber of Commerce and Industry at The Westin in Dhaka on Monday.

Alitalia board votes to accept Etihad offer, rapidly do deal: CEO

REUTERS, Rome

The board of Italy's troubled airline Alitalia on Friday voted to accept an offer by Etihad Airways to invest in the company, and said it would move quickly to conclude the tie-up, the company's chief executive said.

"Today the Etihad plan was approved, and the board delegated myself and the chairman to study and rapidly come up with a draft of the final contract," Alitalia CEO Gabriele Del Torchio said.

Abu Dhabi-based Etihad is prepared to invest up to 1.25 billion euros (\$1.70 billion) over the next four years, Italy's

transport minister said on Wednesday. Italy's flagship carrier Alitalia, which

received a 500 million-euro governmentengineered rescue package last year, risks running out of cash by August unless it can find a cash-rich partner.

In a statement the privately held airline said it approved its 2013 balance sheet, without giving details. It said only that it wrote down 233 million euros in charges and devaluations for 2013 "in preparation for future strategies".

A source with knowledge of the company's 2013 balance sheet said losses, excluding the write-down, amounted to about 290 million euros.



BANGLALINK

Ziad Shatara, chief executive of Banglalink, poses with the mobile operator's best performing employees of the previous year, at a ceremony at Raowa Club in Dhaka



Shafiqul Alam, managing director of Jamuna Bank, inaugurates the 161st ATM booth of the bank at Sena Kalyan Bhaban in Motijheel, Dhaka on Thursday. Mosleh Uddin Ahmed, deputy managing director, was also present.

layoffs of which 821 were carried out. The National Court in Madrid on Friday said in a statement it had "declared void" that plan. It said the company had not adequately informed or

Goldman Sachs, Bain settle suit on buyout collusion

Wealth tax: need of the hour

AFP, New York

Goldman Sachs and Bain Capital agreed to pay a combined \$121 million to settle a private US lawsuit alleging collusion with other firms to suppress the price of takeovers.

Under the terms of the settlement, which must be approved by a federal judge, Goldman will pay \$67 million and Bain \$54 million to settle the claims in the multiparty lawsuit, according to documents filed Wednesday by the two sides in the litigation.

The case, originally filed in 2007 by a group of investors against 13 private-equity and financial heavyweights, accused them of working together to "rig bids, restrict the supply of private equity financing, fix transaction prices" and divide up the

According to the original case filing, seven leveraged-buyout transactions were affected by the alleged collusion, including deals for pipeline company Kinder Morgan and high-end department store

administration, while remaining optimis-

the Federation of Bangladesh Chambers of

Commerce and Industry, stressed the need

for the rule of law, transparency, account-

ability and e-tendering to ensure proper

of FBCCI, said the increased supply of gas

to industries will encourage investments.

"We will have to prioritise where we will

supply gas. Is it going to be households,

question mark in recent times besides

political instability, Hossain said. "Invest-

ment will be discouraged if investors are

people, Hossain said the tax authority

imposes more taxes on regular taxpayers

because of its failure and inefficiency to

increase its tax net. Mahabub Hossain,

former director general of the Bangladesh

Institute of Development Studies, criti-

cised the government's reduced allocation

ment that agriculture will get priority," he

said, adding that increased fund is needed

to develop improved seeds and farm

technologies to ensure food security in the

face of growing population and land

Commission, said constructive criticism does

opposition party was absent in budget

discussions and placed observations from

Rehman Sobhan, chairman of CPD,

"In the past, we have seen that the

not come from the post-budget reaction.

the party's point of view."

Debapriya Bhattacharya, distinguished

"But we keep hearing from the govern-

About the surcharge on high-income

worried about personal security."

Personal security has become a big

Mir Nasir Hossain, a former president

Kazi Akram Uddin Ahmed, president of

tic of hitting the budgetary targets.

use of public money.

vehicles or industries?

for the agriculture sector.

scarcity.

and scientific."

Citi celebrates small successes

FROM PAGE B1

She also received Tk 3.5 lakh as prize money. Zahira Begum from Mela Kochukata, Nilphamari became the runner-up in the same category, and won Tk 1 lakh as prize money.

Md Somed Fakir from Taltoli from Borguna was honoured as the Best Microentrepreneur of the Year in Agriculture for riding out of the poverty trap through fish farming and producing oil from his own coconut trees and selling them in the market.

"I used to eat rice littered with salt. Now I earn Tk 6 lakh annually," said Fakir, who even lost his homestead to Cyclone Sidr in 2007. He received Tk 3.5 lakh as prize money.

Anju Sarker from Kashobpur in Jessore received the award as the runner-up in the same category. She received Tk 1 lakh as prize money.

Manabik Shahajya Sangstha won the award in the Best Microfinance Institution of the Year category and received Tk 3 lakh in prize money. Sajida Foundation won the award as the Most Innovative Microfinance Institution of the Year. Atiur Rahman thanked the winners for

showing immense courage, confidence and leadership, and leading their way out of poverty. "We have to work to remove the barriers that stand in the way of microenterprises from thriving," he said.

Banks and microcredit organisations together have produced many successful micro-entrepreneurs, he said.

Some 170 microcredit organisations have lent Tk 15,000 crore alone in 2013 to help micro-borrowers graduate to microenterprises. Of the loans, over Tk 9,000 crore are outstanding.

"Under this initiative, about 22 lakh micro-borrowers have graduated into micro-entrepreneurs," said the governor,

urging the microcredit organisations to improve their products and services further.

Rokia Afzal Rahman, president of the Metropolitan Chamber of Commerce and Industry, who announced the name of winners in each category, thanked the winners on behalf of the jury board.

"When I talk about microcredit I feel very proud. Thanks to microcredit organisations, villages and rural economies have become economically vibrant. Both men and women have found jobs," said Rokia Rahman, one of the leading entrepreneurs in the country.

Richard Tesvich, managing director and regional head of corporate affairs of Citi for Asia Pacific region, said Citi takes great pride in having been able to successfully continue the award.

"The contribution of micro-credit in developing as well as developed economies is widely accepted today. Bangladesh being the birthplace of micro-finance has always been at the forefront to bringing innovation in this sector."

The winners "stepped forward to leave a mark of their hard work, passion and innovation in the Bangladesh economy and communities in which they operate," he said.

Citi Foundation, the philanthropic arm of Citigroup, has launched the Citi Microentrepreneurship Awards to promote microenterprises and increase awareness of the financial service needs of micro-entrepreneurs in the country.

The award is being supported by Citi Foundation and implemented by Citibank NA and Credit Development Forum. Channel i, a leading television channel, and The Daily Star, the country's top-selling English newspaper, are the media partners.

Abdul Awal, executive director of the Credit Development Forum, also spoke.

মার্কেন্টাইল ব্যাংক লিমিটেড Mercantile Bank Limited fellow of CPD, said budgetary targets should be fixed from the perspective of reality and implementation capacity. "Budgetary plans should be more rigorous Shamsul Alam, member of Planning

M Amanullah, chairman of Mercantile Bank, presides over the 15th annual general meeting of the bank at Sonargaon Hotel in Dhaka on Thursday. The bank declared 8 percent cash and 12 percent stock dividends for 2013. M Ehsanul Haque, managing director, was also present.

Spain court orders Coca-Cola to reinstate sacked staff

AFP, Madrid

A Spanish court on Friday ordered the US drinks giant Coca-Cola to reinstate more than 800 workers it laid off as it closed down four bottling plants. The planned closure of the Spanish plants sparked

months of strikes by workers who say the company has no right to cut jobs when it is making a profit. Coca-Cola Iberian Partners, the subsidiary of the US company that bottles drinks in Spain, had planned 1,190

negotiated with workers about the restructuring and had undermined their right to strike by hiring outside workers. It ordered the company to reinstate the 821 and pay them

their outstanding salaries. The company responded that Coca-Cola Iberian Partners

would appeal against the ruling and the workers would not be reinstated until the appeal has run its course.

It rejected the court's ruling, insisting in a statement that "the bottling company handed the workers' representatives all the necessary documentation to explain the plan."

Spain's leading labour union UGT hailed the ruling against the "unjustifiable" layoffs.

"We demand that Coca-Cola take on board the National Court's ruling and solve the business problems by opening negotiations with the unions that will not see jobs affected,"

it said in a statement. Spain emerged last year from its second recession in five years but the unemployment rate remains extremely high at close to 26 percent.

Dark under the lamp

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The Clean Clothes Campaign, a global rights group, released the survey report last week, saying the region of the ten countries is a relevant production hub for 27 EU countries.

Around half of the garments imported into the 27 countries are produced within the surveyed countries --Turkey, Georgia, Bulgaria, Romania, Macedonia, Moldova, Ukraine, Bosnia & Herzegovina, Croatia and Slovakia -- who employ some three million people in garment industry.

The report also revealed that the legal minimum wages only cover between 14 percent (Bulgaria, Ukraine and Macedonia) and 36 percent (Croatia) of a basic living wage. On the findings, Christa Luginbühl, one of the writers of

the report, said: "This research shows that on our own doorstep, European garment workers are working long hours for wages that cannot sustain even their most basic of needs.

"Complex and opaque supply chains are not an excuse for denying people their basic right to a living wage."

While brands such as Zara and H&M enjoy rising profits even during the crisis, working conditions in the production countries of the researched region have deteriorated particularly since 2008/2009, Luginbühl said.

Workers in the region are also 'hampered by the inability of unions' to fight for their most basic rights, the survey found.

In the survey, a Croatian unionist stated that "unions do not have the opportunity to bargain for higher wages since they have to constantly fight illegal practices such as longterm unpaid overtime and unpaid social contributions or long-term unpaid wages."

Bettina Musiolek, co-author of the report, said: "We have come to expect that garment workers in Asia are being exploited with low wages and poor working conditions but what this report shows is that there are no good guys."

On the survey, IndustriALL, a global federation of unions, said garment workers in the area were subject to poverty wages, poor working conditions and long working hours, mirroring the experiences of workers in other parts of the world.

"It comes as no surprise that workers in Turkey and Eastern Europe are subjected to similar poor wages and working conditions as those in countries such as Bangladesh or Cambodia," said Jenny Holdcroft, policy director at IndustriALL Global Union.

The sourcing model for the garment industry is based on paying the lowest possible wages and so is fundamentally flawed. "Made in Europe is not a guarantee of better rights or wages for garment workers," Holdcroft said. A seamstress in Belarus spoke of working 0.45 euro per hour embroidering blouses for Zara for a contract that had been outsourced

putting in efforts to find new taxpayers,

"The private sector is the driver of growth

in Bangladesh. But private investment will not rise if there is political instability, lack of good governance and infrastructure," said Akbar Ali Khan, a former caretaker government adviser. Political consensus is necessary for economic development, said Khan, while urging the government to make efforts to that end. Salehuddin Ahmed, former governor of

Bangladesh Bank, said lower private investment and the sluggish pace of job creation remain major challenges to the economy even though some of the indicators such as inflation look favourable.

"Political uncertainty has to be really taken into account. If you believe in participatory development, you have to go for dialogue."

But MA Mannan, state minister for finance and planning, said the increased public investment and tax benefits given in the upcoming fiscal year budget would lure in private investors. "We have received positive reactions." Ahmed also warned the government about the risks of high borrowing from banks to finance the Tk 250,506 crore-budget.

"If business picks up, there will be dynamism in the economy, leading to increased demand for credit. So increased government borrowing may affect the credit flow to the private sector."

Siddiqur Rahman Khan, former finance secretary, was in agreement with the former central banker in this regard.

Ahmed also criticised the government's plan to recapitalise the state-owned banks. "Why should we give money to banks for their inefficiency and corruption? This

is the worst use of public money." He expressed doubts about the feasibility of the tax collection target for fiscal 2014-15. "Besides, tax officials resort to the shortcut to tax collections. Instead of

they chase those who pay taxes regularly." Kamal too called for reforms in revenue