

Incentive packages for foreign investors on the way: Amu

STAR BUSINESS REPORT

Foreign investors are set to get a host of incentive packages and policy support in the upcoming national industrial policy 2015, Industries Minister Amir Hossain Amu said yesterday.

The government is pursuing a liberal investment and industrial policy for foreign investors, Amu said at the monthly luncheon of the Foreign Investors' Chamber of Commerce and Industry at the capital's Sonargaon Hotel.

At present, foreign investors get tax holidays and scope to repatriate their entire profits.

"We are giving more thrust on the establishment of knowledge-based hi-tech green industries to get the status of middle-income country by 2021 and developed country by 2041."

The country will welcome more investment in some booming industrial sectors like: shipbuilding and recycling, infrastructure, communication, information communication technology,

agriculture, textile, power, health and education, he added.

"If we compare Bangladesh with Indonesia, Thailand and Philippines, we are far behind in terms of net FDI flow," Fici President Rupali Chowdhury said.

FDI inflows rose 24 percent year-on-year to \$1.6 billion last year, according to the Board of Investment.

Poor policy design and implementation, low quality of infrastructure and human capital, weak institutions, poor governance and administrative hassles discourage potential foreign direct investment, she said.

The Fici president went on to urge the BoI to provide a 'one-stop solution' to foreign investors for ease of doing business.

Meanwhile, Amu said the industries ministry has taken the initiative to formulate a new policy to put more emphasis on growth and competitiveness.

A draft of the policy has already been prepared and will be finalised soon after taking opinions from stakeholders. Kevin Lyon, vice-president of Fici, also spoke.

SIBL re-elects chairman

STAR BUSINESS DESK

Md Rezaul Haque has recently been re-elected as the chairman of Social Islami Bank for the fourth term, the bank said in a statement yesterday.

Haque is a freedom fighter and also served the medical corps of Bangladesh Army, according to the statement.

He is also a sponsor director of United Hospital and director of SIBL Securities Ltd, chairman of Little House (Pvt), Active Builders, Probashi Forum Co-operative Ltd and SIBL Investment Ltd.



A Rouf Chowdhury, managing director of Rangis Pharmaceuticals, attends the launch of Drynil® Syrup (combination of Guaiphenesin, Pseudoephedrine and Triprolidine), at a programme recently. Jakia Rouf Chowdhury, a director, was also present.

New investors pour in as market still lucrative

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"All the investors, who got primary shares through IPO lotteries, made good returns on their investment as prices of the newly listed securities jumped several times on debut," said Md Shakil Rizvi, managing director of Shakil Rizvi Stock, the depository participant.

The good returns encouraged investors, along with newcomers, to participate in the next IPO, he said. Seventeen new companies were listed on the Dhaka Stock Exchange in 2014 that raised about Tk 1,000 crore through IPOs.

The total number of BO accounts rose to an all-time high of 32.8 lakh at the end of 2010, which was also the year the market reached the historical high of 8,918 points. In 2010, 13.6 lakh new BO accounts were opened.

The annual maintenance fee for each BO account is Tk 500, of which CDBL gets Tk 150, a depository participant Tk 100, Bangladesh Securities and Exchange Commission Tk 50 and the government gets the rest Tk 200.

Adani, SunEdison to build \$4b solar panel unit

AFP, Mumbai

Indian conglomerate Adani Group and global energy firm SunEdison have announced a deal to build the largest solar panel factory in the energy-starved nation, worth \$4 billion.

The project will be set up in the next three to four years in Mundra city in the western state of Gujarat, a press release said late Sunday. Mundra already hosts India's largest private port owned by the Adani Group.

"By pairing SunEdison's solar technology expertise with Adani's experience in creation of infrastructure, we will be able to transform the region into a solar production powerhouse," said Ahmad Chatila, president and chief executive of US-based SunEdison.

The planned unit is likely to create more than 20,000 jobs in the region and would be a step in Prime Minister Narendra Modi's "Make in India" campaign that aims to turn the country into a global manufacturing hub, the companies said.

"India has embarked on an ambitious program to become a world leader in power generation from renewable technologies, and sees solar as a key part in realising that goal," said Adani Power's chief executive Vneet Jaain.

Blackouts in India are frequent and solving the country's energy shortage is seen as key to generating economic growth.

Currently more than 60 percent of India's electricity comes through coal, the supply of which can be unreliable given the low efficiency of mines and transport networks.



Md Arfan Ali, deputy managing director of Bank Asia, and ARM Harisul Rahman, director for finance (FMT department) of Bangladesh Rural Electrification Board, exchange documents for collection of electricity bills through the bank, in Dhaka recently.



ICT State Minister Zunaid Ahmed Palak, BTRC Chairman Sunil Kanti Bose and ICT Secretary Shyam Sunder Sikder pose with the participants of EATL-Prothom Alo Apps Contest-2015, at a programme on North South University campus in Dhaka on Sunday.

Garment exporters count losses as blockade lingers

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"This economy has no capacity to shoulder the burden." "If we lose business and workers become jobless for political reasons, entrepreneurs will not take responsibility."

Since January 4, BNP and its allies have enforced transport blockades across the country to oust the government in order to make way for a new election.

"The garment sector is again going through a deep image crisis. When buyers see there is no political stability and security for life, they feel discouraged to place orders here."

This is the latest blow for the garment sector at a time when the \$25 billion-a-year industry is gradually shaking off the negative impacts of a political crisis in 2013 and the Rana Plaza and Tazreen Fashions fire disasters.

Islam said following the collapse of Rana Plaza, factory owners borrowed money from banks to improve working conditions and safety standards at their units, sending a positive message to international buyers.

"Buyers are slowly regaining their trust in Bangladesh's exporters, and the factories have started to receive more orders."

After Christmas, this is the time for buyers to come to Bangladesh and place orders for fall this year, he said. "But they are unable to come to Bangladesh because of uncertainties."

The garment sector has more or less remained out of the purview of any political programmes, such as strikes in recent years, he said. Besides, exporters and importers are being able to transport their goods through the Dhaka-Chittagong highway under police security, he added.

"However, this is not normal. We collect various accessories from local sources from parts of the country. Our supply chain is disrupted for the blockades and strikes."

The country could fail to reach its \$26.94 billion garment export target for the current fiscal year due to this spell of political unrest, he said.

In the last six months to December, garment exports brought home \$12.02 billion, which is 4.88 percent below the half-yearly target of \$12.64 billion, said the BGMEA chief.

"It is not acceptable that you will carry on your political activities at our expense."

The cost of doing business in Bangladesh is going up while that of the competitor countries is going down, he said. As a result, buyers are moving to those countries, he added.

He urged the political parties to keep all backward and forward linkage industries and goods-laden trucks and covered vans out of the purview of all political programmes, including blockades.

Areas or regions, including the Dhaka-Chittagong highway, that supply accessories to the garment industry should be kept out of the purview of political programmes as well, he said.

BGMEA Second Vice President SM Mannan and Vice President Shahidullah Azim were also present.

Private sector credit grows 13pc in Nov

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"But the situation started improving since the second half of 2014. We have seen the private sector coming up with their investment plans, which is also evident in LC (letter of credit) opening."

He said, so far the trend shows that the government's borrowing from the banking sector will remain under control due to the declining prices of fuel oils in the international market. "It means the private sector will get more money to borrow," he said.

Online gateway to 25,000 govt offices

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He said the government is providing ICT training to 34,000 people, and has already trained 26,000 youth, including 12,000 female participants, to be ICT freelancers.

The Korean government is also set to help develop an ICT master plan, while the government will bring union parishes under broadband internet connectivity, set up a big-data analytics laboratory, create 10 software technology parks and establish a digital university, he said.

Can quake-hit Haiti manufacture itself a hi-tech future?

AFP, Port-au-prince

The phrase is used so often it has become a cliché -- Haiti is the poorest country in the Americas -- but even so it fails to capture the stark reality five years after a devastating earthquake.

Haiti's per capita GDP is the 209th lowest in the world, less than that of Sierra Leone, North Korea or Bangladesh. The money sent home by Haitians living abroad is worth five times more than its exports.

The 2010 earthquake and later cholera epidemic were only the latest blows to a Caribbean republic that suffered from brutal colonialism -- France forced its slaves to pay reparations for rising against it -- and domestic misrule.

But some see potential. Haiti is a low-wage economy lying just south of the huge US market and just north of the emerging economies of Latin America, some have even spoke of its becoming a manufacturing "Taiwan of the Caribbean."

If that sounds implausible on the anniversary of a disaster that killed more than 300,000 people, no one has told Surtab, a firm that opened in June 2013 to produce its own brand Android tablets in the capital Port-au-Prince.

The firm boasts that since opening it has expanded production to 20,000 units last year for the local, Caribbean and African markets and now provides skilled employment for 60 Haitian workers, despite the stigma of its location.

General manager Diderot Musset says Surtab hopes to triple production in 2015,

but admits that even Haitians are suspicious of the firm's claims.

"Until they get here and look at the installations, they don't believe that we are really doing this in Haiti," he told AFP.

"We even had workers who would go home and say that's what they're doing, and people not believing them, you know: 'You're not making this!'"

"So they had to bring a tablet home and say, 'Okay, yeah, I made this,' and still someone would ask, 'Can you disassemble and reassemble it right now?'"

And it's not just a question of perception. Haiti does present severe practical challenges for would-be entrepreneurs, especially in manufacturing.

As AFP was touring the Surtab plant, with its hi-tech "cleanroom" for assembling the wireless devices -- a cheap means for Haitians to get online -- the power from the nation's rickety electric grid cut out.

Around half of the Haitian government's income comes from foreign donors of one sort or another and the promised flood of aid in the wake of the 2010 quake never fully materialized or was used up quickly in emergency measures.

There has been a recovery, however, despite an ongoing political crisis, and President Michel Martelly's government is bullish about economic opportunity.

The government likes to show off infrastructure projects like the new airport in Cap Haitien it hopes will attract tourists, and Haitians proudly show off local products like the Prestige beer flowing from the capital's rebuilt brewery.

Will the world's hungry benefit from falling oil prices?

REUTERS, Rome

A slump in global oil prices has brought cheaper food to many of the world's poorest, but from the slums of Manila to the fields of Malawi, the benefits are not universal.

Globally, 805 million people still face chronic hunger, according to the UN's Food and Agriculture Organisation. While the poorest in cities may see a reduction in food bills, those in rural areas, not integrated into world food markets, may not.

The price of oil dropped by half last year, the second-biggest annual decline ever, hitting a five-and-a-half-year low. Oil prices have a knock-on effect on the price of food, which fell for a third straight year in 2014.

"For many poor people who spend a lot of their budget on food, this is good news," said Shenggen Fan, director general of the International Food Policy Research Institute. "There is a high correlation between oil and food prices."

The key fuel for transporting food between field and market, oil also impacts food prices because fertilizers, pesticides and other key farm inputs are derived from petroleum.

Energy and transportation costs represent roughly 8 percent of the price for domestically produced foods -- say a packet of pasta -- that consumers purchase, according to US Department of Agriculture.

On the supply side, energy related costs including fertilizers, chemicals, lubricants and fuel account for about 50 percent of the production costs for crops like corn and wheat in developed countries.

For the extreme poor, however, there's a catch. Often subsistence farmers, many hungry people are not plugged in to global commodity markets.

They don't use much fertiliser when growing crops and they might receive less money for their products, due to declining global food prices.

Urban consumers in developing countries, including India, the Philippines and Bangladesh, will be some of the biggest winners, Fan predicts, as two of their biggest expenses -- food and transportation -- will become cheaper.

When oil prices spiked in 2007-2008 in tandem with food prices, poor city-dwellers rioted from Haiti to Cameroon and Bangladesh.

Now that markets have swung in the other direction, oil-importing states should take the opportunity to reduce fossil fuel subsidies and invest the money in rural infrastructure instead, said Arif Husain, chief economist for the World Food Programme (WFP).

If the money saved by lower energy expenditures is invested in agricultural research, roads, and new technologies, the poorest of the poor could benefit from current trends.

Globally, subsidies for fossil fuel consumption totaled \$548 billion in 2013, according to the International Energy Agency.

"The political costs for lowering these subsidies will be lower (now that oil prices have dropped)," Husain told the Thomson Reuters Foundation. "This money should be freed up for rural infrastructure, public services and irrigation projects"



Syed Abu Naser Bukhtear Ahmed, chairman of FinExcel, poses with the participants of a two-day training programme on loan documentation organised by FinExcel recently.



Md Rafiqul Islam, managing director of South Bangla Agriculture and Commerce Bank, opens the bank's 32nd branch at Fatullah, Narayanganj recently. AKM Ashraf Uddin Khan, additional managing director, was also present.