

Garment buyers demand solution to political crisis

They say blockade interrupts their supply chain



STAR BUSINESS REPORT

Representatives of 65 international retailers, who source garments from Bangladeshi factories, yesterday demanded an immediate solution to the current political crisis, saying the ongoing blockade is interrupting their supply chain.

The retailers and brands expressed the concern at the regular "buyer forum meeting" at Westin Hotel in Dhaka.

"Usually, during this time of the year we discuss with the buyers the future growth plan of garment exports from Bangladesh," Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, told The Daily Star after the meeting.

"But, now we are discussing how

we will cope with the bad situation that stemmed from the political crisis."

The retailers also demanded the government keep the Dhaka-Chittagong highway free from political violence for the sake of a smooth supply chain, Islam said.

He said the retailers who attended the meeting yesterday purchase garments worth \$22 billion from Bangladesh a year -- out of the total \$25 billion worth of garment exports a year.

"So, the importance of the meeting cannot be denied," Islam said.

Leading brands that sent representatives to the meeting include Walmart, Gap, JC Penney, C&A, Tesco, G-Star, H&M, Target, Inditex and Carrefour.

"The domestic political crisis

started at a time when we successfully sent the message to the global retailers that Bangladesh is back to the business after the Tazreen and Rana Plaza incidents," Islam said.

According to an assessment by the BGMEA, 19 garment factories have lost \$19.02 million worth of business in 18 days of blockades and shutdowns. The companies incurred losses mainly due to orders cancellation, discount and expensive airshipment of goods.

Due to political violence, garment makers or their representatives are travelling to Hong Kong, China, India, Thailand and European nations, spending thousands of dollars, to attend meetings with buyers that were initially planned to take place in Dhaka.

Until now the buyers did not pull

out of contracts, but they have warned that they will do so if the political crisis lingers, Islam said.

The buyers also said Bangladesh will face an image crisis again if the political impasse continues for long, the BGMEA chief added.

Buyers and their representatives declined to comment after the meeting.

Commerce Minister Tofail Ahmed said the buyers wanted to know about the latest situation in politics. "I told the buyers that there is nothing to be worried as the supply chain between Dhaka and Chittagong is still working very well," Ahmed told reporters after the meeting.

"I assured the buyers that the situation will improve very soon," Ahmed said.

Remittance slips in Jan amid volatility

STAR BUSINESS REPORT

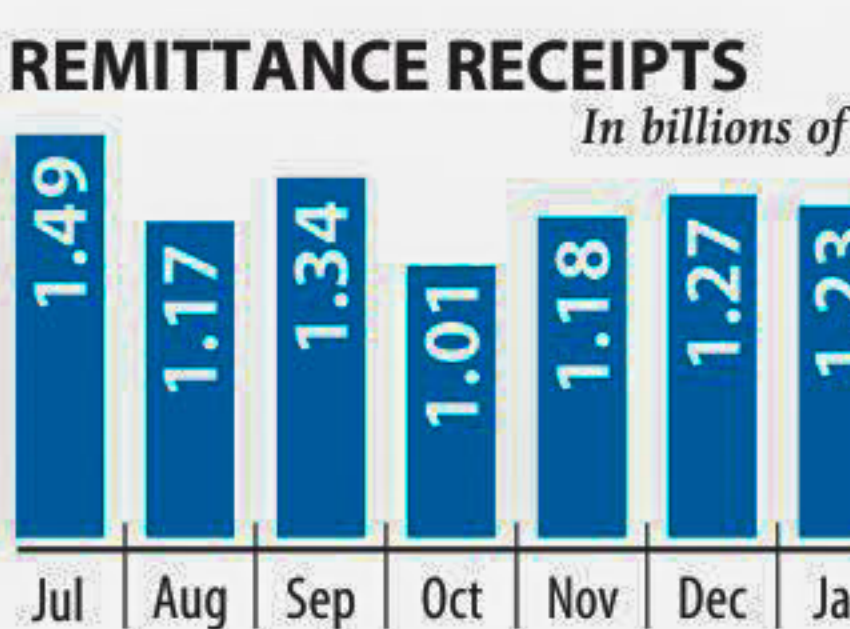
The country received \$1.23 billion in remittance last month, down 2.05 percent year-on-year.

The figure too is lower than the amount received in December last year, when \$1.27 billion was remitted by migrant workers, according to data from Bangladesh Bank.

Experts said migrant workers are worried about the upheaval on the country's political front, ongoing since January 6, due to which they have held back from sending in money.

Officials of the central bank however said the negative growth can be made up after Saudi Arabia's decision to reopen its labour market to migrant workers from Bangladesh after a six-year bar.

Saudi Arabia is home to more than 15 lakh migrant workers from Bangladesh, the country's largest contingent of migrant workers.



Riyadh's refusal to take in Bangladeshi workers in the last six years had led to a decline in overall labour migration.

Sent by more than 8 million migrant workers, remittance plays a key role in reducing the overall incidence of poverty in the country as well as helping the country maintain a healthy balance of payment.

In the first seven months of the fiscal year, the country received \$8.03 billion in remittance, which is a year-on-year increase of 8.56 percent.

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Monetary policy pragmatic: economists

REJAUL KARIM BYRON

Economists lauded the central bank for its decision to keep the monetary policy unchanged for the second half of the fiscal year, saying it was the need of the hour.

The cautiously restrained monetary policy stance of the first half will be continued in the second half, without any new loosening or tightening, BB Governor Atiur Rahman said while announcing the monetary policy statement (MPS) last week.

The reasons cited then were: the annual average CPI inflation is still above the targeted ceiling, core inflation continues to be

trending upwards and the political unrest was not subsiding even after 25 days.

"In the present context, the monetary policy has become irrelevant. Nothing has been functioning normally in these times of political upheaval," said AB Mirza Azizul Islam, former adviser to a caretaker government, adding that the monetary policy was kept unchanged for the sake of continuity.

BB expects economic growth in fiscal 2014-15 to be a "respectable" 6.5-6.8 percent, which is below the government's target of 7.3 percent but in line with the development partners' forecasts.

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Proposal for gas price hike faces opposition

STAR BUSINESS REPORT

A committee of the energy regulator has opposed the proposal of transmission charge hike of Gas Transmission Company Ltd (GTCL) as the state-run company is already realising more than it requires in meeting expenditures.

Considering the demand for revenue in the current fiscal year, Tk 0.13 is enough for the transmission of a cubic metre of natural gas, said a technical assessment committee of Bangladesh Energy Regulatory Commission or BERC.

A report by the committee concluded that the current tariff of Tk 0.32 is already exceeding the company's revenue requirement by Tk 0.19 per unit.

The BERC panel presented the report at a public hearing yesterday on GTCL's proposal to increase transmission charges to Tk 0.47 per cubic metre for 2014-15, Tk 0.73 for 2015-16 and Tk 0.75 for 2016-17.

The GTCL justified the hike saying that its cost of operation shot up due to the government's expansion programmes in gas transmission, most of which were not financially viable.

The gas transmission company, however, is recording profits every year -- Tk 318.53 crore in fiscal 2010-11, Tk 407.57 crore in 2011-12, Tk 406.08 crore in 2012-13 and Tk 425.88 crore in 2013-14.

At the hearing presided over by BERC Chairman AR Khan, the GTCL officials failed to explain a number of gray areas over the revision in charges, development projects, profit bonus sharing and recruitment process.

Consumer rights groups, leftist political parties and professional bodies also strongly opposed the proposal at the hearing held at BERC office in Dhaka.

They said GTCL should lower its tariff, enabling the general people to receive gas at lower prices.

Consumers Association of Bangladesh Adviser Shamsul Alam, leftist leaders Ruhin Hossain Prince and Zonayed Saki, energy expert Nurul Islam and representatives of the Federation of Bangladesh Chambers of Commerce and Industry, Bangladesh Garment Manufacturers and Exporters Association and other businesses bodies opposed the proposal as well.

Gonotantrik Baam Morcha, an alliance of seven leftist parties, demonstrated at the BERC entrance, opposing the hike.

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Shop owners take to streets as blockade bites

STAR BUSINESS REPORT

More than 1,000 shop owners and their employees yesterday took to the streets in Dhaka to demand an end to the political violence, which has severely hurt their businesses and the livelihood of their families.

"Many have become broke, while many are on their way to becoming insolvent. We have already incurred huge losses. We can't bear it any longer," Shah Alam Khandaker, secretary general of Bangladesh Shop Owners Association (BSOA), said.

Different markets and shopping malls-based associations from the capital assembled in front of the National Press Club in the capital and formed a human chain for an hour under the banner of BSOA.

Shop owners are missing out on Tk 300 crore on average a day in lost profit, said Shah Alam Khandaker, secretary general of Bangladesh Shop Owners Association, while speaking during the demonstration.

Not only that, the shop owners are also being forced to foot a daily average bill of Tk 150 crore to keep the businesses open, he said.

During the human chain, they pleaded the BNP-led alliance to withdraw their blockade and strikes, ongoing since January 6, immediately.

They also urged the government to take steps in order to pave the way for talks that would end the current impasse.

About 25 lakh shops across the country collectively rake in Tk 3,000 crore in daily sales on average and employ 75 lakh people, according to BSOA.



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Shop owners and their employees form a human chain in front of the National Press Club in Dhaka yesterday to protest the ongoing blockade that is hurting their business and livelihoods.

Business leaders warned the shop owners and their employees, who support one crore families and a fourth of the population, would be compelled to go for tough programmes if the blockade does not come to an end without further delay.

Khandaker said small shops have been hit particularly. They are not being able to pay their bank loans as well as make payment to wholesalers as their sales have dropped in the absence of customers.

Tawfique Ehsan, president of Dhaka Metropolitan Shop Owners Association, said most of the shop

owners and employees live from hand to mouth. As a result, they are facing difficulties in keeping their shops open as well as running their families.

Human chains organised by local chapters of the shop owners' associations also took place in different divisions and districts across the country, said Khandaker.

Of them, shop owners gathered at press clubs in Mymensingh, reported our local correspondent.

Non-stop blockades mixed with local and nationwide hartals have badly hit farm incomes, disrupted inter-district road and rail trans-

port, weakened buyers' confidence on the exporters' ability to deliver on time and halted the rebuilding of investor and consumer confidence since BNP-led alliance began their blockade.

Bangladesh is counting about Tk 2,277.86 crore in economic losses a day, due to the blockade and strikes.

However, it would stand at Tk 2,500 crore if the daily loss is calculated taking into account the 25 percent of the total industrial production, according to the Dhaka Chamber of Commerce and Industry.

6.3pc GDP growth this fiscal year: Bloomberg

STAR BUSINESS REPORT

Bangladesh's economy may grow by 6.3 percent in the current fiscal year, a Bloomberg survey said yesterday.

The result for Bangladesh's economy is the median of four economists' forecasts surveyed by the US media organisation.

In a previous survey, the economists also predicted the same level of economic growth for fiscal 2014-15.

They however cut down their growth forecast for the next fiscal year to 6.45 percent in the new survey from 6.6 percent earlier.

The survey was conducted between January 23 and January 28.

The World Bank forecasts economic growth of 6.2 percent for this fiscal year, whereas the Asian Development Bank puts it at 6.4 percent, and the International Monetary Fund at 6.25 percent.

The government has targeted 7.3 percent GDP growth for the current fiscal year, but Finance Minister AMA Muhith has already signalled a revision due to the ongoing blockade that has hit all sectors of the economy hard.

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