

# Higher growth hinges on political stability: ICCB

STAR BUSINESS REPORT

Bangladesh has to maintain political stability in the days to come for higher economic growth, the International Chamber of Commerce-Bangladesh said yesterday.

"The unstable political situation that has started from the beginning of the year will have an adverse effect on the economy if prolonged," speakers said at the chamber's 20th annual council.

"We must, therefore, work together to overcome all hurdles and come out of the stagnant 6 percent GDP growth," the trade body said in a statement.

Bangladesh economy, over the past decade, has maintained a healthy 6 percent-plus growth rate, despite global shocks, it said.

Sustained growth has generated higher demand for improved infrastructure, including uninterrupted power supply, better transport and telecommunication services, the chamber said.

All these require increased private investment, according to ICCB's executive board report.

In the budget of current fiscal, the government has set 7.3 percent growth target. To achieve the target, according to ADB, the total investment should be around 34.3 percent from the present level of 28.7 percent of GDP.

The Manila-based lender blamed lower than expected level of investment as principal reason for growth deficit in Bangladesh, according to the report.

According to the World Bank, the economic growth would be supported this year and afterwards by continued robust remittances and recovery in private consumption demand, but political stability would be vital to its sustainability, the chambers said.



From left, Mahbubul Alam, CCCI president; Latifur Rahman, ICCB vice president; Mahbubur Rahman, ICCB president; Hossain Khaled, DCCI president; and Atiqul Islam, BGMEA president, attend the 20th annual council of ICCB held at a local hotel in Dhaka yesterday.

It has been observed by the trade body that Bangladesh is on the way to become a middle-income country by 2021; but to attain this, the country must increase its investment, GDP growth and industrial contribution to the economy.

The political unrest may deal a blow to the vision for becoming a middle-income country by 2021 as it will be difficult to increase the required industrial contribution of 35 percent of GDP, one of the important factors to achieve the

target, the chamber said.

Five years ago, industrial contribution to GDP was 22 percent, but it rose to 28 percent last year. The per capita income, presently at \$1,190, is going to reach \$1,450 in 2021.

Investment is very important to achieve the middle-income status. Presently, GDP growth is 6.3 percent, which needs to go up to 8.5 percent.

The Council adopted the executive board report and audited financial statements of ICC Bangladesh for the year ended on December 31.

# Importers seek govt support for used hybrid cars

STAR BUSINESS REPORT

Reconditioned car importers yesterday appealed to the government to extend preferential treatment to used hybrid car imports to encourage the use of fuel-efficient and environment-friendly vehicles in the country.

Importers said arrivals of old hybrid cars will rise if the revenue authority assesses duty by considering the value of the car to be 25 percent lower than its retail price in Japan.

"We do not want any duty incentive. We want the revenue authority to assess duty of used hybrid cars at reduced value," said MA Hamid Sharif, president of Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida).

The Barvida plea to the National Board of Revenue comes ahead of the formulation of budget for the upcoming fiscal year.

Used car sellers said the import duty for hybrid cars is the same as that for conventional-fuel vehicles. But since the hybrid cars cost more in Japan, the import costs, and subsequently the sales price in the local market, end up being on the high side.

It discourages local buyers from fuel-efficient and environment-friendly cars, Sharif said.

Prior to the current fiscal year, the government provided duty benefits to encourage the import of environment-friendly new hybrid cars, reduce fuel costs and curb carbon emissions. It slapped on a 60 percent supplementary duty this fiscal year.

Importers of used cars said the sales of hybrid cars are on the rise around the world. Up to 2014, nine million hybrid cars have been sold worldwide.

In Japan, hybrid cars make up 30 percent of the domestic market and the country is targeting to raise the share to over 70 percent by 2020, said Sharif.

"We have the possibility to import 90 percent of reconditioned hybrid cars from that share of 70 percent."

Bangladesh will be the lowest carbon dioxide-emitting country by passenger car in comparison with industrially developed countries, according to Sharif.

He said hybrid cars will not require CNG conversion, meaning the gas consumed by CNG-run vehicles can be diverted to productive sectors.

The Barvida-proposed measures will allow importers to bring in more used hybrid vehicles and attract more local buyers.

There will be no effect on revenue if the government keeps the duty on hybrid cars similar to those for conventional fuel cars, said Abdul Haque, managing director of Haq's Bay, one of the leading reconditioned car dealers and importers.

The government should facilitate the import of reconditioned hybrid cars as it will reduce carbon emission and save foreign currency for importing fuel, he said.

In another proposal, Bangladesh Bus-Truck Owners Association sought duty benefit for import of engines, machinery parts and other materials for the road transport sector.



Syed Manzur Elahi, chairman of Apex Footwear, opens the renovated flagship store of the company at Bashundhara City Shopping Mall in Dhaka on Thursday. Syed Nasim Manzur, managing director, was also present.



Akhtar Hamid Khan, deputy managing director of NCC Bank, attends a daylong workshop on anti-money laundering and combating terrorism financing, organised by the NCC Bank Training Institute, in Dhaka recently. M Wahedur Rahman, senior executive vice president, was also present.



Mahbub Jamil, chairman of Singer Bangladesh, attends the company's 35th annual general meeting at Spectra Convention Centre in Dhaka yesterday. Singer announced total 220 percent dividend, with 195 percent cash and 25 percent stock dividends, for 2014.

# Another panel comes up

SHADHINOTA BABOSAYEE PARISHAD (CHAMBER GROUP) LED BY MONOWARA HAKIM ALI

CANDIDATES	REPRESENTING ORGANISATION
Monowara Hakim Ali	Chittagong Women Chamber of Commerce and Industry
Abul Kashem Ahmed	Satkhira Chamber of Commerce and Industry
Dewan Sultan Ahmed	Lakshimpur Chamber of Commerce and Industry
Bijoy Kumar Kejriwal	Kushtia Chamber of Commerce and Industry
Md Kohinoor Islam	Munshigonj Chamber of Commerce and Industry
Tabarakul Tosaddek Hossain Khan Tito	Manikganj Chamber of Commerce and Industry
Md Masud	Sherpur Chamber of Commerce and Industry
Haseen Ahmed	Sylhet Metropolitan Chamber of Commerce and Industry
Md Aminul Bari	Jaipurhat Chamber of Commerce and Industry
Md Hasanuzzaman	Narail Chamber of Commerce and Industry
Masud Parvez Khan (Imran)	Comilla Chamber of Commerce and Industry
Tanjil Ahmed	Brahmanbaria Chamber of Commerce and Industry
Humayun Rashid Khan Pathan (Rumen)	Netrokona Chamber of Commerce and Industry
Md Abdul Wahed Sarker	Nilphamari Chamber of Commerce and Industry
Anjuman Salahuddin	Barisal Women Chamber of Commerce and Industry
Reza Shah Faruq	Rangamati Chamber of Commerce and Industry

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She said her panel would work to bring the bank interest rate down to a single digit; simplify tax, VAT and export-import rules; create women entrepreneurs; and develop the small and medium enterprise sector.

Along with the panel's candidates, 40 contenders will vie for 16 posts for directors of the FBCCI from the chamber group.

In addition, 37 will compete for another 16 director posts from the association group.

The elected directors, in addition to the 20 nominated directors from 20 leading chambers and associations, will select a

president, first vice-president and vice-president on May 25.

Led by the elected president, the 52-member executive committee will run the FBCCI for the next two years.

Earlier on Thursday, Nitol Niloy Group Chairman Abdul Matlub Ahmad announced a panel, under the banner of Unnayan Parishad, from both chamber and association groups.

Ahmad, who has been nominated from the Rajshahi Chamber of Commerce and Industry as a director of FBCCI, will vie for the post of president of the apex trade body.

# Ctg port sees record container handling

DWAIPAYAN BARUA, Ctg

Chittagong port handled a record amount of container in April in the port's 38 years of operations since 1977.

A total of 165,950 TEUs (twenty-foot equivalent units) of containers, including 87,255 TEUs of import and 78,695 TEUs of export containers, were handled by the port in the month.

The port handled 155,908 TEUs of containers, the second highest figure for a single month, in March this year.

The port achieved 13.83 percent year-on-year growth in container handling in the first 10 months of this fiscal year.

In the last 10 months, the port handled over 1.5 million TEUs of containers, up from 1.3 million in the same period last year.

The port experienced a 12.23 percent annual growth in container handling in 2014, the highest growth in the last four years.

Port officials said the increase in export and import and the several initiatives taken by the Chittagong Port Authority to increase its capacity in the last two years have paid off.

The CPA had enhanced its container storage capacity from 26,000 TEUs to 42,000 TEUs, constructed a multi-storied car shed outside the port and continued operations amidst political unrest, which enabled the port handle more containers.

The port needs to further enhance its capacity and efficiency to cope with the growth in container handling, said Nasir Uddin Chowdhury, chairman of the standing committee on port and shipping of Bangladesh Garment Manufacturers and Exporters Association.

He stressed the need for taking immediate steps to solve the complexities surrounding the operation of the New Mooring Container Terminal, which is yet to be fully operational even after seven years of its construction.

# Make a subsidy policy

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The economist also said there has to be a clear definition of subsidies to establish transparency in the spending of the taxpayers' money.

Bhattacharya said on many occasions subsidies are deemed to be pro-poor and that may not be the ground reality. "We also need to see what other countries are doing."

Shamsul Alam, a member of the planning commission, backed Bhattacharya's call for a national policy, adding that the distribution system has to be developed.

He, however, said subsidies are necessary if they play the role of investments. "If the return is more, definitely the subsidies should continue. However, subsidies that cannot ensure the returns should not continue forever."

They spoke at a dialogue styled 'Subsidy Management in Bangladesh, Efficiency and Equity Issues' at the capital's Lakeshore Hotel.

The country's subsidy spending went up to 1.7 percent of the gross domestic product this fiscal year from 0.41 percent in fiscal 2001-02, said Kaniz Siddique, visiting fellow of CPD, while making a presentation.

She said the subsidies going to cottage industries, jute workers and exporters are justified as the first two segments of the population are poor and the third one helps create jobs, thus contributing to poverty reduction.

She, however, questioned whether all farmers should get blanket subsidies as not all of them are poor. "Likewise, in case of power, the subsidy is not progressive as wealthier people use large amounts of electricity."

Siddique recommended reducing subsidy expenditure wherever possible to ensure macroeconomic sustainability.

"Subsidy should be considered only as temporary measures with a time phasing out strategy," she said.

At the discussion, the participants also found it hard to reach a consensus on how much Bangladesh really spends for subsidies, as there are many forms of spending in different names by many ministries and government agencies, apart from the subsidies estimate stated in the budget document each year. AB Mirza Azizul Islam, a former adviser to the caretaker government, does not think that subsidies at the current level are sustainable.

"But we have to see whether they are achieving the targets, as there are incidents that subsidies are not being able to bring the expected benefits. Sometimes, the benefits are very limited."

Islam said the government estimate on subsidies is a gross understatement.

The government's budget document says the total subsidy for this fiscal year is about Tk 16,600 crore, but the sum does not account for the amount handed out to the energy sector. "Transparency in the definition has to be there." He said the government's loans to state-owned enterprises ultimately become grants as they never repay them.

"If any state-owned enterprise can't meet its production costs and day-to-day expenditure, it should be closed down or privatised. There are some SoEs which fall in this category," he said, citing Bangladesh Sugar Mills Corporation and Bangladesh Jute

Mills Corporation as examples.

Islam called for increasing administrative efficiency to better spending subsidies. Since its independence, the country had to provide subsidies in areas of food, irrigation and electricity generation, said M Asaduzzaman, professorial fellow of Bangladesh Institute of Development Studies (BIDS).

"It was needed then. But now the time is different as the whole picture has changed," he said, while calling for proper monitoring to find the real beneficiaries of the subsidies.

Also, it has to be kept in mind that the country alone cannot control how much subsidies it will give or not, as there are external factors that also influence the decision, he added.

MA Mannan, state minister for finance and planning, said subsidies are important from the viewpoints of social, economic and equitable justice, as the government is committed to reducing poverty and inequality.

He also said the government cannot withdraw subsidies at will as there are vested elements that have benefitted from the system and grown.

The state minister said subsidies are pervasive in the country. "For example, we give books free to all school students. But there are guardians who can afford to buy books to all children of a school. So, there is a problem in picking up the beneficiaries."

He said subsidies cannot be seen as wastages, as they will give return in the long run. "These are investments." Bhattacharya, however, said the government should show the political will to withdraw subsidies from sectors where they are not working.

Sajjad Zohir, research director of Economic Research Group (ERG), said a long-term approach has to be taken when it comes to making plans for subsidy spending.

CPD Executive Director Mustafizur Rahman said subsidy spending has to be efficient because of the scarce nature of resources. "It is an issue of equitable distribution and justice," he added. Akhter Ahmed, a senior research fellow of the International Food Policy Research Institute, said a number of African countries have been successful in implementing targeted subsidies and Bangladesh can learn from them.

Syed Tariquzzaman, a development activist, said there are leakages in subsidy spending. There are allegations that some people have received export subsidies although they have not sold anything outside of the country, he added.

SM Nasimuddin, economic adviser of the finance division, said the government gives subsidies where it deems necessary.

Humayun Rashid, senior vice-president of the Dhaka Chamber of Commerce and Industry, said subsidies have to be given to protect industries. Abul Bashar, a professor at the Bangladesh Agricultural University in Mymensingh, said subsidies would be more effective if the government can ensure that only the suitable beneficiaries get them.

Golam Hafiz, an associate professor of Bangladesh Agricultural University, said a body has to be established to monitor the distribution of subsidies.

# ADB's lending capacity to go up 50pc

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Under the new initiative, the OCR equity will almost triple to about \$53 billion from about \$18 billion as of January 2017. Together with co-financing, ADB's annual assistance will reach as high as \$40 billion in the coming years, up from \$23 billion in 2014.

Poor countries currently eligible for ADF loans will continue to receive concessional loans from the expanded OCR on the same terms and conditions as the current ADF loans. The ADF will be retained as a grant-only donor fund to provide assistance to eligible countries.

"This initiative is a win-win-win situation because it increases financial support for poorer members, expands capacity for operations in middle-income countries and the private sector, and reduces the burden for ADF donors," Nakao said.

The merger will enhance ADB's risk-bearing capacity and strengthen its readiness to respond to future economic crises and natural disasters. Donor contribu-

tions to continued ADF grant operations will be reduced by up to 50 percent from the current \$1.2 billion, beginning with the next ADF replenishment in 2017.

The ADB started deliberations on the initiative in the summer of 2013. Since then, the lender has had extensive consultations with its developing member countries, particularly ADF recipient countries and ADF donor countries, and with civil society organisations.

By the end of February 2015, all 34 of the ADF's donors gave their formal and unanimous consent to the merger, and ADB's board of directors delivered its endorsement the following month.

About 3,000 government officials, business leaders, academics and representatives from civil society and development organisations are attending the four-day event at Heydar Aliyev Centre in Baku.

In Baku, the flagship Governors Seminar will discuss the Asia and Pacific region's growth potential.

# Dhaka Restaurant Week kicks off at month end

STAR BUSINESS DESK

Dhakafoodies, a popular food review and restaurant search portal based in Dhaka, will launch Dhaka Restaurant Week at the end of this month.

The week-long event will begin on May 28 and end on June 4, the portal said in a statement yesterday.

Participating restaurants will prepare special platters on their signature dishes during the week at set prices of Tk 499, Tk 999 and Tk 1,499 a person, it said.

Restaurant patrons can review their experiences and the top 5 restaurants appraised during the week will be awarded, the statement added.

The Daily Star is the strategic partner of the first ever Dhaka Restaurant Week.

More details on specific restaurants and offers will be available at www.thedhakafoodies.com from the first week of May 2015.