

Garment makers submit warehouse proposal to Indian High Commission

STAR BUSINESS REPORT

Garment exporters yesterday submitted a proposal to the Indian High Commission in Dhaka, seeking 50 acres of land in Gujarat to build a warehouse from which apparel items can be shipped directly to retail shops across India.

Indian authorities had earlier agreed to provide the land and asked Bangladesh Garment Manufacturers and Exporters Association to submit a detailed proposal.

A BGMEA team led by its President Atiqul Islam first placed the demand to Indian Prime Minister Narendra Modi during his recent visit to Dhaka.

Modi discussed the matter with his policymakers upon returning to New Delhi and decided to provide the land to the BGMEA.

The move is expected to help Bangladesh's garment makers meet their

target of exporting \$1 billion worth of products to the neighbouring country in the next three years.

Islam handed over the proposal to Indian High Commissioner Pankaj Saran.

Islam in the proposal said the land will be procured in the name of a company formed by BGMEA and Bangladesh Knitwear Manufacturers and Exporters Association and others to set up a warehouse and distribution centre primarily for garment products.

"We want to invest around \$25 million in India for setting up the warehouse and distribution centre," he said, adding that they plan to establish around 1,000 retail stores in various cities of India to display and sell their products.

Islam also said they are hopeful the Bangladesh government will allow them to purchase land in India to set up the warehouse.

Shahjalal Islami Bank reelects chairman

STAR BUSINESS DESK

Shahjalal Islami Bank has recently reelected AK Azad as its chairman and Mohammad Yunus and Md Abdul Berek as vice chairmen, the bank said in a statement yesterday.

Azad is the managing director of Ha-Meem Group and president of Bangladesh Chamber of Industries. He is also the former president of the Federation of Bangladesh Chambers of Commerce and Industry. Azad is also the managing director of Channel 24 and Daily Samakal, according to the statement.

Younus has business concerns in paper, fabric, and cold storages industries. He is also the managing director of Sobhan Ice and Cold Storage, Younus Filament Industries, Younus Plastic Industries, Younus Cold Storage, Quality Accessories, Ananta Paper Mills, Younus Fine Paper Mills, Younus Spinning Mills and Sonali Paper and Board Mills.

He is also a director of NTV, the bank said.

Berek is a sponsor shareholder of Shahjalal Islami Bank and Shahjalal Islami Bank Securities. He also owns Arju Electronics, Jony Electronics and Rony Electronics.



AK Azad



Mizanur Rahman Shelley, chairman of Premier Leasing, presides over the company's 13th annual general meeting at Spectra Convention Centre in Dhaka on Thursday. Mustafizur Rahman, managing director, was also present.



Golam Mohiuddin, administrator of Manikganj Zila Parishad, attends the launch of a branch of Exim Bank at Balirtek in Manikganj on Saturday. Mohammed Haider Ali Miah, managing director of the bank, was also present.



Mohammed Shoeb, chairman of Phoenix Insurance Company, presides over the company's 29th annual general meeting at the Institution of Diploma Engineers in Dhaka recently. Phoenix Insurance announced 20 percent cash dividends for 2014. Md Jamirul Islam, managing director, was also present.



Faruk Khan, lawmaker from Gopalganj-1, opens the 100th branch of Bank Asia at Muksudpur upazila in Gopalganj yesterday. Rumea A Hossain, the board's executive committee chairman of Bank Asia, and Md Mehmood Husain, managing director, were also present.

BANK ASIA

China to extend economic diplomacy to EU infrastructure fund

REUTERS, Brussels

China will pledge a multi-billion dollar investment in Europe's new infrastructure fund at a summit on June 29 in Brussels, according to a draft communiqué seen by Reuters - Beijing's latest round of cheque-book diplomacy to win greater influence.

While the exact amount is still to be decided, the pledge will mark the latest step in China's efforts to shape global economic governance at the expense of the United States, and follows major EU governments' decision to join the Chinese-led Asian Infrastructure Investment Bank (AIIB) in defiance of Washington.

It is expected to come with a request for return investment in China's westward infrastructure drive - the "One Belt, One Road" initiative - constructing major energy and communications links across Central, West and South Asia to as far as Greece.

"China announced that it would make (X amount) available for co-financing strategic investment of common interest across the EU," the draft final statement says, adding that agreements will be finalised at another meeting in September.

An EU diplomat said the Chinese contribution was likely to be "in the billions".

EU and Chinese officials have told Reuters that Chinese banks are looking mainly at telecoms and technology projects.

Chinese Premier Li Keqiang, who will attend the summit in Brussels, will agree with EU leaders that the 315 billion euro (\$354.94 billion) fund will "create opportunities for China to invest in the EU, in particular in infrastructure and innovation sectors".

If sealed, the deal will be a success for European Commission President Jean-Claude Juncker, who faced scepticism last year when he proposed the European Fund for Strategic Investment (EFSI), because EU

governments are putting in little seed money.

France, Germany, Italy and Poland have each announced they will contribute 8 billion euros, while Spain and Luxembourg have pledged smaller contributions.

The bloc is relying mainly on private investors and development banks to fund projects selected from an initial list of almost 2,000 submitted by the 28 member states, from airports to flood defenses, that are together worth 1.3 trillion euros.

A big Chinese investment might raise questions about governance of the fund, which is so far strictly a European institution. An EU diplomat said it was not known whether China would seek representation commensurate with its stake.

The decision to invite China into an EU fund could cause some friction with Washington, which is wary of Beijing's rising influence and upset that Europe rebuffed its calls to stay out of the AIIB.

China is already testing the United States' dominance in Latin America, offering the region \$250 billion in investment over the next decade, while Chinese companies have poured money into Africa to guarantee commodity supplies in exchange for building new roads, hospitals and rail lines.

The United States and human rights groups complain that China and its firms are wielding influence partly through corruption and turning a blind eye to labor and environmental standards and human rights. Similar criticisms were long leveled at Western multinationals in developing countries.

Alessandro Carano, an advisor to the European Commission on the fund, defended the decision to welcome Chinese investors. "The purpose is to mobilize the liquidity in the market. We don't differentiate among the owners of the funds," Carano said. "China is a big investor already. We don't want any prejudice."

Stocks continue to slide

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The investors anticipated a downward trend and tried to get out of the market because of the absence of any speculative motive ahead in the near future, said IDLC Investments. Investors sold off their holdings fearing a downward trend ahead.

The day's turnover, another important indicator of the market, fell 21.7 percent to Tk 353.02 crore on the transactions of 10.27 crore shares and mutual fund units.

Of the traded issues, 66 advanced and 218 declined, with 28 securities unchanged on the premier bourse.

Grameenphone dominated the turnover chart with 6.58 lakh shares worth Tk 22.17 crore changing hands, followed by United Air, Beximco, Khulna Power Company and Square Pharma.

Among the major sectors, telecoms gained 0.48 percent in market capitalisation, while cement lost 2.23 percent, followed by pharma 1.74 percent, bank 1.12 percent, fuel and power 0.97 percent and textile 0.81 percent.

Dacca Dyeing and Manufacturing was the day's best performer, advancing 9.75 percent, while Asia Insurance was the worst loser, slumping 14.64 percent.

Capital flight eats up 1.1pc of GDP: report

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The world leaders should focus on addressing trade misinvoicing, which accounts for the vast majority of measurable illicit outflows, as well as on curbing the opacity in the global financial system, GFI said.

It said the United Nations should adopt clear and concise Sustainable Development Goals to halve trade-related illicit financial flows by 2030. The governments should significantly boost their customs enforcement by equipping and training officers to better detect intentional misinvoicing of trade transactions, said the report.

"Trade transactions involving tax haven jurisdictions should be treated with the highest level of scrutiny by customs, tax and law enforcement officials."

The report said financial regulators should require that all banks in their country know the true beneficial owners of any account opened in their financial institution.

The government authorities should adopt and fully implement all of the Financial Action Task Force's anti-money laundering recommendations.

Regulators and law enforcement authorities should ensure that all of the anti-money laundering regulations, which are already on the books, are strictly enforced, it said.

Local analysts pointed out that money earned through corruption, crimes and other illegal means are normally sent abroad. About 61 percent of the illicit outflows from Bangladesh occur through trade misinvoicing, according to GFI.

Garment sector to miss export target

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The long-term challenge for the garment sector is the Trans-Pacific Partnership (TPP), a trade agreement between Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam and the US.

The agreement is expected to take effect soon.

If the TPP is signed, Vietnam will enjoy duty benefits to the US and other prominent markets, another threat for the Bangladeshi garment items, he said.

Ahsan H Mansur, executive director of Policy Research Institute, said a lack of new investment for expansion purposes set the sector back.



Mostafa Kamal, deputy commissioner of Khulna, opens the two-day Singer Furniture Family Fiesta-Furniture and Family Festival in Khulna on Saturday. Tanyee Quarrar, marketing services director of Singer Bangladesh, and AFM Zahid, regional sales manager, were also present.



SM Sarwar Hossain, general manager of Pran Agro, speaks at a discussion on factory premises of Pran Agro in Ekdala, Natore on Sunday. Pran has begun buying mangoes with a target of buying 60,000 tonnes of mango for making pulp till August 2015. The company will spend an estimated Tk 100 crore on the project.

US praises Dhaka's deals with Delhi

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It would also deploy efficiencies such as those promoted by the US Agency for International Development's South Asia Regional Initiative for Energy Integration (SARI) that facilitates transmission interconnections and the regulatory framework to enhance electricity trade and market integration, she said.

In response to a query on whether regional connectivity will increase the risk of terrorism, she said terrorists are already taking advantage of increased transit access.

"Yes, it represents challenges, but this is not by any means a reason to not enhance regional connectivity. I will argue the opposite: the more we as nations work with one another across borders, the more likely we are successful in fighting the terrorists."

The US ambassador also stressed the need to increase the volume of bilateral trade between Bangladesh and the US, which is now at \$6.4 billion and tilted towards Bangladesh.

Citing the semi-annual partnership dialogue with the Bangladesh government, she

said the discussions focused on boosting economic growth through trade and investment. "The blue economy was one of the new areas we discussed, as was regional trade."

"Our two countries will continue to develop these themes in our next Trade and Investment Cooperation Framework Agreement (TICFA) discussions, which we expect to hold later this year," Bernicat said.

FICCI President Rupali Chowdhury said restoration of the generalised system of preferences by the US would further increase Bangladesh's exports to the US.

Bangladesh's economy grew well over the last several years and the economy can grow faster if the existing bottlenecks are removed, she said.

Citing a survey by an independent body, she said inadequate infrastructure came as the main bottleneck followed by corruption and inefficient bureaucracy.

She said removal of infrastructure bottlenecks requires a long time. Standard procedures can be developed to reduce bureaucratic bottlenecks and red tapism, Chowdhury said.



Sayed Ali Jowher Rizvi, chairman of Oriental Oil Company Ltd, poses with Top Distributor award recipients of the company at the company's first distributor meet organised at the Westin hotel in Dhaka on Thursday.