

# Ease rules for investors: Korean envoy

UNB, Dhaka

Setting up of special economic zones and reforms of investment regimes are not enough to attract foreign investment to Bangladesh, said Lee Yun-young, outgoing Korean ambassador.

The Korean diplomat said an investor always compares the facilities provided in other destinations and they consider the attitude of the government, utility facilities, social conditions and infrastructures.

Of course, SEZs and reforms are necessary; but they are not enough to attract foreign direct investments, the news agency quoted the envoy as saying in an interview on Sunday.

For example, he said, Vietnam provides suitable lands with good connectivity free of cost and 10 years' tax free treatment.

"A package something like that should be here in Bangladesh. Bangladesh should consider it seriously."

The diplomat who is leaving Dhaka next week said Samsung Electronics of Korea may make a big investment in Bangladesh if it finds a suitable environment to invest which will benefit Bangladesh economically through employment generation.

"I'm sure they're looking for future investment. I guess Bangladesh is also among the prospective destinations," he said, adding that Samsung as a big investor thinks 5-10 years ahead of making investment decisions.

To know about the investment scenario in Bangladesh, Samsung is now in touch with successful Korean investors in Bangladesh and Kihak Sung, chairman of Youngone Corporation, he said.

Only one factory of Samsung Electronics in Vietnam exported \$30 billion in 2014, the Korean Ambassador said apparently indicating that Bangladesh missed an opportunity to get investment from Samsung in the past.



Lee Yun-young

"Unfinished business is, of course, KEPZ issue. I expect early settlement of the issue as it has become an international issue," Lee said when asked about his unfinished tasks in his three years' tenure.

He said Bangladesh needs to improve its images with some success stories, and KEPZ could be the best case that can promote the image of Bangladesh and attract FDI.

The government plans to take back 2,000 acres of the

2,500 acres of land it had allocated for the KEPZ in 1999 on the ground of Youngone's failure to fully use the industrial land in the zone. Youngone, on the other hand, has complained of delays in executing the deed transfer of the land.

The discord bears the potential of sending a bad signal to the country's foreign investment climate, economists said.

"Please study Korean model and use it as a reference book to know how Korea has made achievements. That's my sincere message to Bangladeshi friends before my departure," the ambassador said.

He also mentioned that Bangladesh is the centre of South Asia having the geographical advantage. "You have to get a lesson on how to manage big and powerful neighbours and how to utilise the geographical advantage."

The Korean envoy said Bangladesh is not yet integrating into Asian value chain, and the Korean model can help Bangladesh move forward to be benefited economically by implementing the Vision 2021.

On Official Development Assistance (ODA), he said it has tripled during his tenure. "We're now in discussion with the Economic Relations Division on \$300 million ODA for 2015-2017 period."

Since 2008, the duty- and quota-free facility for Bangladeshi products has extended, which has now reached 95 percent of all items, the Korean ambassador said.

With the facility, export from Bangladesh to Korea has grown almost three times over the last five years and garment exports have particularly grown by 69 percent a year.

But, the market share of Bangladesh's export is only 0.6 percent of the total Korean import of \$520 billion, he said.

Bangladesh exported goods worth approximately \$400 million while imported from Korea goods worth \$1.3 billion in fiscal 2014-15.

# BTRC gets new chairman

STAR BUSINESS REPORT

Iqbal Mahmud, a former telecom secretary, was appointed chairman of Bangladesh Telecommunication Regulatory Commission yesterday.

He will replace Sunil Kanti Bose, whose contract will end on October 22.

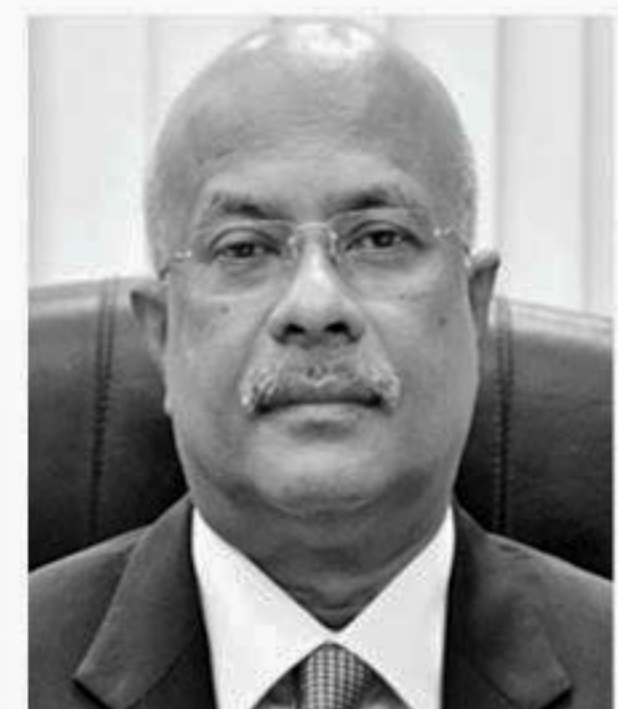
Currently on leave preparatory to retirement (LPR), Mahmud will be the sixth chairman of the telecom regulator and will take charge on October 23 for three years, according to a notice.

He was made the acting secretary of the posts and telecommunications ministry in 2008 and became the secretary of the public administration ministry the following year.

Mahmud was promoted to the post of a senior secretary in 2012 while working at the Economic Relations Division.

He was made the Asian Development Bank's alternative executive director in November 2012 and went on LPR last December.

Dhaka Metropolitan Sessions Judge Md Zahurul Haq was appointed the commissioner (legal and licence) of BTRC for a three-year term, according to the notice. Haq too was on LPR.



Iqbal Mahmud



Md Abdus Salam, chairman of the risk management committee of Islami Bank Bangladesh, inaugurates the bank's 297th branch at Ati Bazar of Keraniganj, Dhaka yesterday. Mohammad Abdul Mannan, managing director, was also present.



Commerce Minister Tofail Ahmed attends a meeting on supply chain management organised by the Federal Ministry of Economic Cooperation and Development, and the German Social Accident Insurance, in Dresden, Germany on Monday.

# Western nations have no conspiracy against Bangladesh garment: UK minister

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The country should go for value-added products, he added. Bangladesh's exports to the UK stood at around \$2 billion in fiscal 2014-15.

"Of course costs will increase but the western buyers will be willing to pay more when they see the improvements," said Swayne.

Happy to see the local entrepreneurs' continued efforts in improving the lives of their workforce, he said: "I was impressed to see the investments that are being made by the Bangladeshi companies on their workforce, in terms of the quality of training being provided."

On his country's contribution worth \$11 billion to the sector in terms of inspecting factories and training government officials and workers, he said, "Many things have been done, but a lot still needs to be done."

The minister for international development also discussed the post-millennium development goals (MDGs) and governance.

Swayne said 2015 is a crucial year for development as the world will move to a new set of sustainable development goals (SDGs) that will replace MDGs at the end of this year.

SDGs will not just be donor-aided targets, rather countries have to mobilise resources to achieve the goals, he said. "I can provide technical expertise to help Bangladesh raise revenue, but political will is the key to it."

Governance, which will be included in the SDGs, is a peaceful and inclusive society, rule of law with strong institutions and

civil society that keep the government accountable, he said.

Swayne wants Bangladesh to play an important role in the meeting in Paris on climate change in December. "Emphasis has to be placed on cutting emission, but for Bangladesh, it is mitigation."

He is eager to see Bangladesh further demonstrate its leadership on this issue by soon publishing its national plan to reduce carbon emissions.

The UK is currently spending \$335 million through BRAC in over five years to deal with poverty and its related issues, he said.

"We are satisfied; it's a tremendous and extraordinary organisation," said Swayne.

Before joining politics and being elected as a Conservative Party MP in 1997, Swayne was a school and college teacher between 1980 and 1987. Later, he joined Royal Bank of Scotland in 1988 as its manager for risk management systems.

The UK government is the largest bilateral grant donor in Bangladesh, spending \$292 million in 2014-15, according to the British High Commission in Dhaka. By the end of 2015, UK-supported programmes will help lift 1.5 million people out of extreme poverty, improve access to clean drinking water for 1.3 million people and adequate sanitation for 2.8 million, get more children a better quality education, improve family planning and reduce death in childbirth.

Major UK companies having operations in Bangladesh include Unilever, Reckitt, GlaxoSmithKline, Standard Chartered Bank, HSBC and G4S.

# Bangladesh team in Gujarat for garment warehousing

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Bangladesh looks to establish the hub as the country seeks to boost its annual garment exports to the Indian market to \$1 billion in three years from about \$100 million now.

Bangladesh has been trying to sign a deal with India for many years now to maintain a steady supply of cotton to Bangladesh as India sometimes stops the supply of the fibre without prior notice. As a result, Bangladesh's textile and garment sectors face troubles. "So, we have proposed to establish some yarn manufacturing units in India so that we can spin yarn from cotton and send it back to Bangladesh for a steady supply of the raw material."

The warehouse, garment factories and spinning mills would be constructed and operated by Bangladeshi entrepreneurs, he said. India will only allocate the lands.

It is also an opportunity for India to receive foreign direct investment and create jobs, Ahmad said.

On the restriction by Bangladesh Bank on investing abroad, Ahmad said the government is now much more liberal as its foreign currency reserves are close to \$27 billion.

The BGMEA had demanded the 50 acres of land in India to establish the warehouse during Indian Prime Minister Narendra Modi's visit to Dhaka in June.

Demand for Bangladeshi garments is high among the growing middle class in India thanks to lower prices.

Although India provided a duty and quota-free market access for all Bangladeshi goods, except 25 alcoholic and drug items, in 2012, it levied a 12.5 percent countervailing duty on garment items in the following year that hampered apparel exports to India.

"India is a big market for us, with an annual retail size of over \$40 billion for the growing middle-class consumers," said Reaz-Bin-Mahmood, vice-president of BGMEA.

Bangladesh exported garment items worth \$104.25 million in fiscal 2014-15, rising from \$96.26 million in the previous year. Bangladesh's overall exports to India were worth \$456.63 million in 2013-14, compared to \$563.97 million in the previous year.

Bangladesh's imports from India were recorded at \$6.03 billion in fiscal 2013-14 and \$4.78 billion a year ago, according to data from the commerce ministry. It is believed that India exports goods worth more than \$6 billion to Bangladesh a year through informal channels.

# China needs over 6,300 new planes by 2034: Boeing

AFP, Beijing

China is expected to add more than 6,300 new aircraft to its commercial fleet by 2034, US manufacturer Boeing said Tuesday -- an increase of over 300 planes on its last forecast a year ago.

The world's most populous country and second-largest economy will need 6,330 new aircraft worth \$950 billion during the 2015-2034 period, Boeing said in its annual China Current Market Outlook.

The country's expanding economy and rising income are driving air travel growth, Boeing said, upping its prediction by 310 units from last year.

"We see strong growth in the country's aviation sector over the long term," Randy Tinseth, vice president of marketing at Boeing Commercial Airplanes, told reporters.

China's economic growth is slowing as Chinese leaders try to reform the economy to let consumption, instead of government-driven investment, to play a bigger role.

# ADB announces new \$1.2b annual package for Pakistan

AFP, Karachi

The Asian Development Bank said Tuesday it has approved a new assistance programme for Pakistan worth \$1.2 billion annually, to improve infrastructure and create jobs.

The Manila-based bank said Pakistan, which has suffered sluggish growth in recent years, was on track to meet targets for cutting poverty.

But it said overall development was below potential and further institutional reforms were needed.

Tax collection in Pakistan is tiny, severely hampering the government's ability to manage its finances. A chronic crisis in the power sector -- made worse by poorly targeted subsidies -- is also a major brake on growth.

# New compliance rules for vegetable and fruit exports

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As a result, the quality of the vegetables cannot be maintained and the source of contamination, in case of pest attacks, remains untraced. "We are now encouraging exporters to go for contract farming to ensure cultivation of safe and quality fruits and vegetables. We hope to make such arrangements mandatory gradually," Faruque said.

The agriculture ministry will assign sourcing of specific vegetables to certain zones and exporters will have to abide by it, he added. SM Jahangir Hossain, president of Bangladesh Fruits, Vegetables & Allied Products Exporter's Association, said the contract farming system is yet to be developed in the country.

"So, we will have to go slow with contract farming -- it should be done considering the reality."

Importers place orders for various items, in 100-200 kilograms each, and it is not possible for one particular farmer to supply that high amount on his own, Hossain said.

It will be difficult for an exporter to collect such small quantities of every item from different areas through contract farming, Hossain said, adding that the concept is not viable for business. Hossain said their platform in association with the Department of Agricultural Extension has selected some zones for producing vegetables.

The association is listing farmers producing the vegetables. "Based on the list of farmers, we will start collecting vegetables from the respective areas on a trial basis by maintaining a cool chain," he added.

The country earned \$153 million from exports of vegetables, cut flower and foliage, and fruits in fiscal 2014-15, down 38 percent year-on-year, according to Export Promotion Bureau.

# Most cooperatives see tax benefits go

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Had the apartments been registered in the names of the members of the cooperatives, the government would have got revenues, he said.

The NBR's latest measure came three years after it had slapped tax on the income of cooperatives that were engaged in banking activities.

There are many cooperatives in Dhaka city, he said. Out of the 1.91 lakh cooperatives in Bangladesh, more than 200 are from the housing sector, around 1,200 are involved in transport business and nearly 13,000 are in savings and lending activities, according to the Department of Cooperatives.



Yoichi Mizutani, managing director of Bangladesh Honda, speaks at the opening of Honda 3S centre at Kawran Bazar, Dhaka yesterday. The centre will provide services related to sales, service and spare parts.



Rezwanul Hoque, senior director of Edison Group, and Syed Tahmeed Azizul Haque, deputy director of marketing at Grameenphone, pose at the launching ceremony of Helio S1 handset at Grameenphone Centre in Jamuna Future Park, Dhaka. Customers purchasing any of Helio S1 handsets along with connections of the mobile operator will get 500 MB data for free.



Morshed Alam, chairman of Bengal Group of Industries, and Anis A Khan, managing director of Mutual Trust Bank, attend the signing of a deal at the bank's corporate head office in Dhaka. The bank has been granted the mandate of \$50 million to finance the first Swissôtel in Bangladesh by Bengal Group.