Star BUSINESS

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Jute millers irked by dithering over packaging law

SAJJADUR RAHMAN

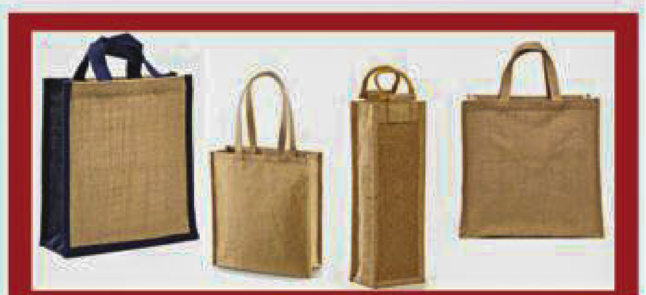
Public and private millers questioned the government's sincerity in implementing the jute packaging law that was enacted in 2010 to promote environment-friendly jute goods.

The government will soon take crash programmes to promote the use of jute-based packaging and stop plastic packaging in a month or two, State Minister for Textiles and Jute Mirza Azam said while he blamed plastic bag traders for the current situation.

The proliferation of plastic packaging has forced some jute mills to close and discouraged many others from expanding business.

"I doubt the government's willingness to implement the law. Five long years have gone but the laws are yet to be implemented," said Najmul Huq, managing director of Janata Jute Mills, one of the largest and oldest jute mills.

The government enacted the Mandatory Jute Packaging Act in 2010. The rules of the law were formulated in 2013 stipulating that all traders as well as government organisations must use jute bags to pack paddy, rice, pulses, wheat, fertiliser and sugar.



Jute packaging law was enacted in 2010 to promote environment-friendly jute goods

The rules for the law were formulated in 2013

Bangladesh is the second largest producer of jute globally

Minister says govt will take steps soon to stop use of plastic bags

The law makes it mandatory for manufacturers to use packaging materials made of at least 75 percent of jute fibre.

Also, first-time rule violators are supposed to face a Tk 50,000 fine or a year or incarceration, while second-time offenders are to face both. However, the rules are not being followed in the market.

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Exporters, bankers and analysts pose for photographs after attending a seminar on the garment sector at the Westin hotel in Dhaka yesterday. The discussion was part of the sixth HSBC Export Excellence Awards that will be given later this year.

Smart policy crucial for apparel export growth

Analysts speak at a seminar organised by HSBC

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Effective policy and its timely implementation are crucial for the garment sector in Bangladesh to tap the potential that exporters, the government and international organisations often discuss.

"We need smart policies and their smart implementation. Besides, the labour law has to be implemented honestly to ensure the factories are safer and worker rights are respected," said Prof Mustafizur Rahman, executive director of Centre for Policy Dialogue.

Both KM Rezaul Hasanat, chairman of Viyellatex Group, and MA Jabbar, managing director of DBL Group, said the government has taken a lot of initiatives following the twin tragedies -- Rana Plaza building collapse and the Tazreen Fashions fire.

"But our expectations are higher than what the government is doing," said Hasanat, a leading exporter in Bangladesh.

Jabbar, another leading exporter, said there are policies and initiatives in place, but implementation is slow. "It should pick up."

They were speaking at a panel discussion on 'Sustainable Development of Apparel Export: Priorities and Way Forward' at the Westin Dhaka yesterday.

HSBC Bangladesh organised the seminar where business leaders, exporters, experts and economists discussed the potential and challenges faced by the apparel sector.

Bangladesh not being included in the latest list of the countries eligible for the US preferential trade benefit is an example of how delayed implementations of reforms could cost a country.

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Luring in Asian investors

Bangladesh Investment Summit takes place in Singapore today

ZINA TASREEN, *from Singapore*

With a growth outlook of upwards of 6 percent, an overall stable credit rating, a sizeable youthful and flexible demographic, and a Goldman Sachs billing of 'one to watch out', Bangladesh presents a rather compelling investment case.

But all too often it gets buried under the news of natural or man-made disasters or political strife. In other words, the investment case for Bangladesh could do with some publicity.

So, enter: the Bangladesh Investment Summit, the brainchild of Standard Chartered Bangladesh that provides a platform for the country's regulators, government high-ups, banks and corporates to market the land's opportunities to foreign investors and just people interest.

"It will not be a challenge for Bangladesh to raise money to help meet its development needs as positives about the country are greater than the negatives," said Abrar A Anwar, chief executive of SCB.

Bangladesh will have to spend $7.4 billion to $10 billion a year until 2020 to bring its power grids, roads and water supplies up to the standards needed to serve its growing population, according to the World Bank.

Now in its third year, Bangladesh Investment Summit is slowly but nimbly succeeding in its objectives.

Take, for instance, the remark of Arif Khan, a commissioner of Bangladesh Securities and Exchange Commission, at a roundtable styled 'Bangladesh: Breaking Through the Frontier' on February 12 at the City Bank Centre in the capital.

He said there has been an influx of foreign investment to the capital market after the summit in Singapore last year.

"Foreign investment percentage has moved up from 3 percent to 10 percent in the last couple of months. It is a direct manifestation of the work we did in Singapore," Khan said at the roundtable.

Sohail RK Hussain, chief executive officer of City Bank, one of the sponsors of the event, echoed Khan's views about the positive impact of the initiative on the country's investment scenario.

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Four companies get $120m WB fund

REJAUL KARIM BYRON

Four private borrowers, mostly from the power sector, got loans of $120.72 million from seven banks and financial institutions under an investment promotion programme of the World Bank.

Dhaka Bank gave $58.5 million to Ashuganj Energy Ltd, which would set up a 200-megawatt gas-based power plant. Eastern Bank, Mutual Trust Bank and Trust Bank jointly provided $20 million to Midland Power Company to help establish a 51MW power plant in Ashuganj, Brahmanbaria.

Baraka Patenga Power Plant in Chittagong received $23 million from United Commercial Bank for setting up a 50MW power plant.

The banks financed the three power plants under the World Bank's Investment Promotion and Financing Facility (IPFF) project of $257 million.

The rate of interest on the loans is LIBOR plus 3.30 percent. This means the average rate would be 5 percent to 6 percent whereas the market rate on term lending by the banks is 12 percent to 14 percent.

WB FUNDS FOR PRIVATE BORROWERS

Companies	Amounts
ASHUGANJ ENERGY	$58.5M
MIDLAND POWER COMPANY	$20M
BARAKA PATENGA POWER PLANT	$23M
FIBER@HOME	$19.22M

The borrowers would repay the loans in 12 years with a grace period of three months.

AB Bank, United Commercial Bank and IIDFC, a financial institution, provided $19.22 million in loan to Fiber@Home Ltd, a fibre optic cable network company.

IPFF channels long-term financing through Bangladesh Bank to the eligible participating financial institutions following a public-private partnership framework, World Bank said in a statement yesterday.

The WB and the government jointly reviewed the implementation status of IPFF project and noted satisfactory progress, according to the statement.

Two other power plants of 250MW each, health infrastructure in Chittagong and a dry dock near Chittagong port are in the pipeline, the multilateral lender said.

In 2010, the WB started implementing the project through Bangladesh Bank. Since then, the lender financed seven small power plants, an inland container terminal, three water treatment plants and a nationwide fibre optic cable network.

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More time for aromatic rice exports

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The government has expanded the export window for aromatic rice by six months to December 31 to help retain the share of local brands in foreign markets.

The commerce ministry yesterday issued a notice, about two months after the original timeframe ended on June 30.

Some exporters sought more time. The government should have increased the validity by a full year to June 2016, to strengthen exports, said Khurshid Ahmad Farhad, assistant general manager for export at Square Food and Beverage.

On June 17 last year, the government extended the time for aromatic rice exports for fiscal 2014-15 but maintained the ban on exports of parboiled rice to keep local prices stable.

A number of exporters had approached the commerce ministry to allow exports of scented rice as the grain is quite popular among Bangladeshis and other South Asians living in Europe, North America, Australia and the Middle East.

The delay in the announcement forced some exporters to either cancel orders or hold off shipments, which let competition from India and Pakistan become stronger against Bangladeshi brands, especially in the first two months of this fiscal year, traders said.

Exports of aromatic rice resumed in mid-2012 after a break of three years due to an export ban imposed on all kinds of rice in November 2008.

Overseas sales of scented rice helped Bangladesh earn some $7.34 million last fiscal year, up 51 percent year-on-year, according to data from the Export Promotion Bureau.

Onion prices start falling

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An increased supply of onion has helped ease the bulb's recent price spiral in the local market, businessmen said yesterday.

The indigenous variety of onion retailed at Tk 70-75 a kilogram yesterday coming down from Tk 85-90 last week. The imported variety retailed between Tk 60 and Tk 65 a kg.

Onion prices declined in the international market over the last few days. Prices fell to $743 a tonne from more than $1,000 last week, according to traders.

At the wholesale market, local onion was sold between Tk 60 and Tk 65 per kg, while the imported variety from Pakistan, Egypt and Myanmar sold for Tk 52-55 per kg, said Hafizur Rahman, an onion importer at Shyambazar, the capital's largest wholesale market for vegetables.

"Demand for onion is also declining. We have an abundant supply of onion as we are importing onion from Myanmar, Egypt and Pakistan after India increased prices," Rahman said.

Rahman spoke at a meeting on the price, stock and supply of basic commodities in the local market, chaired by Commerce Minister Tofail Ahmed at the office of Trading Corporation of Bangladesh in Dhaka. Importers, wholesalers and retailers of basic commodities attended the meeting.

Abdul Matlub Ahmad, president of the Federation of Bangladesh Chambers of Commerce and Industry, said Bangladesh imports three to four lakh tonnes of onion a year while it produces about 19.3 lakh tonnes in the same period.

"So, the crisis is temporary. The businessmen have the responsibility to bring back normalcy to the commodity market. But the government should also withdraw import tariff occasionally for imports of seasonal commodities such as onion and green chilli," Ahmad said.

Fazlur Rahman, chairman and managing director of City Group, one of the major commodity traders, said the current stock of edible oil and sugar is enough to serve the local market until December.

"We have a sufficient stock of edible oil and sugar at this moment. The country needs 14 lakh tonnes of sugar a year and we have 17 lakh tonnes of sugar in stock," Rahman said.

"Similarly, the current stocks of edible oil, wheat and flour are also adequate."

The government will take punitive action against traders if they are found involved in unscrupulous activities in sales of basic commodities, said Hedayetullah Mamoon, senior secretary to the commerce ministry.

Cabinet moves to merge BoI, Privatisation Commission

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The cabinet yesterday approved the draft of the Bangladesh Investment Development Authority Act-2015 that will merge the Board of Investment (BoI) with the Privatisation Commission. A new entity -- Bangladesh Investment Development Authority (BIDA) -- will be set up instead, Cabinet Secretary M Musharraf Hossain Bhuiyan said.

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