

# Friendly policies needed to attract more investment

Senior official of Linde says Bangladesh is a preferred destination for investors

MD FAZLUR RAHMAN

**B**ANGLADESH needs to ensure uninterrupted power supply, a proactive investment authority and proper enforcement of policies to attract foreign investors, said a top official of Linde.

Sanjiv Lamba, chief operating officer for Asia Pacific at Linde Group, a leading industrial and medical gas producer globally, said, despite some constraints, he prefers Bangladesh as an investment destination.

"Bangladeshi people are very passionate, productive and want a change. Lots of new developments are taking place along with new services," he said.

He was in Dhaka last month at the launch of the construction of a new air-separation unit of Linde Bangladesh at Rugganj in Narayanganj for about Tk 120 crore.

Once the new unit is completed in 2017, the plant will produce around 100 tonnes of liquefied gas a day, making it the largest liquid gas producing air-separation unit in Bangladesh.

The plant will more than double Linde's existing production capacity, strengthening its position as the leading player in Bangladesh.

It will provide a supply of liquefied gases and related solutions to the healthcare, food and beverage, fabrication, pharmaceuticals, shipbuilding and ship recycling industries.

A high-tech cylinder filling site will also be built in Rugganj to provide a range of products to



Sanjiv Lamba

customers across all market segments.

"By investing in this country, Linde demonstrates that it has faith in Bangladesh and its market," Lamba told The Daily Star in an interview.

"I hope this venture will serve as a successful example of such investments, which, in turn, can help attract other multi-national companies," he added.

The company invested Tk 120 crore in Bangladesh in the last five years. Its investment will stand at Tk 160 crore in 2015-16.

"This is a big investment in Linde's standards, and is a reflection of our expectation from the market," Lamba said.

"We have not invested here for the short term. We are looking for long-term relations," Lamba, also an executive

board member of the company, said he talked to a number of clients in Bangladesh who are optimistic about growth prospects.

He said he feels the current stability in Bangladesh is a very good signal to investors, and if policymakers can hear a little more of the investors' requirements, "you will see a lot more foreign direct investment into Bangladesh."

Three factors that discourage the existing and the potential foreign investors are inadequate energy, red tape and a lack of a single authority that will work exclusively for foreign investors.

"When we were talking about the plant in Rugganj, I kept asking our team whether we will get power, because that is our raw material."

He said countries such as Singapore and Malaysia have a single authority to deal with foreign investors.

Foreign investors like Linde also want Bangladesh to take steps to make the Board of Investment a lot more investor-friendly.

"A little bit of support from the government will go a long way in bringing many new investors to Bangladesh," said Lamba, who has been working for Linde for 26 years.

He said, although Germany is the second largest buyer of Bangladeshi garments, there are not many German investors in the country.

"Germany is an industrial powerhouse and if Bangladesh

can attract more German investors the industrial sector of the country will improve," said Lamba who studied at St Xavier's College, Calcutta University and obtained a degree from the Institute of Chartered Accountants, India.

Linde's business in Bangladesh is growing faster than the company's global growth rate, Lamba said without giving any specific details.

"However, there is potential that is under-exploited. I think we could do more. I have told our Bangladesh team to make full use of the great potential we have."

Linde Bangladesh is a member of industrial gases division of German Linde AG, one of the world's leading industrial and medical gases companies.

The Group owns 60 percent shares of Linde Bangladesh and the rest is owned by retail and institutional investors.

Linde Bangladesh's product portfolio and services include liquids and gases such as oxygen, nitrogen, argon, acetylene, carbon dioxide, dry ice, refrigerant gases, lamp gas and other gas mixtures and medical oxygen.

Listed in 1976 on the Bangladesh stockmarket, the company logged net profit of Tk 65 crore in 2015, up from Tk 62 crore a year earlier.

In 2015, Linde Group generated revenue of 17.94 billion euros, making it one of the leading gases and engineering companies in the world, with about 64,500 employees working in more than 100 countries.

## Greek parliament approves controversial pension, tax reforms

AFP, Athens

**G**REEK lawmakers late Sunday adopted a controversial package of pension cuts and tax hikes despite mass public opposition, bowing to creditor demands in a bid to unlock the next tranche of badly-needed bailout funds.

The unpopular reforms, which saw tens of thousands take to the streets in protest, passed thanks to the Syriza-led government's slim majority in the 300-seat parliament, with the 153 MPs of the far-left Syriza and the Independent Greeks coalition voting in favour of the measures.

As expected all the opposition parties voted against the bill, which will reduce Greece's highest pension payouts, merge several pension funds, increase contributions and raise taxes for those on medium and high incomes.

They are the latest reforms demanded by the European Union and International Monetary Fund in exchange for fresh funds from Greece's 86-billion-euro (\$95-billion) bailout agreed in July, the third for the debt-laden country since 2010.

The parliamentary vote came just hours before an emergency meeting of eurozone finance ministers in Brussels, who are racing to finalise a long-stalled first review of Greece's reform efforts so Athens can repay the European Central Bank billions of euros in July -- and stave off another eurozone crisis.

In the run-up to the parliamentary debate, angry unions staged a general strike that paralysed the country's public transport for a third straight day Sunday, while some 26,000 people took to the streets of Athens and Greece's second city Thessaloniki in protest at the pensions and tax overhaul.

Brief clashes erupted outside the parliament in Athens ahead of the vote, with youths throwing Molotov cocktails and flares at riot police who responded with volleys of tear gas, AFP reporters saw.

Prime Minister Alexis Tsipras, who has said reform is needed to prevent the pension system collapsing in a few years, defended the changes in parliament earlier Sunday, which are part of the government's pledge to achieve 5.4 billion euros in spending cuts by 2018.

"The system requires root-and-branch reform that previous governments have not dared to undertake," he told lawmakers.

## Pakistan must speed up reform, employ more women for growth: World Bank

REUTERS, Islamabad

**P**AKISTAN must speed up reform of the energy sector and bring more women into the labour force if it wants to quicken economic growth that lags far behind regional peers, the World Bank's country representative said on Monday.

The World Bank expects Pakistan's economy to expand by 4.5 percent in 2016, missing the government's 5.5 percent target and trailing behind other South Asian nations where growth is expected to average about 7 percent this year.

The bank sees 2017 growth edging up to 4.8 percent in Pakistan, a nation of 190 million people. Experts say the economy needs to expand by at least 6 percent a year to absorb new entrants to the work force.

Illango Patchamuthu, the World Bank country director, said Pakistan had benefited from a collapse in global oil prices and tough fiscal measures by the government over the past few years to stabilise the economy.

But he urged faster reform in the energy sector, which has suffered decades of under-investment. Businesses say frequent power outages hurt growth and investment.

"To me, the whole story around power reforms is still only half done," Patchamuthu told Reuters in an interview.

He said Pakistan must tackle its so-called circular debt problem, which stems from unpaid government subsidies that build up until power plant owners cannot afford fuel. It stands at about \$3 billion.

The government expects its elec-

tricity rationing system of "load-shedding" to end by 2018 after it signed more than \$30 billion in energy generation projects as part of the \$46 billion China-Pakistan Economic Project.

But efforts to privatise a host of electricity distribution companies have stalled, as have other reforms.

Patchamuthu said the government has been focused on power generation, but it must also seek to improve distribution and upgrade ancient transmission systems.

"A lot more needs to be done in the next several years to build up the whole power infrastructure," he said.

Patchamuthu said another way for Pakistan to significantly boost growth is reforming its male-dominated labour market, where women account for only 22 percent of the workforce.

## Economists want new global rules on tax havens

BBC NEWS

**N**EW global rules forcing companies to report taxable activities country-by-country publicly have been called for by a group of 300 prominent economists.

In a letter to world leaders, the group urges the UK to "take a lead" in the push for more tax transparency.

Poor countries are the biggest losers from tax havens, they claim.

The letter's signatories, coordinated by charity Oxfam, include best-selling author Thomas Piketty and 2015 Nobel Prize economics winner Angus Deaton.

The letter comes ahead of the UK government's anti-corruption summit on Thursday, which politicians from 40 countries as well as World Bank and IMF representatives are expected to attend.

The economists - who include almost 50 professors from British universities - argue the UK's position as summit host as well as its sovereignty over what it says is a third of the world's tax havens makes it "uniquely placed" to take the lead.

"We need new global agreements on issues such as public country-by-country reporting, including for tax havens," the economists write in the letter.

"Governments must also put their own houses in order by ensuring that all the territories for which they are responsible make publicly available information about the real 'beneficial' owners of company and trusts," they add.

The letter comes in the aftermath of the Panama Papers leak, which revealed how some rich people hide assets, sparking widespread condemnation that the authorities had failed to act.

One of the signatories, the economist Dr Ha-Joon Chang of the University of Cambridge, told the BBC that he signed the letter because he shared "the view that tax havens serve no useful purpose".

Dr Chang said: "These tax havens basically allow companies and certain individuals to free-ride on the rest of humanity."

"These companies and people make money in one country by using workers educated with public money, using roads, ports and other infra-



BBC NEWS

Tax havens just need to end, according to Professor Jeffrey Sachs.

structure paid for by the taxpayers of that country and moving the money to another country in a shell company which doesn't really do any business there."

Another high-profile signatory, Professor Jeffrey Sachs of Columbia University, also told the BBC that tax havens showed "how the rich and the powerful really control the levers of finance".

He said: "Even with the secrecy, we're in a more transparent world so I think our governments are being pushed harder and harder to crack down on these abuses."

However, James Quarby, a tax lawyer at the international law firm Stephenson Harwood, argued that offshore financial centres play an important role in international finance and trade.

"The Panama papers had a number of people who used that jurisdiction for criminal purposes," he said. "But you can't just argue for shutting down of finance centres because some criminals use them."

Quarby added: "There's more money laundering going on in New York, Frankfurt and London than any of the finance centres and I don't hear Sachs arguing for those jurisdictions to be shut down."

Oxfam said that more than half of the companies set up by Mossack Fonseca, the law firm in the Panama Papers leak, were incorporated in British Overseas Territories such as the British Virgin Islands.

"As long as British-linked tax havens continue to help the rich and powerful get away with dodging tax it will remain deeply damaging to the UK's credibility as a leader in the fight against corruption and global poverty," said Oxfam chief executive Mark Goldring.

Last month, tax and law enforcement agencies in the UK, Germany, France, Italy and Spain agreed to share data in a new crackdown on international tax dodging.

Under the deal, the five nations will exchange information regarding beneficial ownership registers, which show who really owns assets.

However, only the UK has so far committed to making this information public. Registers or "similarly effective systems" will be introduced in UK overseas territories, but are expected to be open to enforcement agencies, not to the public.

Separately, it has emerged that there has been an increase in the amount of money flowing offshore from developing countries, in particular Russia and China.

Research carried out by Columbia University professor James S Henry for the Tax Justice Network found \$12.1 trillion had been shifted out of emerging economies.

Offshore accounts belonging to Russian citizens totalled \$1.3 trillion, while Chinese citizens, including those in Hong Kong and Macau, had \$1.2 trillion sitting offshore.

## Hindustan Unilever expects better volume growth in Q1

REUTERS

**H**INDUSTAN Unilever Ltd (HUL), India's largest consumer goods firm, expects a sequential improvement in first-quarter volume growth, its chief financial officer said on Monday, after the firm's fourth-quarter results beat expectations.

Volumes in the January-March quarter rose 4 percent, less than the company estimated, but are expected to improve in the next quarter, CFO PB Balaji told reporters on a conference call on Monday.

The Indian unit of Anglo-Dutch consumer group Unilever reported a fourth-quarter profit above estimates, mainly helped by higher sales of its packaged food and hair and skin care products.

Net profit for the quarter stood at 10.90 billion rupees (\$164.06 million), up from 10.18 billion rupees a year earlier. Analysts polled by Thomson Reuters estimated a profit of 10.78 billion rupees on average.

HUL's sales have been hurt in recent quarters due to weak demand in India's countryside, which



REUTERS/FILE

A pedestrian walks past the headquarters of Hindustan Unilever Ltd in Mumbai.

accounts for about 35 percent of the company's revenue.

Drought in the last two years took a toll on consumer sentiment in Asia's third-largest economy. But the country's weather office has estimated a better monsoon for this year, leading analysts to expect demand will bounce back in fiscal 2017.

HUL's Balaji said demand so far

remains subdued, especially in rural areas, and a good monsoon would be a "welcome tailwind."

The company, which sells everything from soaps and detergents to tea and coffee, has had to cut prices in the past year because of slack demand. But raw material prices are going up, and HUL is considering options including price increases, Balaji said.