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DSEX	0.53%	CSCX	0.48%	Gold	\$1,253.10	Oil	\$51.69	MUMBAI	0.16%	TOKYO	0.23%	SINGAPORE	0.35%	SHANGHAI	Closed	USD	77.85	EUR	86.22	GBP	95.71	JPY	0.74
	4,698.63		8,792.57	(per ounce)		(per barrel)		28,061.14		16,860.09		2,875.24			BUY TK	78.85	89.62	99.11	0.78				

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Star BUSINESS

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Ceramic exporters in a tight corner

Exports fall in absence of US trade benefit

SAJJADUR RAHMAN

Local manufacturers and exporters of ceramic products are feeling the pinch after the US suspended a trade benefit for Bangladesh, industry people said.

The falling exchange rate, the poor pressure and supply of gas, and no incentives for export of the products are also eroding the sector's competitiveness, they added.

"The cancellation of the GSP (generalised system of preferences) to the US market had a direct impact on us," said Humayun Kabir, chief executive of Shinepukur Ceramics that accounts for 40 percent of Bangladesh's exports of ceramic products.

Export Promotion Bureau data shows Bangladesh exported ceramic products worth \$47.58 million in fiscal 2013-14. Exports fell to less than \$43 million in the following year and \$37.69 million in 2015-16.

Bangladesh's ceramics export in 2015-16 was less than that of nine years ago, although 40 out of the 60 ceramic factories in the country were set up in the last 10 years.

Exports also fell short of targets in the first two months of the current fiscal year.

The GSP is a trade scheme under which the US allows import of more than 5,000 goods from 122 least developed and developing countries with lower or zero-duty benefit.

After the Tazreen Fashions fire and Rana Plaza building collapse, the US suspended the GSP for Bangladesh in June 2013, citing serious shortcomings in labour rights and workplace safety.



CHALLENGES

- Cancellation of GSP by the United States
- Falling exchange rates
- Low gas pressure at factories
- No incentive against export
- Duties and income tax against import of raw materials

"After the cancellation of the GSP, we have to pay 30 percent in duties on export to the US," said Irfan Uddin Rifat, general secretary of Bangladesh Ceramic Manufacturers and Exporters Association and chief executive of Farr Ceramics.

He said a jump from zero-duty to 30 percent is too high for the local exporters. Ceramics is a relatively new industry in Bangladesh. It is gas-

based, labour intensive and skills-oriented. Value addition in ceramics stands at nearly 65 percent. Clay, which is a major raw material for ceramics, is being imported by the local industries.

Some of the ceramic factories in the country rely on exports for their business. Factories like Shinepukur, Farr, Monno, Paragon, and Standard produce tiles, tableware and sanitary ware.

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Garment workers to get Tk 5 lakh for accidents

STAR BUSINESS REPORT

Garment workers are set to get Tk 5 lakh upon their retirement or in case of industrial accidents once the government implements a rule in December, said Mujibul Haque Chunnu, state minister for labour and employment.

Of the amount, Tk 3 lakh will come from the Workers' Welfare Fund (WWF) created last year for the garment sector and Tk 2 lakh from the insurance scheme for workers, Chunnu said.

The government formed the WWF last year for the benefit of garment workers, who get Tk 1 lakh in case of any industrial accident.

Every garment exporter has to deposit 0.03 percent from their total earnings from shipments abroad in a year to the WWF. The exporters started contributing to the fund from July.

The government will also launch a provident fund for workers of all sectors so that they can draw a handsome amount after their retirement.

The minister did not specify when the provident fund will be launched.

Chunnu also urged the factory owners to play an active role in strengthening workplace safety as it is not the responsibility of the government only.

"The workers work for the benefit of their owners, so it is the primary responsibility of the owners to ensure a secured and safe workplace," he said, while citing the example of Tampaco Foils Ltd, where workers died owing to the laxity of the owner.

The minister also suggested the factory owners share 5 percent of their profits with employees as the provision is stated in the labour law.

The government also plans to eliminate child labour from hazardous works by 2021

and from all sectors by 2025, Chunnu said.

Child labour has been eliminated from the garment sector a lot earlier; its presence is noticed in other sectors but the number is a lot less now, according to the minister.

In 2003, there were 34 lakh child labourers in different sectors, but in 2013 the number came down to 17 lakh. Nobody can employ any child under the age of 12 in any hazardous work as per the labour law.

The minister was speaking at the agreement signing ceremony of the third phase of the Essentials of Occupational Safety and Health (EOSH) project, held at the office of the Metropolitan Chamber of Commerce and Industry in Dhaka.

EOSH is an innovative training package developed by the International Labour Organisation's International Training Centre in Turin of Italy.

It is being delivered by the Bangladesh Employers' Federation (BEF) with the support of the ILO and funding from Canada, the Netherlands and the UK.

Bangladesh Garment Manufacturers and Exporters Association, and Bangladesh Knitwear Manufacturers and Exporters Association are also supporting the training.

The launch marks the third phase of an initiative that has seen a core group of 114 master trainers from BEF, BGMEA, BKMEA and garment factories train 8,038 managers and supervisors from the apparel sector on occupational health and safety.

In the latest phase, this group will go on and build awareness of key occupational health and safety issues among the 8 lakh workers in 585 factories by June 2017.

"Safety in the workplace is a major priority for the government of Bangladesh. This training will contribute greatly to that goal as both workers and employers will benefit from improved safety practices," Chunnu said.

READ MORE ON B3

BSRM Steels to set up fourth melting plant

It will invest about Tk 725cr

STAR BUSINESS REPORT

BSRM Steels, a unit of Chittagong-based BSRM Group, is going to set up a new melting plant by investing about Tk 725 crore to produce MS billets, a raw material for steel.

The new unit at Mirsarai in the port city will have a capacity to produce 4.3 lakh tonnes of MS billets a year, said Tapan Sengupta, executive director of BSRM.

The plant—the fourth of its kind for BSRM—is scheduled to be functional by the next one and a half years.

"The products will be used for meeting the BSRM Group's growing demand for billets," Sengupta said, adding that the existing billet production capacity in the three melting units is 12 lakh tonnes per year.

BSRM Steel is the flagship company of BSRM Group, which started its journey in 1952 and now has a market share of about 20 percent.

BSRM Steel was listed on the stockmarket in 2009. Each share of the company was traded between Tk 94.5 and Tk 104.5, before closing at Tk 96.1 on Dhaka Stock Exchange yesterday.

Its net profit rose to Tk 209.68 crore in 2015, from Tk 123.92 crore a year ago.

Sponsors hold a 16.89 percent stake in BSRM Steel, institutions 71.95 percent, foreign investors 0.36 percent and general investors the rest 10.8 percent.

BSRM or Bangladesh Steel Re-Rolling Mills got listed on the stockmarket in 2015.

Its net profit rose to Tk 82.76 crore in 2015, from Tk 11.6 crore a year ago. Each BSRM share was traded between Tk 158.9 and Tk 175.7, before closing at Tk 161.8 on the DSE yesterday.

Sponsors hold 27.47 percent stake in the company, while institutions 22.32 percent, foreign investors 30.58 percent and general public 19.63 percent, according to the DSE.

BCIM corridor to deepen trade ties

Analysts say govt should help establish the Bangladesh, China, India and Myanmar economic corridor



Commerce Minister Tofail Ahmed, centre, speaks at a discussion on Bangladesh-China relations, at Cirdap auditorium in Dhaka yesterday.

STAR BUSINESS REPORT

The government should work actively to help establish the Bangladesh, China, India, and Myanmar (BCIM) economic corridor, which could deepen trade ties and improve the livelihood of millions of people in the region, analysts said yesterday.

"Bangladesh should play an active role to establish the BCIM economic corridor, which holds unlimited potential," said Sadiq Ahmed, vice-chairman of Policy Research Institute of Bangladesh.

He was backed by Khondaker Golam Moazzem, additional research director of the Centre for Policy Dialogue (CPD), and Mahbubur Rahman, a leader of the Bangladesh Nationalist Party (BNP).

They spoke at a discussion on 'Bangladesh-China relations: achievements and expectations', organised by the Economic Reporters' Forum at the Cirdap auditorium in Dhaka. Commerce Minister Tofail Ahmed also spoke at the event.

Moazzem said the corridor offers many economic opportunities to Bangladesh. Signing of the agreement could facilitate trade and investment, increase people-to-people contact and reduce poverty through better cross-border connectivity, he added.

The economist said there is an opportunity to boost economic and investment cooperation

between Bangladesh and China.

"But the export potential remains largely untapped."

Rahman said the economic corridor is planned in light of the southern silk route from ancient times. "Economic potential of the BCIM should be exploited through its quick establishment."

The trade potential of the corridor stands at \$132 billion, according to a study by Research and Information System for Developing Countries in India. The corridor covers 1.65 million square kilometres and touches the lives of 44 crore people.

The discussion came days ahead of Chinese President Xi Jinping's visit to Dhaka.

With a GDP of \$10.9 trillion, China is the second largest economy in the world. The country exported \$2.14 trillion and imported \$1.58 trillion in goods and products in 2015.

The country shipped goods worth more than \$13 billion to Bangladesh in 2015, while Bangladesh exported goods of \$805 million to China in the same year.

Bangladesh gets duty-free entry for 5,700 products to the huge Chinese market.

"With current exports, we do not really exist in the Chinese market," said Ahmed of PRI.

The former World Bank economist said if Bangladesh can attract at least 1 percent of China's foreign direct investment, the amount would be huge for the country.

"But we have to increase domestic capacity, develop infrastructure and improve efficiency to get Chinese investment."

Moazzem said both the countries should consider signing a comprehensive economic partnership agreement.

"This includes trade in goods and services, investment, economic and technical cooperation, dispute settlement and other issues," he said.

He said exports are concentrated on products such as garments and jute fibres, which have high value addition.

Moazzem said the government should negotiate with China for flexible local value addition criteria. Efforts should also be there to attract Chinese investment, particularly in machinery, light engineering and intermediate goods.

He also suggested the government ensure that Chinese loans come with flexible terms.

Dilip Barua, former industries minister, said Bangladesh would require Chinese cooperation in exploring potential in the blue economy.

Munshi Faiz Ahmad, a former ambassador to China, suggested exploring manpower export opportunities to China.

Monjurul Ahsan Bulbul, president of a faction of the Bangladesh Federal Union of Journalists, raised questions on whether Bangladesh would be able to cater to the 1 percent demand of the Chinese domestic market.

IPTV services to be blocked

MUHAMMAD ZAHIDUL ISLAM

The telecom regulator has recently directed the internet service providers to block internet protocol television (IPTV) and video on demand services in the country.

Both the services are gaining popularity for entertainment, mostly in urban areas.

Bangladesh Telecommunication Regulatory Commission asked the ISPs in a letter to immediately suspend these services.

Otherwise, the ISPs will face legal actions, reads the letter.

IPTV is a system where television services are delivered using the internet protocol suite over a packet-switched network such as local area network or the internet, instead of being delivered through traditional terrestrial, satellite signal, and cable television formats.

Video on demand allows users to select and watch/listen to video or audio content when they choose to, rather than having to watch at a specific broadcast time. IPTV technology is often used to bring video on demand to television and personal computers.

ISPs started offering these services last year. Currently, BTRC has no official guideline for IPTV and video on demand services. BTRC officials said, according to their

licensing conditions, ISPs are not eligible to offer these services.

On the other hand, ISPs said these are modern features of the internet and if the regulator wants to block these, then the internet will lose its strength.

MA Hakim, president of Internet Service Providers Association of Bangladesh, said some ISPs have already started offering these modern services, while others are investing in it to launch the services.

"We find no violation of the existing policies or regulation and the regulator didn't even discuss it with us," Hakim added.

If the regulator blocks these services, a huge number of customers will miss the opportunity to enjoy modern services, Hakim said.

"If the government wants to block video on demand, then logically, they have to block Youtube. Can they do so?"

Bangladesh Telecommunications Company Ltd has already invested hundreds of crores of taka to develop a "triple play" service, which is also designed for services like IPTV and video on demand.

The state-owned company is still not aware of such a directive from the regulator.

Under the triple play service, subscribers will enjoy IPTV and video on demand, high-speed internet service and voice call as well.