

# China takes global lead in clean energy

AFP, Paris

China's overseas investment in renewable energy projects jumped last year by 60 percent to a record \$32 billion (30 billion euros), marking its leadership in the global market for clean energy, a report said Friday.

In 2016, China finalised 11 foreign deals worth more than a billion dollars each, and is expected to pick up the pace this year, according to the Institute for Energy Economics and Financial Analysis (IEEFA).

On Thursday, China announced that it would sink at least \$361 billion into investments by 2020, key to the country's transition away from polluting coal power.

"Renewable energy will be the pillar for China's energy structure transition," said Li Yangzhe, deputy head of the National Energy Administration, the official Xinhua news agency reported.

Overseas investments last year ranged from lithium battery makers in Australia and Chile to an electricity distribution deal in Brazil and the building of a solar cell factory in Vietnam.

China now owns five of the six largest solar module manufacturing firms in the world, according to the report.

On the domestic front, the world's second largest economy had already emerged as a renewables powerhouse, outstripping the United States.

China poured more than \$100 billion in domestic renewable energy - wind, solar, hydro -- and related sectors in 2015, more than double the US investment, according to Bloomberg New Energy Finance.

"The US is already slipping well behind China in the race to secure a larger share of the booming clean energy market," said IEEFA director Tim Buckley.

"With the incoming (US) administration talking up coal and gas, prospective domestic policy changes don't bode well," he said in a statement.

US President-elect Donald Trump has vowed to restore America's flagging coal industry, and has appointed several fossil fuel executives and lobbyists to key posts in his administration.

China's emerging dominance of the clean energy sector also extends to jobs. The International Energy Agency (IEA) estimates that China holds 3.5 million of the 8.1 million renewable

energy jobs globally, compared to less than 800,000 in the United States.

China's National Energy Administration said the nation's renewables sector would generate at least 13 million jobs by 2020.

Ulf Mosler, a professor at the Frankfurt School of Finance and Management, agreed that China has emerged as "the world leader on renewable energy," with clear advantages over rich-nation competitors such as the United States and Germany.

"Standard solar modules are no longer rocket science," he told AFP. "It will be really hard to compete with China on the cost side."

The same applies to wind energy. But US and European entrepreneurs "should still have an advantage" when it comes to high tech, he added, pointing to thin-film solar, and cutting-edge engineering services as examples.

In 2016, China boosted its overseas influence by establishing the Asia Infrastructure Investment Bank. It is also funnelling billions into the New Development Bank, set up by the BRICS nations Brazil, Russia, India, China and South Africa.



Rumea A Hossain, chairman of the board executive committee of Bank Asia, and Md Arfan Ali, president and managing director of the bank, pose with the recipients of Bank Asia higher studies scholarship from Chatkhil, Ramganj, Sonaimuri of Noakhali and Chandraganj of Laxmipur district, at the Chatkhil upazila auditorium yesterday.

## Rein in savings certificate sales

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The five-month NSD sales figure was higher than the government's annual borrowing target of Tk 19,610 crore from savings certificates. Currently, the interest rate of savings instruments with five-year tenure is 11.28 percent and three-year tenure 11.04 percent.

In both the cases, the interest rates are 5-6 percentage points higher than those offered by commercial banks on term deposits. The CPD said buoyant sales of high interest rate-bearing national savings certificates will once again be the key feature of domestic financing in fiscal 2016-17.

"The high rise of government borrowing through NSD sales has become

a concern from the perspective of debt servicing liability. A wider difference between interest rates of bank deposits and NSD certificates has influenced the savers to opt for latter instrument," said CPD.

Bhattacharya, citing the investment ceiling for savings instruments, said an electronic system should be introduced to bring the sales of NSD instruments under surveillance so that a person cannot buy savings certificates under various names and through various means.

"And it must be linked with the income tax of the person. It will improve the government's revenue collection and expenditure to some

extent," he said, while also suggesting the adjustment of the exchange rate of taka against a basket of currencies.

Analysts on various occasions had earlier said savings tools were meant for middle-class and lower middle-class pensioners but relatively richer ones were getting the most benefits.

Presently, an individual can invest up to Tk 30 lakh in five-year term certificates and three-month profit-bearing certificates.

A woman can purchase up to Tk 45 lakh in savings instruments under Paribar Sanchayapatra (family savings certificates), and the relatively rich take advantage of this facility by investing big sums in them.



Chairman of Uttara Bank Azharul Islam and Managing Director Mohammed Rabul Hossain attend the first zonal heads' conference-2017 of the bank, at the bank's head office in Dhaka yesterday.

## Poor families get less than promised: CPD

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"This could explain the significant gap between the targets and the amount actually received by the beneficiaries."

The programme experienced a number of irregularities that were addressed albeit partially through subsequent corrective actions, the CPD said, citing official documents that the government has cancelled 4.5 percent of total beneficiary cardholders. The survey, which was conducted in late December last year, cited Narsingdi as an example. The average amount received by the beneficiaries was found to be 82kg--8kg lower than the targeted quantity of 90kg.

In Narsingdi, the government's programme covered 63,039 poor families, who received about 5,219 tonnes of rice, the CPD said in its

analysis citing data from the district food control office. Distribution across different upazilas showed significant variations.

Beneficiaries in Sadar upazila of Narsingdi received less than 80kg, while those in Palash and Monohardi upazilas got about 100kg, said Khondaker Golam Moazzem, additional research director of the CPD.

The programme was initiated at a time when there was a demand to provide support to people affected by the floods in May-July of 2016.

After May, the prices of rice in the retail market, particularly that of the coarse variety, started to rise.

The FFP was justified in terms of addressing the needs of the distressed, as they are not covered in any of the existing 144 social safety net programmes, according to the CPD.

All the flood-affected districts have been covered under the FFP.

The CPD said a lack of adequate stock has caused the food ministry to stop selling rice under open market sales. The case study found the identification of most of the beneficiaries and selection of dealers did not comply with the official process. Beneficiaries were identified by dealers and temporary dwellers were included.

Before initiating the second phase in March, the government should take stock of the experience and undertake corrective measures to raise efficiency in allocation, avoid selection bias and develop better transparency in management and operation, the CPD said.

Debabriya Bhattacharya, distinguished fellow of CPD, said the

programme should be extended to garment workers to improve their standards of living.

It is generally expected that a broad-based social safety net programmes on the distribution of rice would also have a certain price stabilisation effect on the market.

However, the review of price movement during the corresponding period finds that the price of rice, particularly that of coarse rice, has indeed shown some upward movement when the programme was being implemented, according to the analysis.

A decline in boro production possibly due to the adverse effects of floods in 20 districts last year and decreasing public stocks may have been the reasons for the rise in the retail prices of rice, said the CPD.

## Bangladesh has huge potential in hospitality

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Being an emerging destination, Chittagong sees rising growth in the hospitality industry, he said.

"I think everything is growing in Chittagong, including infrastructure, new business destinations and export processing zones. I hear, every day, of new investment in Chittagong not only in the hospitality industry but also in a lot of other aspects."

There are challenges as well, he said. "One of the major challenges for us is not being able to have access to everything we need in the local market. There are products that we cannot source in Bangladesh and the supplies that we need have to be brought from abroad."

Edwards, however, said he faced these problems in other Asian countries as well. "It's not just the country of Bangladesh or the location. It is central Asia or the Asian market. Unfortunately Asia, as a whole, is not as developed as the Western world."

Their main customers in Radisson Blu now are Bangladeshi nationals, business travellers from Dhaka and other cities, Bangladeshis returning from abroad, traders from outside and people who deal with companies inside the export processing zones, he said.

"Domestic travel is the biggest source of business for us. Of course we have foreign and expatriate business. But the domestic market is the biggest proportion in the business for us now."

Edwards said one has to be 'a people person' and should have love for the job to become successful in the career in the hospitality sector.

"No matter what you are, whether you are the general manager or the doorman, it's the same philosophy we serve the

guests," he said.

The environment in the hospitality industry is challenging, he added. "When you are trying to please people, it's like trying to please a child. You can never please a child. When you give him something, he wants some more."

"But we are committed to ensuring total guest satisfaction, and that is what we strive to do."

He said everybody who works at the hotel -- whether he is a doorman, a waiter or a general manager -- is the ambassador of hospitality.

There are instances that doormen or stewards have become general managers through hard work and determination, he said. "Anybody can be successful in this business."

Edwards said he never terms the employees as staff members rather associates. His philosophy is to treat the workforce as a family.

People will find soon that the Radisson Blu in Chittagong will stand out probably as the number one innovator in Chittagong and hopefully in Bangladesh, he said.

"Our main goal for this year is to penetrate the market to draw new business and to let people see the standards that we actually have here."

Edwards believes they have the potential to offer a lot more. However, there are limitations as well. "We can only offer what our customers are willing to pay for," he said.

"So, we have to look at innovation. Our philosophy is to think outside the box, to look at the bigger picture. We are not looking for profits today or tomorrow. We are looking at long-term investment."

## DCCI protests proposed anti-dumping duty on jute

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"The proposed anti-dumping duty could result in adverse multiplier impacts on our local growers, producers, exporters and spur further trade imbalance with India," it said.

Bangladesh, despite being the largest export destination of India in South Asia, is working hard to improve and maintain a justified cross-border bilateral trade relation with India. "This sort of a decision is likely to deal a blow to our endeavour," the DCCI said.

The commerce and finance ministries of Bangladesh should immediately talk with the Indian government so the duty is not imposed, it said. Three years ago, the Indian Jute Mills Association had accused Bangladeshi exporters -- for the first time in 40 years -- of selling jute products at prices lower than those in India's domestic market.

In October 2015, the Indian anti-dumping authority started its investigation into the matter.

As part of the investigation, a team of India's Directorate General of Anti-Dumping and Allied Duties visited some factories in Bangladesh and collected data, including the export prices of the shipped products to India and the sales prices in the domestic market, said industry insiders. Officials of the tariff commission of Bangladesh attended several hearings in India before the conclusion of the investigation. Usually, the anti-dumping duty on a product is the same amount by which it undercuts the domestically manufactured product.

The average prices of widely exported 28-carded jute yarn vary between \$820 and \$830 a tonne.

Bangladesh exports more than 1.10 lakh tonnes of jute yarn to India a year, according to data from Bangladesh Jute Spinners Association. Besides the jute yarn, Bangladesh also exports raw jute and other jute goods.

Bangladesh's jute sector, which involves about 40 lakh farmers and about two lakh workers, processes more than nine lakh tonnes of raw jute out of the average local production of 13.5 lakh tonnes a year. Jute yarn and twine account for 65 percent of the sector's annual export receipts of over \$850 million, according to data from the Export Promotion Bureau and Bangladesh Jute Spinners Association.

## Proposed gas price hike worries FBCCI

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Bangladesh Energy Regulatory Commission has been working on the proposed hike of 130 percent in gas prices for captive power plants and different rates for other sectors.

The 130 percent rise will increase the price of per cubic metre gas to Tk 19.26 from Tk 8.36 now for captive power plants, according to industry insiders.

"Increasing the price of gas is not a solution," FBCCI said. It is necessary to encourage the entrepreneurs to establish power-based industrial units instead of gas-based factories, it said.

For the present gas-based industries, it is important to ensure a continuous supply of gas and a stable price policy.

In September 2015, the price of per cubic metre gas was raised to Tk 8.36 from Tk 4.36 for captive power generation.

The FBCCI said 74 percent of the country's energy requirements are met through natural gas and the hike in gas prices will increase the costs of investment, production and overall business activities.

The current pace of growth is necessary for Bangladesh to become a middle-income country by 2021, and the country also needs to prioritise the economic value addition, employment generation and resource utilisation. The business community has been working to enhance the industrial sector's contribution to GDP to 37 percent by 2021 from the current 31.54 percent, the trade body said.

The FBCCI commended the government's initiatives to develop industrial infrastructure and set up 100 special economic zones.

However, for industrialisation, a major challenge apart from infrastructure development is the sustainability of gas supply and

uninterrupted power supply, according to the statement.

Ensuring stable and adequate availability of electricity, water, gas and land is crucial for attracting more investment, it said.

The proposed hike will have other impacts like higher cost of living and a rise in inflation, which will ultimately affect every resident of the country.

Of the total industrial gas consumption, 17 percent is used by the textile and garment sector, the FBCCI said.

Although the textile sector suffered the bad impacts of high gas prices, the textile makers were not able to demand higher prices for their products, which has not only led to a loss of profitability but also hindered the growth prospect of the sector.

The spinning mills use captive power for ensuring uninterrupted power supply.

The price hike will also affect the export-oriented industries, agriculture, steel, fertiliser, independent power producers, real estate and other services sectors.

Apart from that, investors in heavy industries are already facing difficulties in preparing their plans for business growth and investment due to the proposed gas price hike.

Now it is important to identify the other challenges of gas production and efficiency instead of adopting a higher price policy, the FBCCI said.

The problems associated with the gas sector could be solved by effectively addressing the issues of illegal gas connection, system loss and illegal billing activities, it said.

The use of captive power will decrease if gas consumption by industries, the power sector and households increases, the trade body said.



Syed AK Anwaruzzaman, managing director of Star Ceramics Ltd; MA Rouf, chairman of Mutual Trust Bank (MTB), and Anis A Khan, managing director of the bank, pose along with the senior officials of different banks, at the closing ceremony of the issuance of redeemable cumulative preference shares of Star Ceramics under a syndication of Tk 93.5 crore, at a function in Dhaka on January 4. MTB will be the lead arranger and agent and MTB Capital will be the issue manager.



Syed Waseque Md Ali, managing director of First Security Islami Bank, poses with the participants of a two-day annual business conference of the bank at Hotel The Cox Today in Cox's Bazar on January 6.