

# New job creation vital for Bangladesh: WB

STAR BUSINESS REPORT

**T**HE momentum in job creation in Bangladesh has slowed in recent years despite robust economic growth, said the World Bank yesterday.

"The country needs to proactively address the challenge, starting with the formation of a national jobs strategy to increase the pace of formal job creation, raise the quality of jobs, and connect vulnerable workers to jobs," it said in an analysis.

The analysis was presented at a workshop at the Sonargaon hotel in Dhaka. The WB and the International Labour Organisation (ILO) jointly organised the programme in association with the planning and the labour and employment ministries.

The annual growth rate for jobs fell to 1.8 percent in 2010-15 after growing at 2.7 percent annually in 2003-10. Job growth has almost stalled in the apparel sector, according to the WB.

The lender suggested Bangladesh focus on creating more and high quality jobs in the export-oriented non-apparel sectors.

In a presentation, Thomas Farole, lead economist, and Yoonyoung Cho, senior economist of the WB, emphasised formulation of a long-term plan to create a diversified job market.

Bangladesh has experienced impressive development and labour market progress in the past decade, the economists said. Still, Bangladesh is facing daunting challenges on job creation and quality job remains a major concern, they said.

"While the gender education gap has gone down, female labour force participation remains low and has declined recently," according to the presentation.

Speaking at the event, Rajashree Paralkar, acting country director of the WB for Bangladesh, Bhutan and Nepal, said addressing jobs requires policies that establish the macro- and microeconomic frameworks to stimulate private sector investment, promote education and skills development, and support innovation, urbanisation and mobility.

"We look forward to the development of a national jobs strategy -- a comprehensive set of coordinated policy actions that are targeted explicitly towards addressing the jobs priorities."

Shamsul Alam, a member of the planning commission, said a comprehensive policy is needed in the time of high growth and lower employment. "To generate a skilled labour force, quality education is a must."

Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said Bangladesh is the second largest apparel exporter in the world, after China. But the market share of Bangladesh in the global apparel trade is only 6 percent while that of China is more than 32 percent.

"Vietnam and Cambodia are now overtaking us."

The analyst said the backward and forward linkages industries in the garment sector will remain one of the major sources of employment.

"We need to introduce voca-

tional education at school level so everyone achieves at least one skill before they leave the school," he said.

Zahid Hussain, lead economist of the WB Bangladesh, said average monthly income has remained stagnant.

Informal employment accounts for 86 percent of total employment in Bangladesh, paid employment 39 percent and youth makes up 70 percent of the total unemployed labour force, he said.

Nomaan Majid, senior employment specialist of the ILO's Decent Work Team in New Delhi, said there are some 11 million unemployed people in Bangladesh as per information of the ILO and the Asian Development Bank.

He said training, setting up a timeframe, and structural strategy review are needed to overcome the current situation.

"It is essential to analyse what sort of policies is required for taking the advantage of the ongoing demographic dividend. But analysing what sort of jobs can be generated through export diversification is also critical."

Srinivas Reddy, country director of the ILO Bangladesh, Miah Abdullah Mamun, additional secretary of the labour and employment ministry, Faisal Ahmed, chief economist of Bangladesh Bank, Ahsan H Mansur, executive director of the Policy Research Institute, Nazneen Ahmed, senior research fellow of Bangladesh Institute of Development Studies, and Syed Nasim Manzur, managing director of Apex Footwear Ltd, also spoke.

# Regent Airways to raise Middle East flights

SHAMIUL HOSSAIN

**R**EGENT Airways plans to add three new Boeing aircraft to its fleet in order to expand its operation to all countries in the Middle East by next year.

"Our main aim is to let our expatriate Bangladeshis enjoy a comfortable and smooth journey at an affordable price," said M Fazle Akbar, chief executive officer of Regent Airways.

He talked about his company's plans on the sidelines of a programme at the Doha Marriott Hotel in Doha on May 21. The programme was organised on the occasion of Regent's inaugural flight to the capital of Qatar.

Recently, a new Boeing 737-800 aircraft has been added to Regent's fleet to take the total number of carrier to seven -- five Boeing and two Bombardier Dash.

Akbar said the airline is going to begin its flights to Dammam, Saudi Arabia and plans to fly to Abu Dhabi.

"We are planning something big for the future to fly to Dammam and Riyadh in Saudi Arabia and Egypt."

"At the end of 2017, we will be working to operate our flights to tourist destinations such as Colombo. We are also eyeing Chennai. We have many Bangladeshi there."

He said Regent Airways offers cheaper fares compared to other airlines.

"The fares of other airlines are quite high. In many cases, the passengers are also not happy with the food. Even though our fare is not high, we try to offer the best service, including better food, to our expatriate workers because they contribute so much to our economy."

The passengers can also carry heavier luggage while returning home, Akbar said.

The company plans to cash in on the FIFA World Cup to be held in Qatar in 2022.

"We hope many Bangladeshis will come to Doha to be a



M Fazle Akbar

part of the historic moment. We are planning to contact an agency to offer an attractive package to the Bangladeshis who would like to watch the games," said the CEO. Akbar also touched upon various problems confronting the private airlines in Bangladesh.

"We pay a lot of taxes. The fuel price is very high. The truth is the private airlines are not growing that much. We don't get any subsidy, whereas in countries such as the UAE many airlines are government-backed."

He said in Bangladesh airport charges and the tax on imported spare parts are also very high. "So, airlines usually don't survive in Bangladesh."

The CEO said the Bangladesh market is being taken over by the foreign carriers.

He said Qatar and Etihad Airways fly a significant number of flights to and from Dhaka and they are full.

"If the airlines from our country can grow and operate more flights, the earnings will remain in

the country."

The airline employed some 5,000 Bangladeshis, directly and indirectly. "They are our people," said Akbar.

He said if the government encourages the local airlines, they would be able to prevent foreign airlines from taking "our money". "But all depends on the support from the government."

Akbar said airport charge, handling charge, surcharge and fuel prices have to be lowered. "A foreign carrier and Regent are paying the same charges. It isn't good."

The CEO is hopeful, saying the government seems to be sympathetic towards the local airlines.

"We are hopeful of a solution."

Regent Airways is a wholly-owned subsidiary of Habib Group, a Chittagong-based conglomerate engaged in a diverse portfolio of business endeavors, including power, steel, readymade garments, textiles, spinning, cement, paper and fertilizer.

# WB sees improving global economy but risks remain

AFP, Washington

**T**HE global economy is set to post solid growth this year, amid improving world trade and better performance by large emerging markets, but key risks could still threaten the outlook, the World Bank said Sunday.

Rising trade protectionism and policy uncertainty, primarily in the United States under President Donald Trump, pose important cautions for the outlook.

For the first time in four years, the latest edition of the World Bank's Global Economic Prospects has not downgraded the growth forecast even as new problems have emerged.

The report said that "despite substantial policy uncertainty," the global economy still is expected to grow by 2.7 percent for 2017, rising to 2.9 percent in 2018 and 2019.

"Global growth is firming, contributing to an improvement in confidence," the report said. "A recovery in industrial activity has coincided with a pick-up in global trade, after two years of marked weakness."

The seven largest emerging market economies -- China, Brazil, Mexico, India, Indonesia, Turkey and Russia -- remain the key engine for the world economy.

As a group, emerging market and developing economies are expected to grow 4.1 percent this year, led by India, which is expected to expand by 7.1 percent, and China, at 6.5 percent.



AFP

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Meanwhile, Russia and Brazil are expected to return to growth after contracting for the past two years. Advanced economies are continuing to grow but at a more modest pace, with the United States expected to expand by 2.1 percent this year, the euro area by 1.7 percent and Japan by just 1.5 percent.

However, "Substantial risks cloud this outlook," the World Bank cautioned.

"Increased protectionism, persistent policy uncertainty, geopolitical risks or renewed financial market turbulence could derail an incipient recovery."

Although the report does not mention Trump by name, it notes that proposed tax cuts and infrastructure spending could boost the US economy but were not factored into the forecast since they remain undefined.

# Telcos against high licence fee, revenue-sharing in 4G

## Parent companies of three leading operators write to government

STAR BUSINESS REPORT

Parent companies of top three mobile phone operators in Bangladesh have voiced concerns against any possible high licence fees and revenue-sharing rate for the fourth generation (4G) services.

The parent companies sent a joint letter to State Minister for Telecom Tarana Halim last week, saying high charges would hamper their investments in infrastructure and affect their ability to provide services to customers at affordable prices.

The letter was signed by Hans Wijayasuriya, regional chief executive officer of Axiata Group, parent company of Robi, Petter-Borre Furberg, executive vice president of Telenor, Grameenphone's parent company, and Jon Eddy, head of emerging markets of VEON Ltd, Banglalink's parent company.

The three together control about 97 percent of Bangladesh's mobile phone subscribers' base.

The operators urged the government not to impose any fee on technology neutrality in spectrum uses.

Setting such a fee for converting all existing spectrum into technology neutral spectrum is in effect penalising the industry's intent to ensure that spectrum is used more efficiently and discourages innova-

tion, according to the letter. "Technology neutrality is a key step for Bangladesh to leapfrog legacy technologies."

Mobile operators currently use 2100 band for 3G services, and 900 and 1800 bands for 2G services. If they have technology neutrality it will give them scope to use spectrum efficiently and offer faster data services.

The three operators also requested the government to set the floor price for spectrum below \$20 million per megahertz during the upcoming auction, the level used in 2013. It said the floor price in a spectrum auction "needs to be set significantly below the expected end price to allow the auction itself to reveal the market clearing price and ensure that all spectrum is sold."

The letter cited recent global examples such as in India and African countries, saying by establishing high spectrum costs they have turned away potential investment that could have been put into new networks and services.

The operators called for a revenue-sharing with the government at a maximum 5 percent, from 5.5 percent now.

The Global Systems for Mobile Association, an international forum of mobile operators, also called for lower 4G licencing fees.

# Solar energy boom turns to bust for Indian manufacturers

REUTERS, New Delhi

**S**OME of India's biggest solar equipment makers are facing financial collapse, priced out by Chinese competitors as Prime Minister Narendra Modi's government prioritises cheap power over local manufacturing despite his 'Make in India' push.

Though President Donald Trump is pulling the United States out of the Paris accord on climate change, India is sticking to its huge renewable energy programme. That has created a multi-billion-dollar market for Chinese solar product makers, who are facing an overcapacity at home and steep duties in Europe.

India's solar power generation capacity has already more than tripled in three years to over 12 gigawatt (GW) as Modi targets raising energy generation from all renewable sources to 175 GW by 2022.

Chinese companies have gained the most from that increase, accounting for around 85 percent of India's solar module demand and earning around \$2 billion, according to industry data. The total annual market could jump to more than \$10 billion in the next few

years going by the government's capacity targets.

Local companies such as Jupiter Solar, Indosolar Ltd and Moser Baer India Ltd, however, are struggling to win contracts.

Orders funnelled through a domestic-content policy have all but dried up after the World Trade Organization last September upheld an earlier ruling that found the move violated global trade norms.

As a result, Jupiter said it could shut shop by July after delivering their last orders this month; Indosolar auditors have raised doubts over it remaining as a "going concern"; and Moser Baer says it needs support from its lenders to revive its solar business.

Indian solar power plant developers - including companies backed by Japan's Softbank and Goldman Sachs - are quoting ever-lower tariffs in auctions to win big projects, encouraged by steep drop in Chinese solar equipment prices.

That is squeezing out Indian cell and module makers, many of which have inferior technology, depend on imports of raw materials, have limited access to cheap loans and operate below capacity. Chinese modules are

10-20 percent cheaper than those made in India, company and industry executives said.

"The WTO ruling has torpedoed everything. It's not a case of one company - we have the largest cell operating capacity - everybody below us will shut down one after another," Jupiter CEO Dhruv Sharma told Reuters by phone.

Chinese companies were selling solar cells in India at 19-20 U.S. cents, around 35 percent below his production cost, he added.

There are more than 110 Indian solar cell and module makers registered with the government, out of which consultancy Bridge to India expects only a handful to survive.

Santosh Vaidya, a senior official in the Ministry of New & Renewable Energy, said the government was working on several initiatives to promote the domestic solar manufacturing industry. He did not elaborate.

India's promise, and need, as a market for solar is obvious. It is one of the lowest per-capita consumers of electricity in the world and more than 200 million of its people are still not connected to the grid, making it crucial for the government to aggressively push for cheap power.



REUTERS/FILE

An employee works at a solar cell production line in India.