

ECONOMIC OBSERVER REPORTS

Increase exports to keep pace with rising Asian economy, Fakhruddin urges businessmen

The chief adviser, Dr Fakhruddin Ahmed, recently called for increasing the country's export growth to keep pace with the fast rising economies of Asia like China, India and Vietnam.

He emphasised on production of more competitive goods and their marketing utilising the comparative advantages of the country's human resources.

The head of the caretaker government of Bangladesh made the call and remarks while addressing the National Export Trophy distribution function at Osmani Memorial Auditorium jointly organised by the Export Promotion Bureau and the commerce ministry.

Fakhruddin said the Bangladesh must diversify its exports, adding that the government was considering potentialities of the export sector.

He said there was high demand in the international market for agro-based and processed agricultural goods, light engineering items, shoes and leather products, medicine, ICT and home textiles.

The export income of Bangladesh was 12.18 billion dollar in 2006-07 fiscal year while export target for the current fiscal was set at 14.50 billion dollar.

Drawing attention of all concerned for maintaining peace and discipline in business arena in the interests of development of the country's economy, Fakhruddin made a clarion call to all concerned to refrain from activities which cast negative impact on trade and business as well as in the economy.

He believed that Bangladesh would turn into a middle-income group country in the next one decade if all, irrespective of class, profession and position work together.

The national export trophies were awarded for the years 2002-2003, 2003-04 and 2004-05 in three categories: gold, silver and bronze along with certificates on 21 export items among 82 business institutions and industries for their extraordinary contributions to the national economy.

A total of 33 gold, 28 silver and 21 bronze trophies were given for the three years.

In 1978 the government introduced President's Export Trophy as recognition for keeping special contribution to the economy through exporting goods. Later in 1994, the trophy was renamed as National Export Trophy.

Bangladesh is now exporting 167 items to some 186 countries.

Advisers, business leaders, exporters, industrialists and businessmen were present at the function.

The chief adviser said the

government already announced the finished leather, frozen fishes, handicrafts goods, electronic goods, live flowers and foliages, jute products, handloom clothes, unpolished diamond, herbal medicine and herbal plants as special sectors for export development.

He said utilising the opportunities of globalisation export activities would have to be made more intense and dynamic and efforts to be made to alleviate poverty by involving the country's huge population.

So to attain this goal, he said, the government is giving importance on simplification of import-export procedures, using modern technology in trade and commerce, expansion of market, increasing productivity and capacity, production of standard quality products, reduction in business cost, implementation of international conditions and ensure good governance in the business arena.

He said the government was also carrying out strong efforts for duty-free access of Bangladeshi goods into the markets of the developed world.

The chief adviser said the government had constituted Better Business Forum and Regulatory Reforms Commission comprising representatives from government and private sectors for ensuring good governance and further improvement of business environment.

He hoped that recommendations of BBF and RRC that would be placed before the government will be quickly

implemented and good results of those will be visible to people.

He also mentioned about the government's three-year term (2006-09) export policy for sustainable increase of exports.

Fakhruddin said the government was taking multifarious steps for development of communication, telecommunication system, utility services including water, gas, electricity, and management of ports.

Reorganise agricultural system to ensure food security: Fakhruddin

The chief adviser, Dr Fakhruddin Ahmed, recently called for restructuring the country's agricultural system in a new format to increase production of food grains and ensure food security.

Referring to recent undesirable scenario of the world food production, he said in the changed situation it was clearly understood that the strategy to replenish the shortage of food by import was much risky.

Inaugurating a 3-day long 'BARI Technology Transfer Workshop 2008' organised by Bangladesh Agricultural Research Institute, Fakhruddin said the government had taken initiative to formulate a new national agricultural policy considering the changed perspectives at national and international levels.

He called for adopting effective and sustainable short-, mid- and long-term planning and programmes to boost the agricultural production.

The objective of the agricultural technology transfer workshop is to reach the recently evolved sustainable and useful technologies to the farmers through agricultural extension and development workers of the government and private organisations.

BARI recently evolved 126 new varieties of crops including short-term high-yielding, temperature and salt-tolerant and insect resistant food grains, vegetables and crops, and 55 technologies for production management of the crops.

So far, the Bangladesh Agricultural Research Institute, the biggest and reputed agricultural research organisation of the country, has developed 281 high-yielding varieties of crops and 293 production suitable technologies by 774 agricultural scientists and researchers.

The BARI director general, M Harun-or-Rashid, made a presentation at the function on summary of the newly evolved technologies to be transferred to the farmers.

The agriculture adviser, CS Karim, also spoke at the function, chaired by the agriculture secretary, M Abdul Aziz.

Some 300 participants including agriculture and agriculture-related government officials and private organisations and 10 farmers are taking part in the workshop.

Scientists, researchers, and civil and military officials were

present at the function held at Badruddoza Auditorium of the Rice Research Institute.

The chief adviser agreed that prices of essentials rose substantially aggravating the sufferings of the lower, middle and limited income groups, as their income and purchasing capacity have not increased.

He, however, said the government had sincerely deployed all its strength and taken all possible initiatives to keep the prices of food grains at tolerable level.

Fakhruddin said huge quantity of crops were destroyed due to two successive floods and cyclone Sidr last year as well as adverse weather, increasing production cost and other reasons posed a threat to the global food and agricultural productions.

He said many developed countries were using food grains and croplands for production of biofuel for bigger profit resulting in gradual shortage of food grains in the world market.

The food exporting countries are now turning into importing countries while prices of food are quickly going up worldwide, he said, adding that the thrust of this adverse situation falls on Bangladesh.

The chief adviser has called upon all to put their strength, merit and skill, imbued with the spirit of patriotism, to face the challenges of agricultural development to build a poverty- and hunger-free Bangladesh.

He said not an inch of arable land should remain fallow for overall increase of agricultural production and steps will have to be taken, depending on the quality of land, to ensure cultivation of any one of the crops throughout the year.

He urged to do whatever is necessary for ensuring highest production in each unit of arable land.

Fakhruddin said all would have to remember that if agricultural production increased it would raise income of farmers, improve their lifestyle and increase rural growth as well as country's economy, employment and food supply while prices remain at the reach of all.

'And it will be easier to realise the dream of building a happy, prosperous and self-reliant Bangladesh.'

He requested the print and electronic media, particularly radio and TV channels, to broadcast agricultural news and programmes with utmost importance to reach all information and knowledge to the farmers.

Fakhruddin said the government was giving highest priority to modernisation of agriculture and its overall development to materialise the dream of a poverty-free Bangladesh.

The government, he added, has set up an endowment fund of Tk 350 crore this fiscal year giving priority to agricultural research.

After the inaugural session, the

chief adviser went round the exhibition of newly evolved high-yielding varieties of various crops and production suitable technologies and farm machine technologies at the venue.

Chief adviser calls for faster ADP implementation : ECNEC approves 12 projects of Tk 2,524 crore

The chief adviser, Dr Fakhruddin Ahmed, recently asked the officials concerned to take measures for quick implementation of development projects of Bangladesh.

'Be attentive to quick implementation of Annual Development Programme,' the planning secretary, Zafar Ahmed Chowdhury, quoted the chief adviser as saying, after an ECNEC meeting at the NEC conference room.

The chief adviser, also the chairman of the ECNEC (Executive Committee of the National Economic Council), presided over the meeting that approved 12 projects involving Tk 2,524 crore, including Tk 1,088 crore in foreign aid.

The finance adviser and ECNEC alternative chairman, Mirza AB Azizul Islam, other advisers and senior officials concerned were present at the meeting.

Three of the projects to be implemented with foreign aid were Bakhrabad-Siddhirganj Gas Distribution Pipeline of Tk 685 crore, including Tk 429 crore in aid, National Agriculture Technology Project of Tk 622 crore, including Tk 574 crore in aid, and Char

Development Settlement Project of Tk 94 crore, including Tk 85 crore in aid.

Nine of the projects to be implemented completely with local resources include Emergency Rehabilitation and Expansion of Urban Areas Power Distribution System under Chittagong Zone, and Rehabilitation of Destroyed Distribution System under Rural Electrification Programme for Sidr-hit areas.

The other locally funded projects are Procurement of Modern Equipment for Fire Service and Civil Defense, Environment Disasters and Resources Monitoring System, Construction and Development of Airport Road to Mirpur Cantonment Road, Construction of water supply and sewerage system in 18 district towns, and Protection of Betil and Enayetpur Bazar areas from erosion by Jamuna River, Union Parisad Development, and Rural Roads and Bazaar Infrastructure Development.

Bangladesh more potential for investment: AmCham

Top executives of American companies and their joint-ventures in India recently said Bangladesh was more lucrative than India for investment if incentives and necessary facilities offered to foreign companies in Bangladesh's EPZs are considered.

They observed that US companies, doing business in India, might rush to Bangladesh to reap investment

opportunities but Bangladeshi stakeholders need to enhance communications with such potential investors.

'Investors in Bangladesh's EPZs get so much incentives and benefits which are not available in India' said Gulshan K Sachdev, who led a visiting Indian delegation at a meeting with the Federation of Bangladesh Chambers of Commerce and Industry.

Sachdev, who is chairman of the American Chamber India's Kolkata chapter, said some 530 US companies or US-India joint ventures were eying to expand their activities in South Asia.

'Our primary objectives, in this visit, which is the first in a series of many more that will take place in future, is to get a first hand overview of the Bangladesh economy, its growth prospects,' said Sachdev, who is also the CEO of US-based Quaker Chemicals Corporation.

He pointed out that IT, telecom, energy, consumer goods manufacturing and many other sectors in Bangladesh could be identified by AmCham India members investing in Bangladesh.

Chair of the meeting FBCCI president Annisul Huq said bureaucracies of two countries were hindering better business relations between India and Bangladesh.

He cited how preferential market access of certain quantities of made-in-Bangladesh readymade

garments to India and exports of rice pledged by Indian government hanged in balance because of bureaucratic tangle.

Many Bangladeshi businessmen in the meeting resented Indian ban on rice exports as they argue Bangladesh, being the largest importer of Indian non-basmati rice, helped India's exports of agro-commodities.

On banning rice exports, AmCham India delegation leader said they were not engaged in agro-commodity business, however, adding that they felt the issue as sensitive. 'We will convey your grievances to authorities concerned,' said Sachdev.

Business-friendly environment now in country : seminar told

A business-friendly environment has been created in the country now, which needs proper management of land and efficient manpower to become an economically solvent nation, observed a leader of the country's business community.

"To avail the opportunities of bringing about a positive change in the economic sector, the businessmen and managers should be accountable and transparent," Syed Manzur Elahi, former administrator of FBCCI (Federation of Bangladesh Chamber of Commerce and Industry), told a seminar in Dhaka recently.

North South University (NSU) and Bangladesh MBA Association jointly organised the seminar on 'Vision 202:

Management Challenges for Future Bangladesh' on the NSU campus.

Elahi also pointed out that any corruption by high and mid level managers hinders development and discourages new entrepreneurship.

Managing Director of Citibank NA, Bangladesh Mamun Rashid presented the keynote paper at the seminar.

He said if the country can develop proper management to utilise the huge manpower, it is possible to achieve a per capita income of 3000 dollar by the year 2021.

Bangladesh also needs to concentrate on improving education system and healthcare to get an efficient and skilled manpower, he suggested.

Mamun also emphasised reforms in the entire infrastructure, including railway and ports, and strengthening the private sector to encourage more local and foreign investment.

He said the global banks and financial institutions including Citi, Goldman Sachs, JP Morgan and Merrill Lynch have identified Bangladesh as a key investment destination.

He said positive measures on capacity building and resource mobilisation will help Bangladesh gain a 40 percent industrial growth by 2021.

Hafiz GA Siddiqi, vice chancellor of North South University, said the government

should restructure and rearrange the whole education system and secure quality education to get a prosperous economy.

Ibrahim Khaled, president of Bangladesh MBA Association, and Rahim B Talukder, vice chancellor of Eastern University, were also present at the seminar.

Record levels of foreign investment in EPZs

Foreign investment into the country's Export Processing Zones has hit record levels this year, with the weaker dollar, low labour costs and easy access to markets in Asia encouraging foreign manufacturers.

Agreements have been reached for more than US Dollar 300 million worth of foreign investment in the EPZs since the turn of the year. This is on top of the 130 million dollar agreed in the last six months of 2007.

The surge is in marked contrast to foreign investment levels outside the EPZ which fell in the second half of 2007 to 368 million dollar compared to 411 million dollar in the same period a year earlier.

The Bangladesh Export Processing Zone (Bepza) also said it is receiving much larger scale investment proposals, many from non-garment manufacturers.

"The BEPZA never received over 100 million dollar investment projects at a time, but during the last couple of months we received several investment

contracts that are worth more than 100 million dollar," Bepza Executive Chairman Brg. General Ashraf Abdullah Yussuf said.

He said Taiwanese furniture manufacturing company Tri Max Global Company Ltd. signed an expression of interest (EoI) with the government last month to invest around 120 million dollar. The company booked 54 plots at Chittagong Kharnafuli EPZ. According to its proposal the company is planning to relocate their Malaysian plant to Bangladesh to reduce skyrocketing production costs.

A South Korean company Paka Textile has proposed to set up a weaving mill to produce fashion fabrics for exporting or for garment manufacturers in Bangladesh by investing around 120 million dollar. Paka Textile is acquiring for 60,000 square meter land at the Adamjee EPZ at Naryangonj.

Another Taiwanese company, Golden Chang, came to Bangladesh in January this year to invest here around 70 million dollar for setting a leather shoe factory.

Besides an American company 'Leviathan Global Corporation' expressed its interest to invest 70 million dollar to set up a 50 MW power plant and a tyre industry in Karnaphuli Export Processing Zone (KEPZ).

The Bepza chairman said the international entrepreneurs are attaching top priority to Bangladesh because of the country's close proximity to the

fast growing South and South Asian markets and the fact that it is within easy reach of the Middle East.

Another reason for Bangladesh's attraction for foreign investors has been the availability of an inexpensive and productive labor force, he added.

Azizur Rahman, Bepza General Manager (Investment Promotion) said some major footwear and leather goods producers and buyers from China, Taiwan and Italy are looking Bangladesh as a probable destination for relocating their production facilities.

Bangladesh has been spotted by the foreign shoemakers for investment as its shoes exports get zero tariff access to European markets while Chinese and Vietnamese shoes export face anti-dumping duty, Azizur Rahman added.

Changing economic and political conditions in the Asian region are now prompting many international investors to reassess their investment strategies and plan for relocating their investments.

Those changes are providing opportunities for Bangladesh to attract higher levels of FDI and take up production and marketing operations that are being shifted from other countries.

Rising wage rate and production cost in many Asian countries are making them less attractive as sites for labor-intensive low-cost manufacturing.

Bangladesh Export Processing Zones Authority (BEPZA) was set up by an Act of Parliament in 1980 to attract foreign capital and technical know-how and thereby boost exports through the establishment of export-oriented industries in special zones with special facilities.

Surging orders make RMG exporters upbeat

A surge in exports in January that brought a dramatic turnabout in Bangladesh's apparel trade made the dressmakers upbeat about an even brighter future, with five biggies eyeing at least 1 billion dollar business this year.

Industry bigwigs said their huge investments in aggressive expansion of production facilities started giving dividends and more competitive edges over many other players, belying the impacts from US recession fears.

Top bosses of five leading garment manufacturing groups said that their combined earnings from apparel sales would be at least 1 billion dollar in 2008, up from 880 million dollar last year.

They pointed out that during post-quota period, Bangladesh secured its position as the most competitive source of apparels with strong currency, rising wages and production costs limiting competitiveness of two Asian giants — China and India.

'We are seeing huge rush of orders from global buyers,' said Anisur Rahman Sinha, chairman of Opex-Sinha Group.

He, however, looked anxious about recession fears in the USA as it is the single largest market of made-in-Bangladesh garments.

Industry insiders said the company, whose employment would cross 45,000 after the latest expansions, had a 250 million dollar turnover in 2007 and expects 300 million dollar this year.

Sinha said volumes of exports were on the increase but buyers remained rigid against any increase in unit price.

Trade expert Mustafizur Rahman, however, said things would start changing soon.

'Prices in low-cost segments may experience some corrections in near future when China fears would fade out and global importers would be left with limited scopes for bargaining,' predicted Mustafiz, executive director of the Centre for Policy Dialogue, hinting at the eroding competitiveness of Chinese dresses.

Sinha Group, which had been in disarray about expansion amid murky export future after the expiry of textile quota in 2005, cautiously started increasing production lines and factory buildings and enhancing fabric sourcing capacities since mid-2006.

Their recent expansion was focused on denim fabric productions, which show good prospects.

Nassa Group, said to be the second in the bandwagon of

five, was well ahead of many others in expansion of production base acquiring factories from 2005.

'Our group's turnover was little over 200 million dollar last year. We hope to get 250 million dollar in 2008,' said Nazrul Islam Shawpan, managing director of Nassa Gorup.

Shawpan claimed that their fresh expansion in spinning and procuring new lines of imported machinery would help them not only to raise volumes from existing 3.6 million pieces, mainly woven garments, monthly but also add to their existing 27,000-strong workforce.

Industry people said workers' unrest in 2007 had slowed down the expansion plan of Nassa, mainly a woven garment manufacturer.

'We are serious about enhancing productivity in our existing units, improving system and raising workers' efficiency,' Shawpan said.

Salim Rahman, head of garment and textile division of the KDS Group, said they had almost completed the most desperate expansion phase in Bangladesh's garment industry history, set to double its monthly production capacity to 10 million pieces of knitwear by October this year.

'We are planning to attain the highest capacity for knitwear production in Asia.'

The manufacturer is diverting its woven garment production lines to knitwear. 'We want to

grow into a total apparel solution provider — from producing yarns to designing apparels for global retailers and brands,' the company executive said, divulging their trade secret.

Apart from dressmaking, KDS also boasts a high brand image in supplying fine accessories. The company saw a turnover of 150 million dollar in 2007 but due to transition its 2008 turnover is eyed at neatly 170 million dollar.

KDS now employs 14,000 in its garment and textile division, while expanded capacities are expected to absorb at least 8,000 more.

'By 2009 or a little more, a 300 million dollar sale won't remain a dream for KDS when entire capacities will be utilised,' Salim said.

Standard Group, which has a good demand in US market of denims and jackets, had 130 million dollar in sales in 2007 and hopes 10 per cent increase in 2008.

'We are hoping a 10 per cent increase in turnover in 2008,' said Atiqur Rahman, chairman of Standard Group that employs more than 25,000 in its factories.

'A recession in USA might depress garment imports there. So we don't have a high hope,' he said, adding that they started some new lines for sweater productions recently.

AK Azad, chairman and managing director of the Hameem Group, said their turnover increased to around

110 million dollar in 2007 and expected a turnover between 125 million dollar and 130 million dollar in 2008.

After opening a monthly 0.8 million yards capacity denim fabric plant, Hameem Group has not gone for any significant expansion.

Industry sources said although they were assessing expansion potentials, many of the medium and large sized manufacturers remained quite conservative thinking political uncertainty.

8.32 lakh people sent abroad in 2007 : expatriates' ministry

The country saw a phenomenal increase in overseas employment during the last year, as some 8.32 lakh workers were sent abroad in 2007 against 3.81 lakh of the previous year.

A spokesman of the ministry of expatriates' welfare and overseas employment came up with the statistics in a release recently following media reports that Bangladeshi manpower market abroad is shrinking.

A total of 1,59,000 people went abroad in the first two months of the current year compared to 78,000 at the same time in 2007. 'Obviously, these are record numbers,' he said adding that workers have continued to be employed in Saudi Arabia and Malaysia.

Some 20,200 workers already went to Saudi Arabia in February alone and the flow continues. 'And the figure to Malaysia in February was 10,9,56 and the flow is also continuing,' the release said.

About the reports on the

problems facing by Bangladeshis in Saudi Arabia, the spokesman said Saudi authorities have denied that any particular community has been targeted for legal action, or alleged harassment.

'The Saudis have categorically stated that Saudi authorities have not been influenced by propaganda by any community against another,' the release added.

It said the ministry in Dhaka has been making appeals to all members of the Bangladeshi community in Saudi Arabia to continue to abide by Saudi laws so that the majority do not suffer for the mistakes of a few.

The ambassador in Riyadh has been making contacts with the Saudi government and high-level visits to that country and discussions with their authorities are being planned. 'We must work together in a way that the host government is not unduly embarrassed,' the spokesman said.

'In fact, at this very moment, a Saudi company from Dallah Group is recruiting a large number of technical and professional workers in Dhaka,' he mentioned.

As to Malaysia, the release added, several measures have already been taken to minimise difficulties facing by Bangladeshi workers. These have been released to the media.

Adviser Iftexhar Ahmed Chowdhury, in charge of the ministry, during his recent brief visit to that country held discussions with senior Malaysian officials. Immediate

formal bilateral consultations are on the cards between Bangladesh and Malaysia.

The ministry spokesman said new job markets in other countries, including in Europe, are being explored.

All Bangladeshi missions abroad have been instructed to attach the highest priority to the welfare of Bangladeshis. Efforts are also underway to improve the skills and quality of Bangladeshi manpower for better jobs. A multi-pronged programme in this regard has been undertaken by the ministry and its agencies, he said.

The government, he said, acknowledges the huge contribution of the expatriate community to the nation's development, and will make every effort to advance the welfare of expatriate Bangladeshis.

Remittance grows over 26 percent in 8 months

The amount of inward remittances crossed 4.8 billion dollar in the first eight months of the current fiscal year, marking more than 26 percent rise over the same period of the previous fiscal, according to Bangladesh Bank (BB) statistics.

The country received 4.827 billion dollar in remittances during the July-February period of fiscal year 2007-08 compared to 3.824 billion dollar during the corresponding period of FY2006-07.

Meanwhile, the country's foreign exchange reserve

reached a new high at 6,015.52 million dollar recently, mainly due to robust growth of remittance and the donor agencies — World Bank and Asian Development Bank — that have recently paid 100 million dollar and 50 million dollar respectively.

According to BB, Bangladeshi nationals working abroad remitted 676 million dollar in February which was 710 million dollar in January. The monthly remittance figure of January was a record in the country's history, BB sources said.

The country's private and state-owned commercial banks are trying their best to increase the flow of inward remittances from different parts of the world, including the Middle East, United Kingdom, Malaysia and Singapore to meet their growing demands for foreign exchange, sources said.

Tk 85,000 crore national budget planned: Aziz

The finance adviser, Dr Mirza Azizul Islam recently said the interim government was planning to announce a Tk 85,000 crore national budget for the coming fiscal year, accommodating the demands of the common people of Bangladesh.

He said the coming budget would be prepared in keeping with the demands of the mass people although the present government is not an elected and political one.

He, however, observed that no budget in the world could

satisfy all corners and never could fulfil all demands of the people. 'Though the government is planning to announce a budget of Tk 85,000 crore, Tk 5,000 crore higher than the current budget allocation, it too wouldn't satisfy all.'

The finance adviser said this while addressing a pre-budget discussion at Barisal circuit house in the morning.

He said rehabilitation in Sidr-affected regions and power supply, communications, transportation, and human resource development would get priority in the next budget.

But this government won't try to establish any large-scale industry in public sector because of the experiences of failure of the past governments, he pointed out.

He said Bangladesh is one of the lowest income tax-collecting countries of the world as the people pay very small amounts of tax.

The finance adviser further said the rate of subsidy has been on the increase in public sector due to price hike on the international market. The amount of subsidy would reach up to 19 per cent in the new budget, amounting to Tk 15,600 crore, this fiscal, from Tk 6000 crore of the previous fiscal year, he said.

The planning secretary Jafar Ahmed Chowdhury, finance secretary Dr Md Tarek, National Board of Revenue chairman Abdul Majid and Patuakhali Science and Technology University vice-chancellor Dr Abdul Latif Masum took part in the discussion.

The discussants stressed the need for taking measures to check soaring prices of essential commodities, regional infrastructural development, power supply, natural gas exploration and supply, subsidy in agricultural sector, tax holiday for the new and affected business entrepreneurs and industrialists, subsidy in education sector and in the Sidr-affected region.

New budget to focus on investment promotion

Investment promotion is set to get a special focus in the next budget for an economic turnaround to create employment opportunities, finance officials hinted.

Ways and means may also be worked out to bring money from the informal sector into productive economic activities, they said about thematic discussion at the ministry.

However, it cannot be ascertained at this stage whether AB Mirza Azizul Islam, the finance and planning adviser, will provide an opportunity to whiten 'black money.'

Such issues have been discussed in the finance ministry's pre-budget internal exercises to identify broader areas of fiscal policy for formulating the budget for the 2008-09 fiscal year, ministry sources said.

Officials concerned explained that tax incentives should be given to potential investors and also existing investors to

encourage them to re-invest their money or inject fresh fund in productive activities.

'Overall investment policy environment should be improved and scope for employment must be widened to boost economic activities. This must be linked to the tax policy and public expenditure policy,' said an official concerned.

In an apparent bid to facilitate investment and restore business confidence, the interim government earlier formed Better Business Forum headed by chief adviser Fakhruddin Ahmed and the Regulatory Reforms Commission, headed by former bureaucrat Akbar Ali Khan. A Truth Commission was also planned to remove fear of anti-corruption drives from the minds of businesspeople.

Special focus may also be given on small and medium enterprises in the 2008-09 budget to involve more people in job-oriented ventures and alleviate poverty, according to a recommendation.

The recent downtrend in investment may have prompted the finance ministry to focus on investment as prerequisite for overall economic development and poverty alleviation.

Domestic and foreign investment proposals registered with the Board of Investment declined significantly in the past one year.

Import of capital machinery, a major criterion of actual

investment, also showed a sluggish trend, mirroring stagnation in manufacturing activities, according to Bangladesh Bank statistics.

Employment marked negative growth as the rate of annual employment growth was found to be 2.2 per cent during a period between 2003 and 2006 as against 4.4 per cent growth rate in 2000-2003, reveals the Labour Force Survey 2005-06 carried out by the Bangladesh Bureau of Statistics. Underemployment increased by about 50 per cent in three years since 2003.

Bangladesh to continue to post budget deficit in 2007-08, says Economist Intelligence Unit

Bangladesh will continue to post a budget deficit in 2007-08 fiscal year, as revenue expansion fails to keep pace with growth in spending, according to the Economist Intelligence Unit (EIU).

The EIU, a member of the Economist Group, in its March issue also said like the previous administration, the interim government faces a difficult task in achieving its revenue target, owing to the narrow nature of the tax base and low rates of revenue collection.

The EIU in a report said at the equivalent of 10 percent of GDP in fiscal year 2006/07 (July-June), Bangladesh has one of the lowest revenue-collection rates in the world.

Despite the measures outlined in the 2007/08 budget to boost collection, revenue is expected

to remain low as a proportion of GDP during the forecast period, the report said.

The EIU monthly outlook said spending, in contrast, is set to increase, as the interim administration makes changes to the electoral process and continues to subsidise fuel.

The need to redirect public funds to relief efforts and reconstruction projects in south-western Bangladesh, following the devastation wreaked by cyclone Sidr, will increase the strain on the public finances during the early part of the forecast period, the EIU outlook added.

Finances will be strained further by the need to compensate poultry farmers for the culling of their livestock following the recent outbreak of avian influenza (bird flu), which has spread to more than half of the country's 64 Districts, the report said.

"We expect the budget deficit to reach 5 percent in 2007/08, following an estimated deficit of 4.4 percent in 2006/07, although the caretaker government envisages a budget deficit target of 4.7 percent of GDP for 2007/08," the EIU report said.

Given that the general election is not likely to be held before July 2008, the interim government is expected to prepare and pass its second budget in June this year, the report said.

In the EIU's economic policy outlook it said BB (Bangladesh Bank) will stick to its pledge, made in its policy statement in

January 2008, of maintaining an accommodative monetary policy stance in the second half of the current fiscal year.

It will continue to ignore calls from the IMF to raise interest rates and is unlikely to tighten policy over the short term, the EIU issue mentioned.

Although mounting inflationary pressures remain a major concern, BB is expected to stress that economic growth is also a priority, the report said.

The money market interest rate has remained unchanged at 5 percent for four years and is expected to stay at this level in 2008.

However, owing to the high ratio of non-performing loans in the banking sector, lending rates will remain much higher than the money market rate.

The key lending rate, which averaged 16 percent in 2007, is expected to remain at this level in 2008.

In 2009 any decision on an interest rate change may have to wait until a new, democratically elected government has been installed.

Escap sees 7 percent GDP growth unlikely, cites political uncertainty as key reason

Bangladesh may miss its target of achieving 7 percent GDP growth in 2008 because of continuing political uncertainty and its budget deficit during the period is expected to rise to 5.6 percent of GDP, said a survey of Escap.

But it expected that the caretaker government's anti-corruption drive will improve the country's business environment in the coming years, attracting foreign direct investments and helping the country's economy to grow.

"The Bangladesh government's target is to raise GDP growth to 7 percent in 2008. But with continuing political uncertainty, this target may prove elusive and GDP growth may remain at about 6.5 percent," said Escap's Economic and Social Survey of Asia and the Pacific 2008.

The United Nations Economic and Social Commission for Asia and the Pacific (Escap) conducted the survey, the report of which was launched globally recently.

The survey report said budget deficit in 2008 is expected to rise to 5.6 percent of GDP mostly because the country's liabilities for accumulated fuel subsidies are to be included in the 2008 budget.

"In addition, the 2007 cyclone and floods will require the government to spend heavily on restoring health, sanitation and water and rehabilitating the damaged infrastructure. The budget deficit for 2009, however, is expected to revert to a normal level of 3.8 percent," it said.

Stating that public debt remains a "serious problem" in the South Asian region, the report said public debt in Bangladesh has stabilised below 50 percent of GDP in recent years.

"The real burden of public debt in the country is in its servicing. In Bangladesh, interest payments alone consumed about 18 percent of government revenue in 2006, more if repayments of principal are included," it said.

The survey said high domestic public debt pushes up interest rates and crowds out private investment, which is much needed to promote economic growth.

To address the debt issues, it called for vigorous pursuit of policies that promote growth, and strengthening of tax administration to overcome low revenues due to inefficient tax systems.

Given the issue of poverty, the demand for public spending remains high, the Escap said, adding, "The challenge for governments is to contain wasteful public spending and orient it towards priority sectors. Public expenditure should promote pro-poor growth: basic services, such as education, health, sanitation and housing should be a priority."

On inflation, the report refers to three key factors: supply-side constraints, political and market uncertainty and strong aggregate demand.

High international prices for commodities added to inflation pressure not only in Bangladesh, but in other countries of the region including India, Pakistan, Nepal, Sri Lanka, Bhutan, Afghanistan and Iran that hit mostly the poor, the survey said.

It, however, said Bangladesh has reduced its economic vulnerability over time by reducing the share of agriculture systematically and moving to manufacturing-based exports, which tend to be less vulnerable.

"The country has also found ways to quickly respond to frequent disasters such as cyclones and floods. Also, overseas remittances are playing an important role in cushioning economic shocks," it said.

Large remittances from workers abroad contributed to current account surpluses in Bangladesh in 2007, the survey said. Workers' remittances rose to nearly 6 billion dollar and in 2007 Bangladesh exceeded slightly its 2006 current account surplus of about 1 percent of GDP.

Bangladesh Bank to hold tight forex reserve to meet import payments

The Bangladesh Bank governor, Salehuddin Ahmed, recently said the central bank would hold tight the present level of foreign exchange reserve as a precautionary measure to be able to meet increased import payments in the days ahead.

'We'll have to spend the reserve cautiously as we'll have to meet increased payments for import of food, capital machinery and power plants,' he told reporters, replying to a question after a meeting with the CEOs of financial institutions at Bangladesh Bank.

The central bank governor was asked about borrowing 220 million dollar from the

International Monetary Fund as BoP support despite a comfortable reserve position.

As of recently, the foreign exchange reserve was 5.6 billion dollar, which is equivalent to import payments for three months.

Salehuddin said the IMF loan would help avert unexpected pressure on the BoP as the country is now going through huge import pressure.

The bi-monthly payment of Asian Clearing Union also increased substantially, he added.

Replying to another question, he said the government has got better offer from Standard Chartered Bank than the Islamic Development Bank to take a loan of 300 million dollar for Bangladesh Petroleum Corporation.

Turning to the meeting with financial institutions, the governor said two FIs have provision shortfall against their classified loans while the classified loans of eight FIs have increased.

Bangladesh Bank would hold separate meetings with the individual banks to overcome the problem, he added.

He said the meeting decided to form a committee to look into the delay in issuing IPOs of seven FIs in the capital market.

The committee will be formed with representation from Bangladesh Bank, the Securities and Exchange Commission (SEC), the Registrar of Joint Stock Companies and Firms, and the association of the FIs.

The meeting was told that the IPOs of the FIs could not be issued due to some complexities raised by the SEC and the Registrar of Joint Stock Companies and Firms.

Managing director of Fareast Finance and Investment Limited Asad Khan, who attended the meeting, told reporters that the classified loans of the FIs increased due to overall situation of the country during last two years.

He, however, said: 'The recovery situation showed slight improvement this year and will improve further by next year.'

Replying to a question, Khan said he expected that the central bank would extend the deadline of issuing IPOs by the seven FIs considering the complexities.

Economic indicators stable: Mirza Aziz

The finance adviser, Dr AB Mirza Azizul Islam, said recently the main economic indicators all pointed to a stable situation prevailing in the country.

The adviser spoke to reporters following a pre-budget meeting at the Chittagong Circuit House.

'Considering increased loans, progress in the middle indexes, an increase in imports and exports and increasing wages, it looks as if the economy is stable,' said Azizul.

The adviser pointed to surveys carried out by various agencies around the country that indicated workers wages had recently seen significant increases.

Azizul said recent comments

made by Regulatory Reforms Commission chairman Akbar Ali Khan who claimed a silent famine was prevailing in the country were his own and did not reflect the wider opinion.

The finance adviser said the upcoming budget would see greater emphasis placed on maintaining recent growth, poverty alleviation, social security and increasing revenue collection to reduce dependency on foreign aid.

'The budget will be prepared with an eye on developing the lives of those on the fringes of society,' he said.

In the pre-budget discussion the adviser had said special attention would be paid to checking increasing regional disparity in Bangladesh.

Azizul claimed the caretaker government had been successful in achieving some 'fundamental goals' during its tenure.

'Every year poverty levels are reduced by two per cent, which is worthy of comment in the context of the current global situation,' Azizul said.

The adviser said this year's budget had not been prepared with advice from the World Bank or International Monetary Fund.

'This government will not take any external advice that goes against the country's interests.'

The finance adviser conceded that Annual Development Programme implementation had been sluggish over the last few years.

'I have directed the officials

concerned to increase the speed of implementation for ADP projects.'

The adviser said the caretaker government would present the next budget in the absence of an elected parliament, and the opinions of a wide cross section of society would be taken into consideration.

He said Bangladesh was near the bottom of the list of countries in terms of revenue collection and the upcoming budget would focus on remedying the situation.

US firm to invest 70 million dollar in Karnaphuli EPZ

An American company will invest US Dollar 70 million in Karnaphuli Export Processing Zone to set up a 50-mw power project and a tyre plant.

The American company, M/s Levithan Global Corporation, and Bangladesh Export Processing Zones Authority (Bepza) will sign an agreement to this effect in Dhaka soon, said a press release.

US Chargé d'Affaires Geeta Pasi is expected to attend the agreement signing ceremony.

Kuwait to invest in Bangladesh

Kuwait is ready to help Bangladesh in projects of its choice through the Kuwait Development Fund and is pretty much eager to invest in Bangladesh.

Foreign minister of Kuwait Sheikh Mohammed Al Salem Al Saba expressed the interest during a meeting with foreign adviser Iftekhar Ahmed

Chowdhury held recently in the Senegalese capital on the sidelines of the OIC Summit.

Sheikh Saba expressed his deep gratitude to the foreign adviser for the support that Kuwait had received from Bangladesh during the 1st Gulf War and also for the assistance that Bangladeshi peace-keepers had accorded to Kuwait thereafter.

'We see Bangladesh as a great friend,' Sheikh Mohammed told the adviser.

Iftexhar mentioned the large expatriate Bangladeshi community in Kuwait who are contributing to Kuwait's development and inquired about the possibility of Kuwaiti cooperation in upgrading skills.

The Kuwaiti foreign minister stated that Kuwait was prepared to help Bangladesh in projects of Bangladesh's choice through the Kuwait Development Fund.

He said Kuwait was 'eager and willing' to invest in Bangladesh and referred to Bangladesh's 'new contributions with regard to micro-credit.'

He recalled his various past meetings with the foreign adviser in different international conferences and extended to him a 'very warm personal' invitation to visit Kuwait as soon as possible.

'We hope to continue our dialogue in Kuwait,' the Kuwaiti Minister observed.

Mosud Mannan, director general of the International Wing of the Ministry of Foreign

Affairs, was also present at the meeting.

UNDP, DFID initiate 120 million dollar project for poor

UNDP and the Department for International Development (DFID) have jointly initiated a US Dollar 120 million (12 crore) development project to improve the livelihoods and living conditions of 3.0 million urban poor and extremely poor people, especially women and girls.

The project on 'Urban Partnerships for Poverty Reduction (UPPR)' will be implemented in cooperation with the Local Government and Engineering Department (LGED) and the municipalities and city corporations concerned.

The project, which will continue until March 2015 and cover 30 towns, including Dhaka City Corporation, will support the local capacity for development and implementation of poverty-reduction strategies at the town level.

Links to financial institutions, such as local banks and micro-finance bodies, to provide access to a wide range of financial services by community groups, including housing improvements and business development support, will also be provided through the project.

It will ensure that implementation of pro-poor urban development and poverty-reduction strategies at the town level influences policy development at the national level.

This project aims to mobilise the urban poor communities and groups to create healthy living environments and support urban poor families to acquire resources, knowledge and skills to increase their incomes and assets.

The project also tends to deliver benefits to poor people through pro-poor urban policy, said a UNDP release recently.

'As part of the global commitment made through the Millennium Development Goals (MDGs), UNDP will continue assisting Bangladesh to fulfil the promise and we are thankful to the UK Government for its support to eradicate poverty', said UNDP Country Director Manoj Basnyat.

The Urban Partnerships for Poverty Reduction (UPPR) project builds on the experiences of the earlier UNDP-funded Local Partnerships for Urban Poverty Reduction Project (2000-2007).

Bangladeshi company to invest 2.5 million dollar at Chittagong EPZ

A fully Bangladeshi company, Gharib-E-Nawaz Accessories Limited, is going to set up a garments accessories industry in the Chittagong Export Processing Zone.

This company will invest nearly 2.5 million dollar and will produce accessories for corrugated carton, back board, collar insert, sewing thread, printing and button garments items. The enterprises will create employment opportunity

for 127 Bangladeshi nationals.

An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority and Gharib-E-Nawaz Accessories at BEPZA Complex in the Dhaka city recently.

AZM Azizur Rahman, general manager (investment promotion) of BEPZA, and Hafiz Ahmed Bhuiyan, chairman of Gharib-E-Nawaz Accessories, signed the deal for their respective organisations.

The executive chairman of BEPZA and other officials were present on this occasion.

Self-sufficiency in food stressed : Global rice price to remain high till 2012

The country has to attain self-sufficiency in food grains as international food prices are unlikely to come down before 2010-2012, experts told a seminar on 'Food Security in Bangladesh: Present and Future Challenges' recently.

They also suggested increasing national capacity to distribute subsidised food to stabilise the prices and assist vulnerable groups besides re-evaluation of the government's policy on food and agriculture.

'The crisis will linger since it is hardly likely that food prices will come down before 2010-2012. Maybe, this is the beginning of the end of cheap food,' said Mahbub Hossain, executive director of BRAC, at the seminar organised by the Institute of Microfinance.

He pointed out that the price of

rice in the domestic market was dictated by the import price even though Bangladesh had made significant progress in achieving food sufficiency that helped withstanding the crisis to some extent.

The country imports less than 10 per cent of food grains that it requires and a maximum of 40 per cent of the rice produced at home are actually traded in the local markets as statistics imply that growers themselves consume major portion of the rice.

Wahiduddin Mahmud, professor of economics of Dhaka University, urged all not to be alarmed about the availability of food because, he said, panic might prompt the farmers to stock rice leading to further price-hike.

He termed the current mode of rice trading by major growing nations an act of international syndicate which further increased global rice price. 'Bangladesh has become a victim of global rice economy,' he said referring to export restrictions imposed by India and other rice producing countries. Increasing prices so much is tantamount to saying: 'We will not export.'

But he pointed out that the global rice market might have been effectively stabilised through some sort of a mechanism mediated through the United Nations system, which would not affect the importing countries adversely.

The economist called on the

government to determine the actual demand and supply of rice through scientific calculation instead of guesstimates and then streamline food distribution system to avert crisis.

Mahbub Hossain, too, found confusions surrounding official statistics on food production and requirement, saying that figures of rice imports vis-à-vis its domestic demand showed that its production was over-estimated.

However, Professor Wahiduddin Mahmud suggested that a quick survey should be carried to identify the real victims of the food price hike to provide them with supports through budgetary measures.

Asked how to solve the problem, Mahbub emphasised the need for strengthening research and development besides short-term measures to increase production of food and also changing the habit of taking excessive rice amounting to 170 kilograms per persons annually.

In his keynote, he mentioned that only a 3.5 per cent growth in rice production could ease the situation in five years.

Widening social safety net only option to offset price spiral says finance adviser

Finance Adviser Dr Mirza Azizul Islam recently said the government is passing a tough time due to skyrocketing prices of essentials, and now it has no alternative to widening the social safety net programmes to

mitigate the sufferings of the poor.

"All the quarters I have so far met in pre-budget discussions were of the opinion that something has to be done as the family budget is failing to buy food," the adviser told reporters after a pre-budget consultation with editors of print and electronic media.

"What could be that 'something'? What should be done [to check price increase]? Nobody came up with any concrete suggestion," Azizul said.

Asked about former finance adviser Akbar Ali Khan's suggestion for providing free food to 1.5 crore people for a certain period, Islam said the government has no such plan.

"We will have to consider the financial implications of such plan if we wish to provide one kilogram of rice daily to 1.5 crore people for two months," he said, posing a question who will finance the free feeding programme.

Editors at the meeting raised issues including poor implementation of the Annual Development Programme (ADP), wastage of government resources and ways to provide food subsidy from foreign exchange reserve.

He disagreed on financing from forex reserve for food subsidy and said there is a wrong perception about the forex reserve.

"It's [forex reserve] not a government property. The reserve is not too high against

the absolute requirement for keeping a reserve equivalent to three months' import payments."

The adviser said more than 30 lakh tonnes of rice were imported until March 15 of the current fiscal year, whereas the total rice import during the previous fiscal was 24 lakh tonnes.

About ADP implementation, he said the government's attention was diverted from the development works due to floods and cyclone Sidr.

WFP seeks 500 million dollar emergency fund; 15 million dollar to tackle Bangladesh's food shortage

The UN's World Food Programme (WFP) has launched an 'extraordinary emergency appeal' to donor countries for at least 500 million dollar by the end of April to meet global shortfalls, which include a 15 million dollar shortage in emergency food aid to cyclone-hit areas in Bangladesh.

"We urge your government to be as generous as possible in helping us to close this gap – which stood at 500 million dollar on February 25, and has been growing daily," said WFP Executive Director Josette Sheeran in a letter sent to donor countries last month, reported a British daily, the Financial Times.

Sheeran warned, without the food aid, WFP would have to reduce its global food aid operations because of rising food and oil prices.

WFP Acting Country Director Edward Kallon said that the food and funds shortfalls are also affecting the UN organisation's operation in Bangladesh, which is among the 40 countries being closely monitored for food shortages.

"Bangladesh is being closely monitored because of the increased food needs due to the cyclone emergency and the large number of poor people who cannot access the markets, especially the 27 million ultra poor," said Kallon.

Kallon said WFP is still assessing the shortfall in its food aid to Bangladesh, which is as a whole estimated at 5 lakh ton at the moment.

"The shortfall is affecting the emergency food assistance to areas affected by cyclone Sidr," said Kallon adding that WFP has received only 37 million dollar in response to the 52 million dollar requested in the emergency appeal in the aftermath of Sidr.

The US Agency for International Development (USAID), WFP's biggest donor with a billion dollar a year donation, was forced to cut 120 million dollar from future aid programmes to pay for emergency aid needs.

Recently, regional WFP officials expressed fears of political and social unrest in Bangladesh due to soaring food prices, while International Food Policy Research Institute (IFPRI) told the media, "This is a serious security issue."

In WFP's letter to donors, Sheeran wrote, "This is the new face of hunger, increasingly

affecting communities that had previously been protected."

Some global food analysts forecast that bringing down food prices could take at least a decade, especially due to rising oil prices and increasing food demand in China and India.

Additionally, rising meat consumption has pushed up the demand for grains used as animal feed, which in turn has reduced land use for food grains.

US to provide 90,000 MT food aid

The United States Agency for International Development (USAID) will provide approximately 90,000 metric tons of food aid worth 67.8 million dollar to Bangladesh this year.

One third of the food aid will be used to assist Cyclone Sidr affected people of Barguna and Bagerhat districts and the rest will be distributed as part of the USAID's regular food aid programmes in the flood-prone and seasonally food insecure areas of the country, a US Embassy press release recently said.

It said the USAID-supported food aid programmes target the poorest of the poor who live in the most food insecure and vulnerable areas of the country.

The food aid assistance is designed to bridge the gap between disaster response and development by supporting planning and preparedness activities.

The USAID has helped build 245 multi-purpose disaster

shelters, developed about 4,000 community-based disaster mitigation structures, and established a stockpile of emergency disaster kits for 30,000 families.

It provided training for local disaster committees, volunteers and schoolteachers in 271 of the country's 277 disaster-prone upazilas. The programme focuses on protection of assets by raising homesteads and building raised access roads to markets and schools.

The programme develops alternative livelihood options for the ultra-poor through activities such as poultry raising, dairy farming, and vegetable gardening. The programme also provides a safety net for the poor through food- and cash-for-work projects.

In all, programme activities are helping four million people in more than 3,000 villages. The USAID's 167 million dollar Food Security and Disaster Management Program addresses disaster risk mitigation and adaptation to climate change threats over the next five years.

Japan to include Padma Bridge project in next year's aid plan

Foreign Affairs Adviser Iftekhhar Ahmed Chowdhury recently said Japan would include the US Dollar 1.2 billion Padma Bridge project in its rolling plan next year.

Talking to reporters on the outcome of his three-day official visit to Tokyo, he said the

feasibility study of the proposed bridge has been completed. The bridge will be constructed with joint financing of Japan, the World Bank and the ADB.

Iftekhhar said the Japanese government and the business world see great potential of Bangladesh and acknowledge its immense possibility of transforming into yet another Asian economic powerhouse.

The adviser had gone to Japan at the invitation of Japanese Foreign Minister Masahiko Koumura.

During the visit, Iftekhhar held formal talks with his Japanese counterpart and signed notes for loan agreement to the tune of US Dollar 60 million for "Emergency Disaster Rehabilitation Project".

He said the Japanese showed great interest in investing in different projects in Bangladesh, and also in cooperating on nuclear energy.

Iftekhhar also met Japanese Parliament Speaker Kono Yohei, and senior minister Nobutaka Machimura. Besides, he held talks with a number of government and opposition lawmakers, including former foreign minister Taro Aso, who is also chair of Japan-Bangladesh Parliamentary League.

The adviser also held discussions with the governor of Japan Bank for International Cooperation and the senior vice president of Japan International Cooperation Agency. He also had a session

with Toshio Takaino, president of Japan International Treasury Corporation.

Iftekhar said most of the people he met praised the stability and peaceful nature of the socio-political development in Bangladesh in an otherwise turbulent region and expressed their interest in the country's economic progress.

The adviser urged them to ensure for Bangladeshi manufacturers greater market access. He stressed that Bangladesh would like to see Japan succeed as chairman of the next G-8 Summit.

Narayanganj dockyard undertakes Tk 100 crore scheme to build ship

The Dockyard and Engineering Works Ltd (DEW) run by Bangladesh Navy at Sonakanda in Narayanganj has undertaken a comprehensive plan for modernising the dockyard.

Official sources said under the Tk 100 crore scheme the DEW will build ocean-going vessels of international standards and overhaul old, obsolete and dilapidated machinery.

The naval engineers and technicians by this time undertook a work plan to repair machinery and equipment worth of about Tk 25 crore. Nearly 80 percent work on the plan has already been completed.

The repaired machinery included one jetty crane, one floating crane, one mobile crane, two overhead cranes of the workshop, six lathe machines, including one

multipurpose universal machine, three shaper machines, one bending machine, two boilers, one saw mill and slippers plat and rail carriages along with hard standing floor, one blacksmith shop, one foundry, one Russian store and 11 workshops.

Established in 1926 on a 22-acre plot on the eastern bank of the river Shitalakkha, the ocean-going ship building dockyard went into production in 1950.

Many foreign firms used to have their ocean-going tugs built at the dockyard through international tender during the pre-liberation period.

After independence of the country in 1971, it was placed under the supervision of Bangladesh Steel and Engineering Corporation (BSEC) of the Ministry of Industries. The dockyard was laid off on December 21, 2002.

Subsequently, it was handed over to Bangladesh Privatisation Board as a sick industrial unit in 2004.

The Ministry of Industries through the Defence Ministry handed over the management of the dockyard to Bangladesh Navy on December 7, 2006.

When contacted, Managing Director (MD) of the dockyard Captain Mahmud Ali said Bangladesh Navy took over the management of the establishment with a working capital of Tk 7.19 crore.

He said three ships and one GRP boat were repaired in the

dockyard during the last one year with 11 naval officers and 95 permanent staff.

The dockyard needs at least six hundred people for its smooth functioning.

He said one tank carrying landing craft and a high-speed boat of Bangladesh Navy are undergoing overhauling at the moment.

Shipbuilding companies get Tk 2000 crore

Three largest shipbuilding companies in Bangladesh have got export offer of ship buildings of about Tk 2000 crore within three months, which shows a huge potentiality in this sector.

This was told by KM Mahmood Ur Rahman, managing director of Highspeed Shipbuilding and Engineering Company Limited, at a press conference held at the Purbani Hotel recently.

Highspeed, the country's oldest shipbuilder, on March 11 signed a memorandum of understanding with Hollander Scholtens (HS), Groningen, the Netherlands for construction of eight numbers of MPC (ICE Class) vessels in phases with a cost of Tk 600 crore (87 million dollar), he said at the press conference.

The eight ships, each of 4500-tonne capacity, will be built in phases, which is expected to begin in December, he said.

Ananda Shipyard and Slipways Limited, based at Meghnaghat, and Western Marine in Chittagong have already bagged rest of the order of Tk 2000

crore since the country emerged as new global destination of shipbuilding last year, he said.

Mahmood said this new shipbuilding efforts will open new avenue for earning foreign exchange through export of new ships.

'Bangladeshi Shipyards have acquired a lot of experiences in the field of shipbuilding. Our cost of production is highly competitive compared to other foreign shipyards and this advantage has been realised by the foreign ship owners, who are now placing orders to Bangladesh Shipyards,' said Mahmood.

Urging the government to give proper attention and assistance to the sector, Mamood said it would be necessary for the government to allow them to import all kinds of capital machinery for setting up new heavy shipyards and also allow them bonded ware house facilities for import of all raw materials through green channel.

If government gives enough incentives to the shipbuilding sector, it will be able to contribute substantially in the national economy, generating employment in line with readymade garment sector, he said.

Among others, project management consultant (Hollander Scholtens) Jacob Gnodde, Nick Dowling, president of Bangladesh Dutch Chamber of Commerce JF Oldenhuizing, managing

director of FastGrowth Holdings Limited, Mashiur Rahman and head of department of Naval Architecture and Marine Engineering of BUET Khabirul Haque Chowdhury attended the press conference.

Government to give loans to jute farmers

The government will give loans to farmers to encourage jute cultivation to boost the country's jute sector.

"The government has undertaken a reform project to boost the sector by helping the jute growers and the BJMC," LGRD Adviser Anwarul Iqbal told reporters recently.

Under the programme, farmers in jute growing areas will receive loans, the adviser said emerging from of a meeting on implementation of ADP (annual development programme) of Bangladesh Rural Development Board (BRDB).

A farmer will receive Tk 9,000 for growing jute on an acre of land.

"We will also distribute high-yielding jute seeds among the jute growers through the BRDB," said the adviser.

The government will also issue Tk 1,000 crore bonds to boost jute mills operated by Bangladesh Jute Mills Corporation (BJMC), the adviser said.

Now, 14 jute mills are operated under BJMC.

About the condition of closed jute mill workers, the adviser said, "Employees of the closed

jute mills of BJMC are passing hard days. The government is paying their dues gradually."

Meantime, BJMC Chairman Ataharul Islam and Jute Secretary Abdur Rashid Sarkar had a meeting with Anwarul Iqbal at his office where they discussed agitation of jute mills workers in Khulna.

The adviser, who will attend a cabinet meeting in Barisal soon, will meet the agitating employees at Khulna Circuit House to get a firsthand account of their problems, the BJMC chairman told reporters later.

Islami Bank celebrates silver jubilee

Islami Bank Bangladesh Limited celebrated its 25th founding anniversary recently, says a press release.

186 branches, 10 zonal offices and head office were decorated with different colourful banners, posters and festoons on the occasion.

Clients were greeted with flowers. Customers and well-wishers expressed their cordial greetings to the executives, officers and employees of the bank.

Prof Abu Nasser Muhammad Abdus Zaher, chairman of the Board of Directors, and M Fariduddin Ahmad, executive president of the bank, expressed their gratefulness to the Allah for the progress so far achieved.