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HIGHLIGHTS OF THE ISSUE

POLITICAL AND FOREIGN AFFAIRS

Hon. Prime Minister visits Myanmar

Palestine Interior Minister calls on Hon. Foreign Minister

GOOD GOVERNANCE

6th five-year plan unveiled

Draft VAT law to ease return

BUSINESS, TRADE AND INVESTMENT

McKinsey upbeat on Bangladesh's garment export

IDCOL posts Tk 45cr net income

DIGITAL BANGLADESH

Outsourcing : Bangladesh's annual earnings can surpass \$5b e-payment gateway soon

INFRASTRUCTURE DEVELOPMENT

4 major private power deals signed

ADB awards three government projects

SUSTAINABLE DEVELOPMENT

Aman harvests fulfill expectations

EMBASSY NEWS

16-17 December: Victory Day events

POLITICAL AND FOREIGN AFFAIRS

Hon. Prime Minister visits Myanmar

Hon. Prime Minister Sheikh Hasina paid an official visit to Nay Pai Taw, Myanmar from December 5-7, 2011. The Hon. Prime Minister held official talks with the President of Myanmar U Thein Sein and urged upon the Myanmar authorities to take a fresh vow to prosper together with Bangladesh as an old friend and neighbour."Closer cooperation will allow us to move rapidly towards achieving our common goals of prosperity of our peoples, our nations and our region," she said. The Prime Minister addressed a banquet hosted by the Myanmar President at President Office. The Hon. Prime Minister said that the two instruments signed on December 6, 2012 for establishing a joint commission for bilateral cooperation and a joint business council would open up exciting opportunities to boost relations between the two countries.



Mentioning the excellent bilateral ties between the two countries, Prime Minister Sheikh Hasina said the relations are based on mutual trust and respect, shared history, common cultural heritage and values, spirit of good neighborliness and peaceful coexistence. She said Bangladesh is moving forward despite many formidable challenges and it has been observing with admiration the rapid economic development of Myanmar.

The Bangladesh Prime Minister congratulated the people of Myanmar on successful journey towards democracy. Prime Minister Sheikh Hasina also felicitated U Thein Sein on his election as the chairman of ASEAN (Association of Southeast Asian Nations). She hoped that Myanmar would contribute to building bridges between ASEAN with other regions and

countries, as it has been doing as chairman of BIMSTEC (Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation).The Myanmar leader thanked the

Bangladesh Prime Minister for undertaking the visit and expressed his hope that it would lead to a new era of friendship between the two neighbours.

Palestine Interior Minister calls on Hon. Foreign Minister

Palestine Interior Minister Dr Said Abuali called on the Hon. Foreign Minister Dr Dipu Moni in Dhaka on December 20, 2011. At the meeting the Bangladesh Foreign Minister reaffirmed Bangladesh's full support to the just cause of the Palestinians who have long been fighting for their independent homeland.

Bangladesh is in line with the position of the OIC which recently voted for the full membership of the state of Palestine in the

Unesco and promises to do the same in any other forum of the UN and international organisations. Bangladesh supports the peace initiatives taken so far for the Middle East, including the road map, the Annapolis Agreement and the Arab Peace Initiative-2002.

The Hon. Foreign Minister said that Bangladesh condemns any state-sponsored act of aggression, provocation or manipulation against the Islamic holy sites in the Al-Haram Al-Quds Ash-Sharif, including the holy Masjid-ul-Al Aqsa, the third holiest site of Islam. The Palestinian minister appreciated Bangladesh for its support to the cause of Palestine.

GOOD GOVERNANCE

6th five-year plan unveiled

TARGETS FOR FIVE YEARS

Over 7% GDP growth
Bringing down people below poverty line to 22% from 31.5%
Tk 13 trillion in investment
1 crore new jobs
Additional 3 lakh tonnes of rice a year
100% primary school completion rate
Scaling up electricity generation to 15,357 MW by 2015
Electricity for 65% of population
Raising tele-density to 70% and broadband internet to 30%

The government on December 28, 2011 formally unveiled the sixth five-year plan with focus on result-based monitoring and evaluation of performances against the targets. The government aims to attain more than 7 percent growth of the economy a year and limit inflation within 7 percent during the execution period until fiscal 2015.

With the goal of ensuring inclusive economic growth, the document has set a target of bringing down poverty to 22 percent by fiscal 2015 from 31.5 percent at present and create ten million new jobs.

To monitor the results and performances of ministries and various priority sectors against targets set in the plan, yardsticks of evaluation have been included in the plan. "The plan offers scope to evaluate its targets and achievements in the backdrop of changing reality," said economist Wahiduddin Mahmud, chair of a 16-member panel of economists who suggested priorities in the framing of the plan.

In line with the plan, performances of various sectors and ministries will be measured on the basis of 25-30 yardsticks. General Economic Division of the Planning Commission will publish the monitoring reports based on these indices. The document, which comes after a decade following donor-prescribed Poverty Reduction Strategy Paper to realise development goals, targets an investment of Tk 13.5 trillion in five years. 77.2 percent of that is expected from the private sector, while the rest from the public sector. Setting strategies for 10 priority sectors, the plan stressed the need for achieving self-sufficiency in food, accelerating industrialisation for increased exports, addressing power and energy crunch and upgrading infrastructure. It also emphasises developing human resources through education, focusing on planned urbanisation and improving people's health and nutrition condition.

BUSINESS, TRADE AND INVESTMENT

McKinsey upbeat on Bangladesh's garment export

EXPORTS TO REACH

\$36b to

\$42b

in 10 years

EARNINGS LAST YEAR

\$12.59b

CURRENT NUMBER OF FACTORIES

5,000

Bangladesh's apparel exports could triple by 2020 as European and US buyers plan to strengthen their presence in the country and new players enter the market seen as 'next China', said McKinsey in its globally celebrated study.

McKinsey & Company, a global management consulting firm and trusted adviser to the world's leading businesses, governments and institutions, said Bangladesh's high growth at the readymade garment sector would continue for a decade. The country's sourcing market will get crowded amid incumbent buyers' plan to

stay for long and new markets are increasingly becoming important customers for Bangladesh, said the US-based company.

"Depending on how well the most severe issues can be managed, the market will realistically develop at an annual rate of 7-9 percent within the next ten years, resulting in an export value of around \$36 billion to \$42 billion," it said.

Bangladesh fetched \$12.59 billion from garment exports in 2010-2011, accounting for around 80 percent of national exports and 13 percent of gross national product. Recently, McKinsey has conducted a study to review Bangladesh's RMG growth formula. It is an extensive interview-based survey of chief purchasing officers from leading apparel players in Europe and the US, who account for \$46 billion in total apparel sourcing value and covering 66 percent of all apparel exports from Bangladesh.

The study also included telephone-based survey of more than 100 local garment suppliers and in-depth research. The study said, while China is starting to lose its attractiveness due to a rise in costs of doing business, the sourcing caravan is moving on to the next hot spot. Costs have also increased significantly in other key sourcing markets, leading buyers to question their current

sourcing strategies. In 2010, China dominated RMG imports to Europe and the US, accounting for about 40 percent of the import volume in each region. But the McKinsey survey shows that CPOs almost unanimously favour moving some of their sourcing away from China. Fifty-four percent of them shared their plans to decrease their activities in the world's second largest economy by up to 10 percent, while 23 percent stated that they sought to decrease their share of sourcing by more than 10 percent over the next five years.

As western buyers search for the 'next China', they are evaluating all options to strengthen their proximity sourcing, moving on to Northwest China, Southeast Asia, and other Far East supplier countries. Bangladesh is clearly the preferred next stop for the sourcing caravan. It said other markets in Southeast Asia will increase their exports too, but will not be able to replace -- at least in the near future -- Bangladesh as a viable RMG sourcing hub. Bangladesh offers the two main "hard" advantages -- price and capacity. It also provides satisfactory quality levels, especially in value and entry-level mid-market products, said the research firm.

All CPOs named price attractiveness as the first and foremost reason for purchasing in Bangladesh, and said the country's price levels will remain highly competitive in the future. Half of the CPOs mentioned capacity as the second-

biggest advantage of Bangladesh. With a current 5,000 RMG factories employing about 3.6 million workers, the country is clearly ahead of Southeast Asian suppliers in terms of capacity offered (e.g., Indonesia has about 2,450 factories, Vietnam 2,000, and Cambodia 260 factories).

Other markets, such as India and Pakistan, would have the potential to be high-volume supply markets, but high risk or structural workforce factors prevent utilisation of their capacity.

Bangladesh's RMG industry will continue to face growing demand. The CPOs of value players want to increase the value of their sourcing in Bangladesh by about a 10 percent annual growth rate, whereas mid-market players plan an annual growth rate of around 14 percent.

The McKinsey study said the potential for Bangladesh's RMG growth can be realised only if the challenges in areas of infrastructure, compliance, supplier performance and workforce supply, raw materials, and economy and political stability are tackled. The study notes the three main stakeholders -- government, suppliers and buyers -- can accomplish the development potential and solve Bangladesh's RMG growth formula. "Only if wholehearted efforts are led by all stakeholders together, will the stage be set to support a future 'rebranding' of Bangladesh."

IDCOL posts Tk 45cr net income

State-owned Infrastructure Development Company Ltd (IDCOL) posted a net income of Tk 44.93 crore in 2010-11, up 51.68 percent from the previous fiscal year. The information was disclosed at IDCOL's 14th annual general meeting held on 27 December 2011 .

Draft VAT law to ease return

A proposed VAT Law 2011, drafted by the National Board of Revenue (NBR), seeks to cut discretionary power of taxmen and abolish their authority to arrest delinquent tax-evaders -- a move that is likely to ease much of businesses fear of harassment.

At a consultation workshop on draft VAT (value added tax) Act 2011 with businessmen at Dhaka Chamber of Commerce and Industry (DCCI) the business representatives noted that it is a praiseworthy move from the Government to create a taxpayer friendly environment. The proposed VAT law, which is set to replace the

During 2010-11, the company's profit before tax and provision was Tk 93.66 crore with a 38.39 percent rise from the previous year. The company decided to pay Tk 10 crore as dividends to the government for 2010-11. The shareholders also approved an increase in the company's paidup capital from Tk 87 crore to Tk 120 crore. IDCOL is a leading financier of private sector infrastructure projects and renewable energy technologies in Bangladesh.

two-decade old VAT Act 1991, is likely to be placed in the parliament in the next budget session, in June 2012 .Under the draft law, the power of arresting taxpayers by VAT officials, as given by the current law, will go. To reduce the hassles of entrepreneurs to get registration for branch offices, the draft law proposes a single registration of a company instead of registration from tax offices for branches located at different places. But the new law provides businesses the scope of tax adjustment for VAT deducted at source. The draft law also aims to trim the list of VAT exemptions, which will increase revenue collection.

INFRASTRUCTURE DEVELOPMENT

4 major private power deals signed

The government on 20 December 2011 signed deals with two companies to set up coal-based and solar power plants of total 1,105MW capacity, as part of its efforts to diversify energy sources. As per the agreements with the Power Development Board, Orion Group will build three coal-fired power plants while Solarium Power Ltd, a solar power plant. Of the coal-fired power plants, one will be in Chittagong with a capacity of 282.67MW, one in Khulna of 282.67MW capacity and one in Mawa of Munshiganj of 522MW.

ADB awards three government projects

The Asian Development Bank (ADB) awarded its three best performing project teams in Bangladesh in recognition of their effective scheme implementation, results delivery and transparency in procurement for 2011. The winning project teams are Second Urban Governance and Infrastructure Improvement

The projects will be completed between 36 and 45 months at a total cost of \$1.4 billion.

Solarium Power Ltd will set up its power plant in Mymensingh with a capacity of 18MW. The plant is expected to come into operation in two years. The World Bank will provide financial assistance in building the solar plant which will cost Tk 235crore. The plant will be built on 120 bighas of land and will run 24 hours a day.

This is for the first time the private sector will build coal-based power plant. The country at present has one state-run coal-fired power plant in Dinajpur. PDB officials says that the project is a milestone for Bangladesh, as the country has not installed a solar power plant with such a high capacity before.

Project, executed by Local Government Engineering Department (LGED); Teaching Quality Improvement in Secondary Education Project, executed by the Directorate of Secondary and Higher Education; and Jamuna Meghna River Erosion Mitigation Project, executed by Bangladesh Water Development Board.

The best project recognition programme, initiated in 2001, is part of an ongoing effort by ADB to continuously improve the development effectiveness of the projects that the Manila-

based lender finances in the country. At a ceremony at its office in Dhaka on 8 December 2011 ADB's Country Director handed over the prizes to the winning project teams and said that the awards were given recognising the project teams' excellence in efficiency, results delivery,

transparency in procurement, effective project implementation, and efforts to empower women. As one of the major development partners of Bangladesh, ADB is currently supporting a wide range of development programmes under 55 government projects worth around \$5.6 billion.

DIGITAL BANGLADESH

e-payment gateway soon

The central bank has taken an initiative to set up e-payment gateway to expand internet banking and e-commerce in the country. The Bangladesh Bank Governor while inaugurating the 'Easy Pay' system of ICB Islamic Bank under Bangladesh Electronic Fund Transfer Network (BEFTN) on December 8, 2011 said that this service will be available from the first quarter of 2013. Inter

operability among the terminals of automated teller machine and point of sales will be ensured across the country through this e-payment gateway, and it will help expand e-commerce in the country. The recent progress in the payment system is part of the central bank's efforts to ensure the development of the country's banking sector," he said. The Bangladesh Bank Governor said clients now can transfer funds safely and quickly at affordable cost under the BEFTN.

Outsourcing : Bangladesh's annual earnings can surpass \$5b

Bangladesh has the potential to create over 2 lakh direct and 50,000 indirect jobs and earn \$5 billion in foreign currency per year in the next decade through outsourcing business. Foreign telecom analysts made the observation on

December 2, 2011 at *eAsia 2011*, Asia's mega information and communications technology (ICT) programme in Dhaka. Outsourcing, also known as business process outsourcing, is a way of doing business through a third party.

A number of foreign outsourcing experts, researchers, administrators as well as local policymakers spoke at event at the Bangabandhu International Conference Centre. Gurujot Singh Khalsa, CEO of US-based WorldBridge Global

Inc, said within the next 15 years Bangladesh should look to earn \$8 billion per year from outsourcing business. WorldBridge, is going to invest \$150 million in Bangladesh in the next five years, which will create 10,000 direct and 3,000 indirect jobs earning \$100 million in foreign money per year. Experts noted that

though Bangladesh's IT sector is not that big presently, it has grown by over 40 percent for the last five years. Analysts also stressed the need for infrastructure, English proficiency and backup international submarine cable, among other things, for the outsourcing business to grow in Bangladesh.

SUSTAINABLE DEVELOPMENT

Aman harvests fulfill expectations



With the Aman season almost over, there are signs of a bumper rice production this season, officials of both food and agriculture ministries sound optimistic. Buoyed by the prospect of an increased output in the

first rice season of the current fiscal year (2011-12), the government has decided to stop rice import.

Rain-fed Aman harvested in November-December, the first rice season out of three in a fiscal year, contributes 38 percent of the country's over 30 million tonnes of rice output. Irrigated Boro contributes 56 percent and Aus six percent. Farmers in Northern Bangladesh are particularly happy about this year's yield as they have reaped up to 54 maunds of rice per acre in certain areas while the average output surpassed 40 maunds per acre.

Bangladesh Bureau of Statistics records show Aman output last season stood at 12.7 million tonnes while the Department of Agriculture Extension (DAE) says rice output from an Aman acreage of over five million hectares this season is likely to be 13 million tonnes. The UN Food and Agriculture Organisation (FAO)'s forecast of November 2011 said that Aman output this time would be four percent higher than last year's.

16-17 December: Victory Day events

The 40th anniversary of the Victory Day of Bangladesh was celebrated with discussion, cultural function and festivity in the auditorium of the Embassy on December 17, 2011. Despite cold wave, an overflowing crowd of about 400 audiences, comprising officials from US State Department and other Agencies, academics, representatives from Think Tanks, socio-cultural organizations and members of the community joined the function, among others. Mr Promode Mankin, State Minister for Ministry of Cultural Affairs, was present as the chief guest on the occasion. Bangladesh Ambassador to USA and State Minister H.E. Mr. Akramul Qader, in his welcome speech, paid rich tribute to Father of the Nation Bangabandhu Sheikh Mujibur Rahman, millions of martyrs and the valiant freedom fighters for the creation of Bangladesh as an independent and sovereign country in the world map. Ambassador Qader said that the present Government of Hon'ble Prime Minister Sheikh Hasina is working hard to fulfill the dreams of the freedom fighters. He mentioned about the role of the individuals in the USA to the cause of Bangladesh's independence, and informed the audience about the government's initiative to honor the friends of Bangladesh in different countries including the USA. Ambassador Qader urged the Bangladesh expatriates to come forward for the socio-economic development of the country and graduating Bangladesh into a middle income-country by 2021. The main objective of the present democratic government is to make a poverty free country-he added.

Paying rich tribute to the martyrs of Independence war and Father of the Nation Bangabandhu Sheikh Mujibur Rahman State Minister Promode Mankin recalled the sacrifices of the freedom fighters for achieving the Independence of the country. The State Minister said, under the dynamic leadership and directive of Bangabandhu Sheikh Mujib, all Bangalees were united to fight against the Pakistan army to free the country. After nine months of heroic fighting against the Pakistani forces, finally on this day (December 16, 1971) we achieved the victory over the occupied forces. Mr. Peter Blood, son of late Archer K. Blood-the then US Consul General to Dhaka, in his emotion-choked speech, narrated his father's role in favor of the freedom struggle of Bangalees. Mr. Scott Butcher, a lead draftsman and signatory of the 'Blood Telegram', USA, chronicled the struggles and sacrifices of the Bangladesh people during the war of Independence. At the beginning of discussion one minute silence was observed to pay respect for the martyrs of the independence war.

On the occasion the Bangladesh embassy, illuminated elegantly, wore a festive look. Guests were served with Bangladeshi cuisine. On 16 December, 2011, as a part of two-day Victory Day programs, Bangladesh national flag was ceremonially hoisted by Ambassador Qader in presence of all the officials of the Embassy. Messages from Hon'ble President, Hon'ble Prime Minister and Hon'ble Foreign Minister were read out. The program in the morning concluded with a special prayer seeking eternal peace of the souls of the independence war martyrs and for the peace and prosperity of the country.

PHOTO GALLERY



2011 Victory Day events

News source:

Different daily and weekly newspapers published from Bangladesh