



Newsflash Bangladesh December 2013

Edition 27



Women working in RMG factories

Embassy of the Kingdom of the Netherlands

Newsflash Bangladesh is a publication by the Embassy of the Kingdom of the Netherlands (EKN) in Dhaka. The newsflash provides an update in terms of economic developments, the most important tenders and a selection of other relevant business news related to Bangladesh. This newsflash is shared with a distinctive group of Dutch businesses with special interests in Bangladesh. It is put together on the basis of publicly available information from various sources such as news articles, press releases, and third party information. The Embassy of the Kingdom of the Netherlands in Dhaka is not responsible for the accuracy of the published information. If you do not wish to receive the Newsflash Bangladesh, or would like to add a person to the distribution list, or if you desire to give us your comments, please feel free to send a message to dha-ea@minbuza.nl

For further practical economic information about Bangladesh, please refer to the Netherlands Bangladesh Business Platform – www.nbbp.org, developed by the Embassy of the Kingdom of the Netherlands in Bangladesh in collaboration with Dutch Business University Nyenrode for the Dutch-Bangladeshi business community. The platform bundles information on all that is relevant for doing business in Bangladesh, providing targeted sector analysis, insights into risks and opportunities of doing business, including concrete advice on good business practices, an overview of the most relevant government policies for intending investors and many more.

HIGHLIGHTS

- Gazette notification published to implement 77% hike of minimum wage for RMG workers, effective from 1 Dec, however owners have doubts over timely execution.
- RMG export earnings up by 21% despite odds, but political unrest is likely to be reflected in the coming months'.
- Garment exporters face tough times as Pakistan gets EU GSP; competition is set to intensify for Bangladesh's apparel sector.
- Cotton import from Uzbekistan triggers row over warehouse – gov't in a dilemma as local buyers not in favour of monopoly.
- USD 26m deal signed with local bidder for service area of Padma Bridge, gov't optimistic to start construction of the main bridge soon.
- Western Marine secures contract to build vessel for New Zealand - boosting the country's shipbuilding industry.
- BB issues agent-banking guideline to provide limited-scale banking services to the poor.
- Tip of the month: for those businesses that have concrete market entry plans: this month we would like to highlight practical information on establishing a company, including start up considerations, advice on appointing a local agent and thoughts on local business etiquette: <http://www.nbbp.org/?q=EstablishingACompany>.



Political Update: National Elections and Economic Implications

The 10th Parliamentary Election was held on 5th January 2014 amidst violence and a non-participation of the opposition. Awami League won a majority with 232 seats. The BNP called for 48 hours hartal from the 6th January to 8th January. The coming weeks will most likely be marked by further uncertainty over the political situation. Statements in this regard have been issued by among others US and Commonwealth (<http://geneva.usmission.gov/2014/01/07/u-s-statement-on-parliamentary-elections-in-bangladesh/>; <http://thecommonwealth.org/media/news/commonwealth-comments-elections-urges-dialogue-bangladesh>).

Since early 2013 political events and uncertainty in the run-up to the national elections have affected economic activity and curbed investment appetite, thereby slowing private credit growth and imports. According to the International Monetary Fund (IMF), Bangladesh's economic growth is expected to slow to 5.5 percent in FY2013-14 from 6 percent in the previous year, as political unrest preceding as well as after the elections are taking their toll. The country has been suffering from violent protests and a series of shutdowns and transport blockades, which, looking ahead, in combination with an expected transition in the garment sector to higher costs and upgraded labor and safety standards, pose important challenges.

Several Dutch companies active in Bangladesh have indicated to be already impacted by the on-going political unrest. Common denominators for these businesses were increased transport costs, failure to deliver in a timely manner or at all due to the blockades resulting in a loss of customer satisfaction, increased unsafety of employees, which in certain cases has led to decreased working hours, and, in some cases even a significant loss in revenue.

Textile and Ready Made Garments (RMG)

EU GSP threat looms large (The Financial Express) Bangladesh runs the risk of losing its Generalized System of Preferences (GSP) facilities in the European Union (EU) if it fails to fulfill key EU conditions - trade union rights for workers and greater safety in the workplace - within a given timeframe. EU Trade Commissioner Karel De Gucht issued this notice at the ninth ministerial-level summit of the World Trade Organization in Indonesia on 4 December. Bangladesh had earlier forfeited its special trading status in the US market for similar shortcomings. De Gucht said Bangladesh would have to achieve significant progress within a fixed timeframe in line with the roadmap to keep the duty-free access to the EU market. Bangladesh had agreed in July to fulfill conditions recommended by the EU following a fire in Tazreen Fashions and the Rana Plaza collapse that killed over a thousand people. Under the agreement, the EU expects Bangladesh to allow workers trade union rights and enhance workplace safety within one year before reviewing its decision.



Gazette on RMG workers' wage hike published, giving effect from Dec 1- owners' skeptic of abilities, workers fear delay (The Financial Express)



Government published a gazette notification on 5 December, paving the way for implementing a 77 percent hike in the minimum wage for RMG workers, effective from 1 December, 2013. However, apparel makers have expressed their doubt about timely implementation of the new wages as the sector is passing through bad times due to ongoing political turmoil. Demanding proper and timely execution of the new wage structure,



labour leaders fear any further delay in implementing the latest wages could spark further bouts of violence in the RMG industrial belts. The gazette was published 17 days after a meeting of the government-formed wage board in which all the parties, including apparel makers and trade union leaders, reached a consensus on a new wage structure. Earlier on November 21, the wage board finalized a new minimum wage at Tk 5,300, raising it from Tk 3000, for an entry-level RMG hand. Workers will receive the new wages in January 2014.

RMG export earnings up by 21pc despite odds (The Financial Express) Export earnings from apparel products during July-November of 2013 grew by more than 20 percent compared to the corresponding period of 2012 despite sharp reactions both at home and abroad to the recent tragic incidents in the garment industry. Export receipts from knit products stood at USD4.89 billion during the July-November period. Earnings surpassed the target by 11.04 percent according to official data of the Export Promotion Bureau.

New investments in RMG sector drop sharply in first half of FY'14 (The Financial Express) New investments in the RMG sector dropped sharply in the first half of the FY2013-2014 following several tragic incidents and ongoing political unrest. Only three RMG units have been listed with the Registrar Joint Stock Companies and Firms until December 15 of FY-2013-14 against twelve in the corresponding period of last year. The number of applications with BGMEA for setting up new factories has also declined to 48 during the period, from 69 a year ago. Furthermore BKMEA approved around 38 new memberships, down from 51 in the corresponding period.

Political Unrest - RMG orders worth USD3.77m cancelled in December (The Daily Star) Foreign buyers have cancelled orders worth USD 3.77 million so far in December, as garment manufacturers failed to make shipments on time due to repeated strikes and blockades. A survey of 31 factories conducted by BGMEA during 1 – 26 December, found that 20 factories faced order cancellation. During the period, 24 exporters spent USD1.15 million on air shipment to meet deadlines, according to the survey. In addition, 20 factories saw price cuts worth USD1.72 million as foreign buyers did not receive their products on time. Shipment delays cost 28 exporters USD7.83 million, while vandalism cost 13 factories USD 2.3 million during the blockades and strikes.

Canada joins UK and Netherlands global effort (The Daily Star) Canada's federal government has kicked in funding for an international effort to boost worker safety in Bangladesh clothing factories, which manufacture products for many Canadian retailers. Canada's USD8 million over four years, announced on 12 December, will help the International Labour Organization offer technical support to Bangladesh's government to inspect its factories in response to the collapse of Rana Plaza earlier this year. Earlier the UK and the Netherlands contributed the same amount of funding to ILO for this project.

Inclusion in Advisory Body: BGMEA opposes EU Accord's proposal (The New Age) Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has opposed EU Accord's proposal to include a BGMEA representative in its advisory committee and demanded to be included in the steering committee of the platform of EU retailers and buyers. On 17 December, officials of EU Accord in a meeting proposed BGMEA to include a representative in the advisory committee, which will be formed comprising of representatives from NGOs, factory owners and labour leaders. According to a BGMEA representative, the advisory committee does not have the authority to take decisions, therefore BGMEA requested the Accord to include them in the steering committee to ensure smooth coordination. Roy Ramesh Chandra, steering committee member of the EU Accord, stated that the Accord is a global initiative of buyers, brands and trade unions and therefore, any third party is not eligible in its steering committee.



North American retailers to finish factory inspection by mid-July: Krilla says at the launch of Alliance's Dhaka office (The New Age)

Jeffrey Krilla, the president of Alliance for Bangladesh Worker Safety, a North American retailers' platform, said that they would complete inspection of the garment factories in Bangladesh by mid July 2014. He made this statement while speaking at the opening ceremony of their Dhaka office on 9 December. The Alliance will inspect more than 600 factories in Bangladesh and take necessary remedial measures. After the Rana Plaza building collapse in April, 17 North American retailers formed the Alliance in July 2013 for Bangladesh Worker Safety undertaking a five-year plan which sets aggressive timelines and accountability for inspections, trainings and worker empowerment. The Alliance Bangladesh office has been set up with 14 staff including a managing director.



Chinese firm wants to invest USD175m for garment village - BGMEA, BKMEA set to form joint company (The Financial Express)

A Chinese firm has shown its interest to invest USD 175m for land and infrastructure development of the proposed garment industrial park at Bausia in Munshiganj. BGMEA and BKMEA will jointly form a company by December to sign a deal with the Chinese company. According to sources, the Chinese company has sought guarantors of the fund and several rounds of talks were also held between the apparel leaders and the Bangladesh Association of Banks in this regard. Government has allocated 500 acres of land for the garment village at Bausia. Land acquisition has in the meantime been completed by the concerned authorities. BGMEA and BKMEA have been asked to pay an estimated USD 97.13 million within the next two months. The garment industrial park will have plots with infrastructural facilities, utility and medical service, CETPs, day-care centres, roads, drainage facilities, waste-dumping yards, fire-fighting equipment, banks, insurance offices and IT parks.

Textile industry seeks banking support to tide over crisis (The Financial Express)

The country's textile industry owners have sought banking and financial support to help overcome the losses they are now incurring due to political unrest. In a joint statement placed before the Finance Minister - BGMEA, BKMEA and BTMA demanded a special loan arrangement for all factories so that they can pay worker wages between November 2013 and February 2014. The loan will be repaid by the factories within the next two years. Textile industry owners also demanded continuation of letters of credit and other facilities without any interruption; payment of installment of any loan to be kept blocked for next two years with a provision in the legal framework plan so that those who want to leave the industry can do so; special incentives against telephonic transfer payment and withdrawal of extra charge collected by the Chittagong Port Authorities. Owners claimed that overall production of the industry has been reduced by 10 percent in recent months due to political instability.

Garment exporters face tough times as Pakistan gets European GSP (The Daily Star)

Competition is set to intensify for Bangladesh's apparel sector as the EU has granted trade privileges to Pakistan. The duty waiver scheme, known as the generalized system of preferences, will come into effect for Pakistan from January 1 and will apply to 75 products, mostly garments. It ends in 2017. Bangladeshi garment makers said the duty privilege will boost Pakistan's exports by USD1 billion a year to the EU market, which now consumes 60 percent of Bangladesh's total garment exports. At present, Pakistan exports garments worth more than USD6.1 billion to the EU, and once the duty benefit takes effect, Bangladesh will have to compete with Pakistan in the market. Under the same scheme, Bangladesh as a least developed country enjoys complete duty waiver from the EU for all products except arms.



Labour unrest in RMG sector - US, EU retailers diverting orders from Bangladesh to India: report (The New Age) Labour unrest in the RMG sector in Bangladesh has put Indian apparel exporters in an advantageous position, reports Times of India. The US and EU are diverting orders from Bangladesh to India to meet their apparel requirements for the upcoming summer season. Talking to the Economic Times, DK Nair, general secretary, Confederation of Indian Textile Industry, said, 'Though we do not want to take advantage of any country's problem, it is true that orders are being diverted to India from US and EU, and this is helping our apparel exports.' RMG Export in India for April-October 2013 has increased by 15.5 percent over the same period of the previous year and reached USD8,259 million.

RMG stimulus in offering cash incentive may go up, while export tax may fall, among other benefits, to protect exporters from political shocks (The Daily Star) Government along with the Bangladesh Bank plans to come up with a stimulus package for the RMG sector that has been affected by the ongoing political unrest. The export tax for the sector may be brought down to 0.50-0.60 percent from 0.80 percent, although garment makers want it at 0.25 percent. Government may also increase the amount of cash incentive for garment exporters to 6 percent from 5 percent. And banks may raise cash credit on garment makers' export earnings to 40 percent, which is 25 percent at present. These incentives will remain effective for one and a half years even though the garment makers want the benefits for at least three years, according to a finance ministry official.

Uzbekistan wants to create cotton trading hub in Bangladesh (The New Age) Uzbekistan has made a proposal to Bangladesh for creating a hub of trading Uzbek cotton in the region by setting up a free warehouse in Bangladesh under the cotton agreement between the two countries. According to the Ministry of Commerce, Uzbekistan had recently sent a modified draft of memorandum of understanding with a provision of establishing a free warehouse from where they would sell cotton to Bangladesh and export to other countries in the region. Government would take a decision on the proposal upon receiving opinion from the stakeholders. In May 2012, Dhaka and Tashkent agreed to sign a cotton supply agreement. Since then, both countries are trying to finalize the draft of the agreement.

Infrastructure

Padma Bridge project – USD 26m deal signed with selected bidder (The Financial Express) Communication Minister Obaidul Quader signed a contract with Abdul Monem Ltd to award service area-2 development work of the Padma bridge project at a cost of USD26 million on 10 December. Abdul Monem Ltd won the work to construct a motel, a resort, a reception building, a supervision office, 30 duplex houses, an overhead water tank, a deep tube-well and pump house, a health centre, a 1,250 KVA electric sub-station, fire detection and firefighting systems at the Jajira side of the proposed bridge within 912 days. Abdul Monem Ltd won three component works, out of five, of the USD3.0 billion Padma Bridge project.

Edotco to buy Robi towers for USD145m (The Daily Star) Edotco Bangladesh Co Ltd (e.co), a new tower operating company, is buying passive networking infrastructure of Robi at USD145 million. The company will invest an additional USD50 million in the next year to upgrade and expand its network to operate these assets. It will provide tower services to all telecom, Wi-Fi, WiMax and other similar organizations with communication needs. The company is part of the e.co Group, which is a newly formed operation within the Malaysia based Axiata Group, owner of the Robi network.





Gov't to construct Kalna Bridge on Madhumoti River (The Financial Express)

Government announces it will construct a bridge on Madhumoti River to connect the Asian Highway, set to enter at the south-western Benapole land port and exit from the north-eastern Tamabil land port, according to Ministry of Communications. Roads and Highways Department would build the 680 metres long four lane Kalna Bridge on Madhumoti River in south-western Narail district to ensure smooth regional communications. The USD30.63 million bridge will connect the Indian West Bengal state with its eastern Meghalaya state through Bangladesh territory in a bid to join the Asian Highway (AH1) route. AH1 is the longest route of the Asian Highway Network, running 20,557 kilometres from Tokyo, Japan via Korea, China, Southeast Asia, Bangladesh, India, Pakistan, Afghanistan and Iran to the border between Turkey and Bulgaria, west of Istanbul, where it joins end-on with European route E80.



Young techies getting increased outsourcing jobs (The Financial Express)

Young freelancers are increasingly getting software and IT-enabled services orders as global firms reach out to countries like Bangladesh seeking cheaper solutions. More than 40,000 freelance software developers are estimated to have earned USD35 million and outsourcing may exceed USD70 million at the end of this year. Increased bandwidth and transmission speed is also

helping the freelance entrepreneurs to obtain foreign jobs, according to Bangladesh Association of Software and Information Services (BASIS). Development of software, animation, cartoon, games, management, telecommunication software solutions and other IT-enabled services are being done by local outsourcing developers. Government is also trying to create opportunities by providing access to finance to the freelancers to find more jobs. Bangladesh ranks third in freelance outsourcing in the world, according to oDesk, an outsourcing job portal.

Oil/Gas/Energy

US consortium to build floating LNG terminal under new terms (The Financial Express)

A US consortium, comprising of Astra Oil and Excelerate Energy, has agreed to build Bangladesh's first floating LNG terminal under new terms, to be covered by special law, according to a Petrobangla official. Recently, the Energy Division changed the original terms to receive USD11 million as a performance guarantee, 45 percent lower than the amount sought in the tender. The project's implementation period has also been extended to 24 months from 18 months. The consortium will get USD0.39 per Mcf as processing fee to cover the installation cost of the LNG terminal.

BPC set to borrow forex from BB for oil import (The Financial Express)

Bangladesh Petroleum Corporation (BPC) is set to utilize a portion of the foreign exchange (forex) reserve to import fuel from the international market next year, according to a senior BPC official. A preliminary discussion with Bangladesh Bank took place in this regard. The amount to be borrowed by the BPC might be from USD500 million to USD1.0 billion. The interest rate against the forex loan has not been decided.

Power Division seeks USD2.28b fund for nine projects - Improvement of generation, distribution aimed at (The Financial Express)

Government seeks USD2.28 billion from donors, especially from China, Japan, World Bank and Asian Development Bank for nine power generation and distribution projects. A Demand for funds has been made and preliminary project proposals submitted to the Planning Commission. According to the plan, Bangladesh Power Development Board (BPDB) has sought USD221.09 million for upgrading the existing Ghorashal 210 MW 3rd unit power plant to 450MW, USD 617.56 million for the Keraniganj 750MW plant, USD1.24 billion for 1500MW plant at Meghnaghat, USD101.53 million for 6th and 7th units of the Kaptai



Hydro power plant, USD44.03 million for the Jangalia (Comilla) 50MW plant and USD19.59 million for the Manikganj 25MW power plant. Besides this BPDB has also sought USD28.71 million for a power distribution system development project (Comilla and Rangpur Zone) and USD11.77 million for a pre-paid metering project (Rajshahi Zone). Currently, Bangladesh's electricity generation capacity is about 6600MW a day against the demand of 7500MW. According to BPDB, Bangladesh's anticipated peak demand for electricity

would be nearly 10,283MW in 2015, 17,304MW in 2020 and 25,199 MW in 2025.

Rampal power plant – Gov't moves to build connecting road (The Financial Express) Government has taken steps to construct a six-kilometre-long connecting road for facilitating installation of the 'controversial' 1320-megawatt thermal power plant at Rampal. BPDB would construct the road at a cost of USD6.88 million from the proposed Rampal coal-fired plant site to its nearer highway. Indian state-owned National Thermal Power Company Ltd (NTPC) will set up the plant, which is being opposed by the local environmental activists and development experts due to possible environmental damage to the world's largest mangrove forest - the Sundarbans. BPDB and NTPC formed a joint-venture company "Bangladesh India Friendship Power Company (BIFPC)" in January 2012 to build and operate the power plant.

Water/Maritime

Pangaon ICT becomes operational, finally (The Financial Express) The country's first ever inland container terminal (ICT) at Pangaon in Dhaka finally became operational on 10 December, more than a month after its official inauguration. Bangladesh Inland Water Transport Authority (BIWTA) and Chittagong Port Authority (CPA) jointly built the terminal at a cost of USD19.25 million on 64 acres of BIWTA land along the Buriganga River. The ICT has a storage capacity of 3,500 TEUs of containers and can handle 1,16,000 TEU of containers annually, which will be raised to 1,60,000 of TEU containers at a later stage.

Western Marine secures contract to build vessel for New Zealand (The Daily Star) Western Marine Shipyard has signed a USD6.6 million agreement with the New Zealand government to build an oceangoing ship, boosting the country's shipbuilding industry. The deal was signed between Western Marine and the Ministry of Foreign Affairs and Trade of New Zealand for building a passenger ship, which will comply with the highest safety measures under the SOLAS (Safety of Life at Sea) convention. Western Marine won the project work through an international tender that was called on September 2013 by New Zealand. A total of 12 shipyards were selected from Australia, Bangladesh, China, New Zealand, Poland and Singapore for the tender. British classification Society - Lloyd's Register Group will oversee construction of the oceangoing vessel. The ship has been designed by Danish firm Knude E Hansen. The 43-metre long ship will be spacious and able to comfortably carry 60 passengers in addition to 50 tonnes of cargo and supplies.



Agriculture

Bangladesh at risk of losing EU fresh produce market - Plea to gov't not to allow GM crops (The Financial Express) The UK-based organization GM Freeze (GMF) has called upon the Bangladesh government to review its decision on commercialization of GM crops to protect local farmers and exporters from the risk of



losing their business. GMF is a campaign on GM foods, crops and patents. Its web-portal is widely accessible to businesses. GMF wrote to the President, Prime Minister, and ministers for commerce and environment, urging them to turn from the decision of commercializing GM brinjal (aubergine) to protect Bangladeshi farmers and exporters from the serious risk of losing their business at the EU market. The National Bio-Safety Committee (NBSC) of Bangladesh has recently approved cultivation of genetically engineered varieties like Bt Brinjal, 'Golden Rice' and GM potato at farmers' level. GMF in its letter, issued on December 4, has reminded the government that the decision of allowing GM crops jeopardises not only the UK market, but also the market of Bangladeshi produces in the rest of the EU for a number of reasons. The move will put export of raw agricultural produces worth USD600 million at risk amid possible imposition of embargo by the importing nations, especially the EU and Middle-East, said exporters and officials concerned. The EU and Middle-Eastern countries are the major buyers of Bangladeshi agro produces, including vegetables, fruits, dry foods, flowers, and tea etc, according to the Export Promotion Bureau.



Poultry sector loses USD500m due to political unrest: BPICC (The New age) Poultry sector leaders indicated that the industry incurred losses of around USD500 million due to the ongoing political unrest. According to Bangladesh Poultry Industries Coordination Committee (BPICC), around 30 percent of the poultry farms had already been shut down due to the blockades and hartals. BPICC, a joint body of six major poultry

associations, urged the government and opposition parties to come to an immediate solution for the current political stalemate to protect the industry. It demanded rescheduling of bank loans, waving of bank interest and financial support to revive the closed farms and incentive packages to recover their losses.

Signing of food grains purchase deal with Myanmar uncertain (The Financial Express) Signing of a bilateral pact on food grain purchase between Myanmar and Bangladesh has become uncertain since Myanmar informed that it will not export rice on a government-to-government basis. However, Myanmar proposed that Bangladeshi importers can sign bilateral pacts with its private sector for importing food grains. Bangladesh is now considering whether any memorandum of understanding could be signed between the Trading Corporation of Bangladesh and private sector organizations nominated by the Myanmar government. The seventh meeting of the Joint Trade Commission of Bangladesh and Myanmar would be held in Yangon during January 14-15, 2014 where various issues, including the pact on food grain, would be discussed.

Other News

Impact of political turmoil, RMG transition- IMF projects GDP growth to go down to 5.5pc in FY '14 (The Financial Express) International Monetary Fund (IMF) has projected a 5.5 percent economic growth for Bangladesh in the current fiscal year 2013-14, due to impact of the current political turmoil and transition of the apparel sector. GDP growth projection is 1.7 percentage points lower than the government's growth target of 7.2 percent. IMF has suggested the removal of critical infrastructure bottlenecks as well as the improvement of business climate for ensuring a sustainable economic growth. The IMF executive board statement was released on 6 December following completion of the Article IV Mission on November 27.

Tax evasion by foreigners working in Bangladesh - Home Ministry wants NBR desks at immigration posts (The New Age) Home ministry has requested the National Board of Revenue (NBR) to set up offices at immigration check posts to identify tax evading foreign nationals leaving Bangladesh. The request was made at an inter-ministerial meeting held at the end of November. Representatives from the foreign



ministry, industries ministry, NBR, Board of Investment, Bangladesh Export Processing Zones Authority and intelligence agencies attended the meeting. NBR will verify documents submitted by the foreign workers at the immigration check posts manually or online. Home ministry will finalize the decision in the next meeting to be held after receiving opinions from NBR. According to the Income Tax Ordinance-1984, a foreign national needs to open a tax file if he/she continuously lives in Bangladesh for 90 days in a calendar year. Foreigners have to display their tax clearance certificates obtained from the NBR at the immigration check posts before leaving Bangladesh.

Coca-Cola reaffirms USD50m pledge for Bangladesh (The Daily Star) Beverage giant Coca-Cola reiterated its plan to invest USD50 million in Bangladesh to leverage the huge growth potential. The Atlanta-based firm plans to build manufacturing capability, install cooling equipment and expand rural reach, together with investing on research and development and consumer marketing. Coca-Cola is currently the second biggest player after PepsiCo in the domestic soft drink market with annual gross sales of USD250 million.



BB issues agent banking guideline - allows banks to appoint individual, NGO, MFI as agent for underserved population (The New Age) Bangladesh Bank (BB) on 9 December issued a guideline on "agent banking" allowing banks to appoint any individual or NGO or microfinance institution as its agent for providing limited-scale banking services, especially to the poor. According to the guideline, agent banking will provide limited-scale banking and financial services to the underserved population through engaged agents under a valid agency agreement. To this end, BB issued a circular to all scheduled banks asking them to take prior approval from BB before launching agent banking. Non-governmental organizations or microfinance institutions regulated by the Microcredit Regulatory Authority of Bangladesh will also be able to play as an agent of a bank.

Tanners want USD 12.50m loan for relocation from Hazaribagh to Savar (The Financial Express) Tannery owners want USD12.50 million term loans at a lower interest rate for bearing cost of relocation from Hazaribagh to Savar.



The owners recently met with the Governor of Bangladesh Bank seeking his help in this regard. They are also trying to explore other local and international organizations including the International Finance Corporation. In November, tanners and government signed a memorandum of understanding (MoU) to ensure relocation of Hazaribag tanneries to the Savar Tannery Estate. According to the MoU, government has decided to provide USD31.25

million as compensation to the tanners for relocation, which is 80 percent out of the total project cost. However, the owners will have to pay the remaining USD20.63 million in installments.

Declining import trend over political unrest continues (The Financial Express)

Declining trend in the country's overall import orders continued until November mainly due to ongoing political turmoil. Opening of letters of credit against imports, generally known as import orders, decreased by 0.89 percent to USD2.85 billion in November last from USD2.87 billion of the previous month. Import orders for fuel oil dropped by nearly 15 percent to USD324.37 million in November last from USD380.37 million in October 2013 while the import orders for capital machinery came down to USD 168.28 million from USD173.77 million, according to Bangladesh Bank data. Back-to-back import orders for the RMG, fell by more than 9.0 percent to USD435.09 million last month from USD478.89 million of the previous month.



Events

Bangladesh Business Event IT & Logistics Nyenrode is organizing a Bangladesh Business Event on Thursday, January 16, 2014 (in the Netherlands) focused on the ICT (outsourcing) and logistics sectors in Bangladesh. During the event the results of the sector studies carried out by Nyenrode will be presented and participants will be informed on concrete economic opportunities within the political context of Bangladesh. Dutch companies with experience in doing business here have been invited as key note speakers and the financial instruments available for Dutch companies will also be presented. The event will further serve as a preparation for the Trade Mission ICT and Logistics that will take place to Bangladesh from March 31st until April 4th, 2014. For further information on both events as well as the possibility of registration please contact Lisette Blüm, trade attaché, l.blum@minbuza.nl



International Trade Expo for Building and Fire Safety in Bangladesh - February 23-24, 2014

C&A Foundation, Alliance (For Bangladesh Worker Safety), ACCORD (on Fire and Building Safety in Bangladesh) IFC and BGMEA are



jointly organizing an International Trade Expo for Building and Fire Safety in Bangladesh from 23 to 24 February 2014 at the Pan Pacific Sonargaon Hotel, Dhaka. The Expo invites building and fire safety product and service companies along with the leaders in the RMG industry to share expertise and technical assistance to upgrade factories with proper fire doors, sprinklers and appropriate building, electrical and fire safety equipment. For more information, please visit at www.buildingandfiresafety.com

Agreement with WFP on rice fortification project



On 4 December 2013, the Embassy of the Kingdom of the Netherlands signed an agreement with the World Food Programme, who in partnership with DSM will implement "the Upscaling Rice Fortification in Bangladesh" project. Goals of the project are (a) to contribute to the immediate reduction of micronutrient deficiencies in high-risk groups in Bangladesh, in particular women and children, through the consumption of fortified rice, and (b) to strengthen women empowerment. The Dutch government will contribute USD 4.27 million and duration of

the project will be three and half years. The project will make fortified rice available to two government safety net programmes, two WFP-assisted food security programmes and at least two garment factories, which provide meals to their workers. The project will target predominantly poor women, who are the main beneficiaries of these programmes.

The Embassy of the Kingdom of the Netherlands meets with Dutch Business Community

On 10 December the Dutch Embassy hosted a meeting with the Dutch business community to discuss the security situation in the country following current political events and its impact on business. The meeting also discussed current and future economic services of the Embassy to the Dutch business community and shared ideas on how the Embassy can render better commercial services to improve both future trade relations as well as support existing ones. Based on the feedback a plan will be developed by the Embassy by April 2014.



Vitens Evides International signs contract with Dockyard & Engineering Ltd. for Hopper Barges

Vitens Evides International, the Netherlands has signed a contract with Dockyard & Engineering Ltd., Bangladesh for the construction and delivery of 3 Hopper Barges. The contract was signed under the Urban Dredging Demonstration Project (UDDP) at a ceremony on 19 November 2013 at Dhaka WASA office. Mr. Taco de Vries, Resident Project Manager of Vitens Evides International and Captain M. Moyeenul Haque, General Manager of Dockyard & Engineering Works Ltd. on behalf of their respective sides signed the contract. As Dhaka experiences water congestion every year in the rainy season, the city depends heavily on a well-functioning system for storm water drainage. For that Dhaka WASA and Vitens Evides International started UDDP project to clean up some of the larger drains in Dhaka making use of the latest modern technology as is also used in The Netherlands. Major financial support for the UDDP is provided by the Embassy of the Kingdom of the Netherlands in Bangladesh. The cost of the contract is 60.000 Euro. Construction and delivery will be completed within 3 months.



Tenders

Invitation for International Tender - Procurement of 1 (one) number Rail Mounted Quay Gantry Crane (QGC) for handling containers at Pangaon Inland Container Terminal. Tender was published on 29 December 2013, last selling on 09 February 2014 and closing on 10 February 2014 12:00 PM. For details, please contact: Chief Engineer (Mechanical), Room 313, Port Administrative Building (Annex), Chittagong Port Authority, Chittagong, Bangladesh. Phone: 031-2510877 Fax: 031-2510889 email: cemcpabd@gmail.com

Invitation for International Tender - Procurement of Spare Parts for Major Overhauling (MOH) of G.T. Unit No.2 of Fenchuganj 90 MW Combined Cycle Power Station, BPDB, Sylhet. Tender was published on 11 December 2013, last selling on 29 January 2014 and closing on 30 January 2014 at 11:00 a.m. BST. For details, please contact: Abul Baser Khan, Director, Directorate of Purchase, BPDB, Dhaka. Phone: 9550532 & 9568132 Fax: 7126151, email: dir_pur_pdb@yahoo.com; <http://www.cptu.gov.bd/ShowDetailTender.aspx?ADId=38109>

Invitation for International Tender - Procurement of DST and Production Testing Services with equipment for drilling of one appraisal-cum-development oil/gas well at Kailashtilla structure, Sylhet. Tender was published on 24 December 2013, last selling on 23 January 2014 and closing on 26 January 2014 at 12:00 p.m. BST. For details, please contact: Md. Mozammel Hoque Khan, Deputy General Manager (Procurement), Sylhet Gas Fields Limited, P.O. Chiknagool, Sylhet-3152; Phone: 0821-2871735 (372) Fax: 88028119040 Email: dgmpr@sgfl.org.bd; <http://www.cptu.gov.bd/ShowDetailTender.aspx?ADId=38365>

Invitation for International Tender - Supply of 1 No. 5,500 Liter Capacity ARFF (Aircraft Resque & Fire Fighting) Vehicle for Barisal Airport. Tender was published on 18 December 2013, last selling on 04 February 2014 and closing on 05 February 2014 at 12:00 p.m. BST. For details, please contact: Md. Yeakub Ali Patwary, Director, CEMSU, CAAB, Kurmitola, Dhaka. Phone: 8901791 Fax: 8-02-8901411; <http://www.cptu.gov.bd/ShowDetailTender.aspx?ADId=38255>

Invitation for International Tender - Invitation for Bids Supply, Installation and Maintenance of Decentralized Technology Infrastructure, Bangladesh Election Commission. Identification System for Enhancing Access to Services (IDEA) Project of Election Commission Bangladesh (ECB) intends to procure Supply, Installation and Maintenance of Decentralized Technology Infrastructure as a part of developing a robust



IT infrastructure for ECB, and for which invites sealed bids from eligible bidders from all countries of the world except Israel. The procurement will be financed through a World Bank credit and the bidding will be conducted using the International Competitive Bidding procedures specified in World Bank's Procurement Guidelines. For details, please contact: Project Director, Identification System for Enhancing Access to Services (IDEA) Project, Islamic Foundation Building (Level-7), Agargaon, Dhaka-1207, Bangladesh, Phone: +880-2- 8181717, Fax: +880-2-8181721, email: pd.idea.bd@gmail.com

Please remain updated on these and future tenders at the following website:
<http://www.cptu.gov.bd/Notices.aspx>

More information

The Embassy always welcomes your comments on, and suggestions for the Newsflash. We also encourage interested Dutch and Bangladeshi companies to place an article or message in our newsflash. For more information please contact our economic department at the Embassy in Dhaka through email dha-ea@minbuza.nl, or by phone (00882) 8822715-8.