



Bangladesh Newsflash

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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

- The Dutch Good Growth Fund up and running – focus is specifically on expanding the possibilities for SMEs in the Netherlands and 66 low and middle income countries including Bangladesh
- RMG inspection review panel resumes operation – parties given assurance to reduce their differences over safety assessment parameter
- Accord find severe faults in less than 2 per cent of 760 RMG factories
- IFC set to raise its investment upto USD 1 billion in Bangladesh – mostly in the areas of textile and climate change
- The Bangladesh Parliament passed the Finance Bill 2014, which presented the national budget for FY 2014-15 outlining a net expenditure of Tk 2.5 trillion
- PM seeks Chinese support for implementing 5 projects – Dhaka, Beijing sign five deals to enhance mutual cooperation in trade & investment, power generation and climate change
- Three companies from China, South Korea and Belgium submitted financial proposals for the River Training Work of the Padma Multipurpose Bridge
- The World Bank lent Bangladesh USD 600 million to improve rural power supply

Political update

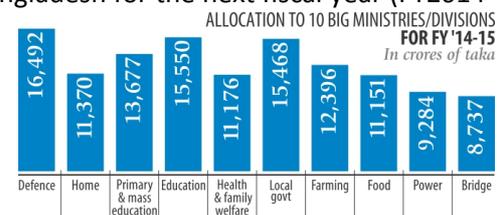
- Sushma Swaraj, Indian External Affairs Minister was on a three day visit to Bangladesh from the 25th to 27th of June. During her visit she met with President Abdul Hamid, Prime Minister Sheikh Hasina, BNP chairperson Khaleda Zia, opposition leader Raushan Ershad, Foreign Minister A.H. Mahmood Ali and Prime Minister's International Affairs Advisor Gawher Rizvi and Economic Advisor Mashiur Rahman. The issue of Land Boundary agreement and Teesta water Sharing Pact was discussed when the two Foreign Ministers met. The Indian Minister for External Affairs during her meeting with Khaleda Zia stressed that the Indian Government wants to build relations with the people of Bangladesh and not with any particular party or government.
- The International Crimes Tribunal -1 on 24th June postponed delivering its verdict in the war crimes case of Jamaat chief Motiur Rahman Nizami as he had fallen sick in jail for which he could not be

brought to the hearing. It was for the third time since November 2013 that the verdict in Nizami's war crimes case had been kept in CAV (curia advisari vult- a Latin legal term for keeping the verdict waiting until a later date).

- A session court in Dhaka on 23rd June handed down death sentence to eight extremists including Mufti Hannan and life term imprisonment to six others for the deadly bomb attacks on Ramna Batamul in Dhaka during the Bengali New Year celebration 13 years ago. Five of the death row convicts including BNP leader and former Deputy Minister, Abdus Salam Pintu are on the run.

Summary of Budget FY2014-15

On June 5, 2014, Finance Minister AMA Muhith placed the Finance Bill 2014 in the parliament, which was subsequently adopted on June 28, 2014 with a few changes particularly relating to the continued allowance of money from undisclosed sources in the housing market. The Bill outlined the Tk.2.5 trillion (approx. EUR 25 billion) national budget of Bangladesh for the next fiscal year (FY2014-15) with the expectation of an economic growth target at 7.3 per cent for the year. The graph summarizes the expenditure allocations for the top ten ministries.



The allocation of resources of the budget for the fiscal 2014-15 to various sectors was in line with the previous budget with the exception of the communication and transport sector which includes the bridge division. This division, which is now implementing the construction of the Padma Bridge, received a large allocation, equivalent to 3.49 per cent of the total budget expenditures.

Textile and Ready Made Garments (RMG)

RMG inspection review panel resumes operation (The New Age) The government-set review panel on the readymade garment factory inspection has started functioning again after about one month of lull as the experts of global retailers' groups and Bangladesh University of Engineering and Technology have given assurance that they would reduce their differences over safety assessment parameters. Sources involved with the process said the review panel comprising representatives from the government, Accord on Fire and Building Safety, Alliance for Bangladesh Worker Safety, BUET and Bangladesh Garment Manufacturers and Exporters Association would resume from 15 June.

Govt in a dilemma over releasing inspection reports on RMG units-Legal aspects to be examined (The Financial Express) The government is in a dilemma over making its inspection reports on readymade garment (RMG) factories public as it wants to scrutinize the necessary legal and procedural aspects, sources said. On the other hand, Accord, a

European Union (EU) based initiative by more than 150 global apparel companies, brands, retailers and trade unions and Alliance, another North American retailers' platform, have already made some of their assessment reports public on their respective websites. They are also in the process of uploading more reports in the coming days while the government-International Labor Organization (ILO) led factory assessments carried out by the BUET are yet to be made public amid growing demand from different rights groups, according to sources. Recently, the Human Rights Watch has called upon the government to disclose the findings of ongoing apparel factory safety inspections carried out by the government and other groups both in Bengali and English to help the workers know actual conditions of their workplaces.

INSPECTION, COMPENSATION SHARING ISSUES-BGMEA-Accord meeting ends without decisions (The New Age) A meeting between the country's garment makers and the European retailers' group to discuss factory inspection and workers' compensation issues

has failed to reach any decision as the retailers' group showed indifference to the demands put forward by the BGMEA. The meeting was held in early June. Since the beginning of the factory inspection by the retailers' groups — Accord on Fire and Building Safety in Bangladesh, a platform of the European Union retailers, and Alliance for Bangladesh Worker Safety, a group of North American retailers — country's garment factory owners have been raising question about some terms and conditions set by the retailers. The garment factory owners have also been demanding solution to the issues like compensation for the workers of the factories which have faced closure due to the safety inspection, remediation financing to the factory owners, standard of concrete strength and duplication of inspection.

Many retrenched garment workers deprived of pay - 21 factories go bust following compliance inspections (The Financial Express) Many workers of the garment factories closed during the compliance inspections following the recent mishaps are still in the dark about their rightful wage benefits and compensation following non-settlement of their dues in accordance with the existing law, labor leaders said. According to them, manufacturers concerned are not following the existing labor law regarding the payment of wages and other service benefits to their respective workers in absence of proper monitoring from government side in this matter. Besides, none of the authorities concerned has any detailed information as to how many workers had to lose their jobs following the suspension of production under the ongoing factory-assessment programmes and how many of them got wages and benefits accordingly, sources said. Since the start of health checkup of garment factories by Accord, Alliance and BUET amid a row in the West over factory conditions and worker safety, a total of 21 factories have been closed down or their production suspended while seven of them might not reopen due to their structural conditions, according to industry insiders and officials.

EU retailers find severe faults in 14 RMG factories-Completes inspection of 760 units

(The New Age) The European retailers' inspection teams found severe structural faults in less than 2 per cent of some 760 readymade garment factories they have inspected in Bangladesh. Accord on Fire and Building Safety in Bangladesh, the platform of the EU retailers and brands has listed for inspection over 1,700 garment factories from which 180 signatories of the Accord procure products. On 25 June 2014, in a press conference on their inspection programme, the Accord officials said that the inspection teams also found structural faults in 59 factories but they did not refer the list to the review panel.

BD fetches \$1b from World Cup sportswear exports (The Financial Express)

The World Cup Football has opened up new business window for the Bangladesh apparel industry, mainly for production and export of World Cup jerseys by the country's knitwear factories. The boost has come in the form of exports of jerseys, mostly T-shirts for the world cup fans, valued at about \$1.0 billion dollar. The country's shipment of garments is estimated to grow by around 14 per cent this year with the world cup orders playing a key role, Mohammad Hatem, acting president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). He said the country's garments exports may hit a record \$25 billion this fiscal ending on June 30 2014.



Govt intensifies export market diversification move-Dhaka for duty-free market access of garment to Russia (The Financial Express)

The government is trying to secure duty free market access of Bangladesh garment products to the Russian market at a time when the country's export to that market is hitting closer to one billion dollar. The Russian government offers duty free market access to 71 products and Dhaka is looking for inclusion of the garment items in that list, the official sources said. Bangladesh government had requested the Russian government about a year back for the inclusion of garment items in the duty-free list, in addition to the trade commission of the three-nation customs

union comprising Russia, Belarus and Kazakhstan. The government is also planning to send trade delegations to Argentina, Venezuela, Paraguay and Uruguay to reach more buyers in the Latin American continent.

Intertek opens elaborate testing lab for garment, footwear (The Daily Star) Intertek opened a testing laboratory in Dhaka on June 25 to support the country's growing garment industry. The company listed on the London Stock Exchange tests quality of industrial products and provides certificates on compliance. The Dhaka lab, the company's biggest in Asia, will provide one-stop services for diverse industries in the region, the company said in a statement. The plant will test fabric samples, apparel, footwear, home furnishing and electrical appliances for hazardous elements and chemicals. It will also provide calibration, inspection, auditing and training services. The lab will help the country reduce lead time and enhance trade competitiveness globally. The company invested 3.2 million pounds to set up the laboratory that can deliver more than 1,000 reports daily.

Textiles ministry moves to set up 23 new vocational institutes-Project aims to train under-privileged youths (The Financial Express) The ministry of textiles and jute (MoTJ) has initiated a project worth Tk 2.16 billion for setting up 23 textile vocational institutes aiming to equip the underprivileged youths with critical technical skills set, officials said. The ministry has sent development project proposals (DPP) to the ministry of planning for approval. The department of textiles which is under the MoTJ will execute the project. At present there are 40 vocational institutes in the country, helping many unemployed youth to be self-reliant. It will create the opportunity of self-employment of the unemployed youths and create skilled manpower for the textiles industries especially for the readymade garment sector.

GSP revival for BD may be considered next month (The Financial Express) The GSP (generalized system of preferences) scheme of the United States may be renewed next month, creating a hope for the revival of its

benefit for Bangladeshi products to the US market, according to Bangladesh trade officials. The GSP renewal bill is likely to be placed before the House of Representatives and the Senate for consideration next month. The GSP scheme expired last year. Since then products of the GSP beneficiary countries have been entering the US paying usual duties. Before expiry on July 31 last year some 5,000 products of 123 designated beneficiary countries and territories were enjoying duty free access to the US market. The US administration suspended GSP facility for Bangladeshi products to its market on June 27 last year citing serious shortcomings in safety standards and workers' rights in its factories.

Chinese co to invest \$1.2b for garment park development (The Financial Express) State-owned Chinese firm Orient International (Holding) Co Ltd will make an investment of around \$1.2 billion for the construction of Baushia Garment Park on the Dhaka-Chittagong highway in the Munshiganj district for relocation of garment factories from within and around the capital. The project cost will cover land development including payment of land value to owners and build the garment park with all its infrastructure and utility services ready for factories to move in, according to the BGMEA. Memorandum of Understanding (MoU) was signed between the BGMEA and Chinese state firm on the project. The garment park will be located over 490 acres of land. The government will acquire the land while the Chinese firm will pay the cost of acquisition, estimated at around Tk 8.0 billion as per initial estimate. The park will accommodate 300 factories. Non-compliant factories will find priority to the new garment park.

Most garment factories 'compliant': UK envoy (The Financial Express) Terming most of the Bangladeshi readymade garment (RMG) factories compliant, British High Commissioner in Dhaka Robert Gibson on 5 June said his country is "sincerely" looking into the matter so that workers are not affected from the factory shutdown. "Most of the RMG factories in Bangladesh are compliant; only a few faulty factories were shut down ... we are looking into the matter

so that workers are not affected from the factory closure," he said. He was addressing a function of the Diplomatic Correspondents Association, Bangladesh held at the National Press Club Press Club. The UK envoy expressed his satisfaction over the progress made in the readymade garment industry, saying: "We've worked together and try to ensure that the garment sector continues to flourish."

PIECE-RATE WORKERS-Body suggests factory owner-worker consultation to set wage (The New Age) The working committee formed by the government to identify problems of the sweater factory workers who work under piece rate system has suggested that factory owners should set rates after consultations with their workers. To resolve the prevailing disputes over payment on piece-rate basis, on 2 June 2014, the committee submitted its

eight-point recommendations to the labor ministry's sub-committee. The working committee recommended that categorization of grades of the workers should be based on workers' efficiency, factory owners should pay workers as per the piece rate during pick season, should pay workers on basis of the piece rate or grade, whichever will be higher, during the dull season and should give workers basic pay during off season. The working committee comprising the representatives of the government, factory owners, workers and labor rights groups made the recommendations after visiting three sweater factories in Dhaka, Narayanganj and Gazipur.

Infrastructure

Hasina seeks Chinese support for implementing 5 projects - Dhaka, Beijing sign five deals (The Financial Express)

Bangladesh and China signed on 9 June five instruments, including two agreements, one



memorandum of understanding and two Exchange of Letters, to enhance their mutual cooperation in sectors like trade and investment, power generation and climate change. Of the agreements, one is on establishing a coal-based ultra-critical 1320 MW power plant in Patuakhali district in joint venture and another on Economic and Technical Cooperation between the two countries. Officials of the two countries signed the instruments and deals after official talks between the two countries at Great Hall of People. Prime Minister (PM) Sheikh Hasina and her Chinese counterpart Li Keqiang witnessed the signing ceremony.

3 cos submit bids for Padma Bridge river training (the Financial Express) On 19 June

2014, three companies from China, Korea and Belgium submitted respective financial proposals to compete for the river-training work (RTW) of the Padma Multipurpose Bridge project. On the last day of bid submission, Sino Hydro Corporation Limited of China, Hyundai Engineering and Construction of South Korea and Jan De Nul NV of Belgium showed their interest to carry out 14 kilometre river bank protection work at both Mawa and Janjira sides. The project office, under the Bangladesh Bridge Authority (BBA), invited four technically qualified companies to submit their respective financial offers by June 19. Among them, Padma RTC JV of the Netherlands and Belgium did not show up. Sources said among the three firms, Sino Hydro offered the lowest of Tk 87 billion to carry out RTW. Besides, Hyundai offered Tk 121 billion, and Jan De Nul Tk 160 billion.

WB's \$600m loan for rural power supply (The Daily Star) The World Bank lent Bangladesh \$600 million to help to construct new power lines and substations, and upgrade existing lines, in an effort to ensure reliable power for 25 million rural consumers. Christine E Kimes, Acting Head of World Bank Bangladesh, and

Mohammad Mejbahuddin, Secretary, Economic Relations Division, signed a loan agreement at the latter's office in Dhaka on June 19. The 40 year credit facility will come at an interest rate of 0.75 percent with a 10 year grace period. The project will aim to reduce system losses and enhance the capacity of the rural electricity network in the Dhaka, Chittagong and Sylhet divisions.

Banks now can give unlimited financing guarantee for Padma Bridge (The New Age)

Bangladesh Bank on 9 June 2014 told the scheduled banks that the existing single borrower exposures limit would not be applicable to the bank guarantees for the projects of Padma Multipurpose Bridge. Local and foreign companies which will avail the work permit to construct the Padma Multipurpose Bridge will be able to receive guarantees from the scheduled banks even if the guarantees cross the bank's single

borrower exposure limit. The BB issued a circular to managing directors and chief executive officers of all banks in this regard saying that it has taken the decision keeping in mind importance of the proposed Padma Multipurpose Bridge in the national economy.

Padma bridge project coasting along briskly (The Daily Star)

The bridges division has prepared a tight schedule to implement different components of the delayed Padma Bridge project at a faster rate. While the construction of the main bridge and river training are yet to take off, work on the other components such as the two approach roads and service area have been progressing at a brisk pace. The army has been serving as the supervision consultant for work on these three components of the project, with assistance from the Bangladesh University of Engineering and Technology.

Oil, Gas & Energy

New gas field raises hope (The Daily Star)

The state-owned Bangladesh Petroleum Exploration and Production Company Ltd (Bapex) has discovered a new

gas reserve in Rupganj of Narayanganj, which may produce 10-15 million cubic feet of gas per day (mmcf). "We hope to supply the gas commercially in November this year," according to Petrobangla Chairman Hossain Monsur. The discovery in Rupganj makes it the country's 26th gas reservoir. It is located in Block-20 of Rajdhani Unnayan Kartripakkha's Purbachal plot. According to the Bapex data, the country is producing 2,300 mmcf gas against a demand of over 2,700 mmcf.

13 gas wells to be drilled next fiscal-Floating LNG terminal to be installed (The Financial Express)

The government is eyeing to drill 13 natural gas wells, install two gas compression



PROGRESS REPORT	
JEZIRA APPROACH ROAD	Contract awarded Dec 11, 2011 Tender for completion 30 months Progress as of May 2014
MAMA APPROACH ROAD	Contract awarded Dec 11, 2011 Tender for completion 30 months Progress as of May 2014
SERVICE AREA 1	Contract awarded Dec 11, 2011 Tender for completion 30 months Progress as of May 2014

stations and construct gas transmission pipeline for evacuation of gas from the northeastern region to Dhaka, Chittagong and the southwestern region of the country in the coming fiscal year 2014-15. The Energy and Mineral Resources Division under the ministry of power, energy and mineral resources has also a plan to drill two exploration wells and four development wells, carry out 500-line kilometre two dimensional (2D) seismic survey and 450 square kilometre (sq km) three dimensional (3D) seismic surveys by state-owned Bangladesh Petroleum Exploration and Production Company Ltd (Bapex). Under the Annual Development Programme (ADP) for the next FY 2015, the government will to build a floating liquefied natural gas (LNG) import terminal to facilitate import of LNG by June 2015.

Building LNG terminal at Moheshkhali-Petrobangla signs deal with US consortium (the Financial Express)

State-owned Petrobangla has finally inked 26 June an initial deal with the US consortium of Astra Oil and Excelerate Energy, four years after the

bidding, to build the country's first liquefied natural gas (LNG) terminal at Moheshkhali island. The US consortium will build the floating storage and re-gasification unit (FSRU) based terminal at its own cost, while Petrobangla will provide toll for using it according to Prime Minister's Energy Adviser Dr Tawfiq-e-Elahi Chowdhury. Petrobangla successfully completed negotiation with the visiting delegation of a US consortium on 25th June after a series of negotiations over the past several years.

Rooppur 1,000mw N power unit-BD, Russian sides ink deal to complete preparatory work (The Financial Express) Bangladesh Atomic Energy Commission (BAEC) has inked a deal with the Russian JSC Atomstroyexport to complete the preparatory work for the country's first 1,000 megawatt (mw) nuclear power unit at Rooppur in northern Pabna district. Under the terms of the deal, Atomstroyexport would undertake a series of structural work at the plant site which would cost US\$190 million. Russian firm JSC NIAEP,

the management company of Atomstroyexport, earlier in October 2013 signed a \$265 million deal with the BAEC to develop the engineering design for the Rooppur plant.

Further exploration of two Bay blocks-ConocoPhillips trying to take BAPEX as JV partner in deep-water venture (The Financial Express) US oil giant ConocoPhillips is lobbying with the Energy Ministry to get state-owned Bangladesh Petroleum Exploration and Production Company Ltd (BAPEX) as a joint venture (JV) partner to carry out further exploration in its two deep-water blocks in the Bay of Bengal. According to Petrobangla sources ConocoPhillips is trying to get BAPEX as a JV partner for further exploration in deep-water blocks DS-08-10 and DS-08-11 blocks, which were awarded in June 2011, under Bangladesh's 2008 bidding round. It wants to minimize the costs of carrying out the mandatory work programmes by sharing exploration costs with BAPEX, sources said.

Water/Maritime

MoU with China for underwater tunnel (The Financial Express) Bangladesh has signed a Memorandum of Understanding (MoU) with China for building an underwater tunnel on Karnaphuli River in Chittagong. Secretary of Bridges Division Khondoker Anwarul Islam and China's Vice Minister of Transport and Communications Chi-Kuo Mao signed the \$ 1 billion project.

ETP must for new homes in city (The Financial Express) On 4th June, the government decided not to allow construction of commercial or private buildings in Dhaka unless they install Effluent Treatment Plants (ETP). The decision was taken in a meeting chaired by Housing and Public Works Minister Mosharraf Hossain to review the detailed area plan (DAP) of RAJUK.

Agriculture

BB to set simple rate of interest for agriculture loan (The New Age) Bangladesh Bank will set simple rate of interest on farm loan instead of existing compound rate of interest in a bid to save the farmers from the burden of bank interests, said officials of the central bank. The BB will receive the relaxed rule in its upcoming agriculture and rural credit policy and programmes for financial year 2014-15. The credit policy is likely to be declared next month. Under the simple rate

of interest, the farmers will pay their interest of the bank loans at the end of loan tenure meaning that they will get relief from a huge amount of interest. The tenure of farm loan is maximum one year. The BB is likely to set farm loan disbursement target for local and foreign banks at around Tk 15,547 crore for the FY15 in its new farm loan policy.

Rice export ban extended to June 2015 (The New Age) The government has extended the



ban on export of rice, except aromatic ones, by another year, commerce ministry officials said. The ministry on June 17 issued an order in this connection to be effective from July 1, 2014 to June 30, 2015. The ban on rice export has been extended to boost

supply of rice in the local market and control its prices, they said. Meanwhile, import of rice has increased in recent months despite bumper production in the country. Rice price has been on decline for last few months on the international market.

Other news

The Dutch Good Growth Fund up and running From 1st of July 2014, the Dutch Good Growth Fund (DGGF) open its doors to small and medium sizes enterprises that wish to invest in or export to low and middle income countries. The focus is specifically on expanding the possibilities for SMEs in the Netherlands and in 66 low and middle income countries. In doing so, the new fund acts as a catalyzer for local economic and social development. The DGGF supports Dutch and local SMEs, by offering tailor made financing to entrepreneurs for development relevant local investments and exports. Applications can be submitted from July 1, 2014 for activities that create new local jobs, increase the production capacity of local industry, and contribute to the transfer of knowledge. The DGGF consists of three parts that cover three different entrepreneurs' financing needs: 1) investment by Dutch SMEs in emerging markets and developing countries; 2) Finance for local SMEs in emerging markets and developing countries and 3) export credit insurance and finance for development-relevant exports from Dutch SMEs to emerging markets. For public information on the DGGF is available on the website of the Netherlands Enterprise Agency <http://www.rvo.nl/dggf>

BD to get \$1.9m Dutch aid to expand IT business (The Financial Express) The Netherlands will provide Bangladesh US\$ 1.9 million for expansion of IT and IT-related business in the country. In this regard an agreement on "Netherlands Trust Fund-III: Bangladesh Project Launching" was signed on June 2014 at the conference of Digital World 2014. State Minister for ICT Division of

telecommunications ministry Junaid Ahmed Palak, Netherlands Ambassador to Dhaka Gerben de Jong, Bangladesh Association of Software & Information Services (BASIS) president Shamim Ahsan, and CBI representative Professor Rob Van were present during the signing. The project will be implemented by Geneva-based International Trade Centre with the support of local trade bodies, including BASIS and Dhaka Chamber of Commerce and Industry. The fund is being released under NTF III project, which is a continuation of NTF II project that ended recently and contributed significantly to Bangladesh's IT export growth in recent years, said BASIS officials.

Deals signed with JICA for \$1.18b in loan (the New Age) An agreement for Japanese loans worth US\$ 1.18 billion to implement five development projects was signed in Dhaka on 16 June 2014. The projects include a coal-fired power plant and efficient use of natural gas in the energy-starved country. Three other projects are linked to improvement of city governance, Haor flood management and livelihood and production and marketing of agricultural outputs by marginal farmers. Economic Relations Division secretary Mejbah Uddin and Japan International Cooperation Agency's Dhaka mission chief Mikio Hataeda signed the deal on behalf of the respective sides. Finance minister AMA Muhith and visiting JICA president Akihiko Tanaka were present during the signing ceremony.

EDF for exporters raised by 25pc (The Financial Express) Allocation to the export development fund (EDF) has been raised by 25 per cent to US\$1.5 billion to meet a growing demand from the exporters, who

largely help the current surge in the country's foreign-exchange reserves. The central bank has enhanced the allocation to the EDF scheme aiming to facilitate the country's exporters in strengthening their business activities.

ECNEC approves three projects worth Tk 4.16b (The Financial Express) The government approved a Tk 857.6 million cost project on June 24 for procuring cargo and container handling equipment for the Mongla seaport aimed at enhancing capacity of the country's second largest port. The port authority will purchase this equipment including a 100 tonnes capacity tyre mounted mobile crane, a 50 tonnes capacity mobile crane, seven fork-lifts, 6 low-musts, two reach- strakers, 3 straddle carriers at a cost of 857.6 million, officials said. Under the project, the Chittagong City Corporation will dig the 2.9 kilometres canal and some ponds to save the city from the water-logging by the heavy rainfall.

Pvt Sector's foreign loans rise ten times- Experts warn of uneven competition (the Financial Express) Borrowing funds from overseas sources by private-sector entities has shot up more than ten times in just three years with the country's banking systems glutted with idle money. Borrowers and experts have attributed such a steep rise in overseas borrowings to the higher lending rates charged by local banks and other financial institutions. According to the Bangladesh Bank (BB) data, local companies borrowed US\$ 1,188.47 million in loans in 2013 against only \$106.98 million in 2010. Local companies are showing growing interest in foreign credit as they get funds at nearly 5.0 per cent interest, including six months' LIBOUR rate, while the lending rates charged by the country's banks and financial institutions range from 13 per cent to 17 per cent, sources have said. Experts said the trend would make export-oriented companies competitive in the international market, but, on the contrary, the low-cost funds might create an uneven competition among the local market players.

Biman plans to suspend Dhaka-Frankfurt flights due to continuous losses (The Financial Express) Biman Bangladesh Airlines - the national flag carrier - is planning to suspend its recently opened Dhaka-Frankfurt flights as the route has been incurring losses since its reopening in April last after 10 years of suspension, a Biman source said. Biman also kept some other loss-making routes including Dhaka-New Delhi, Dhaka-Kolkata, Dhaka-Hong Kong and Dhaka-Yangon under scrutiny. The re-opened Dhaka-Rome-Frankfurt route has been incurring a big loss of Tk21 million per flight which is the highest loss on a route. After 10 years of suspension, Biman Bangladesh Airlines started flight operation between Dhaka and Frankfurt on April 1, 2014.

FDI rises 24pc despite political shocks - Bangladesh was the second favoured investment destination in South Asia last year: UNCTAD (The Daily Star) Inflows of foreign direct investment into Bangladesh rose 24 percent year-on-year to \$1.6 billion in 2013 although the country witnessed serious political unrest and an anti-business climate during the period. FDI inflows increased 13.75 percent to \$1.29 billion in 2012, compared to the previous year, according to United Nations Conference on Trade and Development (UNCTAD). The telecommunications and banking sectors brought a combined \$651 million in FDI last year, while textiles and weaving received \$422 million.

IFC set to raise next fiscal investment to \$1.0 billion (The Financial Express) The International Finance Corporation (IFC), the private sector lending arm of the World Bank Group, is set to raise its investment up to US \$ 1.0 billion in Bangladesh, mainly in the areas of textile and climate change, in the next fiscal year. Serge Devieux, IFC Director for South Asia, disclosed it on 18 June 2014. The IFC investment in the country reached \$ 774 million for the private sector of the country so far in the current fiscal, he also said. "The IFC spent \$ 12 million this year in Bangladesh for only advisory service, which is one third of the budget spent in the region," Mr Serge said while stating the importance of the country to the corporation.

Cos offering 30pc or more cash dividend to get tax rebate-Investors without TINs to pay more AIT on dividend (The New Age) Any company offering 30 per cent or more cash dividend to investors will get 10 per cent rebate on its income tax as per the Finance Bill 2014 which was passed by the parliament on 28 June 2014. The Finance Bill 2014 comes into effect on July 1, 2014.

Cabinet approves draft law to regulate foreign-aided NGOs (The Financial Express) On 2 June 2014, the cabinet approved in principle the draft 'Foreign Donations (Voluntary Activities) Regulation Act, 2014 to ensure transparency and accountability of the non-governmental organizations (NGOs) in the country. Under the proposed law the NGOs must mention the source of foreign donation and its areas of utilization to the government. There are currently some 2303 NGOs, including 270 foreign ones in the country. The proposed law having 22 sections has the provisions of punishments that include cancellation of registration and imposition of fines for violating the law.

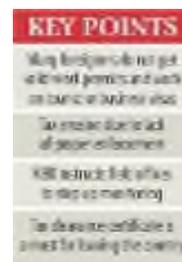
ADB to release \$100m loan for skills development (The Financial Express) The Asian Development Bank (ADB) has confirmed a US\$100 million loan for Bangladesh to help create skilled manpower, preparing them for jobs at home and abroad. The amount is the first phase of the \$350 million multi-tranche financing facility (MFF) fund of the Asian lender under the Skills for Employment Investment Programme (SEIP). The remaining \$250 million credit is expected to be disbursed during the MFF period. Saifuddin Ahmed, Joint Secretary of the Economic Relations Division and Kazuhiko Higuchi, Country Director of the ADB Bangladesh Mission, signed an agreement in this regard on 4 June. The SEIP is estimated to be a \$1.07 billion facility.

ADB to strengthen its Dhaka office - Its president says the move will speed up development projects (The Daily Star) Asian Development Bank is delegating more power to its Dhaka office to speed up implementation of development projects, as Bangladesh has the potential to grow at a

faster rate, the president of the lender said on 15 June. Since 1973, ADB has provided Bangladesh with \$15 billion in loans, technical assistance and grants to develop the country's infrastructure, gas, power, education and urban services.

WB sticks to 5.4pc GDP estimate despite govt's 6.12pc claim (The New Age) The World Bank on 11 June reaffirmed Bangladesh's GDP growth projection at 5.4 per cent for the financial year 2013-14 despite the government's claim of achieving 6.12 per cent growth. The WB in its flagship report, World Economic Prospect, released on the day said that unrest and disruption centring the January 5 elections caused the lower growth beside capacity shortage. The WB's 5.4 per cent growth projection for the FY 2013-2014 is the lowest among the estimates made by the government, Bangladesh Bank and other international lenders for the 2013-14 financial year.

Foreigners come under NBR's greater scrutiny (The Daily Star) The National Board of Revenue has asked its field offices to increase vigilance to ensure tax collection from foreigners working in Bangladesh. Subsequently, the tax authority instructed its field offices to properly determine the incomes of foreigners working here and impose taxes in line with the laws. It also requested other government agencies to ask the foreigners to get income tax clearance or exemption certificates from the tax offices and submit the documents when they leave the country. Foreign nationals are subjected to 25 percent tax on their incomes, with the rate set to go up to 30 percent in the next fiscal year after the passage of Finance Bill 2014 in parliament.



Singer launches two European brands (The Daily Star) On 11 June, Singer Bangladesh, a multi-brand retailer, launched two European home appliances and electronics brands -Beko and Grundig- for growing upscale customers. Beko products include refrigerators, washing machines, dishwashers and microwave ovens, while Grundig brought in LED TV, sound

systems and some other small household appliances.

BWCCI to help 5,000 women graduate to SME level (The Financial Express)

Bangladesh Women Chamber of Commerce and Industry (BWCCI) has launched an initiative to help 5000 women entrepreneurs graduate from micro to SME level while bringing them into the mainstream of the private sector by 2020. The initiative '2020:

(Mainstreaming Women Entrepreneurs) Empower 5,000' will be implemented at a cost of Tk 2.18 billion in next five years. The areas of the initiative are capacity development, product development, marketing, research and development, leadership development, export market promotion, facilitating access to finance, advocacy, ICT, E-commerce and digitization, environmental conservation, narrowing the gender disparity, sexual and reproductive health rights.

Events

15th Textech Bangladesh 2014 International Expo

A four-day exhibition on Textile & Garment Technology and Machinery & Related Services will be held from 3 ~ 6 September 2014 at Bangabandhu International Conference Centre, Dhaka – Bangladesh. More information about the upcoming event can be found at <http://www.textechonline.org/textechbd2014/index.html>

8th Dhaka International Yarn & Fabric Show 2014

The biggest & ONLY International exhibition on International Yarn & Fabric Manufacturers & Exporters focused to the entire US\$ 20 Billion Textile & Apparel export Industry of Bangladesh will be held from 3-6 September at Bangabandhu International Conference Centre in Dhaka. More information about the upcoming event can be found at <http://www.yarnandfabric.org/DIFS/>

Tenders

Request for Expressions of Interest (REOI) Bangladesh Power Development Board under Power Division Board has issued a REOI for Consultancy Services for Construction of Bibiyana South 400±10% MW Gas Based Combined Cycle Power plant Project at Village: Parkul, Upzilla: Nabiganj, District: Habiganj. Consultancy Services include Checking and approval of design, specification. REOI was published on 17 June 2014 and closing on 16 July 2014 11: 00 AM. For details, please contact: Mr. Md. Zahurul Haque, Secretary, Bangladesh Power development Board, WAPDA Building (1st floor), Motijheel C/A, Dhaka-1000, Bangladesh, Phone: 9554209 Fax: 880-2-9564765, <http://www.cptu.gov.bd/ShowDetailEOI.aspx?EOIId=2188>

Request for Expressions of Interest (REOI) Bangladesh Power Development Board under Power Division Board has issued a REOI for Foreign Consulting firm with Local associate firm for Supervisory Consultancy Services for Shahjibazar 330 MW MW Combined Cycle Power Plant Project. EOI was published on 08 June 2014 and closing on 07 August 2014 12:00 Hrs. For details, please contact: Md. Zahurul Haque, Secretary, Bangladesh Water Development Board, WAPDA Building (1st Floor), Motijheel C/A, Dhaka-1000, Bangladesh. Phone: 880-02-9554209 Fax: 880-02-9564765 Email: secretary@bpd.gov.bd, <http://www.cptu.gov.bd/ShowDetailEOI.aspx?EOIId=2181>

Invitation for International Tender Bangladesh Inland Water Transport Authority (BIWTA) under the Ministry of Shipping issued a tender for Construction & Supply of 4 Nos. Cutter Suction Dredgers (amphibian type). Tender was published on 26 June 2014, last selling on 05 August 2014 and closing on 06 August 2014 02:30 PM. For details, please contact: Mr. Feroze Ahmed, Project Director, BIWTA Bhaban (level-6), 141-143 Motijheel C/A, Dhaka-1000, Bangladesh. Phone: 9560193 Fax: 9551072 Email: ferozeahmed28@gmail.com <http://www.cptu.gov.bd/ShowDetailTender.aspx?ADId=41190>

Invitation for International Tender Chittagong Port Authority under the Ministry of Shipping issued a tender for Procurement of Procurement of 06 (six) numbers Rail Mounted Quay Gantry Crane (QGC) with spare parts, tools, accessories and related services. Tender was published on 15 May 2014, last selling on 21 July 2014 and closing on 22 July 2014 12:00 PM. For details, please contact: Chief Engineer (Mechanical), Room 313, Port Administrative Building (Annex), Chittagong Port Authority, Chittagong-4100, Bangladesh. Phone: 880-31-2510877 Fax: 880-31-2510889 Email: cemcpabd@gmail.com, <http://www.cptu.gov.bd/ShowDetailTender.aspx?ADId=40633>

Invitation for International Tender Chittagong Port Authority under the Ministry of Shipping issued a tender for Procurement of 3 numbers of 4 high Straddle Carrier with spare parts, tools, accessories and related services. Tender was published on 01 June 2014, last selling on 20 July 2014 and closing on 21 July 12:00 hrs. For details, please contact: Deputy Chief Engineer, Room 310, Port Administrative Building, Chittagong Port Authority, Chittagong. Phone No. +88031 2510867, Fax No. +88031 2510889, E-cemcpabd@gmail.com;
http://cpa.gov.bd/portal/home.php?option=tender%20notice&view=details&tender_id=1604

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.