



Newsflash Bangladesh May 2014

Edition 32



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

- H.E. Mrs. Lilianne Ploumen, Minister for Foreign Trade and Development visited Bangladesh from 25 to 27 May 2014 to assess the progress made in improving working conditions in the RMG sector in Bangladesh since her last visit in June 2013.
- The Netherlands and Bangladesh issued a Joint Statement of Commitment to reinforce ongoing collaborative efforts related to safe and dignified working conditions in RMG sector in Bangladesh.
- A Survey undertaken by the Alliance initiative found 99 percent of RMG units to be structurally sound.
- Recruitment of additional 200 factory inspectors by June is uncertain due to procedural complexity.
- Japan promised financial assistance worth USD 6 billion to Bangladesh for expanding private sector investment.
- China Major Bridge Engineering Co Ltd will construct the main structure of the Padma Bridge at a cost of USD 1.56 billion.
- Bangladesh and Sri Lanka agreed to sign a coastal shipping agreement aiming to boost bilateral trade and investment between the two countries.
- The government is preparing to launch air cargo service to facilitate export and import trade of the country.
- Green energy created 114,000 new jobs in Bangladesh - the sixth largest renewable energy related workforce in the world in 2013.

Political Update

- The High Court on 11th May directed the government to arrest three Rapid Action Battalion officials who were sent to forced retirement for their alleged role in the killing of Narayanganj city panel Mayor Nazrul Islam.
- A Judicial Magistrate court on 17th of May ordered a five day remand of two RAB officials for interrogation in connection with abduction and murder. Another RAB official is on the run after he evaded arrest.
- The Government of Bangladesh on 19th of May relieved Additional Attorney General Mr. MK Rahman of his post. The reasons for the dismissal remain unclear.
- Mr. Ekramul Haque, Upazila (local) Chairman and also the President of Upazila Awami League was shot and then burned alive in his car by unidentified assailants in Feni on the 21st May.

Textile and Ready Made Garments (RMG)

The Netherlands and Bangladesh issued Joint Statement of Commitment to develop RMG sector

The Minister for Foreign Trade and Development Cooperation of Kingdom of the Netherlands, Ms. Lilianne Ploumen, and the Minister for Commerce, Government of the People's Republic of Bangladesh, Mr. Tofail Ahmed, MP, met with the development partners at a consultative meeting held on 27 May 2014. The Commerce Minister confirmed that tariffs on fire and structural safety goods imported to Bangladesh will be removed by June 2014 and the remaining additional labor inspectors will be recruited on utmost priority basis through a fast track process. Objective of the meeting was to reinforce the ongoing collaborative efforts aimed at improving and monitoring measures related to safe and dignified working conditions in the RMG sector in Bangladesh. A Joint Statement was issued after the meeting. Both Ministers resolved that this cooperative effort has been the common objective engaging the two countries, including through the Local Consultative Working Group (LCG) on Private Sector Development and Trade, following the tragic event at Rana Plaza in April 2013. Both sides recognized a deepening collaboration between the national and international stakeholders during the past one-year period in transforming the RMG sector in Bangladesh. The Ministers noted that several initiatives have since been undertaken and important progress has been made in a number of areas that were agreed upon. They also noted with satisfaction that Government of Bangladesh, with support of ILO, and involvement of Accord and Alliance, has remained engaged to complete fire, electrical and building safety assessments of all 3,500 export-oriented RMG factories by the end of 2014. Development partners welcomed the ongoing efforts of inspections; and emphasized the need for early launching of a detailed publicly accessible database and the early recruitment of the remaining labor inspectors. The Meeting reaffirmed the collective determination of Bangladesh and the Netherlands to continue to work together in improving the working conditions for the Bangladeshi workers in the RMG industry.



RANA PLAZA VICTIMS - Netherlands to lobby for funds (The Daily Star) The Netherlands government will soon start lobbying international clothing retailers and brands to raise funds for Rana Plaza victims, as disbursement of compensation is being delayed for a dearth of funds, Dutch minister said on 27 May. "I will meet officials of retailers, Accord, the EU and other stakeholders in the coming weeks for realizing funds for the victims," said Dutch Minister for Foreign Trade and Development Cooperation Lilianne Ploumen at a press conference in Dhaka. So far, only nine retailers and brands paid \$17 million against a target of \$40 million for Rana Plaza Trust Fund and many are yet to fulfill their commitment. A total of 29 retailers and brands used to source garment items from five factories housed in the Rana Plaza building. As most retailers and brands are delaying compensation, IndustriALL Bangladesh Council sent letters to the US, Canada, Japan, Australia and the EU authorities seeking donations for the victims. The



positive developments that took place after the Rana Plaza collapse have been eclipsed by the delay in disbursement of compensation, Ploumen said. "We think the victims need to be compensated as decided" she added. Commerce Minister Tofail Ahmed, Dutch envoy to Bangladesh Gerben de Jong and Senior Commerce Secretary Mahbub Ahmed were also present at the joint press conference.

Govt brings RMG under Textiles ministry (The Financial Express) The government has brought Readymade Garment (RMG) industry under the Ministry of Textiles and Jute for smooth management and effective coordination. "The decision to this effect was taken at an inter-ministerial meeting on May 5," an official told the news agencies. Previously, garments makers approach ministry of commerce and sometimes ministries of industries and labor when they run into problem as there was no particular ministry responsible for the issues related to RMG sector.

Alliance survey finds 99pc of RMG units structurally sound-Some factories identified as overloaded (The Financial Express) Majority of the Alliance-surveyed apparel factories have been found to be structurally sound. However, there are instances where the buildings are identified as overloaded, assessment reports revealed. The overloaded factory owners have been urged to take immediate action to reduce the load and reinforce the buildings' columns. The Alliance for Bangladesh Worker Safety has surveyed 508 RMG units, out of its listed 630 factories, which have undergone thorough fire, electrical and structural assessments.

Accord slow in recruiting local engineers for factory inspection (The Daily Star) The platform of 150 mostly European retailers and brands that source garment products from Bangladesh has so far recruited only seven local engineers for inspections of 1,600 garment factories. The Accord on Fire and Building Safety in Bangladesh has 38 teams of foreign engineers for the inspections. It pledged to recruit 25 local engineers just after few days of the beginning of the inspection on February 20, as the garment makers complained that foreign engineers are not familiar with the situation in Bangladesh. More local engineers will be recruited soon as they are waiting in line to face interview, said Rob Wayss, executive director for the Bangladesh operations, Accord. It has already completed inspecting 600 factories in Dhaka and Chittagong.

600 illegal RMG factories asked to get approved soon-Govt mulls legal actions if order ignored (The New Age) The Department of Inspection for Factories and Establishments (DIFE) has asked over 600 unauthorized RMG factories across the country to get approval as soon as possible. It also warned that legal actions would be taken if the order was ignored, said officials concerned. The DIFE asked its 23 offices across the country to find out the factories in all sectors that were operating illegally and to push them to get license. The primary notice has already been served to the authorities of every illegal garment factory to come under the legal framework in shortest possible time, according to the Inspector General of the DIFE.

BD may miss extended deadline for picking 200 addl garment inspectors - 'Procedural complexities' blamed (The Financial Express) The government is likely to miss the extended deadline for recruitment of 200 additional inspectors for the RMG factories due to some 'procedural complexities'. According to sources, any further delay in the appointment of the inspectors might lead to an adverse impact on the efforts to revive Bangladesh's generalized system of preferences (GSP) facility in the US market and keep continuation of the same benefit in the EU markets. The government pledged to complete the appointment process by June, after it failed to meet the deadline by 31 March 2014. Deadline had been set by the Sustainability Compact in a bid to ensure the assessment of the required safety compliances and working atmosphere in the RMG sector. The EU and Bangladesh government signed the Compact, and later the US joined the initiative. The appointment of 200 inspectors was one of the key requirements for revival of GSP in the US market and continuation of the same benefit in the EU market.



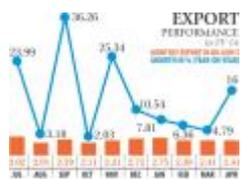
Tally Weijl signs the Accord - Pressure on Swiss Migros, Coop to prove pledge (The Financial Express) Tally Weijl, the Swiss clothing giant, has signed the Bangladesh Accord on Fire and Building Safety, putting further pressure on supermarkets Migros and Coop to prove their commitment to safety in the Bangladeshi garment sector. The company signed the agreement, drafted by Swiss-based IndustriALL Global Union and UNI Global Union, on the Accord's first anniversary. By doing so, it joined 172 brands in making commitments since May 15 last year, an IndustriAll statement said.

Apparel makers to choose steel buildings to relocate plants (The Daily Star) Garment makers plan to use locally-assembled steel structure for relocating their faulty factories to purpose-made buildings, which may propel growth in the steel building industry. Factory owners will import necessary raw materials, and steel building makers will set up the factories, if the government waives duties on the import of the prefabricated building materials, said Shahidullah Azim, Vice President-Bangladesh Garment Manufacturers and Exporters Association. It has been an urgent need to relocate factories housed in shared buildings as many retailers are pulling out work orders from factories with poor safety standards, said Azim. The government currently imposes up to 61 percent duty on imports of prefabricated building materials.

Garment exports to Canada surge 67pc in five years (The Daily Star) Garment exports to Canada surged 67 percent in five years, thanks to price competitiveness of Bangladeshi products and duty-benefit in the North American country. Such exports were worth \$587 million in fiscal 2008-09, which rose to \$980 million in 2012-13, according to Export Promotion Bureau. Bangladesh exported garment items worth around \$740 million during the first nine months of the current fiscal year, up from around \$727 million in the same period in the previous year. Ninety-five percent of goods exported to Canada from Bangladesh are apparel items. Total exports reached \$1.09 billion in fiscal 2012-13 against \$993 million in the previous year. Bangladesh has been enjoying a duty-free market access to Canada since 2003.



RMG exports defy odds (The Daily Star) Garment exports continue to go from strength-to-strength one year after the Rana Plaza disaster, rising 17.79 percent year-on-year in April to \$1.92 billion. It fetched \$19.97 billion in the first ten months of the fiscal year, up 15.37 percent year-on-year, according to data from Export Promotion Bureau. BGMEA, however, expressed reservations about the figures, attributing the good performance to the release of backlogs. Many factories, particularly those housed in shared buildings, are lacking in work orders, as international retailers adopt an overcautious approach towards sourcing, they said. About 45 percent of the country's garment factories are housed in converted or shared buildings.



NY firm to invest \$200m for RMG modernization (The Financial Express) A New York-based investment firm is planning to invest a significant portion of its US\$1.0 billion global fund in the RMG and textile industries of Bangladesh. "Modernization and transformation of the country's apparel and textile industries will be in the prime focus of its Bangladesh investment plan," according to Oliver Niedermaier CEO of Tau Investment Management. The fund to be injected is aimed to improve the supply chain of the companies through upgrading and de-risking supply chain. Furthermore, the venture intends to make the companies attain international standards in terms of becoming socially responsible and compliant, Mr Niedermaier noted.

Garment Industrial Park: Economists against govt guarantee for foreign loan (The New Age) The country's leading economists have opposed a proposal of the apparel manufacturers seeking sovereign guarantee from the government against



foreign loan for setting up a garment industrial park in Munshiganj. It will be risky for the government to give sovereign guarantee for the private sector project as the government will be responsible for the repayment of the loan if the garment factory owners become defaulters, they said. The government has recently allocated 530 acres of land at Bausia under Gazaria upazila in Munshiganj to set up the garment industrial zone, where as many as 577 factories can be accommodated. The two Chinese companies have shown their interest to finance to develop the industrial zone as the garment owners sought foreign loan. According to garment sector leaders, Hong Kong KRD International Investment Group Limited in December last year agreed to give loan worth Tk 1,400 crore at low interest rate to the garment factory owners with a condition of sovereign guarantee.

Bangladesh aims to become world's leading cotton importer: report (The New Age)



Bangladesh, the world's third largest cotton importer according to the US Department of Agriculture, is on a mission to topple No 1 importer China, reports Wall Street Journal. China's imports are expected to drop 50 per cent during the upcoming season as it winds down a strategic stockpiling programme, according to the National Cotton Council, a US industry group, leaving room for Bangladesh to expand its role in the international market. The USDA forecasts that Bangladesh will import 3.9 million 480pound bales of cotton during the season that ends on July 31. It estimates that during the 2014 calendar year, the country will import 5 million bales.

Govt plans to construct 10 dormitories in EPZ areas for female RMG workers (The Financial Express)

The government has planned to construct ten dormitories in the country's export processing zone (EPZ) areas in a bid to solve the long-standing housing problems of female RMG workers. Under the project, the Bangladesh Export Processing Zone Authority (BEPZA) in its first phase will construct dormitories at Adamjee, Chittagong, Comilla, Dhaka, Ishwardi, Karnaphuli, Mongla and Uttara EPZ areas. Each dormitory will be of 11 storied comprising 1000 square metre plinth area and about 10,000 workers will be accommodated in the dormitories, according to the BEPZA data.

Infrastructure

Chinese company gets main Padma Bridge job - Purchase body accepts lone offer at Tk 121.33b (The Financial Express)

A Chinese company received the contract for constructing the main structure of the Padma Bridge at a cost of Tk 121.33 billion. On 22 May 2014, the cabinet committee on government purchase gave its nod to the offer of the lone company, China Major Bridge Engineering Co Ltd (CMBEC). The CMBEC quoted Tk 121.33 billion for building the 6.15 km long bridge structure, which was around 12 per cent less than the revised estimated cost. The Padma Bridge project has already been delayed by three years due to complications centring allegations of the World Bank in 2011 over corruption conspiracy in the bidding process. The Bangladesh Bridge Authority, the executing agency of the project, revised the cost of the main bridge construction to \$1.77 billion (Tk 13,886 crore) following delay in the project implementation for three years due to cancellation of the World Bank's financing to the project.



Deal signed on wind power plant in Cox's Bazar (The Daily Star)

Local and foreign companies will set up a 60 mw wind turbine power plant in partnership in the coastal belt of Cox's Bazar to generate green electricity. US-DK Green Energy (BD), a joint venture between Taylor Engineering Group of USA, ph-consulting group of Denmark and Multiplex Green Energy of Bangladesh, will establish the plant at Kurushkul, southeast of Moheshkhali River. The project that will be built at a cost of \$120 million is expected to



begin commercial operation by May next year. It will boost production of renewable energy, which now accounts for 2 percent of total electricity generated in the country. US-DK Green Energy will sell electricity at \$0.12 a kilowatt-hour to state-run Bangladesh Power Development Board, according to the agreement. The contract was signed for 18 years.

Waste-based 100 MW power project - Govt may scrap deal with Italian company (The Financial Express)

The government is now considering scrapping a deal on the solid waste-based 100 mw electricity generation project with its Italian implementing agency, as it has made 'no progress' even 14 months after signing the deal, officials say. After failing to meet the deadline twice, the Italian company - Management Environment Finance SRL Ltd (MEF) - recently sent a letter to the Local Government Division (LGD), seeking another spell of time extension. The government signed the deal with the company in February last year to set up two separate waste-based power plants for generating 100 MW of electricity. The ministry is now considering scrapping the deal, as the MEF has already violated some conditions of the agreement. As per the deal, the plants were supposed to start supplying power to the national grid after 36 months from the date of signing. The plants were scheduled to start generating 20 per cent of the total electricity within 18 months and 50 per cent after 24 months.



Oil/Gas/Energy

BD again wants to join TAPI gas pipeline project (The Financial Express) The government has shown renewed interest to join the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project to meet the country's mounting natural gas demand, a top official said on 28 May. "We visited Turkmenistan last week and talked with top officials of the Ministry of Oil and Gas Industry and Mineral Resources of Turkmenistan over taking part in the TAPI project," Petrobangla Chairman Hussain Monsur mentioned on his return from Turkmenistan. Earlier in May 2012, Bangladesh had sent an initial proposal to the TAPI steering committee expressing its interest to join the TAPI gas pipeline to ensure an alternative source of energy. The TAPI steering committee had accepted the proposal from Bangladesh and requested for a more detailed plan.

Water/Maritime

Dhaka, Colombo agree to ink coastal shipping accord (The Financial Express) On 30 April, Bangladesh and Sri Lanka agreed to sign a coastal shipping agreement aiming to boost bilateral trade and investment between the countries, officials said. The decision came at the Bangladesh-Sri Lanka Joint Working Group meeting on maritime connectivity and increase bilateral trade. To push the move forward, two countries have also agreed to form a Joint Study Group comprising five members from each country. Bangladesh and Sri Lanka had earlier signed a shipping agreement in 2011 aiming to improve maritime connectivity, exchange of knowledge to facilitate counter piracy, maritime health and safety issues. A move is also underway for signing coastal shipping agreement with India and Myanmar, according to officials.

Govt to involve all ministries in implementing Delta Plan (The Financial Express)

The government is planning to involve all ministries in the Bangladesh Delta Plan 2100 (BDP2100) by splitting it into several small components for proper implementation. Planning Minister AFM Mostafa Kamal made the disclosure while speaking at a workshop on 14 May. A large international consortium, led by the Dutch consultancy firm Twynstra Gudde, has signed a contract for development of the Bangladesh Delta Plan 2100 (BDP2100), a crucial plan for Bangladesh. The other consortium partners are Euroconsult Mott MacDonald, ECORYS, Witteveen+Bos, D.EFAC.TO, Deltares, Wageningen UR, and Unesco-IHE.



Agriculture

Agri ministry terms crop insurance 'unrealistic' (The New Age) The agriculture ministry has opposed a move to introduce crop insurance terming it 'unrealistic' for Bangladesh, a disaster-prone country with huge small-scale farmers, officials said. The ministry last month forwarded its opinions to the banking and finance division suggesting that the crop insurance should not be viable without setting up modern weather forecast technology in the country. It also opined that it would be extra burden for the government to pay premium, as most of the farmers are small-scale holders having no land and property. The agriculture



ministry considers that ongoing subsidies and incentives facilities are sufficient to support the affected farmers during the natural calamities. Meanwhile, farmer leaders, agriculturists and development partners are in favor of introducing crop insurance facilities to save the farmers facing crop-damage risks during natural calamities. In April 7, Asian Development Bank and Ministry of Finance signed a grant agreement of \$2 million to develop innovative new crop insurance products. Purpose of the agreement was to provide income protection to small-scale farmers in Bangladesh against severe storms and natural disasters. Under the deal, the Japanese government will provide the grant through Japan Fund for Poverty Reduction while the ADB will administer the fund and provide technical support for implementing the Weather Index-Based Crop Insurance Project.

Tripartite accord on ADR to end shrimp sector disputes (The Financial Express)

The Bangladesh Frozen Foods Exporters Association, (BFFEA), the Bangladesh Shrimp and Fish Foundation (BSFF) and the Solidarity Center- Bangladesh (SCB) on 30 April signed a tripartite agreement on 'Rules of Alternative Dispute Resolution (ADR) Mechanism' for the country's shrimp sector. President-BFFEA, Chairman-BSFF and SCB Field Programme Specialist signed the agreement on behalf of their respective organizations to resolve disputes between the employers and the workers of shrimp and fish processing industry. Earlier on March 24, 2013, BFFEA, BSFF and SCB signed a tripartite Memorandum of Agreement (MoA) to work together to promote the Bangladesh Labor Law and ILO Core Labor Standards in the shrimp and fish processing industry. Rules of ADR mechanism is developed in pursuance of that MoA. Based on the MoA, a project was undertaken by the three parties in association with the Department of Fisheries, funded by the USAID through the Ministry of Fisheries and Livestock.

Eight steel silos by 2017 to boost food security (The Daily Star) The government will build eight modern steel silos to boost grains storage capacity of public warehouses. The warehouses store buffer stocks to ensure adequate food supply after disasters, keep rice prices stable and ensure fair prices to growers. The silos are expected to complete by 2017 and these will increase government's total grains storage capacity by 5.35 lakh tonnes to 24.36 lakh tones. Besides strengthening capacity, it will improve distribution of food. The project will cost \$240 million, of which the World Bank will provide \$210 million in loans. These silos will be built in Barisal, Narayanganj, Dhaka, Ashuganj, Mymensingh, Khulna, Chittagong and Tangail.

Other News

Japan pledges \$6b aid (The Financial Express) Japan has pledged an assistance of 600 billion yen (equivalent to US\$6 billion) to Bangladesh over the next five years, Japanese Prime Minister Shinzo Abe said on 26 May. Shinzo Abe's announcement came at a joint press conference with his visiting Bangladesh counterpart Sheikh Hasina after the two leaders held formal talks at Japanese Premier's office in Tokyo. The promised aid will be given through implementation of the concept of the Bay of Bengal industrial Growth Belt (BIG-B), proposed by the Japanese Premier. The two leaders also signed a joint statement.





ILO, govt launch human resource building project- Canada funds the project (The Daily Star) The government and the International Labour Organization (ILO) have launched a project "Bangladesh Skills for Employment and Productivity (B-SEP)" to create qualified workforce for the key industrial sectors. The Canadian government is funding the project, ILO said in a statement on 15 May. The project worth 19.5 million Canadian dollars will primarily focus on agro-food processing, tourism and hospitality, pharmaceuticals, ceramics and furniture making. During implementation, it will train 1,000 trainers, assessors and managers; train and certify 14,500 workers and master crafts persons through apprenticeships and provide job placement and career support to over 5,000 beneficiaries.

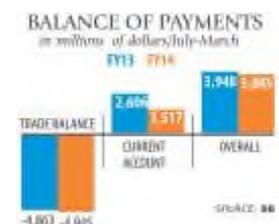
Abolishing forced labor - ILO for amendment to BD acts, ordinances (The Financial Express) ILO has requested Bangladesh to bring necessary amendments to the countries several acts and ordinances to make them conform to its convention on abolition of forced labor, according to sources. Bangladesh ratified the ILO Convention on Abolition of Forced Labor, 1957 in 1972. But, the organization found that provisions of Bangladesh's many acts and ordinances went against the convention. Bangladesh will submit a progress report to ILO in September, mentioning the progresses so far it has made relating to amendment of the acts and ordinances.

Leather industry hits record exports: \$1b (The Daily Star) The leather industry has crossed the record \$1 billion mark in exports in the first ten months of this fiscal year on the back of competitive pricing and quality improvement. Between July and April, the leather industry exported \$1.06 billion of products, according to the Export Promotion Bureau. According to the Chairman of Bangladesh Finished Leather, Leather goods and Footwear Exporters' Association export, figures would have been much higher if political unrest had not hurt the sector last year. Many buyers are diverting orders from China due to increased production cost, he added.



Grameen Solutions aims to create 100,000 IT freelancers in 4 years - Deal is signed with Danish company Coders Trust (The Daily Star) Danish investment company Coders Trust has launched an initiative in Bangladesh to create 100,000 IT freelancers in the next four years. Grameen Solutions Ltd, a social business initiative by Nobel laureate Prof Muhammad Yunus, signed a deal with Coders Trust in Copenhagen last month. Under the agreement, funds will be raised to arrange focused education for IT graduates and freelancers and secure online jobs for them.

Trade deficit widens on sluggish exports (The Daily Star) Trade deficit widened in the first nine months of this fiscal year on the back of lower exports and higher imports, bucking the recent trend. Between July and March, trade deficit stood at \$4.94 billion. In March alone, it rose by \$1.38 billion, data from Bangladesh Bank shows. Imports grew by 11.09 percent in the first nine months of fiscal 2013-14 but in March alone the growth was 54.47 percent. Exports grew by 13.46 percent during the period but in March it rose only 4.79 percent. Meanwhile, the current account surplus dropped around 42 percent to \$1.51 billion in the first nine months of the fiscal year owing to a decline in remittance inflow.



Govt to introduce air cargo service (The Financial Express) The government is finally set to launch an air cargo service with a view to facilitating export and import trade of the country. Ministry of Commerce and Ministry of Civil Aviation and Tourism are working on the issue. The demand for air cargo service is increasing in the country gradually. As an alternative to sea and land transportations, the urgency of air cargo was specially felt during the last year's political turmoil. Presently, about 700 to 800 tonnes of exports are carried by using the air cargo service per day. At present, Biman



Bangladesh Airlines, which has an air service agreement with 42 countries, provides cargo services to its international destinations, besides flying passengers. Local companies also provide cargo services worldwide with the help of others. At present, exporters have to pay from \$2.10 to \$2.80/kg for carrying by air.

MoU signed to lease internet bandwidth to India (The Daily Star) Bangladesh Submarine Cable Company Ltd on 12 May signed a memorandum of understanding with BSNL, the state-owned telecom company of India, to lease internet bandwidth to the neighbour. BSNL will initially lease 10 Gbps (Gigabits per second) of bandwidth from Bangladesh and take another 30 Gbps within eight months. The prices will be set when a final agreement will be signed between the two parties. The contract of the lease will be for three years and could be extended later. Bangladesh Telecommunications Company Ltd will lay around 40 kilometers of optical fiber cables to transmit the bandwidth through Akhaura border. The link will be developed in three months with an estimated cost of Tk 20 crore.

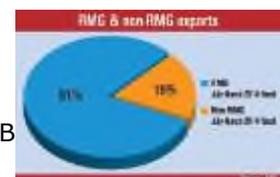


Green energy creates 1.14 lakh new jobs - Bangladesh has 6th largest workforce in world (The Daily Star) Bangladesh has been able to create the sixth largest renewable energy-related workforce in the world in 2013, which is as large as that of Spain, a study said. In the last 10 years, number of solar-powered homes in Bangladesh has jumped from 25,000 to 2.8 million, said a report of the International Renewable Energy Agency (IRENA). This created some 114,000 jobs, for assembling solar panels and selling, installing and maintaining them. The number of solar-power related jobs nearly doubled between 2011 and 2013. "The numbers are set to increase further due to higher installation rate," said the Dubai based intergovernmental organization in its latest annual review. The increase is expected despite the fact that 62 percent of the population has access to the national power grid as of September 2013.

ADB sticks to lower GDP growth projection of 5.6pc (The New Age) The Asian Development Bank (ADB) on 12 May 2014 reiterated the country's GDP growth rate at 5.6 per cent because of political unrest surrounding the January 5 election which resulted in declining remittances and export orders in 2013-14 fiscal year. In its quarterly update released on the day, ADB also said that industrial growth would be lower to 8 per cent and service sector growth would lower to 5.4 per cent because of the political unrest. According to the quarterly, inflation was on the rise, revenue collection was lagging the target and private sector credit flows slowed due to weak business environment. Domestic demand was depressed in the first half of the year, as the prolonged political unrest ahead of the January elections lowered consumers' and investors' confidence, it said. It, however, said growth was expected to rebound to 6.2 per cent in FY15 as growth prospects in the United States improve and the Eurozone posts a mild recovery.

Maintenance fee for software: Banks require no prior BB nod to send forex to service providers (The New Age) Bangladesh Bank (BB) on 5 May 2014 said that authorised dealer branches of the scheduled banks would not need to take prior approval from the BB to remit foreign exchange as maintenance fees for proprietary and specialized software to service providers abroad. To this end, the BB issued a circular to the AD branches of all banks. The central bank had taken the initiative as part of its liberalization programme of the country's foreign exchange regulation. Due to the latest initiative, AD branches would not be required to take prior approval from the BB to remit foreign exchange abroad against maintenance fees for their clients' software.

Export performance of non-RMG sectors well below target - July-Mar period of FY '14 (The Financial Express) Most sectors barring the readymade garment (RMG) have been performing poorly in terms of export earnings since the beginning of the current fiscal year (2013-14). The shortfall in revenue earning of these sectors, stretching from agricultural





products to ship-building, was at least US\$ 537 million during the July-March period as against the combined target of US\$4.5 billion, according to the Export Promotion Bureau. Of all the 32 non-RMG sectors, only footwear, shrimp, rubber and leather performed relatively well during July-March period of the current fiscal. The share of non-RMG sectors has shrunk to 19 per cent during the period under review against their usual share of around 30 per cent.

Cabinet nod to proposal for BD-Serbia visa exemption deal (The Financial Express) On 5th May, cabinet approved the proposal for an agreement between Bangladesh and Serbia on visa exemption of the government officials and diplomats of the two countries for bilateral visits. "The official and diplomatic passport holders of the two countries will enjoy on arrival visa for a maximum of 90 days. The visa exemption agreement would strengthen bilateral relations and boost mutual trade and investment," Cabinet Secretary Mohammad Musharraf Hossain Bhuiyan told the media after a cabinet meeting.

BB relaxes rules for enterprises in EPZs seeking foreign loan (The Financial Express) The Bangladesh Bank (BB) has relaxed foreign exchange regulations allowing all industrial enterprises in export processing zones (EPZs) to borrow medium and long-term loan from overseas sources. Under the relaxed regulations, industrial units in the EPZs will submit borrowing approval applications and related documents as per proforma of the Guidelines for Foreign Exchange Transactions (GFET, 2009 edition). The submission will be done through nominated authorized dealer banks for onward referral via the Bangladesh Export Processing Zones Authority to the BB. The borrowing proposals will be scrutinized at the Foreign Exchange Investment Department, BB and disposed of with decisions at the governor's level, according to an instruction issued on 6 May.

Events

H.E. Mrs. Lilianne Ploumen, Minister for Foreign Trade and Development Cooperation visits Bangladesh



H.E. Mrs. Lilianne Ploumen, Minister for Foreign Trade and Development has visited Bangladesh from 25 to 27 May 2014. The main objective of her visit was to witness the progress made in improving working conditions in the RMG sector since her last visit to Bangladesh in June 2013, shortly after the Rana Plaza collapse. During her visit she co-chaired together with the Minister of Commerce the local Working Group that coordinates donor efforts and monitors results in the RMG sector. She also had bilateral meetings with the Commerce Minister, State Minister for Labor and Employment, top government officials, garment associations, trade union representatives, Accord, Alliance and development partners. Together with the Minister of Commerce she issued a Joint Statement on their continued collaboration and commitment to the garment industry. She also launched the new Textile Technology Business Centre, which will address the industry's demand for knowledge and (new) technologies to support cleaner and safer production mechanisms in the RMG industry. During the visit, she signed a grant agreement with Dutch NGO SNV for 1.7 million Euros. The SNV program aims at introducing sexual and reproductive health and rights in the value chain of RMG factories through an inclusive business approach, involving trade unions, consumers, brands and buying houses. Minister Ploumen concluded her two day visit in Bangladesh with visits to garment factories, the Rana Plaza site and a dialogue with survivors of the Rana Plaza collapse at the Rana Plaza Coordination Cell.

Meeting on business opportunities for the Dutch private sector in the potato value chain in Bangladesh

On 14 May, a meeting was organized by BoPinc (www.bopinc.org) at FME in Zoetermeer in the Netherlands, with a number of Dutch companies doing business in the potato sector in India. The objective of the meeting was to





raise their interest to also become active in Bangladesh. Among the companies present were Agriko, Agroplant, Mooy, Omnivent and Tolsma. Also Wageningen University and Research Centre and the director of the Netherlands Agro, Food & Technology Centre-India were present (www.naftc-india.com). Short presentations were given on: food security in Bangladesh and the embassy's food security development programme; the successful intervention of the PROOFs project, one of the embassy's food security projects (www.proofsbangladesh.org), in enabling Bangladeshi potato farmers to export their crop to the Middle East; and an overview of the potato sector in Bangladesh and the business opportunities it offers, followed by discussion. A number of companies expressed their interest in coming to Bangladesh to explore these opportunities further, and may wish to do so as participants of the trade mission to Bangladesh which will take place in September 2014.

Upcoming Events

18th Dye+Chem Bangladesh 2014 International Expo, a four-day exhibition on all kinds of dyes and fine & specialty chemicals will be held from 3-6 September at Bangabandhu International Conference Centre in Dhaka. More information about the upcoming event can be found at www.dyechemonline.org/dyechembd2014/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

Invitation for International Tender – Bangladesh Inland Water Transport Authority (BIWTA) under the Ministry of Shipping issued a tender for Procurement of 3 Nos. (2 Nos. 20" & 1 No. 18") Cutter Suction Dredgers and Ancillary Crafts with Other Accessories. Tender was published on 25 May 2014, last selling on 08 July 2014 and closing on 09 July 13:00 hrs. For details, please contact: Engr. H.M. Tarek, Project Director & Chief Engineer, Office of the Project Director, BIWTA Bhaban (level-3), 141-143 Motijheel C/A, Dhaka-1000, Bangladesh. Phone No. 9553558, Fax No. 9551072, [E-mail-ilocdredgerbiwta@gmail.com](mailto:ilocdredgerbiwta@gmail.com) http://www.biwta.gov.bd/website/?page_id=738

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](mailto:cemcpabd@gmail.com); http://cpa.gov.bd/portal/home.php?option=tender%20notice&view=details&tender_id=1604

Invitation for International Tender – Bangladesh Power Development Board (BPDP) under the Ministry of Power, Energy & Mineral Resources issued a tender for Procurement of Air Compressor Spares of Gas Booster Compressor for Sikalbaha 150MW Peaking Power Station, BPDP, Chittagong. Tender was published on 20 May 2014, last selling on 9 July 2014 and closing on 10 July 11:00 hrs. For details, please contact: Abul Baser Khan, Director, Directorate of Purchase, BPDP, WAPDA Building (9th Floor), 12 Motijheel C/A, Dhaka. Phone No. 9550532, Fax No. 7126151, www.bpdb.gov.bd



Request for Expressions of Interest (REOI) Bangladesh Oil, Gas and Minerals Corporation under the Energy and Mineral Resources Division has issued a REOI for Consulting Services for the Management and Supervision of the Implementation of Dhanua-Elenga and West Bank of Bangabandhu Bridge-Nalka Gas Transmission Pipeline Project. REOI was published on 04 May 2014 and closing on 08 June 2014 12:00 PM. For details, please contact: Engr. Md. Abul Kalam Azad, Project Director, Dhanua-Elenga and West Bank of Bangabandhu, Bridge-Nalka Gas Transmission Pipeline Project, Red Crescent-Borak Tower, Level-5, 71-72, Old Elephant Road, Eskaton, Dhaka-1000, Phone: 9355391 Fax: 9358100 Email: gtclmjp@gmail.com; <http://www.cptu.gov.bd/ShowDetailEOI.aspx?EOIID=2154>

Invitation for Pre-Qualification Civil Aviation Authority of Bangladesh under the Ministry of Civil Aviation and Tourism has issued an Invitation Pre-Qualification of Contractors for Development of Cox's Bazar Airport (Phase I). Invitation was published on 26 May 2014, last selling on 19 June 2014 and closing on 26 June 12:00 hrs. For details, please contact: Chief Engineer, CAAB, Head Quarters, Kurmitola, Dhaka, Phone: 8901414 Fax: 8901411 Email: sudhendugoswami@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.