

Editorial / Cash Incentives for Export Competitiveness and Diversification

Export Subsidy or Cash Incentive is one the main supports given to the exporters to encourage or help them to be competitive in the export markets. Exporters are provided with service subsidy and cash subsidy. Services are to facilitate exporters to sustain competition, which includes easy supply of all related logistics, research, information, infrastructural support etc..

While cash subsidies may be direct or indirect, direct subsidy is in the form of direct support through cash incentives while subsidies in the form of duty drawbacks, bonded warehouse facilities, corporate tax benefits are given in the form of indirect subsidies.

In the FY 2014-15, the government provided BDT 35bn as a form of cash incentive to 14 export items, which increases to BDT 45bn for 27 export items in the FY 2017-18, government is aiming to continue this incentive to 35 export items as per recent circular published by Bangladesh Bank for 2018-19. Cash incentives are provided following a clearly spelled out policies and conditionalities but as such there is no impact analysis to know real contribution of this support for enhancing export competitiveness and diversification.

The Government mostly encourages non-traditional export in the new markets where initial risk is supposed to be high. In the recent circular it is noticed that some products which are not even tested so far in the international markets are also included in the list, such as; razor and blades will enjoy 10% cash incentives, but the value addition would need to be at least 40%, similarly for manufacturing motorcycle other than EPZ and EZ will be entitled to get cash subsidies to the amount of 10% for the year 2018-19. Export incentives were also announced for export of photovoltaic module in the present fiscal at the rate of 10%, except for those producing in EPZ or EZ.

Some more non traditional sectors such as; factories (established inside and outside TIED, Savar) those have ETP, pharmaceutical products, chemical products (chlorine, hydrochloric acid, caustic soda & hydrogen peroxide), crab and eel fish (frozen and soft shell), ceramic products, galvanized sheet/coil, cap etc. will enjoy cash incentives at different rates in the year 2018-19.

After analyzing the export subsidy/cash incentives and export earnings of the selected export items from the FY 2014-15 to 2017-18, it has been found that export earnings of jute goods, furniture and agricultural products & processed agro products have maintained some export growth, export earnings of leather goods, light engineering products and ship manufacturing also shown some increasing trend from the FY 2014-15 to 2016-17, but in FY 2017-18, their export earnings fell rapidly.

Unfortunately, export earnings of frozen shrimp and other fishes have an overall decreasing trend from the FY 2014-15 through 2017-18, though 2%-10% support as export subsidy/cash incentives were in place for the sector. It means that cash incentives is not the only incentive to maintain export growth.

The value addition criterion to have the cash incentive for new industrial products was 30-40%, in the new policy of 2018-21 it has been fixed at 30%, but for established/existing export items it is not specified.

Official data on how much of the cash incentive is withdrawn by avoiding rules every year is difficult to gauge, Bangladesh Bank (BB) source said it could be 10% -15% of the total sum of the cash incentive.

As per BB circular (December, 2001) exporters are not entitled to collect the cash incentive until the entire export earnings are credited by the importer to the exporter's bank. Under the rules, the exporters' banks pay the cash incentive to their clients. Later, the BB reimburses the banks on behalf of the government.

Cash incentives support is a much discussed issue, but for streamlining its policies, problems still remain unearthed. Bangladesh is going to be graduating from the LDC group to a developing country in 2024, providing export subsidy would need to be defined then in a different way. Detailed sectoral analysis and long term planning for sector development are important. Export incentives, providing guidelines would need to be clear, target oriented, transparent and non-discriminatory.

Ferdaus Ara Begum, CEO of BUILD

Nihad Kabir Re-elected MCCI President



Barrister Nihad Kabir, Senior Partner, Syed Ishtiaq Ahmed & Associates, has been re-elected as the President of Metropolitan Chamber of Commerce and Industry (MCCI) for 2019. Members of the chamber's new committee unanimously re-elected her as President at its first meeting held on December 12, 2018.

Golam Mainuddin, Chairman of British American Tobacco Bangladesh, has been elected as Vice President.

Nihad Kabir is an advocate of the Supreme Court of Bangladesh and a director and shareholder of Kaderpur Tea Co Ltd and the daily Sangbad. She as the President of MCCI took over as the Chairman of the Trustee Board of BUILD in 2017 and is currently the Trustee Board Member of BUILD.

Osama Taseer Elected President of DCCI



Osama Taseer has been elected as President of Dhaka Chamber of Commerce & Industry (DCCI) for the year 2019. Waqar Ahmad Choudhury has been elected as Senior Vice President and Imran Ahmed has been elected as Vice President of DCCI for the term 2019.

The new Board of Directors took over charge at the 57th Annual General Meeting (AGM) of DCCI held in its Auditorium on December 22, 2018.

The newly elected Directors are Ashraf Ahmed, Deen Mohammad, Enamul Haque Patwary, Md. Rashedul Karim Munna and Shams Mahmud. The newly elected President of DCCI Osama Taseer is an eminent business entrepreneur in the RMG Sector.

BUILD Chairman Awarded with CIP



Mahbubul Alam, President of Chittagong Chamber of Commerce & Industry (CCCI) and Chairman of BUILD has been awarded CIP (commercially important person) for his extraordinary performance in 2015.

Hon'ble Minister for Commerce, Tofail Ahmed M.P handed over the CIP card to the President CCCI at a ceremony to acknowledge the awardees.

Out of the 178 awardees, 136 received the status for outstanding performances in exports of 19 types of products while 42 business persons from different business chambers and trade bodies received the status under trade category. Commerce Ministry Sr. Secretary Shubhashish Bose, EPB Vice Chairman Bijoy Bhattacharjee and FBCCI President Md Shafiul Islam Mohiuddin were also present at the award giving ceremony.

Hon'ble chief guest highlighting the award informed that government is always willing to acknowledge the business entrepreneurs for their contribution to the economy and the Award is the testimony from the side of the government to encourage private sector.

In course of the discussion, he elaborated some of the policy support and cash incentives that several sectors including jute, software etc., are getting from the government. About the negative export growth of leather sector, he said, it was mainly due to the incompleteness of CETP operations of the Tannery Industrial Estate Dhaka (TIED) and because of this the sector is facing a setback.

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Regulatory Barriers Affect Economic Growth- 6th T&I Meeting of BUILD



Senior Secretary of the MOC Shubhashish Bose chairing 6th Trade & Investment Working Committee Meeting in presence of Md. Obaidul Azam, Tapan Kanti Ghosh and Shafiqul Islam, Additional Secretaries of MOC.

BUILD placed a recommendation for forming a high-powered committee of relevant stakeholders for understanding and addressing the constraints of the Tannery Industrial Estate of Dhaka (TIED) operating in Savar. The recommendation came in the 6th Trade & Investment Working Committee Meeting, organised by Business Initiative Leading Development (BUILD) and the Ministry of Commerce (MOC) held on November 13, 2018 at the conference room of MOC at Bangladesh Secretariat.

Ferdaus Ara Begum, CEO, BUILD presented three papers namely, "Tannery Industry in Bangladesh and its Export Competitiveness", "Export Competitiveness of Light Engineering Sector-A Case Study of Bicycle Industry in Bangladesh" and "Situation Analysis of Constraints and Policy Support Needs for Export Subsidy/Cash Incentives for the Exporters".

Adopting measures for solid wastes management, making Common Chrome Recovery Unit (CCRU) operational, measures for reducing water and chemical used by tanneries and standardizing the water and chemical use parameters in the environmental regulations are some other recommendations presented by BUILD.

In the context of re-examining the water parameters, BSCIC representative mentioned that it would not be possible to do anything in case of Total Dissolved Solids (TDS) and Total Suspended Solids (TSS), a new project has to be taken for these issues.

President of Bangladesh Tanners Association (BTA) informed that low quality chemicals are being used in tannery which requires the higher amount. He endorsed BUILD recommendations of the identified 21 Chemicals using only for the tannery sector, for which duties should be reduced.

President of LFMEAB also echoed the voice of the other stakeholders and requested for individual ETPs to qualify for Leather Working Group (LWG) certification. Customs Bond Commissioner in regard to query of entitlement under bond facilities as like as RMG, replied that advocacy through the association is important for regulatory changes.

Taking positive note on the proposal of tannery sector for forming a high-powered committee for TIED, the Senior Secretary of MOC endorsed all proposals and appreciated the role of BUILD for coming up with a number of effective reform proposals and opined that Leather and Leather Goods (LLG) has got tremendous opportunity to expand as the raw materials are produced within the country.

Executive Member BIDA and representatives from Bangladesh Bank, Department of Environment, BFTI, SME Foundation, Department of Explosive, Ministry of Fisheries and Livestock, Dhaka Customs House were also present. President LFMEAB and BTA, BAPA, BKMEA, BFLLEA, BIAA, MCCI, RFL, Rahim Afroz, SMART Leather and Picard Bangladesh also spoke on the occasion. Representative of IFC, Senior officials of the Ministry of Commerce, among others, were also present.

BUILD and Ministry of Industries Discuss Updates on SME Projects



BUILD CEO is seen presenting its publications to the Secretary at MOI.

Business Initiative Leading Development (BUILD) discussed the undertakings of the SME Development Working Committee (SMEDWC) at a meeting at MOI.

Abdul Halim, Secretary in-charge at the Ministry of Industries (MOI), and Ferdaus Ara Begum, CEO of BUILD, led the respective sides.

The meeting also highlighted the improved coordination of SME/SMCI through SMEDWC of BUILD under the Technical Assistance (TA) program to BSCIC Component of the European Union (EU) funded programme titled 'Poverty Reduction through Inclusive and Sustainable Markets (PRISM)'.

"BUILD is happy to collaborate with the TA Component of PRISM for the coordination and support. A sub-working group with a number of public and private institutions may work on a specific agenda," said the BUILD CEO.

Earlier, the BUILD CEO made a presentation informing the activities held so far under the SMEDWC and requested the Secretary for holding the next meeting in early quarter of 2019.

"We are moving to yield result-oriented works rather than the process-oriented works followed earlier since SMEs are needed to know about the global changes and in this respect proper global model should be given to them for addressing the change of demand in coming years," said the Secretary.

The Secretary in-charge, MOI, endorsed the proposal of engaging BUILD to support the co-ordination activities routed through SMEDWC and agreed for need assessment workshops to understand the emerging issues of SME/SMCI.

Echoing the voice of the secretary for extending real support to cluster-based activities, Ali Sabet, Team Leader of the TA Component of PRISM, elaborated further on the proposed collaboration with BUILD for the improved coordination of SME/SMCI development.

Md. Mahbubur Rahman, Joint Secretary, MOI and Project Director of PRISM programme spoke at the meeting highlighting some features of PRISM.

He said that the overall objective of the PRISM program is to build the capacity of Government services to foster private sector development in general, and SME/SMCI development in particular with a focus on poorer segments of society.

The specific objective of the technical assistance component is to strengthen and support the Ministry of Industries and its agencies involved in SME/SMCI development, in particular the Bangladesh Small and Cottage Industries Corporation (BSCIC), in the fields of knowledge management, capacity building and coordination among other stakeholders, and to assist the Government in the implementation of the PRISM program.

Faruque Ahmed, Deputy Chief (Current Charge) Planning-3, MOI and Mehruna Chowdhury, Gender Consultant and Research Associates of BUILD were present at the meeting.

BUILD's Call for Steps Against Anti-dumping Duty



Senior Secretary of the MOC Shubhashish Bose chairs the Stakeholder Consultation on anti-dumping measures at the MOC Conference Room.

Bangladesh needs to address the anti-dumping measures with India and Pakistan on hydrogen peroxide and jute goods and take initiatives to build a poll of legal experts to deal with this issue.

Mentionable, Indian government on April, 17, 2018 imposed revised anti-dumping duty ranging USD 27.81 to 105.82 per tonne on import of hydrogen peroxide (HP) from Bangladeshi exporters in the name of 'injury' to the domestic industry and causal links following petition of manufacturers of that country.

Besides, the Indian authority has imposed anti-dumping duties ranging from \$19 to \$352 per tonne on these products of 255 Bangladeshi jute mills and exporters. Only two of the jute mills that exported goods to India, are not facing any such duty.

Pointing to the articles of WTO Anti-Dumping Agreement, Bangladeshi legal experts found that there was gross violation by some countries and assured that the cases of Bangladesh have enough merit to win in the WTO especially on HP issue.

Bangladesh needs to appeal to the WTO immediately, otherwise export market of Bangladesh would be hampered, they expressed concerns. These were discussed at the stakeholder consultation sessions on anti-dumping measures on Hydrogen Peroxide and Jute.

BUILD in collaboration with Strengthening Institutional Capacity and Human Resource Development for Trade Promotion (EIF Tier-I) Project, WTO Cell, Ministry of Commerce organised the session at the Commerce Ministry in Dhaka on 13 December 2018.

The meeting was chaired by Shubhashish Bose, Senior Secretary, Ministry of Commerce. Md. Munir Chowdhury, Director General, WTO Cell, Ministry of Commerce was the moderator of the session.

Ferdaus Ara Begum, CEO, BUILD, spoke at the consultation. Legal experts of BUILD (CETIL) presented three papers titled India Anti Dumping Measures on Hydrogen Peroxide, Pakistan Anti Dumping Measures on Hydrogen Peroxide, Anti Dumping Measures on Jute Goods etc..

Dr. Mostafa Abid Khan, Director, BFTI focused on the improvement of the in-house expertise of Bangladesh to deal with the cases in the WTO Dispute Settlement Body.

Md. Hafizur Rahman, Director-1 (Joint Secretary), WTO Cell, Ministry of Commerce said that this session is just the initiation. He assured the willingness of the Ministry of Commerce to extend all sorts of support to the private sector to get remedy on this issue.

Md. Munir Chowdhury, Director General, WTO Cell, Ministry of Commerce said the legal experts to collect the all previous documents from the ministry on anti-dumping which will help them to prepare the consultation paper more concrete manner.

High Officials of the different government departments, representatives from Rahimafrooz Ltd, CETIL, FBCCI, DCCI, BJMC, BFTI, MCCI, University of Dhaka, BJSA, ASA Group, Samuda Chemical Complex Ltd., ASM Chemical Industries Ltd., Tasnim Chemical Complex Ltd., Alhaj Jute Mills, BJMC were also present and contributed to the consultation session.

BUILD Urged GTF for Plastic Sector Entrepreneurs



BUILD CEO speaks at the meeting in the presence of the stakeholders.

Stakeholders of plastic sector at a dialogue organized by BUILD at their office in Dhaka urged Bangladesh Bank (BB) to allow use of the Green Transformation Fund (GTF) for construction of plastic waste energy recovery plants.

BUILD organized a consultation dialogue with plastic sector stakeholders in BUILD Conference Room on December 2, 2018 and urged the Bangladesh Bank to allow Green Transformation Fund (GTF) for the plastic sector entrepreneurs who are greening the plastic production process.

The dialogue discussed with the stakeholders and experts about their opinions and suggestions on the rationale of inclusion of the plastic sector to qualify for availing GTF.

CEO BUILD Ferdaus Ara Begum welcomed the distinguished guests and gave a presentation highlighting the harmful impact of plastic on environment and how to minimize the waste through enforcing strict law and focusing citywide education and awareness. She emphasized efficient technology and policy support need for recycling and packaging etc..

She informed, per capita plastic consumption is 7-8 kg now, will increase to 30-35 kg by 2030, plastic made of fossil fuel is a strong contributor to global warming. She compared GTF benefits along with the available refinancing scheme for 52 green products already available for business entrepreneurs, considering GTF as a foreign currency loan at a lower interest rate available for importing machineries could be an excellent opportunity for plastic sector.

The sector needs to go for extensive recycling and from the present linear to circular economy, thus GTF could be helpful for them.

Shamim Ahmed, President (former), BPGMEA mentioned that plastic sector is one of the most promising sector but deprived of the proper attention adding that most of the pollution occurred at the consumption level.

Yusuf Ashraf, Former President, BPGMEA and Director FBCCI emphasized that local government has to play a big role to alert the people about the pollution of plastic at the time of consumption. Chemical mix is important for those who produce thermoplastic molding from oil.

K.M. Iqbal Hossain, Vice-President, BPGMEA endorsing the presentation about huge presence of SMEs in the plastic sector appreciated the cluster based approach referring their proposal on Lalbug Cluster, Islambug and Kamrangir Char Cluster famous for plastic producers, he put thrust on a packaging policy and also for a plastic post-use policy of plastic.

IFC representative informed that a plastic compliance guideline will be launched soon, Technology Support Centres and a Road Map for plastic sector are underway.

Rizwanul Karim, Deputy Director, Sustainable Finance Department, representative of Bangladesh Bank informed that they are positive about inclusion of plastic in the GTF but the rationale for inclusion needs to be convincing. He suggested BPGMEA to send a proposal to Bangladesh Bank about attaining the fund.

The Representatives of Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA), Bangladesh Bank and International Finance Corporation (IFC), among others, participated in the dialogue.

Export Financing Schemes Need Reforms & Innovation for Export Competitiveness



BUILD CEO speaks at the meeting in the presence of the stakeholders

A Consultation Dialogue was held in BUILD Conference Room on November 18, 2018 on Financing Schemes for Maximizing Export Competitiveness in Bangladesh- a Policy Paper prepared by BUILD to be presented in its 7th Financial Sector Development Working Committee meeting to be held soon at the Bangladesh Bank. The objective of the meeting was to discuss with the Economists and Experts about their opinions and suggestions on the available funding schemes for maximizing export diversification and competitiveness.

CEO BUILD Ferdaus Ara Begum welcomed the distinguished present in the meeting introducing BUILD and the presentation topic of the Dialogue. Md. Kamran Hasnain, Research Associate, BUILD gave a presentation on the topic. The policy paper highlighted importance of export diversification, sectoral issues for export competitiveness, experiences of different credit lines/financing schemes in the country such as; Export Development Fund, Green Transformation Fund, Long Term Fund, packing credit and other related funds, financing options & credit lines etc. being used at the pre and post export stages.

It is seen that current financing facilities are very much inclined to RMG while other sectors are discriminated, limited funding applicable for some sector, availing multiple funding for a single sector etc. while it is necessary to introduce attractive and innovative financing options for other sectors as well.

Shahriar Rawshon from BUILD gave a presentation on 'Collateral Free Loan for Women Entrepreneurs' where government initiative for allowing collateral, available schemes for women entrepreneurs (WE) and the financial scenario of CMSME (Cottage Micro and Small Manufacturing Entrepreneurs) loan disbursement issues and policies in that context.

Dr. Mahmood Osman Imam, Professor, Department of Finance of DU highlighted the need for subordinate bonds other than bank based credit facilities as a form of financing. He imitated on the high requirements of Basel III and urged banks to be ready to face innovative schemes which will enter into the market with in the coming five years.

To make the transparency and effective monitoring of present export funds, he suggested full automation of the processing from the time of application to the disbursement citing example of EDF. As per the conditionalities of EDF for leather and leather goods, ceramics, along with last year export performance, a certain projected growth can also be considered for allowing funds to the firms to create the scope of diversified export basket for all allowed sectors for EDF.

Dr. Ahsan Habib added that the issue of Back to Back L/C and UPAS L/C as required in the pre-export stage and is being used largely in economic zone are important to consider for discussing the financing schemes for exporters in the country.

Md. Joynal Abidin, ED, DBI highlighted the available loans for women entrepreneurs of SMEs at subsidized rate from SME Foundation and in regard to meet additional funding demand for successful collateral financing recipient, policies of the banks and FI needs to change. Joydeb Saha, Joint Director, Bangladesh Bank also contributed. A number of BUILD officials were present and contributed in the meeting.

BUILD & BCAS Inked MOU for Working on Green Growth and Climate Finance



BCAS Executive Director Dr Atiq Rahman, BUILD CEO Ferdaus Ara Begum, PROKAS Team Leader Jeffrey Fox, Director of the Society of British Council and Dr. Shahnaz Karim were, among others, present at the signing ceremony.

The Bangladesh Centre for Advanced Studies (BCAS) and Business Initiative Leading Development (BUILD) signed a memorandum of understanding (MoU) to cooperate on an initiative for conducting research and dialogue on green growth in Bangladesh.

The MOU was formalized with the signing ceremony held at Canary Park Hotel in Gulshan, Dhaka. The joint initiative has been undertaken as part of the Climate Finance Transparency Mechanism (CFTM) project, which is being supported by the Promoting Knowledge for Accountable Systems (PROKAS) initiative under the British Council and UKAID. Dr. Atiq Rahman, Executive Director of BCAS, Ferdaus Ara Begum, CEO of BUILD signed the MOU on behalf of the respective organization.

Jeffrey Fox, Team Leader of PROKAS and Dr. Shahnaz Karim, Director, Society of British Council were present in the signing ceremony. Other senior level officials of BCAS, BUILD, attended the MoU signing ceremony.

In his opening remarks, Dr. Atiq Rahman said that role of private sector is very important for responding to the challenges of climate change, particularly for mitigation and contributing to green growth in Bangladesh through energy efficiency and renewable energy. The partnership between BCAS and BUILD could identify the opportunities for the private sector in the area of climate finance.

BCAS provides guidance and practical solutions to promote sustainable development, eradicate poverty, improve access of the poor to resources and ensure social justice.

BCAS tests dynamic ideas, develops models and gives practical solutions to problems in all areas that fall under the broad themes. These ideas have been replicated by NGOs, government departments, private sectors and UN agencies, said he.

Ferdaus Ara Begum noted the critical importance of holding research and stakeholder dialogue to sensitize the private sector in Bangladesh about green growth and green climate fund (GCF) under the UNFCCC.

She expressed hope that the complementary strengths of BCAS and BUILD could go a long way in raising awareness and building capacity on the issues among the private sectors and actors. The present initiative under CFTM is an auspicious beginning in that direction, she added.

J Fox, the newly inducted Team Leader of PROKAS expressed his eagerness to explore the ways of working with the private sector for climate change issues under the adaptive and flexible PROKAS program. Shahnaz Karim also underscored the significance of the initiative and collaboration. She hopes that the close partnership between British Council, BCAS and BUILD will continue for long.

The two partnering organizations would hold a series of informed dialogues and campaigns in the coming months at national and regional levels to highlight critical issues related to green growth and climate finance and the important role of private sector.

BUILD Organized Prestigious National Energy Globe Award-2018



Christoph Pfeifer, Commercial Attaché, Austrian Embassy Commercial Section, New Delhi, India speaks at the ceremony in presence of BUILD CEO Ferdaus Ara Begum, DCCI Secretary General AHM Rezaul Karim and Chief Executive of BEDS Md. Maksudur Rahman.

On 19th November 2018, BUILD and Advantage Austria organized a prestigious National Energy Globe Award-2018 Giving Ceremony at BUILD Secretariat. Bangladesh Environment and Development Society (BEDS) achieved National Energy Globe Award 2018 for its significant contribution on environmental protection. The Chief Executive of BEDS Md. Maksudur Rahman with his colleagues received the award. The Award was handed over by Christoph Pfeifer, Commercial Attaché, Austrian Embassy Commercial Section, New Delhi, India in presence of BUILD CEO Ferdaus Ara Begum, DCCI Secretary General AHM Rezaul Karim.

Christoph Pfeifer said that with more than 182 participating countries and over 2000 project submissions annually the Energy Globe Award is today's most prestigious environmental prize worldwide and it distinguishes projects regionally, nationally and globally that conserve resources such as energy or utilize renewable or emission-free sources.

Award ceremonies are held all over the world. Prominent personalities as well as Energy Globe Ambassadors in 90 countries support the mission of Energy Globe and the aim of the Energy Globe is to raise global attention on sustainable, everywhere applicable environmental solutions and to motivate people to also become active in this area, said he.

BEDS and Korea Green Foundation undertook a grass-roots initiative to build an eco village at Banishanta Union of Dacope Upazila under Khulna District. The Eco village project is divided into three components: the Green Housing, Green Education, and Green Business aimed to increasing use of sustainable energy while conserving the mangrove ecosystem.

Under Green Education component, 4050 students of 25 schools received environment and climate change education and 300 villagers received nature, environment and Sundarbans issues along with environment friendly agriculture and alternative income generation training while under Green Business component, villagers received training on Eco Tourism, handicraft by ensuring the proper use of natural resources, local tour guide making and most of the trained people are self reliant now.

In recognition of its contribution to environment, BEDS received this prestigious award in 2018. BUILD has partnered with ADVANTAGE AUSTRIA for organizing the Award Giving Ceremony at BUILD.

ADVANTAGE AUSTRIA is an enthusiastic supporter of the Energy Globe Awards and its aim to strengthen society's awareness of the necessity for ecological change, by honouring outstanding best practice projects in environmental sustainability from all parts of the world.

The Award Giving Ceremony was moderated by Ferdaus Ara Begum and she praised BEDS's initiative for protecting Sundarbans coastal environment, specially for improving coastal livelihood by the solar energy in order to reduce carbon emission.

BUILD Stressed Simplification of Battery Policies in Bangladesh



BUILD CEO speaks at the meeting in the presence of the stakeholders of Battery Association.

The Dialogue with Battery Association was held at the BUILD Conference Room. CEO, BUILD gave an introduction of BUILD and elaborately explained about the objectives of the meeting.

She informed that the meeting of Investment Promotion Team (IPT) scheduled on December 12, 2018 at NBR chaired by Member (Customs, Policy), proposal for a separate H S Code for Sealed Maintenance Free (SMF) or MF batteries and rationalization of tax of these items being produced by the domestic level entrepreneurs was included as an agenda. She requested to put forward their opinion in these aspects.

BUILD Research Associate presented a paper in this respect to initiate the discussion. Battery manufacturing industries in Bangladesh is a growing sector, contributing to the GDP by increasing investment, employment creation and export. Battery is one of the key technology-oriented product which is manufactured end to end in Bangladesh. At present direct and indirect employment is more than 1 lac. Local Value Addition is almost 50% and it is increasing day by day with local investment. There is some technological and information gap and misconception regarding battery categories among the stakeholders such as Maintenance Free (MF), Sealed Maintenance Free (SMF) batteries. MF, SMF, Lead Acid Battery, Extended Flooded Battery use the same technology of Lead Acid Batteries.

One of the new entrepreneurs wants to import SMF batteries as an SKD/CKD basis splitting the SMF and MF by giving a new HS code and thus requested new duty structure.

Mohammed Shahidul Islam, Executive Secretary, ABMEAB and Head of Regulatory Affairs of Rahimafrozin informed that the Global Market for Lead Acid Battery is \$ 48 Billion, which will reach \$ 80 Billion by 2025. Battery manufacturers claimed that they are capable of producing MF/SMF/EFB Batteries for Hybrid car (For starting engine and other utilities like A/C, light etc.) and they also started investing in R&D and will go for production of Lithium-Ion (LI) Batteries by the next Fiscal.

Abu Hasnat, CEO of Panna Battery added that, Telecommunications/Personal Computers/Personal Networks are the maximum users but they do not have recycling capacity which is a future threat to the environment. Lithium Ion (LI) Battery for Hybrid car are not produced in BD presently. The functionality of SMF/MF/EFB and Idle Start Stop battery are same, sometimes the capacity differs on the basis of its composition. Hybrid and EVs are using LI Battery for running the motor where LI supplies highest electron cycle to run the engine as subsidiary power of fuel or gas, LI has higher longevity and fastest charging capacity.

It was agreed in the meeting that HS specification of Lithium-Ion battery is different than that of Lead Acid and VRLA and it bears different HS code already, there is no need for splitting the SMF and MF by giving new HS code and duty rationalization support for SKD/CKD import. Change in the policy will create market distortion where the semi-knockdown battery would get privilege and local Battery manufacturers would be discouraged.

Meeting with WBG-IFC Representative

CEO, BUILD had a meeting with Sumit Manchanda, Senior Private Sector specialist, WBG based in USA at the Dhaka office of IFC on December 6, 2018 for discussing the progress of “Private Policy Advocacy Through Dialogue” project implemented by BUILD under the umbrella of EC4J project in cooperation with the Ministry of Commerce (MOC).

BUILD CEO Ferdaus Ara Begum informed him about the project update and in course of the discussion briefed the study of BUILD on Green Transformation Fund (GTF) under PaCT phase II project, the study identified some constraints for which utilization of the fund is very minimal.

Manchanda suggested that non bank financial institutions (NBFI) can be one of the main partners of GTF and he also suggested for a flyer on PaCT for circulation through BGMEA to increase awareness about PaCT activities. He wanted to see the expanded role of BUILD for public private collaboration. He suggested that Textile Sustainability Platform (TSP) and TTBC can come together for closer collaboration in familiarizing TSP activities.

He requested for a revised list of TSP members, creating awareness about sustainable consumption and production issues for the TSP members focusing on FDI, simplification of repatriation policy and advocacy for gender issues in the procurement rules on which BUILD will be focusing and initiating activities.

PaCT Annual Meet 2018 Towards Sustainability

BUILD, CEO attended the annual meeting of PaCT phase II at hotel Radisson Blue Water Garden on December 5, 2018.

Wendy Werner, Country Manager, IFC welcomed the participants of the event while Winnie Estrup Petersen, the honorable Ambassador of Denmark and Rana Karadsheh, Regional Industry Director-Manufacturing Agribusiness and Service (MAS), Asia, IFC also spoke on the occasion.

The program has given some highlights of the achievements of PaCTI and some new areas to be followed by industry vision towards sustainability. There was a technical session on opportunity and challenges of financing environment, sustainability, rooftop solar potentials in Bangladesh.

The second technical session was on challenges and opportunities on waste water standard and finally there was a session on textile sector competitiveness moderated by Sumit Manchanda, Senior Private Sector Specialist, WBG. The key note speaker and the moderator highlighted a number of pros and cons of textile sector and suggested some future steps to make textile sector sustainable in this country.

Agri-Insurance as a Tool of Risk Mitigation

A seminar on Agri-Insurance as a Tool of Risk Mitigation was organized by International Financing Corporation (IFC) and Green Delta Insurance Company (GDIC) on December 08, 2018 at Le Meridian Hotel, Dhaka. Honorable Minister Abul Mal Abdul Muhit, MP, Ministry of Finance, GoB was present in the seminar.

In 2015, IFC, supported by Global Index Insurance Facility (GIIF) launched the weather index insurance project in cooperation with Green Delta Insurance Company (GDIC) to develop insurance product to address drought, excess rain, heat waves, coal spells in agricultural sector in Bangladesh.

It was informed in the seminar that 8 district has been covered where more than ten thousand farmers were benefited through the pilot implemented by GDIC.

The project also likes to conduct some policy advocacy so that Agri-Insurance Policy can be formulated to support the farmers and solve the problem of crop loss.

As per the World Bank study (2007) it is estimated that average value of loss product is about BDT 25.5 billion per year in Bangladesh. An average 2.4% cultivated paddy area of the country loss every year due to natural disaster.

BUILD is in contact with the concern focal point of WBG for following up the issue for some policy advocacy.

BUILD CEO Attended as a Member of Mock Tax Tribunal



BUILD CEO attended as a member of a jury board of a mock Tax Tribunal organized by Action Aid under its Tax Justice Campaign Program. Two specific issues were launched upon in the program, these were on Value Added Tax and Corporate tax for which petitioners placed their petitions for justice on behalf of marginal people who bear a significant burden of VAT and deprived of some social welfare issues because of non-payment of corporate tax by the rich segment of the people of the country.

Meeting on Environmental Management in RMG



Jaap van der Meer, International Consultant, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH met BUILD CEO on 27th November, 2018 for stocktaking of the prevailing national legislations and international standards relating to environmental management in the RMG and leather sectors as part of GIZ PSES III (Promotion of Social and Environmental Standards in the Industry) programme at BUILD conference room.

Discussing Scope of Food Safety in Bangladesh



Annette Brune, the Lead Consultant of Orrani Consulting, UK based met BUILD CEO for discussing scope of food safety in Bangladesh and BUILD's view of the current veterinary drug, animal feed and food safety laws of Bangladesh. Abdullah Al Rana Farhad, from Lean Manufacturing System joined the meeting.

BUILD Reforms

Renewal of ERC through the Nominated Bank

The Export Registration Certificate (ERC) is usually renewed by the Chief Controller of Import & Export (CCI&E) office that costs additional time and documentation.

The Government recently gazetted the new Export Policy 2018-21 with a view to infusing dynamism into export operations, enhancing competitiveness in trade and commerce and thus strengthening the position of Bangladesh in the competitive world.

The Export Policy brings a change for renewal of Export Registration Certificate (ERC) through the nominated bank under the Chapter 5 clause 5.28.8, Page No: 25850 with a view to reducing time and cost for renewal of ERC. The change follows the reform Policy paper on 'Simplification of Import & Export Registration Certificate and Renewal procedures' of BUILD placed at the 3rd PSDPCC meeting on January 13, 2014.

For implementation, the Ministry of Commerce needs to issue a gazette notification, so that the exporters can get this benefit as like as the renewal of the Import Registration Certificate.

Definition of Deemed Exporters in Export Policy 2018-21

A significant number of backward linkage industries has been established for supporting RMG, Food Processing, Pharmaceuticals and other sectors, a clear and broad definition for deemed export is important which also needs to be aligned with other related policies. About 80% export of plastic sector is deemed exporter or indirect exporter majorly in RMG export. For the first time in the newly announced Export Policy 2018-21, a section on deemed export along with a clear definition and benefits has been included following the recommendation of BUILD study 'Policy Simplification for Deemed Export' presented in the 3rd Trade & Investment Working Committee meeting of BUILD on September 17, 2013 and 5th Private Sector Development Policy Coordination Committee (PSDPCC) meeting held on June 8, 2014 respectively.

The following definition of deemed export appeared in the new Export Policy 2018-21:

Definition of Deemed Export will be aligned with the definition of Value Added Tax and SD Act 2012 of 2012: Chapter 5, Clause 5.27 (Page no: 25849).

Definitions with benefits are given below;

- Deemed export will be the items exported under certain rules and conditions against foreign exchange (Clause 5.27.1);
- Goods and services supplied against foreign exchange under international tender;
- Goods and Services supplied against foreign exchange under local L/C.
- Deemed exporters will enjoy all export facilities including duty drawback like regular exporters (5.27.2)

It is expected that these reforms will be helpful for SME linkage industries and also the direct exporters at the same time, enhance export competitiveness.

Definition of Samples in Export Policy 2018-21

Private sector and association requested BUILD to take initiative for a clear definition of "Sample Item" in the Export and Import Policy through Ministry of Commerce, GoB. In that continuation, BUILD prepared and submitted a reform policy paper titled "Simplification of Sample Export & Import Policies to Increase the Export of Non traditional Sectors of Bangladesh" to the Ministry of Commerce on 7th August, 2018 and to the PMO through 11th meeting of the PSDPCC on 9th August, 2018.

Recently the government has announced a new Export Policy 2018-21 on which a clear "definition of sample item" has been included. Unofficial English version of the definition of the sample in the Export Policy 2018-21 is, "Sample means the limited quantity/number of products, use of which are commercially incompatible (non commercial value) and easily identifiable."

The terms "commercially incompatible and no commercial value" have been included in the new definition. It is believed that this reform will reduce the hassle faced by the importers and exporters of samples as well as will simplify the sample export and import process.

BUILD Scopes

Electronic Vehicles (EVs) and Sustainable Transport in Bangladesh

In the United Nations Climate Change Conference (COP21) agreement in Paris in 2015, a number of countries and cities declared their goals to eventually ban internal combustion engines (ICEs) as part of achieving the SDG 11.2 "Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety by 2030" and SDG 13 – Climate Action, as transportation accounts for 14% of global GHG emissions. Global vehicles manufacturers have already set their plan to move their production of ICEs to EVs to meet the global goal. Bangladesh transport sector is also undergoing silent transformation. Around one million EVs of various modes are plying across the country, especially the two and three wheelers. The three wheeler EVs are growing rapidly despite absence of government support due to the benefits and market demand, mostly for commuting short distance in the rural and suburban areas. Some large EV producers have already launched various four wheeler EVs. Despite the transformative opportunities offered by EVs to Bangladesh, enabling policies and infrastructures have not been adequately established yet. The main objective of the study by Business Initiative Leading Development (BUILD) is to find out the potential of EVs in Bangladesh from an environmental and economic perspective, with particular focus on mitigation of GHG emission and climate change. The study also seeks to assess the competitiveness, find out best options and identify the policy gaps related to EVs in Bangladesh. The study would also help raise awareness among the potential stakeholders regarding EV.

Study on Capital Machinery

Capital Machinery, commonly referred to as capital equipment, is any equipment used for production of commodities. Significance of Capital Machinery for Industries. Import of capital machinery is a major indicator of industrial activity in foreseeable future. In 2016-17, capital machinery worth USD 3.8 billion was imported in Bangladesh. When private investment to GDP ratio grows in tandem with capital machinery import, industrial activity can be taken to be growing. In view of the growing importance of sustainability as well competitiveness for Bangladeshi economy, it has been increasingly necessary to promote environment-friendly capital machinery in the industrial sector of Bangladesh. BUILD is undertaking a study to assess incentives and policy support to environment-friendly capital machinery in Bangladesh to assess if use of these could be promoted further.

BUILD Articles in National Dailies

Protecting exports from Anti-Dumping Duty

<https://thefinancialexpress.com.bd/views/views/protecting-exports-from-anti-dumping-duty-1546098108>

Expanding bicycle export market

<https://thefinancialexpress.com.bd/views-reviews/expanding-bicycle-export-market-1545058566>

Cash incentives for export competitiveness

<http://today.thefinancialexpress.com.bd/views-reviews/cash-incentives-for-export-competitiveness-1545490447>

Women participation in public procurement

<http://today.thefinancialexpress.com.bd/views-reviews/women-participation-in-public-procurement-1541347059>

Taking up the challenge of SDGs implementation

<http://today.thefinancialexpress.com.bd/views-reviews/taking-up-the-challenge-of-sdgs-implementation-1543591905>

Meeting between PRISM Representative and BUILD



A meeting was held on 23 December, 2018 at BUILD office on the issue of BUILD collaboration with PRISM Programme. The meeting was attended by Ferdaus Ara Begum, CEO, BUILD, Ali Sabet, Team Leader, PRISM Programme, Mehruna Islam Chowdhury, Gender Consultant, BUILD and Belalur Rahman, Research Associate, BUILD.

The meeting was intended for sharing updates on future collaboration of the two parties on Result Area 3 of the TA project (Improved Coordination on SME/SMCI Development).

Meeting between Dhaka University and BUILD



To cognize the present scenario of SME development in Germany and Bangladesh, BUILD hosted a meeting with Prof. M. A. Baqui Khalily and Prof. Dr. Mahmood Osman Imam, Department of Finance, University of Dhaka on December 12, 2018. BUILD CEO Ferdaus Ara Begum put light on differences between the SMEs of Germany and Bangladesh in varied perspectives such as definition and number of SMEs, contribution to export, SMEs access to finance, SME's education system, FDI, wages and working conditions, industrial clusters and global value chain and mainly the policy related support to SME business.

Discussion on Anti-dumping Duty



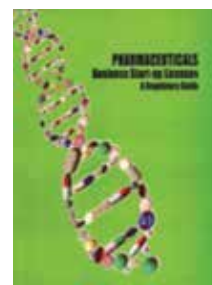
To discuss on the issue on anti-dumping duty and the points to consider for appeal against the imposed Anti Dumping Duty on Jute and hydrogen peroxide by India and Pakistan respectively, BUILD hosted a meeting at BUILD Conference Room on 20 December 2018. The meeting was attended by Dr. Mostafa Abid Khan, Member (Tariff Remedies), Bangladesh Tariff Commission, representatives from BTC and Abu Saleh and Shirin Sultana who are the legal experts on AD issues.

Meeting between PROKAS Representatives and BUILD



Gerry Fox, Team Leader, PROKAS called on the BUILD team, accompanied by Abul Basar, IBP Manager, PROKAS on December 19, 2018. Ferdaus Ara Begum, CEO, BUILD along with her colleagues welcomed the PROKAS delegation. The PROKAS team discussed about their ongoing and upcoming work related to the issue of climate governance and climate induced displacement. BUILD CEO shared her insights and suggestions, especially related to how private sector business could play an important role in addressing climate change adaptation and climate induced migration.

Publications



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