

Directors' Report

Distinguished Members,

Assalamu Alaikum,

1) I am privileged and honoured in presenting before you the **Annual Report-2010 of BTMA** containing the activities & other related activities of the Board of Directors of the year ending December, 2010. Therefore, on behalf of the Board of Directors of BTMA and my own behalf, I extend our heartfelt gratitude and welcome all of you on this Winter Morning for your gracious presence at the **27th Annual General Meeting (AGM) of BTMA** and also to those who could not make it. This is the last year of the incumbent Board of Directors and last of my Presidency of second term. I am highly honoured for your unflinching support during the four years.

You will kindly bear me out that when I took-over the responsibility of the Association, an uncertainty was prevailing in the political arena of the world. In spite of that we jointly confronted the challenge positively over shadowing the economic prospects through positive initiatives for the development of the Primary Textile Sector (PTS) and also tried our best in solving diversified problems of honoured members.

2) Dear Fellow Members,

Upon the assumption of the office of the Presidency I have spared no stone unturned to expand our field of activities and to enhance the images of BTMA both at home & International front. During my tenure extensive dialogues, meetings and discussions were held with the then Advisors and later on with Cabinet Ministers, Secretaries, High Government Officials, Head of Diplomatic Missions to draw their attention to various issues, facts and current state of affairs of textile sector for appropriate actions. I believe, such endeavors have created a positive impact on some of them. As such every policy decision for the development of Bangladesh Textile Industry, has been taken in consultation with BTMA.

You will surely agree that because of our constructive support and positive role in assisting the Government BTMA by now, is widely recognized in and outside the country. In recognition of our stand on Economic & Trade issues, various National & International organizations extended their invitations to BTMA to participate in Seminars, Workshops, Trade Fairs, Dialogues, Meetings etc. held relating on economic & monetary affairs. Now I would like to present before you some notable activities of the Association during January-December, 2010:

(3) Contribution of Textile Sector :

Dear Fellow Members,

The Textile Sector of Bangladesh is playing an important role in the Economic Development of the country by supporting export oriented RMG units through the provision of raw earning huge foreign exchange which is next to Wage Earners' Remittance. Besides creation of huge employment opportunities and supporting Government Policy of Poverty Alleviation, textile has now become the Prime mover of the economy of the country. You will surely bear me out that over the years, significant

development has taken place in the textile sector. Here I would like to present before you the Developments, Achievements and Contribution of Textile Sector as a whole :

- **40% industrial value addition come from textile.**
- **Provides 5.0 million job of which 80% are women**
- **Over 81% of the export earnings come from textiles & textile related products.**
- **The value addition in woven RMG is now around 35 to 40% and knit RMG is around 80 %.**
- **Around 40% of the total demand of woven fabrics for export oriented RMG is supplied by the local weaving mills.**
- **90% of the domestic fabrics and 100% yarn requirements of knit garments are met by PTS.**
- **Provides 0.2 million jobs in waste recycle industry related to RMG**
- **Contributes 13% to GDP.**
- **Generates huge client base for banking, insurance, shipping transport, hotel, cosmetics, toiletries & related economic activities.**

Price Hike of Yarn :

(i) Recently there was a rumor in the domestic yarn market that local yarn manufacturers always were earning windfall profits in the name of price-hike of raw-cotton in the international market. We also heard that in Bangladesh local yarn and fabrics have become uncompetitive and as such in the export market our products lose their competitiveness due to higher price of basic raw-materials of especially knit sub-sector, the above types of generalized comment might not be tenable, if we compare our position with our competitors in term of different production elements.

At present the price of raw-cotton has exhibited upward trend exceeding all proportion negatively effecting production of yarn. The Spinners import their raw-cotton at a higher in addition to incurring various types of expenditure. Our competitors are producers of raw-cotton. So they procure cotton locally at reasonable price. Besides we are at a disadvantageous position in terms of Bank loan, equity, power-supply, port-facility, infrastructure etc. In spite of that, I feel our product is comparatively competitive, when compared to our competitors in terms of cost of production of yarn.

Our yarn production capacity is around 1800 million Kgs. annually but presently our annual production has plummeted to 700-800 million Kgs. due to severe power outage & gas crisis. Therefore it will not be wise to level put allegation on to our spinners for the price hike as the production cost has increased many fold in recent months due to inadequate supply of Gas & abnormal increase of the price of raw-cotton. In such a situation I urge the Government to come forward with an incentive package for the yarn users, apparel makers and exporters as a short-term measure to balance off with the ongoing cotton yarn price hike.

In this regard, I would like to inform you that considering the continuous upward trend of price of yarn and scarcity of yarn, BTMA has requested the Government to allow import of yarn through Banapole Land Port for the Weaving mills having Bonded Warehouse in line with the Knit Wear industry, to stabilize the volatile local yarn market and ward off the scarcity of yarn. In this respect I would like to caution my Honourable members that the 2010 cotton season gave us a wakeup call to prepare ourselves for the future. It gave us a realization that finding cotton would be an issue but not the price. It reminded us that our Textile Industry is vulnerable to foreign sources. This is the season when some of the largest cotton companies in the world went out of business. Also a few small to medium size companies declared bankruptcy & our textile industry last support from these merchants.

Since we do not produce cotton, we are vulnerable to such crisis. Therefore, it is more of an issue of national security than a cotton security.

4) Sectoral Issues :

(a) There is no denying the fact that textile Sectoral Development depends on the cordial relationship, co-operation and coordinated efforts of all the sub-sectors in the Industry. During my Presidency, I tried my best to concentrate on the aspect. Accordingly I along-with my colleagues attended meetings at different times with BKMEA & BGMEA officials to discuss issues of conflicting interests to reach at wherein leaders of all the Associations worked jointly in the interest of the overall textile sector. You will be happy to know that, recently, at BTMA's initiatives leaders of BGMEA & BKMEA visited BTMA and had fruitful discussion on various issues relating to our common interests. I feel, such initiatives should continue to bridge the differences of the opinion and could have a workable position which might help us to take common stand jointly on the development of the sector.

(b) DTG:

BTMA's mission & vision has been to ensure strong and vibrant textile manufacturing base to successfully face the challenges posed by phasing out of the Multi Fiber Arrangement (MFA). Considering the above and other inter-related aspects, the Association **since 2003 is organizing an exposition styled "The Dhaka International Textile & Garments Machinery Exhibition (DTG)"** with foreign collaboration of a firm named Event Management Company. Such event is providing our entrepreneurs, local textile & Garment Manufacturers and the Technicians a unique opportunity to have glimpses of technological advancement that have been taking place in the global textile trade, over the years.

The objective of holding such Exhibition is to familiarize the local entrepreneurs with the **State-of-Arts Technology** used in modern textile industry. This has now become a regular event of BTMA. By now we have had 7 such exhibitions. I am pleased to announce that the **8th Dhaka International Textile & Garments Machinery Exhibition (DTG) will be held between February 13~16 in 2011.** I as outgoing President invite all of my distinguished friends, colleagues and well-wishers to kindly visit the up-coming Exposition

(c) TEXBANGLA

You are all aware that over the last 20 years remarkable development has been achieved in quality of our products. To exhibit the member-mills products and to highlight the development of the Primary Textile Sector (PTS), since 2003 BTMA is organizing an exhibition namely TEXBANGLA since 2003, which is now has become a Biennial event of BTMA. This year we also have had the said Exhibition. I express my profound appreciation & extend my heartfelt gratitude to the members for their whole-hearted support for successfully holding of TEXBANGLA-2010. You will be glad to know that the TEXBANGLA was inaugurated by the Hon'ble Prime Minister and the expo was followed by a Seminar on Energy, a Musical Night followed by Fashion-show & Dance programme.

(d) Minimum Wage Issue :

The Government has been actively considering to include textile in the fold of Minimum Wages. According to our assessment, fixation of Minimum Wages for the workers of Textile industry especially Spinning, Weaving and Dyeing-Printing-Finishing mills will definitely create a complex situation as most of the Mills in the PTS provide more than what was planned. As such minimum was below the existing one would surely create a complex situation. Therefore, the congenial environment between the workers & the management that

exists at present may be des-stabilized creating unwanted situation. In such a situation BTMA, therefore, feels that fixation of minimum wage for Textile Industry by an out authority will not be a wise decision and it should be left out to the sub-sector concerned. More so, in a market-economy Wages are to be fixed by the market mechanism. The above view of BTMA was duly communicated to the concerned Ministry for necessary action at appropriate level.

(e) Apparel & Textile Board Act:

Ministry of Textiles & Jute was planning to formulate an “**Apparel & Textile Board Act**” to bring Textile & Apparel trade under one authority, namely MOTJ. Accordingly they had Drafted “Apparel & Textile Board Act” and that was sent to BTMA with a request to forward BTMA’s comments on the Act. BTMA went through the Act very carefully and raised the basic question of the necessity of having such an Act, as the existing laws in conducting Textiles & Apparel trade both domestically & Internationally are well in operation. The Draft Act contained a good number of clauses that would empower to Control, Regulate and Monitor all activities pertaining to Textiles and Apparel trade. The Draft was more of regulatory in nature, rather than facilitator.

In view of that, BTMA submitted its view to Ministry of Textiles & Jute with a request to drop all regulatory & controlling provisions of the Act to have better acceptability of the Act. The Act is yet to be finalized.

Italian Embassy in Dhaka in co-operation with BTMA organized a workshop on the Latest Technological Advancement that has taken place in the field of Italian Textile Machinery where I was a Special Guest. After the Workshop, the President of the Italian Textile Machinery Manufacturers Association and the Trade Commissioner of the Italian Embassy, based in New Delhi visited BTMA and discussed with me on Italian Investment Possibility in the Textile Sector of Bangladesh.

Child Labour Issue:

Mr. Javier Chercoles, CSR Global Director of OIC had a discuss on working on the use of Child Labour at the Uzbekistan Cotton field. Mr. Javier opined that unless Bangladesh take some action in the above issue, European and USA Apparel buyers might have take some retaliatory action on Apparels made of Uzbek Cotton. BTMA does not know whether such allegations were based on facts or fabricated. As Bangladesh imports over 45% of their required raw cotton from Uzbekistan, we communicated our concern to the Ministry concerned to look in to the matter. Accordingly a delegation headed by Hon’ble Commerce Minister visited Uzbekistan when I was also included as a member. The issue was with the Uzbek authority with request for a clarification to reduce our concern.

Seminar on ICA Rules & Bye-laws :

60% of the Cotton Trade are controlled by the Rules & Regulations of the International Cotton Association (ICA). In addition Arbitration Procedures framed by ICA are used in resolving the cotton trade disputes. On many occasions it is observed that many Bangladeshi buyers have little access or benefit out of the Rules & Regulations due to complex nature of the laws of Arbitration. Considering that BTMA in association with the International Cotton Association (ICA) and Bangladesh Cotton Association (BCA) organized a Seminar on ICA Rules & Bye-Laws to present the complicated rules in the simplistic form. A good number of representatives from different Spinning mills, Cotton traders & Agents participated in the Seminar. The Seminar has definitely enriched our members with regard to ICA Rules &

Regulations, while considering future procurement/negotiation of purchase contract, I am sue.

Withdrawal of Restriction on Cotton Export by India:

(h) Bangladesh is not a Cotton Producing Country. We have to import all our requirements of cotton from countries like India, Pakistan, USA, Africa and others. The annual requirements of our raw-cotton is over 5.0 million bales, out of which 15~20% come from India. You are aware that India imposed restrictions on Cotton Export from April 19, 2010. This placed our Spinning Mills in a raw-material crisis. Before imposition of restriction on cotton export by India, a good number of Spinning Mills had signed contract/opened L/Cs for a total of 2,98,551 bales of raw-cotton with various Indian Cotton Shippers. Out of that 1,35,793 bales of raw-cotton remained un-delivered.

Immediately after imposition of restriction by India, BTMA requested our Hon'ble Commerce Minister to take-up the issue with the Indian Government and also requested the High Commissioner of India in Bangladesh to take up the issue with their Government for fulfillment of the contractual obligations of those contract signed & L/Cs opened before imposition of restrictions. Our Hon'ble Commerce Minister visited India with a delegation (wherein BTMA President was also included as a member in the said delegation) and could convince the Indian Government to withdrew the restrictions on cotton export and also to increase the raw-cotton export to Bangladesh from 1.5 million bales to 2.0 million bales per annum. More so they agreed to full-fill the un-fulfilled contractual obligations be complied with due to imposition of restriction.

Upon Invitation of Korean Trade Centre (KOTRA), Dhaka I participated in the “Busan International Textile & Fashion Show 2010” held in Korea. During the visit I attended various events of the show mainly Busan Textile Design Competition & Busan Fashion Design competition.

5) Budget Issue:

Dear Members,

You will kindly agree that owing to favourable policies of the Government, we have now a considerable size of backward linkage industry for which our knit sub-sector has achieved a phenomenal growth. The achievement so far made was possible due to provision of importing of Textile Capital Machinery & raw materials at zero duty/taxes and other incentives. But the Government in 2006-07, re-imposed import duty on Textile Capital Machinery & Import duty & 15% VAT on some of the raw-materials namely on Polyester Viscose & Acrylic Staple Fiber and Chips / Pet-Chips.

In spite of our all out efforts for complete withdrawal of such duty/taxes, we placed appeals vide representations, press conferences & discussion with the concerned Government officials, Advisors & Ministers highlighting the adverse effects of such duties & taxes on the growth & development of textile sector. Realizing the potentials & contribution of the textile sector to the GDP & poverty alleviation the Government reduced the import duty on Textile Capital Machinery and fix the duty at 1% & 3% respectively, subject to the certification of BTMA.

Polyester and Viscose Staple Fibre are now considered to be the main raw materials of synthetic products of some Textile Spinning Mills. I am to inform you that to sustain in the global competitive market, a good number of spinning mills of Bangladesh have converted part of their production process for production of blended yarn with mixture of raw cotton

and polyester/viscose staple fibre. Currently the use of fabrics made of blended yarn has increased significantly. Due to change in demands & taste, many RMG buyers are now preferring blended RMG to cotton based RMG. The present ratio of demand for blended RMG to woven RMG is almost 50:50.

Due to imposition of duty/taxes on Polyester and Viscose Staple Fibre, our competitiveness is on the wane as more than 80% of the above raw materials are converted into exportable apparels. As a result the mills producing those import substitute items are facing economic difficulties as the cost of production has become higher. The impact of imposition of such duty was raised with the NBR and appropriate authorities. But I am sorry to say that in spite of our best & sincere efforts such duty/taxes are still operative. However, efforts are being continued and we are hopeful & confident that sooner or later the Government would realize the importance of the issue and would take positive step.

(6) Investment Situation :

BTMA has always been trying to convince the Government that every country is providing support to her local industries in various ways for its growth. Therefore, BTMA strongly advocates that equal facilities & supports must be given to Textile Industry, both domestic as well as export-oriented industry. You will agree that the existing debt-equity ratio, interest on term loan and working capital loan are un-favourable to attract investment. Hardly any sponsor is likely to be able to mobilize huge fund to meet existing equity requirement for large capital investment. The phasing out of MFA has created a competitive environment where Bangladesh is facing severe competition in Textiles trade with competing countries like India, Pakistan, China, Thailand, Vietnam, Cambodia, ROK and others which are very strong and advanced in Textile Productions.

Normally in the Textile Sector, mills are set-up either with vertical integration process in the form of Composite Mills or having independent single process, such as Spinning, Weaving, Knitting and others. Composite mills in Bangladesh having 3-stage process is very limited in number. The reason behind this can be attributed to huge investment outlay.

You are aware that since long the industrial sector of the country is suffering due to acute power shortage. Owing to energy & power shortage, almost all sorts of development activities are either stalled or under threat. I am sorry to mention here that as per BTMA record over the last 2 years, there has not been new investment in Spinning, Weaving or in Product Processing due to power problem. In spite of the best efforts of the Government, the power situation has not been improved, and no one knows when the situation will improve.

Presently Textile Industry has on an average suffered a production loss to the extent of over 35-40% attributed due to energy shortage. It is known that our member-mills are required to make a 20% additional capital investment to have Generator & Gas connection for power generation. You are aware that due to low pressure and inadequate supply of Gas, our member-mills are suffering huge financial losses resulting in increase in cost of product.

Textile is a Capital Intensive and at the same time, Labour Oriented industry. I believe, creation of huge employment opportunity in the country would be possible only through Textile Industry. As such I urged the Government to give higher priority for power generation, otherwise no new investment can be expected in this sector, rather the existing industries of the sector will collapse, aggravating the existing unemployment situation & negating poverty alleviation programme.

(7) Enhancement of Cash Incentive from 5% to 15%.

To have an effective backward linkage to support the RMG units with provision of inputs at a competitive price and to achieve self-sufficiency in yarn and fabrics production, Government introduced 25% cash assistance in lieu of duty draw back and bonded facility.

With the phasing out of multi-fiber arrangement severe competition ensued in the global textile trade. Our competitors such as India, China, Pakistan, Vietnam, Cambodia and others have taken various measures for capacity building, procurement of high and state of art technology, and improve competitiveness introduced various incentive packages.

Such extra facilities have created a disadvantageous position at least (15~20% disadvantage) for Bangladesh Textile Industry. One of the reasons for introduction of 25% Cash assistance was to bring the cost difference down to at par with our competitors. However over the years that rates has been gradually reduced to 15%, 10% & 5%. With continuation of the facilities provided by our competitions & on the other hand gradual reduction of 25% Cash Assistgance to 15%, 10% & 5%, Bangladesh T&C manufacturers competing capacity has been widen by at least 20% compared to our competitors. Therefore, with 5% support, 20% cost-benefit difference cannot be compensated so to enhance textile & clothing contribution to national economy, cash assistance be raised to 15% for over all development & expansion of the sector.

Besides that I urge the Government to take the following measures for sustainable development of Textile Sector :

- The scheme of Tax Holiday be continued.
- Debt-equity ratio should be fixed at 80:20 or any favourable rate.
- Weaving & Dyeing- Finishing sub-sector should be given extra thrust and priority while considering bank loan for investment.
- Interest on investment in the textile sector be fixed to 7% or 8% both by nationalized and private sector banks.
- All importable Textile Capital Machinery, Spares & Dyes-chemicals used in the textile sector be made duty & tax free.
- High-tech Park, Garment Villages, & EPZ with necessary infrastructural facilities be established for textile industries on priority basis.
- Encourage setting-up of ETP. In this regard machines, equipments and spare-parts should be duty free and to make provision for bank loan at lower rate of interest.

(8)Human Resource Development vis-a-vis Institutional Development:

Textile is the backbone of Bangladesh Economy. Over the years textile proved to be the Engine of Growth as it has been the 2nd largest sector for accommodating the Working Force after agriculture. On the other hand textile sector in Bangladesh is the largest single sector having highest investment. Over the last 3 decades this sector has achieved unprecedented growth. As such it is the obligation of all of us to take all possible steps/initiatives to protect this potential sector and make the sector more competitive as well. Though huge investment have been made and latest State-of-Arts Technology are now being used in the textile industry, still we are lacking behind to provide educational knowledgeable skill. However, being aware of the necessity of efficient workforce, Govt. has transferred NITTRAD a training institute under BTMC, to a Governing Body headed by BTMA President. **National Institute for Textile Training, Research & Design (NITTRAD) now functions under Public-Private Partnership.** The Governing Body has taken a lot of initiatives to make the Institute a “Centre of Excellence”. **Various courses on Yarn & Fabric manufacturing, Dyeing-Printing-Finishing, Garments Technology, Textile Testing and Quality Control**

are now running. I am happy to state here that Govt. has accorded permission to start B.Sc. Textile Engineering course very shortly at NITTRAD. I believe that the on going courses will definitely help our members to recruit skilled & trained operatives thereby reduces our dependency on foreign experts. I request all the distinguished members to depute their officers, staff & workers for training purposes.

(9) BTMA Bhaban:

We always consider that BTMA should have its own Building on its own land. Trade Associations like FBCCI, MCCI, DCCI, BGMEA & BKMEA with the support of the Government have already their own Bhaban where improvement in product quality could be regularly displaced in exhibition hall, buyers sellers meet, meeting, workshops, seminar etc. could be organized. Presently in doing those additional expenditure is incurred which results in increase in cost of production. Having own campus, such extra expenditures could be avoided. BTMA members have already invested a enormous amount. As a result BTMA activities have also been expanded.

Keeping that in mind, BTMA initiated a venture to have its own land and subsequently we take up the issue with RAJUK for a suitable land in Dhaka City. I am sorry to mention here that I failed to materialize the matter. I request all of our distinguished members and the upcoming Board of Directors to continue their efforts to have a land for BTMA's own Bhaban.

(10) Measures for growth, development and revitalization of Textile Sector:

In the export market, Bangladesh RMG becomes a global player. We are the number three knitwear exporter in the world. In case of woven garments our position is 7. Keeping this growth rate constant with favourable Government Policy and financial support, it will not be difficult for us to achieve the top slot in the world within 2019. Several dimensional changes in clothing export of the world have opened enormous opportunities for us. But the recent global recession, financial crisis and abnormal increase of price of raw cotton not only put a break on our journey towards advancement but it has also made it difficult for us to compete with the competitors.

The USA and the EU import more than 90% of our total export. Japan is another country that will be the next largest destination of our export. Bangladesh is sustaining its export for the last 1½ years by selling products without covering the fixed costs and hence resulting in overdue term payments and losses. The developed countries such as Europe, USA and Japan have announced trillions of dollars in subsidies/bail out plans to face the recent recession. Developing countries also to protect their economies have taken various economy stimulus strategies.

We are grateful to our Government for providing different policy support and incentives for the sector. But that support has been reduced subsequently. The cash assistance has been reduced in June, 2002 from 25% to 5% in 2005. In spite of that Bangladesh Textile industry has adjusted and continued to grow. However, with the additional extra benefits/bail out packages given by the competing countries, our level playing field has been distorted which needs to be leveled with compensatory measures/benefits not only to keep the current employment and export growth but also to prepare us to take positive step for expansion, development and invite new investment. As such I appeal to the Government to take the following measures:

Formation of a Fund for long-term Interest Subvention.

At the existing rate of interest, investment in Industry and production of product at a competitive price is neither possible nor viable. Interest rate for industrial investment in our competing country is around 6 to 7%. Bangladesh has to compete with India, Pakistani, Korean, Cambodian & Chinese products. Therefore, we feel that to compete with those countries on equal footing, our interest rate should be fixed at single digit such as at 7~9%. India provides 5% subsidy on the term loan and 5% interest subvention inclusive of 10% subsidy to Dyeing & printing sub-sector to make the sector more vibrant. On the other hand Pakistan provides 3% interest subvention on term loan. Besides 5% subsidy is given on bank loan for import of textile machinery by Pakistan. With 13% or more interest, competitive edge of ours is gradually declining.

The economic and financial viability of our Spinning, Weaving & Dyeing mills now under threat. We feel that Govt. should create a fund of Tk. 5 billion set aside to meet the upcoming challenges and place it with Bangladesh Bank for supporting term loan interest payment via interest subvention. This surely will reduce the burden of interest on term loan and bring that down to single digit.

Formation of Fund for subsidy to Gas Bill:

Most of the Spinning, Weaving & Dyeing-printing-finishing mills which operate under Captive Power generation are running at less than 50% capacity due to acute shortage of gas supply as well as poor/low pressure. Whether the gas supply is there or not, or less than the desired pressure level, a minimum charge is to be paid, which we think is unreasonable and unethical. When govt. cannot ensure normal and regular supply, to minimize the economic loss on gas bill, the system of a fixed amount from the bill be waived/ exempted. The amount so waived/exempted be paid to gas distribution companies by Bangladesh Bank out of the fund to be created with money from incentive package of Tk. 5 billion set aside in Budget. This may be similar to interest subvention.

(11) Concluding Remarks:

Dear Members :

The role of Textile Sector in nation building cannot be over exaggerated. Textile Sector being one of the prime provider of job and a role model for poverty alleviation and economic emancipation of the teeming millions can be considered to be the engine of growth. BTMA being the largest part of this sector has relentlessly endeavoring to build a strong industrial base, where from the country can take off to be recognized to be a middle income country within the shortest possible time frame.

You are aware that a number of major hindrances confronting the textile sector have slowed down the pace of growth of this potential sector. Even then significant development has been achieved due to positive and dynamic approach of BTMA members, for which all of you deserve appreciation. However, there is no place for complacency. A lot more need to be done and we are striving towards those with high hopes and aspiration.

On different occasions, we took up the unresolved issues with the concerned authorities and try to reach an amicable solution. I along with my fellow Board of Directors have always tried to work jointly for furtherance of our cause. Various issues affecting the growth of textile sector are there that I hope will be taken care of by the next Cabinet.

As stated earlier, I am sure that you will surely bear me out, when I took-over the realm of BTMA, the country was reeling under political upheavals. All machinery of the govt. were either inoperative or could not function appropriately. In such an environment, we had to

continue with our assigned responsibilities. If some one is to work in a hostile and unfriendly environment, successful conclusion of programmes & agenda might not always be possible. However, we left no stone unturned to protect and uphold the interest of BTMA member mills including that of Textile sector as a whole. Whether we were successful or not in our endeavour will be assessed and judged by the beneficiary. I leave it with you to decide.

We sincerely and honestly tried our best to make various policies and programmes a success. No one can guarantee success in every venture. Success in trade related programme can not be guaranteed as many factors are outside the control and power of individuals. In this regard sincerity of purpose and honest attempt could be viewed with a positive frame of mind and perception. Before I conclude let me outline what I have achieved during my second 2-year terms of the Presidency and what remains to be done, although there is no finish line of success and improvement.

- (1) In order to encourage re-investment of the income of Textile Industry, the Government has extended the validity of SRO No.168/Law/Income-tax /2000.
- (2) Inclusion of Textile Spinning, Weaving, Knit Dyeing, Yarn Dyeing and Dyeing-Printing-Finishing mills in the definition of Textiles for Tax-holiday benefit.
- (3) Arrangement of payment of the License/Renewal Fees of Captive Power Plants by the Government for the period November 2009 to June 2010 to compensate the losses due to power disruption/poor gas supply.
- (4) Extension of the bank loan re-scheduling facilities without any down-payment up-to June 30, 2010 from October 2009 at 10% interest rate instead of 15%.
- (5) Members of Bangladesh Textile Mills Association (BTMA) be allowed to 5% Cash Incentive for direct export of yarn to the Global market.
- (6) BTMA members who import cotton and other fiber for production of yarn will get access to Export Development Fund (EDF) at LIBOR + 2.5%.
- (7) Weaving mill members of BTMA will receive the benefit of 2nd Stimulus Package declared by the Government, (initially the Government excluded BTMA members from such package).

What to be done :

- Complete withdrawal of Duty/Taxes on Textile Capital Machinery, Spare Parts & Dyes-chemicals.
- Complete withdrawal of Duty/Taxes on Polyester, Viscose & Acrylic Staple Fiber & Chips & Pet-chips.
- Extension of Tax-holiday.
- Enhancement of the existing rate of Cash Assistance.
- Fixation of Interest rate at a single digit & Debt-equity ratio at a reasonable rate.

In fine let me express my profound appreciation & thanks to all of you. I shall fain in my duty if I fail to record my appreciation to BTMA Secretariat for their support in BTMA affairs. Finally I wish you a happy and prosperous New-Year 2011 and pray to Almighty Allah for over-all improvement of the country.

Allah Hafez.

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