

Report of the Board of Directors of BTMA for 2011

Bismillahir Rahmanir Rahim,

Distinguished Members of BTMA
& My colleagues in the Board of Directors.

Asalamu Alaikum & Very Good Morning to you all.

On behalf of the Board of Directors and my own behalf I have the great pleasure to extend my heartiest greetings and warm welcome to all of you for your gracious presence in the 28th Annual General Meeting of our beloved Association, Bangladesh Textile Mills Association (BTMA). I am very happy to present before you the Annual Report, 2011 containing the Board of Directors' Report for 2011 on various issues concerning Bangladesh Textile Industry.

We have just completed the most eventful First year of our tenure. During this year we have witnessed and passed through a Tsunami like situation in the Textile Sector. Both the Spinning & Weaving Sub-sectors have experienced a devastating situation. We fell prey to the historic high price of cotton upto March-April, 2011 and then to a painful slide to extreme low price of cotton during the last few months of the just completed year. Such steep declining cotton prices put our mills into severe financial strain. Low yarn market coupled with influx of cheap yarns and fabrics have aggravated the situation further. It is estimated that our fabric manufacturing member mills could not avail export orders worth Tk.2000 Crores which have been shifted to our competing countries. Due to huge stock piling of unsold yarns worth about Tk.8000 Crores our Spinning Mills & the Weaving Mills have faced adverse business losses and financial strain. At this critical juncture of our time we are meeting in this year's Annual General Meeting.

Dear Members,

You are well aware that, BTMA since its inception, has been relentlessly trying its best to mitigate various problems of its members. It took many initiatives for the development of the Primary Textile Sector (PTS) and the Textile Sector as a whole. By virtue of our joint concerted efforts significant development could be achieved in the Textile Sector. It is now playing the most important role in our economic development by earning the Lion's Share of our foreign Exchange receipt, generating employment opportunities for millions of our working population. Besides, this sector is enormously contributing towards the poverty alleviation programme of the Government and social empowerment of women-folk. Textile has emerged as the prime mover of our economy. We can feel proud for our contributions to the development of this sector.

Now I would like to give a brief overview of the present position of BTMA Member Mills alongwith their achievements and contributions to the Economy.

As per our latest record the following is the size of Bangladesh Textile Industry under BTMA:

Sl. #	Sub-sector	No. of Units	Installed Capacity	Production Capacity
1	Textile Spinning:	385	8.7 ml. Spindle 0.23 ml. Rotor	2050 ml. Kgs.
2	Textile Weaving:	721	17250 Shuttleless 13500 Shuttle.	2150 ml. Metre.
	(i) Weaving:	584		
	(ii) Denim:	20		
	(iii) Home Textile:	17		
	(iv) Knit Fabrics:	100		
3	Dyeing-Printing-Finishing:	233		2200 ml. Metre.
	Total	1339		

Contribution of Textiles:

During the past three decades textile emerged as the biggest manufacturing sub-sector and achieved remarkable growth. The sector fulfills almost cent percent domestic demand apart from fulfilling the external demand of our clothing and apparels to a large extent. Here I like to mention some of the achievements and contributions of our Textile Sector:

- Export Earning from Textile clothing and Apparels in 2010-11 is over 17.9 billion US\$ which is about 78% of Total Export earnings of the country.
- Almost 100% of Domestic Yarn and fabrics requirements are met by PTS. About 85-90% of Knit yarn and 35-40% of Woven fabrics requirements for RMG export are met by PTS.
- Around 40% value addition of Manufacturing sector comes from Textile.
- Provides around 5 million jobs out of which 80% are women.
- Contributes around 12% to GDP.
- Retains around 70% of foreign exchange earnings of knitwear exports by using local yarn.
- Provides 0.2 million jobs in Waste Recycle Industries related to RMG.
- Creates huge clientele base for Banking, Insurance, Transportation, Hotel, Tourism & many other services.
- PTS is considered as Import Substitute and back-ward linkage Industries for the RMG sub-sector.
- Investment in PTS is around 3.75 billion Euro.

Dear Fellow Members,

After taking over the office of Presidency I have tried my level best to intensify our efforts & activities to protect and safeguard the interest of our members and to enhance the image of BTMA. During this year we have extensive dialogues, meetings & discussions with our Government at various level. We met with Hon'ble Prime Minister, Cabinet Ministers, Secretaries, High Government Officials, Members of the Diplomatic Missions & other dignitaries from home and abroad. We raised and discussed about the various pressing issues pertaining to PTS for appropriate and urgent remedial measures. I firmly believe that our activities have made significant positive impacts in many cases. Due to our positive and constructive role BTMA is now widely recognized as an important organization at home and abroad. Our Association is widely invited to participate in Seminar, Workshop, Trade Fair, Meetings, Dialogues etc. by various National and International organizations /Institutions.

Now I have the pleasure to highlight some of the notable activities and achievements of the Association during January-December, 2011:

(a) Measures to manage volatile price situation of cotton and yarn:

The current year was full of unprecedented turmoil in raw cotton as well as cotton yarn market. You all know that price of raw cotton started to rise significantly from August, 2010 and ended with significant rising trend. That trend continued and gained further momentum from the very beginning of 2011. It reached at an unprecedented and historic level during March-April of this year. The raw-cotton price reached at \$ 2.40-2.50/lb in April, 2011 as against US\$ 0.60 – 70 cent/lb in 2009. Such historic rise in cotton price compelled us the manufacturers of yarn to raise yarn price also. From latter part of April, 2011, raw cotton price started to decline sharply and continuously. It declined to US\$ 1.15 – 1.20/lb in October, 2011. Such continuous steep decline in cotton prices did not give us breathing time to reposition ourselves with the market force. Majority of our Spinning Mills fell into turmoil wondering what to do with the high priced cotton contracts signed earlier with suppliers abroad. The situation worsened further due to import of cheap yarn & low demand for local yarn. In such an adverse situation our Members continued to run their Mills despite incurring huge losses beyond all proportions.

In this connection I like to mention that, our competitors are cotton producing countries. They are in suitable position to purchase cotton at fair price. Besides, our position with regard to financing facilities like Bank loan & Equity, Infrastructural facilities like Port facility, Roads, Railway, Gas and Electricity is not satisfactory. Due to serious Gas and Power crisis we are constrained to limit our production at 65-70% of production capacity. Inadequacies in various factors are leading production cost to go up. But I firmly believe that, we are fairly competitive in producing yarn as well as fabrics. Huge accumulated stock of unsold yarn and fabrics and unused cotton of very high price further aggravated their financial position.

Under this unfavourable circumstance we were repeatedly demanding to enhance the alternative Cash Assistance from 5% to 15% in order to support us in our fight for survival. At long last, the Govt. was kind to accept our demand partially and gave special Cash Assistance of 5% in addition the existing 5% in September, 2011. I hope that, this action will benefit our PTS to some extent.

In this regard I also like to inform you that, BTMA has requested the Govt. to allow import of woven yarn for the weaving mills having Bonded Warehouses through Benapole Land port to meet their demand for yarn. Such permission was given earlier to the Knit Industries to import knit yarn under Bond through the same Land Port. It is really pleasing to inform you that, Govt. has finally accepted our demand and allowed the Weaving Mills to import woven yarn under Bond by through Benapole Land Port.

(b) Sectoral Issues:

Dear Members,

We have dealt with the following Sectoral issues

(i) Draft Textile Policy

Ministry of Textiles and Jute has formulated a new Draft Textile Policy to replace the present Textile policy of 1995. The Draft Textile Policy was sent to BTMA for its comments. We examined the draft carefully and submitted our comments. BTMA suggested to make the policy more pragmatic and action oriented in the light of requirements of the vibrant RMG sub-sector. We also emphasized and suggested to make it flexible enough to adopt and adjust policy packages very promptly in such a way that it can address the changed situation arisen out of different measures taken by our competing countries.

(ii) Protest against imposition of Safeguard Measures by Turkey.

BTMA submitted a memorandum to the Govt. opposing Turkish Government's move to impose a Safeguard duty @ 27% to protect their local apparel industries from RMG imports from other countries including Bangladesh. BTMA suggested that, relaxation of the Rules of Origin by European Union by introducing the Single-stage Transformation has already started to adversely impact our fabrics manufacturers. Further imposition of such Safeguard duty would destroy our economic viability with so many negative ramifications. As Least Developed Country (LDCs) Bangladesh deserves to be exempted from the proposed Safeguard Measure. It is no doubt a good news that, due to our combined efforts Turkish Govt. reduced the safeguard duty from the proposed 27% to 17%.

(iii) Organizing DTG Fair:

Since 2003 BTMA has been organizing every year an annual exposition viz. 'The Dhaka International Textile and Garments Machinery Exhibition (DTG)' with the collaboration of two foreign firms of Hong-Kong and Taiwan. This year the 8th DTG Exhibition was held in Dhaka from 13-16 February, 2011. Hon'ble Minister of Textiles and Jute Mr. Abdul Latif Siddiqui, M.P. inaugurated the event. It was a widely participated exhibition with 620 exhibitors from 31 countries taking part in this year's exhibition as compared to 570 exhibitors from 30 countries in the last year 2010. In this connection I have the pleasure to inform that, 9th DTG Exhibition will be held in Bangabandhu International Convention Centre in Dhaka from 9th -12th February, 2012 in more gorgeous manner. You are cordially invited to visit this exhibition to have a glimpse of the technological advances and gather idea about global Textile Trade.

(iv) Liaison with BGMEA and BKMEA:

This is a fact that, overall development of the Textile sector largely depends on cordial relationship, close co-operation and coordinated efforts of all the sub-sectors in the industrial sector. During this year I vigorously pursued the policy of developing a very close relationship with BGMEA & BKMEA. I alongwith my colleagues attended a number of meetings organized by BGMEA & BKMEA and discussed various issues relating to PTS & RMG to identify our common interests. BGMEA & BKMEA leadership also attended together our meeting at BTMA Secretariat. Through intensive discussions we could develop common strategy for the upliftment of the Textile Sector. We successfully held a joint press-conference just after the Budget announcement of the Fiscal Year 2011-12 raising our voice unitedly requesting the Government to take immediate measures for the protection of the struggling Textile Sector. We also jointly met the Hon'ble Finance Minister to explain the critical situation of PTS and raised our demands unitedly. We also sat together to sort out our long pending problem with BGMEA & BKMEA factories regarding the unusual delay in obtaining Acceptance letter after the delivery of yarn/fabrics to them and consequential delay in getting payment from the Banks. We are very much hopeful of solving the issue very shortly. It is really very pleasing to inform you that, BGMEA & BKMEA supported our causes when we met the Hon'ble Prime Minister, Finance Minister, Commerce Minister and the Textiles & Jute Minister. We will continue to pursue the policy of maintaining close cooperation and co-ordination with them to uphold and secure our interest.

(c) Budget Issue:

(1) Withdrawal of Duty & Taxes on Polyester and Viscose Fiber:

Dear Members,

You are perhaps aware that, the Govt. in 2006-07 re-imposed import duty on Capital machinery and VAT @ 15% on some raw-materials, viz, polyester, viscose & acrylic staple fiber and chips/pet chips. BTMA appealed against imposition of duty & taxes on the plea that it will retard the growth in textile sector. Due to our persistent efforts the Govt. reduced and fixed import duty on textile capital machinery for local & export oriented purpose at 3% & 1% respectively subject to production of

certification from BTMA. But there was no change in the duty and tax structure in the case of those raw materials. Due to imposition of duty and taxes on Polyester & Viscose our competitive strength was declining and the mills engaged in producing these import substitutes have been facing serious comparative disadvantages in their efforts to survive. We have raised this issue time and again with Hon'ble Finance Minister, Chairman of NBR and other relevant govt. authority. At long last we have succeeded in complete withdrawal of duties/taxes from imported **polyester and viscose fiber** in November, 2011. I strongly believe that, such exemption will encourage our mills to import polyester & viscose fibers in increased quantity to produce more blended yarn with a mix of raw cotton and make them more competitive in RMG export.

(2) Increase of additional 5% Cash Assistance

You are aware that Govt. introduced 25% cash assistance in lieu of duty draw back and bonded facility to boost up the backward linkage to support the RMG exports through enhanced local production of yarn and fabrics. Main objective of giving such cash assistance facility was to bring down the cost difference to a reasonable level with our competing countries like India, China, Vietnam, Cambodia, Pakistan and others. The cost of disadvantage is assumed to be 15-20% for Bangladesh. However, 25% cash assistance has been gradually reduced to 15%, 10% & 5%. With existing 5% support it has become very difficult to compensate 20% cost difference. Therefore we have been demanding for an increase of this Cash Assistance to 15% for the last few years. The withdrawal of 2-stage transformation and introduction of single stage transformation by the EU put us into serious trouble in our efforts to survive. Therefore, we moved frantically demanding an increase in the cash assistance. Finally, we were able to convince the Govt. to realize our precarious conditions. Govt. declared Special cash assistance of 5% in addition to existing 5%. We expect that such assistance will not be limited to the fiscal year 2011-12 alone. Rather this will be continuing for the coming years also.

(3) Reduction of duty on import of Chemicals used in ETP:

We were demanding to the Govt. for complete withdrawal of duties and Taxes on Chemicals imported for use by the ETP to encourage its more use and to reduce the cost of processing waste. We succeeded in convincing the Govt. to reduce import duty on chemicals used in ETPs from 5-12% to 3%. This measure will boost up our member mills' efforts to run their ETPs in cost effective way.

(4) Withdrawal of Import duty & Taxes on Cotton Waste:

Some of our member mills are now using cotton wastes extensively as raw-materials for their products. To safeguard their interest and to enhance the retention of foreign exchange earnings, BTMA has been persistently demanding the prohibition of the export of cotton waste from Bangladesh. According to our demand the Govt. has raised the Minimum Export price of cotton waste to US\$ 4.50/Kg. from US\$ 1.80/Kg. Besides import duty @ 5% and VAT @ 15% have been completely withdrawn from the import of Cotton Waste. Govt. has also imposed export duty @ 25% on export of Cotton Waste from Bangladesh.

I believe such action will protect the interest of our Member-mills.

(5) Extension of tax holiday for Textile Mills

We have been demanding to continue Tax Holiday facility for our PTS. Govt. in the current year's Budget has extended Tax Holiday facility for Textile Mills upto 2013 which we believe will benefit the concerned Textile Mills.

(6) Continuation of Special 15% rate for Income Tax Assessment:

We requested the govt. to continue income tax assessment for textile mills at the Special rate of 15%. Govt. was kind to continue the policy of assessing income tax for Textile Mills @ 15%. Such measure will benefit our PTS Mills.

(7) Rescheduling of loans by banks

Due to serious turmoil in the International Cotton Market where unprecedented rise of imported cotton price was followed by sudden & continuous steep decline in raw cotton price, our textile mills fell into severe financial crisis and their liquidity position have deteriorated to a critical level. Most of these mills are not in a position to repay their loan Installments apart from the shortage of their working capital. Therefore, we submitted a memorandum to the Govt. and Bangladesh Bank to take among others the following important measures immediately.:

- Rescheduling of Installment Payment for Bank loans of Textile Member-mills.
- To convert the Shortfall in the working capital (arisen out of buying raw cotton at higher price and sale of yarn at lower price) into Term Loan and put a moratorium of two years for repayment of the loan by keeping in the Blocked Account.
- To bring down the rate of interest to single digit for encouraging investment in Textile sector.
- To relax the condition for rescheduling loan in respect of paying the compromise amount for availing credit facility from any bank; and also to change the principle of classification of loan so as to enable an entrepreneur to get loan facility for units which are free from the list of classified loan although some units under his ownership may be in the list of classified loan due to reasons beyond control etc.

Bangladesh Bank was pleased to issue a circular in October, 2011 permitting the loan disbursing banks to reschedule loans of Textile Mills under BTMA without down payment and granting new loans at compromised amount to be fixed on bank clientele relationship. This is no doubt a welcome approach. But the financial losses of the textile mills is so huge that such relief for short-term loan is quite inadequate to keep them out of loan defaulting threat. As such we have demanded to reschedule the long-term loans also. To press our demand we submitted memorandum to Bangladesh Bank and met the Bangladesh Bank Authority to apprise the worrying situation. We urge upon the Govt. and Bangladesh Bank to take urgent rescheduling measures to mitigate this burning problem.

(8) Authorization to issue UD by BTMA:

You all know that at present BTMA Member Mills of weaving sub-sector are required to obtain Utilization Declaration (UD) from BGMEA. We have requested NBR to give this authority to BTMA for its Member Mills for the sake of speedy disposal. NBR has agreed in principle to our proposal. We hope that, we will get this authority soon. Such step will enable our Member-mills to get quick and better delivery service from BTMA on the one hand and raise the income earnings of our Association on the other hand.

(d) Investment Scenario:

Dear Members,

You all know that, our Industrial Sector has been seriously suffering from acute shortage of energy and power. As per BTMA new investment during the last few years in the PTS has slowed down significantly. With the installation of new power plants on rental basis the generation of power has increased in recent months. But as compared to increasing demand its generation is still lagging behind. Consequently load shedding & disruption in electric supply are still a regular phenomenon. Gas supply position is still far from satisfactory. Mills located in Dhaka, Narayanganj, Narsingdi, Gazipur, Tangail and Manikgonj areas can not run their Gas Turbines properly to generate the required power of their own due to insufficient and low pressure of Gas supplied. Presently the textile industry is estimated to suffer from a production loss of about 35-40% due to energy shortage. As such our members are incurring huge production and financial losses with resultant rise in the cost of production.

We submitted Memorandum to the Ministry of Power, Energy & Mineral Resources and Petro-Bangla highlighting the issues of production losses and rising production cost due to load shedding of Electricity and Gas. We also met the Energy & Mineral Resources Secretary to enhance Gas

supply, to direct the gas distribution companies to stop demanding the minimum compulsory charge from the member-mills and to install **Electronic Volume Corrector (EVC) Meter** in textile mills. The situation is reported to have improved slightly. But it is still far from satisfactory. I would urge upon the Govt. to gear up its efforts further to enhance Power and Gas generation and distribution within the shortest possible time for the sake of smooth and uninterrupted running of PTS mills. Textile being capital intensive and at the same time labour oriented in nature can create huge employment opportunities for our increasing work force. We have gained experience and the ability to establish more Mills under PTS. More investment in PTS can be expected if improved infrastructural facilities and uninterrupted gas and electricity supply can be ensured.

(e) Development of NITTRAD

Dear Members,

You are aware that Govt. has transferred the National Institute of Textile Training, Research & Design (NITTRAD) established under BTMC to BTMA in May, 2009 to run it efficiently. Our main aim of taking over NITTRAD was to create through this institute a bunch of skilled human resources for our textile industries. Our vision is to develop NITTRAD as a Centre of Excellence. You will be happy to know that, this institute has introduced 4-year B.Sc. degree course in Textile Engineering under Dhaka University with 50 students from 2010. This year the number of seats has been raised from 50 to 80. By virtue of our continuous engagement with Dhaka University Authority particularly our Board Members' meeting with Vice-Chancellor and other officials of Dhaka University we succeeded in attaining 30 additional seats for the 1st year course. You are further informed that, Since July, 2011 the entire expenditure of NITTRAD is being borne by BTMA. NITTRAD has education exchange programmes with two renowned Universities, viz, Bolton University of the U.K. and Niederrhein University of Germany. JAICA & GIZ also expressed keen interest to work with NITTRAD in curriculum development and running courses. UNIDO is providing technical assistance to the Institute since its transfer to BTMA. Computers, Books & Journals and laboratory equipments etc. have been given by this organization. This institute is running different courses like, short term, medium term & long term. But I am very sorry to say that, the number of participants in these courses from our member-mills is not at all encouraging. I will request all of you to send increasing number of participants to these courses. If you have any suggestions regarding the contents of the courses run by the Institute you are requested to send these immediately so that the courses can be made more effective and useful. I am requesting you to contribute generously to build attractive library and other facilities to attract more meritorious students and others interested to take skill development courses.

(f) Development of Data Bank.

Dear Members,

We are talking about the urgency of establishing a Data Bank at BTMA Secretariat to assess the real difficulties, to know the progress and ascertain further prospects of the PTS in Bangladesh and also to provide correct information & data to the policy makers and others under private & Public sector. Since our assumption of responsibilities we have taken some practical steps to create a Data Bank. For this purpose old and used computers & other accessories have been replaced with new computers. New software has been developed and installed to generate Computerized Certificates for availing GSP, Cash Assistance and Concessionary facilities, to process BTMA membership certificate and computerized money receipts etc. Information regarding production, raw-materials, exports, power and energy consumption, Banking and other financial facilities and ETP facilities etc. of Member mills are now correctly available. Besides, management report for BTMA can now be prepared on the basis of more authentic information. However, to derive maximum benefits from this arrangement we are largely dependent on the support of our members. If you all support us by sending required information correctly we shall be able to properly equip the Secretariat to provide information for its appropriate & proper use. I solicit your earnest, prompt and active support in this regard.

(g) Other activities:

Dear Fellow Members,

I would like to mention some other activities carried out by the present Board during the last one year.

◆ Formation of Standing Sub-committee

We have reconstituted and formed 7-Standing Sub-committees to make our Association more dynamic & effective. Each Sub-committee has been given distinct duties & responsibilities. These Sub-committees will deal with matters of (i)Administration (ii)Finance & Budget (iii)Arbitration/Dispute Settlement (iv)National & International Affairs (v)Compliance and Related Issues (vi) Public Relations & (vii) Certification and Membership.

◆ Implementation of Pay:

We have increased the salary & allowances of the officers & staff of BTMA Secretariat by 15% from 1st July, 2011 as per recommendation of the Sub-committee formed for this purpose. We hope that, BTMA staffs and officers are now more satisfied. Our Member mills can now expect to receive better and quick service from them.

◆ Suggestions on Import Policy & Export Policy

We have put forward our proposals & suggestions regarding PTS for incorporation in the next Import Policy & Export Policy to be framed soon by the Ministry of Commerce. These proposals are based on the proposals/suggestions which were received from member-mills.

◆ Meeting with Cabinet Ministers, Secretaries & other high Govt. Officials.

During this year we were constantly engaged with the Govt. and other related Agencies to inform them about the critical issues confronted by the PTS for their early solution. We met the Hon'ble Ministers of Finance, Commerce, Textiles & Jute Ministry, Secretaries of Finance, Commerce, Textiles & Jute, Energy & Mineral Resources, Banking & Financial Institutions Divisions/Ministries, Governor of Bangladesh Bank and other high officials seeking early solutions to our critical problems. I can say with profound satisfaction that, in most of the cases we became successful in getting positive outcome.

◆ Meeting with Foreign Dignitaries

Mr. Sahin Balcioglu, President of the Assembly of Kahramanmaras Chamber of Commerce & Industry (KMTSO) of Turkey, Mr. David B. Collins, Deputy Director of Cotton Council International, USA, Mr. David Lee of UNIDO based in Vienna, Austria, Hon'ble Consul General of Portugal to Bangladesh, Hon'ble First Deputy Minister of Uzbekistan, Mr. Akmal S Kamalov, Top ranking cotton delegation from East Africa and President of ICA among others met me and the members of the Board of Directors and in some cases with members of the Association to discuss matters concerning our mutual interest and co-operation. I believe that, such meetings with the foreign dignitaries have enhanced the prestige and status of our Association and created further opportunities to work together for our mutual benefit.

Dear Members,

I myself, our Vice-Presidents and other directors of the Board of Directors of BTMA attended many meetings, seminars, workshop, roundtable, dialogue & discussion meetings organized locally by different Chambers, Associations & organizations during this year. I like to mention that, I presented the key note paper on "Potentials and Problems of Textile-Bangladesh Perspectives", organized by the Federation of Bangladesh Chambers of Commerce & Industries (FBCCI) in 2011. I highlighted the bright prospects, various problems confronting the Industry with suggestive measures for solutions. The Vice-Presidents also took part in Seminars & other events organized by different institutions including the World Bank.

It is a matter of great honour for BTMA that as president I have been included as a distinguished delegate of the Hon'ble Prime Minister's entourage team to the UN and to Myanmar this year. As President of BTMA I have also been included in the Commerce Minister's delegation to attend the

8th WTO Ministerial conference held from 15th—17th December, 2011 in Geneva. I consider my inclusion in such highest level delegations as an honour to BTMA & to all its members. During these visits I made all out efforts to project the prospects and potentialities of our Textile Sector to the business leaders abroad.

(h) Financial Position of BTMA

The Financial Position of BTMA has improved significantly over the last few years due to increasing number of members of Spinning, Weaving and Processing Mills. The number of certificates of production and processing issued by BTMA for availing GSP facilities and Alternative cash assistance facility have increased. Besides, number of certificates relating to availing concessionary/exemption of duty & taxes facility with regard to clearance of imported consignment of machinery, parts & components, dyes & chemicals etc. from Customs have also gone up. These factors supported by other efforts for more income generation activities contributed to the BTMA's improved financial performance. The financial position could be further better if the substantial amount of arrear subscription and other over-dues could be realized from some of the member mills not paying these for quite a long time. We have issued repeated reminders with the request to clear their dues with no response from them. Meanwhile BTMA Secretariat has again issued final reminder giving 90 days time. Unless we get positive responses from them we shall be constrained to take measures like write off the arrear and other steps. I would request all our fellow members to clear their dues in time to strengthen our Association. I can assure you that, we shall intensify our efforts to invest our surplus fund in the most diligent manner. Our previous efforts to get land from government did not succeed. We shall, therefore, try to explore alternative source of buying land or any other investment of our own.

(i) Suggestions for development of Textiles

The ongoing recession in the EU and USA, the Debt Crisis of some countries of EU, the financial crisis & unprecedented volatility in raw cotton prices have put our textile sector particularly the Spinning & Weaving Mills into serious economic difficulties to compete with other countries. The implementation of single stage transformation system by the EU has caused further trouble. In order to protect our local textile industries whose total investment is estimated at more than 3.5 billion Euro I would like to propose the following measures for immediate consideration of the Government :

- The rate of Cash Assistance in lieu of duty drawbacks and bond facilities be increased to 15% and be continued for at-least next 5 years.
- The present Debt-equity ratio should be reviewed and fixed at 80 :20 or any favourable term.
- Weaving & Dyeing-Finishing Sub-sectors be given extra thrust and priority while considering to extend bank loan for investment.
- Interest on bank loan for investment in textile sector be fixed at maximum 9% both by nationalized and private sector banks.
- All importable textile machinery & spare parts, dyes & chemicals & sizing materials be made duty free & tax free.
- Tax holiday scheme be included for the Textile Sector and be continued up to 2015. In order to safeguard and protect the environment Govt. should set up Effluent Treatment Plants(EPTs) centrally at its own expenses in the textile mills concentrated locations. In other locations private entrepreneurs be encouraged to set-up ETPs by providing bank loans on soft terms & at low interest rate with duty & tax free importation of machinery & spare parts of ETP.
- To take immediate measures by the Govt. to implement its declared policy of encouraging more use of local raw-materials **by gradually reducing import through the Bonded Warehouse facilities as mentioned in the existing Export Policy 2009-12 (clause 27 & 27.1).**
- To establish Special Zone for setting up textile industries by local entrepreneurs.

- To make Govt. policy adjustment flexible enough to meet our requirements in response to the Policy & other changes made by our competing countries.
- Withdrawal of the provision of imposing minimum charge on the textile mills for gas supply and installation of EVC Meter by the Gas Distribution Companies and to ensure smooth and uninterrupted gas supply to PTS.
- Formation of a fund for long term interest subvention and for giving subsidy to gas bill to make the textile sector mills economically & financially viable. In 2010 we demanded to create Tk. 5 billion Fund for this purpose. We reiterate this demand for the sustainable growth of our PTS industries.

Distinguished Members,

You are fully aware that, during the whole year we got immense support from the print and electronic media in propagating our problems and difficulties. These medias extended their generous support in vindicating our causes of concerns & interests and thereby mobilizing favourable opinion for our industries at the critical juncture of our struggle to survive. I firmly believe that both these medias played a paramount role in influencing the Govt. and other agencies to understand the magnitude of our crisis and problems. The benefits which we have received from the Govt. is partly due to the extensive publicity made by the medias. We express our sincere thanks & gratitude to all the concerned journalists & personnel of the medias. I hope that we shall continue to get such co-operation and support from the medias in the publicity of our concerns and interests in the coming days also.

Concluding Remarks

Dear Members,

Textile sector being a major provider of employment, a pioneer in poverty alleviation and a base for economic emancipation for teeming millions can logically be treated as engine of growth for our economy. BTMA being the biggest part of this sector has been persistently endeavouring to build a strong manufacturing base for our economy. This will ultimately lead us to fulfill our dream of becoming a middle income country by 2021 as declared by the Government.

However, many road blocks are causing hindrances to our attaining sustainable growth of the textile sector. Despite these significant development has been achieved in PTS due to dynamic and positive approach of BTMA members for which you all deserve my profound appreciation. Here I would like to mention in a nutshell, the major achievements of the First year of our Tenure with regard to our matters of concern:

- Complete withdrawal of Import duty and VAT on Polyester & Viscose Staple Fiber vide SRO No.340-Ain/ 2011/2371/C customs, dated 03-11-2011.
- Reduction of License Fee and Renewal Fee by Energy Regulatory Commission vide SRO No.250-Ain/Ain/2011, dated August 18, 2011.
- Special Cash Assistance @ 5% in lieu of Duty Draw Back and Bonded Warehouse Facilities has been given in addition to existing 5% vide Government decision No.07.097.020.0200.002.2009-19 dated September 20, 2011 and vide Bangladesh Bank FE Circular No.20, dated November, 20, 2011.
- Import duty on Chemicals used in Effluent Treatment Plants has been reduced from 5%--12% to 3% vide SRO No.169-Ain/2011/2356/Customs, dated 9 June, 2011.
- Minimum Export price of Cotton Waste has been raised from US\$ 1.60 to US\$ 4.50 per Kg. vide SRO No.117-Ain/2011 dated May 20, 2011 and separate H.S. Code has been allocated for Cotton Waste.

- Continuation of Income Tax rate of 15% for Textile Industry till 2013 vide SRO No.221-Ain Income Tax/2011, dated July 5, 2011 till 2013.
- Import Duty & VAT has been withdrawn from cotton Waste.
- Continuation of Tax Holiday for Textile Industries upto 2013.
- Re-schedule of Short term loan and allowing new loan facilities on case to case basis and Bank Clientele relationship vide BRPD(P-1) 661/13(Cha)/2011-3732-3778, dated October 5,2011.
- BTMA has been empowered to give recommendation for renewal of Bonded Warehouse licence to its member-mills vide SRO NO.162-Ain/2011/2349/Customs, dated 09.06.2011.
- Export Oriented Woven Fabric Manufacturing mills having Bonded Warehouse Licence has been allowed to import yarn through Benapole Land-port, vide SRO No.313/2011/Customs, dated 07.12.2011 and Order No.24/2011/Customs, dated 07.12.2011.

We express sincere thanks and gratitude to you for extending all sorts of co-operation & support in discharge of our duties and responsibilities. However, there is no room for complacency. A lot more need to be done. We are striving hard to address various unresolved issues which are affecting the smooth growth of textile .

Distinguished Members,

I alongwith my fellow Board Members have been working closely with utmost sincerity and honesty for furtherance of our causes. Whatever successes we have achieved is due to your generous support and continuous co-operation. I also acknowledge with thanks the active support and cooperation of BTMA Secretariat in this regard.

We have a long way to go and we know that our journey is not smooth. Therefore, we shall have to put a lot of efforts and work hard. I request you all to extend your whole hearted co-operation, guidance & support to us and make our endeavours a success. Once again I express my profound appreciation and thanks to you all for your kind attendance & participation in the proceedings.

Before I conclude I wish all of you a happy and prosperous 2012.

Thank you all,

Allah Hafez

Jahangir Alamin
President, BTMA.

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