

## HSBC opens branch at Dhanmondi

The Hong Kong and Shanghai Banking Corporation Limited (HSBC) has opened a new branch at Dhanmondi in Dhaka.

With this the total number of branches of the bank stands at five, says a press release.

David G Eldon, chairman of HSBC Asia-Pacific, and David JH Griffiths, chief executive officer of HSBC in Bangladesh, inaugurated the branch at a grand ceremony yesterday.

Mamoon Mahmood Shah, Manager Personal Financial Services of HSBC in Bangladesh, high officials and distinguished guests and customers were also present at the ceremony.

Griffiths said: "The building has been built in such a way to give it a modern and stylish look to reflect the similarity with other HSBC Group offices. Our new branch will provide our corporate banking and personal financial services customers with a full range of modern banking facilities."

The new branch at Dhanmondi features a modern banking hall with a wide customer service area, counters for cash and non-cash transactions and an on-site ATM.

With the inauguration of the new ATM, HSBC will now have total network of 10 ATMs operating in two major cities in Bangladesh.

The new branch in Bangladesh adds to the HSBC Group's worldwide network of over 800 offices in 80 countries and territories.

## Dhaka Bank workshop on personal loan concludes

A two-day training workshop styled "Personal Loan Roll-out Plan" was concluded at the Dhaka Bank Training Institute (DBTI) at Uttara in Dhaka recently, says a press release.

The basic objective of the workshop was to familiarise the officers of Dhaka Bank Limited (DBL) as well as merchants and direct sales agents with operational and documentation aspects of personal loan scheme of the bank, launched on March 1, 2003.

A total of eighteen officers and executives from DBL, nine executives from three merchant houses and twelve direct sales agents from M/S Market Access Providers Ltd participated in the workshop.

Azam Reza, executive vice-president, and Shamshad Begum, senior vice president and Principal spoke in the inaugural session.

## New secretary general of Institute of Bankers



AH Tawfiq Ahmed has joined the Institute of Bankers, Bangladesh (IBB) as its secretary general, says a press release.

Tawfiq worked in various capacities in Bangladesh Bank. He retired from the service of Bangladesh Bank in 2001 as deputy governor.

## Dragonair passengers up by 43pc

Dragonair, a Hong Kong-based airline, started the new year by recording remarkable year-on-year growth in both passenger numbers and cargoes carried.

The number of passengers flying with the airline in January was about three lakh, a 43 per cent rise over the same month in 2002. The cargoes rose by around 66 per cent on year-on-year basis.

Stanly Hui, CEO of Dragonair, said that the passenger flying with the airline mainly consists of business people or holiday makers.

Dragonair operates a fleet of nine A330-300s, four A321s and eight A320s, in addition to three Boeing 747-300 freighters.

The airline's passenger network covers 28 destinations across the Asia-Pacific region, while its cargo network connects the markets of Europe, the Middle East, Japan, Taiwan and China Mainland.

# First BOI centre opens in Dubai next month

## Three more overseas investment centres by 2004

SARWAR A CHOWDHURY

As part of a government plan to attract investment, the first of the four Investment and Trade Centres (ITCs) in four commercial cities will open in Dubai next month.

The government has decided to open the ITCs in four commercially important cities in the world.

The Board of Investment (BOI) officials said other two ITCs would be set up in New York and Frankfurt by 2004. The fourth centre would be set up in a city in the Asia-Pacific region, the officials added.

Initially, the first overseas ITC would be opened at World Trade Centre (WTC) in Dubai on an experimental basis, the officials added.

The government has rented a 2,000 square-foot space in Dubai WTC for setting up the first ITC at a cost of US\$210,000 per year. Of the total cost, the government will provide US\$ 90,000 and the rest of

the money would be raised from the private entrepreneurs by allocating showrooms.

The private sector entrepreneurs would be charged US\$12,000 a year to open a showroom at the WTC in Dubai.

BOI officials said they have received responses from a number of entrepreneurs who assured the BOI of their intention to hire space at the centre.

The ITC will be established on the 19th floor of the WTC where a number of offices of foreign embassies, multinational companies and business entrepreneurs are located.

The centre will promote sale of local items in the Middle East and encourage investors from the countries in the region to invest in Bangladesh.

A top official of the BOI said local entrepreneurs in Bangladesh fail to contribute significantly in attracting investment. "But a

showroom in a place like the WTC would help promote the sale of our goods and attract foreign direct investment (FDI) in Bangladesh."

To achieve this goal each of the ITCs will have separate booth, display centres and permanent showroom of Bangladeshi products, the official said.

He said all the administrative and facilitative activities for establishment of the ITCs and its maintenance would be taken care of by the BOI.

The second ITC will be set up in Frankfurt by September this year targeting the European Union (EU) markets.

To attract the US businessmen and non-resident Bangladeshis (NRBs), the third ITC will be established in New York. The centre will also aim to facilitate sales of local products in the US.

The venue of the fourth ITC is yet to be decided. The BOI, how-

ever, has Kuala Lumpur, Hong Kong and Singapore in wish list for the fourth ITC.

A total of 10 companies from garment, leather, ceramic and handicraft sectors will get the opportunity to open showrooms at the ITCs on a 'first come first served basis'.

A five-member committee headed by Finance and Planning Minister M Saifur Rahman is working to expedite the establishment of these ITCs.

Foreign Minister M Morshed Khan, Commerce Minister Amir Khosru Mahmud Chowdhury and President of the FBCCI Yussuf Abdullah Harun and BOI Executive Chairman Mahmudur Rahman are the other members working on ITCs.



David G Eldon, chairman of HSBC Asia-Pacific, inaugurates a new branch of the bank at Dhanmondi in Dhaka yesterday. David JH Griffiths, chief executive officer of HSBC in Bangladesh, was also present.

## Presentation on RMG held

South Asia Enterprise Development Facility (SEDF) organised a presentation titled 'Perspective on Readymade Garment (RMG) Productivity Benchmark in the Region' in Dhaka recently, says a press release.

The speakers emphasised the need for a training programme based on productivity problems of local garment industries and industrial engineering techniques.

The speakers at the presentation were Anil Sinha, general manager and Deepak P. Adhikary, program manager-Business Development Services of SEDF, Professor Mohiuddin Ahmed, head of IPE Department of BUET, and Professor Anwarul Azim, consultant from Kurt Salmon Associate Technopark (KSA). Nafisa Talukdar of SEDF, owners and high officials of garment factories attended the presentation.

SEDF, launched by a group of donors in October 2002, facilitates the growth of Small and Medium Enterprises (SMEs) in South Asia.

# Australian farm trade under fire in WTO, free trade talks

REUTERS, Canberra

Australia said Monday its monopoly wheat export system and strict quarantine controls will not be used as bargaining chips in trade reform talks, despite criticism by the United States and the European Union.

Agriculture Minister Warren Truss said the "single desk" wheat export system and quarantine regulations were coming under fire in World Trade Organization (WTO) talks for global farm trade reform and also in talks to negotiate bilateral free trade agreements.

However, neither would be placed on the negotiating table, Truss told the Australian Bureau of Agricultural and Resource Economics (ABARE) Outlook 2003 conference.

"We will continue to defend Australia's single-desk (monopoly export) arrangements (especially in an environment where other countries use soft credit and aid schemes, subsidies and tariff barriers to distort market arrangements," he said.

Truss said the United States and the European Union were putting Australian under pressure over its "single-desk" wheat exporting and

price pooling, which involves the collection of home-grown wheat into export pools for sale around the world by a single seller.

Pool prices are set by the monopoly exporter AWB Ltd AWB. As the former Australian Wheat Board, which then sells into unregulated world markets.

"Claims that these arrangements somehow distort the world market in favour of Australian exporters make no sense," Truss said.

The United States, the world's largest wheat exporter, has been an especially strong critic of Australia's wheat monopoly export system.

Before its 2002/03 drought, Australia vied with Canada as the world's second-largest wheat exporter.

Truss told reporters on Tuesday the United States was confusing the Australian system, operated by the privatised market-oriented AWB, with practices of the Canadian Wheat Board.

He also said Australia's strict quarantine rules, which have been criticised by rival exporting nations as a non-tariff trade barrier, were consistent with WTO obligations.

Truss said independent studies showed that Australian exporters would benefit substantially from reduced global protection.

However, the current WTO Doha trade reform round was the only real chance in the foreseeable future to reform the world agricultural trading system.

Removal of all barriers to the world beef trade could increase estimated profits to Australian producers by more than A\$ 333 million (US\$203 million) a year, he said.

Doubling tariff rate quotas and halving applied tariffs for WTO members would increase the value of Australian wheat exports by more than A\$ 250 million a year.

Australia's sugar, cotton and dairy industries could also reap substantial potential gains.

Australia would continue to emphasise multilateral trade liberalisation but was also actively pursuing regional and bilateral trade deals, such as Free Trade Agreements (FTAs).

# US SMEs encouraged to broaden market in Asia

AFP, Singapore

The US Commercial Service will encourage American small and medium enterprises (SMEs) to export to Asia to broaden their markets and beat the economic downturn at home, officials said Tuesday.

Officers of the US government's trade promotion body from the US and 14 Asia-Pacific countries and cities gathered for the first time here to hammer out a blueprint for promoting the region to American SMEs.

Of the 23 million SMEs in the United States, only one percent or about 230,000 firms, export their

products, said Douglas Barry, director for marketing and communications of the US Commercial Service in Washington.

Of this number, 65 per cent export to Canada and Mexico, he told reporters on the sides of the meeting.

"There's been a downturn in the domestic markets and I think more (US) companies are realising now that it's important to have a strategy that develops markets outside the US," Barry said.

"Many of these companies are also experiencing competition from companies from abroad that are selling in the US market. You can't afford to be parochial in your

outlook, you have to think more globally and internationally," he said.

The US Commercial Service, which is under the Commerce Department, hopes that its efforts will double the current number of American SMEs that export in the next several years.



An ILO mission met the members of the Bangladesh Employers' Federation (BEF) yesterday at the BEF office to discuss the scope of ILO's Decent Work Pilot Programme in Bangladesh. BEF President Iftekharul Alam was present.

# BB to get a free hand in monetary policies

UNB, Dhaka

The cabinet has decided in principle to revoke government authority to give directive to the Bangladesh Bank in taking monetary policy decisions, granting wider autonomy to the central bank.

"The central bank will formulate policy guidelines for banks independently on the basis of policy decisions to be taken by its board of directors," said one official quoting provision of amendments to the banking laws approved by the cabinet in its meeting on Monday.

In the cabinet-approved amendment to the banking laws the tenure of Bangladesh Bank Governor has been shortened from five to four years and he has been made accountable to the Parliamentary Standing

Committee on Finance.

In the envisaged radical banking-sector reform, the Cabinet approved doubling the capital adequacy of commercial banks to Tk 100 crore and induction of two directors from among the depositors in each bank board.

Competent sources told UNB that it also endorsed in principle termination of one's directorship in a commercial bank after consecutive six years.

Prime Minister Khaleda Zia chaired the cabinet meeting in the cabinet room of her office. Ministers and state ministers attended the meeting, cabinet secretary, principal secretary to the prime minister and secretaries concerned were present.

The major changes in the banking sector were approved in proposed amendments to The

Bangladesh Bank Order 1972, The Bank Company Act 1991 and The Bangladesh Banks (Nationalisation) Order 1972.

In the stricter banking laws the capital requirement has been increased "to strengthen the capital base of the banks" as a safeguard against any possible crisis, said a senior official.

And the two directors from the depositors would be made "to ensure transparency of the bank boards".

The meeting also approved domestic procurement of wheat and its price for the year 2003. The procurement drive would continue up to June 30 starting from March 15 with a target of 2 lakh tons. The procurement price has been fixed at Tk 9.25 per kg.



Syed Manzur Elahi, chairman of Mutual Trust Bank Ltd, inaugurates the 10th branch of the bank at Pallabi in Dhaka yesterday. Mosharraf Hossain, managing director, and senior executives of the bank were present at the inaugural ceremony.

## News analysis

# New budget gives a boost to Indian tourism sector

PALLAB BHATTACHARYA, New Delhi

Indian Finance Minister Jaswant Singh played Santa Claus to the tourism sector while presenting the budget for 2003-04.

In a pleasant surprise, the budget reduced customs duty on imported equipment for rope-way projects, continued exemption of service tax and gave income tax concessions to financial institutions extending long-term capital for construction of hotels in three star and above categories.

The customs duty on passenger baggage has been slashed from 60 to 50 per cent and the two-year freeze on leave travel concession allowance for government employees has been lifted, which will give a big boost to domestic tourism.

Although restoration of leave travel concession for federal and state government employees will cost the exchequer Rs 225 crore, it will come as a boon for tourism within the country, tourism industry sources say.

The major beneficiary of the de-freezing of leave travel concession will be Indian Railways and medium and small tour operators and hotels, they say.

The budget also stipulates that the hotel industry would continue to enjoy the benefit of set-off unabsorbed loss and depreciation on amalgamation under the income tax act.

The budgetary allocation for the tourism sector has been enhanced from Rs 225 crore in 2002-3 to Rs 325 crore for the coming financial year. In fiscal 2001-2, the allocation was Rs 150 crore.

The allocation for the year 2003-4 includes schemes like integrated development of tourist circuits, capacity-building for service providers and publicity and promotion both at home and abroad.

As the tourism and aviation sectors are closely connected, the 2003-4 budget proposed modernization of airports in New Delhi and Mumbai which will become the focus of international travel to India.

Two air and sea ports have each been allocated an amount of Rs 11,000 crore for modernization.

The reduction of expenditure tax is expected to make India a competitive destination compared to countries like China, Hong Kong and Thailand, says Shyam Suri, secretary general of the Federation of Hotels and Restaurants Association of India.

The budgetary support for the tourism and hospitality industry could not have come at a better time. The industry has shown clear signs of revival after a nearly two-year slump in the wake of September 11 terror attacks on the United States.

Rates of hotel occupancy in major Indian metro cities as well as traditional holiday destinations, like Goa and Kerala states, have picked up since the third quarter of last year which was reflected in all major hotel companies net profits.

Much of this improved performance by the hotels is attributed by industry sources to enhanced corporate activities and trade fairs, seminars and international exhibitions.

The hotel industry is hopeful that the picture will improve further in the current year and the recovery would be sustained unless disruptions come in the form of a possible war against Iraq.