

## Mega tea project in thick soup

### Fund crunch throws scheme into trouble

MONJUR MAHMUD

A project to double Bangladesh's tea production by 2023 has hit a snag, thanks to fund dearth. Bangladesh Tea Board (BTB) has initiated the 'Small Grower Concept' project to augment tea production amid increased internal consumption.

"We implemented a SGC project in Panchagarh district in 2001. And now we are trying to implement such projects in Chittagong Hill Tracts, Mymensingh and some other districts but the effort runs into trouble because of fund shortage," SAHM Tauhid, chairman of BTB, told The Daily Star recently.

Under the SGC project, people who have less than five acres of land will get assistance from the

BTB to grow tea on commercial basis and sell the crop to a common center, he added.

Usually around 1,000 hectares of land are needed to make a tea estate commercially viable. But it is difficult to develop such a huge land for single estate, officials said.

"Internal consumption is going up by 3.5 per cent annually against nearly one per cent rise in production," said Tauhid. If this trend continues, Bangladesh, the world's fifth largest tea exporter, may become a tea importing country by 2015.

Bangladesh produces about 55 million kg of tea a year on 119,000 hectares (297,500 acres) of land. Bangladesh exported 13.7 million kg of tea in 2002 compared with

27.2 million kg in 1992.

Referring to the dismal situation in tea production, the BTB chairman said 30 per cent of the present tea saplings had been planted during British regime and their production ranges between 500kg and 800kg per hectare. "If these plants are replaced by new ones the yield may be around 6,000 kg per hectare."

Out of the 160 tea estates, 36 are either sick or they fall in the least developed garden category. Still, there are many tea estates, which can accommodate more plants, BTB chairman said. "Apart from increasing the production capacity of the existing estates, we have to bring more land under tea production through SGC project."



Women pluck tea leaves at a garden in Sylhet district. Bangladesh Tea Board (BTB) has initiated 'Small Grower Concept' project to double tea production by 2023. But the project has run into trouble due to fund crisis.

## Shah cement exported to India

Shah Cement Industries Ltd exported 3000 bags of its product to India recently, says a press release. "Ten vans loaded with 3000 bags of cement reached Agartala land port of India through Akhaura land port of Bangladesh on June 1," it said.

## 50pc of world population live in poverty: ILO

REUTERS, Geneva

Some three billion people, half the world's population and nearly all in developing countries, live in poverty with incomes of less than \$2 a day, the International Labour Organisation (ILO) said Friday.

Of that total, one billion people -- almost a quarter of the entire population of developing states -- survive on \$1 a day, the United Nations agency said in a new report.

Official unemployment is at its highest point and still growing, at 180 million people around the globe, according to the report to be presented at the ILO's annual conference in Geneva next week.

But more than a billion working people are underemployed or only semi-employed, according to the report.

Poverty is not restricted to the developing world, the ILO said. More than 10 per cent of the population of the 20 most industrialised powers live on less than half of the average wage, according to the report.

ILO chief Juan Somavia said the figures left little doubt a UN programme launched in 2000 to halve global poverty by 2015 would fail unless governments, employers and workers united to create more jobs.

## Japan sidesteps Thai request for free-trade talks

AFP, Tokyo

Japan's Prime Minister Junichiro Koizumi sidestepped a request from his Thai counterpart Thaksin Shinawatra Friday to sign a free trade agreement (FTA) before the end of the year, a government official said.

In a meeting at Koizumi's official residence, Thaksin proposed that the two countries work out an FTA by deferring a decision on the thorny area of agricultural produce, a Japanese briefer said.

Japan's first-ever FTA, with Singapore, which took effect in November 2002, excludes the sensitive issue of agriculture.

"I understand a difficult problem facing the Japanese side," the Thai premier was quoted as telling Koizumi.

The idea of concluding an FTA with Thailand, a major producer of rice and other farm produce, has terrified Japan's heavily-protected agricultural sector, which has traditionally supported the country's long-ruling conservative party.

But Thaksin cited progress in Thailand's bilateral FTA talks with China, India and Australia, and said he hoped to sign such an accord with Japan when he returns in December, the official said.

Koizumi told the Thai leader that the government needed more coordination of views within his country on agriculture.

"We want to make firm preparations in order to enter (FTA) negotiations as soon as possible," he assured Thaksin.

## US, Chile sign landmark free trade treaty

AFP, Miami

US and Chilean officials Friday signed the first free trade treaty between the United States and a South American country, seen as a stepping stone toward an America's free trade zone.

The accord was signed by US Trade Representative Richard Zoellick and Chilean Foreign Minister Soledad Alvear at the lavish Villa Vizcaya in Miami.

"That's a very positive development," State department spokesman Richard Boucher said in Washington. "I think it'll be taken up in Congress soon. It's good for both the US and Chile, but it's also good for the hemisphere."

The agreement reduces or eliminates tariffs on everything from goats to baseballs. The list takes up 500 of the document's 800 pages.

## Struggling SMEs to get \$12m boost

STAR BUSINESS REPORT

Access to finance remains a major problem blocking the way to growth of small and medium enterprises (SMEs) in Bangladesh as these are too large to qualify for micro-credit finance and, on the other hand, too small to draw attention of the commercial banks.

In a bid to put an end to such fund crisis, the European Commission (EC) has decided to join an initiative of the World Bank's (WB) private sector lending wing, the International Finance Corporation (IFC), to develop SMEs.

As per the decision, the EC will make a grant of \$12 million (10 million euro) for the growth of the sector.

The fund would be channelled to the SMEs through SouthAsia Enterprise Development Facility (SEDF) which was launched in October 2002 with an aim to facilitate SME growth in the region.

"The EC contribution will enable SEDF to implement more

programmes to improve access of SMEs to finance, promote business development services and business enabling environment including inter-regional trade," said SEDF General Manager Anil Sinha.

Sinha was speaking at an EC-IFC/SEDF agreement signing ceremony held at a city hotel on Friday. Head of delegation of EC to Bangladesh Ambassador Esko Kentrschynskyj and Regional Director of IFC's South Asia Department Dimitris Tsitsiragos signed the agreement.

Commerce Secretary Suhel Ahmed, IFC Country Manger Hafeezuddin Ahmad, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Yussuf Abdullah Harun, Dhaka Chamber of Commerce and Industry (DCCI) President Matiur Rahman and other officials attended the signing ceremony.

Sinha said the European Community recognizes that the private business sector can make an important contribution to the

overall economic development and help fight poverty.

Dimitris Tsitsiragos said there are around 200,000 registered private companies in the region with little ability to grow. Desired increase in their competitiveness is constrained by a less than supportive business environment, a weak business support sector and difficulties in accessing long-term funds.

"Therefore, local small and mid-sized businesses are unable to reach their potential as source of job creation and poverty reduction," Tsitsiragos said.

Esko Kentrschynskyj said the recently concluded meeting of Bangladesh Development Forum (BDF) had a lot of discussions on private sector development for fighting poverty.

"In this vein, it's important from donors' side to support the SMEs in order to enhance their competitiveness."

## Emirates offers spl packages for visitors

Emirates, the international airline of UAE, is offering special packages for families wishing to attend the Dubai Summer Surprises 2003, taking place between June 19 and August 29, 2003, for as little as US\$23 per person, says a press release.

With these affordable packages, visitors from Bangladesh can avail themselves of hotel accommodation in Dubai with rates starting from US\$23 per person per night for a minimum of three nights.

Besides accommodation in 16 superior class hotels, the package includes meet and assist at Dubai International Airport, free private car transfers between airport and hotel, 10kg free baggage allowance on return flights from Dubai, exclusive privilege discounts card offering discount at selected restaurants, shops and activities.

Numerous government departments, key sponsors and companies from the private sector have joined hands to bring entertainment to children during the hottest months of the year in climate-controlled environments.

## Bank Asia's rural branch goes online

Bank Asia introduced online banking in rural area for the first time in Bangladesh, says a press release.

Malkhanagar, a remote village in the district of Munshiganj, is the first rural outlet to get the facilities of online banking as Malkhanagar branch of Bank Asia went online on Thursday.

M Syeduzzaman, chairman of Bank Asia, inaugurates online banking activities of Malkhanagar Branch.

Syed Anisul Huq, managing director of Bank Asia, presided over the inaugural function.

A Rouf Chowdhury, vice-chairman, Md Shafiuddin Chowdhury, Sirajul Haque and Rumea A Hossain, directors of the bank, Krishna Janardhan, chief executive officer of ETA Infotech, technology provider, and Md Fazle Selim, managing director of RANKS-ITT, connectivity provider, were also present at the function.

## Sales confce of BRAC Bank SME Division held

A sales conference of Small and Medium Enterprise (SME) Division of BRAC Bank limited was held recently in Dhaka, says a press release.

Regional managers from across Bangladesh attended the conference.

SME division of the bank is presently operating at 109 locations of the country.

BRAC Bank is providing loans to small and medium enterprises and entrepreneurs through this network.

## Focus on expanded global market pie

STAR BUSINESS REPORT

Speakers at a roundtable yesterday observed Bangladesh should try to increase its share in the global market rather than focusing on regional market only.

They were speaking at a roundtable titled "Regional Cooperation on the Context of Globalisation: Response of the Private Sector, organised by Gulshan Club in Dhaka.

The roundtable was attended, among others, by Foreign Minister M Morshed Khan, Commerce Minister Amir Khosru Mahmud Chowdhury, Law, Justice and Parliamentary Affairs Minister Moudud Ahmed, International Chamber of Commerce, Bangladesh (ICC, B) President Mahbubur Rahman, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Yussuf Abdullah Harun.

Minister for Foreign Affairs M Morshed Khan criticised the private sector for not preparing the nation to face the challenge of quota and duty free regime after 2004.

"The private sector should have had some advanced plan to face

this challenge," he said. "The private sector must come forward to help realise the latent potentials of the country."

The minister urged the entrepreneurs to initiate necessary reform measures needed to prepare the nation for the post-multifibre arrangements (MFA).

Former secretary general of South Asian Association for Regional Co-operation (SAARC) Abul Ahsan said over the past decade the volume of trade doubled with foreign direct investment increasing three folds.

The volume of trade increased ten times in cross border trade, Ahsan said in his keynote presentation.

"Today, globalisation is firmly institutionalised through organisations like World Trade Organisation (WTO) as well as in international protocols and agreements," he said.

"Globalisation has eroded the authority and freedom of governments in some key areas including macro economic and fiscal policies," Ahsan said.

"Such agreements have increasingly integrated Bangladesh into the global economy since the early

nineties," he said.

Commerce minister said the business sector should improve capacity building both in private and public sectors.

Focusing on international trade, he said Bangladesh has major share in global trade, not in regional trade.

The commerce minister said certain institutions like Bangladesh Foreign Trade Institute (BFTI) has been set up to promote business sector of Bangladesh.

Gulshan Club President ABM Kamal Khan said SAARC should be set up to promote business sector of Bangladesh.

ICC, B President Mahbubur Rahman said although many declarations are made after negotiations, all these declarations never came into reality.

"We have to find out the best possibilities beyond regional cooperation," Rahman said.

Law minister said the growth rate target should be set at seven to eight per cent and this target should be met at any cost.

## Biman cuts vegetable, fruit air freight by 5pc

BSS, Dhaka

Civil aviation authority yesterday decided to reduce air freight for vegetables and fruits exported by 5 per cent.

The rise in the freight now would be 10 per cent instead of 15 per cent that came into force from June 1, a Civil Aviation press release said yesterday.

The decision will remain effective up to December 31. But the press release said the 15 per cent airfare will be again effective after December 31.

The decision to reduce the airfreight came at a meeting between State Minister for Civil Aviation and Tourism Mir Mohammad Nasir Uddin and a delegation of Bangladesh Fruits, Vegetables and Allied Products Exporters Association (BFVAPEA) at the conference room of the ministry.

The state minister said all costs including fuel, insurance and over-flying have gone up in recent time. Bangladesh Biman has to suffer a loss of Taka 125 crore annually for carrying vegetables and fruits

abroad, he said, adding, airfare of vegetables and fruits is much lower than that of other dry cargoes.

Acting president Mohammad Monsur led the BFVAPEA delegation. Secretary General Syed Salauddin Mamun, Joint Secretary SM Jahangir, executive committee member Mojibul Haque Raju and Tahmina Jahangir attended the meeting.

Secretary of the Civil Aviation and Tourism Ministry Shafiqul Islam and acting Managing Director of Bangladesh Biman Mahmudur Rahman were present.

## Call money rate 16pc, repo rate 15.50pc

BSS, Dhaka

The money rate remained tight yesterday (Saturday) as some private banks and leasing companies were under pressure for call money to meet their liquidity shortfall amid higher payments, fund managers of leading commercial banks said.

The call money rate touched its intra-day high at 16 per cent today while in most deals, it ranged

between 13 per cent and 15 per cent, they said.

"The pressure on our liquidity remained strong as we have to pay government's payments and other bills before the June closing," fund managers of private banks said.

Most private banks have long been facing pressure on their liquidity mainly higher fund flow to the government exchequer. Corporate bodies are under pressure to pay their tax and payments ahead of

June closing.

To ease pressure on cash, some banks sold their treasury bills worth Tk 133.50 crore through repo auction while the rate of 2-day tenor bills ranged between 12.15 per cent and 12.50 per cent, according to a central bank statement.

Janata Bank, Sonali Bank and Agrani Bank had huge surplus funds and lent call money loan to more than 20 private commercial banks, fund managers said.

## Business development instt launched

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In a bid to enhance the efficiency of the private sector, Business Enterprise Development Institute (BEDI) was launched yesterday.

BEDI, an associate organisation of Gulshan Club, will help the club members take part as stakeholders in business policy formulation and its implementation, said ABM Kamal Uddin Khan, president of Gulshan Club.

BEDI will concentrate on developing its members' technical and data-based knowledge and skills by providing a platform for intensive consultations, access to information and organisational support.

"The aim of the institution is to bring people of various sectors

including businessmen, entrepreneurs, lawyers, journalists and doctors together and pool their abilities and resources for an enriched economy," he said.

BEDI will also develop collaborative and outsourcing relationship with other organisations and individuals of both from national and international levels, said Khan.

Through this network the members of Gulshan Club will be more confident in their activities to make greater contributions to their chosen fields, said Zahiduzzaman Faruque, chief coordinator of BEDI.

Commerce Minister Amir Khosru Mahmud Chowdhury praised the formation of the platform.

Minister for Law, Justice and Parliamentary Affairs Moudud

Ahmed said the institution will help in developing expertise on the World Trade Organisation (WTO) negotiations. He emphasised establishment of more such institutions.

To mark the launching of the institution, a roundtable titled 'Regional Cooperation in the Context of Globalisation: Response of the Private Sector' was organised.

Foreign Minister M Morshed Khan, Federation of Bangladesh Chambers of Commerce and Industry President Yussuf Abdullah Harun and International Chamber of Commerce, Bangladesh President Mahbubur Rahman also spoke at the inaugural function of BEDI.



PHOTO: BANK ASIA

FIRST RURAL OUTLET GOES ONLINE: M Syeduzzaman, chairman of Bank Asia, speaks at the inauguration of online banking at the bank's Malkhanagar branch in Munshiganj on Thursday. A Rouf Chowdhury, vice-chairman, Syed Anisul Huq, managing director of Bank Asia, and Krishna Janardhan, chief executive officer of ETA Infotech, the technology provider, and Md Fazle Selim, managing director of RANKS-ITT, the connectivity provider, were also present.