

StanChart DEPZ wing upgraded to branch

Standard Chartered Bank upgraded its offshore banking unit (OBU), located in the export-processing zone (EPZ) area at Savar, to a full-fledged branch yesterday.

M Mofizur Rahman, executive chairman of Bangladesh Export Processing Zones Authority (BEPZA), inaugurated the upgraded branch, says a press release.

David Fletcher, chief executive officer (CEO) of Standard Chartered Bank in Bangladesh, SAA Masrur, head of Corporate and Institutions, and M Sajidur Rahman, head of Consumer Banking of the bank, were present at the inauguration ceremony.

The OBU was opened in 1994 and it was the first of its kind in the Savar EPZ.

DHL to manage global spare parts logistics for FSI Int'l

DHL Express has been selected to handle logistics in Europe and Asia-Pacific for FSI International Inc., a global supplier of manufacturing equipment to the semiconductor industry.

Under the agreement, DHL will serve as FSI's third-party logistics provider for its European and Asian semiconductor spare parts operations, says a press release.

DHL will ensure FSI is able to provide its customers timely and effective delivery of spare parts. DHL will manage FSI's spare parts inventory through its Strategic Inventory Management (SIM) programme.

DHL's SIM programme integrates several service elements to create a global spare parts logistics solution.

JOBS launches training on coconut coir mat in Barisal

Job Opportunity and Business Support (JOBS), the project funded by USAID, Bangladesh in association with WAX Lyrical recently launched a three-month-long training for unskilled workers on manufacturing coconut coir mat.

An expert from Kerala, India has been invited to train these unskilled workers in this sector. The training is taking place in Barisal, says a press release.

JOBS will be promoting coconut coir mat of WAX Lyrical in the DOMOTEX-2004 at Hannover, Germany, world's largest floor covering fair.

New COO of Global Online

Russell T Ahmed, manager (Sales and Marketing) of Global Online Services Ltd, has been appointed the chief operating officer (COO) of the company.

He will take responsibility of COO for both Global Online and Bangladeshinfo.com, a concern of Texas Group, says a press release.

Repo auction

UNB, Dhaka

The reverse (Repo) auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Four bids of 1-day tenor amounting to Tk 200.00 crore and one bid of 7-day tenor amounting to Tk 250 crore were received, of which three bids of 1-day tenor amounting to Tk 150.00 crore and one bid of 7-day tenor amounting to Tk 250.00 crore in total of Tk 400 crore were accepted.

The rate of interest against the accepted bids ranged from 3.50 to 4.00 per cent per annum, said a press release of Bangladesh Bank.

Correction

The name and designation of a participant were inadvertently printed as Shamsul Islam, professor of Finance and Banking at the Dhaka University instead of M Shamsul Haque, professor of IBA and vice-chancellor of City University in a report titled 'Ensure Transparency in Budgetary Expenditure' published on this page yesterday. We regret the mistake.

Brainstorming on poverty reduction begins today

STAR BUSINESS REPORT

A group of Bangladesh development experts from all over the world gather in Dhaka today as they take part in a two-day seminar to discuss poverty alleviation issues.

The seminar on accelerating growth and poverty reduction in Bangladesh is being jointly organised by the Bureau of Economic Research, University of Dhaka and the World Bank at Hotel Sheraton.

The core objective of the seminar is to engage analysts, researchers,

policy-makers and development partners from around the globe in an intensive dialogue on the development agenda facing Bangladesh, according to a release issued by the World Bank.

The idea is to combine analytical work with policy perspectives so as to better connect research with policy, theory with experience, and analytical objectivity with political imperatives.

"In the existing arrangement, experts and researchers provide input to government policy making,

but there is a benefit in making this process more open and public. The government can then have a variety of expert opinions to draw upon and thereby make more informed judgment," said Professor Wahiduddin Mahmud, chairman of the Bureau of Economic Research and co-sponsor of the seminar.

A wide range of issues will be discussed in the two-day seminar, which include Poverty and Inequality; Trends and Causal Links; Strategy for Poverty Alleviating Growth; Investment

Environment in Bangladesh; Social Development and Service Delivery; Finance for the Poor; and Governance Issue and Political Economy of Reforms.

"The seminar will draw upon serious research rather than perceptions and look into various development paradigms in an environment of total openness and academic freedom to provide input to the policy formulation process," said Sadiq Ahmed, chief economist and sector director for World Bank South Asia Region.

Private airlines on int'l routes won't hurt Biman business

State minister for civil aviation and tourism says

STAR BUSINESS REPORT

Operation of private airlines on international routes will not hurt business of Bangladesh Biman rather it will help the country save foreign currency, State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin said yesterday.

He said Bangladesh has air service agreement (ASA) with 42 countries but the national carrier can operate in 26 cities of only 24 countries. "There is room for the private operators to operate on the international routes and this will not affect the Biman business."

The state minister was speaking

at a facilitation ceremony accorded to him by the private airlines for opening up of international air routes to private operators.

Stressing the need for improving efficiency of Biman, Nasir hoped the private operators through better services will be able to create a fair competition with Biman.

Speaking at the function, Chairman of Civil Aviation of Bangladesh Zahed Kuddus underscored the need for maintaining safety and security in operating airlines, saying there should not be any compromise in this regard.

Managing Director of Biman Bangladesh Lutfur Rahman praised the success of private operators on

domestic routes.

President of the Federation of Bangladesh Chambers of Commerce & Industry Yussuf Abdullah Harun said airline industry is basically a foreign exchange earning sector and the industry should be given all out support including seven per cent interest on loans from banks.

Improving the image of the country apart, he hoped private airline operators will be able to earn three to four billion dollars within a couple of years.

Managing Director of GMG Airline Shahab Sattar said private airlines on domestic market did not affect the business of Biman.

Market grew to 600,000 passengers from 300,000 passengers after the private operators were allowed. Like domestic market, Biman is not going to lose its business to the private operators on the international routes, he added.

Managing Director of Bismillah Airlines Ltd MA Mannan, Director of East West Air Lines Ltd Mehedi Hasan, MD of Best Aviation Haideruzzaman, Chairman of Air Bangladesh Shahjalal Mojumder and MD of Air Parabat Nadera Alam also spoke.

Reform to yield little unless NCB management changed

Pubali Bank MD tells *The Daily Star*

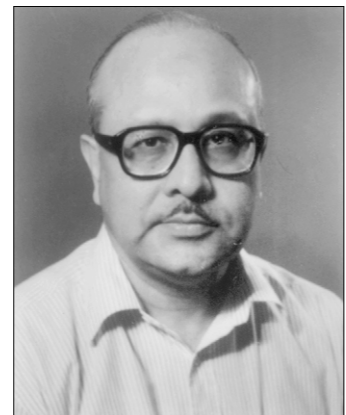
REJAUL KARIM BYRON

Ongoing reform initiatives will not be useful unless the top management of the nationalised commercial banks (NCBs) is changed, believes Khandkar Ibrahim Khaled, managing director of Pubali Bank.

"It is the top management that can do or undo reforms," said Khaled, who has a long career in banking in various positions including deputy governor of the central bank. "So, the main thrust of the reforms should be to bring qualitative change at the top level. For this, honest and efficient manpower has to be employed and a reward-and-punishment system needs to be introduced."

He said political and social intervention and trade unionism are two major stumbling blocks for the changes.

"What steps are being taken on these issues will determine the



Khandkar Ibrahim Khaled

success of reforms," he said.

Talking on the impact of floating exchange rate, Khaled said it has not undermined taka. Instead, the local currency has gained against

dollar. A good foreign exchange reserve and slower imports are the primary reasons keeping taka buoyant.

"But it is critical to boost exports if one wants to sustain the current situation in exchange rate," he pointed out.

Khaled believes that there should not be any interference in lending rates. "Lending rates have been left to the market and interest rates for the prime customers have already come down considerably. This will ultimately lead to a logical rate," he said.

He said a big shortfall in provision still exists in the banking sector, although the private banks have reduced it considerably.

"Lending rates are closely linked to provision shortfall. High rates exist because of high provision shortfall. This has created a market distortion. When some banks are charging high rates, other banks

which could have cut rates, take the advantage and they too charge high."

Reflecting on the proposed budget, he said some of the measures including increasing the tax rate for banks from 40 per cent to 45 per cent will hurt the banks.

The dividend distribution tax imposed on financial institutions will also work against them. On the other hand, the outgoing budget had allowed tax exemption on classified loans equivalent to three per cent of total loan. But the proposed budget has reduced this scope to two per cent only.

"These steps will inflict losses on banks," Khaled said. "Furthermore, since the proposed budget has not given any facility to the corporate sector, it will be unwise to expect any growth there."

Indian Oil eyes regional cooking gas markets

PALLAB BHATTACHARYA, New Delhi

State-owned Indian Oil Corporation (IOC) is eyeing retail markets of cooking gas in Bangladesh, Sri Lanka, Nepal and the Maldives to help boost its bottom line in the coming years.

The IOC plans to export cooking gas and invest in new bottling plants and distribution networks in the neighbouring countries, sources in the energy major said.

IOC Chairman M S Ramachandran said Tuesday the company proposed investments totalling 24,000 crore rupees during the Tenth five-year plan mainly aimed at expansion of refining capacity, retail operations and diversification.

Bangladesh is understood to have cleared IOC proposal to set up three bottling plants. The Indian corporation is supplying ten thousand tons of cooking gas to a Bangladeshi company and will increase this to 50,000 tons every year in the coming five years.

IOC and Nepal Oil are reportedly finalising a joint venture for a cooking gas bottling plant in the

Himalayan kingdom as well as a distribution network in that country, the sources said.

The IOC also plans to export 40,000 tons of cooking gas per annum to Sri Lanka. The island nation produces only 15,000 ton every year against its demand of 140,000 tons.

The Indian corporation is trying to set up petrol retail outlets in the Maldives and Mauritius as well as cooking gas bottling plants there.

IOC assesses that it has a price advantage in securing projects in cooking gas sectors in these countries where there is a growing demand for the product and requires technical skill to set up bottling plants and distribution chain.

The IOC registered over 100 per cent profit in 2002-3 financial year as per the records declared Tuesday and Ramachandran attributed this mainly to rising oil prices and better refining margin.

The Corporation's profit after tax reached Rs 6115 crore as against Rs 2885 crore in 2001-2. The IOC was the only Indian firm to find a place in the "Fortune 500" list.

Vajpayee's tour flows wind on Indo-Sino trade sail

ANNI China Daily

Business circles in India and China have received the right signals from the visit of Indian Prime Minister Atal Bihari Vajpayee and are moving towards expanding trade and investment as ties between the two sides deepen.

Anand G. Mahindra, president of the Confederation of Indian Industry (CII), the largest such organisation in India, said meetings between the two countries' leaders have given direction to business circles and increased confidence in their respective markets.

He believes the right climate created by the visit can promote bilateral trade between India and China to the US\$10 billion mark by next year, 12 months ahead of the 2005 target proposed by the Chinese Government.

This prediction is based on the surging figures recorded for the first four months of 2003.

The latest Chinese statistics put bilateral trade between the two neighbours for the period at US\$2.3 billion, a soaring 71 per cent

increase over the same period last year.

India is China's largest trading partner in South Asia, and their bilateral trade reached a record US\$4.9 billion in 2002, up 37 per cent over the previous year.

"As two fast growing countries, we believe we can complement each other and can work together to be strong economic forces in the world," said Mahindra.

Jonathan Choi, president of the Hong Kong-based Sun Wah Group, said Vajpayee's visit had delivered a message of friendship and increased the desire of domestic firms to work with Indian partners.

Choi said the company had been in talks with some Indian software companies to develop and produce software in China.

Business leaders from 100 of the biggest Indian companies, including the software developer Infosys Technologies Ltd, the tractor maker Mahindra Mahindra Ltd, the drug maker Ranbaxy Laboratories Ltd and Grasim Industries Ltd, India's No 1 cement maker, are accompanying Vajpayee on his visit to China.

Rahimafrooz loses appeal in Indian court

BSS, New Delhi

Bangladesh's lead acid battery exports to India suffered a setback as Rahimafrooz Batteries Limited lost an appeal before an Indian court against the decision to impose antidumping duty on its products.

The Indian Central Excise and Gold [Control] Appellate Tribunal [CEGAT], after two hearings, in an appeal suit filed by Rahimafrooz challenging the decision of the Indian Directorate General of Anti Dumping and Allied Duties gave its judgement upholding the decision of the Indian authorities to impose antidumping duty against the batteries imported from Bangladesh.

A number of lawyers described the court's decision as arbitrary as it disregarded the World Trade Organisation (WTO) stipulation which provides for imposition of antidumping duty only on the basis of volume of imports rather than value, taken into consideration by the relevant Indian authorities in imposing the duty to obstruct or restrict the export of batteries from Bangladesh.

The Indian Directorate General of Anti-Dumping and Allied Duties under the Ministry of Commerce had earlier initiated an investigation and subsequently imposed, and quite unfairly, the anti-dumping duty

on batteries from Bangladesh following a complaint was lodged by an Indian manufacturer, Exide Industries Limited, which was later joined by a number of other vested interests backed by the Indian authorities.

According to industry people it was unfair because Bangladesh's export of lead acid batteries to India was less than three per cent of India's total import of such batteries and the WTO rules are against anti-dumping duties in the event the imports fall short of three per cent.

Rahimafrooz had appealed against the Indian authorities decision to impose the anti-dumping duty but the CEGAT upheld its decision which very much goes against the WTO rules, they added.

The WTO rules is very specific about the volume of imports without any scope to interpret it in terms of value of imports as was done by the Indian authorities, they said.

Value of imports, they said, can vary on many factors including local taxes as well as invoice manipulations.

There is scope for the Bangladeshi exporter to take the matter to the WTO to appeal against the CEGAT decision as it goes against the WTO stipulations.

Laxmi Kumaran, the lawyer for the Bangladesh exporter, told BSS,

replying to a question, that the case had good merit and a very good prospect before the WTO.

A number of other lawyers also preferring anonymity described the decision as arbitrary for which the matter should be taken to the WTO dispute settlement body.

Responding to BSS, Wasil Ahmed, Commercial Counsellor, Bangladesh High Commission in New Delhi, who has been handling the matter spoke against the arbitrary decision and favoured taking the matter to the WTO.

Informed sources said that the Bangladeshi business community ought to get together to collect necessary funds to facilitate taking of the matter to the WTO, and if needed with tacit backing from the Bangladesh government.

Sources said vested quarters in India, in the first place, could not accept even a small success in a neighbouring country like Bangladesh in manufacturing high quality lead acid batteries.

Rahimafrooz used to export its industrial as well as automotive batteries to Gujarat and the users found the batteries from Bangladesh much better than what is produced in India.

20 ICT firms enter Silicon Valley to tap US market

STAR BUSINESS REPORT

Twenty Bangladeshi software and information and communication technology (ICT) companies yesterday got enrolled with ICT Business Promotion Council (IBPC), set up by the commerce ministry last year, to increase their export earnings.

The companies signed separate memorandums of understanding with the IBPC.

Suhel Ahmed, commerce secretary who is also chairman of the IBPC, and representatives of those companies signed the MoUs on behalf of their respective companies.

Export Promotion Bureau Vice-Chairman Habib Abu Ibrahim, Bangladesh Association of Software and Information Services (BASIS) President Habibullah N Karim, Bangladesh Computer Samity (BCS) President Sabur Khan and Internet Service

Providers Association of Bangladesh (ISPAB) President Akhtaruzzaman Manju were present at the signing ceremony.

The commerce secretary said the enrolled companies will be able to use the 2,000 square feet office of Bangladesh ICT Business Centre (BIBC), a project of IBPC, located at the IT hub of Silicon Valley in the US.

He said the office facilities include a number of conference rooms, broadband Internet connections and modern telephone facilities.

Ahmed said companies have to pay 500 US dollars per year for registering with the BIBC. But companies signing the MoUs yesterday will get discounts of 300 US dollars. "Companies may receive such discount facility if they sign up by June 30," said Ahmed.

To use the BIBC office, enrolled companies can pay either 25 US dollars per day or 300 US dollars per

month.

Ahmed said the principal objective of BIBC, a World Bank financed project, started its operation on March this year to facilitate Bangladeshi ICT companies to tap the global as well as US market.

He said IBPC is a good example of public and private sector participation in Bangladesh, where all the ICT trade bodies, namely BCS, BASIS and ISPAB, are represented.

Ahmed said the government has a plan to set up similar centres for leather, agro-processing and light engineering sectors.

American Association of Bangladeshi Engineers and Architects (AABEA), Silicon Valley chapter, is providing all logistic and execution support to the BIBC. A director has been appointed at the BIBC for continuous market research.

Tk 2.65cr Danish grant for software development

Technovista, Marticco Aps sign deal

STAR BUSINESS REPORT

Denmark has approved a Tk 2.65 crore grant for training and technical assistance for a local IT company - Technovista Limited - to establish a software development centre.

The software development centre is a project under which programmers of Technovista Limited will get training in Denmark on the latest IT technologies.

Danish Ambassador to Bangladesh Niels Severin Munk yesterday formally announced the approval of grant. He said the grant is a part of Danida Private Sector Development (PSD) Programme.

Niels Severin Munk said the objective of the Danida PSD Programme is to contribute to the economic and social development of Bangladesh through Danish

technology.

The software development centre is a collaboration between Marticco Aps, a software developer company of Denmark, and Technovista Limited, another software developer company of Bangladesh.

An agreement between the two companies was signed to this effect yesterday. Marticco Aps Director Lars Andersen and Technovista Limited Managing Director Nurul Kabir signed the partnership agreement on behalf of their organisations.

Commerce Minister Amir Khosru Mahmud Chowdhury, who was present at the signing ceremony, said private sector is the key engine behind economic growth of Bangladesh. "So, I think the Danida PSD programme will promote co-

operation between the private sector of the two countries."

Though the potential of information technology in Bangladesh is increasing, there is a lack of software programmers and developers, said Kabir.

Under the agreement, 12 Bangladeshi programmers will go to Denmark for software development training, he added. "It will ensure knowledge and quality transfer between Denmark and Bangladesh."

Technovista, a sister concern of Mohammadi Group, is a software developing company which exports software to the US and European markets as well as Vietnam and Indonesia.

Mohammadi Group Chairman Anisul Haq was also present.



Bangladesh Export Processing Zones Authority (BEPZA) Executive Chairman M Mofizur Rahman and Standard Chartered Bank Chief Executive Officer (CEO) David Fletcher jointly inaugurate the upgraded branch of the bank at the export-processing zone (EPZ) at Savar yesterday.