

Unusual import growth worries prime minister

MONJUR MAHMUD

The prime minister is learnt to have expressed concern over unusual upward trend in imports and asked the ministries concerned to take necessary measures in this regard.

The Ministry of Commerce has already identified some measures to contain the import spree that contributes to increasing trade deficit, sources said.

The measures are imposing higher margin for opening letters of credit (LCs), introducing supplementary tax and creating other non-tariff barriers to discourage imports of unnecessary and luxury items.

But import of essential items like

sugar, rice, wheat and edible oil may also be included in the list for putting restriction, in order to restraint the unusual upward trend in import.

The ministry placed the proposed measures to the cabinet committee on export at its meeting yesterday with Commerce Minister Amir Khosru Mahmud Chowdhury in the chair but the committee decided to discuss the issues at its next meeting.

Foreign Minister M Morshed Khan, Shipping Minister Akbar Hossain, Industries Minister Matiuur Rahman Nizami and Commerce Secretary Suhel Ahmed attended the cabinet committee meeting held at the commerce ministry.

Bangladesh's trade deficit is on rise alarmingly in recent years mainly due to lower export and higher import growths.

According to commerce ministry statistics, rice import increased by 720 per cent (from \$29.62 million to \$242.82 million) during July-May period of 2002-03 fiscal year compared to the corresponding period of the previous fiscal.

Sugar import went up by 311 per cent (from \$31 million to \$127.54 million), edible oil 53 per cent (from \$208.64 million to \$318.2 million) and wheat 46 per cent (from \$130.21 million to \$189.66 million) during the period.

The overall import during July-

May period of FY03 went up by 8.88 per cent.

"It is clear from the statistics that the import growths for rice, sugar and edible oil are not showing a normal trend," said a commerce ministry official. Without elaborating he hinted at some other factors behind the unusual trend.

"There is nothing harmful if imports of capital machinery and raw materials increase. But rise in importing luxury items definitely harms local industries and it should be discouraged," said another official of the ministry.



Commerce Minister Amir Khosru Mahmud Chowdhury makes a point while speaking at a seminar organised by Bangladesh Foreign Trade Institute (BFTI) in Dhaka yesterday on the eve of the Cancun ministerial as Law, Justice and Parliamentary Affairs Minister Moudud Ahmed and Commerce Secretary Suhel Ahmed look on.

Bangladesh-Myanmar border trade stalemate continues

Joint meet on Saturday to end deadlock

STAFF CORRESPONDENT, Ctg

Deadlock in the Bangladesh-Myanmar border trade through Teknaf continued for the third consecutive day yesterday due to an indefinite strike enforced by traders.

However, the district administration has convened a joint meeting on Saturday to resolve the crisis through discussion with all parties involved.

A joint body of importers, export-

ers, C&F agents and truck owners in Teknaf enforced the strike on Monday protesting "extortion and harassment" by police and Bangladesh Rifles (BDR).

They alleged the members of BDR and police in the name of checking documents and illegal goods often harass them at border points and on Teknaf-Cox's Bazar Road.

Meantime, Deputy Commissioner of Cox's Bazar M

Saiful Islam, following a directive by State Minister for Communications Salahuddin Ahmed, called the joint meeting.

All the trade bodies in Cox's Bazar and Teknaf, and representatives of truck owners, BDR and police have been invited to attend the meeting. Local lawmaker Shahjahan Chowdhury may also join the negotiation.

The state minister for communications, also the minister in charge

of the district, at a meeting on Tuesday directed the DC to initiate the negotiations to bring an end to the stalemate, sources said.

The strike resulting in suspension of border trade is causing huge revenue loss to the government and affecting business in the border town.

China-Bangla Ceramic finds foreign market

STAR BUSINESS REPORT

Within one year of its launching, the China-Bangla Ceramic Industries Ltd (CBC) has started exporting floor and wall tiles.

"We have already exported tiles to India and targeted other countries in this region," CBC Managing Director Sirajul Islam Mollah said while speaking at a function to mark the company's one-year celebration at a local hotel on Tuesday night.

The CBC is the largest Chinese investment in Bangladesh where China has so far invested six million US dollars, Mollah said.

Encouraged by the success, the joint venture company now plans to increase its investment.

The company located at Tarabo in Narayanganj has some 300 employees. It uses 80 per cent local raw materials for producing floor and wall tiles.

Addressing the function Commerce Minister Amir Khosru Mahmud Chowdhury praised CBC for producing high quality tiles and contributing to the construction industry.

The minister hoped the company will be able to export its products to other parts of the world, including the developed countries, in future.

CBC Chairman Qu Ba said, "We will increase our investment in near future for producing polished and homogenous tiles, which Bangladesh imports at present."

CBC is a joint venture company between China and Bangladesh with 55 per cent share of China and the rest 45 per cent of Bangladesh.

Chinese Ambassador to Bangladesh Hu Qianwen, Islami Bank Executive Vice-President Abdur Rakib, CBC Director and CEO Zhou Xiaolin and Mosaic Merchants Association President Amir Hossain Bhuiyan also spoke at the function.

Bank Asia, Bay Leasing sign agreement

Bank Asia Limited recently signed an agreement with Bay Leasing and Investment Ltd of Tk 50 million for onward financing through leasing of plant, machinery, professional and office equipment, says a press release.

Syed Anisul Huq, president and managing director of Bank Asia, and GM Salehuddin Ahmed, managing director of Bay Leasing signed the agreement on behalf of their organizations. Other senior executives of both the organizations were also present.

Developing nations to grow faster in 2004

WB report says

STAR BUSINESS REPORT

Although the growth of South Asia declined in 2002, the World Bank (WB) predicts the developing nations will grow faster than the industrialised countries in 2004.

A WB report launched in New Delhi yesterday said South Asia's growth remains above the industrialised world's anaemic 1.5 per cent growth for 2003.

It however projects the region's growth in 2002 at 4.2 per cent, down from 4.9 per cent in the previous year due to an economic downturn.

"The slowdown in the region can be traced to adverse weather conditions and a decline in agriculture output in India, Nepal and Bangladesh," it said.

Titled 'Global Economic Prospects 2004: Realising the Development Promise of the Doha Agenda' the report has a detailed overview of the world economy and the near-term outlook.

The report was launched on the eve of a meeting of the world's trade ministers in Cancun next week that will review progress on WTO negotiations on the Doha Agenda.

Aaditya Mattoo, lead economist and Dominique Van Der Mensbrugge, senior economist with the 'Development Prospects Group' of the WB, presented the findings of the report from New Delhi.

The WB Dhaka Office was linked via video conferencing during the presentation.

"Developing countries are expected to be somewhat more buoyant than industrial countries, growing at 4 per cent," the report said, adding the developing economies will grow at 4.9 per cent in 2004 if the recovery stays on track.

On the other hand, the report sees a modest pick-up in the industrial world's growth next year at 2.5 per cent.

About the WTO ministerial conference it said a trade deal that

addresses the concerns of developing nations could spur global growth and reduce poverty by as much as 144 million people by 2015.

The report identified some of the key elements of a trade deal that could contribute to development.

It said progress in Cancun could bolster investors' confidence and create momentum towards a more significant WTO agreement that would spur trade.

It would eventually raise incomes around the world, leading to a substantial reduction in global poverty.

The report also noted that developing countries, especially dynamic middle-income nations can contribute to a good 'Doha deal' by agreeing to undertake trade liberalisation measures that would help boost global trade.

The report points to inequities in the world trading system that drag down export growth in developing countries.

PCBs plan to reduce farm loan interest

STAR BUSINESS REPORT

Private commercial banks (PCBs) plan to reduce the interest rate of agricultural loan to 9-10 per cent from existing 12-14 per cent.

Chief executive officers (CEOs) of the PCBs disclosed this yesterday at the bankers' meeting, presided over by Bangladesh Bank (BB) Governor Fakhrudin Ahmed.

All the CEOs of nationalised commercial banks and specialised banks were also present at the meeting held at the BB conference room.

The CEOs will send the proposal to their respective boards soon.

The PCBs were told to send reports on their business plan and amount of disbursed loans in every three months to the central bank.

PCB officials also urged the central bank to provide refinancing facilities against working capital apart from providing term loans in agriculture sector.

The central bank also asked the PCB officials to buy note-sorting machines.

Take action against debenture defaulters

SEC directs trustees to two PLCs

NAZRATUN NAYEEM MONALISA

The Securities and Exchange Commission (SEC) has directed the trustees to the debentures of two public limited companies (PLCs) to take appropriate measures against those companies for debenture default.

In separate letters on Tuesday to the trustees-- Pragati Insurance Limited and National Credit and Commerce (NCC) Bank Limited -- SEC asked them to submit two reports each month on actions taken against the defaulting companies for nonpayment of principal and interest amount on debentures.

Both these companies are trustees to Bangladesh Zipper Industries Limited as well as Bangladesh Luggage Industries Limited.

As per the SEC instruction the first report must be filed on the first day of the month while the second one should follow after two weeks in the same month.

In the current month, the capital market regulators sought the first report to be submitted by September 7, 2003.

Although the SEC repeatedly asked these trustees to take appropriate actions as prescribed in the trust deeds, nothing was done, sources said.

"They failed to initiate any move to settle the claim from the debenture-holders," a senior SEC official said.

The official said they have received a number of complaints from the debenture holders of which SEC has sent copies of 41 complaints to the trustees which had not

been addressed.

The two companies, Bangladesh Luggage and Bangladesh Zipper, raised a total of Tk 19 crore through issuing debentures. Bangladesh Luggage raised Tk 15 crore in September 1996 while Bangladesh Zipper raised Tk four crore in July 1995.

The total default amount of both the companies stands at Tk 7.18 crore -- Tk 6.08 by Bangladesh Luggage and Tk 1.10 crore by Bangladesh Zipper.

Of the total default amount by Bangladesh Luggage, the company owes Tk 2.92 crore to Investment Corporation of Bangladesh (ICB) alone.

Despite repeated attempts, the managing directors of trustees could not be reached for their comments.

HSBC inaugurates customer service centre at Banani

The Hongkong and Shanghai Banking Corporation (HSBC) Limited in Bangladesh has opened its first customer service centre at Banani in Dhaka.

State Minister for Power, Iqbal Hasan Mahmood officially inaugurated the centre on Sunday.

David J H Griffiths, chief executive officer and other senior executives of the bank were also present at the ceremony.

The customer service centre is a new dimension of banking where customers cannot only avail the ATM, Easy Pay, Phonebanking and Website services but can also consult a Customer Services Officer who will be present from 9:00am to 10:00pm seven days a week to assist them in applying for loan products, opening accounts and providing detailed information on all other products and services of HSBC.

The easy pay machine installed at the centre offers customers and non-customers of HSBC to make bill payments and deposits of DESA, DESCO, Grameen Phone, AKTEL and ALICO.

Show cause notice served on Beach Hatchery MD

Failure to pay dividend against preferred shares

NAZRATUN NAYEEM MONALISA

The Securities and Exchange Commission (SEC) on Tuesday served a show cause notice on the managing director of Beach Hatchery Limited for failure to pay dividend against preferred shares within stipulated time.

In the notice, the capital market regulators asked the Beach Hatchery MD to explain the company's position in seven days.

SEC officials said the action was taken as the company's failure in the payment of preference dividend affected the investors.

Before serving the notice the SEC had repeatedly directed the company to submit the status of dividend distribution as well as the compliance report. "But the company failed to show all its dividends

to be distributed," a senior official of SEC said.

Beach Hatchery is the first company to introduce preferential shares in Bangladesh. In 2001, the company issued 80 lakh such shares and declared 15 per cent dividend.

The company was supposed to pay dividends amounting over Tk 1.15 crore. But in its compliance report submitted to the SEC on August 21, 2003 the company said, Tk 88 lakh was paid to the preferred shareholders within August 20.

However, both the individual and institutional investors lodged separate complaints with the capital market watchdog that the dividend warrants issued by Beach Hatchery were repeatedly dishonoured by the bank concerned.

SEC officials said the company

had announced the book closure on April 6, 2003 and as per the securities law, the company was required to have completed distribution of all dividend warrants by June 6, 2003.

But the company failed to complete dividend distribution not only in due time but also within the extended period.

Bangladesh Krishi Bank (BKB) is the guarantor of the 15 per cent dividend declared by the company. The SEC in the meantime asked BKB to prepare for paying the dividends to preference shareholders in case the company defaults.

Beach Hatchery, a Satkhira-based company set up in 1995, raised the funds from the stock market mainly to finance expansion of land development, purchase of hatchery equipment and setting up of a nursery at Satkhira.