

Non-tariff barriers must go for narrowing trade gap

Indian state minister for commerce tells FBCCI luncheon

STAR BUSINESS REPORT

An Indian minister yesterday said non-tariff and para-tariff barriers are prime reason for yawning trade gap between India and Bangladesh and it must be narrowed through negotiations.

Satyabrata Mookherjee, state minister for commerce and industry of India, said he could not find any reason why these trade barriers are still existent.

"We must sit across the table to remove the barriers. The negotiations for free trade agreement can be a new beginning for removal of trade barriers," he said at a luncheon meeting with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka.

He said India is eager to solve all the trade barriers through official negotiation and reduce existing huge trade gap with Bangladesh.

"If European nations with varied culture and language can

work together by forming European Union, I don't find any reason why South Asian countries with similar culture, language can't forge an economic bloc," said Mookherjee who was born in Sylhet.

He mentioned that Indian Prime Minister Atal Behari Vajpayee had recently proposed launching a common currency in South Asia as a tool to enhance intra-regional trade.

Chairing the meeting, FBCCI President Abdul Awal Minto said historical disputes, mistrust, armed insurrections and warlike situation stand in the way of regional co-operation and economic integration in south Asian countries.

Small countries in a region usually gets privilege and advantages from economically developed larger neighbours, he said citing the example of Belgium and Sweden which achieved huge advantages from developed France

and Germany.

In North America, similar advantage was taken by Mexico, which shares border with the US, he said. "Exploitation of regional trade opportunities could bring about substantial GDP growth for both India and Bangladesh."

Intra-regional trade in South Asia is at present below five per cent of total trade and one per cent of total investment whereas regional trade in North American free trade area is 49 per cent, EU 78 per cent and Asean 53 per cent, he said.

The existence of non-tariff and para-tariff barriers in the form of countervailing duties, surcharges, central and provincial sales taxes, luxury duties, certification and quality approval requirement is hampering economic co-operation, he said.

Bangladeshi products, which found favourable response in the Northeast India, are subjected to about 67 per cent customs duty,

additional customs duty and surcharge. In addition, Indian importers have to pay central and provincial taxes and turnover tax of over 18 per cent.

Besides, delays in clearance of goods, pilferage, lack of equipment and infrastructure at land ports is costing Bangladeshi importers 5-10 per cent more, he said.

Commerce Ministry Advisor Barkat Ullah Bulu and Indian High Commissioner designate in Dhaka Veena Sikri and leading businessmen from Bangladesh and India attended the luncheon at Hotel Sarina in Gulshan.

India's official export to Bangladesh rose from \$180 million in 1991 to \$1012 million in 2002-2002 while unofficial export is estimated at \$1.5 billion now.

On the other hand, India's official import from Bangladesh increased from \$31 million in 1991 to \$50 million in 2001-2002 and unofficial import is estimated at \$250 million.



Commerce Minister Amir Khosru Mahmud Chowdhury, Indian Minister of State for Commerce and Industry Satyabrata Mookherjee and Bangladesh Commerce Ministry Advisor Barkat Ullah Bulu jointly fly a kite to inaugurate the five-day Saarc Trade Fair-2003 at Bangladesh-China Friendship Conference Centre in Dhaka yesterday. Ministry of Commerce and Export Promotion Bureau are jointly organising the fifth edition of the fair.



Zahir Mohammad Asim Kumar Roy

New members of NBR

AS Zahir Mohammad and Asim Kumar Roy have taken charge as the members of the National Board of Revenue (NBR).

Both of them are members of BCS (taxation) cadre, says a press release.

Prior to his appointment as NBR member (income tax policy), Zahir Mohammad was the tax commissioner of tax zone-3, Dhaka.

Asim Kumar Roy also served as a tax commissioner of Tax Appeal Zone-1, Dhaka.

Prime Bank, Commercial Bank of Ceylon sign agreement

A master repurchase agreement has been signed between Prime Bank Limited and Commercial Bank of Ceylon Limited in Dhaka.

Shah Md Nurul Alam, managing director of Prime Bank Limited, and S Renganathan, chief executive of Commercial Bank of Ceylon, inked the deal on behalf of the organisations recently, says a press release.

The accord will help play an effective role in activating and strengthening the interbank Repo, reverse Repo, buy and sale of government securities in secondary market.

M Shahjahan Bhuiyan, additional managing director, Shafiqul Alam, EVP, Muhammad Shahidul Islam, EVP and Shibir Ahmed, VP of Prime Bank, and Abu Mostafa Kamal, senior manager of Commercial Bank of Ceylon, were present at the signing ceremony.

Indian govt clears \$241m in foreign investment

AFP, New Delhi

The Indian government on Friday cleared 30 foreign direct investment proposals in the chemicals, auto and media sectors worth 11 billion rupees (241.4 million dollars), a government statement said.

India's foreign investment and promotion board gave the greenlight to a nine billion rupee project by Britain's Gabriel Trade and Investment Company to set up a wholly-owned subsidiary to manufacture methanol in India.

It also cleared a high-profile proposal by Britain-based Henderson Asia Pacific Equity Partners to pick up a 19.23 percent equity stake in HT Media Ltd, the publishers of India's widely circulated English-language daily Hindustan Times, for 1.25 billion rupees.

In June 2002, the Indian government pushed through foreign investment of up to 26 percent in print media companies, overturning the longstanding ban that stemmed from concern over the impact on editorial policies.

Rehab housing fair ends in positive note

STAR BUSINESS REPORT

Rehab Housing Fair 2003 ended in Dhaka yesterday with the participating companies getting a very positive response from the visitors, especially prospective buyers of plots, apartments, shops and commercial spaces.

Participating real estate firms and building material suppliers got spot orders and bookings from the clients. The financial institutions which offered home loans at reduced interest rate in the fair also witnessed good response.

On average, more than 30,000 people visited the fair everyday, Toufiq M Seraj, president of Real Estate and Housing Association of Bangladesh (Rehab) which organised the four-day fair, said.

Most of the exhibitors expressed their satisfaction over the interest the clients have shown in housing plots, flats and commercial spaces. The fair helped the customers decide and pick from a wide range of choices under a single roof.

"We are happy with the outcome of the fair. Many customers while visiting our stall confirmed booking of plots," said an official of Amin Mohammad Lands Development Ltd, an enterprise of Amin Mohammad Group.

On the last day yesterday, enthusiastic visitors were seen standing in long queues to enter the fair venue. Almost all the stalls remained crowded whole day and the exhibitors were found busy talking to the prospective customers.

Most of the visitors however came to know details about the special offers of participating companies. They collected information about location, size, price and other features of plots and apartments.

A total of 58 developers, 10 material suppliers and three financial institutions (FIs) took part in the third edition of the annual fair that began on Wednesday in the Winter Garden and Tennis Court area of Dhaka Sheraton Hotel.

Many visitors enquired about the terms and conditions of loans offered by the FIs -- National Housing Finance and Investments Limited, Industrial Development Leasing Company (IDL) of Bangladesh Ltd and Delta Brac Housing Finance Corporation Ltd.

All these FIs offered housing loans at 14.25 per cent interest rate at the fair, down from their normal interest rates ranging from 14.75 per cent to 15 per cent.

"We responded positively to the huge interest of the visitors, we have finalised many housing loans instantly at the fair," Golam Rosul, counsellor of National Housing Finance and Investments, told The Daily Star yesterday.

The building material providers also got spot orders for various materials including paints, ceramics, water tanks and aluminium bars.

The participating companies gave discount, gifts and special offers at the fair to attract more customers.

Bank transactions to remain closed on Dec 31

UNB, Dhaka

All kinds of transactions of Bangladesh Bank and all scheduled banks will remain closed on December 31.

However, the offices will remain open as usual, said a press release of the central bank.

National Tubes declares 50pc dividend

National Tubes Limited, a gas line pipe producing company, has declared a 50 per cent dividend for the shareholders for 2002-03.

The declaration was made at the 23rd annual general meeting of the company held in Dhaka recently, says a press release.

MN Nabi, chairman of the company and also chairman of Bangladesh Steel and Engineering Corporation (BSEC) presided over the meeting.

The company earned a pretax net profit of Tk 6.66 crore during the FY 2002-03, the meeting was told.

Managing Director Md Abdus Sattar, directors Md Khalequzzaman, SR Osmani, Md Giasuddin Munshi, Md Majibur Rahman Khan, Md Saiful Islam, Pirjada Torab Hossain, Mamun Akber and company secretary MA Bareque Khan also attended the meeting.

Repo auction

UNB, Dhaka

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

Six bids of two-day and seven-day tenor amounting to Tk 338 crore was received, of which five bids amounting to Tk 165.50 crore was accepted. The rate of interest against the accepted bids was 5.50 per cent per annum, said a press release of the central bank.

Pakistan's forex reserves hit new record

REUTERS, Islamabad

Pakistan's foreign exchange reserves have topped \$12 billion for the first time, putting the government into a position to repay \$1 billion of foreign debt ahead of schedule, the finance minister said Friday.

Shaukat Aziz told a news conference he expects a gradual increase in reserves in the coming months which analysts say will help to keep the exchange rates stable and boost investor confidence.

He said reserves now stood at a record high of \$12.002 billion compared to \$11.866 billion on December 13, he said, adding that Pakistan was negotiating an early repayment of a loan to the Asian Development Bank.

"We are in position now to write a cheque of \$1 billion to repay the loan. And after repaying the \$1 billion there will be no drop in the level of reserves," he said.

Saarc trade fair kicks off

Khosru calls for increased intra-regional trade

STAR BUSINESS REPORT

South Asian nations have to give more emphasis on increased regional co-operation among themselves to survive in the globalisation era, Commerce Minister Amir Khosru Mahmud Chowdhury said yesterday.

He called upon the businesspeople in the region to increase intra-regional trade following the examples of successful and effective economic co-operations that exist among the EU, Asean and Nafta countries.

The minister was speaking at the inaugural function of the 5th Saarc Trade Fair 2003. The Ministry of Commerce and Export Promotion Bureau (EPB) jointly organised the five-day fair at Bangladesh-China Friendship Conference Centre in Dhaka.

Indian Minister of State for Commerce and Industry Satyabrata Mookherjee, Bangladesh Commerce Ministry Advisor Barkat Ullah Bulu and Commerce Secretary Suhel Ahmed, EPB Vice Chairman Habib Abu Ibrahim and Saarc Secretary General QAMA Rahim also spoke at the function.

Khosru emphasised products' integration and increased trade and investment among the Saarc member countries to face the challenges of globalisation. He also called for creating an equitable free trade area (FTA) within the seven-nation region.

The commerce minister made a strong plea for allowing free flow of products within the South Asia region to enhance intra-regional

trade. "Saarc countries should know each other's strength and weaknesses before going for formalising South Asian Free Trade Agreement (Safta)," Khosru said.

Speaking at the function, the Indian state minister for commerce and industry suggested optimal utilisation of resources available in the region.

He termed the Saarc trade fair an appropriate platform for people in South Asia for exchanging notes on each other's development initiatives and utilising these to benefit the other constituents of the region.

Satyabrata Mookherjee urged Bangladesh and all other member countries of Saarc to participate in future editions of Saarc trade fair to derive more export mileage and have access to Indian market.

The Indian minister noted that there is also scope for promoting tourism in South Asia.

"As an integrated approach wherein different attractions of member countries can be incorporated in a package to attract overseas tourists in a bigger way."

Commerce Ministry Advisor Barkat Ullah Bulu hoped the fair would play an important role in identifying product strengths of the member nations on the basis of which a co-ordinated approach could be forged to face any challenges.

A total of 121 exhibitors from the Saarc member countries, including 55 from host Bangladesh, are taking part at the fair. The Maldives, however, is not partici-

pating. Bangladeshi companies are showcasing pharmaceuticals products, textile, confectionery items, cement, software products, water purifier, foods, plastic items, leather goods, cosmetics, sarees, herbal products, soft drinks, handicrafts and furniture.

Indian companies came up with engineering items, auto parts, pharmaceuticals, packaging, battery separators, iron and steel items, industrial products, stone items, woollen items, handlooms, sarees, textiles, handicrafts and food items.

Companies from Sri Lanka are participating in the show to exhibit chemical products, agricultural items, sports goods, tires, three wheeler, herbal products, footwear, coconut oil, water pumps, chocolates and confectioneries.

Bhutanese companies are displaying agro-products, woodcrafts, fruits, seeds, herbal medicine and hardboards.

Pakistani enterprises are showcasing handicrafts, furniture, textile fabrics, bed sheets, herbal products, prayer mats, spices, pickles, table and trolley sets, pharmaceuticals, medical equipment, handicrafts, leather goods and sports items.

Companies from Nepal are exhibiting pashmina (fur) products, wooden crafts, handmade paper products, textile items, cotton bags, handicrafts, herbal tea and betel-nuts at the fair.

The fair will remain open to visitors from 10am to 8pm every-day till Wednesday.

India hopeful of Safta pact at Islamabad summit

AFP, New Delhi

India expressed hope Saturday that seven South Asian countries would sign a free trade pact during their January 4-6 summit in Pakistan.

"It is our hope that it will get signed. It will definitely have a great impact," Indian Foreign Secretary Shashank, who uses only one name, told a news conference.

Senior commerce ministry official S.S. Kapoor said only a "few

issues" remained to be resolved in the proposed South Asian Free Trade Agreement but hoped they would be sorted out in meetings ahead of the leaders' summit.

Unresolved issues include anti-dumping measures, safeguards on quotas and the timeframe of a draft agreement, Kapoor said.

Indian Prime Minister Atal Behari Vajpayee is due in Islamabad for the summit of the seven-nation South Asian Association for Regional

Cooperation (SAARC), which also includes Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka.

India says that SAARC, often rendered ineffectual by the rivalry between New Delhi and Islamabad, should focus on region-wide issues, particularly trade.

"Gradually there is a feeling that South Asia has to move on as elsewhere in the world there are (trading) blocs," Kapoor said. "If we sign the agreement, it would be a major achievement for SAARC."

Lafarge Surma gets DSE listing

STAR BUSINESS REPORT

Lafarge Surma Cement yesterday got listed in the Dhaka Stock Exchange (DSE).

A council meeting of DSE gave approval for listing of the company, the lone integrated dry process cement plant in Bangladesh expected to start operation in 2006.

The trading of Lafarge Surma Cement shares will begin tomorrow (Monday). The company has been placed in G-category.

Lafarge Surma issued 89.39 lakh ordinary shares of Tk 100 each to collect Tk 89.39 crore. A total of Tk 74.39 crore was raised under pre-IPO placement with 74.39 lakh shares while 15 lakh shares were offered for general public to raise Tk 15 crore.

Lafarge factory is located at Chhatak in Sunamganj district. This large-scale cross-border project having its own quarry in Meghalaya of India will transport limestone and shale to the cement plant through a 17-km conveyor belt.

The plant will manufacture high quality clinker to produce 1.2 million tonnes of cement per year.

With the listing of Lafarge Surma, the number of listed companies at DSE rose to 248.

Meanwhile, DSE yesterday held a meeting with officials of Confidence Cement where the company apologised for providing conflicting information regarding its annual general meeting (AGM) and interim dividend.

The company has agreed to defer its AGM, scheduled to be held

on December 31, and publish a corrigendum in newspaper giving actual information about the AGM and interim dividend, meeting sources said.

Earlier, DSE on December 16 suspended trading of shares of the company for two weeks after conflicting information were found regarding its AGM and dividend. Chittagong Stock Exchange followed DSE the next day with the same embargo.

DSE asked the company to submit audited accounts report. DSE in its investigation found that no price distortion occurred after the misinformation. If the company fulfils DSE requirements, then its trading can be resumed after December 31, DSE sources said.