

## EC team vows to support Dhaka's interests in WTO

### STAR BUSINESS REPORT

The European Commission delegation yesterday vowed to continue its support for the interests of Bangladesh as a least developed country (LDC) in WTO negotiations.

The team also urged Bangladesh to improve its enabling environment for business and export competitiveness to sustain growth in the post-MFA regime, emphasising the need for improving the shipping sector, particularly Chittagong Port.

"European Union market is open for Bangladesh. If you have good products and there is a buyer in the EU, you can sell it," Herve Jouanjean, deputy director general

for External Relations in the European Commission responsible for Asia and Latin America, told a press briefing at the end of EC-Bangladesh joint commission meeting at the ERD in Dhaka yesterday.

The EC-Bangladesh joint commission was established in the framework of the cooperation agreement signed in May 2000. The first session was held in Dhaka in November 2001 and the second session in Brussels in November 2003.

Jouanjean and Ismail Zabihullah, secretary of Economic Relations Division (ERD), co-chaired the two-day meeting.

Bangladesh has the largest programme of trade-related assis-

tance from the EC in Asia. Bangladesh exported US\$ 4621 million to the EU in 2005 fiscal while imported \$ 1446 million from the Union.

Bangladesh shares only six percent of the total volume of EU-GSP imports. However, due to the country's supply side constraints and heavy dependence on a limited numbers of products, the GSP utilisation was not satisfactory, which was only 42 percent.

The EC provided an overview of bilateral and regional projects in trade-related assistance and set out the future intentions. Labour standards and social compliance were recognised as issues of mutual concern," said Zabihullah, reading out the joint communique

inked at the end of the talks.

The meeting took stock of the steps, which have been made to satisfy EC requirements for the export of shrimp and fish products to the EU, in the wake of the visit to Bangladesh by the EC's Food and Veterinary Office in November.

The joint commission assessed progress towards implementation of the National Strategy for accelerated poverty reduction, Zabihullah said.

The joint commission had an intensive exchange of views on governance and human rights. Several meetings of the specialised sub-groups, which deal with social development, trade and economic co-operation and human rights and governance, have also been held in the third session.

## Tata Steel plant to help Bangladesh better BoP

### Company DMD talks to *The Daily Star*

#### JASIM UDDIN KHAN

Tata Steel project will result in a positive change in Bangladesh's balance of payment (BoP) to the tune of around US\$ 1 billion, as the company will be able to meet entire local demand for HR coil apart from earning foreign exchanges through exports, Tata Steel Deputy Managing Director Tribesh Mukherjee said yesterday.

"The proposed \$1.2 billion Tata Steel project will produce 2.4 million tons of hot rolled coil annually by 2010. Of them, 1 million tons will be consumed locally while and the remaining 1.4 million tons will be exported, Mukherjee, who is visiting Bangladesh, told *The Daily Star* in an interview.

Mukherjee now supervises modernisation, expansion and cost effective operation of Tata Steel to reach its annual production to 15 million tons by 2012.

"Bangladeshi steel millers currently import 7 lakh tons of HR coil at \$ 500 per ton. The demand will rise to 1 million tons by 2010 when Tata is expected to start operations. Bangladesh will have to spend around half a billion dollars on importing HR coil even if the price remains static," Mukherjee said. "And by 2010 Bangladesh will be able to add another half a billion dollars to its



Tribesh Mukherjee

foreign exchange reserves by exporting Tata's 1.4 million tons of HR coil."

As Tata will establish a technical institute to provide local engineers and technician with

training, Bangladesh will be benefited immensely, Mukherjee added.

He said it is difficult for any economy to sustain without any basic steel industry. "It is tough to sustain with only scrap steel industry. Your GDP growth is 6 percent, so your steel growth needs to be at least 8 percent."

Mukherjee said, "India has iron ore and Bangladesh has gas. So, it will be a good combination for steel production."

He also said Tata Steel will not hurt the local industry as Tata will produce only HR coil, which is currently imported.

Mukherjee, a metallurgical engineer, started his career with British Steel Corporation in 1968 and joined Tata Steel as a research scientist in 1971.

Tata Steel is India's largest integrated private sector steel company. Established in 1907, its plant at Jamshedpur produces four million tons of hot and cold rolled flat and long products.

Tata Steel Ltd, which have bought Thailand's Millennium Steel and Singapore's Nat Steel Asia, is planning projects in South Africa, Iran and Bangladesh.

## SEC exempts SIBL directors from paying fines

### STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) has exempted the 24 directors, managing director and company secretary of Social Investment Bank Limited (SIBL) from paying fines of Tk 100,000 each as the bank distributed dividends both in terms of cash and bonus shares to shareholders Prof Dr MA Mannan and his family.

However, the capital market watchdog directed the SIBL to follow securities rules and regulations.

Earlier on February 2, the SEC fined the SIBL directors, managing director and company secretary for not distributing dividends both in terms of cash and bonus shares to shareholders Prof Dr MA Mannan and his family within the specified time frame as per securities rules although the SIBL Board declared dividends for the years from 2000 to 2003.

The SEC at an order issued February 2 said the fines will have to be paid to the stock market regulator by bank draft or pay order within 15 days from the order issued.

The SEC also imposed a fine of Tk 10,000 each on all the directors, the managing director and the company secretary for each day's delay in paying the dividends and submission of the compliance report to the commission within seven days.

An SEC executive director said as the SIBL distributed dividends to Mannan and thus fulfilled the requirements of securities rules, the commission decided to exempt the SIBL from paying the fines.

## India's 11-month export gains offset by rising oil import prices

### AFP, New Delhi

India's merchandise exports rose 26 percent in the 11 months to February, but rising oil import prices led to a widening trade gap, the government said Wednesday.

Exports for the period rose to 88.7 billion dollars from 70.2 billion dollars in the same period last year, the ministry of commerce said on its website.

But India's imports in the same period rose 33 percent to 126 billion dollars with oil imports accounting for 39.7 billion dollars, a 49.4 percent increase over the same period last year.

India imports about 70 percent of its oil requirements.

As a result, the trade deficit in the April-February period of India's fiscal year widened to 37.57 billion dollars from 24.73 billion during the same period last year

## FDI in services sector not helping economy much

### Says CPD executive director

#### STAR BUSINESS REPORT

Foreign direct investment (FDI) that Bangladesh received in last few years, was not much beneficial to the country's overall economic growth, said Debapriya Bhattacharya, executive director of Centre for Policy Dialogue (CPD), yesterday. He also said the FDI was not that 'pro-poor'.

Debapriya said, "Lots of multinational companies invested in Bangladesh's services sector in the last few years. But the investment is domestic market-oriented and doesn't involve foreign market. That's why, we ultimately lose the benefits from the FDI," he added.

He said, "FDI can play a vital role in economy if it comes especially in manufacturing sector. But unfortunately, big investment that we received in last few years was in services sector."

Debapriya was speaking at a roundtable titled 'Cross Talk', organised by 'Young Economists' Forum', a students' club of the Department of Economics of North South University (NSU). The theme of the discussion was 'Bangladesh Economy-What is driving it and what is holding it back?'

Hafiz GA Siddiqi, vice chancellor of the NSU, formally inaugurated the roundtable, where students from the NSU and Brac University discussed different topics including environment, agriculture, education, export, foreign aid, FDI, exchange rate and corruption in Bangladesh economy.

Low employment linkage is another important trend of the present FDI flow, Debapriya said adding, "So the consequence of the FDI is not much pro-poor as we expect."

About corruption, Debapriya said aspirants spend more or less Tk 5 crore to win a general election and

intend to earn Tk 10 crore in the next five years as return of their investment in the polls.

"If the trend of illegal funding in polls does not stop, it is not possible to remove corruption from our society," he added.

NSU vice chancellor called for a uniform education system for a pro-poor economy.

He said, "Our existing education system unfortunately encourages only the elite. As a result, none can get higher education without having huge money."

Atiqur Rahman, chairman, Gour Gobinda Goswami, associate professor of Economics department of the NSU, and renowned economists Prof Amirul Islam Chowdhury and Prof Mohammad Ali Rashid were also present at the discussion.



PHOTO: NSU

Debapriya Bhattacharya (R), executive director of Centre for Policy Dialogue (CPD), and Hafiz GA Siddiqi, vice chancellor of North South University (NSU), are seen at a roundtable organised by 'Young Economists' Forum' of the Department of Economics of the NSU, in Dhaka yesterday.

## 'Chinese inaction on trade fuelling US protectionism'

### AFP, Washington

China risks a showdown with protectionists in Congress unless it gets serious about tackling rampant copyright theft, US Commerce Secretary Carlos Gutierrez said Tuesday.

"China's failure to address economic frictions will have consequences," he warned in a speech here to the Asia Society, recapping a lengthy list of US complaints against Chinese trade practices.

"Without concrete results, the administration, and the American people, may be forced to reassess

our bilateral economic relationship.

"And without results, I'm afraid Congress may go down a path that none of us want," Gutierrez said.

The commerce secretary stressed that US lawmakers were running out of patience with what he described as China's refusal to live up to its obligations in the World Trade Organisation.

The 202-billion-dollar surplus in trade run up by China over the United States last year was indefensible when China resorts to a host of tactics to prop up its exports and keep out US companies, he said.

Under one Senate bill that enjoys widespread support among US lawmakers, China would be slapped with a 27.5 percent tariff on all its US-bound exports unless it floats its currency.

The US administration is particularly vexed with an epidemic of abuse of intellectual property rights in China.

"In the case of software, our trade deficit is being depressed by nothing short of criminal activity," Gutierrez said.

Last year, he said, China was the world's second-largest market for personal computers but was only the 25th largest market for software. "There's simply no reasonable

explanation that can account for that deficiency."

Citing figures from 2004, Gutierrez said 19 out of 20 film DVDs sold in China were pirated, as were 17 of 20 music recordings.

"Imagine going to the grocery store and watching 17 out of 20 customers shoplifting items from the shelves and walking out of the store without paying," he said.

Last year, the US Customs Service found that 69 percent of all the counterfeit imports it seized came from China. Customs officers routinely find fake automotive parts, low-quality electrical goods and medicines.

"It's estimated that 10 percent of the world's medicines are counterfeit and it's safe to assume that China makes the lion's share of those fake drugs," Gutierrez said.

China has made "significant new efforts" to protect intellectual property but the US government has still to see concrete results, the commerce secretary said.

"When China fails to act, it only strengthens those who want to build protectionist barriers around the US market. That's the last thing we need," he said.

## Faruk Siddiqi takes over as new SEC chairman

### STAR BUSINESS REPORT

Career bureaucrat Faruk Ahmed Siddiqi yesterday took over as the new chairman of the Securities and Exchange Commission (SEC).

The government on Tuesday appointed the former commerce secretary as the sixth chairman of the stock market regulator.

Siddiqi, who started his career with the erstwhile Pakistan Taxation Service in 1969, also served as secretary in posts and telecommunications and education ministries. He was also member of the National Board of Revenue (NBR).

Prior to him, Sultanuddin Ahmed, Harunur Rashid, MA Syed, Manir Uddin Ahmad and Dr Mirza Azizul Islam were chairmen of the SEC, which started its operations in 1993.

The post of the SEC chief fell vacant when the contract of immediate past chairman Mirza Azizul Islam expired on February 22.

## Thai exhibition from March 18

### STAR BUSINESS REPORT

A three-day Thai export promotion fair titled 'Thailand Exhibition 2006' will be held in Dhaka on March 18-20.

Department of Export Promotion (DEP) of Thailand is going to organise the fair in a bid to boost Thai export to Bangladesh.

A total of 56 Thai companies along with their 13 local agents will showcase products at Bashundhara City Exhibition Center, officials told a press conference yesterday in Dhaka.

Products such as auto parts, chemical products, toys, construction materials, furniture, fashion accessories, leather products, food and beverages, health and beauty, hospital, and kitchenware products will put on display at the fair.

The fair will remain open to general visitors from 3pm to 8pm everyday without any entry fee.

## China, India offer growth potential for saturated car market

### AFP, Singapore

Booming auto sales in China and India are offering huge growth potential for a largely saturated global car market, US credit risk evaluator Standard and Poor's said Wednesday.

"We expect an average growth in car sales in China of at least 10 percent to 15 percent per year over the medium term," S and P credit analyst Maria Bissinger said.

In India, market forecasts suggest a growth rate of between 10 and 12 percent in 2006. This matches the long-term economic growth forecasts for the country, Bissinger said.

## SEC fines 2 stockbrokers

### SARWAR A CHOWDHURY

The Securities and Exchange Commission has fined Dhaka Stock Exchange's two stockbrokers -- Country Stock (Bangladesh) Ltd and Salam and Co -- Tk 1 lakh each for violation of securities rules.

The fines will have to be paid to the stock market regulator by bank draft or pay order within 15 days from the order issued Tuesday, sources said.

The SEC in an order said an enquiry committee, which was formed following an allegation of irregularities in the transaction of securities made by a merchant bank namely AB Bank Ltd (ABBL), found that Country Stock maintained two customers consolidated bank accounts -- one with ABBL for depositing money received from customers and another with Rupali Bank Ltd for making payments to and depositing cheques received from the stock exchange.

The stockbroker, on several occasions, also submitted sale

offers in the market at a price that was much lower than that of the available buy offer, which resulted in an aggressive offer instantly as well as was contrary to the basic norms that contributed to share price slide, the order mentioned.

The stock dealer also executed buy and sale orders directly given by the IDA (Investors Discretionary Account) clients who are not clients of the stockbroker and it maintained consolidated buy and sale orders in the name of ABBL portfolio account instead of orders for every transaction separately.

But, as per securities laws the stockbroker can maintain one consolidated customers account and cannot quote a price lower than the price available for buying the concerned security, said the order.

Activities of the stock dealer were deliberate and purposeful which was contrary to the securities related laws and regulations.

Earlier in July 11, 2005, the stockbroker was also warned for

similar type of contravention, the order added.

In another order, the SEC said two enquiry committee, which were formed to conduct enquiry into the transactions made since February 2004 in the shares of Tripti Industries Ltd on both the bourses, found that Salam and Co maintained and provided false/incorrect information to the enquiry committee about the identity of Sabita Rani Bose and Maksudur Rahman who were employees of Olympic Industries Ltd/Tripti Industries Ltd which appeared deliberate or collusive with the said employees.

By doing so, the order pointed out, the stockbroker violated securities rules by not properly maintaining the trade related records as well as by providing false information or concealing correct information of its customers.

SEC Executive Director Mansur Alam said the stockbrokers must be very sincere to follow the securities rules and regulations.

## Oil eases in Asian trade

### AFP, Singapore

Oil prices eased in Asian trade Wednesday ahead of a weekly report expected to show an increase in United States crude inventories, dealers said.

At 10:30 am (0230 GMT), New York's main contract, light sweet crude for delivery in April, was down 38 cents to 62.72 dollars a barrel from its close of 63.10 dollars in the United States on Tuesday, when it had risen sharply.

"We should see a retreat in prices after the US inventory data is released. That's because I expect a significant build in crude, in the range of five to six million barrels,"

said Dariusz Kowalczyk, a senior investment strategist with CFC Seymour in Hong Kong.

Those figures will confirm the market is well supplied with crude, he said.

The US Department of Energy (DoE) inventory report is published every Wednesday and is one of the leading energy supply indicators.

Energy analysts at JP Morgan Chase Bank predicted the report would show a rise in US crude inventories of 7.2 million barrels and a fall of 2.5 million barrels in gasoline (petrol) inventories over the past week. Distillates, including heating oil and diesel, were seen falling 3.5 million barrels.

Earlier Tuesday, crude fell after the International Energy Agency, which monitors energy conditions for the world's leading industrialized states and oversees supply arrangements in times of crisis, published strong downward revisions to its forecasts of demand for global oil.

The Paris-based IEA put global oil demand growth in 2006 at 1.8 percent, lower than the 2.1-percent rise it forecast in February, in the face of high prices and sluggish demand in Southeast Asia.

The IEA noted a recent fall in oil prices from January highs.