

## Export, remittance growths lessen trade deficit

### BoP still negative

REJAUL KARIM BYRON

Growth in remittance and export have continued lessening Bangladesh's trade deficit in the first nine months of the current fiscal year, resulting in surplus current account balance.

However, the overall balance of payment (BoP) showed a slight deficit during the same period due to declining net foreign direct investment (FDI) and foreign aid.

The trade deficit during July, 2005-March, 2006 was \$ 2.12 billion, which is 14.52 percent less than that of the corresponding period of the previous fiscal year when the deficit stood at \$ 2.49

billion.

The current account balance during the same period of this fiscal shows a surplus of \$ 231 million, which was a deficit of \$ 612 million during the same period of the previous year.

Last year, the current account balance hit deficit for the first time in three fiscal years, following which Bangladesh Bank took on a cautious monetary policy. After the govt had adopted tightened monetary policy, the country's external balance sheet's position improved, although taka was depreciated against dollar.

During July-March period in the current fiscal year, import grew by

9.53 percent while the growth during the same period of the previous year was 25.60 percent.

Fresh opening of letters of credit (L/Cs) for import during the same period this fiscal increased by 3.94 percent, which was 24.12 percent during the same period of the previous year.

On the other hand, export during July-March period of the current fiscal increased by 18.98 percent, which was 16.55 percent during the corresponding period of the previous year.

During the same period of FY06 remittance increased by 23.15 percent, which was 12.79 percent during the corresponding period of

the last fiscal.

The increase in export and remittance and the decrease in import have resulted in a surplus in the current account balance.

But the net FDI dropped by 14.38 percent during the July-March period of the current fiscal year and stood at \$ 470 million and the net foreign aid stood at \$ 473 million decreasing by 37 percent during the same period.

Sources said although trade deficit dropped, the overall balance of payment projected a deficit of \$ 37 million during the same period of the current fiscal year due to the decline in FDI and foreign aid.

## High-powered German business team in Dhaka

UNB, Dhaka

A high-powered German business delegation arrived here yesterday to explore future fields of cooperation in trade and investment in Bangladesh.

The 16-member OAV (Association for East Asia and Pacific) delegation from different branches, including jute, garment, machinery, logistics, packaging industry, bio-diesel plants, agricultural products, will hold talks with government ministers and trade bodies in Dhaka and Chittagong.

Peter Classen, sole proprietor owner of foreign trading house Whitem G. Classen, will lead the delegation supported by German Federal Ministry of Economy and Technology.

During their stay here, the German delegates will meet the finance, commerce and industries ministers, and representatives of different trade bodies and private companies.

The delegation will visit Dhaka Export Processing Zone, Beximco Industrial Park, New Mooring Container Terminal and Chittagong Export Processing Zone.



PHOTO: STAR

A huge number of visitors throng the venue of the three-day cellphone fair styled 'Mobile Mela' that ended in Chittagong yesterday.

## Bangladesh knitwear fair in Germany deferred

UNB, Dhaka

The single country exhibition of Bangladeshi knitwear products in Germany has been deferred again due to world cup football in Germany beginning next month.

The fair, designed to create an export base for Bangladeshi knitwear in European countries, will now be held in the first week of September, BKMEA sources said yesterday.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) is organising the fair as part of its drive raise the export earning from the German market to \$ 1 billion from the existing level of US\$ 700 million.

Earlier, the three-day exhibition was scheduled to start on June 7, only two days ahead of the scheduled world cup football tournament in Germany.

The organisers have now decided to defer the fair as they apprehended that the World Cup soccer spectacle would eclipse Bangladeshi fair.

"We think our knitwear fair will not draw the attention of the German buyers during the World Cup soccer... Hence we have decided to change the dates for holding the fair," said a BKMEA official.

Earlier, the date of the fair had been deferred twice-- in March and May-- due to unavoidable circumstances.

According to the Export Promotion Bureau (EPB), knitwear export from Bangladesh to Germany was worth US\$ 688 million in 2004-2005 fiscal year. Germany is the single largest knitwear importer from Bangladesh.

GTZ, which is the implementing agency of the German Ministry for Economic Cooperation and Development, will provide necessary support for holding the fair in Germany.

Some 45 Bangladeshi companies, led by BKMEA, will participate in the fair.

## UAE likely to shut down labour recruiting agencies

PTI, Dubai

The UAE government has announced plans to shut down the labour recruitment agencies, which charge labourers heavily to arrange for jobs and visas in the country, leaving them with large debts before they even start work.

UAE Labour Minister, Dr Ali Bin Abdullah Al Ka'abi, said workers' cities will be built, all over the country, to take the place of about 170 labour agencies currently licensed by the ministry.

He said the labour zone will have one or two organisations that will be responsible for bringing in workers from abroad.

The new cities will be managed by private companies with government supervision and construction companies will hire workers from the cities.

"We will close them down. Some of the bigger companies may find a role in the new worker cities," the minister was quoted as saying by the 'Gulf News'.

At present, one company, Dulso, is licensed to sponsor and rent out workers to UAE companies.

## India unveils \$1b package to revive tea industry

AFP, Guwahati

India announced Saturday a one billion dollar package to revive its tea industry blighted by plummeting prices and a downturn in exports.

At least 60 percent of the 47 billion rupees (1.04 billion dollars) has been earmarked for the north-eastern state of Assam, considered the heart of India's tea industry accounting for 55 percent of total annual production.

"The bulk of the funds will be utilised to upgrade facilities and replanting old plantations with a view to rejuvenating the gardens to produce quality teas," India's junior commerce minister Jairam Ramesh said.

India's annual tea production rose 13 percent to 928 million kilograms (2,014 pounds) in 2005. The country is regarded as the world's

largest tea producer followed by China.

But India's 1.5 billion dollar tea industry is facing a crisis as prices have been dropping at weekly auctions since 1998 and exports plummeting.

"Unless the aging plantations are rejuvenated, Indian tea will fail to be competitive in the world market," Ramesh said told reporters in Guwahati, Assam's main city.

"A total of 170,000 hectares (420,000 acres) of land under tea plantation across India will be covered under the replantation scheme," he said.

A kilogram (2.2 pounds) of good quality Assam tea sold for 70 rupees (1.5 dollars) at auction last week while before 1998 it commanded a price of about 90 rupees.

The slump in prices and exports has been attributed largely to com-

petition from many new tea-growing countries. India exported 180 million kilograms of tea last year.

"We are now going all out to focus on tapping the tea market in countries like Pakistan, Egypt and Iran besides trying to increase the volume of exports to existing markets like the United Kingdom," Ramesh said.

The Indian Tea Board, the top administrative body, would open offices in the capital cities of Pakistan, Egypt and Iran to promote sales of the beverage, he said.

"We also are aggressively trying to boost domestic consumption of tea, besides value additions like making organic and green teas to woo more people into drinking the beverage," he added.

## United Insurance declares 26pc dividend

STAR BUSINESS REPORT

United Insurance Company Ltd has declared a 26 per cent dividend for its shareholders for the year 2005.

The dividend was announced at the 21st annual general meeting (AGM) of the company held on Monday in Dhaka, says a press release.

Chairman of the company M Moyeedul Islam presided over the AGM, which was attended, among others, by directors and Managing Director Syed Aziz Ahmad.

## Silk Road border post with China to open in July: India

AFP, Guwahati

India will open 14 centres for border trade with its South Asian neighbours, including one in July to trade with China along the famed Silk Road, a minister said Saturday.

The two Asian giants agreed in 2003 to set up their first direct trade link in over 40 years at the 15,000-foot (4,545 metre) Nathu La Pass on the border between India's Sikkim state and China's Tibet region.

"Formal trading with China at Nathu La will begin by July this year and 13 more new border trading points with Pakistan, Bangladesh and Nepal will be opened soon," India's commerce minister Jairam Ramesh told journalists in Guwahati, the main city in the north-eastern state of Assam.

Ramesh said the country would also have eight trading centers with Bangladesh, four with Nepal and one with Pakistan in another three years, built at a cost of nine billion rupees (198 million dollars).

Both India and China -- the world's most populous countries -- have pushed for greater trade to tap a total consumer market of 2.3 billion people.

## Shell ordered to pay \$1.5b to ethnic Ijaws

AFP, Lagos

A Nigerian court has ordered Anglo-Dutch oil giant Shell to pay 1.5 billion dollars in compensation to ethnic Ijaws of the restive Niger Delta, a company spokesman said Saturday.

"We have appealed the ruling of the court. Shell will not pay any money until our appeal has been heard and decided," spokesman Bisi Ojediran told AFP, adding that no date had been fixed for the hearing.

On Friday, Justice Okechukwu of the high court in the southern oil city of Port Harcourt rejected an application by Shell to overturn a previous ruling that the company should pay the money.

The Ijaw Aborigines of Bayelsa State had gone to court to compel Shell to pay compensation for what they called was devastation of their environment following many years of oil exploration activities.

## WB experts favour Indo-Pak trade liberalisation

PTI, Karachi

The normalisation and liberalisation of trade between India and Pakistan would help both the countries tap the potential for economic integration, according to the World Bank economists.

"The time has come to capture 'peace dividend' and this opportunity should not be lost," Philip Schuler, a World Bank panelist, was quoted as saying by the local media at a seminar titled 'Opportunities and Challenges of Pakistan-India Trade'.

Zarine Naqvi, another economist of the World Bank, said a team of the World Bank had conducted a one-and-a-half year study on India-Pakistan trade.

Pakistan's Ministry of Commerce had asked the World Bank to evaluate options for expanding trade with India, she said.

Schuler said free trade agreements like SAFTA could spur economic growth and reduce poverty in the countries involved. The members of SAFTA should minimise the use of sensitive list

and restrict use of anti-dumping measures.

SAARC should also negotiate trade agreements with other large markets like ASEAN, he said.

Minister of State and Export Promotion Bureau (EPB) Chairman Tariq Ikram rejected apprehensions that free trade between Pakistan and India would harm certain industries here.

However, he said, it would be better if private sectors from both countries enter maximum joint ventures to complement each other's economy, the official APP news agency reported.

"India was very surplus in raw materials than Pakistan. We see huge confidence in private sectors on both sides," he said at the seminar.

The World Bank economists said the normalisation and liberalisation of bilateral trade would help the two sides to tap potential for economic integration.

The economists said progress on political front was very important for trade between the two countries to grow.

They said Pakistan should

continue expanding the positive list, grant Most Favoured Nation status to India and ensure a level playing field for trade with India, 'The News' reported.

Pakistan could negotiate on agriculture subsidies given by Indian government high specific textile taxes and non-tariff barriers, they said, adding that the Indian firms saw many barriers on the Pakistani side.

Informal trade between the two countries was estimated at USD 545 million in 2005 of which Pakistan's exports were hardly USD 10 million. Informal trade takes place for those goods that are not on Pakistan's positive list or have high tariff in any of the two countries.

A case study of wheat and sugar, which was conducted by Lahore University of Management Sciences and made part of the report, concluded that liberalisation of trade of sugar and wheat could help both governments manage their deficits, because huge subsidies were usually paid on these items.

## TEXTILE, CLOTHING SECTOR

## Hidden subsidies distort global trading system

### Says energy adviser

STAR BUSINESS REPORT

Hidden subsidies given by many countries to their textile and clothing sector are distorting the global trading system, Energy Ministry Adviser Mahmudur Rahman said yesterday.

Hidden subsidies such as artificial undervaluation of currency, cash incentive for capital machinery and import subsidy for raw materials are obstacles to open trade, he said adding that World Trade Organisation (WTO) should look into the matter.

Rahman was speaking at a seminar on 'Textiles and Clothing: A Way Forward for Bangladesh' organised by Bangladesh Textile Mills Association (BTMA) Fazul Haque, Vice chancellor of North South University Hafiz GA Siddiqi, Salma Chowdhury Zahir of BIDS, and Minhazul Islam on behalf of China Friendship Conference

Centre in Dhaka on Thursday.

About the country's image problem, he said the government alone cannot enhance the country's image abroad. "It's a responsibility of all."

Criticising the politicisation of all issues, Rahman, also the executive chairman of Board of Investment, urged all to keep the economy out of politics.

President of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Mir Nasir Hossain, Chairman of BTMA MA Awal, President of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Fazul

Haque, Vice chancellor of North South University Hafiz GA Siddiqi, Salma Chowdhury Zahir of BIDS, and Minhazul Islam on behalf of Tipu Munshi, the president of

Bangladesh Garment Manufacturers and Exporters Association (BGMEA), also spoke at the seminar.

Emphasising diversification and more domestic and foreign investment in the primary textile sector, the speakers said all the major parties such as the BGMEA, BTMA and BKMEA should work together for the betterment of the textile and clothing sector.

Unfortunately there were some disputes over various issues among the major stakeholders in the last few years, they said.

They also emphasised the need for preparing for a stiff competition in the world apparel market from 2008 as the quota system will be totally eliminated from then.

GKM Towfiq Hassan, BTMA secretary general, presented a keynote paper at the seminar.

## 'East Asian integration must not be at expense of globalisation'

AFP, Singapore

East Asia should remain engaged with the rest of the world despite moving toward greater regional integration, Singapore elder statesman Lee Kuan Yew said in remarks published Saturday.

Regionalism should not come "at the expense of globalisation," he said in a speech Friday after being conferred an honorary doctorate by Korea University in Seoul, the Straits Times said.

"Asia is a region of contrasts and has a long way to go before it can fully integrate the way the European Union has done," the 82-year-old founding father of modern Singapore said.

"The sustained well-being and vibrancy of East Asia depends on its links with the other parts of the

world such as the United States, Europe and the Middle East."

He said the United States would continue to play a dominant role in global affairs and remain the preeminent economic and military power in East Asia for many years.

East Asia, comprised of the 10 Southeast Asian countries plus China, South Korea and Japan, has taken steps to deepen trade relations in a bid to fully integrate its diverse economies.

The primary vehicle for regional integration is free-trade agreements, many of which have either been signed already or are under negotiation.

The accords aim not only to cut tariffs but also ease non-tariff barriers such as facilitating customs clearances.

Regional countries launched

the East Asia Summit in December last year in Kuala Lumpur to further push the integration agenda. India, Australia and New Zealand attended the inaugural meeting even if geographically they are not part of East Asia.

Lee, who holds the influential position of minister mentor in his son Prime Minister Lee Hsien Loong's cabinet, said the inclusion of the three countries was meant to show the world that East Asia is outward looking.

Lee noted that the rise of China and India has also resulted in the emergence of top Asian companies onto the global stage and the increasing popularity of Asian movies and pop culture.

"It is noteworthy that Asian countries are now looking towards one another for inspiration."



PHOTO: NAVANA GROUP

Saiful Islam, director of Navana Group, inaugurates online recruitment system of the company, developed by Navana Software Ltd, on Monday. From now on prospective candidates will be able to apply through the website, career.navana.com, for job at any concerns of the Group. Other senior officials were also present at the inauguration.