

## REMOVING EXPORT BARRIERS

# Commerce minister asks EPB to submit proposals

### STAR BUSINESS REPORT

In a bid to increase export earnings and reduce dependence on foreign aid, the commerce minister yesterday asked Export Promotion Bureau (EPB) to submit a set of proposals pointing out how to remove the existing barriers in the export sector.

The minister also directed the EPB to identify all kinds of non-tariff and para-tariff barriers to exporting Bangladeshi products to world market.

Hafiz Uddin Ahmed made the directives while exchanging views with EPB officials and major

exporters at a meeting at the EPB. Hafiz met the EPB officials for the first time after taking over as the commerce minister.

Meeting sources said the commerce minister also urged the EPB to look into the viability of different projects of donor agencies in the country.

Expressing his satisfaction over the country's export performance in the last few years, he said, "We have a chance to double our export volume. But, to this end, we have to identify the problems existing in the major export sectors."

Major exporters urged the minister to set hassle-free customs

formalities in exporting goods and releasing cash incentive timely to maintain production.

The minister said, "Export is the only way to reduce dependency on donors' aid. So, along with the commerce ministry, all ministries concerned should come forward to boost the country's exports."

Hafiz expressed dissatisfaction over the fact that export of shrimp, agro-products and leather goods has declined due to lack of adequate laboratory testing facilities.

The minister stressed the importance of developing negotiation skills in different trade pacts. He said, "Our negotiation skill is

very poor. We have to develop negotiation skills in different bilateral, regional and multilateral talks to get real trade benefits".

He also asked his ministry officials to explore the benefits of Safta (South Asian Free Trade Area) agreement. Under the Safta deal, the seven Saarc (South Asian Association for Regional Cooperation) countries will start regional trade from July this year.

The meeting approved the design for 'National Export House' to be set up in Karwan Bazar in the capital.

## Lankan oil firm on brink of bankruptcy

### ANN/ THE ISLAND

Lanka IOC Ltd. (LIOC), which operates 160 filling stations in the country, warns of possible bankruptcy in 42 days due to the non-payment of fuel subsidy by the Sri Lankan Government.

LIOC Managing Director K. Ramakrishnan reconfirming the company position told The Island Financial Review that the total fuel subsidy dues have reached Rs. 7.67 billion (US\$74 million) as of April this year.

"I'm struggling to keep the company running. We have approached all levels of authorities periodically giving the LIOC position. Upto now they are silent. We have difficulties in placing fresh orders for fuel, where the existing stock would dry out in 42 days. If the payments are not made immediately we might have to close the company," he said.

According to international media, LIOC has experienced a net loss of Rs. 7.069 billion (US\$69,000) during the recently concluded fiscal.

"We incurred this loss mainly due to Sri Lankan Government neglecting the subsidy dues to LIOC. During the previous year we recorded a net profit of Rs. 1.883 billion (US\$18 million). With the current situation we have put a stop to our expansion program in the refilling station sector," he confirmed.

LIOC total turnover in the last financial year has increased by 36 per cent to Rs. 37.5 billion (US\$363 million) from Rs. 27.6 billion (US\$268 million).

## Indian bourses resume trading after 10pc fall

### AFP, Mumbai

India's main stock exchanges resumed trading Monday afternoon and showed a recovery after the benchmark indexes plunged 10 percent and triggered a one-hour trading halt, dealers said.

In early Monday trade, the Mumbai stock exchange 30-share Sensex index fell an intraday record 1,111.71 points to 9,826.9 before trading was halted.

The rival National Exchange's 50-share index, known as the Nifty, fell 289.6 points or 10 percent to 2,896.45 and trading was also stopped.

As trading resumed around 0730 GMT, the Sensex recovered to show a loss of 491.51 points or 4.49 percent at 10,447.10 while the Nifty was down 148.50 points or 4.57 percent at 3,098.40.

"We appear to be gaining some normalcy and it appears that some large-cap stocks would be good buys at these levels," said Andrew Holland, executive vice president research with DSP Merrill Lynch.

The last time trading was halted on the exchanges was on May 17, 2004, after the markets plunged in reaction to a general election which brought the Congress party to power with communist allies.

The sharp fall raised some concern that investors who borrowed to buy shares, or bought stocks via futures contracts, in the past few months may have trouble making due payments.

## Myanmar raises electricity price

### XINHUA, Yangon

Myanmar has raised the electricity charge prices beginning this month, advising the country's people to use electricity more efficiently and keep away from overuse of it, according to a latest notification of the state-run electricity supplier.

Electricity prices have gone up to 25 kyats (0.02 US dollar) per unit to be charged uniformly from previous prices which differed from 2.5 kyats to 25 kyats per 1 to 200 units, the notification issued by the Myanmar Electric Power Enterprise said.

The old system of collecting electricity charge had remained in force for seven years since May 1999 until April 2006.

The present readjustment of the electricity prices marked the end of government's subsidy for civil servants, pensioners and religious buildings ever since, observers said.

Electricity consumers viewed that the new prices were introduced in line with the sharp increase of salaries of government employees since April.



Peter Clasen (L), leader of a German delegation, which is on a seven-day visit to Bangladesh, speaks at a meeting with the Metropolitan Chamber of Commerce and Industry (MCCI) in Dhaka yesterday. AKM Rafiqul Islam, MCCI vice president, and CK Hyder, secretary general of the chamber, were also present.

# Invest in Bangladesh to get duty-free access to other countries

## MCCI tells German entrepreneurs

### STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry (MCCI) has urged German entrepreneurs to invest in Bangladesh to derive benefits from the country's duty-free access to other countries.

"South Asian Free Trade Area (Safta) and Bimstec have opened up wider opportunities for market access of Bangladeshi products to neighbouring countries. The trade prospects will be immense once Safta and Bimstec become operational," AKM Rafiqul Islam, vice president of the chamber, told a German business delegation yesterday.

The German business delegation, which is on a seven-day (May 20 to May 26) visit to Bangladesh, met the MCCI members at its conference hall in Dhaka and exchanged views regarding trade and investment scenario here.

Rafiqul Islam said Bangladesh is now rated as one of 11 nations, which have potential to emulate the success of China, India, Brazil and Russia in attracting foreign investments.

Referring to a survey of Japan External Trade Organisation (Jetro), the MCCI vice president said cost of production is declining in

Bangladesh. Responding to the MCCI leaders, Peter Clasen, leader of the delegation, said Bangladesh is a good destination for investment.

He mentioned [foreign] media paint negative pictures of Bangladesh "We will try to counter it. The government here should do something and take steps to have positive publicity abroad to overcome the situation," he added.

Frank Meyke, German ambassador in Dhaka, also spoke at the meeting. Members of the MCCI and visiting delegation participated in a discussion on present power situation and other trade related issues.

Germany is one of the major trading partners of Bangladesh. Bilateral trade amounted to \$1,611.75 million in 2004-05 financial year compared to \$1,498.65 million in the 2003-04.

The total export to Germany was \$1,353.80 million in 2004-05 compared to \$1,298.57 million during the previous year. On the other hand, Bangladesh's import from Germany stood at \$257.95 million in the 2004-05 against \$200.08 million in 2003-04 financial year.

"At this juncture, German investments will be of great value to the infrastructure projects like electricity, telecommunication, port, transport and communications," he noted.

Bangladesh is still at a low level of electrification with only 16 percent of its people having access to electricity, the MCCI vice president said adding the per capita consumption is only 96 kw per annum and there is just a great opportunity to invest in electricity generation.

## Eastern Bank declares 40pc cash dividend

Eastern Bank Ltd has declared a 40 per cent cash dividend for its shareholders for the year 2005.

The dividend was approved at the 14th annual general meeting (AGM) held on Sunday in Dhaka, says a press release.

Chairman of the bank M Ghaziul Haque presided over the AGM, which was attended, among others, by directors Ahmed Jamal, Anisuddin Ahmed Khan, Mahbuba Hossain, Gazi Md Shakhawat Hossain, and Managing Director K Mahmood Sattar.

## Microsoft looking for partnerships in China

### AFP, Beijing

US software giant Microsoft Corp is actively seeking Chinese partners to better access the nation's huge market and its engineering talent, the company's CEO Steve Ballmer said Monday.

"We need to broaden our ability to partner with all the latest technology, with the broadest set of customers here in China, in rural areas and in urban areas," he told a briefing in Beijing.

"We will only succeed in that if we have great partnerships with Chinese technology companies."

Partnerships with Chinese companies also helps Microsoft access Chinese technology talent, he said.

Microsoft said early this year it would invest about 100 million dollars annually over the next three to five years in China.

Microsoft also said then it planned to employ 3,000 people in the Microsoft China RD Group Center by the end of 2008, up from 800 staff currently employed, it said.

## Vietnam criticises 'unfairness' in WTO entry talks

### AFP, Hanoi

Vietnam faces tougher hurdles in joining the World Trade Organisation than countries before it, its trade minister said Monday, criticising the WTO's strict requirements of poor countries.

"There is unfairness in talks to join the WTO," said Trade Minister Trung Dinh Tuyen.

"Compared with commitments of countries that joined the WTO between 1995 and 2000, the commitments for Vietnam, both bilaterally and multilaterally, are higher," he told a Hanoi press briefing.

Tuyen, who has led Vietnam's push to join the global trade club before the end of the year, said "the second unfairness is that for developing countries, there is no balance between rights and obligations."

"Obligations are heavy, but rights are not commensurate with them. The so-called 'special treatment' toward developing countries... exists only on paper."

Vietnam nonetheless hopes to finalise multilateral talks with the WTO in July, he said.

Limits on textile exports will be lifted once the communist country integrates more closely in the world economy, and new WTO compliance laws will create a more stable investment climate, said Tuyen.

# India ready to join Asean free trade agreement

### AFP, New Delhi

India has agreed to cut tariffs on a basket of products to pave way for the implementation of a proposed free trade agreement (FTA) with Southeast Asia, a report said Monday.

The agreement between India and the 10-member Asean is scheduled to come into effect on January 1, 2007 but there were differences between the two sides over tariffs on a list of mostly agricultural items.

The number of products excluded from tariff reductions has been cut to 850 from the 1,414 India had originally proposed to Asean, The Economic Times said Monday.

There was no official confirmation by the government.

The newspaper said a high-level panel -- headed by Prime Minister Manmohan Singh -- which gave a nod to the FTA also proposed tariff-rate quotas for certain goods over concerns that the pact will hurt Indian farmers.

The quotas will be imposed on the import of palm oil from Malaysia and Indonesia and of tea, coffee, and pepper from Vietnam.

The report said Singh's Trade and Economic Relations Committee, which studied the proposal, concluded that India would lose out on major economic

gains by not going ahead with the FTA.

Asean already has negotiated a free trade deal with China and is aiming to create the world's biggest free trade zone by 2010 with a combined population of nearly two billion people.

Japan meanwhile is also trying to push for individual FTAs with a number of Asean members including the Philippines and Vietnam, among others.

Premier Singh has previously said he expected bilateral trade between India and Asean to double to 30 billion dollars by 2007.



Chairman of Eastern Bank Ltd (EBL) M Ghaziul Haque presides over the 14th annual general meeting (AGM) of the company on Sunday in Dhaka. Directors Ahmed Jamal, Anisuddin Ahmed Khan, Mahbuba Hossain, Gazi Md Shakhawat Hossain, and Managing Director K Mahmood Sattar are also seen.

# Pakistan, Iran make progress in pipeline talks

### AFP, Tehran

Talks between Iran and Pakistan on a planned multi-billion gas pipeline have resulted in an agreement on construction terms, an Iranian official said Monday.

"The structure of the pipeline has been decided on. It was agreed that each country is responsible for the part of the pipeline which is on its own soil," Deputy Oil Minister Mohammad Hadi Nejad-Hosseini told state television.

The official is currently in Pakistan for talks on the plan to pipe

Iranian gas to India via Pakistan. The cost of the 2,600-kilometre (1,600-mile) pipeline project has been estimated at seven billion dollars.

On Sunday a spokesman for Pakistan's petroleum ministry said the latest discussions centered on "technical, financial and legal" aspects of the project.

"The two sides also considered the issues of gas sales, purchase, pricing, project structuring and feasibility study of the project," the official said.

An Indian delegation was to join

the talks on Monday and the officials from three countries would continue discussions, he said.

The United States objects to the project and is pushing for another pipeline to South Asian countries from Turkmenistan via Afghanistan. Washington accuses Tehran of supporting terrorism and attempting to make a nuclear bomb.

But Pakistan has said it would go ahead with the Iranian pipeline project as it needs energy to fuel its high economic growth, which is forecast at 6.0-6.6 percent for the year to June 2006.

# Thailand vows to push FTA talks

### AFP, Bangkok

Thailand on Monday vowed to press ahead with talks on free trade agreements (FTAs) with key trading partners including the United States and Japan despite the country's prolonged political crisis.

"FTA negotiations can move ahead even though we are only the caretaker government. There is no need to wait for a new government" to push for trade talks, Commerce Minister Somkid Jatisripitak told reporters. A free trade pact with Japan

was ready to be signed, the minister said, adding he would discuss the trade issue with Prime Minister Thaksin Shinawatra.

Talks with the United States have already missed one deadline earlier this year because of unresolved disputes over drug patents and intellectual property rights.

A sixth round of talks, held in the northern Thai city of Chiang Mai in January, drew mass protests from campaigners warning that the deal would hurt Thai farmers and make vital drugs more expensive.

Somkid also said that Thailand's exports in April rose

11.7 percent year-on-year to nine billion dollars with imports up 0.3 percent at 9.6 billion dollars.

In the first four months this year, imports rose to 5.1 percent to nearly 40 billion dollars due to a surge in oil prices. Exports in the four months jumped 16 percent but the minister did not give figures for them.

Thailand has been mired in a political crisis following public outrage over a 1.9 billion dollar tax-free stock sale by the premier's family in late January.

In a bid to silence critics calling for his resignation, Thaksin called snap polls which his party won on April 2.

# Oil prices fall to lowest level since early April

### AFP, London

Oil prices dropped to the lowest point for more than a month on Monday, mirroring losses across all major commodities, analysts said.

In London, Brent North Sea crude for July delivery slid by 56 cents to 67.96 dollars per barrel in electronic deals.

New York's main contract, light sweet crude for delivery in June, shed 1.03 dollars to 67.50 dollars per barrel in electronic deals before the US market's official opening.

The New York contract hit as low as 67.42 dollars, a level last reached on April 7. That represented also a drop of 10.5 percent since the contract achieved a record high of 75.35 dollars on April 21.

"Oil fell further... as the sell off in commodities continued," Sudeen analysts noted.

"The current weakness in commodities has been triggered by inflation concerns, but also the market was well overdue a correction anyway after such strong gains," they added in London.

Metals prices, notably gold and copper, have tumbled over the past week on profit-taking, with investors concerned that higher inflation will cool demand for commodities.

However renewed support for oil could come from Iran, analysts said.

The market is concerned that Iran, the world's fourth largest producer of oil, will cut its crude exports if faced with UN sanctions over its nuclear programme.

"This Iran situation is far from over," said Tony Nunan, a Tokyo-based energy risk manager for

Mitsubishi Corp. Iran's hardline government said Monday it would not negotiate on its controversial uranium enrichment programme and vowed the country would continue to work towards an industrial-scale capacity.

"The right to enrichment within the framework of the NPT and under the surveillance of the IAEA is an absolute right," government spokesman Gholam Hossein Elham told reporters.

Britain, France and Germany have drawn up a package aimed at persuading Iran to end its uranium enrichment, which Washington and its allies say hides an effort to build a nuclear bomb.

Gasoline supplies have been the focus ahead of the US driving season, starting at the end of May, when many Americans take to their cars for holidays.