

Immediate trade under Safta unlikely

Non-preparation of rules of origin blamed

MD HASAN

Inter-regional trade under Safta is unlikely to begin immediately, as the member countries are yet to prepare specific rules for individual products under the rules of origin that determine tariff line, sources in the commerce ministry said.

Besides, the recent trade disputes between India and Pakistan and non-issuance of customs notification for Safta implementation by four of the seven countries of the south Asian regional forum may delay trade under the South Asia Free Trade Area deal.

"It will take four months more to make specific rules for individual products for all the member countries. Without the settlement of rules of origin it is not possible to kick-off inter-regional trade in the bloc," said a high official of the commerce

ministry.

As per the Safta, a rule of origin paper determines the origin of goods of a member country, which shall apply to products eligible for preferential treatment under the deal.

The commerce ministry official said although Safta's trading programme has begun merely on paper on the onset of this month, it takes at least six months more to come into force.

The official further said a problem with regard to implementation of the free trade area pact has arisen when Pakistan refused to grant a most favoured nation (MFN) status to India, though it reached a decision on trading with India on the basis of a small list of 773 items.

Absence of issuance notification of Safta implementation by four

member countries may also arise another dispute to go ahead.

Among the seven Saarc member countries, there is no information available regarding notification of Sri Lanka, Bhutan and the Maldives. Nepal has already informed that it will issue notification on August 1, 2006, sources said.

When asked about the reasons why such disputes arise before implementation of the free trade deal, the official said, "The Safta agreement was prepared within a very short time. So, there are lots of problems for going ahead with the agreement."

Separation of tariff reduction procedure for LDCs and developed countries may cause another dispute to the trade liberalisation program under Safta, he argued. Earlier, three other member-

countries like Bangladesh, India and Pakistan have already issued their tariff concession notification on June 29, 30 and July 1 respectively.

As per the notification, Bangladesh has given 2.50 percent tariff concessions on 4741 products, defined at 8-digit level for the first two years, to least developed and developed countries.

India has allowed 33.33 percent tariff concession on 4481 products for least developed countries (LDCs) and 10 percent tariff concession for non-LDCs.

However, the notification India should allow duty-free access to 8 million pieces of garment products for Bangladesh is yet to be issued.

"India has already given assurance to give such benefits to our garment industry," the commerce ministry official said.

Oil prices rise above \$75

AFP, London

Oil prices advanced on Tuesday, supported by violence in the Middle East, a big oil pipeline leakage in Nigeria, and concerns over refinery shut-downs in the United States, dealers said.

New York's main contract, light sweet crude for delivery in September, won 37 cents to 75.42 dollars per barrel in electronic deals before the official opening of the US market.

In London, Brent North Sea crude for September delivery added 41 cents to 75.02 dollars per barrel in electronic trading.

"Crude futures gained ground (on Tuesday) on concerns about conflict in the Middle East, refinery outages and supply disruptions in Nigeria," said Sudden analyst Michael Davies.

"Concerns over continued violence in the Middle East were heightened last night, after Israeli government announced there will be no ceasefire in the near future and carried on their military assault on Hezbollah guerrillas."

Israel insisted on Tuesday that it would press on with its war on Hezbollah, effectively ruling out any chance of an early ceasefire in the bloody two-week-old Lebanon conflict despite a mission to the region by US Secretary of State Condoleezza Rice.

An entire family of seven was killed when a missile slammed into their home in southern Lebanon as Israel pressed on with its air bombardments and besieged a key border town where Hezbollah has a military headquarters.

Concerns that the violence in Israel and Lebanon could spread to major crude-producing nations, such as Iran and Syria, saw oil prices soar to all-time highs above 78 dollars earlier this month.

Training on WTO, trade policy for journalists ends

A two-week residential training on WTO and trade policy for journalists ended yesterday with a field visit to shrimp hatchery and processing plants in Khulna, says a press release.

Twenty-one business reporters from leading national dailies and TV channels attended the training on WTO and EC rules and issues, post-MFA market-access scenario, EU-Bangladesh trade relation, investment related legislation and preferential trade facilities like the GSP, trade barriers, FDI, TRIPS, NAMA, GATS, special and differential treatment, dispute settlement, regional trading arrangements, environmental and social issues, CSR, labour and health standards and other compliances.

Management and Resources Development Initiative (MRDI) organised the training under a project titled 'Open Flow of Info on Trade & Economy' (OFITE) supported by the Delegation of the European Commission with the technical support from the Centre for Policy Dialogue (CPD).

The participating journalists visited the Dhaka Export Processing Zone (DEPZ), met BEPZA authorities at a briefing session, and visited some factories at the DEPZ as part of the training. A two-day field visit to Khulna was also arranged where the journalists visited a shrimp hatchery and a processing plant. They also attended a briefing session with the Bangladesh Frozen Food Exporters Association (BFEEA). The classroom sessions of this training were held at the CCDB-Hope, Savar.

The training was facilitated by Uttam Deb and Fahmida Khatun, senior research fellows of CPD; Anisatul Fatema, additional director, Dialogue & Communication, CPD; Yousuf Khondaker Golam Moazzem, research fellow, and Kazi Mahmudur Rahman, senior research associate, CPD; Charles Whiteley, 1st secretary, Delegation of the European Commission to Bangladesh; Farid Hossain, bureau chief, Associated Press; Inam Ahmed, news editor, The Daily Star; Syed Ishtiaque Reza, chief news-editor, RTV; and Shawkat Hossain Masum, business editor, the Prothom Alo. Debapriya Bhattacharya, executive director of CPD, attended the training as the mentor of OFITE project.

A two-week advance training has also been scheduled in September for the same set of participants where the local resource persons as well as experts from WTO, Brussels, and the International Institute for Journalism (IJ), Germany, will attend. Besides, a number of consultative sessions on specific issues, advocacy sessions in Dhaka and Bogra, and a visit to Chittagong Port will also be arranged under the project.

Separate ministry needed to control prices of essentials

Commerce minister says at AmCham meet

STAR BUSINESS REPORT

Commerce Minister Hafizuddin Ahmed has suggested formation of a separate ministry to protect consumers' rights and control price hike of essential commodities.

Citing an example of the activities of consumer affairs ministry in some neighbouring countries, he said, "In Bangladesh, we need an organisation, which can monitor the commodity market to control price spiral of essentials."

He also stressed the need for enacting a law against hoarding in order to protect the commodity market from the syndication business.

The minister was speaking at the monthly luncheon meeting of American Chamber of Commerce (AmCham) in Bangladesh in Dhaka. The topic of the meeting was "Doing Business in Bangladesh: Opportunities and Challenges."

Hafizuddin said the consumers' affairs ministry in India is controlling the price hike issue. The ministry is also beyond the purview of the Purchase and Procurement Regulation (PPR) that helps it purchase any products in a short notice to stabilise market, he added.

He said, "We can create such a ministry to control the market."

The minister, however, suggested strengthening the activities of Trading Corporation of Bangladesh (TCB) to make it as a watchdog to control essential market.

Responding to a query, the minister once again admitted presence of a syndicate, which is controlling the prices of essentials.

He said, "Of course there is a syndicate in the commodity market. But we are unable to punish the people involved in the malpractice because the country lacks a proper law in this regard."

"We have already asked the food ministry for putting recommendations to enact a law against hoarding," he said, adding that the government has introduced a price list in all marketplaces in the capital, but somehow it is not working because the traders are not interested in following the price lists.

Quoting from a recent study titled 'Doing Business in 2006: Creating Jobs by the World Bank and International Finance Corporation', the minister said Bangladesh fares better than India in the process and time required to start a business, although the cost to start a business as a percentage of the per capita income in Bangladesh is the highest in South Asia.

He said the presence of a good and attractive investment package does not ensure a favourable climate for investment.

About the reduction in corruption to promote business climate, he expressed his dissatisfaction over the activities of Anti-corruption Commission (ACC).

Replying to another question about the availability of information, Hafiz said it is true that the government is not giving enough information to the business community.

"We have taken some initiatives to update a data base system under the supervision of commerce ministry," he assured the businessmen.

"Bangladesh is improving in some areas like micro-economic management, food production, population control and empowering women. But corruption, confrontational politics and lack of good governance, transparency and long term eco-political vision have prevented the nation from realising the huge economic potential," said Andrew L. Fawthrop, president of AmCham.

Terminating the next general election as 'important' for doing business in Bangladesh, he said the members of AmCham look forward to another successful election in Bangladesh.

RanksTel, Warid sign deal on interconnectivity

Ranks Telecom Limited (RanksTel), a private PSTN (Public Switched Telephone Network) operator, recently signed an interconnectivity agreement with UAE-based mobile operator Warid Telecom International LLC, says a press release.

A Rouf Chowdhury, president and CEO of RanksTel, and Muneer Farooki, chief executive officer (CEO) of Warid Telecom, signed the agreement.

Under the deal, subscribers of RanksTel and Warid Telecom will be able to communicate one another.

The RanksTel president and CEO expressed his optimism about further cooperation with Warid Telecom. "We shall work together for the development of the country's telecommunications sector," he said.

Marwan Zawaydah, adviser to the board of directors of Dhabi Group, also expressed his happiness over the deal.

Now, RanksTel has operations in Chittagong, Sylhet, Feni, Noakhali, Comilla, Munshiganj, Narayanganj, Narsingdi, Manikganj, Gazipur, Tangail, Moulvibazar, Khulna and Bogra.

RanksTel Chief Operating Officer Zakaria Swapan and Warid's Chief Technical Officer Farhan J Khan were also present at the agreement signing ceremony.

Warid Telecom is expected to launch commercial service in 61 districts of the country within a short time.

Nat'l Housing chairman reelected



M Haider Chowdhury was re-elected the chairman of National Housing Finance and Investments Limited. The company's Board of Directors in a meeting Sunday re-elected him for another 2 years, says a press release. A founder director of the company, Chowdhury is also the chairman of National Life Insurance Co Ltd and director of Industrial and Infrastructure Development Finance Co and Credit Rating Agency of Bangladesh (CRAB). He was the founder chairman and managing director of National Credit & Commerce Bank Ltd.



A Rouf Chowdhury, president and CEO of RanksTel, and Muneer Farooki, chief executive officer (CEO) of Warid Telecom, sign an interconnectivity agreement recently. Senior officials from both the sides were also present.

Saifur seeks Iranian investment

UNB, Dhaka

Finance Minister M Saifur Rahman has sought Iranian investment in Bangladesh's ICT, telecommunications, textiles and light engineering sectors, as the two countries are exploring opportunities to boost bilateral cooperation.

"Both countries can benefit by exploiting the complementarities that exist in various sectors of economies," he said while inaugurating the 4th session of Bangladesh-Iran Joint Economic Commission (JEC) in Tehran as its co-chair on Monday.

The finance minister lauded the JEC meeting as "manifestation of strong political will to further strengthen bilateral relations between Iran and Bangladesh in all areas".

The JEC meeting is being held after a long gap of eight years for assessing the progress of cooperation as well as exploring new opportunities to initiate collaboration between the two countries.

Saifur Rahman expressed Bangladesh's appreciation for the economic and social progress made in the Gulf country. Later, he called on First Vice

President of Iran Dr Parviz Davoudi and informed him about the socio-economic progress achieved and also outlined the difficulties faced by Bangladesh due to the recent hike in oil prices.

The finance minister reached Tehran on July 23 leading a 12-member delegation to attend the JEC meeting.

The two-way trade stands in favour of Bangladesh. Bangladesh's exports to Iran were worth US\$ 48 million against the import bill of US\$ 23.87 million in the 2004-05 fiscal year.

Asean urged to hasten economic integration

AFP, Kuala Lumpur

Southeast Asia should speed up the integration of its diverse economies, Malaysian Prime Minister Abdullah Ahmad Badawi said Tuesday, a day after the collapse of global trade talks.

The Association of Southeast Asian Nations (Asean), which by 2015 aims to abolish tariffs under a regional free-trade pact, must not return to the past when the region was deeply divided along Cold War ideological lines, he said.

"We have to move to become a true community because we cannot change our geography," Abdullah told the 39th annual gathering of Asean foreign ministers here.

"We should never allow our countries to be divided again as they once were 40 years ago." Abdullah said Asean integration "can be the first line of defence against regional economic crises" such as the one that hit Southeast Asia in 1997.

When Asean was formed in 1967, regional nations sat on oppo-

site sides of the ideological fence, with democracies like the Philippines and Thailand ranged against communist nations like Vietnam.

Vietnam was admitted to Asean in 1995, followed by Cambodia in 1999. Asean's predecessor, the Southeast Asian Treaty Organisation, was an anti-communist alliance.

With all 10 Southeast Asian nations in its fold, Asean has embarked on an ambitious plan to transform the region into a single market and manufacturing base by 2020.

A key ingredient in this process is the Asean Free Trade Area (AFTA). Under AFTA, tariffs on traded goods will be abolished by 2010 for Singapore, Malaysia, the Philippines, Indonesia, Brunei and Thailand, the most developed nations of the group known collectively as the Asean 6.

Tariffs for the four poorer countries -- Cambodia, Laos, Myanmar and Vietnam -- will be ended by

2015. "After nearly four decades of evolution, Asean is now engaged in a crucial stage of its development of transforming itself from being an association since 1967 into an integrated and harmonious community by 2020," Abdullah said.

VISA-FREE DEAL Another report adds: Southeast Asian foreign ministers Tuesday signed an agreement allowing greater visa-free travel within the region in a move seen as a major boost to tourism in an era of cheap air travel.

The Association of Southeast Asian Nations (Asean) ministers took a respite from tension-filled discussions on rogue member state Myanmar to sign the Asean Framework Agreement on Visa Exemption.

The pact will allow two-week visa-free entry for Asean nationals travelling within the bloc. The agreement will take effect once it is ratified by all 10 member countries.

E-marketplace over mobile phone

GP, CellBazaar launch new service

STAR BUSINESS REPORT

GrameenPhone (GP) Ltd in association with CellBazaar Inc yesterday formally launched a new service connecting buyers and sellers in an electronic marketplace over mobile phone.

With the service -- CellBazaar -- the sellers will be able to list details of their products, produce and services in a database through short messaging service (SMS) while the buyers can look for any of this information over the mobile phone through SMS.

Officials of GP and CellBazaar at a press conference in the Dhaka Sheraton Hotel said to get information for buying anything from CellBazaar, the subscribers have to send an SMS to 3838 writing 'buy'.

In return SMS the subscribers will receive a category list and instruction for the next action, said Selim Hasan, chief operation officer of CellBazaar, adding to sell anything through the service the subscribers need to register his or her mobile phone number by sending SMS to 3838 and after registration they can include their products and details in the list through SMS.

Currently available products and services are agricultural products,

electronics, computer, vehicle, rental, tutor, other services and miscellaneous items.

Speaking at the press conference, Rubaba Dowla Matin, head of marketing division of GP, said the service is the first of its kind not only in Bangladesh but also everywhere in the world.

"The service will help the subscribers to get an easy access to information at a cost of an SMS," she said.

Replying to a query, she said at the initial stage the subscribers will need to send SMS seven to eight times to get the details. "But, when they will become experts, they will need only one SMS to know the details," she said.

The GP officials said each SMS will cost Tk2. Kamal Quadir, chief executive officer of CellBazaar, said the sellers and buyers can use their personal or village mobile phones to check the market prices, sell and buy their products and see market trends.

He said the concept was developed at the MIT Media Lab at the Massachusetts Institute of Technology. CellBazaar is based in Lexington, USA.



Rubaba Dowla Matin, head of marketing division of GrameenPhone, speaks at a press conference in Dhaka yesterday as Kamal Quadir, chief executive officer of CellBazaar, looks on.

India raises interest rate to 4yr high of 6pc

AFP, New Delhi

India's central bank raised its key interest rate by a quarter point to a four-year-high of 6.0 percent Tuesday, seeking to curb inflation in the face of strong global oil prices.

Calling the hike a "modest pre-emptive action," the Reserve Bank of India (RBI) said "global economic trends indicate that the risk of volatile international crude (oil) prices and (the) hardening of international interest rates has heightened in recent months."

It was the fourth time since last October that the bank had raised its benchmark reverse repo rate, used to manage liquidity and contain inflation, now running near its targeted ceiling of 5.0-5.5 percent.

The bank also hiked the short-term repo rate at which it lends to commercial banks by 25 basis points to seven percent. The long-term rate remained unchanged at a three-decade low of 6.0 percent.

"The rate change is appropriate to meet the current economic situation. We will keep all monetary options open to provide stability," bank governor Y.V. Reddy told reporters.

The moves had a swift impact on consumer borrowing rates as two big lenders, state-controlled LIC Housing Finance and privately owned ICICI Bank, announced plans to hike housing and auto loan rates.

Reddy said the central bank was sticking with its growth forecast of 7.5-8.0 percent for the fiscal year to March 2007, "supported by a positive industrial outlook and services and agricultural sector growth."

The economy grew by 8.4 percent in fiscal 2005-06. "One can expect the economy to grow in a healthy and robust way," Finance Minister P. Chidambaram said after the bank's announcement, adding the monetary tightening was in line with steps taken by other global economies.