

## Uncertainty looms over Bangla-Pak FTA talks

MD HASAN

Although Bangladesh and Pakistan have agreed to sign a free trade area deal by September this year, the two countries are yet to start negotiations.

"Pakistan recently proposed to Bangladesh to ink a FTA deal. But no discussion was held on the issue at government level," said a high official of the commerce ministry.

He said, "Our main problem is that we have not yet received the government's nod to conduct negotiations on FTA. The commerce ministry has placed a summary to the cabinet division for a decision. But the issue has not been included in the agenda".

In absence of a clear signal from the government, it is difficult to resume FTA negotiation with

Pakistan, he added.

In tune with the experts' opinion, the commerce minister, Hafizuddin Ahmed, also said he cannot say anything at the moment about the signing of the deal as the matter is still under the consideration of the government.

"The FTA issue was discussed between Bangladesh and Pakistan governments before my take-over in the commerce ministry. So at this moment, I cannot say whether the deal will be signed within the timeframe committed by the high-ups of both the governments," said Hafizuddin after a meeting with the delegation of Federation of Pakistan Chambers of Commerce and Industry yesterday.

He, however, said, "The Safta (South Asian Free Trade Area) implementation process is facing

problems. Multilateral arrangement may not be very suitable for some countries. So, as an alternative way, only bilateral deal can bring about mutual benefits for a country".

He informed that the FTA is under scrutiny adding "as Pakistan is in favour of trading with Bangladesh, we like to make such a deal so that the trade gap reduces."

The two countries agreed to go for the FTA during Prime Minister Khaleda Zia's visit to Pakistan in February this year. The two sides at that time also agreed to finalise the deal latest by September 30, 2006.

Meanwhile, while talking to The Daily Star, some officials of the commerce ministry also hinted at looming uncertainty over finalisation of the free trade deal during the tenure of this government.

The sources said, "There are so

many things to be settled before reaching bilateral deals like tariff barriers, rules of origin, sensitive list and so on. So, how can we think, the FTA deal will be finalised within a month".

For example, he said, as per the Pakistan FTA proposal, it is expected that duties on most goods will be eliminated. But this is unlikely to happen. The proposed FTA does not indicate the pace and the extent of tariff reduction, the sources added.

The officials stressed the need for squeezing the sensitive lists by both the sides.

They said, "This kind of protective sentiments, which is not always unjustified, will delay signing the FTA between the two countries as it happened in Safta.

## Construction of World Trade Centre begins in Ctg today

STAFF CORRESPONDENT, Ctg

The much-awaited construction works of World Trade Centre (WTC), first of its kind in the country, start today in Agrabad Commercial Area here.

Prime Minister Khaleda Zia, who laid the foundation stone of the WTC on December 20, 1995, is expected to formally inaugurate the construction works at a function at 1pm.

Chittagong Chamber of Commerce and Industry (CCCI) is implementing the Tk 150 crore project on a 3.75 bigha land with its own fund.

The WTC would attract more foreign investments in future to help expedite country's economy, CCCI President Saifuzzaman Chowdhury said at a press briefing yesterday.

Concord Engineers and Construction Ltd, which won the tender as the lowest bidder, is expected to complete the 20-storied WTC in three years, Saifuzzaman said, adding that the chamber had to pay US\$ 2 lakh (around Tk 1.40 crore) to obtain the franchise of the WTC.

Chamber sources said the WTC will have an international-standard convention hall, five-star hotel, a large display centre, food court, shopping mall, a 400-vehicle-capacity underground parking lot, gym and a helipad.

CCCI Senior Vice President SM Nurul Hoque, Vice President MA Latif, and directors Ershad Ullah, Mahfuzul Haq Shah, Mohammad Mohsin, Alamgir Md Jahirul Islam and Nasiruddin Chowdhury were also present at the briefing.

## Textile makers eye \$10b export by 2010

### BTMA seeks execution of taskforce suggestions by one month

STAR BUSINESS REPORT

Textile makers hope \$10 billion annual export by 2010 if the suggestions of a high-profile taskforce are rapidly implemented.

Welcoming the government's prompt action on preparing the 12-point taskforce report, they yesterday sought implementation of the recommendations within a month.

"As Prime Minister Khaleda Zia has given directives to the agencies concerned to go for necessary action to make into reality the suggestions of the report prepared by the taskforce on textile sector headed by Textile and Jute Minister Shahjahan Siraj, we are hopeful of its immediate implementation," MA Awal, chairman of Bangladesh Textile Mills

Association (BTMA) told a press briefing at the BTMA office in the capital.

The Prime Minister's Office

issued the directive on August 22 following the submission of the report by the taskforce to the PMO. With a view to developing the textile sector, the taskforce was formed in 2005.

The taskforce in its report suggested maintenance of the existing bank loan and investment ratio at 70 percent and 30 percent and fixation of the lending rate at 9 percent for the sector.

The suggestions made in the report included financial assistance for all the textile sub-sectors on a priority basis, duty-free import facilities for dice-chemicals, sizing materials and spare parts, raising cash incentives to 10 percent from five percent within the next ten years and assistance to establish high-tech park, RMG Village, Industrial Park, API (active pharma ingredients) Park and Effluent Treatment Plant.

The report also proposed an increase in income tax from 5 per-

cent to 15 percent gradually in a time span of 15 years instead of continuing tax-holiday facilities.

Awal in his reaction to the taskforce suggestions told journalists that they would help sustain the existing investment in the textile sector of the country.

The BTMA chairman in this context expressed apprehension that an organised group is as active in the textile sector as the group put its ill efforts in the RMG sector to destabilise the industries.

On a query, he said that the textile leaders are aware of the group's ill motive and admitted that the workers wages should be raised in a rational manner.

BTMA leaders M Jamal Uddin, Omar Faruk, Akteruzzaman Mondal, Ahmed Ali, Mahbub Hossain, M Billah and Mizanur Rahman were also present at the briefing.

## 6-day education, career fair from Thursday

STAR BUSINESS REPORT

A six-day fair on education and career begins at Bashundhara Expocentre in Dhaka on Thursday.

A total of 42 private universities and educational institutions and related services providers will participate in the fair, to be organised by Conference and Exhibition Management Services Ltd (Cems).

Eastern Bank Limited (EBL) is the partner while The Daily Star, The Jugantor and Channel i are the media partners of the event, titled 'EBL 6th Edim Expo 2006'. CEMS officials said at a press conference yesterday in the capital.

The fair will provide students with a chance to have a glimpse of educational and career opportunities and guidelines, Meherun N. Islam, managing director of Cems, told the press conference.

EBL will launch four products and services for students at the fair, Ali Reza Iftakhar, AMD and COO of the bank, said.

State Minister for Education ANM Ehsanul Haque Milon is scheduled to inaugurate the fair as chief guest.

The fair, scheduled to end on September 5, will remain open from 10am to 5pm everyday with Tk10 entry fee.



PHOTO: STAR

Commerce Minister Hafizuddin Ahmed speaks at a meeting with the 49-member visiting Pakistani business delegation in Dhaka yesterday.

## Pakistanis keen to invest in shipping business

### Want to set up motor cycle assembling plants

STAR BUSINESS REPORT

Pakistani entrepreneurs are keen to set up motor cycle assembling plants in Bangladesh.

They also showed their interest to invest in shipping business in a bid to establish a direct shipping line between the two countries.

"Some of our private sector investors already showed their interest to invest in Bangladesh to set up motor cycle assembling plants and small scale shaping line business," Chaudhry Muhammad Saeed, president of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), told journalists coming out of a meeting with Commerce Minister Hafizuddin Ahmed in Dhaka yesterday.

Saeed, who is leading the visiting 49-member Pakistani business delegation, also said that they will sit today with the Board of Investment (BoI) to discuss possible investment proposals.

Pointing to the huge trade gap

between Bangladesh and Pakistan, the commerce minister said Pakistan is enjoying trade surplus.

He urged the local exporters to export more goods to Pakistan to cut the trade gap amounting to \$75.80 million in the 2004-05 fiscal.

Meanwhile, Bangladesh has a persistent trade deficit with Pakistan. During FY 1996-97, such deficit was \$28.49 million, which reached more than double in FY 2004-05 standing at \$75.80 million.

The total trade volume between Bangladesh and Pakistan was \$202.04million in the fiscal year 2004-05 when Bangladesh's import from Pakistan reached \$ 138.92 million and export only \$63.12million.

"In terms of balance of trade between the countries, Pakistan is on a positive side. So it is needed to export more to Pakistan to reduce the trade deficit," the commerce minister said, adding that from the government side, Bangladesh has proposed for a duty free access on 10 products consisting 102 items to

Pakistan to reduce this gap.

"But exporters should come forward to make a win-win trade balance between the two countries," Hafizuddin said.

The FPCCI president said non-existence of a direct shipping line between the two countries remains an obstacle to enhancing Bangla-Pak trade. So it is very important to start a direct shipping line under private sector.

He said it is very unlikely that Bangladeshi pharmaceutical exporters are facing problems as Pakistan denies registering Bangladeshi pharmaceutical products to enter their market.

But the Bangladesh side also denied it. So it is happening reciprocally. Both of the countries need to activate their policies in this regard, he added.

"We have Rs100billion pharmaceuticals market. Bangladeshi exporters can avail of the opportunity to increase their export to such a big market," the FPCCI president said.

## Nokia tops Greenpeace ranking

ABU SAEED KHAN

Greenpeace, the environment activist group, has named Nokia the most environment friendly mobile phone maker in the world. In its 'Guide to Greener Electronics', published on August 25, Greenpeace has evaluated various electronic gadget manufacturers' usage of harmful chemicals and recycling of electronic waste policies listed on respective websites.

The scorecard ranks the 14 top mobile and PC makers and currently all fail to get a green ranking. Only Nokia and Dell have earned respectable score while Apple, Motorola and laptop maker Lenovo are at the bottom of the class. Greenpeace believes that as producers they should bear individual responsibility for taking back and reusing or recycling their own-brand discarded products.

Nokia leads the way on eliminating toxic chemicals, since the end of 2005 all new models of mobiles are free of polyvinyl chloride (PVC) and all new components to be free of brominated flame retardants (BFRs) from the start of 2007. Dell has also set ambitious targets for eliminating these harmful substances from their products.

Third place goes to HP, followed by Sony Ericsson (4th), Samsung (5th), Sony (6th), LG Electronics (7th), Panasonic (8th), Toshiba (9th), Fujitsu Siemens Computers (10th), Apple (11th), Acer (12th) and Motorola (13th). Lenovo is in bottom position. It earns points for chemicals management and providing some voluntary product take back programmes, but it needs to do better on all criteria.

Companies have the opportunity to move towards a greener ranking as the guide will be updated every quarter. However penalty points will be deducted from overall scores if Greenpeace finds a company lying, practising double standards or other corporate misconduct. For now, companies are scored solely on information publicly available on their global websites.

The scoring is weighted more heavily on the use of toxic substances in production rather than criteria on recycling, because until the use of harmful substances is eliminated in products, it is impossible to secure 'safe', toxic-free recycling.

Greenpeace has said that the greener ranking guide will be updated every quarter to encourage companies on the list to improve their position. However the organisation has warned that "penalty points will be deducted from overall scores if we find a company lying, practising double standards or other corporate misconduct."

## Capital market suffers from poor governance despite reform attempts

### Says ADB country director

STAR BUSINESS REPORT

Despite reform attempts, Bangladesh's capital market continues to suffer from poor governance due to inadequate market supervision mechanism, Asian Development Bank (ADB) country director said yesterday.

"There has been limited investment interest and the supply of capital market instruments remains inadequate. Overall transparency of market transactions is low compared with international standards and generally there has been slow development of the underlying market infrastructure," said Hua Du addressing a meeting with board of directors of Dhaka Stock Exchange (DSE) in Dhaka.

She said investors' confidence remains low and has not been able to fully recover since the stock market crisis in 1996.

While the demand for blue chips and bank shares is robust, few good companies list their shares on the exchanges, she said. "Delays in state-owned enterprise privatisation, high listing costs, predominance of closely-held and family-managed firms, and few initial public offerings by both domestic and foreign firms are among the factors that contribute to a shortage of high-quality equity on the exchanges," she said.

"The country needs an efficient capital market to help mobilise domestic resources for large investment," she said.

Welcoming the state-owned

power company Desco's entry into the capital market, she urged the other state-run power and energy, telecoms and transport companies to get listed with the bourses through direct listing or initial public offering process.

The ADB country director, however, said some progresses in capital market development has been made in recent years, primarily due to the operation of the central depository system and the automated trading system, a substantial increase in the minimum capital requirement of banks and non-bank financial institutions, and a surge in overseas workers' remittances.

"Despite the improvements, Bangladesh's capital market remains underdeveloped. Market capitalisation was only 5.2 per cent of GDP at the end of June 2006," she said.

Hua Du said ADB's financial strategy for Bangladesh, included in the New Country Strategy and Programme for 2006-2010, has been formulated based on the lessons from ADB's previous financial sector interventions, and coordination with other development partners.

"ADB will provide assistance for capital market development when the government demonstrates its strong commitment towards a meaningful reform, together with capacity building measures to strengthen the regulatory and supervisory capacity of the Securities and Exchange Commission and improvement in

the governance of market intermediaries," she said.

The ADB will also continue assisting Bangladesh to promote good governance and expand its focus to cover other financial sub-sectors without being limited to the capital market, she added.

DSE Chief Executive Officer Salahuddin Ahmed Khan, in his welcome speech, said most of the ADB suggested policy guidelines as well as the structural modifications are implemented by the exchanges.

"But once we take a look at the other side of the market, we feel that little progress has been made in the supply side. As of today, only 256 companies are listed with the exchange with a market capitalisation of US\$ 3.59 billion," he said, adding that such poor participation indicates that the reform initiated by the ADB programmes could not be attained.

"Neither could we successfully bring other alternative instruments to make the market a really effective alternative mechanism to finance private as well as public sector investment."

Among others, DSE President Abdullah Bokhari, Senior Vice-president Ahmed Rashid Lali and Vice-president NM Oliullah were present at the meeting.

## LIMITING TRADE UNDER SAFTA

### India to go against Pak decision

#### Tariff concessions for Islamabad to continue

OUR CORRESPONDENT, New Delhi

India yesterday said it would take up its objection to Islamabad limiting trade with New Delhi under the South Asia Free Trade Area (Safta) at Saarc Ministerial Council meeting in October, but made it clear that tariff concessions offered to Pakistan would continue.

"Saarc Ministerial Council could be held in October. We would raise the issue of Pakistan about not giving us market access under Safta," Minister of State for Commerce Jairam Ramesh said on the sidelines of a conference here.

Pakistan's decision to trade with India only a small number of items kept in the positive list violates the spirit of the free trade pact, he said. However, he said India

remained committed to the agreement and would continue to offer tariff concessions and make unilateral efforts to reduce non-tariff barriers on products of export interest to other South Asian countries.

Although Ramesh said he was hopeful Pakistan would lift restrictions on imports from India, commerce ministry officials said it was unlikely that Pakistan would allow import of more Indian goods.

Tariff liberalisation under Safta came into effect from July 1 this year. While all countries trade with each other all items except those mentioned in their respective negative lists, Pakistan has decided to import only a limited number of products from India under its positive list.

India had raised the contentious issue at Saarc (South Asian Association for Regional Cooperation) foreign secretaries' as well as foreign ministers' meetings in Dhaka earlier this month but without much success as Pakistan remained adamant on its stand.

While Pakistan is offering concessions on over 4,000 items to other members of Safta and kept just 193 items on the negative list, it is ready to offer concessions to India only on 773 products on the bilateral positive list.

Pakistan's stand poses a question mark on the future of Safta as India and Pakistan are the two biggest economies of South Asia making up for 90 per cent of the region's GDP.



PHOTO: BEPZA

Masud Ahmed, member (Investment Promotion) of Bepza, and Naima Faizee, managing director of FEM Wendler Interlining Ltd, sign a lease agreement on Thursday in Dhaka to set up a Bangla-German joint venture interlining plant in Adamjee EPZ with an investment of US\$ 1.57 million. Ashraf Abdullah Yussuf, Bepza executive chairman, among others, was present at the signing ceremony.