

CHECKING ESSENTIALS' PRICES IN RAMADAN

Saifur against PMO move to cut taxes, fund TCB

STAR BUSINESS REPORT

Despite an order from the Prime Minister's Office (PMO) to reduce tax on some essential commodities and inject funds to the state-run Trading Corporation of Bangladesh (TCB), Finance Minister M Saifur Rahman yesterday opposed the move heavily.

"It is very dangerous to intervene in the market through the TCB. It is not possible to keep prices low by reducing tax. Supply of essentials should be ensured, and extortion on roads and highways and rent seeking should be stopped," Saifur told newspapermen at his secretariat office.

Principal Secretary to the Prime Minister Dr Kamal Uddin Siddiqui on Sunday issued a directive to the

finance ministry to provide adequate fund for the TCB to import some essential commodities that have huge demand during the month of Ramadan.

Also asking the National Board of Revenue (NBR) to bring down taxes on 11 essential items for a month, Siddiqui said both these directives are from the prime minister.

"In my view, it is certainly a very bad notion in the fiscal, monetary and financial management," the finance minister said when journalists asked him about the PMO directive regarding government measures to rein in price hike of essential commodities.

This type of initiative to bring down prices of essentials during Ramadan is taken every year but it does not work at all, he said. "I have

been doing these things since 1977, but reduction in duties on commodities did not work in bringing down prices of essentials."

On TCB's failure, Saifur said it earlier imported lentil, but could not sell the item in three months. Lentil price in the market came down after the state-run agency imported it and later the corporation failed to clear the stock.

Citing another example, the finance minister said the TCB took an initiative to import sugar but it could not do so. Private sector traders feel discouraged to import these essentials when the TCB is tasked with importing those, he said, adding these types of moves do not contribute.

Stakeholders meet today to end Ctg port deadlock

STAFF CORRESPONDENT, Ctg

A meeting of stakeholders will be held in the capital today to end the crisis in Chittagong Port while two Bangladeshi feeder-vessel operating companies - HRC Shipping and QC Shipping Line-- continued operation yesterday.

Representatives of CFTC (Chittagong Feeder Trade Committee) led by Secretary General SC Lim will attend the meeting at the commerce ministry since the owners of the foreign feeder vessels yesterday expressed their inability to attend the meeting before Thursday.

The owners are reportedly will hold a meeting in Singapore today. Meanwhile, Bangladesh Shipping Agents Association in a meeting here yesterday decided to attend the ministry meeting in support of withdrawal of the surcharge.

All feeder-vessel operating companies, except the HRC Shipping, under the banner of CFTC stopped loading and unloading of containers at the port on Saturday following a High Court show-cause notice about imposition of congestion surcharge.

The crisis arose when the CFTC imposed \$130 for each twenty-equivalent-unit container as congestion surcharge from June 5 and

realised around Tk 210 crore.

Sources said of the three agitating members of CFTC, Advanced Container Lines and Sea Consortium were still sticking to their stance. But Orient Express Lines (OEL) showed reluctance to the agitation.

Ten feeder vessels including those of the three agitating CFTC members took berthing at different jetties of the port.

Two vessels - Banga Barat of HRC and Ultima of OEL - departed the port when two others - Banga Bijoy of HRC and QC Honour of QC - took berthing.

Of the two vessels that entered the port yesterday (Monday), Banga Bijoy took berthing at New Mooring Container Terminal (NCT) marking the inauguration of the newly constructed container terminal at 9:15am.

Chittagong Port Authority (CPA) Chairman AMM Shahadat Hossain and other officials of CPA and representatives of the port users were present at the launching ceremony of NCT.

Three vessels were in the outer anchorage waiting for berthing at the port jetty while two others were due to arrive at the outer anchorage.

Donors should not interfere in governance issue

Speakers at seminar suggest

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Speakers at a seminar in Dhaka yesterday urged donors not to interfere in any country's governance issue.

They suggested that the donors should also ensure transparency, accountability and local participation in their own projects without interfering with the governance of the aid-receiving countries.

The seminar on Interest of World Bank and IMF: Agriculture, Trade and Services was organized by

the Alliance for Economic Justice, Bangladesh (AEJB) at the National Press Club in the city prior to the 50th summit of WB and IMF scheduled to be held in Singapore from September 14 to 20.

Rashed Al Mahmud Titumir of Unnayan Onneshon and Jakir Hossain of Nagorik Uddog conducted the seminar.

Favouring unconditional aid from donors, the speakers asked for formulating a self-controlled policy in the interest of utilising the aid without making any burden on the gross domestic product (GDP).

Mahfuz Ullah, secretary general of Centre for Sustainable Development (CSD), said when the member-countries of WB and IMF (International Monetary Fund) purchase vote through spending huge amount of money, how they make hue and cry about governance of any country.

"The total aid of donors for

Bangladesh is less than 2 percent of GDP. So, why we should depend on that aid with some unethical conditions", he added.

He laid stress on political commitment to avoid such dependence on donors.

"The main slogan of WB and IMF is to ensure transparency. So why they want immunity," questioned Zafrullah Chowdhury, projects' coordinator of Gonoshasthaya Kendra.

He said local newspaper importers have to pay 52 percent tax on import of newspapers from the world market, where Indian pay 5 percent and Sri Lanka pay only 2.5 percent.

"This is very interesting that WB and IMF prescribed decrease in so many import items but they do not make any comment on the newsprint, a basic element of education," he added.

"This is not new that WB and IMF impose conditions one after another. It is happening, because we give them the opportunity to practice such a supremacy," said Shahin Anam, executive director of Manusher Jonno.

"If we do not accept their conditions and keep our position to serve our own interest it is possible to avoid the donors' prescription," she added.

"We have a perception that there is no alternative to doing development work without WB and IMF fundings. We have to change such perception by practicing self-criticism," Anam suggested.

AKM Jahangir Hossain, MP said, "WB and IMF impose intentional prescription, which seems impartial, but they don't think about our interests".

For example, he said, WB advised Bangladesh to close down Adamjee Jute Mills but at the same time they funded India to establish jute mills.

He said it is very unfortunate that donors made our Poverty Reduction Strategy Paper (PRSP), where most of parliament members have no involvement.

He, however, said, "I am not against the donors but my stand is against their conditions".

Parliamentarian Redwan Ahmed said, "Most of the Indian officials of WB and IMF are keeping their interests when giving aid to a project. But unfortunately, our local employees in WB and IMF have failed to maintain their interests".

Rejecting the donors' prescription on continuous denationalisation of the state owned enterprises (SoEs), he said, "If we follow such prescription on denationalisation, mass people will be denied of their minimum constitutional rights".

Tajul Islam Chowdhury, a Jatiya Party MP, said, "If the country does not pay any heed to its interest, then the donors will continue to use their steam-roller and the country will ultimately suffer a lot".



Abdullah H Mostafa, chief of USAID/NARUC Project for Regulatory Capacity Building in Bangladesh, speaks at a discussion on 'Energy Regulation: Civil Society's Views on Consumer Rights and Responsibilities' in Dhaka yesterday.

Experts seek energy sector reforms

STAR BUSINESS REPORT

Speakers at a view exchange meeting yesterday in Dhaka underscored the need for bringing about reforms in the country's energy sector as well as its market structure.

Consumers Association of Bangladesh (CAB) organised the discussion on 'Energy Regulation: Civil Society's Views on Consumer Rights and Responsibilities' at the Dhaka Reporters Unity in the capital.

It was also pointed out at the meeting that the Bangladesh Energy Regulatory Commission (BERC) was established two years back with the main aim of restoring order in oil, gas, power, coal and other fronts of the energy sector, but it failed to perform even an iota of its duties.

While speaking at the programme, prominent economist Dr Atiur Rahman said the tragedy of Phulbari would not have taken place if the BERC had performed its duties and responsibilities properly.

"The Phulbari incident occurred due to the failure of the BERC," he said. BERC, a body for protecting

rights of energy consumers, was established on March 13, 2003 through a legislative act, which came into effect in April 2004.

MA Momen, president of Dhaka Chamber of Commerce and Industries (DCCI), Kazi Faruk, general secretary of CAB also spoke at the programme, chaired by Borhan Ahmed, the CAB president, also executive editor of the daily Janakantha.

"Our energy policy is a 10-year old one and we need an updated integrated energy policy to develop a sustainable energy infrastructure," MA Momen said at the programme.

Emphasising a renewable energy generation, he mentioned that India generated 8,000 mega watt (MW) of power through renewable sources while Bangladesh generates not more than three MW for the lack of policy support by the government.

Abdullah H Mostafa, chief of USAID/NARUC Project for Regulatory Capacity Building in Bangladesh, presented the keynote paper on the topic.

In the keynote speech, Mustafa sought immediate reforms in the energy sector.

Sino-Bangla proposed road link to boost trade

FBCCI business meet told

UNB, Dhaka

Bangladesh expects an early decision from Myanmar government about the proposed transport protocol between Bangladesh and China, which will increase trade among the countries concerned.

"Bangladesh and China have given consent to the protocol. Negotiation with Myanmar is going on and we expect quick decision by Myanmar government," said Ashfaqur Rahman, Bangladesh Ambassador to China.

The proposed road link under the protocol will connect Chittagong and Ruili and Kunmin of China via Mandalay of Myanmar. The protocol is subject to approval by the Myanmar government.

Ashfaqur Rahman at a meeting with FBCCI in the city Sunday said the cost of doing business would go down and the bilateral export and import business increase remarkably with the establishment of the 1,700 km road link.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) organised the meeting at its conference room with its president Mir Nasir Hossain in the chair.

The ambassador said that geographically Bangladesh is located at a very suitable place from where the country with little efforts can do business with big countries like India and

China. "Bangladesh is next to India and China with markets of 1.1 billion and 1.3 billion consumers respectively. Our products can easily capture the markets of western part of China," he said.

Briefly presenting the status of Chinese economy, the diplomat said China has only two major rivers and they have developed industrial belt surrounding the rivers. "We got over 250 rivers crisscrossing the country, but we could not develop such industrial areas," Ashfaqur Rahman informed that the foreign exchange reserve of China has reached US\$ 900 billion compared to the \$3.5 billion reserve of Bangladesh. Business leaders, who attended the meeting, complained to the ambassador that a huge number of Chinese nationals are doing business in Bangladesh illegally.

"Most of the Chinese citizens having no work permit are opening up different kind of shops here; thereby reducing the competitiveness of local traders," businessman SM Shafuzzaman said.

Quoting the statistics of Board of Investment (BoI), he said there are over 359,000 illegal foreigners in Bangladesh. He requested the ambassador to strictly monitor so that such retail traders cannot illegally come and stay in Bangladesh. Ashfaqur Rahman assured the local businesspeople that he would

strictly monitor the matter and try to bring the real investors here.

China this year gave duty-free access to some 84 Bangladeshi products, he informed the meeting.

Speaking on the occasion, FBCCI President Mir Nasir Hossain put forward an 11-point suggestion for increasing trade between the two countries.

The suggestions include setting up of a joint council between the two governments to resolve contentious issues, developing a dispute settlement body, holding of frequent buyer-seller meets, easier visa formalities for Bangladeshi businesspeople and assist technology transfer.

Trade between the two countries was around US\$ 2.3 billion in the 2004-05 fiscal with the balance overwhelmingly in favour of China.

During the July-March period of 2005-06, China, including Hong Kong, exported goods and services to Bangladesh worth US\$ 1.55 billion and imported products amounting to only US\$ 45.93 million - the trade gap being around US\$ 1.5 billion.

Continental Ins declares 5pc dividend

The Continental Insurance Limited has declared a 5 percent dividend for the shareholders for the year ending December 31, 2005.

The dividend was announced at the 6th annual general meeting of the company held in the city on Sunday with its chairman Md Musa Meah in the chair, says a press release.

All shareholders, Managing Director Md Hashmat Ali and Company Secretary M Qamrul Munir were present.

The audited accounts and balance sheet for the year ending December 31, 2005 of the company were unanimously adopted by the shareholders.

The audited report and balance sheet for the year under review showed that the net premium income of the company was increased by 35.68 percent, net profit before tax by 55.13 percent, total reserve by 84.52 percent and total assets by 6.61 percent in comparison to last year.

'Global economy to withstand impact from Iran N-issue'

AFP, Singapore

The global economy could face short-term turbulence if the United States and its allies take action against Iran over its controversial nuclear programme but it should be resilient enough to withstand the shocks, US publisher Steve Forbes said Monday.

"Iran's nuclear program, which Tehran says is for civilian purposes, is one of the most pressing issues facing the international community and a decision will have to be made soon by Washington and its allies on what course to take, including military action," Forbes said.

"Don't underestimate the fundamental strengths (of the economy) ... they will come to the fore again despite any short-term dramatic repercussions from what happens in the Middle East," he told delegates at the annual Forbes CEO conference here.

Analysts fear imposing UN sanctions on Iran would disrupt oil supplies from the world's fourth-largest crude producer which pumps about 4.0 million barrels of oil per day, most of it exported.

"If crisis does come to the fore ... we will overcome it economically," said Forbes, editor-in-chief of Forbes Magazine which publishes an annual list of the world's richest people.

Iran has ignored an August 31 deadline set by the UN Security Council to halt uranium enrichment work or face possible sanctions.

This left world powers gearing up for a fresh round of diplomacy on how to deal with Iran's defiance, with the United States pressing the council to impose targeted sanc-

Correction

A news item headlined 'BEI workshop on corporate governance' published on this page on September 3 inadvertently mentioned that Bangladesh Bank Governor Dr Salehuddin Ahmed inaugurated the seminar, but he was not present at the function.

Actually, he inaugurated a separate seminar organised by the Bangladesh Enterprise Institute. We regret the mistake.

tions. Uranium enrichment is a process that can be used to make nuclear fuel and, in highly extended form, the core of an atomic bomb.

Forbes said the United States and its allies are likely come to a decision soon as to what to do.

"Make no mistake, that decision is coming in the next year or so. Why? Because Iran has been dispersing its nuclear assets around the country, burying them deeper and deeper underground so airstrikes are going to become more problematical," he said.

"So if the decision is made to either disrupt or destroy Iran's nuclear programme, that decision is going to have to be made in the next few months because the longer we wait, the more difficult air strikes will be.

Bangladesh fetches Tk 5cr from spot orders in German fair

STAR BUSINESS REPORT

Bangladeshi handicrafts and gift item companies received orders of Tk five crore at a five-day trade fair in Germany.

Nine local companies participated in the Frankfurt International Trade Fair titled 'Tendence-2006' with the help of Export Promotion Bureau (EPB). The handicraft fair began there on August 25.

The Bangladeshi pavilions also received more than 152 business queries and made 64 new business contracts in the fair, says a press release issued by the EPB.

The companies representing Bangladesh in the fair showcased jute goods, leather products, silk items and recycled glass products.

The handicraft sector plays a significant role in employment generation in rural areas and also helps the country earn a handsome amount of foreign currency.

\$400m ADB loan for BR rehab works

Bss, Dhaka

The Asian Development Bank (ADB) will provide the country with US\$ 400 million as credit for the rehabilitation work of the Bangladesh Railway (BR).

Finance and Planning Minister M Saifur Rahman said this yesterday while talking to journalists after a review meeting on foreign credit at his office at the Secretariat.

With the finance minister in the chair, the meeting was also attended by Governor of Bangladesh Bank (BB) Dr Salehuddin Ahmed and Secretary of Economic Relation Division (ERD) Mohammad Ismail Zabihullah.

Officials at the finance ministry said the meeting reviewed different proposals for foreign credit and discussed various aspects of the proposals. It also decided to implement some credit proposals.

Freer rupee not in India's interest, say communists

REUTERS, New Delhi

Freeing the rupee is not in India's interests as it will encourage speculative flows into the country, a leading communist party official said on Monday.

D. Raja, national secretary of the Communist Party of India, told Reuters the rupee was not such a strong currency that the country could open up the capital account further.

"I do not think this step is in our interest. It will only help speculative capital and moreover the experience of many developed countries on this issue has not been positive," Raja said. "We must be realistic."

A road map to greater capital account convertibility drawn up by an expert panel was released by the Reserve Bank of India late on Friday.

It outlines a three-phase plan extending to 2010/11 which would allow greater movement of capital in and out of the local currency.

Asked whether the communists, who support India's coalition government from outside, will oppose any move to accept the convertibility report, Raja said: "They may discuss it with us but we will tell them that we don't think it appropriate for us to go



Md Musa Meah, chairman of the Continental Insurance Limited, presides over the 6th annual general meeting of the company held at Pan-Pacific Sonargaon Hotel in the city on Sunday. All shareholders including managing director and company secretary were present.