

# Star BUSINESS

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## Expo Bangladesh begins Nov 29 in London

UNB, Dhaka

A four-day Expo Bangladesh 2006 will begin November 29 at Old Truman Brewery of Brick Lane in London, aiming to showcase local products abroad.

Bangladesh-British Trade Cooperation and Diamond Group of Companies are jointly organising the event.

The United Kingdom is the third largest destination for Bangladesh products after USA and Germany, accounting for about 10.91 percent of the total export in fiscal 2004-05.

Some 60 small and medium enterprises (SMEs) of the country have registered names to showcase their products in the exhibition.

They will exhibit leather and leather goods, sportswear, leather shoes including sports shoes, frozen fish, ceramic, porcelain and bone china tableware, fashion wear, readymade garments, handicrafts, bicycles, home textile and furnishings, silk products, paintings, spices, jute goods, dry fish, ICT software, real estate, food products and flowers.

Bangladesh now mainly exports RMG, frozen fish, bicycles, home textiles, jute and jute goods, agri-products, leather and leather goods, and chemical products.

## New president of Dutch-Bangla Chamber



Asif A Chowdhury

Asif A Chowdhury has been elected president of the 11-member executive board of Dutch-Bangla Chamber of Commerce & Industry for the 2006-2008 term, says a press release.

The other board members are MRA Taha and M Hassan Khaled, vice presidents, Asmatullah Malik, secretary general, Osama Taseer, joint secretary general, Md Sayeedur Rahman, treasurer, and Abdullal Bari, Muddsir Murtaza Moin, Md Alauddin Khan, Md AS Afser and Sarafat Chowdhury, directors.

## Russia-US WTO accord to be ready at Hanoi summit

AFP, Moscow

A US-Russian agreement on Russia's long-delayed accession to the World Trade Organization will be ready for signing at a Hanoi summit November 18-19, Russian Trade and Economic Development Minister German Gref said Monday, Russian news agencies reported.

Russian President Vladimir Putin and US President George W. Bush are expected to sign the agreement on the sidelines of the Asia-Pacific Economic Cooperation (Apec) countries, which takes place in the Vietnamese capital this weekend.

"We will do everything to support your signing the agreement at your meeting with President Bush in Hanoi," Gref told Putin, the news agency ITAR-TASS reported.

"We have completed talks in principle with the United States on all major questions, we have only to complete technical questions and prepare all the documents for signing," Gref said.

The weekend meeting is expected to be the second between the two presidents this week, as Bush plans to stop in Moscow on Wednesday for a meeting with Putin on his way to Asia.

A WTO deal would remove a major sore point in Russian-US relations, as Russia needs the support of the United States to accede to the world trade body but has been held up by US concerns including intellectual property protections and access to financial service markets in Russia.

## RUPALI BANK SELL-OFF

# Deal documents yet to be ready, talks again today

STAR BUSINESS REPORT

The documents of sale and purchase agreement for handing over 67.26 per cent shares of the state-owned Rupali Bank to its buyer are yet to be finalised, Privatisation Commission sources said.

The negotiation for making the documents ready for signing will be continued today at the commission.

Although representatives of Saudi prince, law ministry, Bangladesh Bank, Privatisation Commission and finance ministry reached a consensus on the bank's total classified loan at a meeting yesterday, there still a few points remained unsettled.

Meeting sources said the government will take the liability of the bank's classified loan by the state-owned enterprises and it will give treasury bonds to the bank on the loans rescheduled at a zero percent interest rate.

The sources said Saudi prince's representatives also asked the government to take the liability of Tk 535 crore classified loans that the private sector entrepreneurs are yet to repay.

However, the representatives

from the government side did not agree with the proposal of taking liability of the private sector classified loans.

"A very few issues are yet to be settled and we hope we can settle those as soon as possible and complete the documents to make it ready for signing," a high official of the Privatisation Commission said.

Earlier at a commission meeting, the last meeting for Enam Ahmed Chaudhury as the commission chairman, the offer of Saudi Prince Bandar Bin Mohammad Bin Abdul Rahman Al Saudi to buy the remaining 26 per cent government-owned shares of Rupali Bank with a price of US\$134 million was approved.

On August 27, the commission declared the Saudi prince the highest bidder. On October 5, the then prime minister Khaleda Zia okayed the bid of \$330 million to buy 67.26 per cent stake in Rupali Bank.

At the meeting, Privatisation Commission Chairman Enam Ahmed Chaudhury said during his five-year tenure, the commission has completed privatisation of 55 state-owned enterprises, of which 34 were handed over to the buyers.

## Banglalink re-launches 'Ladies, first!' with more facilities

Mobile phone operator Banglalink recently re-launched its pre-paid brand 'Ladies, first!' with some added facilities, says a press release.

Now this pre-paid package, which was initially launched in September 2005 targeting the womenfolk, offers four FnF numbers at 79 paisa/min to any Banglalink number and a rate of Tk 1.96/min to any Banglalink number for 24 hours.

Previously there was only one FnF number under the package.

Besides, the 'My Time' feature for calling any operators' number between 12pm and 3pm is still available with reduced call rate of Tk 2.99/min. Charges for calling any operators' number from 7am to 12pm and 3pm-11pm have also been reduced to Tk 3.50/min while the super off-peak hours are from 11pm to 7am with Tk 1.96/min to all operators.

## IBM to join Citigroup bid for Chinese bank stake

REUTERS, Hong Kong

International Business Machines will join a consortium led by Citigroup that is bidding \$3 billion for control of China's Guangdong Development Bank, sources familiar with the matter said on Monday.

IBM Global Financing, a unit of the world's largest technology services company, will take a stake of up to 5 percent in the troubled southern Chinese lender if the Citigroup bid was successful, the sources said.

Citigroup and France's Societe Generale have been locked in a takeover battle for more than a year, with the sources saying both sides are bidding about \$3 billion for 85 percent of GDB.

China, which is set to open its banking sector fully to foreign competition under WTO obligations next month, has attracted nearly \$21 billion in financial services industry investments since 2001, according to Boston Consulting Group.

IBM would join a consortium that the sources said included top life insurer China Life Insurance Co. "It's IBM's practice not to comment on rumors or speculation," an IBM spokesman said in an email, while officials at Citigroup and GDB declined to comment.

Citigroup and its wholly-owned Associates First Capital arm would take a combined stake slightly larger than that of China Life to become GDB's largest individual shareholder, one banker involved with the bid said.

# Apec states seek to flex muscle on trade talks

AFP, Hanoi

Asia Pacific economies will seek to flex their political muscle and press for the resumption of stalled global trade talks at an upcoming summit of world leaders, officials said Monday.

They will also consider the possible creation of a massive regional free trade zone across the Pacific, senior officials of the 21-member Asia-Pacific Economic Cooperation (Apec) forum said after wrapping up talks here.

The meeting's chairman, Le Cong Phung, said leaders at the weekend summit would issue a joint statement aimed at reviving the World Trade Organization's so-called Doha round of negotiations.

"This is the last chance for Apec leaders to save the (Doha round) from deadlock," Phung, also Vietnam's deputy foreign minister, told reporters.

An Apec diplomatic source said it would be a "strong" political commitment from the group, which includes economic powerhouses the United States, Japan and China, to re-start talks.

With members accounting for about 60 percent of global economic output and nearly half of world trade, Apec is well placed to use its clout.

"It will be a very strong political message. It will call for the immediate, early resumption of negotiations," the diplomat told AFP.

"The most important thing is to give a political backing to Doha," he said, adding that the statement would call for flexibility amongst members to reach agreement and salvage work already done.

"It will say it is important to rescue whatever has already been agreed, not to lose it."

The Doha talks, named after the Qatari capital where the process

began in 2001, has been stuck in limbo since July amid fierce argument on agricultural subsidies.

WTO director general Pascal Lamy is due to attend the November 18-19 summit and ministerial meetings beforehand to lend his weight to the drive.

Officials here also made fledgling moves over proposals to create a Free Trade Area of the Asia-Pacific (FTAAP), with diplomats recommending further discussions on the idea.

"All the APEC member economies note the necessity to discuss now and consider this long-term goal," said Phung.

The United States is leading the drive for cross-Pacific zone, described by some nations as an alternative if the Doha round fails completely - although officials have been at pains to stress Apec's commitment to the WTO process.

## ANTI-DUMPING MEASURES

### China backs its shoemakers' legal action against EU

AFP, Beijing

The Chinese government has thrown its weight behind domestic shoe makers who plan to file a suit against the European Union over tariffs imposed on shoe imports, state media reported Monday.

The European Union decided last month to impose an anti-dumping tariff of 16.5 percent on imports of Chinese shoes with leather uppers from October 7, against strong opposition from Chinese shoe makers.

The China Leather Shoes and Sports Shoes Commission has said it supported more than a dozen Chinese shoe manufacturers who announced they would hire EU lawyers to jointly sue the European Commission.

"The Chinese government respects and supports their move," an unnamed official at the Ministry of Commerce's bureau of fair trade for imports and exports said, according to the China Daily newspaper.

China reacted at the time by saying that the anti-dumping measures lacked a legal basis and threatened to retaliate.

Chinese enterprises are entitled to file complaints at EU courts within two months after the final ruling is announced, according to the newspaper.

## Investors seek tax reform to enable India's growth

PTI, Philadelphia

Leading entrepreneurs and investors here sought acceleration of reforms, a more friendly tax structure and increased investments in infrastructure to enable India to continue on the high growth trajectory.

During the day-long economic forum organised by Wharton Business School here Saturday, the question of labour reforms came up with business leaders and investors contending that the current system is hindering progress.

Principal Adviser to Planning Commission, Dr Arvind Virmani said the government is aware that the system needs to be changed but in a democracy, the government has to carry people with it and discussion are continuing on how best the objective can be achieved.

However, he said this is only one of the many factors -- and not the factor -- responsible for the economic growth. In his key note address, Rahul Bajaj, head of the Bajaj Group of companies, said the governments find it difficult to take hard decisions because elections for one state or another is held every few months.

To remedy the situation, the suggested amending in the Constitution to provide for holding elections every five year for Parliament and State Assemblies together so that governments could take hard decisions in the interest of progress of the country for four years and slow down in the fifth to take care of political compulsions. There should be no midterm elections.

## Motorola wins \$1.6b China cellphone orders

REUTERS, Beijing

Motorola Inc, the world's second-largest cellphone maker, will supply China Telling Communications with \$1.6 billion worth of phones in 2007, Yan Siqing, chief executive officer of the Shenzhen-based distributor of telecom products, told reporters on Monday.

"Motorola will supply 12 million handsets in 2007 to Telling," said Yan. Motorola would supply the company with about six million cell phones this year, he said.

Earlier this year, Motorola had said it expected to claim a quarter of China's handset market by the end of 2006, up from the 21 percent share it had in May.

China's handset market is estimated to be growing by 25 to 30 percent a year, while Motorola aims to beat the industry's pace.

## GLOBAL COMPETITIVENESS

# Be acquainted with new financial tools

ICC-B chief urges businesses

The president of the Bangladesh chapter of International Chamber of Commerce (ICC) has underscored the need for familiarising with new financial tools to cope with the modern world competitiveness.

"As the new financial tools become core of financial competitiveness, without having rigorous understanding of the tools, businesses cannot expect to sustain in the global era," Mahbubur Rahman said inaugurating the two-day workshop on 'Factoring and Forfeiting: New Methods for International Trade Finance' yesterday in Dhaka, according to a press release.

The ICC-B organised it at the Bangladesh-China Friendship Conference Centre.

Mahbubur said 'factoring' and 'forfeiting' have become two modern methods for international trade finance and it is necessary to be acquainted with these products for business transactions in order to be at par with the outside world and stay more secured as well as eliminate calculated risk in foreign

exchange transactions.

Forfeiting is generally used only for big sales contracts and based on each transaction. It means a purchase by the forfeiter, medium to long term export debts of the supplier, based on negotiable instruments (e.g. Bills of Exchange, Promissory Notes) or letters of credit.

On the other hand, 'factoring' is a financial service in export trade for granting cash advance against accounts receivables by the exporter from domestic and export sales.

He hailed the steps taken recently by the Bangladesh Bank in streamlining the banking sector operations and in safeguarding the interest of the depositors.

About 60 senior and mid level executives from Bangladesh Bank, commercial banks, leasing companies and law firms are attending the two-day workshop. Pavel Andrie, a trade finance specialist from Europe who is conducting the workshop, also spoke at the inaugural session.

perfectly logical to demand that the NBR publishes, from the full list of the people who took advantages of tax amnesty in FY06, only name of these people who will be participating in the upcoming national election. This measure will definitely allow the voters to make their choice in favour of "clean" candidates.

**c. Bank Account for Election Expenses**

The total amount of money which will be transacted in connection with the elections is anybody's guess. However, with a view to streamline these expenditures, the CTG, through the Election Commission, has to ensure that the candidates open a mandatory bank account to finance their respective election expenses.

This measure will not only bring in more transparency in election financing, but will also discourage credit expansion in private sector, facilitating implementation of a cautious monetary policy. Such a measure may protect the PCB (D)

from shadow election financing, while there remains a cap on the volume on advances to be made by the NCBs.

**d. CIB Reports for Election Candidates**

As per current provisions of the RPO (1972), candidates are obliged to get a "clean" CIB report from the central bank to prove their eligibility to participate in the election. Experience suggests that most of the candidates receiving adverse CIB report in the High Court are able to get a stay order. Indeed, a stay order (keeping the case in abeyance) makes the prospective candidate "eligible" to participate in the election.

Under the circumstances, the CTG may pursue the Chief Justice to add a couple of benches (over and above the current one) for speedy hearing of these cases for final disposal, instead of issuing stay orders. The bench may also like to notify and hear the banks before issuing stay order, if at all.

**e. Anti-Money Laundering**

The Anti-Money Laundering Act needs to be effectively used to pre-empt "black" financing of elections. Bangladesh Bank has identified a number of cases involving financial frauds, but has not been able to prosecute them as yet due to inadequacy of the CrPC. In fact, the Anti Corruption Commission (ACC) has also not been vested with specific powers relating to prosecution of money laundering activities. This issue needs to be urgently addressed by the CTG.

**CONCLUDING REMARKS**

While the BOP remains in a comfortable state, some strains are showing up in public finance system. The CTG needs to keep a watchful eye on the external sector transactions, but it will be imperative on its part to reduce expenditure and increase revenue collection to relax the pressure on fiscal balance. Indeed, for that matter, the economy in the coming months will have to be stabilised at a lower equilibrium.

The major test of macroeco-

# Economic programme: CPD's recommendations for caretaker government

DEBAPRIYA BHATTACHARYA

(CONTINUED FROM NOV 13)

Part-II

SOME MEASURES RELATED TO ELECTION

**a. Support to Disclosure Provisions under RPO (1972)**

The CTG will need to provide necessary institutional support to the Election Commission as it proceeds to implement different disclosure provisions contained in the Representation of People Order (RPO) (1972) and in its subsequent amendments. These provisions include, on the one hand, electoral financing and expenditure related issues and, on the other hand, background information on the candidates. For example, the NBR will have to cooperate on ascertaining the information submitted on asset and liability of the prospective candidate to the Election Commission; Bangladesh Bank will have to confirm the candidates loan repay-

ment status; utility providing agencies will have to certify that the candidate has paid all his dues on account of telephone, gas, electricity, water, etc.

The Auditor and Comptroller General's office will have to do capacity building work to help the Election Commission to process the financial statements submitted by the candidates.

**b. Beneficiaries of Tax Amnesty**

It may be recalled that a special tax amnesty scheme was implemented during FY06 which allowed people to declare their unaccounted wealth and get it legalised by paying tax at the rate of 7.5 per cent instead of the highest rate of 25 per cent. It has been reported that more than 7,000 tax payees took advantage of this scheme and declared unaccounted wealth amounting more than Tk. 4,000 crore. The NBR has, till date understandably declined to divulge the identity of these privileged people.

However, in the interest of fair play in election financing, it is

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