

# Star BUSINESS

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## EXPORTS UNDER FTA

# WB sees modest prospect of Bangladesh market in India

### STAR BUSINESS REPORT

The prospect of expanding Bangladesh exports to India will remain modest even if Bangladesh sign a free trade agreement (FTA) with that country, said World Bank (WB). "Bangladeshi exporters would have duty free access to the Indian market under FTA, while the present tariffs and other restrictions on imports into India from the rest of the world would remain the same", the bank observed recently in its latest study titled 'India-Bangladesh Trade, Trade Policies and FTA.'

The study on its executive summary on 'Bangladesh exports to India' highlighted potentialities of most of the Bangladeshi exportable products to India, especially RMG.

It said although the RMG market in India is far larger and more diversified than ready-made garments production in Bangladesh, Bangladeshi RMG products might be able to find market niches in

India if they are able to link into strong Indian marketing organisations.

Under a pact on free trade with India, RMG exports from India to Bangladesh might, however, well exceed Bangladesh exports to India as the Indian items are considered advanced in terms of style, fashion and brands.

Citing an example, the bank said during the 2003-04 fiscal, Bangladesh RMG imports from India were just over \$5million. These were mainly cotton trousers and shirts imported on over 85.5 percent tariff.

"If RMG imports from India were profitable despite such an extremely high tariff, they are likely to be expanded very substantially with a zero tariff under an FTA", the WB study further said.

It said this would be especially likely if the Bangladesh textile sector were excluded from the FTA by the use of a negative list, because Bangladesh garment

producers selling domestically would then continue to be burdened by much higher textile input costs than their Indian competitors.

On the other hand, the potential Bangladeshi exporters would need to satisfy whatever rules of origin would be agreed upon under the FTA, the study added.

Under the South Asian Preferential Trading Arrangement (Sapta), the origin rule for Bangladesh is minimum domestic value added of 30 percent, but for many RMG products this could be difficult to meet unless some of the inputs are purchased in another Sapta member country like India. If that turns out to be the FTA, it would be crucial to ensure fast and low cost transport and customs clearance of the textile inputs obtained from India, preferably over the land border.

The bank said there would be limited prospect for exports of agricultural products from Bangladesh to India within FTA,

certainly not in the case of rice, wheat, coarse grains, sugar and onions which Bangladesh is importing from India on fairly large scale.

On the other hand, when Bangladesh's principal primary products are processed food, shrimps, raw jute, fish, tea, vegetables and tobacco and India itself exports those items on a much larger scale, probably leaving few opportunities for Bangladesh even if an FTA were to cut the Indian tariffs they face to zero.

The WB, however, said the very low level and slow growth of Bangladesh's exports to India is not primarily attributed to restrictive import policies in India.

Indian tariffs on industrial goods have fallen dramatically in the past three years and are now at historically low levels, and even lower on many products on which India has given substantial preference to Bangladesh under Sapta, they said.

## ADB awards its best performing projects in Bangladesh

### UNB, Dhaka

The Asian Development Bank (ADB) has awarded three best performing teams of ADB-supported projects in Bangladesh for their success in project implementation.

ADB Country Director Hua Du handed over plaques and certificates to the project directors, coordinators and project representatives at a function at ADB office in Dhaka yesterday.

Senior government officials, award winning project team members and ADB officials were present on the occasion, said a press release.

The award-winning project teams are Urban Governance and Infrastructure Improvement Project, and the Second Small Scale Water Resources Development Sector Project, both being implemented under LGRD and cooperatives ministry, and the Second Primary Education Development Programme under primary and mass education ministry.

"The awards were given in recognition of the project teams' excellent performance, efficiency, integrity, transparency in procurement, effective project implementation, achievement of targets, innovations, strong leadership, overcoming project start-up delays, efforts in women's empowerment and other criteria," Hua Du told the function.

The ADB, based in Manila, approved loans and grants for projects totalling \$6.95 billion, and technical assistance amounting to \$198.8 million in 2005.

# Lamy's bid to jumpstart stalled WTO talks

### AFP, Cebu, Philippines

World Trade Organization (WTO) chief Pascal Lamy will meet with Southeast Asian leaders next week as part of efforts to jumpstart stalled global trade talks, an official said Wednesday.

Lamy, the WTO director general, was invited by Philippine President Gloria Arroyo, whose government is hosting a summit of the Association of Southeast Asian Nations (Asean) and related meetings in Cebu province south of Manila.

The Geneva-based Lamy is scheduled to meet with the Asean leaders on Monday, senior Filipino diplomat Luis Cruz said.

Lamy has been doing the rounds of international meetings to gather support for a resumption of the Doha Round of WTO talks, which bogged down in July due to a dispute among major players over agricultural subsidies.

Last month, he met with foreign and trade ministers and addressed top business executives on the sidelines of the Asia Pacific Economic Cooperation (Apec) meeting in Hanoi and cited an "urgent need" to restart the talks.

Pacific rim leaders issued a strong statement calling for an immediate resumption of the negotiations and that they were ready to make further concessions from their current positions.

The Doha round began in the Qatari capital at the end of 2001, aiming to reduce subsidies, tariffs and other barriers to commerce and raising living standards in developing countries.

But the talks have been dogged by disputes between rich and poor nations, as well as among wealthy players, over what concessions are required.

A compromise among trade heavyweights is seen as the key to unlocking the round.

## BTMA goes for direct polls today

### STAR BUSINESS REPORT

Breaking the tradition of nominating directors through consensus, Bangladesh Textile Mills Association (BTMA) goes to polls today for the second time since its inception in 1983.

The BTMA went for direct polls in 2003 for the first time, when candidates failed to reach a consensus on nomination. A similar situation this year has led to holding of elections to 17 posts, BTMA sources said.

Ten directors comprising one from Associate Group of Category-A (yarn manufacturers), five from General Group of Category-B (fabric manufacturers) and three from General Group and one from Associate Group of Category-C (dyeing and finishing) have already been elected unopposed.

Voting will start from 10:30am and close at 3pm without any break. The number of voters is 309 -- 144 from General Group of Category-A and 165 from Associate Group of Category-B.

Thirty one candidates -- 27 from General Group of Category-A and four from Associate Group of Category-B -- are vying for the 17 posts of directors, 15 of which are from General Group of Category-A and two from Associate Group of Category-B.

According to the BTMA sources, the candidates are vying for the posts under two panels -- one led by incumbent chairman MA Awal and the other led by Abdul Hai Sarker.

From Abdul Hai's panel 15 candidates are contesting, while from Awal's panel 12 candidates are in the race for the posts of 15 directors from General Group of Category-A.

The 27 directors will select a chairman, three vice-chairmen for the next two-year term.

## BEI seminar on corporate governance for students

### STAR BUSINESS REPORT

Bangladesh Enterprise Institute (BEI) yesterday organised a seminar on corporate governance in Bangladesh to raise awareness and enhance understanding about the issue among the students of the country.

Held at the BEI Conference Room in the capital, the seminar on 'Corporate Governance for Bangladesh: Issues and Challenges' was chaired by Dr Mohammed Farashuddin, a former governor of Bangladesh Bank.

Three separate keynotes were presented at the seminar, describing various aspects of corporate governance practices in Bangladesh.

Lopa Rahman, project director of BEI, in her keynote on 'Corporate Governance and Bangladesh Enterprise Institute' said BEI initiated the project as there is an e-link between good governance, better performance and foreign investment.

The two other keynotes on 'Corporate Governance: Theories Models and Principles' and 'Corporate Governance: Issues, Concepts, Theories and Applications in Bangladesh' were presented by Mahbubur Rahman, company secretary of British American Tobacco Bangladesh, and Anis A Khan, chief executive officer of Industrial Development Leasing Company (IDLC) of Bangladesh Ltd.

# Asian offshore oil reserves to meet energy needs: Expert

### AFP, Singapore

Deep offshore waters in the Asia-Pacific region hold significant oil and gas reserves which can go a long way in meeting the region's future energy needs, an industry expert said Wednesday.

Paul Hillegeist, president of US energy consultancy Quest Offshore Resources, said the region has an estimated 12 billion barrels of oil equivalent in its deep waters.

"So they are well placed to see increased activity ... global deep water potential is significant," Hillegeist said at an energy conference here.

Another consultant earlier told the conference that oil production in Southeast Asia will peak over the next few years despite growth spots in Vietnam and Thailand.

"The key point is of course in spite of all this growth, we are getting to a peak of Southeast Asia

production around 2012 or 2015," Michael Smith, chief executive of EnergyFiles Ltd, said.

But Hillegeist said looking to the deep water resource will help meet the region's oil and gas needs in the face of expected strong demand spurred by rapid economic development.

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## Pizza Hut Gulshan celebrates 3rd anniversary

### STAR BUSINESS REPORT

Pizza Hut, the first-ever international restaurant chain in the country, celebrated its third anniversary at its Gulshan outlet in Dhaka yesterday.

To mark the occasion, a daylong programme, followed by a Djuice-sponsored musical event, was organised. Alternative bands Roots, Arbovirus and Niloy performed at the function. Djuice, the youth brand of GrameenPhone, is the strategic partner of Pizza Hut.

The pioneering food chain is also offering 'Meal deal @ Tk 99' for both Gulshan and Chittagong outlets on the occasion. The offer will remain valid until December 31.

Addressing the function, Akku Chowdhury, head of operations of Transcom Foods Ltd, the owning company of the Pizza Hut, said the restaurant is not just about serving great foods and delicacies, it also delivers international service and ambience.



PHOTO: STAR  
Akku Chowdhury, head of Operations of Transcom Foods Ltd, the owning company of Pizza Hut, cuts a cake to celebrate the third founding anniversary of the restaurant's Gulshan outlet in Dhaka yesterday.



PHOTO: MERCANTILE BANK  
Shah Md Nurul Alam, managing director and chief executive officer of Mercantile Bank Ltd, and Promoth Manghat, vice president of UAE Exchange Centre LLC, UAE, exchange documents after signing a remittance agreement recently. Under the deal, Bangladeshi expatriates living in United Arab Emirates will be able to send their money home quickly through the branches of the bank.

## Subscription of Telekom Malaysia grows 63pc in Q3

Telekom Malaysia Berhad (TM), with operations in nine Asian countries, recorded a growth of 63 percent in regional cellphone subscriber numbers in its third quarter as of September 2006 to 26.5 million from 16.3 million a year ago.

TM is present in Bangladesh through its 70 percent stake in TM (International) Bangladesh (TMIB) Ltd, while it has operations in such Asian countries as Indonesia, India, Singapore, Cambodia, Thailand, Sri Lanka and Pakistan, says a press release.

"We have increased capital expenditure for our international operations and spent more than US\$400 million in the first nine months of this year," said Md Radzi Mansor, TM group chairman, on the sidelines of the ITU's five-day Telecom World Event in Hong Kong that began on Monday.

The TMIB, established in 1996 and a joint venture company between TM and AK Khan & Co Ltd, operates under the brand name of AKTEL and has more than 4.3 million subscribers nationwide as on September 30, 2006.