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Cut in duty on raw materials, capital machinery sought

Economy under strain: MCCI

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The Metropolitan Chamber of Commerce and Industry (MCCI) has urged the caretaker government (CG) to reduce import duty on basic raw materials and capital machinery from existing 5 percent to 2.5 percent.

The chamber also requested the government to cut the import duty on intermediary goods from 12 percent to 7.5 percent.

The MCCI made the plea while members of the new committee of the chamber, led by its president Latifur Rahman, met Finance Adviser Dr Shoaib Ahmed in Dhaka yesterday. The delegation also placed a set of recommendations to the adviser.

They said all indicators show that the economy is under strain and it is likely to slow down further in the last part of the current fiscal year. It is most essential to keep the

economy in the growth path, for which credit flow to the productive sectors and cost of funds are important, they added.

They felt it necessary that the bank rate and end cost of funds should be coherent. It has been seen in the past that given credit facilities, small and medium enterprises (SMEs) could contribute quickly and improve their competitiveness.

Terming the restrictions on foreign tours of company directors under the Finance Act 2006 a high-handed provision, they appealed to the CG for deleting the provision saying it will affect the industries, particularly the export-oriented ones where foreign tours are an essential part of business.

About 3 percent advance income tax on payments made by credit cards, they said this is not only unprecedented, but also anomalous in the sense that per-

sonal credit cards have to be used (since corporate credit cards are not issued in Bangladesh) for payment quite often for corporate bills like hotel bills and entertainment bills.

The MCCI leaders requested the finance ministry to give a directive to the Bangladesh Bank not to go ahead with the central bank's proposed debt-equity guideline for limiting borrowing of public limited companies. The bank borrowings should be left to bank-client relationship, they pointed out.

They demanded of the CG to start a review on cascading effect of tax on tax so as to help the industries facing the emerging global trade scenario.

On the Securities and Exchange Commission's (SEC) requirement of companies having paid up capital exceeding Tk 40 crore in case of conversion to public limited companies, they suggested that the SEC

notification in this regard should be withdrawn immediately on the plea that such provision is contrary to basic freedom.

The MCCI leaders demanded disbursement of the cash subsidy, placed under the Bangladesh Bank but not yet started, among the non-traditional exporters who had to face difficulties in the last couple of months.

They told the finance adviser that Bangladesh has been once again appointed as the coordinator of the 50 least developed countries (LDCs) in the World Trade Organization, but they are yet to know the role of the country's mission in Geneva has been playing after suspension of the WTO talks since July.

They also suggested that operation of ports, particularly the Chittagong Port, should be kept outside the purview of any political or party line controversy in the interest of the country's economy.

Citigroup may buy into Chinese airline

REUTERS, Hong Kong

China's Spring Airlines is in talks with Citigroup Inc and others to sell stakes as the privately owned carrier looks to outside capital to fund expansion. Two sources familiar with the matter said on Thursday.

The 17-month-old budget carrier has got initial approval from the government to buy 10 single-aisle A320 aircraft and hopes to raise roughly 3 billion yuan (\$384 million) via share placements and an initial public offering to help foot the bill, a source at the airline told Reuters.

"We have discussed share placement deals with several potential investors including Citigroup," the source said.

"We want to sell no more than 20 percent to one or several investors. Talks with Citigroup have passed the initial stage."



MCCI President Latifur Rahman led a delegation that met Finance Adviser Dr Shoaib Ahmed at the latter's office in Dhaka yesterday.

Siemens-IBM in \$9b German accord

AP, Berlin

The German military said Thursday it has tasked a consortium run by Siemens AG and IBM Corp. with modernizing and running much of its communication network, awarding a contract worth some 7.1 billion euros (\$9.3 billion) over 10 years.

The project, codenamed "Herkules," foresees the modernization of the administrative information technology system and of communication networks for the German armed forces, the Bundeswehr.



New president of ICAB

M Farhad Hussain has been elected president of the Institute of Chartered Accountants of Bangladesh (ICAB) for the year 2007, says a press release.

Besides, Showkat Hossain, Md Mustafizur Rahman and Jamaluddin Ahmed have been elected vice presidents of the institute for the same term.

Presently a partner of Hussain Farhad & Co, Farhad was executive director of Bengal Group (Jute Division) and deputy managing director of Desh Beverage Company Ltd.

Showkat Hossain is a partner of Hoda Vasi Chowdhury & Co, an independent affiliate firm of Deloitte Touche Tohmatsu USA, and Mustafizur Rahman is the managing partner of Rahman Mostafa Alam & Co while Jamaluddin Ahmed is also a partner of Hoda Vasi Chowdhury & Co.

More salary-based jobs needed to cut poverty

Says Wahiduddin Mahmud

STAR BUSINESS REPORT

More salary-based jobs are needed to alleviate poverty, as self-employment through micro-finance is not enough, economist Wahiduddin Mahmud said yesterday.

He also said both the rich and poor receive either bank loans or microcredit, but there has also been a group whom he termed 'missing middle class', who has little access to loans.

If the 'missing middle class', who contributes to the economy to a great extent, gets loans facilities, productivity of their enterprises will also rise, leading to increase in wage-based jobs, he added.

Mahmud was addressing the

concluding ceremony of a three-day training programme on poverty, microfinance and development. Institute of Micro-finance (InM), an independent research and training organisation, organised the training for media people.

Fakhruddin Ahmed, managing director of Palli Karma-Sahayak Foundation (PKSF), MA Baqui Khalily, executive director of InM, and Dr Sajjad Zohir, executive director of Economic Research Group, also addressed.

Wahiduddin Mahmud also said commercial banks and NGOs should also reach the 'missing middle class'.

When asked, Mahmud said transparency and accountability in

transactions process are the major reasons behind success of microfinance in the country.

Fakhruddin Ahmed said PKSF is planning to encourage microfinance institutions to develop innovative products not just for loans, but also for other services such as micro insurance, money transfer and savings.

He said PKSF has lent Tk693 crore to microfinance institutions in 2006 and it plans to lend Tk 1400 crore in 2007.

MA Baqui Khalily stressed the need for a strong regulatory authority and a standard interest rate for microfinance institutions.

He also recommended for expanding PKSF network.



Chairman of Eastern Bank Ltd (EBL) AQI Chowdhury inaugurates the 24th branch of the bank on BB Road in Narayanganj on Tuesday. Managing Director and Chief Executive Officer K Mahmood Sattar and other senior officials of the bank, among others, were also present.

Sugar price refixed

UNB, Dhaka

The ex-mill selling price of sugar produced by state-run mills has been re-fixed at Tk 33,000, reducing it by Tk 2,000 per ton. The revised rate comes into effect today, said a PID handout yesterday.

Discussion on investment climate held

Bangladesh Enterprise Institute (BEI) organised a discussion on Bangladesh Investment Climate Assessment (ICA) 2006, in Dhaka on Wednesday, says a press release.

It was the first in a series of publicity events aimed at promoting understanding of ICA among various stakeholders and request for cooperation with the survey of 1500 private enterprises in six divisional headquarters.

Presided over by BEI President Farooq Sobhan, the discussion was attended by representatives from various chambers of commerce and industry, business associations as well as different government bodies.

Industrialists Samson H Chowdhury and Sayed Manjoor Elahi were representing the private sector in the event. GM Khurshid Alam of World Bank Group, Richard Boulter of UK Department of International Development (DFID), and BEI Research Director MH Khaieque also attended it.

The World Bank, South Asia Enterprise Development Facility (SEDF), DFID and the Urban Investment Climate Survey are funding Bangladesh ICA 2006.

India-Russia business summit in Feb

PTI, Moscow

India and Russia are planning to hold an unprecedented business summit in February next year to explore ways to boost bilateral trade to USD 10 billion in coming three years, Indian ambassador Kanwal Sibal said here.

During the course of the summit, over 300 top business persons are expected to visit New Delhi in February 2007, shortly after President Vladimir Putin's state visit, to give a new fillip to bilateral economic interaction.

According to Sibal, India and Russia have set the target of increasing trade to USD 10 billion by 2010 from the current level of USD 3 billion.

He expressed confidence that the Indo-Russian economic forum in New Delhi would help in achieving this goal.

Sibal told reporters that India was interested in developing energy partnership with Russia and the Indian entities are ready for joint ventures with Russian oil and gas majors like Rosneft and Gazprom for joint processing of hydrocarbons in Russia, especially in Siberia and Eastern part geographically closer to India.

ONGC Videsh Limited (OVL), the foreign operations arm of Oil and Natural Gas Corporation (ONGC), already has 20 percent stake in the Sakhalin-1 offshore block in Russia's far east under the production sharing arrangement.

Bank Asia, Brac to provide microcredit for the poor

Bank Asia Ltd and Brac, one of the leading non-government organisations, have signed a term loan agreement to provide microcredit facility for the poor, says a press release.

Erfanuddin Ahmed, deputy managing director of the bank, and SN Kairy, director (Finance) of the NGO, signed the deal on behalf of their organisations on Tuesday while Syed Anisul Huq, president and managing director of the bank, among others, was present.

Under its 'Poverty Alleviation Scheme', Bank Asia is providing microcredit facility for the poor to alleviate poverty from the community.

Besides financing eye surgery for the born blinds, arranging eye camps for the poor and offering scholarship to the poor students in rural areas, the bank provides fund for establishing computer learning centres in rural areas.



Prof Rehman Sobhan, chairman of Centre for Policy Dialogue (CPD), and Debapriya Bhattacharya, CPD executive director, among others, pose for photographs with the participants in a dialogue on 'Current Status of the Doha Round Talks: Next Steps for Bangladesh' organised by the CPD in Dhaka yesterday.

WTO DOHA ROUND

Put best efforts to earn market access

Speakers say at CPD dialogue

STAR BUSINESS REPORT

Bangladesh should put its best efforts for early harvest of a market access facility that is free of duty and quota from the Doha Development Round (DDR) under WTO, speakers at a dialogue in Dhaka suggested yesterday.

They said the country should get prepared and lay emphasis more on aid for trade issue so that a substantial chunk of aid can be attained to develop its trade infrastructure.

The dialogue on Current Status of the Doha Round Talks: Next Steps for Bangladesh was organised by Centre For Policy Dialogue (CPD), a think tank, at the Brac Centre Inn.

Chaired by CPD Chairman Professor Rehman Sobhan, the dialogue had a presentation made by Shishir Priyadarshi, senior counselor, WTO Secretariat.

Rehman Sobhan said the developed countries changed their stance on global free economy by losing the competitiveness battle with developing economies like

China.

The globalisation is now proceeding at a fragile way as the developed economies try to impose different barriers on developing economies, which show better competitiveness, he added.

"We should put our best efforts as the leader of the least developed countries (LDCs) to conclude the DDR as early as possible so that the proposals made by the developed countries can be availed of," Debapriya Bhattacharya, the CPD executive director, said, adding there is no substitute to good homework in building the national capacity in trade negotiations.

In his presentation, Shishir Priyadarshi feared a possible withdrawal of principal agreements and further delay in implementation of the decision to provide LDCs a duty- and quota free market access, which are considered some of the implications of the suspension of the DDR.

"If such a delay persists, then 'concluding the round' may appear to be more important than 'fulfilling the development promises made at

Doha," Shishir said with despair.

He said the suspension would lead to weakening the multilateral trading system, primarily by a further proliferation of bilateral and regional preferential trade accords and pressure on smaller countries to accept WTO conditions like stricter intellectual property law in their bilateral agreements.

Replying to a query from the participants, the WTO counselor said bilateral agreements with major trading partners is not a solution for the LDCs.

He said Bangladesh should give thrust on mode 4 or movement of workers and aid for trade issue.

Rajani Alexander, councillor and head of Development Cooperation, Canadian High Commission in Dhaka, Sohail Ahmed Chowdhury, former commerce secretary, Mustafizur Rahman, research director, CPD, and Zaidi Sattar, senior economist, World Bank, also spoke on the occasion.

Tanners offer prices of rawhide

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Tanners and leather goods makers have offered prices of rawhide ahead of the Eid-ul-Azha, which is going to be celebrated on Monday.

They quoted Tk 70 for a square foot of cowhide in Dhaka and Tk 60 outside the capital. They also quoted Tk 40 for a square foot of raw goatskin.

Bangladesh Finished Leather, Leathergoods and Footwear Exporter's Association (BFLFEA) and Bangladesh Tanners Association (BTA) at a meeting on Wednesday offered the prices.

"Sales volume usually exceeds approximately Tk 800 crore during the Eid-ul-Azha, when a huge number of cows and goats are

sacrificed," said Tipu Sultan, president of BFLFEA.

However, 90 percent of the hides of the sacrificed animals are bought by seasonal traders during the Eid, he added.

"Usually the seasonal traders buy rawhides at higher prices and sustain losses, affecting the leather sector. This is the reason we offer the prices," Sultan mentioned.

The traders also urged the government to put law enforcers on alert so that they do not fall victim to extortionists.

Harun Chowdhury, chairman of BTA, SM Azizur Rahman, chairman of Bangladesh Hide and Skin Merchants Association, among others, were present.

New director (Operations) of Texas Group



M Zakir Chowdhury has recently been promoted to director (Operations) of Texas Group Bangladesh, says a press release.

Prior to this assignment, he was the general manager and chief operating officer of the company.

A Master in business administration from IBA, Dhaka University, and in economics from Jahangirnagar University, Chowdhury joined the company in 2000.



Erfanuddin Ahmed, deputy managing director of Bank Asia Ltd, and SN Kairy, director (Finance) of Brac, exchange documents after signing a term loan agreement on Tuesday to provide microcredit facility for the poor. Syed Anisul Huq, president and managing director of the bank, among others, is seen.