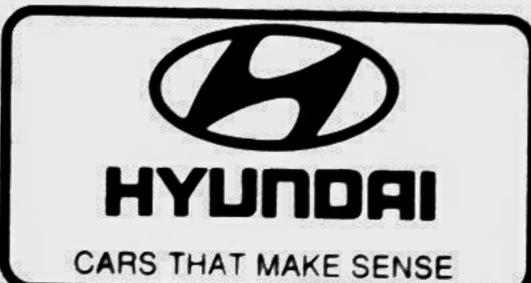


DThe Daily Star DUSINESS



BGMEA says it will 'ruin our business': Commerce Minister defends decision

Govt cancels disputed GSP certificates

By Toufique Imrose Khalidi and Govinda Shil

The government has decided will be issued by the EPB later to cancel the disputed GSP certhis week, before the minister tificates which gave a competileaves for Brussels September tive advantage to certain 13, officials said. Bangladesh garment products The Cabinet Committee.

destined for European Union formed to deal with the crisis markets with a 12.5 per cent after the EU asked the governduty waiver. ment to cancel the certificates The exporters' group. BGbecause what the Union said MEA, in its immediate reaction they did not follow the criteria. has called it a decision detritook the decision after mental to their interests. "thoroughly" studying the im-An official announcement

> The officials also admitted the government decision followed failed diplomatic at-tempts from Dhaka to make the EU officials change their mind.

pact, officials said.

"The other options wouldn't do any good to our national interests,* Commerce Secretary Syed Alamgir Farouq Chowdhury said, echoing his minister.

"We had roughly US\$ 60 million at stake (in case of disputed certificates), while we stood to lose business involving US\$ 1000 million (in other exports) if we didn't cancel them. he told The Daily Star. "It

would be bad mathematics." Both the minister and the secretary said other exports such as leather, jute and frozen food were also enjoying the GSP facility, given by the EU unilaterally

"So they have the right to withdraw unilaterally," according to the secretary, one of the key officials who conducted negotiations with the EU officials. In the last few months, the foreign minister, the commerce minister, the foreign secretary also joined the government bid to convince the European

Commission. BGMEA president Mostafa Golam Quddus and his backers immediately launched an attack on the government in their reaction to The Daily Star yes-

"I strongly feel that such a decision may ruin the whole industry." Quddus said, arguing

that the importers would have to pay back a huge sum in unpaid duty to the EU Customs authorities, which would eventu-

ally affect the exporters here.
"Nor do I understand whose interests will be served by this decision."

Nurul Huq Sikder, a BGMEA vice president, backed Quddus. When the commerce minister is scheduled to go to Brussels for negotiations, why did the government cancel now?" he

The minister said he would go to Brussels to discuss the three-year-old Bangladesh plea for a two-stage formula for knitted products. "Yes, it is certain," he said. "The moment these certificates are cancelled. we will allow a two-stage derogation," the minister quoted the EC vice president Manual Marine as telling him in a recent

Sikder also sought to dispute

the government view saying that each exportable item was dealt with separately. A senior EPB official responded to the argument. "The ministry wrote to Brussels for a clarification but was refused one," the official said, which kept the government guessing about what would happen.

Apparently, the government decision came to woo the EU into accepting Bangladesh demand for a two-stage (yarn to fabric and then fabric to readyto-wear products) derogation for Bangladeshi knitwear. Official sources also claimed it would also boost Bangladesh's

But Sikder said it could all come under a package deal -cancellation for two-stage dero-

Currently, for knitted and sweater products, a three-stage transformation -- cotton to yarn, yarn to fabric and then

fabric to ready-to-wear gar-ments -- is needed to qualify for GSP. A two-stage transformation is enough for woven prod-ucts to get GSP. For the two categories therefore, yarn must not be imported.

The 6910 Schedule B cases were jointly investigated by EPB and EU team, which found origin of yarn unproven.

The Commission officials say there's a big difference between figures of exports and local production of such yarn. Privately, the government officials admit the certificates issued did not go by the rule. "At least 70-75 per cent of the individual cases prove that the cotton was imported from India," one official said.

The EU wants another 8562 certificates under Schedule C to be reviewed. A total of 383 certificates under Schedule A were cancelled in November last

Knitwear and sweater exports to EU fetched some US\$ 690 million last fiscal year. For sweater, it is impossible

for Bangladeshi exporters to fulfill the EU criteria. The minister pointed out the country had no local source of acrylic, the raw material for sweater.

But, according to officials, all exporters filled in a prescribed form saying that they were using local acrylic and cot-

The officials said the committee also took into consideration suggestions and opinions from the trade associations, including BGMEA, regarding the cancellation. "None of them. excluding the BGMEA, spoke against cancellation," the

commerce secretary said. Another official said the BGMEA leadership which was represented on the 17-member advisory committee on com-

merce and industry did not also object to its decision to recommend cancellation last week. "It was unanimous," the official

the EPB vice chairman, said a formal announcement cancelling the certificates would come soon, after looking into some legal aspects. "It will be done before the minister leaves

port Promotion Bureau officials.

one unit of Foreign Currency) to

Buying

US Dir 44,4200 44,2545 44,1580

GB Pound 70,4293 70,1669 70,0139

D Mark 24,5122 24,4208 24,3676

F Franc 7,2850 7,2578 7,2420

S Franc 29,8877 29,7763 29,7114

0.3630 0.3617

Selling

44.7105

71.4691

24.9271

7.4100

32.5373

30.4060

0.3729

Days Days Days 43.2231 12.8530 42.1128

Selling Buying

12.1734

21.6495

5.6442

11.9212 11.7733

146.5678 144,7092

15.2439 15.0299

29.4458 29.0628

Sight Transfer

0.3635 0.3625

B.C.

44.7510

71.5452

24.9473

7.4159

0.3737

32.5634

141.5000

Export

7.2870 7.2573 7.2383

32.0014 31.8712 31.7876

12.0223

21.3716

5.5709

OD

A) TT (DOC) US Dollar Spot Buying

C) US Dollar sight export bill 3

months forward purchase: Same as

Indicative Rate

The following are the Janata

Bank's dealing rates (BD Tk for

one unit of Foreign Currency) to

Buying

US Dir 44.4200 44.2493 44.1334

GB Pound70.4486 70.1618 69.9779

D Mark 24.5189 24.4191 24.3551

S Franc 29.8959 29.7741 29.6961

Selling

44.7115

71.4655

24.9196

7.4077

0.3733

32.5272

Name of T.T.& O.D.

Clean

OD sight export Bill buying rate.

Name of T.T.& O.D.

JP Yen

Currency

US Dollar

GB Pound

D.Mark

F. Franc

C.Dollar

S Franc

JP. Yen

Tk. 44.3372

B) Usance Rate

Currency

Saudi Riyal

UAE Dh

KUW DI

D Guilder

Malay Ringgit

public as 07/09/97.

Sing Dollar

S Krona

Name

rrency

F Franc

Currency

US Dollar

GB Pound

D.Mark

F. Franc

JP. Yen

C.Dollar

KUW DI

TT | OD Sight | OD

31,9927 31,8735 31,8040

Export Transfer

B.C.

44.7505

71.5331

24.9497

7,4166

32.5664

30.4332

0.3733

public as on 7th Sept '97.

Minister warns against corruption in jute purchase

Any corruption or negligence in duty in ensuring fair price of jute to the marginal farmers will be dealt with seriously. reports UNB.

said the decision came yester-

day at a meeting of the Cabinet

Committee headed by Finance

Minister Shah AMS Kibria.

Three weeks ahead of the Octo-

it put an end to a months-long

Ahmed strongly defended the

decision. "If we didn't cancel,

the EU would probably with-

draw the GSP facility for entire

exports from Bangladesh," he

A formal cancellation order

Commerce Minister Tofael

ber 2 deadline set by the Union.

uncertainty on the issue.

told The Daily Star.

The warning came from State Minister for Jute and Textiles AK Faezul Haque amidst reports of malpractice and influence of middlemen in jute purchase at government buying centres.

The money given to the jute purchasing centres will have to be used for buying jute only. Punitive measures will be taken against the concerned officials if the money is spent for other purposes," said the Minister while visiting various centers in greater Rangpur district Saturday-Sunday.

He visited buying centres opened at Niphamari, Syedpur, Alamnagar and Mahigani by Adamji Jute Mills, Amin Jute Mills, Kwami Jute Mills, UMC Jute Mills, Rajshahi Jute Mills and Crescent Jute Mills.

Faezul Haque said the government had already taken some positive steps to ensure fair price of jute.

The steps include Tk 152 crore disbursed among the 179 jute purchasing centres across the country and formation of monitoring committees headed by MPs of the jute-growing ar-

Faezul Haque talked to the farmers present at the centres and said the government is sincere to safeguard the interest of the farmers and labourers.

The Minister assured opening more centres and sanctioning more funds for boosting jute market. Anisul Haque Chowdhury

MP. BJMC director Mojirul Islam, Awami League leader Abedin and Deputy Commissioner of Rangpur were present during the visit.

Faezul Haque also visited Darowani Textile Mills in Nilphamari on Saturday



DEATHS AND DISPUTES: Garment workers were on the streets yesterday demanding compensation for five fellow labourers killed in a fire-fueled factory stampede the day before, while the Cabinet Committee came up with the decision to cancel the disputed GSP certificates ending a eight-month impasse. - Star Photo by Amran Hossain.

Beximco Textiles posts Tk 43m net profit

Star Business Report Beximco Textiles Ltd has earned a net profit of Tk 42.53 million for the year 1996.

This was announced at the 3rd annual general meeting of the company held at a city hotel yesterday. ASF Rahman, Chairman of the company, presided over the meeting, says a press release.

The company actually earned a gross profit of Tk 224.75 million in the year

US beats India in property rights dispute

WASHINGTON, Sept 7: The United States has won a dispute in the World Trade Organization over India's failure to protest US patents, US Trade Representative Charlene Barshefsky said yesterday, reports

Barshefsky said the case was the first intellectual property rights dispute to go through the WTO panel process.



Company directors (top) and shareholders (below) at the 3rd annual general meeting of Beximco Textiles Ltd at a city hotel yesterday.

Uniform trading system for bourses to be delayed

Star Business Report

The uniform trading system which was scheduled to take effect on Tuesday will be delayed. according to DSE Chairman MA Huq Hawalader.

The committee will sit again tomorrow to finalise the details of the system for both bourses as demanded earlier by DSE.

The draft regulations which had been formulated earlier were scheduled to be finalised yesterday but the delay had been caused by time sought by Chittagong Stock Exchange (CSE), he said.

BSS adds: Currently DSE follows the system of daily settlement of deals while the CSE follows the 'T plus seven' method in which settlement takes place after every seven days' of transactions.

Informed sources said that CSE Chairman Amir Khasru Mahmud Chowdhury sought some time for going into the modified system because he was away from the country when the SEC gave its decision on uniform system on Thursday.

Howlader said that he expected that the DSE would soon be able to introduce the new system of settlement and that it could be expected after another meeting of the SEC's review

committee. Several small investors

have expressed concern at the possibility of reintroduction of settlement of transaction through netting. Mezbahul Huq, a small in-

vestor, said that reintroduction of netting system into the Dhaka bourse would bring here manipulations that, so long took place at Chittagong. He said that by creating op-

portunity for transactions without physical delivery of shares netting system would benefit traders and help increase volume of trade with less of money but harm investors. Questions raised about

merchant banks

Dhaka Stock Exchange Chairman M A Hug Howlader yesterday said that the Securities and Exchange Commission (SEC), as the market regulators, ought to have taken into consideration the background of the applicant companies in allowing them to function as merchant banks, reports BSS.

Replying to questions the bourse chairman told newsmen that had the SEC taken into consideration the background and capability of the compa-

nies, which had sent in the applications, by now the merchant banks could start functioning to provide the needed

institutional support. But, somehow, he said, here that competence and ability were not being considered.

The DSE chairman also criticised the regulators for bringing in the burden of prof, following the British law.

He said that this meant, "we are moving from here to there for the sake of arguments while solutions are eluding us." The DSE chairman also crit-

icised the regulators for following the approach of looking for an impractical "ultimate solution instead of going in for a more practical approach of seeking an "improved solution" while going for reforms.

"Reform has no end," he said adding, "it ought to be a continuous process and there should be no haste to do everything in one go.

"The result is the ultimate solution only remains far off." he said.

He called for "a scope for flexibility in decision making" and "a step by step approach" in seeking solutions by the authorities.

BGIC declares 24pc dividend, 20pc bonus share

Star Business Report Bangladesh General Insurance Company Ltd (BGIC) has declared a 24 per cent dividend and offered one bonus share for every five shares for the year 1996, says a press release.

The declaration came at the 12th annual general meeting of the company held at Dhaka Lady's Club yesterday.

Addressing the meeting, the Chairman and Managing Director of the Company, MA Samad, said the dividend is higher than that of last year.

To protect the future dividend, the company has created a Dividend Equalisation Fund of Tk 60 lakh. Assets have also risen significantly to more than Tk 40 crore, he added.

The most startling progress, Samad said, has been made in the field of the company's reserve which has gone up by approximately 16 per cent as compared to last year.

ASEAN to take common stand on currencies

KUALA LUMPUR, Sept 7: ASEAN finance ministers will take a common stand on regional currencies at annual meetings of the International Monetary Fund (IMF) and the World Bank in Hong Kong this month, reports AFP.

the press release said.

Body Shop have used their extensive knowledge of the effects of air travel on the body and skin to develop the new kits. which are part of British gramme. Designed to make longhaul flying more comfortable, the programme also includes advise on gentle onboard exercise for passengers to help minimise any feeling of tired-

New offer for passengers

duced a new way for passengers to explore the world - offering a choice of over 470 destinations across the world, the press release added. A special Global Explorer

fare provides customers the opportunity to travel across the world in any direction - removing the restriction of having to travel in a continuous east or west direction applicable to a round-the-world fare.

Greenspan denies rumour

WASHINGTON, Sept 7: Federal Reserve Chairman Alan Greenspan denied in a statement yesterday, resignation rumours that swirled on markets a day earlier, says AFP. "These rumours are non-

sense," he said in the unusual and brief text. The stories were not taken seriously on financial markets

however and had little impact on stocks or bond rates.

Faisal Ahmed Chowdhury, for Brussels," he said.

The Cabinet Committee meeting was attended by Commerce and Industries Minister Tofael Ahmed, Law Minister Abdul Matin Khasru and State Minister for Fisheries and Livestock Satish Chandra Roy. Also present at the meeting were the commerce secretary, Finance Secretary Dr Akbar Ali Khan, Chairman of the National Board of Revenue Shah Abdul Hannan and senior Ex-

BA unveils Exchange Rates The following are the Sonali new plans Bank's dealing rates (BD Tk for

Star Business Report

British Airways in bringing in changes and improvements in in-flight services as it prepares for the new millennium. the airline announced.

According to plans, it will unveil a new brand name, look and programming strategy, reflecting the airline's "new identity for the millennium," a press release said.

The new overall brand name is "Omnia". On the airline's television channel, this will be presented in the form of a 40 second "umbrella" branding sequence. Separate identities have been created for each of the airline's current eight separate channels.

The new brand name, Omnia, derived from the Latin word Omni, was chosen to capture the sense of "something for everyone" and signifies the move away from the corporate, functional format of the British Airways ... Entertainment Network to a more informal, cosmopolitan style.

In another development, British Airways has joined up with The Body Shop to produce new in-flight comfort kits for its Club World passengers - and benefit community initiatives in India and around the world.

British Airways and The Airways unique well-being pro-

British Airways has intro-

S. Franc 30.3965 30.4304 Janata Bank's selling and buying rates in cash currency for public: Selling Buying US Dir 45.0000 44.5000 GBP 70.4700 68.4700 S Riyal 11.9000 11.5500 UAE Dh 12.0500 11.5500

146.5000

world that would be 2.7 million

Groundnut oil was down 10

CEREALS: Stable. Drought

in Australia continues to worry

the market. The winter wheat

harvest of that important ex-

porter will drop by 28 per cent

in 1997-98 compared to the pre-

vious year due to El Nino's ef-

fects, according to official fore-

ket, however, the wheat price

eased by a bit more than 4 cents

to 3.72 dollars a bushel (for

September delivery).

On the Chicago futures mar-

Maize (corn) prices were up 4

higher than last year.

dollars to 1,085 a tonne.

Commodity market: Prices of silver, lead firm; tea, cotton down on the Chicago market. prices, GNI noted. price changes. The reference weeks due to a drop in gasoline tonnes in 1997/98, made by oil

markets in London and New York came back to a boil this week as the main feature on the commodities markets, following the summer break, heated up by the prospect of a low harvest in Indonesia - in third place among coffee exporters. reports AFP.

Coffee plantations in Southeast Asia have been hit hard by drought. Experts said that if indonesia does not get any rain by the end of the month, the big Robusta producer will record a disastrous harvest. The abundance of the 1997

Arabica harvest in Brazil, the sector heavyweight, would find it hard to make up for a poor harvest in Indonesia, as Robusta has the advantage of being less expensive for instant coffee manufacturers.

But Vietnam might help make up for the weakness of Indonesian exports thanks to an exceptional harvest. Elsewhere, on the commodi-

ties markets, soya prices surged

GOLD: Under pressure. The announcement this week of the sale of 31 tonnes of gold by Russia in August was perceived as "slightly negative" for the market, according to experts at British brokerage GNI.

That sale "adds to the concern about central bank sales from elsewhere", GNI said. Several central banks have recently gotten rid of part of their gold stocks, shifting to foreign currency reserves or other investments that are easier to use.

That background factor has depressed the market since the end of last year and has contributed to a marked drop in But the announcement of the

Russian gold sale did not destabilise the market, as the price fluctuated around the level of 322 dollars an ounce against 325 last week, actually, some substantial gold buying on the physical market by the jewelry sector and small investors is contributing to sustaining

SILVER: Firm. The metal continued to enjoy operator confidence and the price remained firmly at around 4.70 dollars an ounce. One operator said the price had been sustained by bank buying.

Mexico, the world's leading

silver producer, will turn out more than 100 million ounces next year, up 3 per cent on this year, according to a silver institute report. It said the rise in Mexican output is explained by an increase in world demand, especially for the photo industry and jewelry.

PLATINUM AND PALLA DIUM: New strength. Some buying of platinum futures in Europe bolstered the price of the precious metal, used by jewelers and catalytic exhaust manufac-The platinum price climbed 12 dollars to 420 dollars an

ounce because of such technical

operations and despite the an-

nouncement of an increase in

sales of the metal by Russia af-

ter an interruption of more than six months in platinum exports due to administrative Palladium lost three dollars

to around 187 dollars an ounce. COPPER: Weak. Copper prices remained enfeebled by the constant increase in stocks on the London Metal Exchange (LME) and relatively abundant supply. The reference price (for

three-month delivery) was stable by comparison with last week at 2,160 dollars a tonne. LEAD: Firm. Lead prices were firm, rising by 10 dollars to 650 dollars a tonne. But the increase in lead reserves on the LME made price prospects uncertain.

in anti-corrosion treatments. suffered through a tough week marked by price tensions on the spot market and by market intervention. ALUMINUM: Quiet. Prices slipped a week after LME inter-

vention to prevent excessive

ZINC: Tormented. Zinc, used

price (three-month deliver) fell by 10 dollars to 1.620 a tonne. But according to GNI, the possibility of a price rise cannot be ruled out

NICKEL: Hard. The price of nickel, used in special steels. rose by 40 dollars this week to 6,700 a tonne as Russian producer Norilsk continues to run into technical problems, which will probably force a cut in its exports.

Norilsk is the leading seller of nickel to western manufacturers. TIN: Quiet. There was no news to give this metal a direc-

tion, as the price rose by 40 dollars to 5,460 per tonne. OIL: Calm. Crude oil prices were little changed on the week, staying at around 18.3 dollars a barrel for North Sea Brent. The announcement of a de-

cline in US reserves of gasoline (petrol) and crude oil had a tendency to firm prices. But experts at Goldman Sachs say prices might decline in the coming

consumption resulting from seasonal factors. RUBBER: Firm. The British rubber index remained firm, up

five pounds to 595 pounds per tonne, while the market continued to watch the monetary turbulence in Southeast Asia, the world's biggest rubber producing area. COCOA: Quiet. Prices fluctuated little over the week, ending

slightly higher, even though the market continues to worry about the effects of El Nino on producing regions, in West Africa and Indonesia TEA: Drop. Demand declined on the London auction market,

pushing prices lower. Mediumgrade team traded at around 145 pence per kilo, against 152.5 the previous week. SUGAR: Passive. The announcement of a marked dip in exports from Thailand, a lead-

ing world seller of cane sugar. did not surprise the market. The country is expected this year to sell only 4.16 million

tonnes against the initial forecast of almost 4.5 million, GNI says, but the market did not move on the news, nor even on the announcement of floods damaging the cane crop in Pakistan.

The price in London stood at 325 dollars a tonne, the same as last week. OILSEEDS: Jump. Lower

temperatures in US fields that might damage the future soya harvest drove prices on the Chicago board of trade sharply higher as they rose by 32 cents to 6.93 dollars a bushel (September delivery). The small size of American

stocks in the face of growing demand, particularly from Brazil, also helped move prices higher.

On the Rotterdam market, palm oil eased by 2.5 dollars to 510 per tonne, while sunflower stayed at 535 dollars a tonne.

Rapeseed was up three

guilders to 110.5 despite the an-

nouncement of an abundant

world harvest of 33.7 million

spite a Chinese order for American cotton.

casts.

cents to 2.70 dollars a bushel (September delivery) COTTON: Dip. Prices slipped by one cent to 80 cents a pound due to speculative selling de-

WOOL: Routine. The eastern Australian index was up by 17 Australian cents to 688 cents a kilo in quiet trading.