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MCCI for further cut in bank rate

Concern over illegal inflow of goods through under-invoicing and avoidance of tariff on imported products

By M Shamsur Rahman

The Metropolitan Chamber of Commerce and Industry (MCCI) has suggested a further two per cent reduction in bank interest rate to help local industries face the global competition.

At a meeting with Commerce Minister Abdul Jalil, MCCI President Latifur Rahman said the bank rate, which was reduced by 1.5 per cent following repeated pleas by the business community, should be cut further by another two per cent so as to bring it down to five per cent.

The MCCI president pointed out that when the present government took over office in June 1996, the bank rate was

6.5 per cent. It was increased to seven per cent in 1996-97 and subsequently to eight per cent in 1997-98 financial year.

Rahman also said that despite being protected under the present tariff policy, local industries were still seriously hurt due to illegal imports through under-invoicing and avoidance of tariff on imported products.

"Both under-invoicing and dodging of tariff duties are still rampant," the MCCI president said. "Hopefully, the pre-shipment inspection (PSI) scheme, expected to go into operation in February, will help solve the problems to some extent."

He also said that there were many operational problems like hartial, banking problems and power disruptions which were adversely affecting the performance of the manufacturing sector.

Rahman said that issues like hartial were all the more complicated, but there should be a move to sort out the banking and electricity hitches.

The MCCI, representing most of the companies listed with the country's stock exchange, also called for launching an equity finance facility to help industries modernise and also to finance new industries.

"This is essential for achieving our full industrial potential. The World Bank and IMF should be immediately approached for requisite funding to the tune of US\$ 100 million to US\$ 150 million for the purpose," Rahman said.

He also observed that these organisations have provided funds for matching grant facilities to promote export and there was no reason for them not to consider such proposals.

Regarding the port problems, the MCCI president said the so-called incentives scheme which has been agreed with the dock workers -- one of the three groups of workers agitating in the Chittagong Port

-- are due to create further complications.

He also said that there were no signs for the decline in port problems.

Regarding the next round of WTO talks and the move by the developed countries to include non-government organisations (NGOs) in the decision-making process regarding global trade, the MCCI chief said: "We should definitely oppose the participation of NGOs because WTO is a government organisation."



The new committee of Metropolitan Chamber of Commerce and Industry, Dhaka led by its President Latifur Rahman called on Commerce Minister Mohammad Abdul Jalil at his office yesterday. — MCCI photo

Tofail blames banks for loan defaults

Existing laws, poor port management, hartals hinder industrial growth

Star Business Report

Industries Minister Tofail Ahmed yesterday blamed the banking practices for loan defaults, saying that delay in sanctioning credits, working capital along with high interest rates are the prime reasons for borrowers' delinquency.

"There are so many examples of banks taking up to a year to sanction loans and sometimes they take another year to provide working capital to the industries. The process is also too much complicated," said the minister.

Tofail was speaking as chief guest at the two-day workshop on "Social and Environmental Performance in Textile and Garment Exports" organised by Bangladesh Textile Mills Association (BTMA) in collaboration with the Commonwealth Science Council, London and the Asian Productivity Organization, Tokyo. BTMA president Salman F Rahman chaired the inaugural session of the work-

shop held at a city hotel.

"Even our present banking laws are not industry-friendly," he said. "We have decided to change the present laws which at present do not allow an industrial unit of a group to take loans if another unit of the same group has classified loans."

Besides, the cost of production is higher due to some unfriendly factors including hartals and poor port management, he said.

"The textile sector in Bangladesh is a growing one, but it faces a lot of problems. We have to be prepared now to face the post-2005 situation."

UNB adds: Tofail said the environment and labour standards are being used by developed nations as non-tariff barriers against the least developed countries.

Souza Menezes defended EU's strong attachment to core labour standards, human rights and environment protection.

The Industries Minister said social clause, labour standards, environment and eco-labeling are considered new types of non-tariff barriers for LDCs which are highly marginalised and trade liberalisation.

He referred to WTO's Seattle meeting that was dominated by issues like environment and labour standards where LDCs fought for market access to developed countries.

Referring to AFL-CIO instigated demonstration during the WTO meet held in December, he said the same American labour organisation has been pressing for allowing trade union activities in Bangladesh's export processing zones.

"There is no problem in EPZs now, but it seems we go-

ing to create problem there," he said.

Tofail, however, spoke of government's preference in maintaining environmental standards in industries. He named some private sector industries, including BEXIMCO's Industrial Park that maintain high level of environmental standards.

He mentioned Bangladesh's unique success in eliminating child labour from garment sector in a prompt response to the call from importing countries including USA.

Antonio De Souza Menezes said the EU's firm constitutional commitment to democracy, rule of law, human rights and fundamental freedoms is reflected on its strong attachment to core labour standards.

He said European Union favours a joint WTO-ILO high level meeting on trade, globalisation and labour issues.

many countries has become increasingly vocal on relationship between trade and environment. Consumers are more and more prepared to exercise their market power, he said.

"Consumers in Europe are very much pushing for applying the EU eco-labelling scheme to imported T-shirts."

Timely adjustment to consumer's concern is the baseline of successful trade and economic development. The EU envoy noted.

Commonwealth Science Council representative Dr Ritu Kumar said Bangladesh is the first among its 36 member countries to launch SPIES programme. She said India, Sri Lanka and Mauritius have also expressed their interests in the programme.

State Minister for Environment and Forest Ashiqur Rahman and BTMA chairman Salman F Rahman also spoke on the occasion.

Another EU food aid consignment arrives at Ctg

Sri Lbona, a ship carrying 25,000 tonnes of wheat from the European community, is now discharging its cargo into the grain Silos of Chittagong, says a press release.

Robert Hynderick, Food Security Adviser of the European Commission, went to Chittagong together with F Thomas of SGS, Paris, to witness the discharge operations. They also met the Silo Superintendent Gazir Rahman and the controller of Movement and Storage, Abdul Halim.

This consignment is the last of a total allocation of 240,000 tonnes of food made by the European Commission in favour of relief, rehabilitation and poverty reduction programmes in Bangladesh.

This particular consignment will replenish the stocks that have already been used in favour of the Vulnerable Groups Development Programme and the Rural Development Programme. The programmes provide support, training and employment to vulnerable people, mainly women, in rural areas of the country.

Mauritius agrees to boost trade with Bangladesh

PORT LUIS, Jan 19: Bangladesh and Mauritius have agreed to expand their bilateral business and economic ties, visiting Labour and Manpower Minister M.A. Mannan and President Cassam Uteem decided in their meeting here Monday, says BSS.

During the meeting, Uteem suggested exchange of delegations between the two countries to explore prospects of greater economic ties. They discussed the possibilities of importing shrimp, leather and leather products and jute and jute products by Mauritius from Bangladesh and joint investment in several sectors.

President Uteem praised the performance of Bangladeshi workers employed in his country.

Mannan held separate meetings with Mauritius Minister for Industries and Commerce Xavier Luk Duval, Labour, Employment and Human Resources Minister S. Fanguo, Export Promotion and Investment Affairs Chairman Kamal Tapoea.



Picture shows the stall of Packers Bangladesh Ltd., a leading packing item manufacturer of the country, which participated in the four-day packing fair, INDPACK 2000, organised by Indian Institute of Packaging and the Indian Ministry of Commerce at Netaji Indoor Stadium, Eden Garden, Calcutta. Packers Bangladesh was the only participant from Bangladesh with its main products carton box, poly bag, plastic hanger etc. At the fair held during January 14-17, the company got sound response from the Indian buyers. — Packers BD photo

New IMF lending plan seen covering 40 nations

LIBREVILLE, 19: The International Monetary Fund expects several countries to join its new lending facility in the coming months and as many as 40 could be covered by the end of the year, a top official said yesterday, reports Reuters.

The lending tool, known as the Poverty Reduction and Growth Facility (PRGF), replaces the Enhanced Structural Adjustment Facility (ESAF), which for more than a decade has been the benchmark for achieving macro-economic stability in unstable and indebted countries.

Two or three should be (into PRGF) in January and quite a

few more done by March," IMF first deputy managing director Stanley Fischer told Reuters on the sidelines of a conference on poverty reduction and growth in the Gabonese capital.

"Of 36-41 eligible countries, we'd like to get the great majority of them into the PRGF programmes within the year -- that means a lot of work, pretty quickly."

The new facility is designed to take a more inclusive approach to macro-economic restructuring, encouraging development agencies and various civil society organisations from unions to non-governmental organisations to add

their views on how poverty can best be reduced and growth stimulated.

Whereas ESAF was often criticised for its overemphasis on strict budget deficit, growth and inflation targets that countries often failed to meet, PRGF puts the onus of designing an adjustment programme onto the recipient, which must make a proposal of the IMF before being bought into the programme.

"For it to work, a key goal will be gross domestic product growth of between five and eight per cent if the poorest people are to see any change in their livelihood."

Mercantile Bank opens Joypara branch

DOHAR (Dhaka) Jan 19: Commerce Minister Abdul Jalil said here yesterday that banking should not be meant for profit only, rather it should be based on a motto of enhancement of the existing socio-economic development and open up new avenues for employment, reports BSS.

Inaugurating the Joypara branch of Mercantile Bank, the minister said the banking sector has to be survived through the tough competition being emerged in the time of globalisation and liberalisation. "Only better services to the clients can ensure survival of a bank," he observed.

The Commerce Minister said it is mandatory for banks to ensure security of clients' deposit so that they could not lose their confidence.

Bangladesh seeks Thai investment in a bigger way

BANGKOK, Jan 19: Bangladesh Tuesday invited Thai entrepreneurs to invest in Bangladesh in a bigger way and expressed the desire to further develop its ties with Thailand in all fields, including agriculture, reports BSS.

The invitation was made when Bangladesh Ambassador to Thailand Sohrab Hossain paid a courtesy call on Thai Prime Minister Chuan Leekpai at the latter's office.

Referring to the excellent bilateral relations existing between the two countries, the Bangladesh envoy mentioned that Dhaka was keen to develop cooperation with Bangkok, particularly in agro-based industry, fisheries, energy, telecommunications, tourism and water resources.

Women entrepreneurs' confce begins in Delhi Feb 7

NEW DELHI, Jan 19: A three-day global conference of women entrepreneurs, Women Entrepreneurs, a major force for new vistas of growth in the new millennium, will begin here on February 7, reports BSS.

More than 1,000 women entrepreneurs are expected to participate in the conference from all over the world including the SAARC countries. The conference will be organised by the Federation of Indian Women Entrepreneurs (FIWE), president of FIWE, Rajni Aggarwal, said here at a press conference today.

She said a 60-member delegation representing Bangladesh — comprised of both individual

entrepreneurs and non-government organisations (NGOs) — is expected to participate in the meet. Of them, 25 have already confirmed their participation. From Pakistan, she added, two have confirmed their participation while a few more are expected to join.

Apart from Rajni Aggarwal, Dr Mohini Giri, chairperson of Guild of Services and a patron of the organisation, and Sarla Gopalan, a secretary to the Indian government, spoke at the function.

An interesting feature of the conference is the buyer-seller-meet-cum exhibition to take place concurrently, where more than 75 participants will exhibit their products, preparing

the ground for future interaction.

On the outcome of the 7th Global Conference, Rajni Aggarwal said, "This conference will help women to realise their true potential and to excel in their chosen fields."

In an era known as the century of minds rather than of muscle, women have a progressively more dynamic role to play in shaping the profile of industry, she added.

Aggarwal said the FIWE seeks to promote, support and facilitate the regional associations of women entrepreneurs all over India by rendering a package of services — financial, legal and managerial.

Lanka reiterates its interest in free trade with Bangladesh

COLOMBO, Jan 19: Sri Lanka has reiterated its interest in free trade with its SAARC partner Bangladesh, and leading Lankan businessmen and industrialist seek private sector campaign from the Bangladesh side for the proposed free trade, reports UNB.

Their interest found expression when the special task force to support economic expansion activities between Sri Lanka and Bangladesh and Ceylon Chambers of Commerce had a meeting with a visiting FBCCI delegation here yesterday.

The Federation of Bangladesh Chamber of Commerce and Industry President Abdul Awal Minto led a 10-member delegation in the meet-

ing. He said he had told the Lankan business tycoons that they would try to pursue the government to take a positive decision on this matter. "There is no reason for us not to go for free trade with Sri Lanka."

India has already such free trade with Nepal and Sri Lanka. SAARC and SAPTA permit the free trade systems.

At a press conference that followed the meeting, Sri Lanka Deputy Finance Minister Prof GL Peris said the bilateral relations between the two countries are very cordial, but economic relations and trade should be developed further.

Peris who had visited Bangladesh said that although business will be done by the private sector the governments have to be the initiators.

Bangladesh and India," said the minister who received wounds in his right hand during an assassination bid on President Chandrika Kumaratunga recently.

Asked whether they want only export-import through free trade, the FBCCI president said both sides are also keen on cross-country investment. "Trade and investment are inter-related."

Termining the 11-12 million-dollar annual business between the two countries as very negligible, he said there are huge opportunities to boost the existing bilateral trade.

He described their current visit as very important and said that businessmen from the two countries through meetings and one-to-one talks are identifying the new fields for trade and investment.

A top business tycoon of Sri Lanka, Deshamanya L. rith Kotelawala, told the press conference that his country, apart from trade and investment, was interested to replicate Grameen Bank in the islands with help from Bangladesh.

Businessmen from the two countries had earlier identified various sectors in boosting trade and joint venture projects in Bangladesh.

The fields included rubber, tea, tourism, information technology, shipping, aviation banking and finance, coconut goods, garments and stock market.

Korea trade fair begins in city on June 6

Korea Trade Center, Dhaka (Kotra), Commercial office of the Korean Embassy, is going to organise a four-day Korea Trade Fair 2000 at the Pan Pacific Sonargaon hotel, in the city from June 6 to promote trade and investment in Bangladesh, says a press release.

The exhibition allows Bangladeshi companies to choose right connection and potential trade and investment partners from the largest congregation of Korean suppliers under one roof.

KOTRA expects that about 50 companies including leading multinationals and their local agents will take part in this event.

Funds love techs, media, telecoms

LONDON, Jan 19: Investors the world over love telecommunications, media and technology (TMT) stocks, according to the Merrill Lynch Gallup Survey of global fund managers for January released yesterday, reports Reuters.

The TMT love affair was revealed when for the first time in its 10-year history, the monthly survey asked investors to list their favourite and least favoured sectors.

Fully 62.2 per cent of funds said they were bullish on the three red-hot growth sectors, with just 5.7 per cent bearish.

building material suppliers as well as tobacco companies, utilities and airlines.

Growth stocks are in industries which investors believe have strong potential for long-term growth while the fortunes of cyclical industries are closely tied to overall economic growth.

Trevor Greetham, global strategist at Merrill Lynch said investors seemed to have no fears over soaring TMT share valuations which have been rising through most of the second half of last year.

"People are very keen to buy these shares. Partly fund managers are acting as momentum investors here," he said.

the central banks actually raised interest rates this year as the survey forecast, then the consequent reduction in market liquidity could take interest away from the sectors.

The survey found bulls outnumbered bears globally of high-tech shares by 21.2 per cent, while there were 20.5 per cent more bulls of telecommunication shares and 14.8 per cent more bulls than bears of media shares.

The survey also found that investors expected the US and British economies to slow this year but expected firm growth in Europe and accelerated growth in Japan and South Africa.

concerned that their equity markets were overvalued and were also most bullish on their companies' profit prospects.

The US managers expected a further 50 basis points to be added to short term interest rates by the Federal Reserve Board to be enough to cool the economy this year.

They forecast a GDP growth rate of 3.3 per cent this year falling to 2.7 per cent in 2001.

The expectation that the US economic expansion will continue for the foreseeable future may explain why 68 per cent of fund managers chose growth stocks as their favourite broad sector on a year's view," the survey noted.