Star Business

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Dieter C Becht new GM of Sonargaon Hotel

Dieter C Becht joins The Pan Pacific Sonargaon Hotel as its new General Manager today, says a press release of the hotel.

Brecht who is a German national, replaces Hans G Winsnes.

He is a certified hotel administrator with more than 40 years of experience in hotels and restaurants. Recently, he held the positions of the Vice-President, Operations & Development; Area Director and General Manager with a solid background in management. He has worked in countries like Indonesia, Korea, Japan, Vietnam, Hong Kong, Malaysia and the Philippines.

Decision to let BTTB in cell phone business irks FICCI

Move seen sending wrong signals to foreign investors

Star Business Report

The Foreign Chamber of Commerce and Industry (FICCI) has expressed its deep concern over the government's decision to allow Bangladesh Telegraph and Telephone Board (BTTB) in cellular telephone business, saying it is 'yet another anti-private sector initiative' that would send wrong signals to prospective foreign investors.

"BTTB, being both a regulator and an operator, will enjoy certain fiscal advantages over its competitors which, as we feel, is not only unjust but also unethical in terms of fair business practice. Such actions on the part of the government will also send bad signals to the prospective foreign investors in any sector," Wali Bhuiyan, President of FICCI, said yesterday at the monthly luncheon meeting of the chamber in the city.

However, Industries Minister Tofail Ahmed, who was present on the occasion as the guest of honour, observed that there was nothing wrong in allowing BTTB in cellular business as long as people get benefited.

"I think it would be better if there is competition between the private and the public sectors," Tofail said. "What's the harm if the people reap the benefit?"

But when his attention was drawn to the fact that BTTB might enter into business without paying the license fee, radio frequency fee, call termination charges and sharing revenue as are applicable for the private operators, the minister said he would communicate the matter to the authorities concerned.

Tofail agreed with the FICCI President that the government should keep out of business. But he said there are certain sectors where the government has to get involved for 'public interest'.

Tofail also asked the foreign investors whether they have any objection if BTTB starts business in cellular phone by fulfilling all the obligations which are applicable to the private operators, the FICCI members said that they would not mind a level-playing field for the private and public sectors.

In his opening remarks, the FICCI president said different obstacles are frustrating the foreign investors despite 'excellent written investment policies'. The FICCI also alleged that the politicians often neglect the private sector interests because of narrow political expediency.

Expressing his concern over the non-implementation of the private container terminal project at Chittagong and Dhaka due to opposition from some 'vested quarters', Wali Bhuiyan said. "We would call upon the government to be firm in removing the unjust hurdles put up in the way of project implementation. Otherwise, it will tell upon the efficiency of the government and the image of the country."

"Bureaucracy offers severe pain to investors," the FICCI president added.

FICCI also said that the recent government restriction on the movement of trucks in the city before 8 pm has caused serious problems for the business community.

"Security and timely delivery of goods have become major problems as a result of this decision," Wali Bhuiyan said, calling upon the minister to consider issuance of special pass to manufacturing industries to ply trucks during the day time.

PHOTO: PRIME BANK

Ziaul H Siddiqui, Executive Director of Bangladesh Bank, and Naser Bukhtear Ahmed, Deputy Managing Director of Prime Bank Limited, sign a co-operation agreement on Equity Entrepreneurship Fund at the premises of Bangladesh Bank on Tuesday. M Shahjahan Bhuiyan, Senior Executive Vice-president, Sheikh Moyeen Uddin, Asst. Vice-president, A H M Monjur Morshed, incharge of SME Credit Cell of Prime Bank, and A K M Amjad Hossain, Deputy Director of Bangladesh Bank, are also seen in the picture.

New office-bearers of BJSA

Ahmed Hossain, Chairman

Mohammad Shahjahan, Vice Chairman

Ahmed Hossain, Deputy Managing Director of Nawab Abdul Malek Jute Mills (Bangladesh) Limited, Dhaka, has been re-elected Chairman of Bangladesh Jute Spinners Association (BJSA) for the 2001-2002 and 2002-2003 terms, says a press release.

The election took place at the 22nd Annual General Meeting of the Association held at its Conference Hall in the city yesterday.

Mohammad Shahjahan, Director of Shamsher Jute Mills Ltd, Dhaka, has been elected as Vice-Chairman.

The new committee consists of Farhad Ferdaus, Director, Ferdaus Jute Mills Ltd; M R Zaman, Managing Director, Islam Khan Jute Mills Ltd; A F M Fazle Rabbi, Chairman, Patuakhali Jute Mills Ltd; Najmul Huq, Managing Director, Sadat Jute Industries Ltd; A B Siddiqur Rahman, Managing Director, Shinepukur Holdings Ltd, and Muhammad Shams-Uz Zoha, Director, Supreme Jute & Knitex Ltd.

New economic chief of China

Reuters, *Beijing*

China has appointed Li Rongrong to one of the country's most powerful economic posts as head of the State Economic and Trade Commission, the official Xinhua news agency reported Wednesday.

Li, former deputy head of the commission which sets economic policy, replaced Sheng Huaren, Xinhua said.

Officials said Sheng, who has been at the commission since 1998, would become head of the financial and economic committee of the National People's Congress, or parliament.

Xinhua also said Xu Guanhua had been appointed minister of science and technology.

Free market access of LDC products to EU: An analysis

Bangladesh eyes huge farm export potential

Star Business Report

The European Union's (EU) nod to duty and quota-free access of all products save arms from the 48 least developed countries (LDCs) has opened up a huge potential for Bangladesh to export agriculture products.

"Being an agro-based country, Bangladesh can exploit this opportunity to export a number of high-duty products like poultry and frozen ducks. On the other hand, it can look into the possibilities of developing banana cultivation and earn huge foreign exchange," said Dr Mustafizur Rahman of the Centre for Policy Dialogue (CPD).

The EU officials in Dhaka also said this is a unique chance for Bangladesh to diversify its export basket and the country should proactively explore the European market.

For example, the EU imposes around 60 euros in tariff on 100 kg of chicken meat and Bangladesh can easily capture this market if it develops its poultry industry.

But at the same time, Bangladesh can also enter the rice market in EU taking advantage of the free-access facility.

One main effort should be in maintaining quality. At least in the short and medium term, many LLDCs would probably not be able to respect the sanitary, phyto-sanitary and marketing standards necessary to sell in the EU market, says an EU analysis.

This holds in particular for animal products as well as for fruits and vegetables. Major investments would be needed in the countries concerned in order to develop a production for export to the EU market.

According to the EU decision, duties on fresh bananas will be reduced by 20 per cent annually starting on January 1, 2002 and eliminated at the latest on January 1, 2006. Duties on rice will be reduced by 20 per cent on September 1, 2006, by 50 per cent on September 1, 2007 and by 80 per cent on September 1, 2008 and eliminated at the latest by September 1, 2009. Duties on sugar will be reduced by 20 per cent on July 1, 2006, by 50 per cent on July 1, 2007 and by 80 per cent on July 1, 2008 and eliminated at the latest by July 1, 2009.

In practical terms, the EU move provides for the extension of duty- and quota-free access for a further 919 tariff lines (that is, about 10 per cent of the 10,500 tariff lines in the Community's tariff schedule).

Some of the agricultural products involved in the EU proposed liberalisation are relatively sensitive and are currently imported under quota concession into the EU market. For many of them the current gap between the EU and the World price are substantial, and once import tariffs are lifted the EU market would become a very attractive destination for agricultural exports, an EU analysis says.

In addition the LLDCs could in a medium to long-term perspective develop new production capacities, in particular if new export opportunities attract more foreign investment in the farm sector.

The biggest producers of bananas and sugar are in ASEAN/SAARC which concentrates almost half of the world production of bananas (approx. 22 million tons), more than half of world production of rice, and sugar production of about 30 million tons, that is almost twice the EU production, the analysis further mentioned. Notable in the ASEAN/SAARC is also the production of pineapples and of 8 million tons of citrus fruit -comparable with the size of production in the EU.

On the other hand, production in the animal sector is limited to about 5.5 million tons of meat (2 million tons of bovine meat and 1 of sheep meat) 16 million tons of whole milk and 2 million tons of skimmed milk. Currently, animal production in the LLDCs is completely absorbed by domestic consumption and for these products domestic production is not enough to cover internal needs.

Characteristics of the EU demand side

As regards rice, the total consumption in the EU is around 1.7 million tonnes of which about 850,000 tonnes is long grain Indica rice, a type of rice in direct competition with actual available Indica varieties in the LLDC's or neighbouring countries (ASEAN/SAARC).

The other 950,000 tonnes of EU consumption consists of Japonica, round grain rice, actually not produced in these regions.

Economic incentive to export duty-free LLDC rice to the EU

The 850,000 tonnes are sold at the EU market at prices ranging between 500 and 700 euro /tonne, depending on variety, quality and place of sale. Fully milled rice coming from South-East Asia is on average quoted at 300 euro /tonne (actual Thai rice price, CIF Rotterdam, is 291 euro /tonne), therefore globally half the EU price. Present duty for such rice at import is 416 eruo /tonne.

"Where the current situation of LLDC exports is practically non-existent, these exports could develop on the basis of duty freedom since a net profit of around 300 euro /tonne can be obtained on a rice which is presently quoted, CIF Rotterdam, at 300 euro/tonne," the EU analysis says.

The rice to be used can be local since an increased deficit can be filled up from neighbouring countries such as Thailand, Vietnam, India and Pakistan who are the world leading rice exporting countries (import-export swap, also referred to as "triangular trade"). The level of production in LLDC countries is amply sufficient to meet the total of Community demand for Indica.

Currently the EU imports from the LLDCs represent a negligible percentage of their production, with the only exception of tropical products.

In a hypothesis that LLDCs will re-direct 3 per cent or 10 per cent of their internal production to the EU, an additional amount of about 1.3 million or 4.5 million tons of cereals (excluding rice), about 460 000 tons or 1.5 million tons of vegetables and slightly less than 275 000 or 1 million tons of fruit would enter the EU market becaue of the free-access.

In the case of this scenario, animal products would have a notable role with an increase in LLDCs exports to the EU of about 70 000 or 200 000 tons of skimmed milk, a similar amount of bovine meat, and about 35 000 or 100 000 tons of sheep meat.

To a large extent, production in the LLDCs does not yet comply with EU marketing standards, and it would take time to build up production capacities to increase exports to the EU market significantly.

In principle, it would be possible and there are many examples in other developing countries where this has been done. In the longer run, imports from LLDCs could, therefore, well put considerable additional pressure on EU markets for certain fruit and vegetables and displace some domestic production. These would have to be withdrawn from the market and destroyed or-where possible-directed (with subsidies) towards processing. In the longer run, imports from LLDCs could further weaken the supply effects of import calendars and quotas agreed with other countries and adversely affect those third countries to which the entry price still applies.

Prime Bank signs EEF deal with Bangladesh Bank

Prime Bank Limited signed a co-operation agreement with Bangladesh Bank on Equity Entrepreneurship Fund (EEF) on at the premises of Bangladesh Bank Tuesday. The fund has been created by the government with an amount of Tk. 100 crore and it has appointed Bangladesh Bank as the its agent to administer the same, says a press release.

The fund will be managed by the scheduled commercial banks and development of financial institutes (DFI). The initiative is the first of its kind in Bangladesh and is expected to encourage entrepreneurship in innovative fields.

Ziaul H Siddiqui, Executive Director of Bangladesh Bank, and Naser Bukhtear Ahmed, Deputy Managing Director of Prime Bank Limited, signed the agreement. M Shahjahan Bhuiyan, Senior Executive Vice President, Sheikh Moyeen Uddin, Asst. Vice-president and A H M Monjur Morshed, Incharge of SME Credit Cell of Prime Bank, and A K M Amjad Hussain, Deputy Director, and Gopal Chandra Sikder, Asst. Director of Bangladesh Bank, were also present on the occasion.

The purpose of the scheme is to extend equity support to eligible companies to encourage the investors to invest in the risky but otherwise potential project in software, food processing and agro-based industry (excluding the conventional sub-sectors such as rice mills, fishing trawlers, cold storage, potato, etc.).

WTO hails EU move to give LDCs free market access

Reuters, *Geneva*

World Trade Organisation chief Mike Moore yesterday hailed a European Union plan to drop tariffs on all imports from the world's poorest countries.

He also described the plan, championed by EU Trade Commissioner Pascal Lamy, as "a concrete demonstration of EU goodwill" amid efforts to reach agreement in the 140-member WTO on launching a new round of liberalisation talks.

Additionally, Moore said, it was a signal of EU intentions at a United Nations conference in Brussels in May on the problems of the world's 48 least - developed countries, or LDCs.

Moore said he hoped that other countries would also move to improve market access within the framework of a new trade round. EU officials have said they felt the United States should quickly follow suit.

Some countries - including Canada, Japan, South Korea, New Zealand, Norway and the United States itself - have taken some steps in that direction. But they do not go as far as the EU plan.

The new opening to LDCs was agreed on Monday by foreign ministers of the 15 EU states, despite resistance by France.

Only arms are excluded from the plan, which goes into effect immediately - except for sugar, rice and bananas, which will be phased in between 2006 and 2009 with special quotas before then.

European farmers, badly hit by crises over BSE or mad cow disease and now foot-and-mouth disease, resisted Lamy's original proposals, which had provided for the three commodities to be tariff-free from the start.

Developing country delegates to a UN conference on cocoa in Geneva - which on Monday heard a fierce attack on industrialised powers for blocking imports of LDC goods - also welcomed the decision.

"From what I have seen, it is a very good development," said one African negotiator who asked not to be identified.

UN officials in Geneva said they expected further moves to alleviate the increasingly desperate economic situation of many of the LDCs, most of them in Africa, at the Brussels gathering.

"We expect unilateral declarations on debt relief at least," said one.

Moore, a former New Zealand prime minister, said he hoped the "Group of Eight" rich powers, including Russia, who meet in Trieste shortly, would back efforts to help poor states take advantage of improved market access opportunities.

He hopes that developing countries - currently resisting efforts that he and Lamy have been pursuing separately - will swing round to supporting the idea of a new full trade round.

Both have said they would like to see formal agreement on a launch, probably early next year, at the WTO's next ministerial meeting in Qatar in November.

China unlikely to join WTO next month

AP, *Hong Kong*

China's entry into the World Trade Organisation is being held up mainly by disagreements over agriculture subsidies, according to a WTO official who said Wednesday that China won't join within the next month.

"It should be the end run, but it does need time," said Partrick Low, director in the director-general's office of the WTO. "I can say it's not going to be next month but it's certainly in the short run."

Some top trade officials had recently said China could complete its membership process by March, but the Chinese trade minister, Shi Guangsheng, was quoted this week by mainland media as saying it might not happen until October or November.

Low, in comments to a group of business leaders, said Shi's prediction was "informed."

"Who better than he would know?" Low asked.

New MD of Dhaka Bank

Md Mokhlesur Rahman assumes the office of the Managing Director of Dhaka Bank Limited today. Prior to the new appointment, he was Deputy Managing Director of the same bank, says a press release.

Rahman started banking career in 1970 in Pubali Bank (formerly Eastern Mercantile Bank Limited) as a Probationary Officer. After serving Pubali Bank for twelve years, he joined Banque Indosuez in 1982 as Chief Officer and held important positions including Joint Deputy General Manager and Head of Credit. He joined Dhaka Bank Limited as Executive Vice President in 1995.

Rahman is a renowned banker with more than three decades of banking experience.

A widely travelled banker, Rahman attended many seminars at home and abroad.

Kibria for standardising legal frameworks in infrastructure deals

BSS, *Dhaka*

Finance Minister Shah A M S Kibria yesterday underlined the need for standardisation of legal frameworks in major infrastructure contracts to derive best output from the on-going deregulation programmes of the government.

The present government has deregulated power, telecommunications and some other sectors to expedite development with private-public partnership, he said in a speech in the inaugural session on the Policy Seminar on Private Sector Infrastructure Development (PSID) on the Bangladesh Institute of Law and International Affairs (BILIA) premises.

Kibria said any loopholes in the legal framework might be the cause of defeat in international cases regarding international agreement, especially commercial agreement.

"Good deal in contract signing protects the interest of the country," he added.

Referring to some power sector contracts in Pakistan and India, he said both the countries had now found loopholes in their infrastructure deals.

The Indian government is now planning to revise some of the agreements, he added.

Domestic markets are also affected by the non-enforcement of legal framework, he said, citing the example of the price rise of construction rod recently without increase in international prices or import tariff.

"This trend must be stopped by proper application of law," he said.

The finance minister said private sector operators, especially different chamber leaders, must be equipped with proper knowledge on legal issues for better understanding in infrastructure contract signing.

Export earnings, remittances and international development assistance are the main source of import financing and development activities that should be dealt under strict legal framework, he added.

The Economic Relations Division Secretary Dr Mashiur Rahman, USIS Director Gordon West, Director General of IDLI Gilles Blanchi and BILIA Director Waliur Rahman spoke at the event, which was presided over by Barrister Amir-ul-Islam.

BILIA organised the seminar in collaboration with Rome-based International Development Law Institute (IDLI) and Asian Development Bank (ADB).

Barrister Amir-ul-Islam said policies should be translated into law to ensure transparency, add accountability to contract signing and protect the interest of consumers.

"It is difficult to work without proper legal framework in complex international markets where different factors are in play," he added.

DHL gets ISO 14001 accreditation

In recognition of its efforts in environmental management, DHL Aviation in Europe and Africa announced it has been awarded a region-based ISO 14001 certification.

DHL is the first express courier company to receive this type of certification. It was awarded as part of a multi-site application covering DHL's hubs in the East Midlands, London Heathrow, Cologne and Brussels. These hubs are central to DHL's operations; managing over half a million tonnes of freight per annum.

ISO 14001 requires companies to identify their environmental impacts and continually improve their performance within set objectives. In Hub & Gateway setting, these areas include waste management, recycling, energy consumption and the management of potential environmental risks from freight handling and ground operations.

Celebrating this award, Simon Wharton, ISO 14001 Project Manager, said: "This is a tremendous achievement and comes on the back of our recent US $1.4bn investment in new aircraft. We operate in a high-profile industry and apart from the simple recognition of our efforts, achieving ISO 14001 also has commercial implications."

Following certification, DHL Aviation will face regular audits and must continue its 'green' programme. DHL will apply for certification for its air operations wing and the programme will be rolled out over the next two years to the remaining European hubs.