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# Star BUSINESS

DHAKA TUESDAY APRIL 17, 2001

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## NBR, FICCI hold pre-budget discussion

The National Board of Revenue (NBR) held a pre-budget discussion meeting with the Foreign Investors' Chamber of Commerce and Industry (FICCI) at the Chamber office Sunday.

The NBR meeting was headed by its Chairman Zakir Ahmed Khan, while the FICCI team was led by its President Wali Bhuiyan.

Member-Income Tax, Member-Customs and Member-VAT and concerned officials of NBR and members of the FICCI committee Jean Alfonsi, M. Mahbubul Alam, Andrew Vaughan, FICCI Secretary Jahangir Bin Alam and members of the Chamber Subcommittee on Tariff and Taxation Dr A Quayum Khan, Ruhul Amin, Emdadul Haque, Azizur Rashid and Abdul Khalek were present in the meeting.

The discussions centred round FICCI's 2001-02 national budget proposals which, among others, included - streamlining the tax administration, widening of the tax net, reduction of the maximum rate of duty, reduction of corporate tax, rationalisation of the duty structures on raw materials and finished products in order to encourage domestic value addition and competitiveness, stopping negotiated tax settlement, punishing tax evaders, issuance of unique and single VAT registration number for all the units of an entity, facilitating prompt clearance of imported consignments, streamlining the PSI system, providing level-playing ground to the foreign investors in the country and extension of time for duty-free import of generators.

## DCCI, DU to launch EMBA programme soon

The DCCI Business Institute (DBI), a project run by the Dhaka Chamber of Commerce & Industry (DCCI), in cooperation with Institute of Business Administration (IBA), University of Dhaka, will launch Executive MBA programme soon, says a press release.

In this regard, a discussion meeting was held at the office of the Vice-Chancellor of Dhaka University. Benajir Ahmed, President of DCCI, led the Chamber delegation while Professor A K Azad Chowdhury, Vice-Chancellor of Dhaka University led the DU side.

At the meeting, Benajir said DCCI Business Institute (DBI), established with the technical and financial support from German Technical Cooperation (GTZ), is quite capable to launch EMBA programme in cooperation with IBA.

Professor Chowdhury lauded the role of Dhaka Chamber in promoting private sector and assured of cooperation to launch EMBA with the DCCI Business Institute.

Chowdhury added that he would raise the proposal to the Academic Council of the university for finalisation of the EMBA programme with DBI.



## New EVP of Dhaka Bank

Dhaka Bank Limited has appointed Majedur Rahman its Executive Vice President, says a press release.

Earlier, he worked with Standard Chartered Bank as the chief of Consumer Banking and head of Operations.

Majedur Rahman started his banking career in 1981 as a Management Trainee with ANZ Grindlays Bank Limited. He was deputed to ANZ Grindlays Bank's Group Audit in London as an Internal Auditor in 1985. He worked with ANZ Group in the Middle East, Australia and India in various capacities covering Business Process Reengineering and Operations Development roles.

He joined Standard Chartered Bank in Bangladesh in 1997 and made a significant contribution to introducing consumer banking products and development of alternate banking channels covering phone banking, ATM network and direct sales.

# Rich world under fire for not fulfilling pledges to LDCs

## Workshop on Finalising Country Document for UN Confce held

### STAR BUSINESS REPORT

Two influential ministers have strongly criticised the development partners for not fulfilling their commitments including duty- and quota-free market access of LDC products to the developed countries.

They said that generalised system of preference (GSP) and quota facilities should be continued till 2010.

Finance Minister Shah AMS Kibria and Industries Minister Tofail Ahmed were at the observation while addressing the inaugural session of a workshop on Finalising the Country Document for the 3<sup>rd</sup> UN Conference on Least Developed Countries (LDCs) at the Planning Commission's NEC auditorium yesterday. Bangladesh

is the spokesperson of the 48 LDCs.

State Minister for Foreign Affairs Abul Hasan Chowdhury, Ambassador of Sweden in Bangladesh Ander Johnson and ERD Secretary Dr AKM Masihur Rahman also spoke on the occasion.

The eight-day UN conference will begin in Brussels on May 13 to review the implementation of international commitments with regard to Official Development Assistance (ODA). It also aims to formulate and adopt appropriate national and international policies for sustainable development of the LDCs in order to integrate them with the world economy and assess the results of the Programme of Action in the 1990s.

Speaking at the function as

chief guest, the finance minister said globalisation has posed marginalisation threats to the LDCs. "Despite the increase in global output, trade and investment, the benefits of the changes have been unevenly distributed," he observed.

"Indeed, the LDCs' opportunities have been constricted and their risks have increased," he said posing questions, "Were the commitments made by our development partners fulfilled? Doesn't it raise a credibility question which may have a bearing on the upcoming negotiation?"

Kibria mentioned that the access of LDC products to the developed markets continued to remain a formidable issue and the share of LDCs in global trade had declined

to 0.04 per cent. He also said information communication technology (ICT) has brought about sweeping changes in life. "More wealth has been created. But, regrettably, the LDCs have been bypassed."

In his address, Tofail Ahmed said commitments for providing duty- and quota-free market access had been made by the developed nations, but these decisions are yet to be implemented.

Calling for continuation of the GSP and quota facilities till 2010, Tofail said that the LDCs would otherwise suffer. "Nothing has been given to us as far as market access is concerned and time has come to win that cherished share of the developed world's market pie."

"We cannot protect our industries. But isn't it a fact that the developed nations are protecting their industries by imposing tariffs on us?" Tofail went on.

ERD Secretary Masihur Rahman said LDCs are constrained by limited access to export market, inadequate aid and foreign direct investment (FDI) and a set of rigid and wide-ranging conditionalities, which reduce the level and speed of aid utilisation.

There is also a tendency to transplant standards and measures from the developed countries to LDCs without considering their economic and cultural compatibility, he stated.

More importantly, the narrow base of manufactured export is a constraint; diversification and expansion of product has been constrained by inadequate investment in industries, Rahman said.

He mentioned that the 3<sup>rd</sup> UN Conference is a continuation of the two previous gatherings and reconfirms the international community's commitment to development of the LDCs.

# Indo-Bangla trade deficit fated to expand further

## Slim chance to get zero tariff access for goods under 25 categories

### SHAHRIAR KARIM

With a very slim chance to get zero tariff access for Bangladeshi products under 25 categories in the Indian market soon, the already widening Indo-Bangla bilateral trade deficit is destined to expand further and put increasing pressure on the country's balance of payment position.

Bilateral trade deficit between the two neighbouring countries accounted for 5.6 per cent of Bangladesh's trade deficit with the world in FY1999. Just over a decade, it rose to a phenomenal 43.8 per cent in FY1999. The trade deficit with India has increased 9.5 times during the same period.

In FY1999, the country's exports to India stood at US\$ 48.2 million against its import worth US\$ 1228.2 million, which means that import payment was 25 times higher than the export accruals, leading to a trade deficit of US\$ 1180 million. If the unofficial trade figures are taken into account, the deficit will jump further.

The illegal trade deficit, according to a study conducted by Dr Mustafizur Rahman of Centre for Policy Dialogue (CPD), rose to US\$ 2741 million in FY1999 from US\$ 496 million in 1994.

As the Indian authorities almost made it clear that they would slap all sorts of barriers on Bangladeshi exports, as seen in many cases, the duty concessions given under three rounds of SAPTA agreements has proved to be a hoax because of different para-tariff and non-tariff barriers, local business sources said.

The country's soap exporters, who have succeeded in making a mark in the Indian market aided by duty concessions under SAPTA deal, have been subjected to the latest blow.

Initially, it came as a good

news for the country's soap industry as India reduced its basic customs duty on Bangladeshi beauty soaps by 60 per cent from 40 per cent to 16 per cent under the SAPTA accord.

But a month back, Square Group, the country's leading toiletries producer, while sending a consignment through Benapole border found that India slapped some additional duties on Bangladeshi soaps, making the SAPTA concession arrangement a farce.

Another local company, Keya Cosmetics which is also exporting its products to India for the last few years, also faced the same difficulties and is now finding export 'really hard'. Aromatic Cosmetics, which was preparing to enter the Indian market, has now given up the idea, business sources said.

The Indian administration without making it easier for the Bangladeshi exporters in the light of the SAPTA spirit, slapped 18.82 per cent counter-vailing duty, 5.46 per cent special additional duty and 1.6 per cent surcharge. With all these additional duties in place, the ultimate duty on Bangladeshi soaps shoots up to 41.88 per cent, a 1.88 per cent rise from the pre-SAPTA figure. Besides, there is also an additional 15 per cent sales tax.

All these taxes make Bangladeshi soaps non-competitive in the Indian market. "There is a good demand of Bangladeshi soaps in India, as quality-wise our products are better than the Indian ones. But the Indian authorities in one way or other try to make things difficult for the Bangladeshi exporters," said Anjan Chowdhury, Director of Square Group.

The local industry people feel that whenever India gives some sort of concessions to Bangladeshi exports, they usually put other

kinds of barriers. This makes it clear that Bangladeshi exporters will have to cross the highest hurdle on earth to have a chunk of the Indian market pie.

They also said the Indian customs usually harass Bangladeshi exporters and show a 'you shouldn't come to our market' attitude. There are at least six types of non-tariff barriers that make Bangladeshi export difficult.

"Although it has been agreed that India will withdraw non-tariff barriers (NTBs) on commodities which have been offered concessional treatment during the three rounds of SAPTA negotiations, from the operational point of view many such NTBs continue to be in place," says Professor Mustafizur Rahman of CPD.

This export hindrance to Bangladeshi export is not a rare case. Earlier when a local company took initiative to export potato chips, the Indian authorities denied entry saying that the content of the product was not potato.

Rahomafrooz, the country's automotive battery manufacturer, faced the same at the initial stage. However, after a lot hassles, the company succeeded in entering into Indian market. But recently, two Indian companies filed petitions that Rahomafrooz is exporting automotive battery at a dumping price. The petition called for slapping 900 per cent anti-dumping duty on Bangladeshi batteries.

Failing to prove the case and in the face of criticism, the Indian companies withdrew the petition. The story, as local businesspeople think, will not end here. The Delhi authorities will make it difficult for the Bangladeshi exporters whenever the country, with its narrow export base, makes successful drive to take on the Indian market, local businesspeople fear.



Chairman of the National Board of Revenue, Zakir Ahmed Khan (3<sup>rd</sup> from left), speaks at a pre-budget discussion with the Foreign Investors Chamber of Commerce and Industry (FICCI) at the Chamber office Sunday. FICCI President Wali Bhuiyan is seen seated on his left.

## Interglobal offers VUE computer testing services

Interglobal Business Systems Ltd, the leading IBM partner for Advanced Career Education (ACE) services in Bangladesh, has signed an agreement with Virtual University Enterprises (VUE) of USA to become their authorised testing centre, says a press release.

Asif Hussain, Managing Director of Interglobal, and Drs Karan Ramnandanall of VUE, inked accord on behalf of their respective companies in the city recently.

Under the agreement, Interglobal's computer training centre located at Panthapath will be able to conduct certification tests of leading global IT vendors such as Microsoft, CompTIA for A+ Certification, Novell, Cisco, Linux, Lucent, Ericsson, CIW and many others.

## CURRENCY

Following are yesterday's forex trading statement by Standard Chartered Bank  
Central Bank buying and selling band of USD: BDT 53.85/BDT 54.15

TT/OD	BC	Currency			
		TT Clean	OD Sight Doc	OD Transfer	OD
54.2800	54.3100	USD	53.8300	53.6614	53.5929
49.1448	49.2317	EUR	47.3520	47.1686	47.0920
78.4493	78.4913	GBP	76.9464	76.6799	76.6253
27.9301	27.9547	AUD	26.8741	26.7816	26.7015
0.4391	0.4393	JPY	0.4281	0.4279	0.4269
32.1218	32.1463	CHF	31.3560	31.2615	31.1770
5.3725	5.3777	SEK	5.2822	5.2648	5.2486
34.9017	34.9262	CAD	34.3408	34.2471	34.1640
6.9638	6.9651	HKD	6.9014	6.8837	6.8663
30.119	30.1407	SGD	29.6927	29.6489	29.5343
14.9002	14.9178	AED	14.5283	14.5064	14.4879
14.5892	14.6076	SAR	14.2450	14.2083	14.1901

Usance export bills  
TT Doc 30 Days 60 Days 90 Days 120 Days 180 Days  
53.7190 53.3876 52.9451 52.4363 51.8833 50.6444

Exchange rates of some Asian currencies against US dollar	
Indian Rupee	Pak Rupee
46.82/46.87	60.35/60.40
45.62/45.72	87.50/87.60
10735/10785	0.4060/0.4070

US dollar	LiBOR	
	Buying	Selling
Cash notes	53.6300	54.3100
TC	53.5800	54.2900

## BOJ sees grimmer economy

REUTERS, Tokyo

The Bank of Japan downgraded its view of the economy for the second straight month Monday citing flagging exports and slowing domestic output, as March data showed consumers keeping clear of department stores.

The bleak assessment in the BOJ report followed the downgrade in the government's economic assessment last Friday, which used the word "weakening" for the first time since September 1995 to describe Japan's struggling economy.

Like the government, the central bank pointed to faltering Japanese exports due to slowing US and Asian economies, and said this had led to a drop in production.

"Adjustments in economic activity have been under way as production is declining, reflecting a fall in exports," the report said.

"While domestic demand remains steady, net exports - real exports minus real imports - are falling rapidly reflecting a sharp slowdown in overseas economies such as in the United States and East Asia," the report said.

Japan's exports grew 1.3 per cent in February, down from a rise

of 2.9 per cent in January and double-digit against last year, while February's imports rose 11.5 per cent from a year earlier. January's growth in industrial output slowed to just 0.4 per cent.

The officials' view by the central bank, which revived an ultra-easy zero interest rate policy in March, is widely shared by economists and financial markets, which showed little response to April's BOJ report.

"They have downgraded their overall view for a second month running, but their view is consistent in the sense that severe economic conditions will persist in the near future," Industrial Bank of Japan senior economist Tomohiro Noda said.

Data on Monday also reinforced a general feeling of gloom in the world's second biggest economy, showing sales at department stores, a key gauge of consumer spending, down from year-ago levels for a third straight month.

The rapidly slowing economy is bad news to Japanese policymakers, including four ruling party contenders vying for the prime minister's job. They had hoped a corporate recovery would

boost personal spending and fuel a self-sustaining recovery, thus making it easier for the ruling party in July's Upper House elections.

But personal consumption, the lion's share of the economy, has stayed weak. Unemployment is near record highs, incomes are effectively stagnant and consumer sentiment remains fragile.

Department store sales in the Tokyo area fell 0.6 per cent in March from a year earlier to 189.9 billion yen (\$1.53 billion), the Japan Department Stores' Association said on Monday.

The BOJ said the pace of improvement in corporate profits has slowed significantly, while business sentiment has worsened especially among manufacturers.

Kokusai Securities senior economist Michio Ichinohe said the BOJ did not appear to be making a big downgrade of its assessment but instead may be attempting to emphasise risks in the economy.

Although corporate capital spending was still expanding, the BOJ said excess inventories of electronic parts and some other materials were rising - a worrisome factor.

## IBBL Service Week begins

The inaugural function of the 'Service Week' of Islami Bank Bangladesh Limited was held at the conference room of Islami Bank Tower Sunday, says a press release.

Dr Mohammad Farahuddin, Governor, Bangladesh Bank, was present in the function as chief guest. Presided over by Shah Abdul Hannan, Chairman of the Board of Directors of the bank, the function was addressed, among others, by Mir Quasem Ali, Vice-Chairman, Board of Directors, and Abdur Raquib, Executive President of the Bank.

Dr Mohammad Farahuddin said the success of Islami Bank is recognised both at home and abroad. In the international sphere of Islamic Banking, this bank is evaluated with respect. He said IBBL achieved speciality through its different banking activities.

The BB Governor mentioned the role of the banking sector in foreign business and exchange, especially export business and remittance collection for the socio-economic development of the country and appraised the meeting attendants of the activities of Islami Bank and called upon it to take more initiatives in this sector.

He said, we should enrich the honour of our country. The balance between import and export business should be maintained through the increase of export business and collection of remittance. He explained the role of the central bank in this regard and called upon the commercial banks to play in pioneering role and to contribute more to national growth.

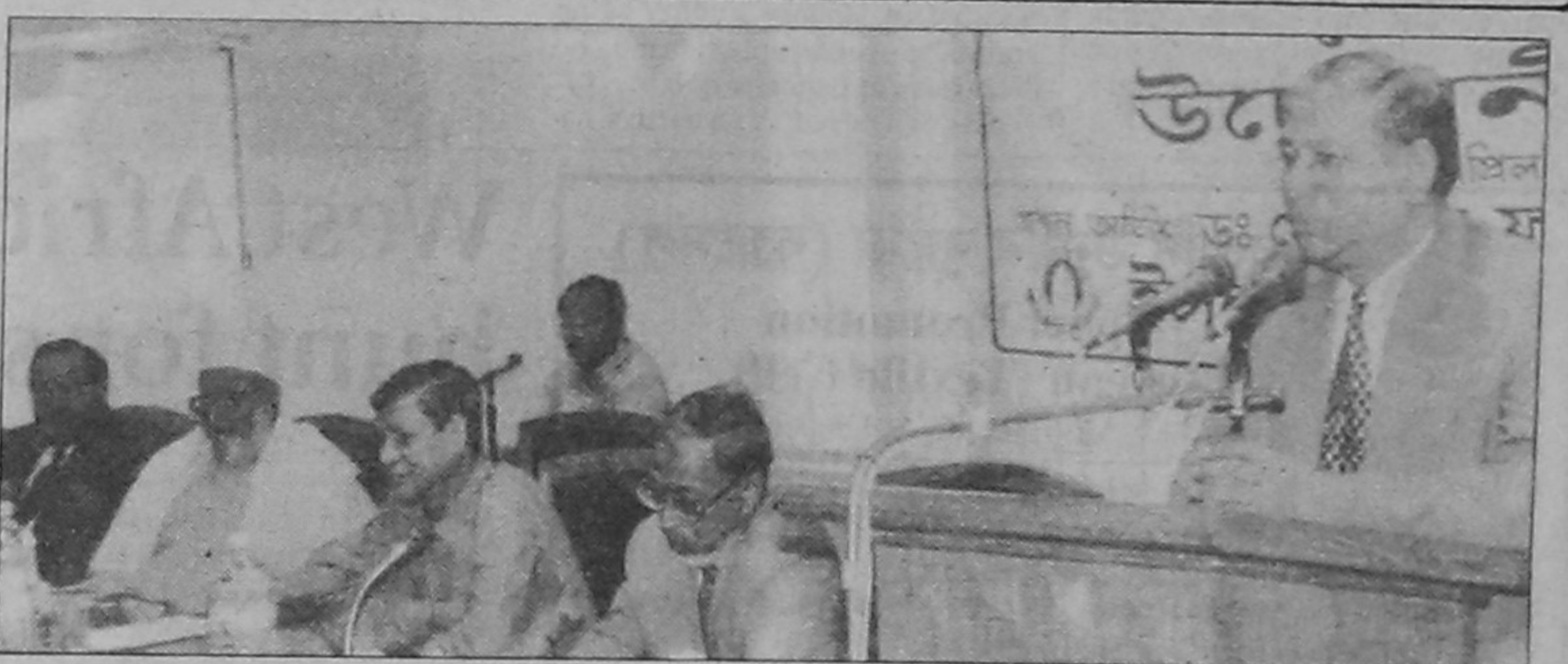
Shah Abdul Hannan said, Islami Bank is trying its best for Shariah compliance. He stressed the development of service, well behaviour, use of modern technology and quality investment.

## New GM of Rupali Bank

Md Zahurul Haque has joined Rupali Bank Ltd as its General Manager, says a press release.

Prior to his present assignment, he was the Deputy General Manager of the Industrial Credit Division of Sonali Bank.

Haque joined Sonali Bank as a direct officer recruited by the Bankers' Recruitment Committee. He obtained his postgraduate degree from Dhaka University in 1969.



Dr Mohammad Farahuddin, Governor, Bangladesh Bank, address as chief guest the inaugural function of the 'Service Week 2001' of Islami Bank Bangladesh Ltd at the Conference Room of Islami Bank Tower on Sunday.



Asif Hussain, Managing Director of Interglobal Business Systems Ltd and Drs Karan Ramanandanall of Virtual University Enterprise (VUE) sign a deal on behalf of their respective companies in the city recently.

## RBI tightens banks' bullion trading norms

REUTERS, Bombay

The Reserve Bank of India (RBI) has tightened bullion trading norms for commercial banks after some of them faced potential losses from their exposure to a cooperative bank that specialises in gold trade.

"In the context of trading in bullion, they (banks) authorised to import bullion are advised to release gold only against full realisation of value or proceeds of instrument," a directive released on its website www.rbi.org.in on the weekend said.

The instructions come after Classic Cooperative Bank, based in the western Indian city of Ahmedabad, issued payment orders on behalf of a bullion trader to four commercial banks - state run

State Bank of India SBI, BO (SBI), Bank of India BOI, and Punjab National Bank and Standard Chartered Bank STAN.L.

The payment orders to all four banks have bounced and the central bank has pegged the commercial banks' exposure in these deals at 696 million rupees (\$14.84 million).

The RBI has suspended the board of Classic Cooperative Bank and placed it under an administrator.

SBI, India's largest commercial bank and the biggest gold-import supplier, has said it was facing a potential loss of 395.7 million rupees after it sold bullion to the trader whose cheques drawn on Classic Cooperative Bank bounced.

## Int'l Leasing approves 20pc cash dividend

International Leasing and Financial Services Ltd approved a 20 per cent cash dividend for the year 2000 at its fifth annual general meeting (AGM) held in the city on Saturday, says a press release.

At the AGM, shareholders reviewed the performance of the company during the year 2000 when it signed lease contracts of Tk 425.70 million, executed leases of Tk 396.70 million and achieved impressive business growth of 40 per cent over 1999.

The company earned a net profit of Tk 29.30 million compared to Tk 19.50 million in 1999. The meeting, presided over by Mahbub Jamil, Chairman of the Board of Directors, was attended by the representatives of the shareholders and Mafizuddin Sarker, Managing Director of the company.