

## Cabinet okays avoidance of double taxation treaty with US

STAR BUSINESS REPORT

The Cabinet yesterday approved an agreement on avoidance of double taxation between Bangladesh and the USA, official sources said.

The approval was given at the regular weekly meeting of the Cabinet with Prime Minister Khaleda Zia in the chair held at the Prime Minister's office.

It also approved the proposal to give additional guarantee coverage of the insurance policy of Biman.

Cabinet Ministers and State Ministers attended the meeting. Cabinet Secretary, Principal Secretary to the Prime Minister and concerned Secretaries were also present.

## Improve business environment to allure US investment

### USBBC team tells commerce minister

STAR BUSINESS REPORT

The US-Bangladesh Business Council (USBBC) yesterday told the commerce minister that the country's business environment must be more investment-friendly to allure more US investment.

This was expressed by Executive Director of USBBC Herbert J Davis when the 16-member USBBC delegation met with the minister yesterday at his office.

The team led by R Boyd Montgomery, Vice-President of International Energy Operation, Bangladesh, India and China region of Unocal, arrived in Dhaka on December 1. Some US investors already doing business in Bangladesh also attended the meeting.

Commerce Minister Amir Khosru Mahmud Chowdhury urged the US entrepreneurs to invest in readymade garment (RMG) backward linkage industries.

"The country is mostly dependent on imported fabrics to meet its demand for the export-oriented RMG sector," he told the delegation.

USBBC was formed with a view to promoting trade and investment

between the two countries. The USBBC mission is to exchange views with the new government. It is scheduled to leave the country today.

The commerce minister told the delegation that Bangladesh economy is heavily dependent on the RMG sector. He pointed out that US investors have little exposure in Bangladesh outside the energy sector and said leather and tea are prospective sectors for US entrepreneurs.

Identifying some problems the US investors now facing here, a member of the delegation said red-tapism makes it difficult to get resident permit from the home ministry and the Board of Investment. The team requested the minister to take necessary steps in this regard.

Another US investor who is marketing edible oil under the brand name of Soya America alleged that another company is promoting Malaysian palm oil under the brand name of 'American Gold' which is creating confusion among the consumers. If the government takes care of such infringement, it would be possible to expand US product market here, he added.

A representative of the American Express Bank said a negative campaign is now going on in the country against foreign banks. He sought the commerce minister's cooperation to stop such persecution.

## US decision on free RMG access next year

STAR BUSINESS REPORT

Next year will prove the most crucial one for the country's readymade garment (RMG) as the industry's demand for duty and quota-free access to the US market will be decided by 2002.

"Whatever be the decision, it will be taken next year," Kutubuddin Ahmed, President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), told a press conference yesterday at a city hotel.

He was also optimistic about a positive result, but said much would depend on the US economic recovery and the Bangladesh government's effort to pursue the case.

Kutubuddin Ahmed was briefing the press on the recent visit of a delegation to the US capital led by Commerce Minister Amir Khosru Mahmud Chowdhury. Vice Presidents of BGMEA Ershad Ullah, Quazi Moniruzzaman, Shafiqul Islam

Mohiuddin and his directors Sirajul Huq, Faruque Hasan and A Mannan Kochi were present on the occasion, among others.

The BGMEA president said at every meeting the US officials and congressmen raised the issue of gas export and construction of private container terminal by an US firm in Chittagong and Dhaka.

However, Kutubuddin said his impression was that the US does not want to make gas export and container terminal issues official trade off points for free market access.

"But, I think if we offer something to the US it would be easier for us to get free access."

He said that the BGMEA appointed lobbyist firm, Patton Boggs would frame a bill seeking duty and quota-free access of Bangladesh's apparel to the US market by February. Patton Boggs also took an initiative to increase the members of the Bangladesh caucus in the US congress from 17 to 40,

Kutubuddin said. Kutubuddin said there was a misconception in the US administration that there would not be any negative impact on Bangladesh due to the war on terrorism. "We have succeeded to make them understand that Bangladesh is going through a tough time due to dip in apparel export," he said.

He said apparel export in October declined by US\$ 52 million compared to the same period of the previous year. Fall in RMG export was US\$ 50 million in September compared to the same period of the previous year. "The real impact will be felt in the next few months and export will dip further," feared the BGMEA president.

The BGMEA signed an agreement with a US research firm The Trade Partnership Worldwide LLC to carry out a study on the impact of duty and quota-free access of Bangladesh apparel on the US economy.

## Citibank NA reduces interest rates

Citibank N.A. has reduced its interest rates to encourage exports and industrial development, says a press release.

The bank has re-fixed the interest rate at 7 per cent for export credit. It also reduced interest rate by 1 per cent for agricultural processing industry, small and medium enterprises and long term industrial loans.

## Aptech announces IQ scholarships

Aptech Computer Education, the flagship division of Aptech Worldwide, has launched I.Q. Scholarships, says a press release.

This award is to recognise the merit among prospective students and aims at giving an opportunity to everybody for getting a computer education through scholarships.

Announcing the scholarship, Amitava Ghosh, Managing Director of Aptech Worldwide Bangladesh Limited, said that "The primary aim of this I.Q. scholarship scheme is to facilitate deserving students to avail meritorious scholarships to pursue a career in Information & Technology".

Under the merit scholarship award, students will have to register at nearest Aptech Computer Education centre, sit for an I.Q. test to be conducted on December 9, 2001 nationwide, come to the centre and sit for an interview and there will be fee waiver based on I.Q. test and interview.

## City Bank foundation course ends

The closing ceremony of a foundation course for the City Bank Limited's management trainees-2001 was held at the bank's Training Institute in the city recently, says a press release.

The chairman of the bank, Anwar Hossain, distributed certificates among the trainees as chief guest.

Deen Mohammad, Director, Abbas Uddin Ahmed, Managing Director, A H M Nazmul Quadri, Deputy Managing Director and Badruddin Ahmed, Principal of Training Institute were present at the ceremony.

Speaking on the occasion, the chairman of the bank advised the trainees that they are the future asset of the bank and they have to work with honesty and dedication.

Deen Mohammad, one of the founder-Directors and last Chairman of the bank, congratulated the trainees and termed them as gems of the bank.

Abbas Uddin Ahmed, Managing Director of the bank told the audience that the development growth and reputation of the bank depended on the efficiency of its manpower.

## European insurers happy with WTO deal: Lamy

AFP, Shanghai

European insurance companies believe they will be able to compete on an equal footing with other foreign insurance companies after China's entry into the World Trade Organisation, EU Trade Commissioner Pascal Lamy said Monday.

Lamy, who is on an official visit to China at the invitation of Minister of foreign trade and economic cooperation Shi Guangsheng, declined to say whether China's position on the so-called grandfathering provision had changed during the negotiations to finalise the country's WTO entry.

## S'pore pledges not to retrench Bangladeshi workers

BSS, Singapore

Singapore yesterday assured Dhaka that no Bangladeshi labourer will now be retrenched and that Bangladeshi nationals will be provided with jobs in different sectors of the Singapore economy on the basis of their merit and skill.

Minister for Labour and Employment Abdullah Ai-Noman who is now visiting the city state yesterday called on his Singaporean counterpart and discussed bilateral issues.

Later, Noman who is leading a two-member delegation held a meeting with high officials of the Singapore Ministry of Labour and Employment. The issues which were discussed in the meeting that lasted for nearly two hours included increased manpower export, resolving the manifold problems faced by

Bangladeshi labourers working there and ensure their welfare, a PID handout said.

The Singapore Labour Minister on being requested by his Bangladesh counterpart assured that no Bangladeshi labourer will lose job. He congratulated Begum Khaleda Zia led Bangladesh Nationalist Party for its victory in the last general elections and wished success of the present government.

The Singapore Labour Minister on being informed that Bangladesh has to incur huge loss because the workers had to resort to illegal hundi business to send money instead of legal channel, assured to give permission to open of good number of remittance houses enabling Bangladeshis remit through official channel after examining the issue. He also assured to give employment pass to recruit Bangladeshis as

officials by Singaporean companies.

Noman also raised the issues of Singaporean companies employing Bangladeshis beyond agreement, non-payment of salary as agreed upon, sending back of workers before expiry of stay, depositing of passport and affiliation of Bangladesh Institute of Marine Technology with Singapore Polytechnic. The Singapore Minister said he would sympathetically look into the matter and take necessary steps in this regard.

The Singapore Minister accepted an invitation to visit Bangladesh and informed to make it at a convenient time.

Director General of the Bureau of Manpower Employment and Training Mosharrif Hossain who is the other member of the delegation is expected to back to Dhaka on December 6, the handout added.

## ILO code aims to improve job prospects for 610m disabled

AFP, Geneva

The proper management of disability issues in the workplace is in the business interests of employers, the International Labour Organisation (ILO) warned on Monday.

To mark International Day of Disabled Persons on Monday, the Geneva-based organisation has released a code aimed at improving the job prospects for the 610 million disabled people around the world.

"It can lead to considerable savings in terms of time lost, insurance and health care payments, and the cost of recruiting and retraining replacement staff," the ILO code warned.

Unemployment among the disabled is significantly higher than in the workforce as a whole, and in some countries as much as 80 per cent of disabled people of working age are jobless.

As a result, many disabled people live in poverty and social exclusion, ILO said.

The code, adopted by ILO's governing body in November, sets out guidance for companies on how to recruit people with disabilities and maintain jobs for workers who become disabled.

Among the directives, it states that adjustments to the workplace or working arrangements can sometimes be necessary but often cost relatively little.

It also underscores that retaining people who acquire a disability while employed means keeping a worker who is experienced and in whom investments have been made.

## 'Germany should reform labour market'

AFP, Berlin

Germany should embark on a reform of its labour markets in order to return to a path of stronger economic growth, one of the government's so-called "Five Wise Men" panel of independent economic advisors said in a newspaper interview published on Monday.

There was little the government could do in the immediate term to combat the "light recession" the euro zone's biggest economy had slipped into in the second half of this year, "wise man" Horst Siebert told the daily Die Welt.

"But it must tackle the structural reforms which it has failed to embark on so far. That's particularly true of the labour market," Siebert said.

Only recently, Berlin had actually made the labour market less flexible by agreeing to reduce the number of employees who can be put on limited contracts, limiting part-time work and extending employees' say in the small and medium-sized companies, the economic "sage" argued.

The way the labour market functioned was simply wrong, Siebert said.

"Everytime we saw a recession in the 1970s, 1980s and 1990s, the number people out of work increased by around one million. But the number did not decline substantially in the good years."

Siebert predicted that the German jobless total would average 3.961 million next year. It could even rise to 4.2 million in the first quarter.

"And that's just the official number. A further 1.7 million people will be hidden away in job-creation schemes. So that means around 5.7 million people are out of work."



PHOTO: CITY BANK

Anwar Hossain, Chairman of The City Bank Limited, distributes certificates at the closing function of a foundation course arranged by City Bank Training Institute for the bank's management trainees on Wednesday. Deen Mohammad, Director, Abbas Uddin Ahmed, Managing Director, A H M Nazmul Quadri, Deputy Managing Director, and Badruddin Ahmed, Principal of the training institute, are also seen in the picture.

## GM fires 300 workers

AP, Bangkok

US-based General Motors fired about 300 workers its export-oriented plant in Thailand following a plunge in European orders, the Nation newspaper said Monday.

It said the company abruptly terminated contracts with 230 temporary workers and laid off 72 permanent employees on Thursday at its unit in Rayong east of Bangkok.

It quoted General Motors (Thailand) president William Botwick as saying the job cuts were caused by the significant drop in auto demand in Europe, the plant's largest market, in the aftermath of the Sept. 11 terrorist attacks in the United States.

Compared to this year's projected production of 52,000 units, the GM plant is now expected to assemble only 27,000 to 30,000 vehicles next year, Botwick was quoted as saying.

## S'pore forms body to undertake sweeping review of economy

AFP, Singapore

A high-level committee led by the man expected to be Singapore's next prime minister was formed Monday to undertake a sweeping review of the economy amid intensifying competition from China.

Deputy Prime Minister Lee Hsien Loong, chairman of the economic review committee, said manufacturing and exports will remain key drivers of the recession-hit economy but services will offer more growth opportunities.

Lee, who is also finance minister and chairman of the Monetary Authority of Singapore (MAS), told journalists the review team, which includes businessmen, will leave no stone unturned.

"We are going to look at all the stones and we are going to turn them all over. Some we may put back, some we may put some place else," he said.

Asked whether the ratio between the share of manufacturing and services in the economy will change, Lee said this will depend on how each of the sectors will grow.

"And we will try to grow both as quickly as we can, but our guess is there is greater potential in growing services than in growing manufacturing," Lee said.

He said that even maintaining manufacturing's 20 per cent share of employment "will not be easy" because of competition from China and other countries.

Lee said that because of Singapore's small domestic market, the island's dependence on overseas markets "is not going to change."

Prime Minister Goh Chok Tong, 60, has put Lee, 49, in charge of economic restructuring and vowed to step down in two or three years once growth returns, allowing a new generation of leaders to take over.

In a statement, the government said the affluent city-state was facing major new challenges amid rapid technological advances and globalisation, and the September terror attacks in the US has changed the international situation even more radically.

"China's growing importance as a major competitor increases pressure to shift out of those industries in which we are no longer competitive, and to nurture and grow new and promising sectors," it said.

The statement said that Singapore -- forecast to suffer a 3.0 per cent contraction in economic output this year after 9.9 per cent growth in 2000 -- "must upgrade, transform and revitalise its economy."

## Germany set to cut '02 growth forecast again

AFP, Frankfurt

The German government is again set to revise downwards its growth forecast for next year to 1.0 per cent from 1.25 per cent at present, the daily Financial Times Deutschland reported on Monday.

The latest downward revision will be formally announced in January, the newspaper said, quoting government sources.



PHOTO: ANDES

Bjorn Almqvist, Vice President of Sony Ericsson Mobile Communications AB-Asia Pacific Region, inaugurates the corporate office of Discovery Communications Ltd in the city recently.

## Corporate office of Discovery Communications opens in city

Bjorn Almqvist, Vice-President of Sony Ericsson Mobile Communications AB -- Asia Pacific Region has inaugurated the corporate office of Discovery Communications Ltd in the city recently, says a press release.

Discovery Communications Ltd. will look after Sony Ericsson's service points located in different divisional cities across the country as well as other service related operations from its office.

Mats Bosrup, Managing Director of Ericsson Radio Systems AB, Engr. Anwar Hossain, Country Manager of Sony Ericsson Mobile Communications Ab -- Bangladesh, Fazlul Karim, the founder Managing Director of Discovery Communications Ltd, and Khandaker Hafiz, Director of Discovery Communications Ltd, were present on the occasion.

## India to go for hard reforms to achieve 7pc growth

AFP, New Delhi

Indian Finance Minister Yashwant Sinha said Sunday the government had set sights on hard reforms such as cutting subsidies and lowering import tariffs to achieve seven-per cent growth.

The finance minister said achieving the targeted growth over the long-term was imperative to raise the overall gross domestic product to a level where poverty in India drops to a fraction.

"If we manage to get one decade of seven per cent growth, we are likely to be able to get the poverty rate down to five per cent, and take over 200 million people out of the state of poverty," he told a regional economic conference in New Delhi.

"If we are able to achieve this, it has historic significance for we would be the last generation in India to have experienced mass poverty around us."

More than 26 per cent of India's one billion-plus population is estimated to be below an official poverty line, but overall poverty saw a sharp

drop from 34 per cent in 1993 after the start of economic liberalisation.

Sinha said the short-term economic outlook, which had seemed bleak after it slipped to 5.2 per cent growth in the fiscal year ending March 31, was also looking much better.

"The reform process is very much on course. While a lot is happening in economic policy making, a lot remains to be done," Sinha said.

But he stressed the reforms were aimed more at long-term growth and looking at vital areas such as agriculture and slashing import tariffs which had been neglected despite their importance to the national economy.

Sinha said much of the unfulfilled reforms aimed to achieve consensus among different sections and push through legislation to kick-start a competitive and market-oriented economy.

"We have fared well in moving away from the protectionism which characterised India's stance on trade in the past. We still have some

distance to go before our import tariffs are down to Asian levels," he said.

The government has set a target of bringing peak import tariffs down to 25 per cent in three years.

Sinha said hurdles to the agricultural sector, which accounts for more than 50 per cent of India's economy, such as lack of price flexibility, free movement of goods and international competition were other important areas.

"Flexibility in pricing of agricultural goods, their movement and competition from international trade were among the steps being contemplated for the liberalisation of the sector."

"On the expenditure side, we are spending enormous resources on subsidies and transfers to special interest groups, which should instead be directed to producing public goods and sound governance," Sinha said.

The finance minister said he also aimed to end the domination of state-owned banks.

## Next WTO chief prods rich nations to lower tariffs

AFP, New Delhi

A top World Trade Organisation (WTO) official Sunday urged richer nations to reduce peak tariffs to developing nations to encourage them to enter a new global trade pact.

Former Thailand premier and WTO director-general designate Supachai Panitchpakdi said developing and developed countries needed to concede ground for a new global trade pact which could counter the worldwide slowdown.

"Providing technical assistance ahead of negotiations would increase the strength of the developing countries. This in turn could increase their flexibility to negotiate," he said at an economic summit here.

"Unlike the Uruguay round

where the developing countries left the final agenda to the developed countries and walked out, here they must fight cohesively to ensure that they get benefits intended for them," he said.

The Doha ministerial conference held in Qatar last month saw developing and developed nations reaching a consensus on the need for a new global trade pact and some broad agreements on the points.

Panitchpakdi said developed nations should eliminate subsidies in the agricultural sector, while bringing down peak import tariffs in the non-agricultural sector.

"This is particularly necessary for giving greater access to the developing countries."

He said developing countries must also be prepared to reduce tariffs to match any such conces-

sions. Panitchpakdi said sectors such as textiles, which was a vital manufacturing segment for developing countries, needed to be given more emphasis in global trade negotiations.

"We need to find solutions to read substance into all the words of the declaration. We will have to make adjustments in a way to convince people to stay with the negotiations," he said.

The launch of a fresh global trade regime is considered as vital for developing countries such as the United States and even the European Union, which are all reeling from an economic slowdown.