

MCCI suggests comprehensive policies for bettering economy

Devaluation, price hike of petroleum products, gas criticised

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry (MCCI) yesterday said government effort to improve the prevailing situation of the economy by devaluing the currency is unlikely to succeed unless it adopts a set of comprehensive policies.

At a meeting with the Finance and Planning Minister M Saifur Rahman, MCCI President Tapan Chowdhury also protested the recent government decision to increase the prices of petroleum products and gas.

Termining the recent devaluation of taka by 1.58 per cent against US dollars 'controversial', the MCCI President suggested adoption of fiscal and monetary policies and time-bound measures to improve infrastructure facilities, law and order, governance, curb smuggling, and check hundi operations.

The MCCI President said there has been a traditional explanation that the devaluation provides protection to local industries. "In our case, whatever protection has come from devaluation has been neutralised by the cascading effects of

tax on imports required by local industries," Chowdhury said.

He said instead of getting tax relief, local industries have been subjected to levies and surcharges, which made the effective rate going up significantly.

"Even after the latest devaluation, 10 per cent to 25 per cent extra additional duties have been imposed on 30 items. Other industries will have to pay 20 per cent regulatory duty and 55 commodities have been subjected to 100 per cent increase in LC margins," the MCCI President said.

He said it is contradictory that the government in one hand assures public of taking tough steps to improve governance and bring the troubled economy back on track, and on the other hand it supports the culture of 'systems loss' and bad governance by increasing prices of fuels and other utilities.

"By raising the prices of petroleum products the government has apparently ignored the mismanagement of the Bangladesh Petroleum Corporation (BPC). There is no announcement as to what objectives will be achieved by increasing the prices of petroleum products," Chowdhury said.

He said the only reason cited is that it will curb smuggling of

fuel oil into India. "But even after this massive increase in prices, petroleum prices in India will remain about 50 per cent higher than those in Bangladesh and therefore, the incentives for smuggling fuel oil will still remain."

The MCCI President also pointed out the BPC's Tk 4.3 billion bills lying unrealised with different government and semi-government organisations. He also drew the attention of the finance minister to Tk 4.9 billion, which the National Board of Revenue (NBR) was still to reimburse on different heads of the BPC.

"Recovery of these outstanding arrears would have greatly improved the BPC's liquidity position and thus the price increase could have been avoided at a time when the economy is in recession. Similarly, mismanagement in the power and gas sectors are more responsible for their financial problems."

The MCCI President also called for a comprehensive action programme to tackle the slow-down in the country's trade and industry.

He said the decision for reduction of bank rate and interest rate on export credit has been very timely but said that should not remain in paper and pen only as the requisite circular had not been issued.



Tapan Chowdhury, President of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), along with other leaders of the chamber called on the Finance and Planning Minister M Saifur Rahman at his secretariat office yesterday.

Janata Bank gets approval to start remittance business in Italy

Janata Exchange Company of Janata Bank has been given approval to start remittance business in Italy, says a press release.

The company will start its activities soon and the Bangladeshi expatriates working in Europe and European economic euro zone countries will be able to remit their money quickly at low cost.

Effective measures have been taken to introduce electronic fund transfer system for speedy disposal of remittances.

Lafarge, CNRS sign research agreement

Lafarge, the world leader in building materials, and French National Centre for Scientific Research (CNRS) have signed a scientific and technological framework agreement to strengthen their research cooperations, says a press release.

CNRS is Lafarge's primary scientific partner because of its expertise and scientific resources and now roughly ten new collaborative projects are launched each year.

The new framework agreement would facilitate launching of joint research projects and cover a wide range of issues including that of participation of personnel in research and co-funding.

CNRS is a public scientific and technological research institution and is recognised as a genuine breeding ground for scientific and technical innovations.

Lafarge employs 85,000 people in 75 countries. In Bangladesh, Lafarge is implementing a 240 million US dollars integrated cement project at Chhatak.

New MD of Renata Ltd



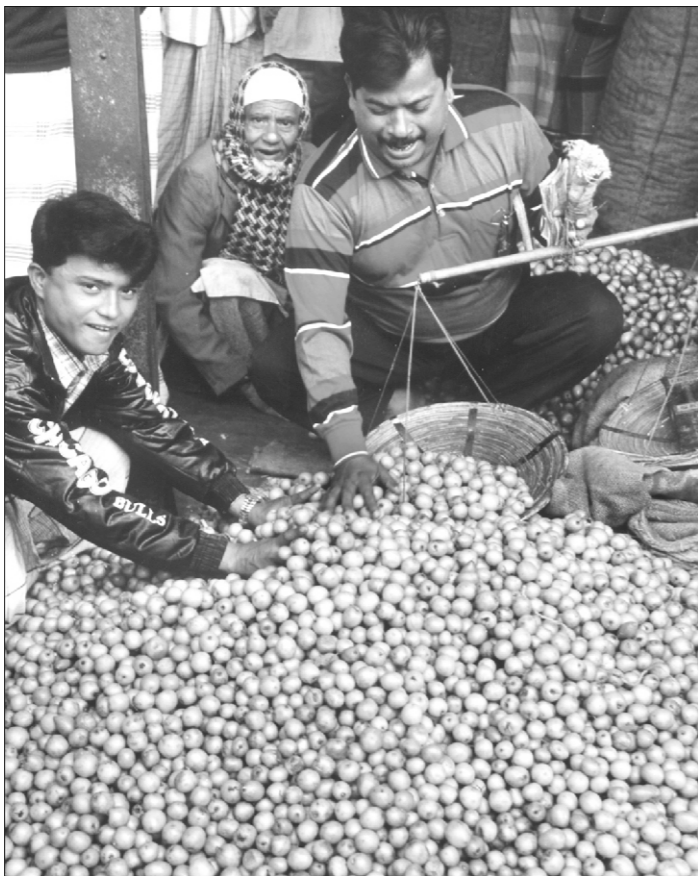
Syed S Kaiser Kabir has replaced Dr Sarwar Ali as Managing Director of Renata Limited, says a press release.

Dr Sarwar Ali had led the company since 1995 and goes for retirement on January 28 upon reaching 60 years of age.

Kabir is currently Managing Director of BRAC-Renata Agro Industries Limited. He shall be holding the position of Managing Director at both the companies.

Born on February 15, 1963, Kabir was initially trained as an economist. He earned the degree of MPhil in Economics from Oxford University, UK. He also holds a BA degree in economics and international relations from Claremont McKenna College, USA.

Kabir has been an active board member of Renata Limited since



Kul boroi, or plum, from Sathkira is available in city markets. A wholesaler at Badamtali sells the seasonal fruit for Tk 120-Tk 150 a kg.

Indian states delay VAT to 2003

REUTERS, New Delhi

Sixteen Indian states said Wednesday that they would postpone by a year introduction of a value-added-tax (VAT), seen as crucial to the country's economic reform programme.

The uniform tax that would simplify the current multi-tier taxation system will now take effect in the 16 states in April 2003 instead of this April because the bill to pass the measure was delayed by a deadly attack on parliament last month.

The other 12-so-called "backward" states such as newly formed provinces and the troubled northeastern states where not due to bring in VAT until 2003 to give them more time to prepare.

"The necessary legislation could not be passed," Asim Dasgupta,

chairman of a panel of state chief ministers examining the taxation plans, told reporters.

The session was adjourned early following the attack on parliament in which 14 people died. New Delhi has blamed the attack on Pakistani-based Kashmiri separatists.

The new tax would remove multiple layers of sales tax that often lead to revenue losses and tax evasion. It would also end the "rate wars" among states seeking to lure investors with tax incentives.

Finance Minister Yashwant Sinha, who chaired the state finance ministers' meeting, said the enabling measure would be passed in the budget session which starts next month.

He said the introduction of VAT would increase revenue collection because taxes will be uniform.

New Chairman of Mongla Port

Commodore Mohammad Khurshed Alam has joined on deputation as Chairman of Mongla Port Authority and Mongla Dock Labour Management Board on January 18, 2002.

He joined the then Pakistan Navy in 1970 and was commissioned in the Bangladesh Navy in 1973.

US Postal Service using FedEx

US Postal Service (USPS) is using FedEx Express planes to carry outbound mail from Hawaii, USA, says a press release.

FedEx will set up drop boxes in the post offices. The deal will generate \$ 1 billion each year for FedEx during the seven year contract. The arrangement comes after USPS expressed its disappointment at services provided by airline carriers. Mail is a big part of cargo carriers' business as all airlines, except Hawaiian and Alaska, were obliged to make mail a priority over other cargo, according to federal regulations.

And during peak seasons like Christmas, the carriers have to be ready to dump their regular load to accommodate the mail. USPS found FedEx to suit the most of their requirements.

With annual revenues of US\$ 20 billion, FedEx Corp is the premier global provider of transportation, logistics, e-commerce and supply chain management services.

The company offers integrated business solutions through a network of subsidiaries operating independently, including: FedEx Express, the world's largest express transportation company.

ADB to lend China \$3.5b over 3 years

REUTERS, Beijing

The Asian Development Bank plans to lend China around \$3.5 billion over the next three years, mainly for projects in poorer inland provinces, ADB president Tadao Chino said Thursday.

Around 70 per cent of the bank's future lending in China would flow to central and western parts of the country to help reduce poverty, Chino told a ceremony in Beijing to mark 15 years of relations between the ADB and China.

Projects would include infrastructure, human resource development and environmental protection, he said.

Honda's auto production up, but down at others

AP, Tokyo

Honda Motor Co's domestic production and exports rose in December, while domestic auto output dropped at the other Japanese carmakers, the companies said Thursday.

Honda's exports to North America rose 18.5 per cent on year to 25,491 vehicles on the popularity of the CRV sport utility vehicle. Domestic auto production rose 5.1 per cent from the same month a year ago to 111, 544 vehicles. Overall exports rose 0.5 per cent to 35,563 vehicles.

Jute fair attracts large number of visitors

Use of conventional method increases product costs

M ABDUR RAHIM

The second day of the three-day diversified jute products exhibition in the city yesterday attracted a huge number of visitors under the canopy of the newly built Bangladesh-China Friendship Conference Centre but most of them complain of high cost of jute products.

Talking to this correspondent, several visitors said customers avoid jute products mainly because of high cost of items. Increased use can reduce the high rate, the visitors, however, said.

Banning of polythene bag has opened new avenues for jute products in the country. To make best use of it jute bags of low prices have to launch in market to attract buyers, they said.

Asked for the reason of high price, an exhibitor at Desh Karupannaya attributed it to dependence on manual system taking more time and ultimately increasing the cost.

Adoption of modern technology would certainly help in lowering price but that would require huge investment, which is presently absent.

An executive of Rishilpi, a jute

enterprise of Sathkira, complains that buyers demand high price in their showroom though they buy at cheap rate from small enterprises of villages.

A total of 24 public and private companies are participating in the fair that concludes today.

The BJMC stall, the largest in the fair, is drawing the bulk of visitors attracted by its cheap jute bags, bed sheet and pillow covers, school bags, vanity bags and other items.

Most of the children at the fair is gathering at Young Women Christian Association (YWCA) stall which has rich collections of toys, flowers, carpets, in-house decors, bags, shoes and other fun items.

Trust for International Jute Study Group (TIJSG) displays jute reinforced plastic products like glass, plastic, bleached pulp, blended yarn, hammock, curtain, shoe, sofa, suitcase, sari, stick doors and other composite jute products that smack good prospect of diversification of jute.

Talking to this correspondent at the fair yesterday, entrepreneurs of the jute industry said that regaining of jute market entirely depends on diversification of its products for domestic and international markets

and offering products in subsidised prices at the initial stage.

"Such prices will allure customers and create market for what was once known as the golden fiber," said one of the participating entrepreneurs in the fair.

He said the glory the fibre can not be regained overnight. Public and private investment has to be channelled profusely in the sector and motivation campaign has to be launched to make behavioural change of the general people to use jute products side by side.

Producers and designers, another participant said, have to give modern and smart outlook of jute products keeping aesthetic sense in mind to entice fashion-conscious customers.

"Jute products have to shed its clumsy outlook first," he said. "With this purpose jute items can be intermixed with cotton, synthetic and others to match the product."

The Ministry of J in association with Export Promotion Bureau (EPB), Federation of Bangladesh of Bangladesh Chamber of Commerce and Industry (FBCCI), Delegation of European Commission in Bangladesh and the Trust for the International Jute Study Group

organised the exhibition.

Bangladesh Jute Research Institute, Bangladesh Jute Mills Corporation, Bangladesh Chemical Industries Corporation, the Trust for the International Jute Study Group, Young Women Christian Association (TWCA), Partex, Pubali Jute Mills Ltd, Esheta Sonali Aanch, Banglar Meela, Tarango, Rishilpi (Sathkira), Grameen Uddog, Desh Karupannaya Ltd, Creation Pvt Ltd, Bina Handicrafts, Bengal Braided, Moni Jute Goods, Craftsvision Uttam, Concern Bangladesh, Uttama Ltd, Swajan and Sumiya Cottage are taking part in the fair.

Bangladesh Jute Research Institute (BJRI) places some innovative jute products that create immense interest among the visitors. 'Jute plastic movable irrigation channel', a pipe made of jute but covered with plastic, fire resistant fabric, diabetic biscuit, dye, knitting wool substitutes are some of the innovations of the BJRI, an institute under Agriculture Ministry which offers free training and know-how to interested investors.

Japan's trade surplus plunges 38.3pc in 2001

AFP, Tokyo

Japan's trade surplus in 2001 plunged 38.3 per cent from a year earlier, marking the sharpest drop since 1970 as exports stagnated amid the global economic downturn, the finance ministry said Thursday.

In December alone, the surplus fell 18.4 per cent - its steepest slide in 15 years - casting doubt over hopes Japan's exporting power would improve, analysts said.

Last year the surplus sank to 6.6 trillion yen (49.3 billion dollars), with exports down 5.1 per cent to 49.01 trillion yen and imports up 3.6 per cent to a record high of 42.4 trillion yen, said the ministry.

"A slump in the IT (information

technology) industry spread to the world and severely hurt Japanese exports throughout the year," a ministry official said.

"Demand for Japanese hi-tech products fell worldwide," said the official, adding the trade surplus declined for the third straight year.

Semiconductor exports plunged 20.3 per cent year-on-year and telecommunications equipment fell 16.7 per cent.

Japan's trade surplus with the United States sank 6.8 per cent to 7.1 trillion yen, with exports tumbling 4.1 per cent to 14.7 trillion yen and imports down 1.5 per cent at 7.7 trillion yen.

US-bound shipments of Japanese semiconductors dropped

34.3 per cent and telecommunications equipment fell 32.2 per cent.

"We had a weak yen in 2001, but because of a global recession, effects of the weak currency were offset in the end," the ministry official said.

On average, the yen traded at 120.95 to the dollar last year, down 11.2 per cent from 2000. A weak yen makes Japanese exporters' products more cost-competitive abroad and boosts foreign earnings when repatriated.

"As long as Japan's trading partners remain in a slump export volume will fail to go up regardless of how much the yen weakens," said Barclays Capital chief economist Mamoru Yamazaki.

"The positive effects of yen depreciation will start to take hold when demand increases on economic recovery," he said.

On Thursday the yen was trading around a 39-month low to the dollar of 134.54 at 3:30 pm (0630 GMT).

Japan's trade surplus with the European Union fell 29.1 per cent to 2.4 trillion yen with exports falling 7.3 per cent to 7.8 trillion yen and imports up 7.3 per cent to 5.4 trillion yen.

With the rest of Asia, the country's surplus in 2001 nosedived 58.0 per cent to 1.8 trillion yen. Exports dropped 7.1 per cent to 19.7 trillion yen while imports grew 5.4 per cent to 18.0 trillion yen.

UK trade deficit widens in November

REUTERS, London

Britain's trade balance with the rest of the world slid further into the red in November as exports fell faster than imports, official data showed Wednesday.

The figures were released as a key government minister reiterated her backing for Britain to join the euro, saying the country's hard-pressed manufacturers suffering from the strength of the pound against the euro would benefit.

The Office for National Statistics (ONS) reported a global goods trade deficit up to 2.84 billion pounds in November from 2.4 billion the month before and worse than the average forecast from analysts for a shortfall of 2.6 billion pounds.

The ONS said exports fell to just under 15 billion pounds from 15.7 billion in October while imports fell less sharply to 17.8 billion from 18.1 billion.

Financial markets showed little reaction to the data with the FTSE

100 share index down 13 points at 5,136 and the pound steady at \$1.296 and 61.97 pence to the euro.

The trade deficit with the other 14 countries of the European Union grew to 762 million pounds in November from 731 million in October, the worst shortfall since June 1999.

Exports to the EU were the lowest since Feb 2000 and imports were the lowest since October 2000.

This is due to the weakness in the economies of many of Britain's trading partners who are buying fewer British goods. The relative strength of the British economy means the country is still importing goods.

Trade and Industry Secretary Patricia Hewitt said in a newspaper interview: "I have made it very clear that there are real potential benefits of membership of the euro, particularly for manufacturing industry, in terms of things like currency stability, transparency of costs and simplification of the trading regime."



Managing Director of Bangladesh Commerce Bank Limited Anisa Hamed and Managing Director of Industrial Development Leasing Company of Bangladesh Limited (IDLC) M Aminul Islam sign an accord on behalf of their respective organisations on Wednesday in the city. Under the deal, IDLC will receive Tk 100 million as credit from the bank.

BCBL, IDLC ink Tk 100m credit agreement

Industrial Development Leasing Company of Bangladesh Limited (IDLC) will receive Tk 100 million as credit from Bangladesh Commerce Bank Limited.

An agreement to this effect was signed between the two organisations in the city on Wednesday, says a press release.

The Managing Director of BCBL Anisa Hamed, and the Managing Director of IDLC, M Aminul Islam, signed the accord on behalf of their respective organisations.

Under the deal, the credit will be for a period of five years.

A R Gazi, Md Enayet Ullah, Shaid Maksudur Rahman, Mustafizur Rahman, Senior Vice Presidents, M Ebadat Hossain, Vice President & Manager Dilkusha Branch BCBL, and Arif Khan, DGM and Arifur Rahman Manager Funding of IDLC, were also present on the occasion.