

Dhaka-Tehran deal soon to strengthen economic ties

Iranian Foreign Minister says

STAR BUSINESS REPORT

A trade agreement between Bangladesh and Iran is expected to be signed very soon to strengthen economic relations of the two countries.

"The agreement will put the mechanism required for increased trade exchanges in place," said Iranian Foreign Minister Dr Kamal Kharrazi while speaking at a meeting with Bangladeshi business leaders at the FBCCI conference centre in the city yesterday.

The next step is to sign an agreement to avoid double taxation between the two countries, Kharrazi added.

Foreign Minister M Morshed Khan also attended the meeting, which was presided over by President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Yusuf Abdullah Harun. Iranian business leaders, lawmakers and government officials were present at the meeting.

Iranian foreign minister said the two countries have the political will to advance the goals of expanding bilateral co-operations in all fields.

The fourth joint economic commission meeting of Bangladesh and Iran will be held in Tehran next July.

"Iran has made a series of efforts to reopen the historical 'Silk Road', the shortest route to the central Asia. The idea of reopening the road is sup-

ported by Central Asian countries, India, Sri Lanka and even the countries in the Far East", Dr Kamal Kharrazi went on.

Speaking at the meeting Foreign Minister M Morshed Khan urged the businessmen of both the countries to identify the problems they are facing so that these can be placed at the forthcoming joint economic commission meeting for remedy.

Mentioning that the private sectors of both the countries were not doing well, the FBCCI chief observed that age-old legal framework is also creating impediment to the growth of the private sector.

The FBCCI President said the trade volume between the two countries has been hovering between US\$40 million and \$56 million. "But the private sector should take more initiatives to increase the volume."

Exports from Bangladesh on average stood at \$39 million and exports from Iran to Bangladesh at \$14 million only during the period from 1995-96 to 2000-2001, he said, adding that the volume of trade does not reflect the full potential that exists in both of our countries.

"Iran was once the largest market for Bangladeshi tea while the supply of jute and jute goods from Bangladesh to Iran was also significant. Unfortunately, due to certain restrictions and constraints, export of these items to Iran has sharply declined", Harun mentioned.

Citibank wants to continue leading role in energy, telecom investment

SHARIER KHAN

Citibank NA believes that there is a huge scope for investment in Bangladesh's energy and telecom sectors where the bank will continue to play a leading role.

At retail customer level, the presence of the bank will be felt very soon with the introduction of tele-banking and remittance-oriented Internet banking.

"We have contributed significantly to major international project financing like KAFCO and more recently AES Meghnaghat and Haripur Power projects," said Nanoo G Pamnani, Chief Executive Officer of Citibank NA India and the Citibank area chief for South Asia.

"However, with the continued development of the energy market in Bangladesh we should also develop our project finance skills," he added.

Sanjay Nayar, Head Global Corporate & Investment Bank, Citibank India, said the bank is currently involved in arranging the finances for the US\$ 117 million Bangladesh-Singapore submarine cable project, which is being negotiated with US company Tycom. The bank will also support the on-going Grameen Telecom expansion scheme, he added.

Nayar also said, "Bangladesh's power sector will continue to be vibrant and the gas sector will require huge investment in exploration and installation of pipeline. In both these sectors, Citibank can play a major role as a financial arranger and adviser. Citibank is specialised in financing and advising in telecom, power and oil and gas sectors."

Pamnani and Nayar were talking to The Daily Star on Wednesday. Pamnani was on a two-day visit to Dhaka to review the possibility of expanding the activities of Citibank NA, a leading bank in the world.



PHOTO: STAR

Nanoo G Pamnani, Chief Executive Officer of Citibank NA India and the Citibank area chief for South Asia, gestures as he talks to The Daily Star.

Nanoo Pamnani said, "Foreign direct investment will be vital and as Citibank will try to play an important role in facilitating the activities of foreign companies in Bangladesh as well as providing information to those of our clients who are planning to do business.

He said Citibank was assessing the viability of expanding its branch network in Bangladesh. "We have developed a team comprising young and essentially local talents to take our business forward. As a relatively newcomer our market share in Bangladesh is below Citibank's global levels. So we will be working hard in the coming years," the Citibank area chief said.

Around the world, Citibank NA provides services to corporate and institutional clients, small and medium entrepreneurs and individual retail customers. But currently Citibank is not serving the retail or small and medium entrepreneur clients in Bangladesh. "These segments remain under close scrutiny and may certainly

play a role in our future business plans," quipped Nanoo Pamnani.

Focusing on Citibank's strategy in Bangladesh, Sanjay Nayar said the bank will rely on its strengths, its international network and trade finance capabilities to support local business. "Our home base, the US, remains Bangladesh's largest single export market," Sanjay notes. "We will also use our distinctive skills in technology, cash management, structured finance and capital markets to provide a strong value propositions to clients here."

But Citibank's activities in Bangladesh are not limited within banking activities only. As per its global policy to "give back to the community" to do business locally, the bank has been supporting different NGOs involved in micro-credit schemes for underprivileged women since 1997. "We have partnership with Shakti Foundation for providing micro-credit to underprivileged women," Sanjay said.

"This year we've started sponsoring a new project called Friendship Hospital, which helps us to support public health," Sanjay said. The Friendship Hospital is a medical facility on a boat that will use the country's navigation channels to serve people at the remote areas of the country.

After Citibank launched its operations in Bangladesh in 1987, the bank provided financial and advisory support to different large scale schemes. It gave a fully underwritten offer for US\$ 100 million of commercial loan for the US\$ 550 million dollar Karnaphuli Fertiliser Co (KAFCO), arranged US\$ 87 million floating rate certificates at New York for NEPC for a 100MW barge mounted power plant, arranged US\$ 85 million financing for Biman's purchase of DC 10-30 airliner in 1988 and gave financial support to other large scale projects initiated by the government and local and multinational companies.

Italian textile factory starts production at DEPZ

The first Italian textile factory at Dhaka Export Processing Zone (DEPZ) began commercial production on Thursday, says a press release.

Italian Ambassador to Bangladesh Mario Filippo Pini inaugurated the commercial production of the mills, M/s. EOS Textile Mills Ltd.

Pini said, he is impressed to see the congenial atmosphere conducive to production at the export processing zones.

He said the Bangladesh EPZ authority should adopt more aggressive policy to attract European investors, particularly from the European Union.

Executive Chairman of the Bangladesh Export Processing Zones Authority (BEPZA) Brig Gen (Rtd) Mofizur Rahman in his speech highlighted the contribution of BEPZA to the national exports, saying the EPZs' contribution was more than 16.51 per cent last year.

The functions was also addressed, among others, by representative of the European Commission Anne Marshal.

M/s. EOS Textile Mills Ltd has invested US\$ 5.62 million in the DEPZ. The factory will produce annually 5.2 million meters of cloths. It has created employment opportunity for about 100 Bangladeshi workers.



PHOTO: STAR

The month-long Dhaka International Trade Fair concluded yesterday. Commerce Minister Amir Khasru Mahmud Chowdhury, LGRD Minister Abdul Mannan Bhuiyan, and State Minister for Commerce Barkatullah Bulu, among others, were present at the concluding ceremony.

EU for ironing out differences with Asia on investment rules

AFP, Singapore

Asia and Europe should iron out differences on liberalising investment rules to move global trade talks forward after November's agreement to launch a new round, European Union (EU) Trade Commissioner Pascal Lamy said Friday. Speaking at a public lecture here, Lamy said he was aware of concerns in the region over the inclusion of investment and competition rules in the agenda for the new

round of liberalisation talks under the World Trade Organisation (WTO).

But he said the two regions needed to patch up their differences in order to boost trade and investments.

"I know that within Southeast Asia there are mixed feelings about the inclusion of investment and competition in the new round," Lamy told the lecture to mark the fifth anniversary of the Asia-Europe Foundation.

"But I think that basic rules in these areas, which would leave intact the countries' right to regulate, would give a boost to EU foreign direct investment in Asia and indeed to intra-Asian investment, both of which are below potential," he said.

At the meeting of WTO ministers in Doha, Qatar last November that launched the Doha Development Agenda, developing member countries managed to put off negotiations on liberalising investment policies until after the next WTO meeting in 2003.

AFP, Tokyo

Prime Minister Junichiro Koizumi increased efforts Friday to fight deflation and lift Japan from recession under a fresh reform plan being discussed ahead of a visit by US President George W. Bush.

But analysts warned government rhetoric, which has fueled a recent rally in the stockmarket, could turn to inaction once the US leader leaves.

"The acceleration of banks' bad-loan disposals and measures to safeguard smaller companies from fund shortages are the best policies available now," Koizumi told reporters.

The new plan is designed to stabilise Japan's shaky financial system -- buried under a mountain of bad debts -- and reverse sliding

prices, which have crippled corporate profits since the middle of the 1990s.

Details will be discussed by the government's Council on Economic and Fiscal Policy chaired by Koizumi later Friday, and analysts expect the premier to present Bush with a concrete plan when they meet Monday to demonstrate his determination to tackle Japan's economic woes.

As part of the proposals, Koizumi demanded the results of an inspection by the Financial Services Agency (FSA) into banks' balance sheets be made public to increase transparency in the financial sector.

Analysts believe the inspections, due to finish this month, would reveal many banks are undercapitalised, forcing them to

raise more money either in unfavourable financial markets or by accepting funds from the government.

But Tokyo is divided over a bank bailout, with Finance Minister Masajuro Shiokawa publicly supporting the idea, financial affairs minister Hakuo Yanagisawa strongly opposed and Koizumi stuck in the middle, insisting the government would help banks if there was a financial crisis.

"As long as there is not a crisis there will be no public funds," said HSBC financial analyst Brian Waterhouse. "It is all rhetoric."

Koizumi's new plan would also prevent a rush on banks by nervous savers when the government caps an unlimited guarantee on deposits at 10 million yen (75,200 dollars) from April.

World trade dips 1.5pc in 2001, says France

AFP, Paris

The volume of world trade declined by about 1.5 per cent in 2001, its first fall in 20 years, the French economy ministry reported here Friday.

World trade grew 12 per cent in volume in 2000.

Last year, the ministry estimated in its presentation of French trade figures, was "the first time in 20 years that world trade has registered a decline."

It said that in the first half of 2001, global trade suffered from a slowdown in the US economy as well as declines in German, Japanese, British and US imports.

The trend continued in the second half of the year, although at a slower pace, pointing to an overall decline of 1.5 per cent for the full 12 months, according to the ministry.