Star
BUSINESS
DHAKA TUESDAY APRIL 9, 2002

Heads of foreign mission visit Square plant at Kaliakoir

Six heads of foreign mission and UN organisation in Dhaka visited Square's new pharmaceutical plant at Kaliakoir in Gazipur on Friday, says a press release.

The team included ambassadors of Sweden, Netherlands, Norway, envoys of Canada, Pakistan, Country Director of the World Bank and high officials from the embassies of European communities, Egypt and India.

The visitors went round the power generation, water treatment, engineering, production and quality assurance facilities of the sprawling facility.

The state of the art facility is built as per US FDA (US Food and Drugs Administration) and UK MCA (UK Medicines Control Agency) standards and is one of the finest facilities in this region.

The visitors were greatly impressed by the sophistication of the world class facility and appreciated the meticulously adherence to highest standards of pharmaceutical manufacturing covering environment, waste treatment, HVAC (head, ventilation and air conditioning) etc.

They wished Square Pharmaceuticals of all success in their efforts to go global and making world class pharmaceuticals available in Bangladesh.

They also appreciated Square Pharmaceutical's preparedness to face the consequences of post 2004 WTO agreement and considered that the facility would contribute in developing positive image of Bangladesh in the developed world.

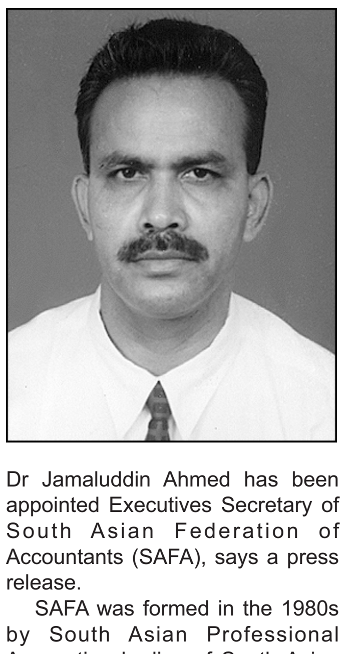
HSBC's workshop for officers of local banks ends

Institutional Banking Department of HSBC Bangladesh hosted a workshop on HSBC's extensive correspondent banking capabilities, payment and cash management and international trade finance recently in the Sundarbans area, says a press release.

A total of 35 mid-level officers from Sonali Bank, Agrani Bank, Janata Bank, Arab Bangladesh Bank Limited, Uttara Bank Limited, National Bank Limited, The City Bank Limited, Prime Bank Limited and Dhaka Bank Limited participated in the workshop.

One of the sessions included a presentation by Anwarul Azim of Arab Bangladesh Bank Limited.

Jamaluddin new executive secy of SAFA



Dr Jamaluddin Ahmed has been appointed Executives Secretary of South Asian Federation of Accountants (SAFA), says a press release.

SAFA was formed in the 1980s by South Asian Professional Accounting bodies of South Asian Association for Regional Cooperation (SAARC) countries for regional co-operation within Accountancy Professionals.

Dr Jamal is a partner of Hoda Vasi Chowdhury & Co., Chartered Accounts, an associate firm of Deloitte Touche Tohmatsu. He obtained his both Bachelor of Honours and Masters Degree in Accounting from the University of Dhaka, qualified as Chartered Accountant from the Institute of Chartered Accountants of Bangladesh (ICAB).

Dr Jamal was awarded PhD degree from the Cardif Business School, University of Wales, UK, in 1996.

Dr Jamal has to his credit a large number of publications of research papers both at home and abroad.

Prior to his joining of Hoda Vasi Chowdhury & Co., he held senior management positions in different organisations.

Online payment system pivots on healthy forex reserve

Commerce Minister says

STAR BUSINESS REPORT

Commerce Minister Amir Khosru Mahmud Chowdhury yesterday said the government may consider permitting online payment settlement system in the country after having a comfortable foreign exchange reserve.

He said if online payment is allowed foreign exchange may flow out of the country putting further pressure on the present reserve.

The minister, however, said after having comfortable reserve the government may allow the payment settlement system, paving the way for full-fledged e-commerce in the country.

The country's present foreign exchange reserve now stands at around 1.3 billion US dollars.

The commerce minister was inaugurating an IT course at the Dhaka Reporters' Unity office in the city.

Bangladeshi people working abroad cannot buy indigenous products due to payment hurdle in the country, Amir Khosru Mahmud Chowdhury added.

Citing the success of the readymade garment sector, the minister said the educated young people can also bring about revolution in the country's information and communication technology (ICT) sector in the near future.

Turning to the present bleak export scenario, he said Bangladeshi expatriates can also contribute to the country's export growth.

There are some 13,000 Bangalee restaurants-owned by Bangladeshi nationals in the UK and their annual procurement is 37 billion pound sterling. If the restaurants buy goods worth one billion pound sterling from Bangladesh, the country's business may get a big push, the minister said.

Government undertakes study of post-MFA RMG export

Swiss consultancy firm to carry out project

BSS, *Dhaka*

The government has undertaken a study to fix production and marketing strategies for the readymade garment (RMG) sector in the wake of the phasing out of the Multiple Fibre Agreement (MFA).

Swiss consulting agency Gherzi Textile Organisation (GTO) has been given the task of carrying out the study under a contract with commerce ministry last week, a commerce ministry official told the news agency yesterday.

The study will focus on the capacity of the RMG manufacturers and exporters and suggest a comprehensive strategy for the sector.

The MFA quota system and General System of Preference (GSP) for Least Developed Countries (LDC) are contributory factors in the rapid growth of RMG exports in Bangladesh.

But quotas are due to be phased out by January 1, 2005.

Exporters fear that there will be significant changes in the sector in the post MFA period, and Bangladesh would loose the market due to increased global competition.

"The full effect of the MFA phase-out can't be predicted with certainty, but the RMG sector needs to develop strategies to deal with the changing market place after 2004," the commerce ministry official said.

In view of the situation, the ministry has taken the one-year study project to assess the global market Bangladeshi garments products in the post MFA period, he said.

The study will analyse the markets served by the Bangladesh RMG industry, project the possible post-MFA scenario.

It will also assess short-term and long-term competitive advantages of the industry and analyse strategies and policies of competing countries to defend against or take advantage of the MFA phase-out.

The Zurich-based consulting firm will also identify and formulate key strategic options to exploit existing markets and develop new markets in the post-MFA era.

The RMG sector in Bangladesh has been dramatic changes over the last 30 years with exports growing from one million US dollar in 1970 to 4,352.39 million US dollar in 2000.

RMG accounts for over 75 per cent of the country's export earnings.

PHOTO: HSBC

Humaira Azam, Head of Institutional Banking of HSBC Bangladesh, and Shohiduzzaman, Relationship Manager of the bank, conduct a workshop for officers of nationalised and private local banks held in the Sundarbans area recently.

Lanka's garment export growth seen flat this yr

REUTERS, *Colombo*

Sri Lanka's leading export of manufactured garments will show flat growth this year on fierce price rivalry between competitor nations, an industry official said Monday.

Garments made mainly for top labels in the United States and the European Union account for about half the country's exports and sales are likely to stay flat at $2.5 billion after crashing 14 per cent last year.

"Orders should come back but at a very low price," said Ranjan Casie Chetty, chairman of the Apparel Exporters Association.

Garments made in the Caribbean and Africa enjoy duty concessions to both the United States and the European Union which Sri Lanka is trying hard to break into.

Low-cost production in China has also affected exports ahead of a phasing out of a system of quotas in 2005 for countries exporting to the United States under the Multi-Fibre Arrangement.

"The government is working on a free-trade agreement with the United States and is also trying to get duty concessions to the European Union," he said.

Any free-trade agreement, which would allow duty-free access for Sri Lankan garments and textiles, might take a couple of years to materialise, but duty concessions to the European Union could be approved later this year, he said.

Several government officials have said they wanted to discuss free trade with the United States, but there had been no official comment from Washington.

Sri Lanka's apparel industry has nearly 900 factories that cater to brands such as Victoria's Secret, Liz Claiborne and Tommy Hilfiger.

Leading companies in the warweary country, which has just reached a ceasefire with separatist Tamil Tiger guerillas, have an annual turnover of close to $300 million.

The companies -- mostly joint ventures with American firms -- are not listed on the Colombo Stock Exchange.

He said the strength of the Sri Lankan companies were its reliability and strict adherence to international labour standards.

Oil rallies on Iraqi export halt

AFP, *London*

The price of oil jumped over a dollar a barrel on Monday after Iraq announced it was suspending its oil exports for 30 days to try to pressure Israel into withdrawing from Palestinian territories.

Benchmark Brent North Sea crude for May delivery spiked as high as 27.43 dollars a barrel. Prices later stabilised around 27 dollars a barrel, up from 25.99 on Friday evening.

Iraqi President Saddam Hussein said Baghdad was suspending oil exports for an initial period of 30 days "or until the armies of the Zionist entity have unconditionally withdrawn from the Palestinian territories they have occupied and respect the will of the Palestinian people and the Arab nation."

Oil prices had risen on Monday even before the Iraqi announcement, after Israel pressed ahead with its siege of the West Bank despite calls from US President George W. Bush for it to pull out of Palestinian territories.

Prices were also bolstered by calls by Venezuela's leading labor union for a 24-hour general strike, which could lead to disruptions to the country's oil exports.

But the main focus was on Iraq, which stopped exporting oil through Mina al-Bakr terminal and the Turkish port of Ceyhan at 1000 GMT on Monday, the Iraqi oil ministry later said.

"It's an attempt to force an oil embargo against the West," said ABN Amro trader Philip Oxley.

Iraq is currently exporting about 1.5 million barrels a day of crude oil, he estimated.

"It's not a great deal -- OPEC can make up any shortfall quite quickly," Oxley told AFP.

Analysts say that the impact on the market would be much more serious if other producers such as Iran and Libya were to join Iraq in halting exports.

Australia to give BRAC Tk 13cr for microfinance programme

An agreement between the government of Australia and BRAC for expansion of microfinance programme in the north-western region of the country was signed in the city yesterday, says a press release.

Robert Flynn, High Commissioner of Australia in Dhaka, and Abdul Muyeed Chowdhury, Executive Director of BRAC, signed the agreement at BRAC Centre on behalf of their respective sides.

Under the agreement, Australia will provide 4.5 million Australian dollar equivalent to Tk 13 crore as grant with the objective of providing microfinance services to 22,848 poor households in seven northwestern district.

The five-year project will start from next month. BRAC's microfinance programme at present covers over 4 million households in all the 64 districts of the country.

Mercantile Bank, Citibank sign deal on domestic cash transaction

Mercantile Bank Ltd and Citibank, NA have signed an agreement on domestic cash transactions.

The agreement was signed by M Taheruddin, Managing Director of Mercantile Bank Ltd, and David E Rees, Chief Executive Officer of Citibank NA at the Mercantile Bank's head office in the city yesterday, says a press release.

Under the accord, selective customers of Citibank, NA will be able to deposit and withdraw cash online at the counters of Mercantile Bank's branches in Dhaka city.

The signing ceremony was attended by the executives of the two banks.

BIBM course on financing SMEs concludes

A ten-day training course on "Financing of Small and Medium Enterprises" organised by the Bangladesh Institute of Bank Management (BIBM) concluded at BIBM in the city on Sunday, says a press release.

A total of 29 participants from different banks and financial institutions participated in the course.

BIBM conducted the course to promote understanding of the loan officers about the special need of SMEs, to make understand the core issues relating to non-financial aspects of enterprises, business and marketing plan, market niche, growth of potential industry sub-sector.

PHOTO: SQUARE PHARMA

Heads of foreign mission and UN organisation in Dhaka pose for a photograph during their visit to Square Pharmaceuticals' new plant at Kaliakoir in Gazipur on Friday.

News Analysis

Free trade in shackles

INAM AHMED

When Chairman of the Canadian International Trade Committee Mac Harb announced last week that his country mulls free-market access offer for Bangladesh and other LDCs, there were reasons to be elated. But underneath his announcement, lies the harsh shadow of Western protectionism, as the agriculture products will not enjoy this generosity.

The LDCs' agricultural products constitute over 90 per cent of total exports in one way or another. So, in a way, this new announcement once again brings to the fore the question of fair trade policy, an issue that is now being debated across the globe.

Bangladesh like other poor countries in the world has had its share of the smite of protectionism and 'unjustifiable' demand for liberalisation. Over the last five years the World Bank and the IMF have repeatedly nudged the government to reduce its subsidy; to increase fertiliser prices. The government on its part had done its fair bit of defence by pointing out that Bangladesh still gives much lesser amount of subsidy to its agriculture as allowed under the WTO. And in fact, it has opened up its market more rapidly and extensively than many other developing countries including those in the region.

The issue that has been made is the West pays its subsidy from its own pocket while Bangladesh wants to be generous at someone else's expense, mainly foreign aid.

But on the flip side, the fact remains that the West had inadequate actions so far to increase the income of the poor countries. For example, the African countries could fetch $7 billion more only if they could increase their exports by one per cent. This amount would have been five times what they get in foreign assistance annually. And when most of the poor nations have infantile industrialisation, these extra exports could come from farm produces, a highly protected market in the West.

When it comes to putting up barriers against exports from poor countries, the EU is as culpable as the Americans. The West spends $1 billion a day protecting its farmers from the poor world exports. In spite of it, the US Congress is now about to pass a farm bill that would further stymie LDC farm exports. The recent US tariffs on steel have further spirited other American industries including farmers who now want similar protection.

In America, the textile industry survives only because it is heavily protected there, as in most rich countries. The average American tariff on textile and clothing imports is 17 per cent.

Another worrisome trend in the world trade is the poor nations' continuous erosion in unit prices. In a lopsided trade situation, where a few rich countries churn out hightech products and a many poor countries are in a cut-throat competition, the trade balance is always tipped against the latter.

The rich are putting pressure on the LDCs to keep prices low and diametrically slapping newer nontariff barriers like work environment and child labour. These have only resulted in the further marginalisation of the LDCs in the world trade and is now being considered as 'unethical' stance as while the West would not increase its import prices, it would rather want the poor nations to cut their prices and improve work conditions.

For Bangladesh, such a trade phenomenon has a destabilising impact. For the last few years, the price index of the country's products has been dipping continuously. Last year, the index stood at 2.53 per cent, indicating that the country had to ship out more goods to fetch the same single US dollar that it got the year before.

But such non-tariff barrier is not only witnessed in the rich countries, but also equally in the poorer countries. For example, in the South Asian region, India, the strongest of the cluster, has always been tightwad in importing from its neighbours, while it aggressively markets its own products. As a result, India's neighbours regularly export less to India than they do to the US. Most astonishingly, Nepal, a land-locked nation surrounded on three sides by India and on the other by the Himalayas, is a case in point, which exported $220 million worth of goods to the US in 2000 and only $177 million to India.

Bangladesh is another case in point. The recent imposition of countervailing duty on exports of battery from Bangladesh, even after clearly proving that its battery prices are as competitive as the Indian ones, has exposed how the poor countries block each other's trade.

Aside from the recent 30 per cent duty slapping on steel, the US tariff system reveals something uncomfortable it has become steeply tilted against the poor. Decades of trade negotiations have brought US tariffs on average below two per cent. This however masks the fact that on consumer goods, tariffs remain high; and on clothes and shoes they are almost eight times the average. Naturally, countries like Bangladesh and Cambodia suffer because of this.

For countries like Bangladesh, another testing time looms ahead with the abolition of the quota system in clothing in January, 2005. Although the country is in a position to make a booming business taking advantage of the quota-free trading proposition, the US textile industry is also flexing muscles to slap various countervailing measures. And if that happens, Bangladesh's hope for yet another appparel boom may soon sink in the labyrinth of tariff barrier.

Indian industry coming out of recession : Survey

AFP, *New Delhi*

Indian industry is coming out of a recession with a majority of industry sectors showing either clear signs of revival or moderate growth, according to a survey released Monday.

The Confederation of Indian Industry (CII), in a survey of 116 sectors for the financial year ended March, found 65 sectors exhibited growth of up to 10 per cent over the same period last year.

Fifteen sectors showed growth rates of between 10-20 per cent, and six of more than 20 per cent, while 30 sectors recorded negative growth.

"The high incidence of moderate growth rates in the survey reflects the downtrend in the manufacturing sectors witnessed in the first three quarters of the year due to the overall slowdown in the economy," the survey said.

It said the growth rates of the industry sectors which were showing signs of revival were expected to pick up between April and June, provided the government keeps to the reform proposals outlined in the budget.

"For the next six months, the survey foresees a silver-lining based on the policies and programmes initiated by the government in some sectors," it said.

"For this, the process of reform measures already initiated in some sectors and which have started bearing fruit need to be further strengthened with time to time evaluation."

The survey said the negative growth seen in 30 sectors was mainly due to the slowdown in the auto sector and the slack in the production of basic goods like crude oil, fertilizer, cold rolled steel and consumer durable items.

India's economy grew by 6.3 per cent in the three months to December from a year earlier driven by a strong performance by the agricultural sector, up from 3.4 per cent in the same period last year, the government said earlier.

The CII survey said the government needed to change the import duty structure to discouraged the import of used goods while encouraging greater value addition.

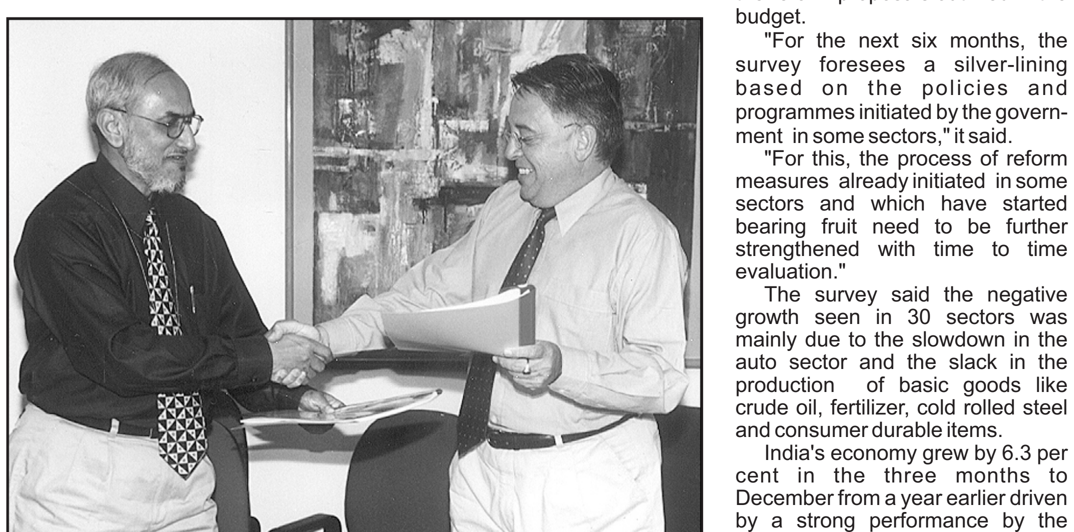


PHOTO: BRAC

Robert Flynn, High Commissioner of Australia in Dhaka (right), and Abdul Muyeed Chowdhury, Executive Director of BRAC, exchange documents after signing a Tk 13 crore agreement on behalf of the government of Australia and BRAC respectively in the city yesterday for expansion of microfinance programme in the north-western region of the country.