Dhaka seeks separate GSP scheme for LDCs

Bangladesh yesterday urged the European Union (EU) to adopt a separate GSP scheme for LDCs in order to derive benefit from its everything but arms (EBA) initiative.

Dhaka's request was placed when the EU said Bangladesh is at high risk due to its dependency on a single export item and suggested rapid diversification of its export

"We strongly urge the EU to simplify and relax the rules of origin. If the rules of origin formula, value addition criteria etc are not relaxed in favour of the LDCs, these countries will not be able to derive much benefit from the initiative like the EBA," leader of Bangladesh delegation told officials of the European Commission (EC) at a joint meeting at the Secretariat in the city.

Phillipe Meyer, head of Unit, DG Trade of the EC and co-chair of the led the EC delegation while Joint Secretary of the Ministry of Commerce AK Azad represented the Bangladesh at the meeting on trade development and trade related issues

EC officials noted Bangladesh's readymade garment (RMG) export to the EU is now 87 to 88 per cent and shrimp six per cent, reflecting high risk for the country. Bangladesh's position four years back was nine in EU market but it promoted to fifth position in year

EC officials also underscored the need for regional cooperation to increase trade. Improving governance including law and order apart Bangladesh should take measures to improve its infrastructure and fight against corruption, they men-

On the other hand, Bangladesh delegation said EBA initiative introeverything but arms from the LDCs on duty-free and quota-free basis made the latter including

The country's export to EU was US\$ 2,664.5 million (44.5 per cent of the total earning) in the 2001-02 financial year. The EBA initiative has encouraged LDC exports to EU but strict rules of origin (RoO) criterion and SPS (sanitary and phytosanitary sector) measures of EU stand in the way in availing the benefit by the LDCs, said leader of Bangladesh delegation.

But the conditions of rules of origin and requirements of SPS standards specified in this regard are difficult for Bangladesh to cope with and it could not derive expected benefit from the EBA initiative. Unless rules of origin and SPS standards requirements are relaxed. EBA will remain just as a

Market access for LDCs should be total, essentially in all commodities. Furthermore, there should not be non-tariff barriers, especially those relating to the rules of origin and standards in environment or labour, he said mentioning that a separate GSP (generalised system of preference) scheme with relaxed RoO criteria for LDC products may be a welcome solution.

"The share of least developed countries (LDCs) in the world trade hit the rock bottom of mere 0.4 per cent, which is an eloquent evidence of their failure to benefit from the leapfrogging growth of global trade that had taken place during the decade of the 1990s," he added.

Bangladesh export earning depends on only readymade garment and the post MFA scenario poses a threat to its export earnings, the Bangladesh delegation said

Acquisition may spell Tk13cr burden on Ctg Cement

SEC directive for informing shareholders prior to amalgamation with two Heidelberger companies

M SHAMSUR RAHMAN

The Securities and Exchange Commission (SEC) yesterday directed Chittagong Cement Clinker Grinding Company to inform its shareholders that the publicly traded company could be burdened with Tk 12.92 crore liabilities once its proposed amalgamation with Scancement International Ltd and Scancem Bangladesh Ltd takes place.

Heidelberger Zement AG owns both Scancement International Ltd and Scancem Bangladesh Ltd. Heidelberger also has 51 per cent holding in Chittagong Cement while Bangladeshi general shareholders and institutional investors own 49 per cent.

The company also obtained

permission from the High Court to convene a general meeting as required by the Company Act.

But an SEC investigation shows that the proposed amalgamation of these companies appear to be in favour of the major shareholder, Heidelberger.

In the draft scheme of amalgamation, the SEC said, the liabilities of Scancem Bangladesh Ltd might benefit the controlling shareholders at the cost of minority ones of the company, as the minority shareholders have not been informed of the assets and liability position of the companies.

In June this year, Chittagong Cement informed the SEC of their decision to acquire the two compa-

The SEC later launched an

investigation into the affairs of the company where the committee also observed that "Scancem Bangladesh Ltd with no assets backing but with a liability equivalent to a huge negative net worth of Tk 12.92 crore would go against the interest of the investors.

"Moreover, Scancem Bangladesh Ltd's historical profitability from the normal operational activities was negative." the investigation observed.

Under the proposed amalgamation, Chittagong Cement will buy Scancem International Ltd (SIL) by allotting 0.597 shares of Tk 100 each against every single SIL share of Tk 1000 each.

According to the arrangements, Chittagong Cement would issues 5.97 lakh shares of its company.

"Although SIL's net worth is positive, the historical profitability from its normal operational activities was negative. Moreover, SIL commenced its operational activities in August 1, 2001. Hence its historical profitability is not tested as yet. Under these circumstances, it is difficult to project its future profitability and make any comment on the aftermath of the of amalgamation," said an SEC official while talking to The Daily

Stating all the facts, the SEC directed Chittagong Cement to inform both the High Court and the general shareholders of the SEC observation before starting the process of amalgamation

Bangladesh, Malaysia may act as gateways to regional markets

Malaysian High Commissioner says at FICCI meet

STAR BUSINESS REPORT

Malaysian High Commissioner to Bangladesh Ashaary Sani yesterday said Dhaka and Kuala Lumpur can take advantage of their respective geographical locations to boost their economies

Sani said the two countries can further expand their bilateral trade by using each other as an effective gateway to their respective regions. Malaysia can use Bangladesh as

its gateway to South Asian market while Malaysia can be Bangladesh's gateway to Southeast Asian market." said Sani

The high commissioner was speaking as guest of honour at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI) at

a city hotel in the city. FICCI President Waliur Rahman Bhuivan presided over the meeting

The high commissioner also said Malaysia was the second largest contributor to intra-ASEAN trade last year that was around 26 per cent of the total US\$ 158.9 billion

The High Commissioner said trade between Bangladesh and Malaysia had increased three-fold from about US\$ 42.4 million in 1995 to US\$ 186.6 million in 2001."The total value stood at US\$ 117.2 million in first 7 months of this year, showing an increase of about 16 per cent," he added.

Sani said trade relations between the two countries are



Ashary Bin Sani, high commissioner of Malaysia to Bangladesh, addresses the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI) yesterday at Sonargaon Hotel in the city. Waliur president of the Chamber, are also seen in the picture.

excellent and Malaysia ranks third after the United States and the UK among the countries investing in Bangladesh.

Sani also said Bangladesh-Malavsia Chamber of Commerce and Industry (BMCCI) has recently been established in Dhaka for the promotion of greater co-operation between the private sectors of the two countries.

He said workers from Bangladesh have significantly contributed towards Malaysia's

economic development.

Replying to a question, the Malaysian envoy said the Kuala Lumpur is planning to recruit medical doctors from Bangladesh.

Citing a UNCTAD report, FICCI President said foreign direct investment (FDI) in the country dropped by 72 per cent to US\$ 78 million last year from US\$ 280 million in 2000.

Seeking government steps to check the FDI downslide, the FICCI chief said poor law and order situation is the main reason behind the

According to Malaysian Embassy in Dhaka, the total trade between the two countries was US\$ 92.09 million in FY 2001-2002. Of the trade, total exports from Bangladesh were US\$ 3.65 million and total imports from Malaysia were US\$ 88.44 million.

On the other hand, Malavsia's total investment in Bangladesh was US\$1337 million and Bangladesh's total investment in Malaysia was US\$ 4.7 million till October 2001.

GMG Holidays launches package for Kolkata visit

GMG Holidays, a subsidiary of GMG Airlines, has introduced an economical and attractive package for Kolkata visitors, says a press

Attractively priced at US\$ 165 per person, the package offers 3 nights and 4 days stay at Kolkata's Hotel Hindusthan International with complimentary buffet breakfast.

The package also includes air fare for Dhaka-Jessore-Dhaka route on GMG Airlines and surface travel for Jessore-Kolkata-Jessore by AC car or coach. The list of attractions include 20 per cent discount on food and beverages in the hotel, free usage of health club and swimming

The package has been designed in such a way that it will cater to the needs of people visiting Kolkata for holiday, medical treatment and

This package is a very reasonably priced and an amazing offer considering the fact that Dhaka-Kolkata-Dhaka air fare itself is US\$ 176. Residents of Jessore and Khulna

as can avail of this offer from Benapole for US\$ 105 wherein they will report directly to GMG Holidays' office at Benapole for further travel.

Business review confce of Prime Bank held

A day-long business review conference of Prime Bank Ltd. was held at the head office of the bank on Wednesday, says a press release.

Quazi Sirazul Islam, chairman of the board directors of the bank, was present in the conference as chief

The conference was presided over by the bank's Managing Director Shah Md Nurul Alam, M Shahjahan Bhuiyan, Additional Managing Director of the bank was present.

Performance of the bank in credit operation, foreign trade and other operational activities against budgeted targets from January to August 2002 including compliances were reviewed and necessary measures for achieving the annual targets in keeping with the hurdles on the way of achievement were discussed at length at the confer-

BD Dyeing declares 10pc dividend

Bangladesh Dyeing & Finishing Industries Ltd. (BD Dyeing) declared a 10 per cent dividend at its ninth annual general meeting (AGM) held at Doel Complex in Savar on Saturday, Chairman of the company

Debaki Nandan Kejriwal presided over the AGM. Directors and shareholders of the company were present at the meeting.

Correction

A news item headlined 'NBR extends tax return submission date' published in the daily's business page on September 27 said the minimum tax for individuals has been fixed at Tk 2400. In fact, the minimum tax is Tk 1200. We regret the mistake.

Country's participation in Dubai festival uncertain

Fair authorities get two applications for organising Bangladesh Pavilion

UNB, Dhaka

Bangladesh's participation in a Middle-East trade fair hangs in the balance due to tussle between two Bangladeshi organisers.

Bangladesh Pavilion Organising Committee (BPOC), which organised Bangladeshi pavilion in Dubai Shopping Festival (DSF) last year for the first time, alleged that Commerce Ministry's lobbying for an inexperienced organiser pushed Bangladesh's participation in DSF 2003 into uncertainty.

DSF authorities kept the decision in abeyance as they received two applications for organising Bangladesh Pavilion-- one from the BOPC and the other from Dubaibased Inscope ME.

Commerce Ministry directed the Bangladesh Consulate in Dubai for favouring Inscope ME to be organiser of the Bangladesh Pavilion in DSF 2003, BPOC said in a press

release faxed here on Saturday. "Bangladesh may not have any pavilion in DSF next year unless the Commerce Ministry changes its

decision." the press release said. Dubai government started DSF in 1996 and a number of countries. including India and Pakistan, joined the festival every year. There has not been any initiative from the

Commerce Ministry to take part in

the festival. BPOC, a group of five Bangladeshi professionals living in the UAE, first ventured to have Bangladesh Pavilion in the Dubai Shopping Festival (DSF) in 2001 without having any support from the government.

A total of 11 business houses took part in the festival.

But the Commerce Ministry last year favoured Dhaka-based Communicant in organising Bangladesh Pavilion in DSF after festival authorities allotted 750 square meters for the pavilion to

But Communicant failed to bring any participants from Bangladesh and at last the BPOC, at the request from Commerce Ministry, locally arranged some stalls for Bangladesh Pavilion, the BPOC said in the release.

BPOC Chief Co-ordinator Saifur Rahman regretted that Bangladesh's Commerce Ministry officials were "out to destroy" a private initiative for export promo-. tion in the Middle East.

"It is unfortunate that while trade officials across the globe are busy with promoting exports of respective countries, officials at Bangladesh Commerce Ministry are acting in an opposite direction, Rahman said.

Bangladeshi professionals, saving time from jobs of foreign employers, developed a project Bangladesh Pavilion. to promote the country's export trade in the



Bangladesh Dyeing & Finishing Industries Ltd (BD Dyeing) held its ninth annual general meeting (AGM) at Doel Complex in Savar on Saturday.

India to maintain cautious approach to full rupee float

REUTERS, Bangalore

India would maintain a cautious approach towards an eventual full float of the rupee, despite a record swell in foreign exchange reserves, a senior central bank official said at the weekend.

Kishori Udeshi, executive director of the Reserve Bank of India (RBI), told an annual retreat of foreign exchange dealers in the southern city of Bangalore that a steady approach was needed to curb volatility and speculation because proper risk management tools were not yet in place.

"The country is committed to a gradual and well calibrated move to capital account convertibility," Udeshi said late on Saturday in a keynote address to the Forex Association of India.

"Convertibility is not a one-time affair. It is a process of evolution and the process is an ongoing one," she

India's central bank has faced

criticism of being slow in its march to full convertibility after freeing up the current account, which is focused on trade in merchandise and services, about a decade ago. Critics say the absence of a free

two-way flow of capital is slowing investment and commitments by foreign investors.

India's foreign exchange reserves have steadily risen since a balance of payments crisis in 1991 that pushed the nation onto the path of a sweeping but gradual liberalisation programme.

Reserves this month rose above \$62.5 billion, a level considered comfortable because it equals about a year's imports.

Udeshi, a veteran with 37 years behind her in the central bank, said a move towards more convertibility demanded efficient methods for conducting two-way flows.

"We have to move together to develop risk-management products beyond the ago-old product, the forwards," she said adding that introduction of instruments like rupee-dollar options was under active consideration of the RBI.

The Asian economic crisis of the late 1990s put the already cautious RBI further on guard against fly-bynight or short-term capital flows. RBI has also practised active intervention, inviting the tag of supervising a "managed float" of the rupee.

The RBI does not target any exchange rate or resist fundamentals," Udeshi said, adding that the central bank only checked "speculative instincts of the few."

She said a totally open capital account convertibility was not necessary and a developing country with underdeveloped financial markets should reserve the right to impose controls if warranted

HSBC launches new web site HSBC has launched its new web site,

says a press release.

The web site is a user friendly guide to the entire range of products and services offered by HSBC in Bangladesh. The site www.hsbc.com.bd includes information on personal financial services, corporate banking and trade services, human resources, employment opportunities and HSBC's activities in the community.

Computer terminals have been installed at all branches in Dhaka and Chittagong where customers can have access to the web site.

New chairman, vice-chairman of Al-Arafah Bank



Vice-chairman

Nazmul Ahsan Khaled and Abdul Malek Mollah have been elected chairman and vice-chairman of Al-Arafah Islami Bank Ltd. Respectively, says a press release. The election was held at the 88th

general meeting of the board of directors of the bank on Wednesday. Nazmul Ahsan Khaled was the chairman of board of directors of Peoples Insurance Co. and managing director of M/s. Nourish Poultry

and Hatchery Ltd. Abdul Malek Mollah is the managing director of Mollah Trading.

Pakistan to push for free trade with US this week

Pakistan is this week to intensify its push for a free trade agreement (FTA) with the United States, as its economic recovery seeks to gather pace and offset the cost of the September 11, 2001 attacks and the simmering crisis with India.

Pakistani Finance Minister Shaukat Aziz told AFP in an interview that he was "cautiously optimistic" that a long-term goal of sealing a trade pact was attain-Aziz, in town for International

Monetary Fund and World Bank annual meetings, will also urge US officials he meets this week, including Treasury Secretary Paul O'Neill, to grant wider access to US markets for textiles, a key Pakistani

And he promised no let-up in a reform drive designed to inject the macroeconomic stability so prized by foreign investors into a previously chaotic economy. Aziz's sights are set firmly on a

free trade pact with Washington, which would further pry open markets in the United States. Pakistan's largest trading partner. "Clearly the FTA is a long, drawn-out process, there are

labor issues, it's not just opening trade to both countries. "I am cautiously optimistic," he said, though he declined to put a time-frame on when talks might

issues like environmental issues,

take to conclude.

Knitting trade pacts is notoriously time consuming, and Aziz added that Islamabad would watch closely as the United States strives to finally conclude FTA's with Singapore -- the first such pact with an Asian state -- and Chile.

Aziz also hoped for conces-

sions on textile markets, but recog-

nised tricky political questions, raised by requests for better US market access for foreign prod-There have been whispers in the Pakistani community here that Washington should be doing more

to help its ally, after expecting huge

concessions from Islamabad in its

campaign against terrorism. But Aziz, a former Citibank executive smoothly fluent in diplospeak, said he was not seeking a "quid pro quo," stressing, however, that a profitable, stable and moderate Pakistan was vital for the world.

Pakistan's recent economic performance has won kudos from the IMF, which predicted GDP growth of 4.6 per cent next year and 5.0 per cent the year after. Last year, total foreign invest-

ment in Pakistan was about half a billion dollars, up 30 per cent from the previous 12 months, and foreigners are eyeing government privatisation programs in the energy and financial sectors.

Aziz proudly touted the Karachi Stock Exchange as the world's

dar year, and says portfolio managers have taken note. He did acknowledge, though, that a low initial market cap set the stage for Pakistan has also profited from the lifting of US investment restrictions under sanctions imposed

1998, and a 12.5 billion-dollar writeoff by Paris club creditor nations of its external debt last "Our challenge now is to transfer this macroeconomic growth to the benefit of the common man, but we have to stay the course of

reform, because if we do not stay

the course things can derail very

after its nuclear weapons tests in

quickly," he said. The picture may have been rosier had it not been for the economic earthquake of the September 11, 2001, attacks, the US campaign in Afghanistan, and attacks on Americans in Pakistan which may have scared off some

led government of President Pervez Musharraf. Pakistan must also pay to keep tens of thousands of troops mobilized on the border with India, due to a crisis with its nuclear rival which keeps threatening to boil over.

"Clearly if September 11 had

not occured we would have done

even better." said Aziz. consid-

ered a key player in the military-