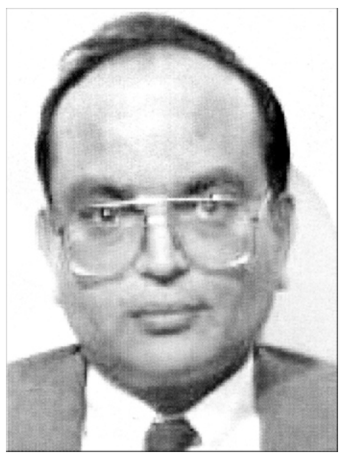
Star BUSINESS

DHAKA THURSDAY JUNE 19, 2003



New WB VP for South Asia

The World Bank has announced the appointment of a new vice-president for the South Asia region.

Praful C Patel, a Ugandan national, whose career is of nearly 30 years with the institution, has been appointed in the post.

A senior corporate leader in the World Bank, Patel has worked on a wide variety of issues including urban development, infrastructure, private sector development, the financial sector and macro-economic management.

He has worked in regions such as Africa, East Asia, Latin America, North Africa and Middle East.

Repo auction

UNB, *Dhaka*

The Reverse REPO auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

One bid of 1-day tenor amounting to total of Tk 35.00 crores was received, and that was not accepted.

Tk 40cr drugs exported in '02

UNB, *Dhaka*

Bangladesh imported medicine worth about Tk 186 crore from 26 countries and exported worth about Tk 40 crore to 46 countries in 2002.

Informing this to Parliament yesterday Prime Minister Khaleda Zia said import included vaccine, anti-cancer, blood product, hormone, anti-diabetic, cardiovascular and anti-psychotic types of medicines.

In her written reply to Nurul Islam the Prime Minister said the government has plan to achieve self-sufficiency in medicine. She referred to her directive back in 1994 to discourage import or even stop import of those medicines adequately produced in the country.

She said the government taking up the challenge of free-market economy was trying to infuse dynamism in domestic pharmaceutical industry to make it export-oriented.

To remove various obstacles and to acquire latest technical know-how the government has taken initiative to update the national drug policy, she said adding a Committee to update the National Drug policy is working and will submit report soon.

Mango festival begins at Agora

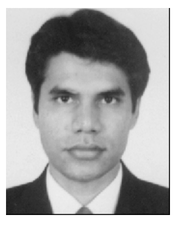
A mango festival began recently at Agora, a retail chain store, in Dhaka.

The aim of the festival titled "Go Mangoes" at Dhanmondi and Gulshan outlet is to cater customers with local mango varieties, says a press release.

Agora has brought in indigenous varieties like Langra, Bombai, Kheersapath, Kalivoge, Himsagar, Gopalvoge, Mohanvoge, Dudsagar straight from the orchards of Chapainawabganj and Rajshahi.

The tree-ripen mangoes sell at Tk 50 to Tk 60 per kg.

New head of StanChart Consumer Banking



Sajidur Rahman has been appointed as the Head of Consumer Banking for Standard Chartered Bank in Bangladesh.

Sajid joined Standard Chartered Bank in 1998 and was instrumental in setting up a structured Consumer Banking business for the Bank in Bangladesh.

Sajid started his banking career in 1994 with ANZ Grindlays Bank.

Khosru warns of intervention to bridle prices

STAR BUSINESS REPORT

Commerce Minister Amir Khosru Mahmud Chowdhury yesterday said the government may allow import of some essential commodities and change tariff structure for other items if the prices soar abnormally.

"The budget did not have anything for which essential prices may go up. Rather, a section of traders is involved in hoarding different essentials to push the prices up. We may take some painful decisions if the situation continues," he said.

The minister was chairing a meeting to review supply and hoarding and price situation of the essential items at the ministry conference room yesterday.

Referring to the government decision of allowing rice import and cutting duty on finished soybean, the commerce minister said: "We did not want to do so but we were forced to take such decision."

Now if the traders do not behave themselves, the government will again allow import of some items and lower duties on others, he cautioned. "We will wait for some days and take our decision after reviewing the market situation."

"Potato should not sell more than at Tk 10 a kg and sugar between Tk 29 and Tk 30 per kg at the retail. Now let the traders fix price and if it crosses the limit the government will be forced to use different market control mechanism," Khosru said.

Defending increase in import duty of powdered milk, Khosru said it has been done to protect the local industries and its economic return in the long run is much higher.

"Budgetary measures will not only help to protect the local industries but also generate employment and ease the pressure on foreign exchange reserves," Khosru went on.

Leaders of Bangladesh Cold Storage Association, Moulvi Bazar Business Samity, Badamtali and Babubazar Rice Wholesalers Association, Mohammadpur Krishi Market Association and representatives of different government agencies attended the meeting.

According to the Consumer Association of Bangladesh (CAB), potato was selling at Tk10 a few days ago but now it is selling at Tk12 per kg. Salt price was Tk 11 while it is now selling at Tk 12 per kg. Sugar price ranged between Tk 29 and Tk 30 and now it is selling at Tk 32 per kg.

Onion price was Tk16 a few days back but now it is selling at Tk18 per kg. Garlic price was Tk 60 while its price now ranges between Tk65 and Tk70 per kg. One-kg pack of Dano milk ranged between Tk 260 and Tk 265 but the same pack is now selling at Tk 270.

Saiham Cotton gets Tk 42cr loans

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Two nationalised commercial banks (NCBs) yesterday agreed to provide Tk 42 crore in loans to Saiham Cotton Mills Limited which hopes to start its operation next year.

The two NCBs, Janata Bank and Sonali Bank, signed a consortium loan agreement with Saiham Cotton Mills at a city hotel.

The loans will be extended for a nine-year period to the mills.

Under the deal, Janata Bank will provide Tk 23.41 crore and Sonali Bank will give Tk 18.59 crore.

Janata Bank Managing Director Murshid Kuli Khan, Sonali Bank Managing Director Rabiul Hussain and Saiham Cotton Mills Limited Chairman Syed Md Faisal were present.

Saiham Cotton Mills, a new venture of Saiham Group located at Saiham Nagar in Habiganj, aims to contribute Tk 19 crore to gross domestic product (GDP) each year, said Syed Ishtiaq Ahmed, managing director of Saiham Cotton Mills.

He said the mill will also create employment opportunity for 1,000 people,

The mill is expected to earn Tk 60 crore from export each year and will save Tk 48 crore in import, said Ahmed.

MCCI warily suggests FTA talks with India

NAZMUL AHSAN

The Metropolitan Chamber of Commerce and Industry (MCCI), a leading trade association, has suggested that the government initiate a dialogue with India on a free trade agreement (FTA).

The chamber stressed inclusion of fair terms and conditions in the possible FTA to enable Bangladeshi items to reap benefits.

Expressing utter dissatisfaction over the implosion of non-tariff barriers on the Bangladeshi products by Indian government, the chamber underscored the need for a strong political will from Indian government to develop trade relationship with Bangladesh.

"It has to be first ascertained whether India politically wants to develop trade relationship with Bangladesh. A political decision is the key to the success of any FTA," the MCCI in its recent suggestion sent to the Prime Minister's Office said.

The country could easily capture the markets in the seven eastern states of India, once an FTA is signed between the two countries, MCCI observed.

Bangladesh has nothing to lose as the official and unofficial data on trade with India show there are no controls on Indian trade with Bangladesh and the present trend reveals that their products can freely enter Bangladesh, MCCI added.

It suggested shorter period for India to withdraw tariff barriers to the Bangladeshi items and longer period for Bangladesh on Indian items in the possible India-Bangladesh FTA, as the similar terms have been included in the India-Sri Lanka FTA.

"The rational of longer period for eliminating tariff barriers to these products is to minimise revenue loss of the Bangladesh government as well as to give the Bangladeshi industries sufficient time to achieve efficiency and become competitive," the chamber suggested.

India and Sri Lanka concluded their FTA in December 1998, which was operative since March, 2000. The FTA has helped increase Sri-Lankan exports to India by around six times.

India also signed FTAs with Nepal and Bhutan.

India has long been pressing Bangladesh to go for a bilateral FTA. Bangladesh has resorted to go-slow policy in this connection amid strong resistance expressed by local business community.

Pakistan and Sri Lanka, two other member countries of South Asian Association for Regional Cooperation (SAARC), have also showed their keen interest separately in signing FTA with Bangladesh.

Meanwhile, the ministry of commerce has formed a committee with its high officials to identify possible pros and cons of FTA with India.

The MCCI suggested that 20 Indian major exporting items be kept on a 'negative list' in the probable free trade agreement to limit Indian exports to Bangladesh.

It also sought measures in the FTA so that India cannot impose any non-tariff barriers on the Bangladeshi items.

An FTA is usually signed on the basis of either a positive list or negative one. Such a positive list includes a number of limited items, only to which an FTA will be applicable, while 'negative list' means a list of items where an FTA will not be applicable.

Subject to negotiation, any bilateral free trade agreement might have different characteristics of FTA, trade specialists said.

Every condition and provision falling in a FTA has to be in conformity with the policies of the World Trade Organisation (WTO), they added.

"In all fairness, India must be asked not to press for a negative list of Bangladeshi products though Bangladesh will retain the option to do so for Indian products," the MCCI said.

Bangladesh should not have any objection in principle to a dialogue with India for a free trade agreement," it concluded.

PHOTO: STAR

Women air silkworm cocoons at a sericulture farm in Dinajpur. Raw silk production has marked a significant rise after Bangladesh Silk Foundation took some initiatives involving rural women in 1998. The annual silk yarn requirement by local mills is estimated at around 400 tonnes. Of the requirement, roughly 40 tonnes are produced locally while the rest comes mainly from China.

SEC suspends share transfer of German Bangla directors

NAZRATUN NAYEEM MONALISA

The Securities and Exchange Commission (SEC) yesterday suspended share transfer of chairman, managing director, directors and all sponsors of German Bangla Food Ltd without prior approval of the regulators.

The SEC made the directive after it found that the present and former management of the issuer company, German Bangla JV Food Limited, violated securities laws by transferring and defalcating funds raised through the initial public offering (IPO) and pre-IPO placement.

The SEC detected the findings in a probe report.

The SEC formed the probe committee on the basis of complaints made against the management of the company that they diverted the fund to other purposes instead of using as per the commitment mentioned in the prospectus.

"So, in order to protect the interest of the ordinary shareholders, the SEC thinks, it is necessary to impose restriction on selling the shares of the chairman, managing director and directors of the company," the SEC order said.

It said that restriction would remain valid until further notice, the SEC added.

Silk industry seeks import duty hike on yarn

REAZ AHMAD

Silk industry people have urged the government to up import duty on silk yarn to 35 per cent from existing 22 per cent to help grow domestic sericulture.

Merajul Alam, vice president of Bangladesh Silk Mill Owners' Association, told The Daily Star recently the government should slap the increased duty on silk yarn import to boost local sericulture, which offers income generating activities to thousands of rural people, especially women.

As Bangladesh's 35 privately-run silk mills still heavily depend on imported yarn, sericulture holds immense potential, said Alam.

The annual silk yarn requirement by local mills is estimated at around 400 tonnes. Of the requirement, roughly 40 tonnes are produced locally while the rest comes mainly from China.

The two state-run mills, Rajshahi silk mill and Thakurgaon silk mill, were shut down late last year.

Meanwhile, industry sources said raw silk production has marked a significant rise after Bangladesh Silk Foundation (BSF) took some initiatives involving rural women in 1998. The BSF has imparted training to some 6,000 women.

The high yielding silkworm eggs developed by the BSF have also helped boost yarn production.

With the better quality eggs rural women can now harvest up to one kilogram of raw silk from 12 kilograms of cocoon against 18 kilograms five years back.

Similarly, 33 kilograms of cocoons can be produced now against 16 kilograms from 100 eggs.

BSF Managing Director Ataur Rahman hoped with further acceleration of sericulture development programme some 66 tonnes of more raw silk can be produced within next five years.

Besides, job opportunities for 18,000 more rural people will be generated, Rahman said.

BSF was formed as a non-profit organisation in 1997 following a joint study carried out by the World Bank and Food and Agriculture Organisation (FAO).

Sino-Bangla joint venture bi-cycle plant to be set up in Comilla EPZ

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A Bangladesh-China joint venture company will set up a bi-cycle manufacturing factory in Comilla Export Processing Zone.

Nitol Niloy Group of Bangladesh and Tianjin Machinery Import and Export Corporation of China formed the joint venture enterprise to be known as Nitol Bi-cycle Industries Ltd.

An agreement to this effect was signed in Dhaka yesterday between Bangladesh Export Processing Zones Authority (BEPZA), Nitol Group and Tianjin Machinery Import and Export Corporation of China.

M Nazrul Islam, member (Investment Promotion) of BEPZA, and Abdul Mutlub Ahmed, chairman of Nitol Niloy Group, signed the agreement on behalf of their organisations.

State Minister for Energy and Mineral Resources AKM Mosharraf Hossain was the chief guest at the signing ceremony while M Mofizur Rahman, executive chairman of BEPZA, and Sun Jianrong, chairman of Tianjin Machinery Import and Export Corporation, were special guest.

Among others the members and other high officials of BEPZA were present.

Trade body with Indonesia comes into being today

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Bangladesh-Indonesia Joint Business Council will be formed today in a bid to boost trade ties between the two countries.

Federation of Bangladesh of Bangladesh Chambers of Commerce and Industry (FBCCI) and Indonesian Chamber of Commerce and Industry will sign an agreement to this effect in presence of Prime Minister Khaleda Zia and Indonesian President Megawati Soekarnoputri.

FBCCI President Yussuf Abdullah Harun disclosed this at a discussion between visiting Indonesian business delegation and members of the chamber yesterday in Dhaka.

He said the joint business council will exchange information regarding trade and investment opportunities.

"It will play a catalytic role in boosting trade between the two brotherly countries," he said.

He said a Bangladesh business delegation will visit Indonesia by year-end to observe trade climate there.

He urged the Indonesian entrepreneurs to set up joint venture investment to take advantage of Bangladesh's preferential market access facilities to some developed countries and the EU bloc.

At the meeting with FBCCI members, the visiting 11-member Indonesian business delegation showed interest to make joint venture investments in rubber, timber plantation and small power projects.

Leader of the delegation Dr Ilhamy Elias, who is also Bangladesh Committee Chairman of Indonesian Chamber of Commerce and Industry, said a handsome numbers of joint venture investment agreements will be signed between Bangladesh and Indonesian entrepreneurs.

"As the two Muslim nations have many things in common, the trade and investment prospects is immense. In this view, the Bangladesh Committee within the Indonesian chamber was formally registered in January this year to create a focal point for interested parties and promote trade," he said.

He said Indonesian entrepreneurs are interested to invest in pulp and paper, pharmaceutical, textile, cement, fertiliser, LP gas, machinery, chemicals, palm oil, palm kernel, glass bottle, automotive, cable, cuisine and tourism sectors.

Bilateral trade between the two countries hovers around $151 million and $185 million a year.

In FY 2001-2002, Bangladesh imported from Indonesia mineral products, plastics, chemicals and machinery worth $174 million and exported jute, leather, and ready made garments worth $5.60 million.

FBCCI will hold a luncheon meeting with Indonesian President Megawati Soekarnoputri at Sonargaon Hotel today. Mahmudur Rahman, executive director of Board of Investment, and members of board of director of the chamber will be present at the meeting.

BIA for tax withdrawal

STAR BUSINESS REPORT

Bangladesh Insurance Association (BIA) has urged the government to withdraw five per cent increase in tax rate proposed in the budget for 2003-2004 fiscal.

In the budget proposal, tax rate for insurance companies and financial institutions has been raised to 45 per cent from 40 per cent.

The government has also proposed a 15 per cent VAT on additional premium in accident risk of life insurance policies.

The proposals will reduce the level of profit of insurance companies and contract investment, said a press statement signed by Mollah Md Nurul Islam, secretary general of the association.

The proposals will also reduce dividend of shareholders and bonus of policyholders and put a negative impact on the share market, the association said.

The association, however, lauded the budget especially for its poverty alleviation measures.

Meanwhile, Bangladesh Jute Mills Association (BJMA) hailed the overall budgetary measures but expressed its disappointment over non-inclusion of any programmes regarding reactivation of closed and sick industries.

BJMA held a meeting on Sunday to discuss the budget. The meeting observed that unless closed and sick jute mills are reactivated in the private sector, local and foreign entrepreneurs would not feel encouraged to invest in the sector.

Poverty alleviation of four crore jute farmers would not be possible as jute remains unsold due to closure of many jute mills, Md Nurul Islam Patwari, chairman of BJMA, said in a press statement.

The association hoped the government will take action by making appropriate policy decision in this regard.

The BJMA, however, appreciated other budgetary measures like banking sector reforms, infrastructure development, poverty alleviation and employment generation.

Indian industry to push trade with China

AFP, *New Delhi*

Indian industry is planning to use Prime Minister Atal Behari Vajpayee's visit to China next week to launch a push to lift bilateral trade beyond the current level of five billion dollars.

Industry officials said trade between the giant neighbours was far "below potential", given they were two of the world's largest markets and their economies were among the fastest growing in the region.

Two leading industry bodies -- the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) -- will be sending large delegations with Vajpayee during his visit from June 22-27.

The CII said it was planning to open an office in Shanghai, launch an "India Club" to boost cooperation between small and medium sized firms and set up a forum for heads of Indian and Chinese firms to meet annually.

The body also plans to hold "road shows" later this year in Guangzhou, Shenyang, Chongqing and Shanghai to promote trade and create awareness about the Indian market.

"The CII delegation of chief executive officers, which will accompany the prime minister, includes key companies, who have stakes or interest in the Chinese market," a spokesman said.

"The agenda for them is not only targeted towards exports or marketing, but also investments, joint ventures, manufacturing and research and development."

Although the volumes are relatively low, trade between the two countries has grown at more than 30 per cent annually from 300 million dollars in the early 1990s following a warming of diplomatic ties.

"With this kind of growth rate, the 10 billion dollar target for bilateral trade turnover set by Chinese Premier Zhu Rongji during his visit to India in January 2002 is likely to be achieved easily in the next couple of years," said K.C. Pant, deputy chairman of the Planning Commission, India's policy think tank.

However, the FICCI said there was a trade gap of nearly one billion dollars in China's favour.