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Perks for NRBs to help shoot up remittance

Expatriate Bangladeshis say

STAR BUSINESS REPORT

Remittance flow may shoot up if the government provides non-resident Bangladeshis (NRBs) with various incentives, a forum of expatriates said yesterday.

The NRBs remitted about Tk 18,000 crore in the just concluded fiscal year, leaders of Dubai-based 'NRB Forum' told a press conference at a restaurant in Dhaka.

They said the government should offer more benefits to the NRBs to encourage them in sending remittance through official channels.

NRBs should be provided with incentives against the amount of remittance they send through legal channels, Forum convener Johur Al Alam said.

"The incentives may include provision of offering tax holidays to the NRBs on their investments for a certain period and competitive mortgage financing," he said.

Alam cited the example of Pakistan where the government had introduced such incentives two or three years back and already got a positive result.

"These measures increased their total remittance by 300 per cent," Alam said.

About the trend of sending money through illegal channels he said the *hundi* traders charge 10 to 20 per cent less commission than that of the state-run banks.

The NRB Forum urged the banks to slash the commission rate and speed up the process of sending money.

It said the government could keep open industrial projects or parks exclusively for the NRBs at different districts to help them obtain industrial plots and invest their money.

"It would trigger investment from NRBs significantly," Alam hoped saying that around 50 lakh NRBs currently live in different countries.

Golam Rub, a member of the forum, alleged most of the expatriates are not interested to send their remittance through banks due to negative attitude of the bank officials.

Talking about the expatriates' condition after they return home, Ahmed Farid, former secretary and ambassador, said the main problem they face is security.

He said NRBs have intention to invest in their homeland but they lack adequate knowledge on the possible sectors where they can invest.

A seminar held in Dubai last month had identified some prospective sectors including small and medium enterprises, agriculture, education, fisheries and transport, he said.

Farid urged the Ministry of Expatriates Welfare and Overseas Employment to introduce insurance and pension funds for NRBs to ensure their welfare and future planning.

"These will not only ensure security of the expatriates but also generate working capital for small investments," the former diplomat said.

He also suggested quota allocation for NRBs in initial public offerings (IPOs) while floating shares of public sector undertakings.

Farid sought appropriate measures to stop harassment of expatriates at the airport.

Meanwhile, State Minister for Expatriates Welfare and Overseas Employment Maj (retd) Quamrul Islam told BBC radio yesterday that remittance through banking channel increased in recent times following steps taken by government.

When asked about the allegations raised by NRB Forum at a press conference he said they could not raise any specific allegation. The government would take necessary steps if the expatriates point out any specific complaint, he assured.

PHOTO: STAR

Many small plastic product factories have sprung up over the years at Islambagh in old Dhaka. The factories produce shoes, sandals, containers and household utensils using raw materials from locally recycled plastic goods.

StanChart wins award for cash management

Standard Chartered Bank has won Euromoney award for "Best Regional Cash Management Bank in the Middle East."

The award was presented at Award for Excellence 2003 ceremony held recently, says a press release.

This year's award follows the results of Euromoney's November 2002 international cash management poll, where Standard Chartered's services outscored both HSBC and Citigroup in 12 out of 19 measures of service quality.

The bank's cash management business in the Middle East has grown 25 per cent in number of clients and 40 per cent in transaction volumes over the past year. In terms of client segment, the bank's business with large multinationals in the region increased by 50 per cent over the past year.

The bank's Middle East and South Asia region contributed over 23 per cent of the group's total trading profit in 2002. It biggest market in the region is in United Arab Emirates where it has the largest branch network of any foreign bank.

New MD of Loyeds Ins

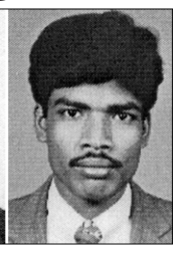
Mosleh Uddin Ahmed has joined the Loyeds Insurance Co Ltd as managing director.

Prior to the new assignment, Ahmed was the additional managing director of Bangladesh General Insurance Co Ltd, says a press release.

He started his career in 1961 with the Eastern Federal Insurance Co Ltd.

President, GS of Transcom Beverage union

President



GS

Gopal Chandra Saha and Jamal Abdul Naser have been elected president and general secretary of Transcom Beverage Ltd and Beverage Distribution Ltd Sramik Karmachari Union (staff union) for the tenure of 2003-05.

They were elected at the biennial general election of the association, says a press release.

SEC stops renunciation of rights shares

NAZRATUN NAYEEM MONALISA

The Securities and Exchange Commission (SEC) has decided to stop 'renunciation' of rights shares by shareholders to other individuals.

To this end, the Commission will soon revise the Rights Issue Rules 1998, said a senior official of SEC.

"The main objective of the decision is to check alleged market manipulation and protect investors' rights," the official added.

The Commission's decision has already been implemented in case of Islami Bank Limited's rights share issue.

Following the SEC decision, the bank did not enclose the 'renunciation form' and renouncee's application in the company's rights share offer document.

The first subscription for rights share issue without renunciation by Islami Bank will open on July 27 and close on August 25.

Explaining the reason behind the SEC move, the officials said the decision was taken following investors' repeated complaints on market manipulation.

The investors blamed 'renunciation' of rights shares for the manipulation, they said.

Rights share means new shares offered to the existing shareholders in proportion to their existing holding out of total shares of a particular listed company.

Under existing rules, shareholders can 'renounce' rights shares in favour of other individuals through a renunciation form.

"But, the term 'renounce' means to give up ownership or possession -- it does not mean giving up in favour of someone else", the SEC official said.

According to the Rights Issue Rules, if the shareholders do not subscribe rights shares, the underwriters will subscribe these.

The rules say --"The issuer shall call upon the underwriter within ten days of closing of the subscription lists for subscription of the under-subscribed shares, if any, by the underwriter, and the underwriter shall subscribe to such under-subscribed shares within fifteen days of calling thereof by the issuer."

Travel agency commission cut deferred for 5 months

STAR BUSINESS REPORT

The Board of Airlines Representatives (BAR) yesterday deferred for five months its decision to lower travel agency commission rate from nine to seven per cent.

The new rate will now be made effective from January 1, 2004 instead of August 1 this year which was decided earlier.

But the Association of Travel Agents of Bangladesh (ATAB) rejected the BAR decision and demanded continuation of the present nine per cent commission rate for the interests of passengers as most of them are labourers.

Talking to The Daily Star, ATAB President MA Muhaimin Saleh said to cope with the competitive market travels agents offer up to five per cent commission to people travelling to foreign countries as labourers.

"If our commission is curtailed to seven per cent, we will not be able to offer commission to labourers at present rate and this will increase their travel cost," he said.

He mentioned the reduction of travel agents' commission rate would offer more profits to foreign airlines who control 70 per cent of business.

Saleh said airlines all over the world have been experiencing a slump in business since the September 11 incident and that is why Board of Airlines Representatives, the group of operating airlines in Bangladesh, wanted to cut agency commission.

"But in a country like Bangladesh where labourers constitute over 60 per cent of the total air passengers, such a decision would badly affect those people," he added.

The ATAB president said although agency commission is seven per cent in developed countries, only India has the rate in south Asia. "We can accept the rate if all the south Asian countries maintain the same rate," he argued.

The Board of Airlines Representatives (BAR) at a meeting on April 1, 2003 decided to reduce agency commission to seven per cent from nine per cent.

ATAB strongly protested the decision and sent separate letters to state minister for civil aviation and tourism and chairman of BAR who is also director (marketing and sales) of Biman Bangladesh Airlines, requesting them to withdraw the decision.

On July 16, the BAR held a meeting with all country managers of operating airlines in Bangladesh and ATAB leaders to discuss the matter. At the meeting, BAR officials assured the travel agents of reconsidering the decision.

US cos target Vietnam's energy shortage

AFP, *Hanoi*

US power companies are hoping to cash in on Vietnam's 19 billion-dollar blueprint to build 37 power plants by 2010 to meet its energy shortages, a senior US commerce official said Wednesday.

Kevin Murphy, deputy assistant secretary for energy, environment and materials at the US Department of Commerce, said the technological superiority, experience and cost competitiveness of US firms made them viable candidates to help develop the sector.

"US companies are here to help assist the government of Vietnam in attaining its goal of economic growth and meeting its projected growth in energy demands," he told reporters.

His comments came on the first day of a three-day trade mission to Vietnam in which he has brought with him executives from nine US power companies looking for investment opportunities in the electricity-hungry nation.

The purpose of their mission is to "develop contacts with key Vietnamese government officials and potential partners, agents, representatives in the power generation, transmission and distribution sectors," the US embassy said.

Economic expansion and industrialization has fueled robust growth in demand for electricity, which is expected to increase at an annual rate of 13-15 per cent over the next few years.

Analysts have forecast that Vietnam's gross domestic product growth will continue to increase at its current six to seven percent over the coming years.

"Vietnam's overall economic growth will lead to greater demand for electricity... and they've got some investment needs in their electric power sector," Murphy said.

"They are looking to improve their operating efficiencies. They are looking to expand into rural areas in Vietnam to increase the ability of Vietnam's citizens in the country to have access to electric power."

Murphy said it still unclear what percentage of the 19 billion-dollar plan drawn up by the state-owned Electricity of Vietnam Corp. (EVN) would be open to foreign investment, nor what type of power plants they had earmarked for construction.

Uttara Finance, First Securities sign MoU

Uttara Finance and Investments Limited has signed a memorandum of understanding (MoU) with First Securities Services Limited recently to extend financial assistance.

SM Shamsul Arefin, managing director (current charge) and CEO of Uttara Finance and Investments Limited, and Maniruzzaman Chowdhury, managing director of First Securities Services Limited, signed the MoU on behalf of their organisation, says a press release.

Uttara Finance Advisor AJ Masudul Haque Ahmed and First Securities Deputy Managing Director MMA Khan Majlis were present.

Repo auction

UNB, *Dhaka*

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

Three bids of one-day tenor amounting to Tk 250.00 crore were received, and that were accepted.

The rates of interest against the accepted bids ranged from 3.90 percent to 3.95 percent per annum, a Bangladesh Bank press release said.

S Arabia courts foreign firms for huge gas deals

AFP, *London*

In the latest step in the reopening of its huge energy reserves to foreign companies, Saudi Arabia invited tenders for three giant natural gas exploration projects at a meeting here Tuesday.

About 40 hand-picked foreign companies attended the gathering to hear Saudi Arabia's oil minister, Ali al-Nuaimi, pitch the projects, each with an area of between 30,000 to 50,000 sq kilometres (19,000 to 31,500 sq miles).

Nuaimi described the conference as "an important landmark in the history of the kingdom's petroleum industry".

Japan's industrial activity edges up in May

AFP, *Tokyo*

A key barometer of economic activity in Japan edged up in May from a month earlier although the core services sector turned down for the first time in three months, the trade ministry said Wednesday.

The all-industries index, which monitors growth in a range of agricultural, manufacturing and service industries, rose 0.2 per cent, reversing a fall of 0.6 per cent in April, the Ministry of Economy, Trade and Industry said.

Contributing to the increase were wholesalers and retailers, restaurants, securities brokerages and some service industries such as amusement parks, the ministry said.

The tertiary index, which makes up some 60 per cent of the all-industries gauge, inched down 0.1 per cent after growing 0.1 per cent in April.

Shrimp export thru' Mongla rises in FY03 despite odds

UNB, *Khulna*

Export of frozen shrimp through Mongla Port increased last fiscal year despite setbacks like container ship crisis, closure of nearly half of the frozen food processing units, outbreak of virus and the Iraq war.

According to Export Promotion Bureau sources here, about 4.45 crore pounds of frozen foods worth Tk 1072.50 crore were exported through the Mongla port in the just ended fiscal year (2002-03). The amount is Tk 56.51 crore more than the previous fiscal year (2001-02).

Over 4.46 crore pounds of frozen foods worth Tk 1016.38 crore were exported during FY 2001-02.

The Netherlands, USA, Germany, Denmark, Thailand, UK, Belgium, Japan, France, Malaysia and Italy were the main buyers of Bangladesh frozen foods.

Shrimp fry traders alleged that due to government prohibition, the fishermen could not catch fish fry from the Bay of Bengal and the water bodies adjoining the Sundarbans, resulting in fish fry crisis early in the season.

The shrimp farms in greater Khulna region require some 300 crore fish fry each year, but the cultivators could not release more than 150 crore fry.

The shrimp cultivators incurred a huge loss during the last January-February season due to the outbreak of virus in the shrimp 'ghers' (enclosures) in the coastal areas. The virus affected nearly 60 per cent shrimp fry, said a source in the Fisheries Department.

But the Fisheries Department failed to take any remedial measures to protect the fish fry from the virus that struck the region for several years.

The Fisheries Department source informed that no medicine to prevent the virus has been discovered yet.

Of the total cultivated shrimp areas, 75 per cent are in Satkhira, Bagerhat and Khulna districts.

Shrimp export was also hampered in last April because of the Iraq war. Crisis of working capital also forced nearly half of the frozen food processing units to suspend their business.

Some 37,994 hectares of land in Khulna, 36,928 hectares in Satkhira and 40,778 hectares in Bagerhat have been taken under shrimp cultivation this year.

Trade sceptical over Indian raw sugar export plan

REUTERS, *London*

Any bid by white sugar producer India to export seven to eight million tonnes of raw sugar a year, as proposed by a senior industry official there, would be sunk by a lack of relevant facilities and experience, analysts said Tuesday.

Prakash Naiknavare, managing director of Maharashtra State Cooperative Sugar Factories Federation, told Reuters on Monday that key world producer India could export up to eight million tonnes of raw sugar to reduce massive surplus stocks.

India, which has more than 10 million tonnes of stockpiled sugar and annual output of about 20 million tonnes, produces and exports only white plantation sugar, a low-grade product made directly at the mill, which makes up about 19 per cent of global trade.

Naiknavare said it now planned to produce raw sugar against confirmed export orders, but added that the industry would need financial incentives from the government to make exports viable.

He said that of the eight million tonnes of raw sugar, Maharashtra state might account for about 25 per cent. Maharashtra produces about a third of India's sugar.

Raw sugar is less refined and cheaper to produce but it is delivered in bulk rather than in the bags used for whites and analysts said infrastructure for this was underdeveloped.

"I don't think it will be a good recipe or fairly well established production processes. It will mean two fifths of their national production will switched to raws and they have neither the logistics nor the processing facilities to realise that," one analyst said.

Another said: "The most India has exported in any year is two million tonnes of white sugar and then they run into logistical problems as there will be other commodities going out of their ports."

Naiknavare said India planned to trade in raw sugar futures on the New York exchange from August, with physical deliveries starting from November onwards.

The New York futures exchange contract specifications state Indian sugar is a deliverable origin. But analysts questioned whether Indian raw sugar could meet the loading requirements and said such exports could incur large bills for delays at ports.

"They could deliver against (the New York futures market) but there will be tremendous demurrage bills and that will create huge problems," the second analyst said.

Seoul to actively push for bilateral free trade pacts

ANN/KOREAN HERALD

Amid growing disputes over the benefits and losses from establishing free trade agreements with other countries, the South Korean government is gearing up to actively proceed with bilateral free trade pacts.

In a meeting with President Roh Moo-hyun, economic experts and government officials stressed that the government basic approach toward FTAs needs to be changed to "benefit-maximisation" from "loss-minimisation," in order to maintain export-led economic growth, and boost per-capita national income to above $20,000.

"FTAs should be no longer be seen as an option for Korea. Rather, it should be viewed as an essential and strategic trade policy," said Ahn Choong-yong, president of the Korea Institute for International Economic Policy, adding that the National Assembly should ratify the proposed South Korea-Chile FTA bill as soon as possible.

He said, before seeking bilateral free trade agreements, Korea first needs to reach a consensus on the need for FTAs.

"Korea could boost its national image as well as investor confidence by forming FTAs with other countries," Ahn pointed out.

Under the FTA blueprints released yesterday, Korea is urged to first launch negotiations within 1 to 2 years with Japan and Singapore for bilateral free trade pacts.

Mexico, the United States and China should be the next countries with which Korea should seek to form FTAs, according to the roadmap.

Although the South Korea-Chile FTA, the first bilateral trade pact for Korea, was signed in February, political circles have been delaying ratifying the pact, succumbing to pressure from local farmers who fear agricultural imports from Chile would undermine the local farming industry.

Other participants also opined that the government stands well prepared to deal with the expected damage, estimated at around 60 billion won per year, by giving subsidies to farmers.