

Coterie controls cargo handling on shore

Tk 60cr wasted a year in Ctg port

NURUL ALAM, Chittagong

The Chittagong Port Authority is wasting about Tk 60 crore a year in onshore handling of cargoes as a coterie of stevedores control it.

Sources said the port authority spends over Tk 90 crore annually against the 'mafia-controlled' stevedoring services on shore.

"But such handling works can easily be completed by spending Tk 30 crore if stevedores are engaged through open tender," said a port official.

He said a plan for engaging stevedores for shore-handling of cargoes at the port through tender remains shelved for over six years.

The organised gang, comprising a section of stevedores, labour leaders and some corrupt port

officials, has kept the stevedoring services in their control for minting money, said a senior port official on condition of anonymity.

A committee was formed six years back to submit a report on selecting stevedores through open tender for handling of cargoes on jetties.

"But the committee mysteriously kept silent and has not yet submitted any report," another official said.

However, the committee was reconstituted recently with Director (traffic) of Chittagong Port Sanwar Hossain as its convenor.

Talking to The Daily Star Sanwar Hossain said the new committee has already held a meeting and is trying to prepare a report on the matter.

Stevedores are engaged by shipping agents for handling cargoes on board of ships while port authority engages them for handling cargoes on shore.

Sources said there are widespread allegations of gross irregularities in shore-handling of cargoes by the stevedore-labourer nexus.

Gangs of 12 labourers are usually booked but hardly one or two labourers remain physically present at the shore during cargo handling.

It was alleged that without doing work many of the gangs realise bills in full from the port authority against handling of cargoes.

Sources said only 10 to 12 stevedoring firms, out of total 59, manage to get the work by bribing the port officials concerned. Port officials, however, denied the charges.

When contacted, Chairman of Bangladesh Master Stevedores Association (BMSA) Monjurul Alam said they do not have any objection if stevedores are appointed through open tender.

"It will definitely save huge amount of money against shore handling of cargoes. But management of labourers must be under the control of the stevedores instead of the dock labour management board," he said.

Alam admitted the discrepancy in booking of the gangs. "But we have to pay to dockers for the whole gang booked in papers," he said.

He however denied the involvement of stevedores in the drainage of port money against shore-handling works.

Foreign chamber celebrates 40th anniversary

STAR BUSINESS REPORT

Government high-ups, leading members of the business community, diplomats and elite gathered in a gala event on Saturday evening at Dhaka Sheraton Hotel to mark the 40th founding anniversary of the Foreign Investors' Chamber of Commerce and Industry (FICCI).

Speaking at the reception FICCI President Waliur Rahman Bhuiyan highlighted the history and activities of the chamber and recognised the services of the past presidents.

The FICCI honoured its former presidents at the function. The FICCI president handed over special crests to the past presidents in presence of a number of ministers, representatives of FICCI member companies, secretariats to the government and Bangladesh Bank Governor.

A raffle draw was held at the function. FICCI member company British Airways offered one free Dhaka-London-Dhaka business class air ticket as prize. British Airways Country Manager Jill R Errington handed over the air ticket to the winner.

FICCI was established in 1963 in Chittagong which was then known as Agrabad Chamber of Commerce and Industry. The chamber assumed its current name in 1987 and shifted its office to Dhaka in the same year.

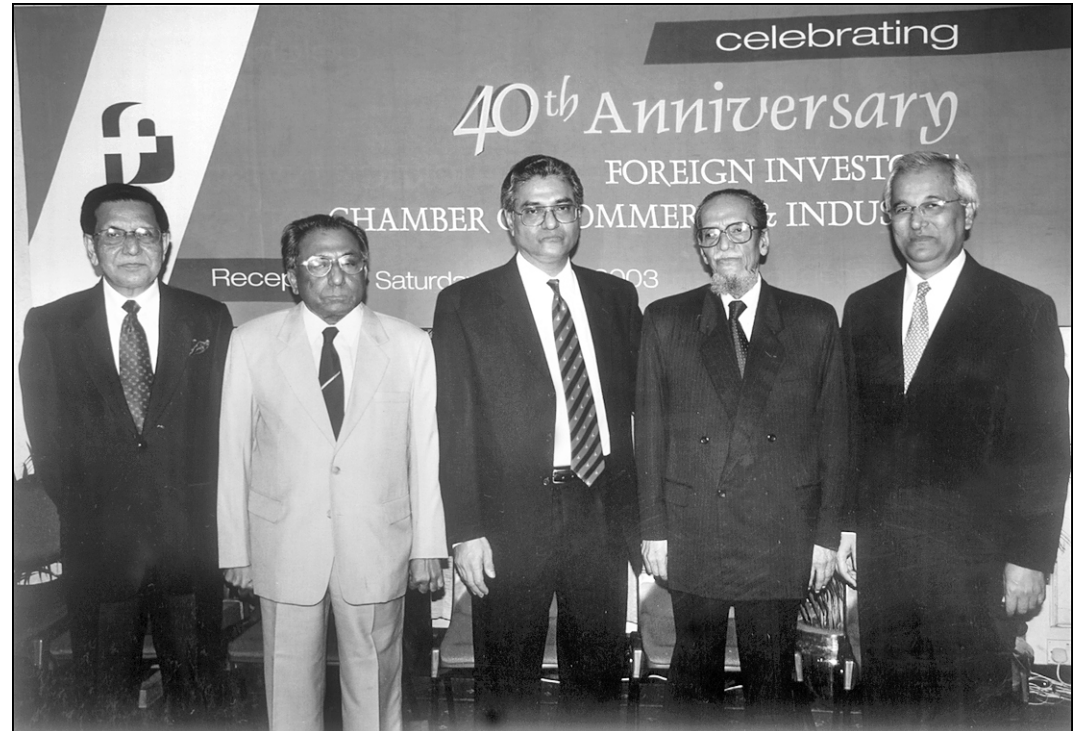


PHOTO: STAR

Foreign Investors' Chamber of Commerce and Industry (FICCI) President Waliur Rahman Bhuiyan poses with the chamber's former presidents MA Anwar, AKM Shamsuddin, A Hasanat Khan and Mahubul Jamil at the 40th anniversary celebration of the FICCI held at Dhaka Sheraton Hotel on Saturday.

Bangladesh, US sign draft deal to avoid double taxation

BSS, Dhaka

Tax officials of Bangladesh and the US have reached understanding on avoidance of double taxation issues and signed a draft agreement on it.

The formal signing of the agreement is expected to take place when the new US ambassador to Bangladesh will join his job sometime very soon, said an official handout here yesterday.

In a notification, National Board of Revenue (NBR) said that discussion between the two sides on the dual taxation issues took place in Washington on July 24-25. NBR Chairman Dr Soeb Ahmed and US Treasury Department Tax counselor Barbara M Angus represented their respective sides.

Other members on the Bangladesh team included NBR first secretary Aminur Rahman and economic counselor of Bangladesh embassy in Washington Fakhru Ahsan.

The agreement will resolve outstanding dual taxation issues in the field of shipping. This will also elevate the tax ceiling of the expatriate Bangladeshi students in the US from 5000 to 8000 US dollar per year.

BKMEA expresses concern over increased transport rate

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) has expressed deep concern over the increase of transport charges by multinational shipping companies.

Terming the increased rate unreasonable, BKMEA President Manzurul Haque said it is also against the international rules. He urged the government to take steps in this regard.

The shipping companies have recently increased the fares on export and import items of Bangladesh by 50 to 60 per cent, says a press release.

CCCI calls for enforcement of general waiver certificate bill

STAFF CORRESPONDENT, Ctg

Chittagong Chamber of Commerce and Industry (CCCI) in a fax message on Saturday sought Prime Minister's intervention for immediate enforcement of the bill that postponed collection of general waiver certificate for private operators for the next two years.

The message signed by CCCI president Amir Humayun Mahmud Chowdhury appealed to the Prime Minister to ask the authorities concerned for taking necessary steps for immediate enforcement of the waiver post-ponement bill.

He said, wrong explanation of Flag Protection Ordinance 1982 had created stalemate at Chittagong Port twice. Later, the recommendations of the Prime Minister and initiatives of shipping and commerce ministries helped end the stalemate.

Bank on tourism to tap FDI

Japanese ambassador tells foreign investors

STAR BUSINESS REPORT

Japanese Ambassador to Dhaka Matsushiro Horiguchi said Bangladesh should bank on its tourism potential to facilitate foreign direct investment.

Tourism could be a powerful engine for economic growth creating large number of jobs and facilitating foreign direct investment, he said. It could also be a major source of earning foreign currencies, the envoy said at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI) yesterday in Dhaka.

He said Bangladesh must wipe out its long-held negative image to promote tourism.

"Bangladesh should launch campaign to disseminate positive attributions abroad. The overseas missions may be used in this purpose," said the envoy, who took his Bangladesh job in May this year.

He said when the bad images are over tourism sector will see increased foreign investment.

Appreciating tourism heritage, he said the Sundarbans, Paharpur, Cox's Bazar sea beach show tourism prospects which must be tapped.

He said security of tourists must be ensured and traffic discipline must be improved to woo tourists.

Citing example of India and Thailand, he said the booming tourism industry of the two Asian countries is contributing significantly to economic growth. He also suggested Bangladesh expose cultural heritage to foreign countries to better image problems.

"When we see the success of tourism industry and cultural exposition in India and Thailand, we can notice that these two countries have successfully exported their ethnic cultural images. Efforts to consolidate the Bangladesh ethnic consciousness based on such elements as its poetry, music, songs and dance choreography are very important to image building of the country," he said.

Horiguchi also urged the government to announce a tourism year to boost the sector. He urged

foreign and local entrepreneurs to invest in tourism infrastructure and logistic systems.

Asked on why Japan does not offer duty free access to Bangladeshi RMG, he said congestion in Chittagong Port discourages Japanese buyers to import from Bangladesh.

Chinese RMG is more competitive than Bangladesh, which also is a factor, the ambassador said.

He lauded Bangladesh's 3.3 per cent growth in per capita income over the few years. He also praised sharp reduction of infant mortality rate and population growth rate.

Addressing the meeting, FICCI President Wali Bhuiyan said Japan is one of the largest donors in Bangladesh's health, education and infrastructure development sectors. He urged the second largest economy of the world to continue its development support in key sectors.

FICCI Vice-President Nurul Islam were present at the function held at the Pan Pacific Sonargaon Hotel.

'Extra payment' raises costs of business by 10pc

UNB, Dhaka

Undesirable expenses, including extra payments for utility services, bribe and forced donation, reduce the business profitability here by 1 to 10 per cent, says a study.

Businesspeople have identified such expenses as an emerging phenomenon with annual increment that adds to their costs of doing business.

Most of the businesspeople, questioned during the survey, pointed out that in recent years their business expenditures have increased not only due to an increase in input costs and other usual factors, but also because of additional payments, classified as 'undesirable costs' in some of the ledgers of commercial houses.

The study, released by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), listed five other causes that reduce business profitability in Bangladesh. Those are reduction in sales/demand, cheap import, cost increase, smuggling and increase in tax rate.

The respondents were chosen from various categories of businesses in the private sector between the years 1997 and 1999.

About 12 per cent of the respondents identified undesirable costs as major reasons for their declining profitability.

Additional payments made to keep utility connections in place, extra payments for renewing or procuring licenses, forced donations to terrorists' clubs and politi-

cal parties, payments to law enforcers and banks are among the heads of expenditures classified as 'undesirable costs.'

Over 86 per cent respondents reported that such costs have gone up in last five years.

About 18 per cent of the respondents said illegal payments to government and non-government officials reduced their profits in 1999 while 29 per cent respondents blamed illegal payments to supervising and licensing authorities.

Business under 'industry' category reported the highest increase of cost due to payments made to keep telephone lines trouble free. Transport sector people saw the highest rise in the cost due to payments to the law enforcing agencies.

Seminar on aquaculture today

The Bangladesh Shrimp Foundation (BSF), American Soybean Association (ASA) and Jayson Agrovet Ltd will jointly hold a seminar on "Feed-based Aquaculture" at Sheraton Hotel in Dhaka at 9:30 today morning.

Dr Mahmudul Karim, executive director of Bangladesh shrimp foundation, will preside over the seminar.

The objective of the seminar is to provide updated information to feed millers, aqua-farmers, hatchery operators, researchers, government officials and university teachers on shrimp and fish farming and effective aqua-feed formulation using plant protein and chemo-attractants.

Dr D Seenappa, Dr PE Vijayanand and Dr T Rajakumar from India will speak on carp farming in India, the results of ASA aquaculture trials with extruded feed in India and chemo-attractants for shrimp respectively.

The seminar will be the final event of a series of seminars that were held in Khulna and Mymensingh recently.

Strike called in RMG factories on October 20

STAR BUSINESS REPORT

An alliance of eight garment workers' organisations has called a 24-hour strike in all apparel factories across the country on October 20 to press home their demands.

The programme was announced yesterday by the leaders of Bangladesh Garments Oikya Parishad (BGOP) at a press conference at the Dhaka Reporters Unity auditorium.

The BGOP leaders said they would go for the strike as Bangladesh Garment Manufacturers and Exporters Association (BGMEA) did not implement the agreement with the Parishad.

They said the nine-point agreement was signed between the BGMEA and BGOP on August 30, 2002 but the commitments made in the deal were not fulfilled.

The agreement was supposed to be implemented within one month but so far there was no headway in this regard, the BGOP leaders told reporters.

Under the agreement the workers are supposed to get higher wages, health and service benefits, identity card, weekly holiday and maternity leave.

The BGOP leaders alleged that the garment owners had promised to implement monthly wages fixed in 1994 but many factories are not paying it to the workers.

The workers in many factories are still deprived of timely salary, weekly day-off and maternity leave, they said.

The BGOP will hold a rally in city's Muktangan on October 17 in support of their strike.

The press conference was attended among others by President of BGOP Delwar Hossain, General Secretary Salahuddin Swapan, Shahidul Islam, Selim Reza and Shamima Parvin.

Move to revert to import valuation by customs

STAR BUSINESS REPORT

A move is on to re-introduce import valuation system by customs officials as the tenure of the three pre-shipment inspection (PSI) companies expire on July 31, sources said.

The National Board of Revenue (NBR) recently proposed to the Ministry of Finance either to cancel the PSI system or extend the tenure of the companies for three months.

The three PSI companies Inspectorate Griffith, ITS and Bureau Veritas have been doing the job of import valuation and inspection since February 2000.

Finance and Planning Minister M Saifur Rahman, who returns home today from Washington, is likely to decide on the two alternative proposals of the NBR, sources said.

The NBR in a letter on July 23 sought opinions from all customs commissioners about a possible valuation system to be determined by the customs department, sources added.

They said a section of customs officials wanted to re-introduce import valuation system by themselves instead of the PSI companies.

On the other hand, leading chambers and the International Monetary Fund (IMF) have suggested the government to continue the PSI system.

However, the chamber bodies and donors time and again urged the government to bring transparency in the PSI system and reduce harassment of importers.

They suggested stringent steps against corrupt officials of customs and PSI companies for any mal-

practice in the valuation system.

Sources in the business circle said harassment at the import level would increase substantially once the PSI system is withdrawn.

The importers would be compelled to bribe the customs officials if there is no PSI firm to assess the valuation of imports, they said.

They demanded streamlining of the PSI arrangement, taking into account the existing corruption-prone customs system.

The World Bank in a recent report identified the customs department as one of the most corrupt departments of Bangladesh.

The Bank, however, suggested the government to strengthen the internal audit unit of the NBR to plug corruption of the tax officials and identify the alleged ones.

Bangladesh seeks increased Spanish investment

UNB, Dhaka

State Minister for Foreign Affairs Reaz Rahman yesterday sought more Spanish investment in Bangladesh.

The request was made when Director General for Asia, Pacific and North America of the Foreign Ministry of Spain Gerardo Bugallo-Ottone called on the State Minister and Acting Foreign Secretary Anwar-ul-Alam.

During the meetings, bilateral matters, and regional and international issues were discussed.

The Spanish Director General appreciated Bangladesh's achieve-

ment in socio-economic sectors, particularly in micro-credit programme and Bangladesh's major role in UN peacekeeping missions and co-operation with international community in combating terrorism.

Reaz Rahman invited more investment from Spain. The Spanish government was also requested to open its resident diplomatic mission in Dhaka in reciprocity to maintenance of resident Embassy in Madrid by Bangladesh.

Spain is an important trade partner for Bangladesh with exports worth of US\$ 140 million in the financial year 2001-2002.

Spain has channeled a soft loan of US\$ 11.4 million through ADB for telecommunication link for railway over Jamuna Bridge.

Spain has also committed an amount of US\$ 85 million as concessional credit to Bangladesh under a financial co-operation agreement for different projects.

The two countries are currently negotiating conclusion of agreements on avoidance of double taxation, on investment protection and on cultural co-operation.

Bugallo-Ottone arrived here today on a two-day official visit to Bangladesh. This was the first official visit of a senior official from Spain in a long time.

Higher credit to private sector helps in real GDP growth: BIDS

BSS, Dhaka

An increase in bank credit to the private sector leads to an increase in real Gross Domestic Product (GDP), decline in budget deficit, increase in trade deficit and decrease in price level.

The observation came at a recent model study of Bangladesh Institute of Development Studies (BIDS) on macro-economic models of the country. The study reveals that increase in public investment, exerts reduction impact on real GDP while increase in the case of bank credit to the private sector.

The researchers of BIDS carried out a policy mix experiment focusing on key instruments of fiscal monetary policies with simulation of a 10 per cent increase in public investment along with a 10 per cent increase in bank credit to the private sector.

The result of the study suggested that private investment in all the sectors like agriculture, manufacturing and services increased by 3.43, 11.03 and 7.66 per cent respectively. Changes in investment results in increase in real GDP by 0.10 per cent which effects on sectoral capital stock.

The model study said government consumption expenditure was higher by 0.2 per cent in 1991 and government revenue was higher by 0.07 per cent. The domestic component of budget

deficit declined by 0.20 per cent.

The net effect of decline in budget deficit and increase in bank credit to the private sector is a marginal decrease in money supply. The effect of decrease in money supply on price level is reinforced by increase in real GDP and consequently price level decreases by 0.05 per cent in the initial year.

In simulation of increase in private credit imports increase and

exports fall resulting in deterioration in trade balance.

The study also pointed out that in the present macro economic models of the country, the exchange rate devaluation lead to contraction of income, expansion of the budget deficit and increase in price level.

The trade balance, however, improves as result of the devaluation.