

FTA ultimate route to removing trade barriers

Indian high commissioner tells MCCI members

STAR BUSINESS REPORT

Terminating a bilateral free trade pact between Bangladesh and India 'the ultimate route to removing trade barriers', newly appointed Indian High Commissioner in Dhaka Veena Sikri yesterday hoped that the FTA talks would resume soon.

She said the bilateral free trade agreement (FTA) will complement and supplement South Asian Free Trade Area (Safta) by providing faster and more effective preferential access for specific goods from Bangladesh to the Indian market.

"It is our earnest hope that despite the temporary postponement of the second round of the bilateral FTA talks at Bangladesh's request, this process will resume soon and lead to a speedy conclusion," said the Indian envoy.

Sikri was speaking at a meeting with the members of Metropolitan Chamber of Commerce and Industry (MCCI) at its conference room in Dhaka.

"The largest non-tariff barrier Bangladesh and India face seems to be that of mistrust. The ultimate route to removing trade barriers lies through negotiating a bilateral FTA," she said. The two countries launched the FTA talks last year.

Sikri termed Safta the penultimate step and said the ultimate step for enhancing bilateral trade will be to complete the negotiations and signing the free trade pact.

Referring to the first round of FTA talks she said, "We have already agreed on the need for preferential treatment for Bangladesh to take into account the different levels of economic development between the two countries."

"We are fully sensitised about Bangladesh's concerns regarding the bilateral trade deficit and your desire for expanding exports to India. This has to be addressed in a practical and pragmatic manner aimed at yielding positive results."

About the massive volume of India's exports to Bangladesh she said these are direct inputs into Bangladesh's fast developing manufacturing and infrastructure sectors, so essential for the development of its economy.

On the other hand, the Indian high commissioner mentioned Bangladesh has innumerable products which are of great interest to Indian buyers if only the right linkages and marketing strategies can be developed.

"Beginning with fresh fish, traditional sarees and embroideries and coming up to Bangladesh's world famous ceramics and garments, the sky is the limit as far as India's market of one billion people is concerned," she said.

Sikri said six land customs stations are now being modernised and developed at the border to remove obstacles to Bangladesh exports to the northeastern states of India.

She mentioned that during 2002-03, Bangladesh exports to India grew from \$50 million to \$84 million, registering a record increase of 67 percent. "This was the sharpest increase of exports to India by any Saarc country."

The Confederation of Indian Industry is interested in opening an office in Dhaka to facilitate and promote two-way trade and investment links with Bangladesh, she said.

Sikri however regretted that Bangladesh's Board of Investment has not yet sent even a single delegation to India or held workshops there to sensitise the Indian business community to explore the immense investment opportunities.

Earlier, speaking at the meeting MCCI President Kutubuddin Ahmed said benefits of trade between the two countries have been unequal due to lopsided Bangladesh's imports from India and stagnant or declining export to India.

"There is a feeling in all circles including amongst the members of MCCI that Bangladesh's efforts to enter the Indian market have been thwarted by various non-tariff and para-tariff barriers," he added.

Kutubuddin said it is necessary to conclude an FTA between the two countries, with meaningful tariff concessions to Bangladesh, since such a huge trade imbalance cannot be reduced by piece-meal efforts either through bilateral trade talks at official level or through multilateral trading arrangement.

Former president of MCCI Latifur Rahman said benefits will be more if the FTA is properly negotiated. He urged India to speed up the process of providing more concessions to Bangladesh's exports.

MCCI Vice-president Shahab Sattar and President of Women Entrepreneurs Association, Bangladesh Rokia A Rahman also spoke at the meeting.

Baira polls held

STAR BUSINESS REPORT

The election of Bangladesh Association of International Recruiting Agencies (Baira) was held yesterday.

The result of the election could not be known till filing of this report at 9pm.

In the morning, voters were found enthusiastic to cast their votes to elect a 27-member executive committee for 2004-06.

The voting continued till 4pm without any break at the FBCCI building at Motijheel, Dhaka.

A total of 63 candidates contested in the election. Of the total, 54 candidates represented two panels -- Gonotantiric Forum and Sammitila Samannoy Front -- while the rest nine were independent candidates.

Former president of Baira M Mosharraf Hossain MP led the Sammitila Samannoy Front while former senior vice-president of the association Minaz Uddin Ahmed was the leader of the Gonotantiric Forum.

After being elected, 27 executive committee members will choose their 11 office bearers including president, a senior vice-president, two vice-presidents, general secretary, three joint secretaries, cultural secretary, treasurer and publicity secretary.

Local businesses seek British investment in education, health

STAR BUSINESS REPORT

Local businesspeople yesterday sought British investment in fish, food, education and healthcare sectors as they met the visiting 20-member delegation of Bangladesh-British Chamber of Commerce (BBCC) in Dhaka.

British investors have bright prospects in the sectors, local business leaders told the British team.

The BBCC delegation, led by its DG Dr Wali Tasar Uddin, is in Dhaka as part of its preparation to hold the first ever single country trade fair of Bangladesh products in London later this year. The business leaders will also take part in the International Chamber of Commerce, Bangladesh conference in Dhaka.

In the meeting, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Abdul Awal Mintoo also called upon them to work in close co-operation with local entrepreneurs.

UNB adds: The FBCCI president urged the UK-based Bangladesh business leaders to encourage NRIs to remit their money through proper channel for the sake of the country's economy.

"You can also open foreign currency bank accounts here without any risk. It'll also help strengthen foreign reserves," he said.

The FBCCI chief also urged the non-resident Bangladeshis to purchase industrial bonds that could be an investment in other way, invest in local stock exchange and use domestic products abroad.

"Indians are making a significant contribution in this way, we've huge Bangladeshis abroad, why cannot we?"

EU textiles group rings alarm bells over China

REUTERS, Brussels

Europe's leading textiles lobby group said Wednesday that Chinese shipments of clothing to the EU were threatening to swamp domestic producers and authorities must take action before it is too late.

Euratex, representing an industry with almost 230 billion euros of sales, issued its call weeks after the United States set quotas on certain imports of Chinese textiles.

"They either take whatever steps are appropriate to persuade the Chinese to limit their appetite for the EU market or they bear the heavy responsibility of further factory closures, rising unemployment and the resultant impact on tax and social security revenues," said Euratex president Filip Libeert.

He was addressing himself to EU states and the European Commission, which has the power to impose anti-dumping measures on goods coming into the EU or take cases against unfair trade practices to the World Trade Organisation (WTO).

"It is a cry for help, it is a cry for attention from the authorities," Libeert told reporters.

He stopped short of saying exactly what the EU should do, but the tools it has include caps on Chinese imports or political persuasion of the authorities to crack down on counterfeiting or end subsidies to industry.

ICC-B int'l confce aims to revive trade talks

400 delegates join as meet begins tomorrow

STAR BUSINESS REPORT

A high profile international business conference begins in Dhaka tomorrow aiming to contribute significantly towards revival of multilateral trade talks.

International Chamber of Commerce-Bangladesh (ICC-B) is organising the two-day conference on 'Global Economic Governance and Challenges of Multilateralism'.

Prime Minister Khaleda Zia will inaugurate the meet while Thai Prime Minister Dr Thaksin Shinawatra will present a keynote paper.

Organisers said the conference will focus on global economic governance, multilateral trade regime and investment promotion in developing nations.

Around 400 delegates from 37 countries will be invited to the conference to be held at Bangladesh-China Friendship Conference

Centre.

"The interactions, statements and recommendations of the conference are expected to leave an impact on the stalled multilateral trade negotiations," ICC-B President Mahbubur Rahman told a press conference at Sonargaon Hotel yesterday.

The conference will assemble a galaxy of public and private sector leaders from around the world including ministers, business leaders and experts on free market economy.

EU Trade Commissioner Pascal Lamy, World Trade Organisation (WTO) Director General Dr Supachai Panitchpakdi, ICC Chairman Jean-Rene Fourtoul and Secretary General Maria Livanos Cattau will also speak at the inaugural session.

However, former Indian premier I K Gujral will not be able to join the meet due to illness, said the

ICC-B president.

Rahman said three business sessions will be held on Sunday on multilateral trade regime in post-Cancun perspective, capacity building for investment promotion in developing countries and trade facilitation through dispute resolution.

The participating countries are Afghanistan, Bahrain, Bangladesh, Bhutan, Canada, China, Czech Republic, France, Germany, Greece, Hungary, India, Indonesia, Italy, Japan, Kenya, Saudi Arabia, Kuwait, Republic of Korea, Nepal, Malaysia, Oman, Pakistan, Palestine, Philippines, Qatar, Russia, Singapore, Sri Lanka, Sweden, Switzerland, Togo, Thailand, Turkey, Vietnam, United Kingdom and Zimbabwe.

ICC-B Vice-president ASM Quasem also attended the press conference.

Higher than declared rate on deposits

Central bank fines 14 more bank managers

STAR BUSINESS REPORT

Bangladesh Bank (BB) Wednesday fined 14 more branch managers of 13 private and one foreign bank for providing more than their declared rates of interest on deposits.

The managers have been fined Tk 2,000 each and asked to pay the amount within seven days, central bank sources said.

Most of the branches are located in Motijheel area of Dhaka city. Managers of a few principal

branches also faced the penalty.

The managers concerned work in AB Bank, IFIC Bank, Oriental Bank, City Bank, UCBL, Prime Bank, Bangladesh Commerce Bank, Dutch Bangla Bank, Dhaka Bank, Standard Bank, National Bank, Brac Bank, Bank Asia and HSBC.

Earlier, the central bank had penalised 13 branch managers of six banks in mid-December on the same allegation. All of them have already paid the penalty money.

However, four managers -- two

each of Exim Bank and One Bank -- have appealed to the BB to waive their fine that has created a negative impression on their image.

According to banking sources, such record in banking career will make it difficult for the managers concerned to become managing director of any bank in future.

The central bank takes such disciplinary actions to curb the ill competition among banks of taking deposits at high rates, which pushes up lending rates as well.

Computer fair begins in Ctg today

CU CORRESPONDENT

An eight-day computer fair titled 'Samsung Computer Fair' begins at Banani Complex, Agrabad in Chittagong today.

President of Bangladesh Computer Society (BCS) SM Iqbal will formally inaugurate the fair as chief guest at 11am. General Secretary of BCS Ali Ashfaq will also be present at the inauguration of the fair, organised by D&J, a marketing company, and sponsored by electronics giant Samsung.

Organisers at a press conference yesterday said a total of 30 information technology companies from Dhaka and Chittagong are taking part in the exposition.

The fair will remain open to visitors from 10am to 8am everyday. The fair will continue till January 23.

Mithun Knitting declares cash dividend

Mithun Knitting and Dyeing (CEPZ) Limited has approved a Tk 5 cash dividend per share for the shareholders for the year ending June 30, 2003.

The dividend was okayed at the 12th annual general meeting of the company held at its registered office in Chudadga recently, says a press release.

Md Mozammel Haque, chairman and managing director of the company, presided over the meeting.

Md Rafiqul Haque, director, Md Atiqul Haque, director, and S M Shahidul Arafin, company secretary, were, among others, present.

GTD Bangla to distribute Amadeus System

Global Trade Distribution (GTD) Bangla Pvt. Ltd has become distributor of Amadeus, a leading Global Distribution System (GDS) and travel industry technology provider.

Amadeus will make a formal announcement to this effect today.

Amadeus System will now be distributed in Bangladesh by GTD, which has opened an office in Dhaka. Mustafa Kemal, executive director and country manager is heading the operations, says a press release.

Some 25 trained Bangladeshi staffers will assist travel agents with a wide range of Amadeus travel solutions. GTD has a helpdesk and technical centre offering professional and skilled support.

Commenting on the launch of the operations, Mustafa Kemal said, "We will now constantly endeavour to offer best-of-breed travel automation technology to the travel fraternity in Bangladesh."

"With a fully managed Amadeus facility we aim to reach out to more than 70 percent of the market in the first phase," Mustafa said.



PHOTO: STAR

Indian High Commissioner to Bangladesh Veena Sikri (extreme left) speaks at a meeting with the members of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) yesterday in Dhaka. (2nd from left) MCCI President Kutubuddin Ahmed, MCCI Secretary General CK Hyder, Transcom Group Chairman Latifur Rahman, ACI Chairman Anis ud Dowla, and Women Entrepreneurs Association, Bangladesh President Rokia A Rahman are also seen in the picture.

Dhaka seeks middle course on EPZs trade unionism

UNB, Dhaka

The government is working out a middle course on trade unionism in EPZs to strike a balance between the US threat to withdraw preferential trade facility and the investors' warning of winding up business.

Officials said the sensitive issue became easier to handle as the US authorities agreed on a 'compromise formula', which will neither harm market preferences in the US nor the investors' stakes in the export-processing zones.

As the previously agreed deadline expired on January 2004, US authorities also agreed to give Bangladesh more time to train up and prepare the EPZ workers for an improved version of trade unionism.

The government virtually got trapped in its own pledges, one made to EPZ investors not to allow trade union in the exclusive zones and the other to US government to

allow workers' association there from January 2004. Breach of any of the pledges could put the government at risk both ways -- loss of foreign investment and export market.

Since the early '80s, the government has been promise-bound to protect EPZ investors from 'destructive' trade unionism of 'Bangladesh type'.

On the other hand, it has been telling US authorities since 1991 that EPZ workers would have freedom of association from 2004 after proper training under ILO supervision.

But the government has done almost nothing in training and educating workers in last 12 years except for the formation of workers' welfare council recently, according to trade unionists.

As the January 2004 deadline approached, the government faced tremendous pressure from both the sides, particularly from the Korean investors who threatened to with-

draw their investments from here. South Korean investors are the biggest in EPZs owning 52 units.

After hectic parleys at all levels with the EPZ investors and the US authorities, the government finally could convince the two sides of a middle course, accommodating both the views.

Freedom of association will be there, but it will be extended gradually after adequately training the workers, officials said.

Bangladesh Export Processing Zones Authority (BEPZA) Executive Chairman Mohibur Rahman also gave the similar message to the potential non-resident Bangladesh investors from the United Kingdom.

"We won't allow that sort of trade union in EPZs. You can rest assured," he told a visiting delegation of Bangladesh-British Chamber of Commerce (BBCC), hinting at the adverse experience of trade unionism in many cases in Bangladesh.

Malaysians plan to increase investment in Bangladesh

STAR BUSINESS REPORT

Malaysian entrepreneurs plan to increase their investment in Bangladesh's manufacturing sector to narrow the existing trade gap between the two countries.

"We have big business with China. But entry cost for foreigners in China is very high. That's why we are now thinking to change the destination to Bangladesh," said Dato Mustafa Mansur, visiting president of Federation of Malaysian Manufacturers (FMM), at a meeting in Dhaka with local business community.

Mansur said he has already informed all his association's members about huge potential of Bangladesh market.

Dhaka Chamber of Commerce and Industry (DCCI) organised the discussion.

Board of Investment (BoI) Executive Chairman Mahmudur Rahman, Malaysian High Commissioner in Dhaka Ashaary Bin Sani, Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI) President Salahuddin Kashem Khan and DCCI President Fazle RM Hasan also spoke at the function.

FMM President Mustafa Mansur said they will hold talks with the finance minister about setting up a commercial bank in Dhaka to facilitate business between the two countries.

In response to Mansur's remark, the BoI executive chairman said the

entry cost for foreigners is the cheapest in the world in Bangladesh.

He urged the Malaysian businessmen to invest in the manufacturing, home appliance, edible oil and textile sector of Bangladesh.

Speaking at the meeting, Malaysian High Commissioner in Dhaka Ashaary Sani said there is lack of information about the Bangladesh market and products to the Malaysian businessmen.

The DCCI president urged Malaysia to give duty and quota free access for all Bangladeshis.

According to available statistics, Bangladesh exported goods worth \$3.67 million to Malaysia and imported products worth \$169.13 million in 2002-03 from there.



PHOTO: STAR

Voters and campaigners gather in front of the FBCCI building at Motijheel in Dhaka yesterday during the election of Bangladesh Association of International Recruiting Agencies (Baira).