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Ad hoc measures fail to bridle price hike

ICC-B Annual Report 2003 says

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The government failed to rein in the prices of essentials as it took temporary and ad hoc measures instead of long term ones, said Annual Report 2003 of the International Chamber of Commerce-Bangladesh (ICC-B) made public yesterday.

The price situation remained under pressure throughout the year and deteriorated of late, the report observed, saying in some cases prices of a few essentials rose because of high prices in international market. The government efforts to curb price spiral saw little success due to short-term measures, the report said.

Presenting the report of the Annual Council of ICC Bangladesh, ICC-B President Mahbubur Rahman underlined the need for accelerating the pace of administrative and structural reforms including downsizing of the government for better economic performance and improved investment climate.

The Annual Council of ICC Bangladesh for the year 2003 was held at the conference hall of the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka yesterday.

The ICC-B president said the overall socio-economic environment did not improve in 2003 because of the continuous slide in law and order despite actions by the government.

Mentioning killing and abduction of a good number of businessmen in Dhaka, Chittagong and other parts of the country, he said a sense of insecurity had been prevailing among the members of the business community.

The ICC-B chief mentioned that the privatisation programme under successive governments could not get required momentum on political consideration and the situation is unlikely to improve much further before the next general election.

Rahman said the free-float of taka was the most significant economic event in 2003. Belying all speculations, taka has been stable after the free-float made effective in June last, he said.

The report noted with concern that political environment, which had a direct bearing on the business climate, continued to be confrontational in later part of 2003 with the main opposition party enforcing a number of general strikes.

The present parliament, the report said, like the previous ones, disappointed the people by its performance. "The main opposition party continued its boycott of parliament. It is still abstaining from parliament session and took to the street to voice their grievances instead of the floor of the House," it said.

The report, however, maintained that the overall macro-economic situation in Bangladesh was stable in 2003 with GDP registering a healthy growth.

The report said lack of improvement in governance and systemic corruption continued to be major deterrents to a private sector-led growth in Bangladesh.

On the central bank's effort to improve management efficiency of private commercial banks (PCBs), the report said, "Re-organisation of board of PCBs did not show any significant improvement in operation and management, rather in some cases, it apparently functions under 'remote-control."

Among others, ICCB vice-presidents Latifur Rahman and Samson H Chowdhury, Foreign Investors' Chamber of Commerce and Industry President Mahbub Jamil, former deputy prime minister Jamal Uddin Ahmad, Managing Director of United Insurance Syed Aziz Ahmed, Chairman of National Housing M Haider Chowdhury and MCCI Secretary-General CK Hyder took part in the discussion.

The council was attended by representatives from member organisations of ICC-B including MCCI President Kutubuddin Ahmed, Dhaka Chamber of Commerce and Industry President Fazle RM Hasan, Insurance Association Chairman Nasir A Choudhury, Chittagong Chamber of Commerce and Industry President Amir Humayun Mahmud Chowdhury and First Vice-President of Federation of Bangladesh Chambers of Commerce and Industry Kamaluddin Ahmed. Chief executives of banks, insurance companies, multinationals and industrial houses also attended the council.

PHOTO: ICC-B

Mahbubur Rahman (4th from left), president of International Chamber of Commerce-Bangladesh (ICC-B), speaks at the ICC-B Annual Council 2003 in Dhaka yesterday. ICC-B vice-presidents Latifur Rahman and Samson H Chowdhury, Ficci President Mahbub Jamil, MCCI President Kutubuddin Ahmed, 1st Vice-President of FBCCI Kamaluddin Ahmed, ICC-B Election Scrutiny Board Chairman AM Mubash-Shar and Chittagong Chamber President Amir H Mahmud Chowdhury are also seen in the picture.

Govt seeks WB help to merge revenue, dev budgets

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The government yesterday sought technical and financial help of the World Bank (WB) to merge the revenue and development budgets into one.

The idea of the merger came from the World Bank on the ground that it would reduce unnecessary expenditure and simplify the budget process.

During his meeting with WB South Asian chief economist Shantayanan Devarajan in Dhaka, Finance and Planning Minister M Saifur Rahman said that if government officials implement the merger it would take time.

"The World Bank's proposal is sound. It is not rational or scientific to keep these two budgets separate," Saifur told journalists after the meeting held at the planning ministry. "We have already started this process and switched about 60 to 70 projects from development budget to revenue budget," he said.

"We have been trying this for the last two years," he added.

"If we must speed up the process of merger, we need to train our officials first and we will also need to explain this to parliamentarians," Saifur pointed out.

Drought may hit tea production

IQBAL SIDDIQUEE, *Sylhet*

Tea production may fall this year due to the prevailing drought-like situation in greater Sylhet, the country's main tea producing zone.

Tea plants in the region have already been affected by sunburn since there was hardly any rainfall in the last three months.

The region experienced light rains in the third week of December last but there was no rainfall in the following two months. In March, only 10mm rain was recorded.

According to met office, the region experienced 65mm rain in March last year.

Most of the tea plantations could not be fertilised yet due to lack of rain. Spurting of leaves in the tea plants also delays this year.

Officials of tea estates and Bangladesh Tea Research Institute (BTRI) apprehend that tea production may decline this year due to the unfavourable weather.

Some big tea gardens arranged irrigation facilities with sprinkler sets but the small ones cannot afford this expensive method of irrigation.

AKM Doulatul Islam, manager of Malnichhara Tea Estate in Sylhet, said both young and mature tea plants in the region have been affected by sunburn.

If the weather condition does not improve in few weeks, gardens which have already started plucking of tea-leaves might have to stop it, he said.

Manager of another tea company said at the beginning of this season, they got only 1000 kg green leaf daily. "But usually we get 2000 kg at this stage."

However, BTRI Director AFM Badrul Alam said tea season began this year with mixed hopes amid adverse effect of long drought.

"There were splashes in two or three days in the tea growing areas," he said. "It's quite inadequate for tea cultivation."

This year the target of tea production has been fixed at 57.5 million kg while the export target is 14 million kg. In 2003, the country produced 56.83 million kg of tea and exported 13.66 million kg.

PHOTO: BANK ASIA

Bank Asia Limited Chairman M Syeduzzaman, Vice-chairman A Rouf Chowdhury, Director Md Shafiuddin Chowdhury, Director Md Sirajul Haque and President and Managing Director Syed Anisul Huq sign the accounts of the bank for the year that ended on 31st December 2003 at a board meeting held in Dhaka on Sunday.

Bank Asia board recommends 24pc bonus share

A board meeting of Bank Asia has recommended 24 percent bonus share-- 12 shares for every 50-share-- for the year 2003, says a press release.

The bank earned an operating profit of Tk 419.09 million and a net profit of Tk 215.85 million after tax/provision during the year that ended on December 31, 2003. The assets of the bank stood at Tk 12.60 billion as on that date.

The board meeting was held on Sunday with Chairman of the bank M Syeduzzaman presiding over. Vice-Chairman A Rouf Chowdhury, Directors Md Shafiuddin Chowdhury, Mohd Safwan Choudhury, Arifur Rahman Sinha, Md Sirajul Haque, Jahir Uddin, Rumee A Hossain and Md Anwar Hussain and President and Managing Director Syed Anisul Huq were present in the meeting.

The accounts of the bank for the year ending December 31, 2003 as audited by Rahman Rahman Huq, Chartered Accountants were also approved in the meeting.

Withdraw regulatory duty on CKD units

TV assemblers urge govt

STAR BUSINESS REPORT

Bangladesh Television Manufacturers Association (BTMA) has urged the government to withdraw newly imposed regulatory duty on completely knocked down (CKD) units to keep the assemblers competitive in local market.

President of BTMA said because of the new duty price of a locally made 21-inch colour television set will range between Tk 11,000 and Tk 11,500 while price of an imported completely built-up (CBU) unit will hover between Tk 10,500 and Tk 11,000.

"In fact, there is no price difference between locally assembled and imported television sets," said BTMA President Mohabbat Ullah.

Speaking at a press conference in Dhaka yesterday the association leader said with the previous duty structure price of a locally made 21-inch colour television set was between Tk 9,000 and Tk 9,500 and price of an imported CBU was between Tk 10,000 and Tk 11,000 per unit.

The government has recently imposed an additional 22.5 percent regulatory duty on CKD units and only five percent on CBU units.

"The new duty will make locally assembled television sets costlier and encourage CBU importers," the BTMA president said.

If the government does not change its decision, the owners will be forced to close their plants, he said, adding that it may also create unemployment of a large number of people.

There are around 60 television manufacturing companies in Bangladesh. Presently, around 10,000 people are engaged directly in the industry while around 2.90 lakh involved indirectly.

The BTMA leader said the National Board of Revenue (NBR) on March 15 imposed five percent regulatory duty on import of CBU television sets and 22.5 percent on CKD units.

Before the imposition of new duty, overall duty burden on importing CBU units was 78.92 percent and on CKD units was 39.25 percent.

As some importers were making false declaration in importing CKD and trying to evade tax, the NBR imposed the new duty. Besides, the board was also facing some problem in tax assessment.

Commenting on NBR's logic that some importers were making false declaration, Mohabbat Ullah said the whole industry cannot suffer for a few people who in connivance with a section of customs officials evade taxes.

Echoing his comment Mofizur Rahman, general secretary of BTMA, said, "The government cannot prove that any member of our association is engaged in this connection."

Local companies started assembling of colour television sets after the government upped tax on import of CBU units from 58.88 percent in FY 2002-03 to 78.92 percent in 2003-04.

"We have capacity to meet 50 percent domestic demand by producing 30,000 units of colour television a month," Rahman said.

Mintoo meets US envoy

UNB, *Dhaka*

FBCCI President Abdul Awal Mintoo yesterday had a meeting with US Ambassador Harry K Thomas.

Sources said the meeting at the US Embassy lasted for an hour from 11 in the morning.

They are believed to have discussed the current political situation of the country concerning the business community apart from bilateral trade issues and trade unionism in export processing zones (EPZs).

Trust Bank cuts interest rates

The Trust Bank Limited (TBL) has recently cut interest rates on loans in various sectors by 3 to 3.5 percent.

The rate for agriculture products and agro-based industries has been brought down to 9 percent from 12 percent, says a press release.

In case of small and medium industries, the rate has been re-fixed at 11 percent while the rate in respect of export financing for jute and jute goods and for all other exports fixed at 7 percent.

The interest rates against working capital loans for industries and trade financing have been brought down in the range of 9 to 12.5 percent from 13 to 12.50 percent.

On the other hand, for term loans and project financing, the rate has been reduced to 10 to 13 percent from 12 to 16 percent.

The interest rates on all kinds of personal loans backed by cash collateral and financial assets have been reduced to 10 to 10.5 percent from 13 to 14.5 percent.

Bengal Cosmetics introduces Adidas products

Bengal Cosmetics Ltd, an importer of fragrance and toiletries from the USA, France and Spain, has introduced Adidas toiletries and body care items in local market.

A launching ceremony of Adidas items was held in Gulshan on Tuesday, says a press release.

US Ambassador Harry K Thomas, Azmat Moyeen, chairman of Bengal Cosmetics Ltd, Asif Moyeen, managing director, and Frederic Cassin, international director, were present at the function.

The poor hardly benefit from dev projects

WB economist tells BIDS seminar

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A World Bank (WB) economist has criticised the government and donor agencies for not monitoring the donor-funded poverty reduction projects and urged both the parties to increase allocation for supervision of the projects.

"Various studies reveal that due to lack of proper monitoring, poor people hardly benefit from development projects," Shantayanan Devarajan, World Bank chief economist for South Asia, told a seminar in Dhaka yesterday.

Bangladesh Institute of Development Studies (BIDS) organised the seminar titled 'Making Services Work for Poor People' at its conference room to discuss the problems in implementing projects and their impact on poverty.

About education and health services in Bangladesh, the WB economist said service quality for poor people is low in the country. Referring to a study he said absenteeism rates for doctors in primary healthcare centres is 74 percent.

Some participants in the seminar raised the issue of rising political influence on project implementation and fund allocation. They said politics often remains as a key factor for the projects targeting poverty reduction.

"It is politics which determines who will get the services like health, water and health," said Binayek Sen, an economist of the BIDS.

Kazi Shahabuddin, director general of the BIDS, chaired the seminar attended by economists Abu Abdullah, Sazzad Zahir and M Asaduzzaman.

WFP activities in Bangladesh to get AUD$1.123m from Australia

UNB, *Dhaka*

Australia will provide 1.123 million Australian dollars to Bangladesh in 2003-2004 to continue to fund World Food Programme's (WFP) supervising activities in the country.

A memorandum of understanding (MoU) to this effect has been signed between Australia and the WFP recently, said a press release of Australian High Commission here yesterday.

Australian High Commissioner to Bangladesh Lorraine Barker and WFP Representative Douglas Casson Coutts signed the MoU on behalf of their sides.

This amount complements the approximately 500,000 Australian dollars that Australia will provide WFP to manage multilateral contribution to Bangladesh of approximately 20,000 tonnes of food in the current fiscal year.

WFP, the largest distributor of food aid in Bangladesh, expects to handle over 300,000 tonnes of food aid in 2003-2004.

Australia is the largest contributor to WFP's country programme in Bangladesh, contributing approximately 65,00 mt this financial year.

Under a bilateral arrangement signed with the government of Bangladesh on October 9 last year, Australia provided 45,000 tonnes of wheat for 2003-2004.

The wheat is being utilised for the vulnerable group development programme, the integrated security programme and the school feeding programme. Australia's bilateral contribution assists the ultra-poor in the northwestern region of Bangladesh.

Caught in own trap

Food colours in UK's Bangladeshi, Indian restaurants spell doom for restaurateurs

UNB, *London*

Full of high spirits, restaurant business of Britain's most popular Bangladeshi and Indian foods faces a big speed-breaker for the restaurateurs' use of excessive food colours to make the culinary dishes eye-catching.

A survey has found that a staggering 57 percent of Surrey's Indian and Bangladeshi restaurants are putting potentially dangerous levels of artificial colours into their curries, especially chicken *tikka masala*, the Britons' hot favourite.

The offending colours, which are only dangerous if consumed excessively over a period of time, are the chemicals Tartrazine (E102), Sunset Yellow FCF (E110) and Ponceau 4R (124).

Surrey County Council's Trading Standards Service, after collecting samples from randomly selected 102 restaurants across the country, said that 58 were found to be breaking the law while 44 passed.

"Some areas came out better than others 11 restaurants in North Surrey passed with flying colours, while Guildford, Surrey Heath, and Reigate & Banstead could only muster one in each area," says the study.

The food colourings have been linked to hyperactivity in children, allergies, asthma, migraines - and even cancer. All three chemicals are banned in various other countries around the world, including the United States, Norway, Finland and Australia.

But the survey - carried out as part of a brand-new Trading Standards initiative, the Surrey Curry Club - found majority of Surrey restaurants continuing to serve vivid bright red meals to customers in spite of previous education campaigns.

In the last half-century, Bangladeshi curry has become more traditionally English than English breakfast. As of former foreign secretary Robin Cook, the nation's "number-one favourite meal", chicken *tikka masala*, is now national dish of Great Britain.

At present the number of Bangladeshi restaurants reached 9,500 from 3,000 in 1980 with business of three billion pound sterling a year. These restaurants employ over 80,000 people serving 71 million meals a year. People believe that without the British Bangladeshis the wave of the smart Indian restaurants wouldn't be here.

Now Surrey Trading Standards plans to test the remaining restaurants in the county as part of an ongoing public education programme. In an effort to spread the word about safe colouring level, Surrey Trading Standards & Spice Business magazine launched consumer-awareness campaign at Epsom Down's Surrey famous Le Raj Bangladeshi restaurant this month. This will prove to customers that their curries are safe to eat and help spread the message about harmful curry colourings.

But the problem does not just lie with the chefs. According to restaurant owners and Trading Standards, the message needs to get across to the public that red is not always best, and that Indian dishes can be just as tasty if cooks stick to legal levels of artificial colours.

Enam Ali, editor of Spice Business magazine, said: "We know customers sometimes pick where they want to eat because they like the vivid colour of the curries. They do not realise that they can eat the same product which tastes just as good but it just looks a bit paler because it uses natural ingredients like beetroot to achieve the colour".

World accounting body throws challenge to EU

New book-keeping rules to cut Europe's profits

REUTERS, *London*

The world's international accounting rule-maker threw down a challenge to the European Union Wednesday, adopting new book-keeping rules that critics say will play havoc with European profits.

The International Accounting Standards Board (IASB) signed off on a hotly contested new standard that governs the way banks account for derivatives used to protect their loan portfolios and deposits against interest rate changes.

It also approved a new rule requiring insurers to reveal more about their insurance liabilities, the first step of a wider push to force insurers to base their accounts more on market values, rather than historical or nominal values.

The EU's internal market commissioner, Frits Bolkestein, must now decide whether to resist objections from some European banks and insurers and adopt the new rules, in line with the EU's promise to use international accounting rules by 2005.

European banks, unlike their US counterparts, are not uniformly required to value derivatives -- usually interest rate swaps and credit derivatives -- in their accounts.

Under the patchwork of national accounting regimes in the EU, some do not even have to declare they hold derivative positions.

But if the EU adopts all of the IASB's rules for the region's 7,000 listed firms as promised next year, banks could find they are forced to report big losses -- or gains -- in their books, sending profits on a potential roller coaster.

Insurers, too, are worried adoption of the IASB's rules could give investors a misleading impression of their financial health and make profits much more volatile.

Many of the banks and insurers are unhappy with the IASB's push toward "fair value" accounting, even though this broadly mirrors US accounting practices.

European banks and insurers that report profits in their home countries can often post big losses when using US accounting rules.

Banks will be forced to give an actual or estimated market value for their derivative positions and to do the same for any loans that are held for trading purposes.

Insurers will be forced to do the same for their financial assets unless they can show that they plan to hold these investments, such as bonds, to maturity.

The IASB has made some concessions to European banks and insurers but has so far drawn a line on fair value accounting, mindful it cannot bow too much to EU pressure without jeopardising its wider campaign to harmonise accounting rules worldwide.

In announcing the latest rules, IASB Chairman David Tweedie offered another olive branch and vowed to work with European companies and regulators beyond the 2005 adoption date on the extent to which fair-value accounting should be applied -- "a topic on which the IASB has not reached any conclusion.