

Curb corruption to cut business cost

BEI roundtable told

STAR BUSINESS REPORT

Speakers at a roundtable yesterday urged the government to improve law and order, curb corruption especially in customs and tax department and better port efficiency to help cut cost of doing business in Bangladesh.

The reduction of cost will enhance competitiveness of local trade and industry and thus ensure their survival in the stiff competition of quota free regime, they told the roundtable organised by Bangladesh Enterprise Institute (BEI).

BEI organised the meeting to discuss recommendations of its study on 'Reducing the Cost of Doing Business in Bangladesh' at its office in Gulshan.

The discussants urged the government to appoint a 'tax ombudsman' in ports to cut corruption and quicken clearance time. To increase port efficiency, they called for simplifying the existing 42-step customs procedure.

Stressing the need for improving port infrastructures, they said loading and unloading time in local ports is currently minimum six days in comparison with India's 10 hours and Singapore's six hours.

The BEI study identified eight sectors - law enforcement, legal system, power, telecommunications, Board of Investment (BoI), gas, ports

and taxation --where governance and efficiency need to be improved to reduce cost of business.

Speaking at the roundtable, Kamaluddin Siddiqui, principal secretary to the prime minister, said the government would provide policy support to industries to become competitive by reducing cost of business.

He mentioned that the government has formed a national coordination committee to work out strategies for readymade garment sector to face the post-MFA (multi-fibre arrangement) period beginning from next year.

President of Bangladesh Garment Manufacturers & Exporters Association (BGMEA) Anisul Huq said exporters have to pay bribes to get customs clearance while bank officials extract commission which adds extra cost to business.

"As high as 42 levels of customs clearance in ports leave scope to breed corruption. The procedure should be curtailed to 12-step which would resultantly cut corruption by one third," the BGMEA chief suggested.

The government should take up major restructuring in customs and tax administration to check corruption, he said.

Regretting the adverse effect of political programmes on business, he

told the discussion that in the last twelve and a half years, production in the country's factories remained suspended for one and a half years due to hartal.

President of Bangladesh Chamber of Industries AK Azad said abduction and killing of businessmen has reached such a level that now it is the question of survival for them while reducing cost of business has become a secondary issue.

About efficiency in government offices, BoI Executive Chairman Mahmudur Rahman said the board takes 4.2 days on average to provide FDI registration, 3-10 days for providing work permits and offers one stop service for gas connection.

Chairing the session, BEI President Farooq Sobhan said the government should immediately appoint tax ombudsman in ports and simplify customs procedure to facilitate business.

"Police administration needs to be reformed to get better service. Apart from raising logistic support, the police population also should be increased. Police department also should be aloof from political interference," he said.

WB country director meets commerce minister

BSS, Dhaka

World Bank Country Director Christine I Wallich called on Commerce Minister Altaf Hossain Choudhury at his office here yesterday.

During the meeting, she discussed matters relating to the upcoming Bangladesh Development Forum (BDF) meeting slated for May 8-10 with the minister. They also exchanged views on trade and investment.

She told the minister that the duration for the World Bank-funded Bangladesh Export Diversification Project would be extended.

She expressed her opinion that the time extension after June this year is necessary to complete the unfinished task of the project.

Janata Bank cuts interest rate on farm loan

BSS, Dhaka

Janata Bank has cut interest rate on farm loan to 8 percent from 10 percent to increase agri investment and help farmers to reduce their cost of farming.

This reduced rate of interest will be effective from April 14, the first day of Bengali new year. The agricultural loan will cover financing of all agri-crops, including sugarcane cultivation in mill areas, fishery and shrimp cultivation, purchase of livestock, poultry farming, and banana cultivation.

CSE holds training on int'l accounting standard

BSS, Chittagong

Good corporate governance and practice of international accounting standard (IAS) are prerequisite for ensuring transparency in capital market.

Mohammed Mohiuddin, director of the Chittagong Stock Exchange (CSE), said this while inaugurating a two-day training programme on IAS and corporate governance.

The Securities and Exchange Commission (SEC) organised the training under an Asian Development Bank (ADB)-funded technical assistance project titled 'Capacity building of SEC and market participants' here.

A large number of participants from corporate houses in Chittagong attended the training.

SEC executive directors Anwarul Kabir Bhuiyan and Mansur Alam and ADB executive Keith Kothish also spoke at the training.

Chinese oil demand booming

AFP, Paris

The booming Chinese economy will cause stronger than expected growth in world oil demand this year, but Opec's announced production cut is so far only "symbolic", the International Energy Agency said Friday.

Chinese demand for oil products, seen as one factor behind high oil prices in recent months, continued in March to exceed expectations, the IEA said in its monthly oil report.

"China's fast-rising energy consumption fuels most of the growth in global oil demand," the Paris-based agency said.

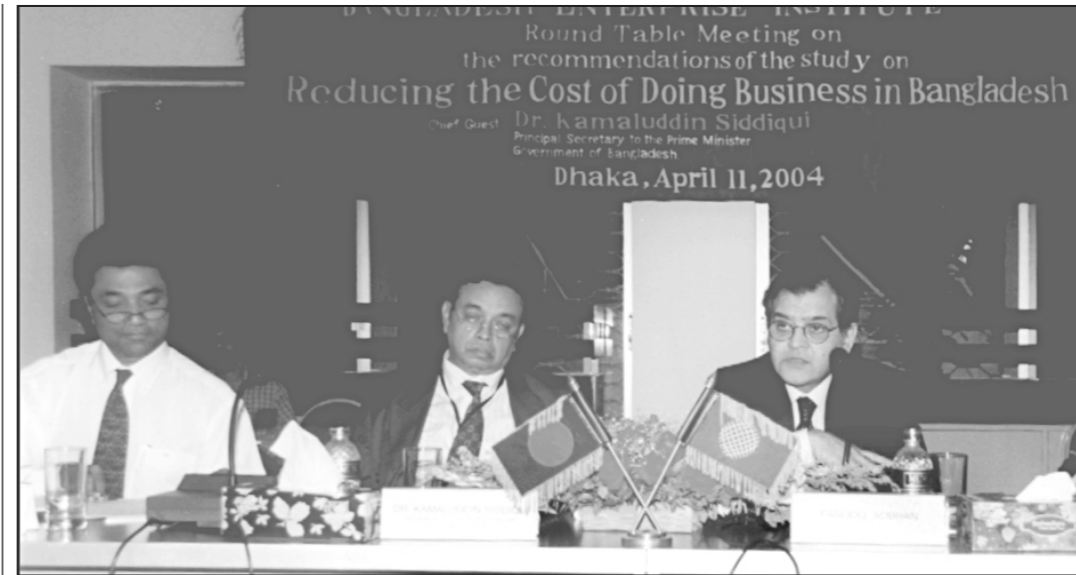
With firm Chinese demand offsetting lower-than-expected deliveries in Japan, the IEA raised its global oil demand forecast for this year to 80.3 million barrels per day.

Provisional figures showed that Chinese oil demand surged 18 percent in the first quarter of this year from the first three months of 2003, representing 900,000 bpd.

"Robust end-user demand and the reappearance of tight primary stocks, including localised product shortages, suggest that second-quarter apparent demand may again exceed expectations, despite seasonal maintenance at several large refineries," the agency said.

Booming Chinese demand has been one of the factors that have lifted oil prices recently to their highest levels since Iraq's invasion of Kuwait in 1990.

But the IEA, like most oil analysts, does not believe the Organisation of Petroleum Exporting Countries will implement a recently decided production cut of 2.5 million bpd.



President of Bangladesh Enterprise Institute (BEI) Farooq Sobhan (right) speaks at a roundtable on the recommendations of a BEI study on 'Reducing Cost of Doing Business in Bangladesh' in Dhaka yesterday. Kamaluddin Siddiqui (centre), principal secretary to the prime minister, and Anisul Huq (left), president of Bangladesh Garment Manufacturers and Exporters Association, are also seen in the picture.

An eye-opener for local furniture makers

Furniture show concludes

STAR BUSINESS REPORT

The first-ever furniture fair that ended yesterday in Dhaka attracted a huge number of visitors inspiring local furniture makers to continue their efforts to produce quality furniture and sell them at competitive prices.

Offering the exhibitors an opportunity to know about the needs and tastes of people from various strata of society, the fair will help the furniture makers adopt new and suitable designs and styles, organisers said.

"Several thousand visitors, mainly from the upper middle class, and a significant number of foreigners visited the exhibition," said Alamgir Haider, chief coordinator of the three-day fair held at Dhaka Sheraton Hotel.

A total of 25 local companies displayed their items at the fair organised by Triune Exhibition and Event Management Services (Teems) and co-organised by Bangladesh Furniture Industries Owners Association (BFIOA).

A wide array of wooden, cane, iron and plastic furniture of eye-

catching designs, wooden floors, furniture for children, carpets and lighting were put on display in the fair reflecting the furniture makers' innovative ideas.

Partex, a leading furniture company displayed all types of furniture made of fibre-board. There were new models of household furniture including bedroom set, dinner wagon and dining table at the Partex pavilion.

The company offered five percent special discount on their products during the fair.

Partex, also the event partner of the fair, uses advanced raw materials such as medium density fibre-board for manufacturing finished items. They also use wood waste for producing low cost household items.

Jalal Furniture Company came up with furniture made of bamboo, cane and iron with innovative designs. "Visitors praised our items. We offered 15 to 20 percent discount at the fair," said M Shamsuddin, managing director of the firm.

Furnifun, a local manufacturer of children's furniture, displayed its colourful and artistic furniture products made for children.

Two financial institutions, the Hong Kong and Shanghai Banking Corporation and Dhaka Bank Ltd, also took part in the exhibition offering personal loans for buying furniture.

"We got good response from the clients visiting the fair," KE Haq Sagor, sales officer of Dhaka Bank, told The Daily Star.

Charuta Private Limited, the sole distributor of Arch Coatings of Italy, displayed world famous Sayerlack wood lacquer and other longer lasting wood coatings for the furniture manufacturers.

At present, the domestic market size of furniture is nearly Tk 400 crore per year and it is growing at the rate of 15 to 20 percent, industry sources said.

Although Bangladeshi furniture manufacturers are making international standard products, the absence of government's policy support to this sector is a major hindrance to boost the industry, a leader of BFIOA said.



Citigroup director in Dhaka

Lauren Pickett, director of Global Anti-Money Laundering Training at Citigroup, the holding company of Citibank NA, arrived in Dhaka yesterday on a five-day visit to Bangladesh.

During her visit, she will conduct training for both Citigroup clients and executives in Dhaka and Chittagong, says a press release.

Pickett is responsible for coordinating anti-money laundering training for Citigroup.

She has imparted anti-money laundering training to various central banks representatives as well as local financial institutions in various countries including Ukraine, Poland, Russia, Nigeria, Malawi, Tanzania, Peru, Colombia, India, Venezuela, Philippines, Guatemala, Brazil, Haiti, Panama, Israel and Greece.

Prior to joining Citibank, Pickett worked for J P Morgan and Deloitte Haskins and Sells.

Taxpayers toll hits 15.33 lakh

BSS, Dhaka

The number of taxpayers in the country rose to 15,33,179 as of March this year.

The number of taxpayers was 11,23,288 in 2001 while it was 10,39,710 in 1996, National Board of Revenue (NBR) sources said.

NBR hoped that the number of new taxpayers would exceed one lakh mark at the end of the current financial year.

The growth rate of the number of taxpayers was 2.6 percent in 2001 while it is about 8.36 percent till March this year in comparison with previous year.

Under a DFID-sponsored reform programmes in tax administration, four cells for the tax-payers dubbed as tax-payers' service cell, revenue cell, tax recovery, enforcement and appeal cell, and audit cell have been constituted. NBR also set up Large Taxpayers' Cell.

NBR officials said the new reform initiatives have brought dynamism in the tax administration, increased the number of taxpayers.

Bush okays pension aid to US companies

REUTERS, Crawford, Texas

President Bush signed into law on Saturday a measure aimed at saving US companies more than \$80 billion in pension contributions over two years, days before many firms make quarterly payments.

Businesses lobbied hard for the bill, which would provide about \$80 billion in pension accounting relief through the end of 2005 for some 31,000 companies with traditional "defined benefit" pension plans. Those cover about 35 million workers and promise a specific payout based on salary and service.

Many traditional pension plans are underfunded because of the weak stock market the last few years and current low interest rates, and companies are struggling to keep up with the payments as profits have shrunk in part because of the struggling economy.

The relief comes from replacing a formula for calculating pension contributions. None of the aid comes from government payments.

The law goes into effect in time for the next round of payments, set for Thursday, and is intended as a temporary measure to help keep plans afloat while Congress works on longer-term pension reform.

There would also be \$1.6 billion in extra relief through waivers of payments for a handful of steel companies and major U.S. commercial airlines particularly hard hit in recent years, such as bankrupt United Airlines, a unit of UAL Corp.

These companies would receive waivers for payments.

Some Democrats were angered by the legislation because it contained little help for plans sponsored by more than one employer, which cover mostly union workers like in the construction and trucking industries.

ICT task force talks turning BTTB into corporate body

UNB, Dhaka

The National Task Force on ICT yesterday discussed the matter turning the Bangladesh Telegraph and Telephone Board (BTTB) into a service-oriented corporate body.

As proposed, the transformation will be done "protecting interests of the serving employees," it was stated at the fifth meeting of the taskforce.

The meeting, held at the International Conference Centre with Prime Minister Khaleda Zia in the chair, also discussed means of ensuring maximum benefits of ICT to the people.

Progress in setting up a hi-tech park at Kaliakoir and expansion of software market, both at home and abroad, also came up for discussion.

The prime minister stressed the need for training and re-training of

manpower for optimum utilisation of the submarine cable as Bangladesh, with the linkage, enters the information superhighway.

She also asked for looking into the possibilities of recruiting experts from the private sector to reap the benefits from the 21st-century technology.

The meeting also discussed introduction of e-governance in all ministries and government departments, introduction of ICT course at the SSC and HSC levels, setting up of computer labs at schools, and regular updating of the websites in all ministries and departments.

E-commerce, Voice over Internet Protocol (VoIP) and formulating guidelines for recruitment of ICT graduates as interns for six months in various private organisations also came up during the discussion.

The government has decided to

bear 60 percent of the salary of all ICT interns while the rest 40 percent will be paid by the employing firms.

Finance Minister M Saifur Rahman, Science and ICT Minister Moyeen Khan, Commerce Minister Altaf Hossain Choudhury, Post and Telecommunications Minister Aminul Huq, Prime Minister's political secretaries Harris Chowdhury and Mosaddek Ali, PM's Principal Secretary Kamal Siddiqui, Chairman of the Bangladesh Telecommunications Regulatory Commission Syed Marghub Morshed, Managing Director of Grameen Bank Dr Mohammad Yunus, Vice-chancellor of BRAC University Jamilur Reza Chowdhury and secretaries concerned of ministries were present at the meeting.

EU expansion to nudge fledgling recovery

AFP, Brussels

The European Union's imminent enlargement is set to boost the slowly recovering economies of the current EU members, but hopes of a huge impact should not be exaggerated given the newcomers' size, analysts say.

Next month's entry of 10 dynamic economies - whose GDP growth rates are over double that of the bloc they are joining, and accelerating - is overall good news for the 15 countries already in.

But "we shouldn't expect a great

change for the EU given the economic weight of the 10 countries," which will add 20 percent to the EU's population but only five percent to its gross domestic product (GDP), said Alexandre Bourgeois of Natexis Banques populaires.

In comparison, when Spain joined the EU in 1986, its GDP alone was more than the combined output of the 10 states about to join: Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Cyprus and Malta.

There are pluses and minuses

for current EU members. The main advantage is the further opening up of export markets. The chief drawback is the trend for firms to move operations eastwards to take advantage of the lower cost base.

"The balance remains very slightly positive for the current EU member states," said Bourgeois. "But the impact will be very weak and spread out over time."

The European Commission released figures last week forecasting GDP growth in the EU newcomers of 4.0 percent this year, rising to 4.2 percent in 2005.

Global economy resilient to surging commodity prices

AFP, London

Surging commodity prices appear to be having only a mildly damaging impact on the global economy while providing a much-needed boost for many developing countries, analysts said.

The Commodities Research Bureau's index of 17 raw materials has risen to the highest level for 20 years recently, topping 280 points.

Oil prices above 38 dollars a barrel recently in New York fanned worries about the impact on the global economy of high energy prices.

But so far the overall effect appears to have been subdued, experts said.

"Global growth is accelerating

at the same time as we have very high prices for commodities, in particular energy," said Barclays Capital analyst Kevin Norrish.

"I think the world has got used to higher commodity prices and they will not prove to be a drag on global economic growth."

The usual concern was that rising commodity prices signalled higher inflation, said HSBC economist Stephen King.

"Although commodity prices have been quite strong for two years, at the same time we've seen some dramatic reductions in labour costs," thanks to productivity gains and a shift of production towards countries with low wages, he added.

Although commodity importers

would see their trade balance deteriorate, this would be unlikely to be reflected in higher inflation, King said.

But there would be negative repercussions.

"It's likely instead to be reflected either in lower profits or weakness in the labour market," he said.

For exporters, meanwhile, an increase in commodities prices was positively good news, said Societe Generale analyst Frederic Lasserre.

"Developing countries export commodities to industrialised nations, which produce only small amounts themselves," he said.

Vietnam to reduce charges of 10 telecoms services

AFP, Hanoi

Vietnam will further reduce charges of ten telecoms services next month in a bid to create a level-playing field with other countries in the region, state media said Sunday.

Charges on the ten services including international calls, international and domestic leased lines and mobile phones will be slashed from 10 to 30 percent since May 1, the Nguoi Lao Dong newspaper said.

Among the cuts, charges for international calls will drop from 10 to 20 percent while the mobile phone charges will be billed in 30-second blocks instead of the present one-minute blocks.

Vietnam had already cut telecoms and Internet tariffs by up to 40 percent last April to woo foreign investors who have long complained about overly high telecoms charges and warned they are a deterrent to future investment.

EU budget laggards ignore Brussels threats

AFP, Brussels

The European Commission can warn as loudly as it wants, but the fact is the EU's deficit-hit budget laggards have little to fear from Brussels.

The EU executive's threats are as good as empty, and have been ever since last November when it was spectacularly defeated in a standoff with EU heavyweights France and Germany.

"It wouldn't be the first time that the commission has asked for sanctions," Italian deputy premier Gianfranco Fini said after Brussels gave Rome an "early warning" over its deficit Wednesday.

"It's already happened in the recent past with Portugal, France and Germany... The (Italian) government is confident because we are certain that at Ecofin (European Union finance ministers) sanctions won't be approved, the same as what happened with the countries I've just mentioned," added Fini.

Mercedes' new Roadster launched in Bangladesh

Rancon Motors Limited, the general distributor for DaimlerChrysler AG in Bangladesh, has introduced a new model of Mercedes Roadster car in local market.

The Mercedes-Benz SLK is a two-seater vehicle with its trademark folding hard-top. Its bodywork is longer, wider and enclosing a stretched wheel-base. With top down, occupants can make use of an optional "Aircar" device

to release warm air from the headrests, says a press release.

Extensive tweaks have been made to the SLK's formerly unresponsive steering and suspension, while the engine lineup now comprises a supercharged two-litre, four-cylinder unit with 163bhp, a 3.5-litre V6 with 272bhp and a 5.5-litre V8 with 360bhp in the AMG version, the release added.

Still no respite from wage reform in S'pore

ANN/THE STRAITS TIMES

Even if Singapore's first quarter growth hits six percent as some analysts gave forecast, bosses "would be short-sighted if they used the reprieve to delay the wage reform process, labour chief Lim Boon Heng said Saturday.

And employees should not expect there will be an end to the downsizing and job cuts by companies. Such growth rates will, however, mean that it would be that much easier to find another job if they are affected by retrenchments.

Lim, the NTUC secretary-general, made the comments in response to questions from reporters on the sidelines of a tea reception with 161 public sector unionists at the Orchard Country Club.

First quarter growth figures are expected to be released Monday.

"When times are good that's also a time to see what needs to be changed, because then change will be easier. When you have to change when you have no choice then it's much more difficult," he explained.

But the pressure was already on in the public sector to get more value for money, he said in remarks to unionists at the gathering.

This was due to the sector having to maintain key public expenditures against a backdrop of falling tax revenues. Which is why the public sector would still see some retrenchments this year, he told journalists afterwards.

But it would be fewer in number than last year. "Probably be a few hundred this year. A few trimmed here, a few there. It won't be case of one agency shutting down and everyone being affected."