

DCCI seeks ombudsman to settle trade disputes

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry (DCCI) has come up with a suggestion to appoint an ombudsman for settling trade and tax related disputes and ensuring good governance in the country's business arena.

"Good governance in business is essential to attract investment. We urge the government to appoint an ombudsman so that the person can improve the situation," DCCI President Fazle RM Hasan told a press briefing yesterday.

Speaking at the 'Meet the Press on DCCI Budget Proposals 2004-05', Hasan said small and medium enterprises are facing closure due to high cost of doing business, high

interest rate on bank loans and lack of easy access to capital.

About 5.5 lakh small and medium industries have been closed in the last five years mainly because of these problems, he mentioned.

Red tape, infrastructural problems at ports, electricity, gas, telecoms and their high operational costs push the cost of doing business up, the DCCI president said seeking immediate policy measures to address these issues.

Referring to Bangladesh Bank's recently launched Tk 100 crore refinance scheme to promote the 'missing-middle' group, he said the fund is not adequate for the real target group, the SMEs having no access to bank loans.

"The government should ear-

mark at least Tk 1,000 crore for the scheme," the DCCI chief said adding, the SMEs generate 90 percent of the total employment while 80 percent export earnings come from these industries.

In order to increase the government's revenue income, the DCCI suggested bringing audit firms, lawyers, doctors and other professional groups under the tax net.

There was a provision for recognising the businesspeople for their contribution in paying taxes but the government did not continue the recognition, M Yunus, former president of DCCI, said urging the government to restart the scheme.

The DCCI leaders said the government should extend online facility to all in the self-assessment

category to encourage them in paying tax. "It should be done so that the taxpayers don't need to go to the tax officials," said Syeeful Islam, a leader of Bangladesh Garment Manufacturers and Exporters Association.

This will help the taxpayers transfer funds for tax purpose from their bank accounts and also the government to reduce expenses for administration, he felt.

Manzur ur Rahman Raskin, convener of Vat, Tariff and Taxation Standing Committee of the chamber, said 10 percent dividend distribution tax in case of declaring dividends by the companies should be withdrawn to make the capital market vibrant.

HSBC to collect BTTB bills thru' easy pay machines

The Hongkong and Shanghai Banking Corporation Limited (HSBC) will collect telephone bills from BTTB subscribers through its easy pay machines in Dhaka.

An agreement to this effect was signed between HSBC and Bangladesh Telegraph and Telephone Board (BTTB), says a press release.

Adil Islam, head of Corporate Banking of HSBC in Bangladesh, and Md Nurul Islam, chairman of BTTB, signed the agreement on behalf of their organisations recently in Dhaka.

Among others, Kamal Ahsan, manager, Payments and Cash Management of HSBC in Bangladesh, Md Abdul Malek Akondo, member finance, Md Abu Hena, member P&D, and Abu Syed Khan, general manager finance of BTTB, were present.

Rato set to be picked as IMF chief

REUTERS, Washington

The International Monetary Fund (IMF) votes yesterday for a new managing director, with former Spanish Economy Minister Rodrigo Rato expected to maintain the tradition of a European heading the global lender.

Rato's expected appointment by the 24-member executive board would be a triumph for the political status quo over change sought by developing countries that want to end a 60-year custom of a European heading the IMF.

Rato, 55, was interviewed by the board last week, along with a second candidate, Mohammed El-Erian, a former senior IMF official.

El-Erian was nominated by IMF Egyptian director Shakour Shaalan, who led the developing world's push for a more inclusive selection process.

Rato's nomination by the European Union on April 20 was backed by the United States, which traditionally appoints the head of the World Bank and is the largest shareholder of both institutions.

SIA launches non-stop flight to New York

AFP, Singapore

Singapore Airlines (SIA) will begin a non-stop service to New York in June, beating its own record for the world's longest commercial flight, the company said Monday.

The flight to New York will take 18 hours in each direction, two hours longer than its current record-breaking non-stop service to Los Angeles, which was launched in February.

Flight SQ22 will take off on June 28 on the Airbus A340-500 aircraft, also known as the A345 LeaderShip, and cover the 16,600 kilometres (9,000 miles) in four hours less than the current one-stop service provided by SIA.

SIA will increase the frequency of its flights to New York from 11 to 14 times weekly and discontinue its four-weekly one-stop service via Amsterdam once the non-stop flights begin.

Daimler converts Hyundai Motor stake into GDRs prior to sale

AFP, Seoul

US-German auto group DaimlerChrysler has converted its holding in Hyundai Motor into global depository receipts (GDRs) as a first step towards the breakup of its ties with the South Korean partner, reports said Tuesday.

The conversion of DaimlerChrysler's 10.44 percent stake worth 835 million euros (one billion dollars) into GDRs was arranged by Citibank, Yonhap news agency said.

Hyundai officials refused to comment but reaffirmed the company was ready to scrap ties with DaimlerChrysler even as it seeks to become one of the world's top five auto firms by 2010.

"(There is) no comment on the reported GDR sale. We would not be taken by surprise even if our partnership with DaimlerChrysler collapses," a Hyundai official said.

Bangladesh needs sound competition policy: ADB

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Bangladesh should have a sound competition policy to regulate monopoly of firms, ensure efficient use of resources and enhance consumer welfare, the Asian Development Bank (ADB) suggested in its latest quarterly economic update.

Such a policy has two elements - firstly, policies enhancing competition in the market including privatisation, trade and foreign exchange liberalisation and deregulation, and secondly, competition laws that prevent or control anti-competitive business practices and unnecessary government interventions, the ADB said.

"There is a need for competition policy to ensure that firms do not behave collusively and that market power is not exploited," stated the report released on Sunday, since there is no clearly defined competition policy or law in Bangladesh.

The ADB quarterly update stressed the need for safeguards against anti-competitive business conduct as well as public support

and consumers' awareness about their rights to achieve the objectives of competition policy.

As large importers resort to predatory pricing to ward-off new entrants and trade policy can hardly regulate monopoly in trading services, the ADB said appropriate competition law and authority are needed to regulate such practices.

"Adoption of a sound competition policy and establishment of an effective competition agency will complement measures such as trade liberalisation and deregulation resulting in more domestic market competition," it stated.

The quarterly update for January-March 2004 further said an effective competition policy will also promote efficient use of resources and enhance consumer welfare while protecting freedom of action of the economic agents.

"A sound competition policy by affecting competitive behaviour of enterprises and industry promotes competition in the economy leading to more efficient allocation of resources and widening of con-

sumer choices."

Moreover, the ADB report said, experience with competition at the domestic level will equip developing countries like Bangladesh in more clearly defining their individual negotiating position on multilateral competition policy at the WTO.

About competition in financial and trading services, the bank said in spite of the improvement in the bank and non-bank financial regulatory framework, the nature of competition, characterised by a high level of concentration and oligopolistic markets, has remained largely unchanged. "A competition law and policy is essential to regulate the market behaviour of the dominant banks," it suggested.

"The slower than required pace of reforms of nationalised commercial banks (NCBs) retarded improvement in the cost and quality of their services. New entry has not generally benefited the rural areas and competition has been impeded by the segmented nature of the credit market," the ADB report added.

Bill Gates fined for merger violation

AFP, Washington

The world's richest man, Bill Gates, agreed to pay an 800,000 dollar civil penalty to settle charges he violated merger reporting requirements on an investment he made, officials said Monday.

The Justice Department said the deal involved Gates's personal investment company and was not related to Microsoft, the company he co-founded and which has had its own antitrust litigation.

According to officials, Gates acquired more than 50 million dollars of the voting securities of biotech firm ICOS Corporation in 2002 without complying with anti-trust pre-merger notification requirements.

Gates did not qualify for the "solely for the purpose of investment" exemption to those notification requirements because he intended to participate in the business decisions of ICOS as a member of the board of directors.

BOC opens corporate office at Tejgaon

The corporate office of BOC Bangladesh Limited was formally inaugurated in Tejgaon Commercial Area in Dhaka yesterday.

M Syeduzzaman, chairman of BOC Bangladesh, formally inaugurated the office, says a press release.

The Share Department of the company has already started activities from the new premises.

Walior Rahman Bhuiyan, managing director of BOC Bangladesh, and Michael S Mathews, technical director (Asia) of BOC Group plc, were present at the inauguration ceremony.

New MD of APL, Bangladesh



Waldo Basilla has been appointed managing director of Bangladesh operations of APL, a leading global container transportation company.

Prior to this assignment, he was the managing director of APL, Cambodia, says a press release.

Basilla has replaced Aziz Toha, who has been appointed as managing director of APL's Pakistan business.

Basilla held various positions in operations, logistics and senior management in APL.

In his 20 years of experiences in shipping industry, he has been engaged with APL for 14 years.



Dhaka Chamber of Commerce and Industry (DCCI) President Fazle RM Hasan (2nd from right), former president Matiur Rahman (centre), Sr Vice-president AM Mubash-Shar (right), Vice-president M Abu Horaira (2nd from left), and former director Manzur-Ur-Rahman Ruskin (left), pose for photographs at a press briefing on the chamber's budget proposals for 2004-05 fiscal yesterday in Dhaka.

WB chief blasts rich world for aid spending

REUTERS, Washington

World Bank President James Wolfensohn blasted rich nations Monday for making statements about poverty, aid or trade to score headlines but failing to deliver on their promises.

Speaking at a World Bank development conference, Wolfensohn said none of the Group of Eight rich countries spent the promised 0.7 per cent of gross national income on development aid.

Denmark, Luxembourg, the Netherlands, Norway and Sweden are the only countries to have hit the target set out in the Millennium Development Goals, which aims to halve global poverty by 2015.

Wolfensohn said the world's major governments were willing to

spend \$900 billion on defence but provided just \$60 billion for overseas aid, of which a fraction is in cash.

"It is the rich countries which go through every year a sort of shadow play at the G8 meetings when Sherpas come around to try and see what it is that can be highlighted that won't cost a lot of money but which will get a headline," said Wolfensohn, adding, "and I'm not joking about this."

"When you dig down for fundamental changes ... Doha (round of trade talks) has not been a huge success so far in terms of agriculture and other opening of trade, and aid has hardly been a success," he said.

Sherpas are the senior bureaucrats who conduct detailed negotiations and set the agendas before

summit meetings of their political bosses, who then announce any agreements reached.

Wolfensohn said tackling poverty should be treated with the same urgency as rebuilding of Iraq or Afghanistan.

"The issue of development and poverty is as important and urgent as the question of Iraq, or Gaza," he said in a job at Washington.

Wolfensohn said both the rich and the poor world recognised the challenges to tackle poverty and corruption, and provide health and education for all, but fell short on fulfilling their commitments.

The G8 comprises the United States, Japan, Germany, Britain, France, Italy, Canada and Russia.

Asia jet-kerosene fuel prices near 4-yr peaks

REUTERS, Singapore

Sharply lower exports from South Korea due to refinery maintenance, coupled with firm demand from China and Indonesia are set to keep Asian jet fuel prices near four-year highs as global supplies remain tight, traders say.

Physical jet-kerosene fuel prices in the benchmark Singapore market, last pegged at \$44.70 a barrel, are at the highest level in three-and-a-half years. Prices peaked above \$48 in October 2000.

"It has clearly gone through the roof. From a regrade perspective, it's about at its limit," said a trader with an oil major.

The regrade, the price spread between jet-kerosene and gas oil, has widened to about \$3 a barrel, a level uncommon for the second quarter when demand for kerosene -- used in the northern hemisphere as heating fuel -- slows with warmer weather.

Asian prices were also driven by healthy demand in Europe, which has drawn any supply emerging from Middle East refineries away from the East, traders said.

The trickle of Middle East spot jet

fuel supply has come mainly from Kuwait, as global supplies are hampered by maintenance at several of Saudi Aramco's refining facilities.

The jet fuel shortfalls are not helped by sky-high global gasoline values, which have encouraged some refiners to maximise production of the auto fuel.

The US market was also tight due to maintenance but there was little supply left in Asia to move across the Pacific despite the good arbitrage economics, traders have said.

South Korea's spot jet fuel exports for loading in June are capped at four to five cargoes, compared with 14-15 cargoes for the same month last year.

SK Corp, South Korea's biggest oil refiner which has Asia's single-largest refinery, plans to export only one parcel next month after shipping four to five cargoes for April and two for May, a company source said.

SK Corp plans to shut several refining facilities between May and July. S-Oil Corp plans maintenance work at one of its main crude units for a month between May and June.

T a i w a n ' s F o r m o s a

Petrochemical Corp will skip its sale of a spot jet fuel cargo for this month and may do the same for June.

Formosa had lowered crude processing rates at its refinery during maintenance at a desulphuriser but planned to raise rates to nearly 90 percent of capacity after restarting the unit.

China Aviation Oil, which supplies nearly all of China's jet fuel imports and is driving Asia's demand, is set to buy another 30,000 tonnes for June. If the tender is awarded, the firm's April-June imports would hit 660,000 tonnes, topping the last quarterly record of 383,000 tonnes in 2002.

Traders said Chinese refiners were producing more gas oil to ease a supply shortfall as the country braced for a worsening power shortage at the expense of jet-kerosene fuel.

High prices have also not deterred Indonesia, which is seeking 200,000 barrels of jet fuel by its tender for June, more than the 110,000 tonnes bought for May. Traders said state oil firm Pertamina might have been compelled to seek distillates due to some maintenance work.

Withdraw import duty on footwear machinery, cut on components

Leather, footwear exporters ask govt

STAR BUSINESS REPORT

Leather and footwear exporters have urged the government to withdraw duties on footwear machinery import and reduce import duty on footwear components.

In a proposal for 2004-2005 budget, Bangladesh Finished Leather, Leathergoods & Footwear Exporters' Association (BFLLEA) demanded complete withdrawal of duties on machinery import to minimise production cost of footwear.

The exporters also requested the government to re-fix the import duty on footwear components at 2.5 percent instead of existing 25 percent to help make the firms competitive.

The association also demanded complete exemption of Vat on

footwear exports.

In the proposal, submitted to the National Board of Revenue, the association also urged the government to exempt 2.5 percent development surcharge on import of raw materials, such as chemical, for the export-oriented leather industry.

The exporters also sought 15 percent cash incentives on crust and finished leather export.

The BFLLEA proposal also urged the government to keep the profit from export earnings free from income tax. Exporters in India can reduce their production cost as their export earning is free from income tax, the association cited the example.

Bangladesh's leather sector earned Tk 1377.72 crore in the FY 2002-03.

Donors to set agenda for aid-hungry Nepal

AFP, Kathmandu

Against the backdrop of upheaval, aid-dependent Nepal's international donors will meet from Wednesday to decide the direction of funding for the Himalayan kingdom being pulled in three directions.

The donors will spend two days setting aid policy through 2006 for Nepal, where opposition parties are tussling with King Gyanendra in the capital and Maoist rebels are fighting to rid the countryside of Kathmandu's influence.

Foreign aid accounts for six percent of Nepal's Gross Domestic Product and a full 50 percent of the investment in development -- a top priority of King Gyanendra who in 2002 took over the government saying parliamentary democracy had failed.

The opposition has brought out thousands of people to the streets for a month demanding a return to democracy and is flirting with negotiating with the king just as the delegates arrive.



Adil Islam (sitting 3rd from left), head of Corporate Banking of the Hongkong and Shanghai Banking Corporation Limited (HSBC) in Bangladesh, and Md Nurul Islam (sitting 2nd from right), chairman of Bangladesh Telegraph and Telephone Board (BTTB), sign an agreement recently in Dhaka. The subscribers of BTTB will be able to pay their bills through the easy pay machines of HSBC located at Uttara, Banani, Gulshan and Dhanmondi in Dhaka.

EU to avoid controversial China trade challenge

REUTERS, Brussels

The European Union has decided to steer clear of a politically-sensitive trade challenge against China over surging textiles imports, an industry group said on Monday as Prime Minister Wen Jiabao visited the bloc.

Wen's visit, starting in Germany and including EU headquarters in Brussels later this week, will have trade as a key focus. His country last year became the EU's second-largest commerce partner, taking Japan's place.

A Belgian group had been seeking to invoke special protection measures against China that would have limited imports of various kinds of textiles. It would have been similar to US import limits imposed last year, which angered Beijing.

But Belgian industry group AUIFFASS said it had converted its safeguard request into one for a more traditional measure, anti-dumping duties, as it had been persuaded by the European Commission any other move would get little support by EU states.

The United States in November 2003 limited imports of bras, dressing gowns and knit fabrics from China under the safeguard clause of China's entry into the World Trade Organisation (WTO).

European textiles groups wanted the Commission, which looks after trade matters for EU states, to follow suit as they complained of huge rises in Chinese exports to the EU.

The Commission move to accept AUIFFASS' request only as an anti-dumping complaint steers the EU clear of difficult waters.

"A safeguard is the last resort," said one EU diplomat. "It is saying that domestic industry is suffering, even though the imports are legal. It is much more difficult to make stick."

On the other hand, anti-dumping steps, usually involving duties to penalise the product by making it dearer, was much the easier instrument for the Commission to deal with.

It already has a range of anti-dumping duties on China, from chemicals to bicycle parts. Such penalties are imposed when the Commission finds the goods are being sold at a price below the cost of production and which is hurting an EU industry.

The AUIFFASS request for protection had focused on synthetic fabrics for garments like ski suits.