

Thrust on better preparation to derive Safta benefits

Seminar on follow-up of Saarc Summit decisions told

STAR BUSINESS REPORT

Bangladesh should be better prepared to derive maximum benefits from the South Asian Free Trade Area (Safta) agreement which comes into effect in January 2006, speakers told a seminar in Dhaka yesterday.

They said political consensus on economic policies is vital to keep the economic situation stable and enhance trade and investment.

The seminar on "Follow-up of Saarc Summit decisions concerning Safta and energy cooperation" was organised by South Asia Centre for Policy Studies (SACEPS), Centre for Policy Dialogue (CPD) and New Delhi-based Research and Information System for the Non-aligned and Other Developing Countries (RIS).

The South Asia Development and Cooperation Report was launched at the seminar.

Speaking at the inaugural ses-

sion, Foreign Minister M Morshed Khan stressed the need for a national policy on economic issues. "Government will change but economic issues should not be affected with the change of government."

Professor Rehman Sobhan, chairman of CPD, presided over the inaugural session.

Tofail Ahmed, Awami League leader and former commerce and industries minister, at another session criticised India for not implementing its commitment of giving duty free market access for 25 Bangladeshi items.

"South Asian preferential trading arrangement has not been implemented. If we want to implement Safta, we should be prepared well," Tofail said at the session on "Implications of Building a South Asian Free Trade Area."

M Syeduzzaman, former finance minister, chaired the session held at BRAC Centre conference room.

Awami League lawmaker Kazi

Zafarullah said political consensus is necessary to keep the economic situation stable. "We must encourage banks to open branches in some key areas like Siliguri in India," he suggested.

Mostafa Abid Khan of the Tariff Commission said the rules of origin should be as simple and relaxed as possible. "If rules of origin are stringent, Bangladesh will not be able to enhance export to the countries in the region."

Amjad Khan Chowdhury, chief executive of Pran Group, said duty regulations should be harmonised to increase trade among the South Asian countries.

"Deriving maximum benefits from Safta will critically hinge on the quality of homework that Bangladesh is able to do over the coming days and months," said Prof Mustafizur Rahman, research director of CPD, a local think-tank.

Making a presentation on "Operationalising Safta: Strategic

Perspective from Bangladesh," he said Bangladesh needs to do further homework for identifying para-tariff and non-tariff barriers and undertaking trade facilitation measures.

Dr Dushni Weerakoon, research fellow of the Institute of Policy Studies (IPS) of Sri Lanka, made a presentation on Safta treaty.

"The realities and geo-politics of the region will determine the pace of negotiations in Safta and the treaty will mainly promote Indo-Pakistan trade," the IPS researcher said.

Dr Nagesh Kumar, director general of RIS, said it is necessary to create a conducive environment for trade and investment in the region. Dr Kumar made a presentation on the South Asia Development and Cooperation report.

Indian High Commissioner in Dhaka Veena Sikri also spoke at the inaugural session.

HSBC, Rancon Motors sign deal on interest-free car loan

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The Hongkong and Shanghai Banking Corporation Ltd (HSBC) in Bangladesh and Rancon Motors Ltd signed a memorandum of understanding (MoU) in Dhaka yesterday on selling Mercedes-Benz vehicles to be financed by HSBC.

Under the MoU, customers can purchase Mercedes-Benz vehicles from Rancon Motors Ltd, general distributor of DaimlerChrysler, Germany, through HSBC car loan at zero percent interest for the first year.

The campaign will run from this month until June next year. Mamon Mahmood Shah, manager, Personal Financial Services of HSBC in Bangladesh, and Romo Rouf Chowdhury, managing director of Rancon Motors Ltd, signed the agreement on behalf of their organisations at Rancon showroom in Dhaka.

David JH Griffiths, chief executive officer of HSBC; Vikas Kumaria, divisional manager, DaimlerChrysler; CA Hafiz, general manager, Automotive Division of Rangs Group; Muneer Hussain, manager, Marketing & Public Relations of HSBC; and Faizan Khan, manager & head of Operation, Rancon Motors Ltd, were present at the function.

Rancon Motors Ltd has sold 135 Mercedes-Benz vehicles since June 2002. The prices of the vehicles are between Tk 50 lakh and Tk 1.5 crore.

The company has been awarded for Best Sales Performance in South Asia from DaimlerChrysler.



Foreign Minister M Morshed Khan speaks at the inaugural session of a seminar on 'Follow-up of Saarc Summit Decisions concerning Safta and Energy Cooperation' jointly organised by South Asia Centre for Policy Studies (SACEPS), Centre for Policy Dialogue (CPD) and New Delhi-based Research and Information System for the Non-aligned and Other Developing Countries, held in Dhaka yesterday. Professor Rehman Sobhan (centre), CPD chairman, and Reaz Rahman (left), advisor to the Ministry of Foreign Affairs, are also seen.

Potential for cross-border energy co-op still untapped

Speakers tell seminar on Saarc issues

STAR BUSINESS REPORT

Lack of concerted efforts from governments and absence of a catalysing agency is eluding materialisation of cross-border energy cooperation among South Asian countries, a minister said at a seminar yesterday.

Though Saarc (South Asian Association for Regional Cooperation) nations are willing to forge energy cooperation, there is no initiative from any government to go ahead with the plan, State Minister for Power Iqbal Hasan Mahmood said.

"Our Prime Minister proposed a common South Asian power grid in the last summit of the regional group but we do not see any initiative from Saarc Secretariat which should have worked as a catalysing

agency," the minister said.

He was addressing a session on "Energy Cooperation in South Asia" at a daylong seminar on "Follow-up of the Saarc Decisions Concerning Safta and Energy Cooperation" at Brac Centre conference room in Dhaka.

"Though we hear rhetoric about energy cooperation, the ground reality is that there is no progress," Mahmood regretted.

He said Bangladesh needs \$2 billion investment by 2007 for meeting the power demands so private sector investment is key to achieving self-sufficiency in power. Shortage of power is present in all South Asian countries, he added.

Presenting a paper on the topic, Prof MP Lama, Centre for South Asian Studies at Jawaharlal Nehru University in New Delhi, said for cross-border cooperation the mem-

ber countries can establish Saarc Regional Power Trading Corporation.

Chairing the session, Azimuddin Ahmed, former energy secretary, said co-operation in power sector is vital for development of South Asian countries.

Prof Rehman Sobhan, chairman of CPD, said a necessary framework is needed for energy cooperation in the region.

Mohammad Aziz Khan, chairman of Summit Group, said the governments should be dynamic to materialise the plan of energy cooperation in the region.

Nuruddin Mahmud Kamal, former chairman of Power Development Board, said the region has huge potential for hydropower generation, but it remains untapped for lack of investment.

Emirates SkyCargo gets best cargo airline awards

Emirates SkyCargo won the Cargo Airline of the Year Awards in London recently.

The Dubai-based cargo division of the international carrier Emirates has received the Best Cargo Airline to the Middle East for the 16th time in a row and Best Cargo Airline to the Indian Sub-continent for the sixth consecutive time, says a press release.

The Dubai Cargo Village has also been honoured as Best Middle East Cargo Airport.

The awards are introduced by the trade magazine Air Cargo News, UK.

Emirates SkyCargo now serves 76 destinations in 54 countries, including 21 destinations with its freighter aircraft.

STB launches new city tour programme in June

Singapore Tourism Board (STB) will launch a city tour programme titled 'Uniquely Singapore Shop and Eat Tours' in June.

The aim of the programme is to help visitors experience the islanders' passion for shopping and eating, says a press release.

Unlike the usual city tours, the new programme will tell the story of the city through the interesting tales of the retailers and food establishments.

The tours will take visitors off the beaten path, for a glimpse into Singapore's way of life while enjoying the best of local shopping and food.

World markets find respite after choppy trading

AFP, London

World financial markets found a steadier footing on Tuesday after recent volatility blamed on concerns over soaring oil prices, prospects of rising interest rates and escalating violence in Iraq.

Asian stock markets rallied strongly on bargain-hunting and some positive corporate results, analysts said.

But European share markets struggled to shake off heavy losses incurred Monday after a suicide bomb blast had killed the head of Iraq's governing council in Baghdad.

"There is more likely to be an element of bargain-hunting, more so in Asia than in Europe" behind the rallies, analyst Alex Scott of Seven Investment Management said.

However, he described Europe's rally as "quite disappointing" compared with the rebound seen on Asian stock markets, where Tokyo's benchmark Nikkei-225 ended almost 2.0 percent higher after shedding more than 3.0 percent a day before.

In London, the FTSE 100 index rose 0.05 percent to 4,405.2 points half way through Tuesday's session and the Frankfurt DAX 30 index climbed 0.17 percent to 3,760.9 points.



Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Anisul Huq presents a bouquet to Finance and Planning Minister M Saifur Rahman during a meeting held in Dhaka yesterday as Commerce Minister Altaf Hossain Choudhury and BGMEA Vice-president M Golam Faruq look on.

Garment exporters seek policy support to stay competitive after '04

STAR BUSINESS REPORT

Garment manufacturers and exporters have sought policy support from the government on reduction of lead-time, setting up of central bonded warehouse and simplified rules of origin to remain competitive after 2004.

Leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) made the request at a meeting with Finance and Planning Minister M Saifur Rahman held at the minister's office in Dhaka yesterday.

Commerce Minister Altaf Hossain Choudhury was also present at the meeting. BGMEA president Anisul Huq led the delegation while the association's Vice-president M Golam Faruq took part

in discussion.

During the meeting, the finance minister assured the BGMEA leaders of holding further discussions on setting up a central bonded warehouse, which is a long-drawn demand of the readymade garment exporters.

Saifur Rahman also expressed his eagerness to hold discussions on simplified rules of origin with the BGMEA leaders later. He appreciated the garment exporters for their contributions to national economy.

The BGMEA leaders informed the ministers about the possible losses, which the industry may face after phasing out of quota system in 2005. The leaders also discussed other problems that the export-oriented sector is facing at present.

According to BGMEA, reduction

of lead-time and competitive price will be the key issues in the post-MFA (multi-fibre arrangement) era.

The garment exporters said export to USA decreased by 15.89 percent or Tk 2,000 crore in 2002 as the largest destination of Bangladesh's readymade garment export signed free trade deals (FTAs) with different countries.

They said the joining of 10 more countries to EU will increase the export to the region but it may decrease after the quota phaseout.

The BGMEA leaders also discussed their budget proposals, which were submitted earlier to the finance minister. The finance minister assured them of considering their proposals while preparing the budget for FY 2004-2005.

6 Asian states discuss power sharing as oil concern looms

ANN/KOREA HERALD

As rising oil prices raise concerns over energy supplies, experts gathered at a forum in Seoul yesterday to discuss a power-sharing arrangement in Northeast Asia.

An agreement would be expected to significantly reduce electricity costs.

The International Symposium on Northeast Asian Region Electrical System Ties at the JW Marriott hotel outlined the latest developments on a project to connect the power grids of six countries in the region: South and North Korea, China, Japan, Russia and Mongolia. The research project is sponsored by the Korean government and is scheduled for completion by 2005.

"The cross-border power-sharing system will benefit all countries in the region. This symposium will help promote the project and achieve mutual understanding among participating countries," said Kim Chil-doo, vice minister of Commerce, Industry and Energy.

Shared power grids have long been in use in many other regions such as North America and Europe. Experts here say the shared system is expected to save more than 10 percent of power costs across the region.

Moreover, Korea would be able to take advantage of Russia's considerable electricity supply to meet its surging energy demands.

India central bank sees 7pc growth

AFP, Mumbai

India will remain one of the world's top economic performers with growth expanding by 6.5 to 7.0 percent in the year to March 2005, the country's central bank forecast Tuesday.

The Reserve Bank of India's forecast was welcome news for the Congress party, expected to soon take charge of the country, Asia's third-largest economy, after last week's surprise electoral rout of the Hindu nationalist-led government.

"India will continue to be among the top performers globally, assuming a normal monsoon continues, and in spite of uncertainties in global economies," RBI governor Y. Venugopal Reddy said in his annual policy statement.

The RBI, announcing its annual monetary policy, left its benchmark bank rate -- used by banks to set loan rates -- unchanged at 6.0 percent. Its repurchase or repo rate was also unchanged at 4.5 percent.

This was despite the bank sounding a warning note on inflation which it projected would edge up to 5.0 percent in the financial year to March 2005 from 4.5 percent the previous year.

RAFIQ HASAN

Overseas recruiters have urged the government to withdraw the restriction on migrating to Saudi Arabia for cleaning and construction jobs.

A delegation of Bangladesh Association of International Recruiting Agencies (Baira) yesterday called on State Minister for Expatriates Welfare and Overseas Employment M Quamrul Islam and requested him to lift the embargo.

The government stopped issuing permission to workers intending to go to the Kingdom of Saudi Arabia (KSA) for cleaning and construction jobs from this month following the

report of high migration cost and low salary for the jobs, sources said.

The state minister however said the government will grant permission to workers if the migration cost comes down to below Tk one lakh.

The migration cost recently went up to Tk 1.60 lakh to Tk 1.80 lakh for a job offering a salary of only Tk 5,000 to Tk 6,000, according to sources.

President of Baira Mosharraf Hossain MP led the delegation while its Secretary General Ali Haider Chowdhury and a group of Saudi Arabia-based Bangladeshi recruiting agents attended the meeting.

The meeting decided to send a delegation to Saudi Arabia very soon for negotiating with the Saudi government. The team will talk to the workers and prepare a list of companies who offer violate recruitment rules and often poor salary.

The meeting also asked the job-seekers not to buy visa advice at exorbitant price, which increases the migration cost. The Baira formed a sub-committee to monitor the visa advice price in Saudi Arabia and report to the ministry.

The government will take action against the recruiters following the report from Baira, sources said.

WB plans to increase support for mid-income countries

REUTERS, Washington

The World Bank plans to increase its support for development in middle-income countries to encourage more private sector investment, according to an internal bank report, in a new strategy that could see more funding going to their governments.

The report, obtained by the International Rivers Network non-governmental organization, said the objective was to raise its development effectiveness in middle-income countries, which as a group are growing twice as fast as developed nations.

A World Bank official confirmed the document had been discussed by its board.

The role of global institutions like the World Bank in middle income countries like Brazil, China, India and Russia -- countries with above-average capital gross domestic products -- is being widely debated.

Some analysts argue such countries have reached a stage in their economic development that no longer requires financial and other assistance from institutions like the World Bank.

But others say the countries still

face huge development challenges and are home to 80 percent of the developing world's people and over 70 percent of its poor people who live on \$1 a day or less.

"Our fundamental goal is to improve and increase our development effectiveness in MICs," the report said.

"The bank should not be motivated by a desire to increase its lending and other services as ends in themselves, but at the same time, it cannot allow unnecessary obstacles within its control to stand in the way of responding effectively to the development needs of MICs," it added.

The report said the bank's shortcomings in helping middle-income countries was in its practices and not in its policies.

The strategy would "reestablish the bank as the partner of choice" in development knowledge and finance of middle income countries, the report said.

It said it would remove obstacles to "timely quality lending" and fast-track initiatives by relying on national safeguard systems in countries where the bank finds them to be adequate.

"The reliance on adequate

national systems for use in bank operations will not allow fiduciary and safeguard standards to be diluted," the report said.

It said the bank's assistance was worth more when it strengthened countries' capacities to implement their own good policies and programmes.

It said countries that stayed the course of good policies would be rewarded with more flexibility of Country Assistance Strategies (CAS), which details agreements on funding and other assistance to countries.

"We will encourage staff to use the flexibility inherent in the country assistance strategy to more effectively respond to the needs of good performing countries," it said.

"For good and improving performers, the CAS should be a more strategic compass than a detailed blueprint," it added.

The bank said it was also considering changing the name of the CAS so that it is more reflective of partnership. It proposed Country Partnership Strategy.