

No immediate plan to allow capital account convertibility

BB governor tells BIBM seminar

STAR BUSINESS REPORT

The central bank governor yesterday ruled out any possibility of allowing capital account convertibility in the country in near future.

"We are not at all thinking to move towards capital account convertibility," Fakhrudin Ahmed said when the issue was raised at a seminar yesterday.

Bangladesh Institute of Bank Management (BIBM) organised the seminar on 'Implications of Financial Globalisation for Bangladesh' at its auditorium in Dhaka.

Other discussants at the seminar also opposed capital account convertibility and warned of its possible adverse impact on economy.

Capital account convertibility permits people to transfer funds outside the country by selling their houses or other fixed assets.

The Bangladesh Bank (BB) governor said engaging a manage-

ment team to improve the efficiency of Agrani Bank will be finalised within a couple of weeks.

"There are problems with the nationalised commercial banks (NCBs) but engaging management team and appointing advisors will help improve their efficiency."

The BB governor said the government is trying to keep the fiscal issues under control, although there are structural problems in the financial sector.

Khondkar Ibrahim Khaled, managing director of Pubali Bank, Ziaul Hassan Siddiqui, executive director of the Bangladesh Bank, and Mahmood Osman Imam, professor of Finance and Banking at Dhaka University, also spoke at the seminar.

Ibrahim Khaled said the flow of foreign direct investment into the country is not at the expected level due to corruption and weak governance. "These issues should be addressed seriously," he suggested.

The market share of the NCBs is on decline and at the same time their operational expenditure is on rise, he observed. "This is creating pressures on the NCBs."

About capital account convertibility, Ibrahim Khaled said Bangladesh has not yet reached the level that it can allow the convertibility.

Ziaul Hassan Siddiqui said portfolio investment is not essential for the country's very small capital market. "Rather, we need foreign direct investment," he observed.

Mohd Ruhul Amin, director general of BIBM, said the country's financial institutions will have to augment their skill levels.

The keynote paper presented at the seminar was jointly prepared by Shah Md Ahsan Habib and Khondaker G Moazem.

"Progress towards capital account convertibility with the existing weaknesses of the economy may not bring expected results

or even may results in adverse developments," said Habib while presenting the keynote.

"Bangladesh's tiny stock market and government bond market need a big push for effective monetary policy operation."

Habib said Bangladesh needs the type of FDI that will have significant impact on incremental exports in order to offset rising payment liabilities over time and to pull up foreign exchange reserves.

High proportion of portfolio capital in the total capital inflows may be dangerous in the context of an economy having underdeveloped securities market, he added.

The keynote writers suggested some forms of control on portfolio capital and on short-term foreign currency debt at least at the earlier stage of capital account convertibility.

Phuket Air starts Bangkok-Ctg-Dubai flight

STAR BUSINESS REPORT

Phuket Air started its Bangkok-Chittagong-Dubai flight yesterday.

State Minister for Civil Aviation and Tourism Mir Md Nasiruddin formally inaugurated the operation of the flight at Shah Amanat International Airport in Chittagong.

Initially, Phuket Air will conduct its operation with Boeing 747. But within a few days, it will operate flights with Boeing 757.

Phuket Air will fly on Bangkok-Chittagong-Dubai route on Sundays, Tuesdays and Thursdays. However, it will fly on Dubai-Chittagong-Bangkok route on Mondays, Wednesdays and Fridays.

Speaking at the function, M Haider Uzzaman, Bangladesh representative of Phuket Air, hoped Bangladesh would be able to enhance fish and vegetables exports by Phuket Air flights.

According to the 'Bangladesh-Thailand Air Service Agreement', Bangladesh Biman is using the port of Thailand to operate its flights in Singapore and Japan enjoying 5th and 6th freedom rights. And as per this agreement, with the approval of the Thai government, Thai designated carriers can use any airports of Bangladesh to fly to a third country/destination.

According to international diplomatic terms, Thai carriers are entitled to 5th and 6th freedom rights. Due to this reason, the Thai government has recently allowed Phuket Air to fly to Dubai (a third destination) using an airport in Bangladesh territory, said a press release.

Tk1.67cr Danish grant for pharma industry

Bangladesh will receive Tk 1.67 crore from Denmark in grant and loan for establishment of an engineering plant to manufacture spare parts for pharmaceutical factories.

As a part of the Danida Private Sector Development (PSD) Programme Danish ambassador to Bangladesh, Niels Severin Munk, approved the amount, says a press release.

The Danish support is expected to substitute imports of expensive spare parts from Europe and US.

The overall objective of the Danida PSD programme is to contribute to the economic and social development of Bangladesh.

PSD programme supports the establishment of profitable, long-term and mutually binding commercial ventures between Bangladeshi and Danish companies.

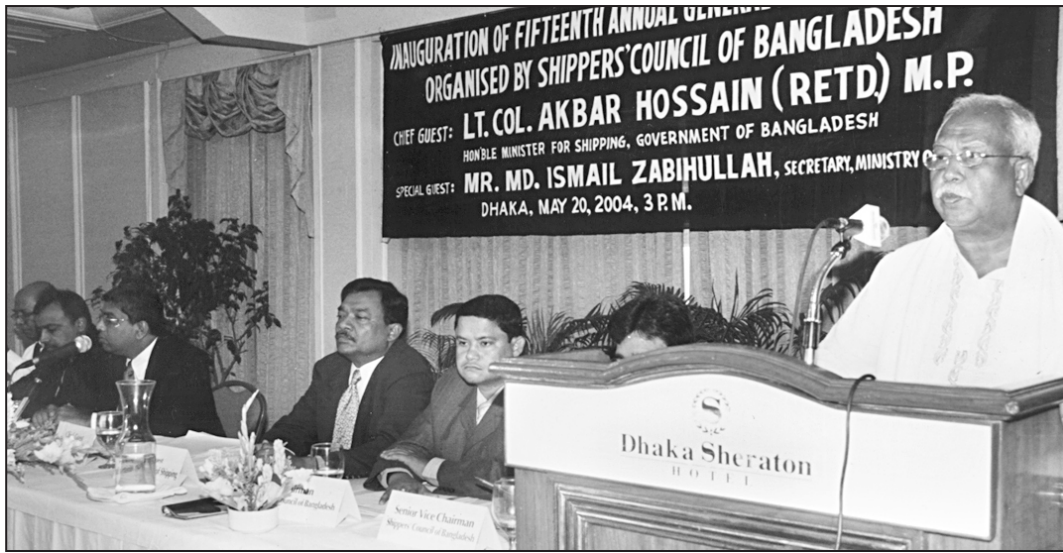


PHOTO: STAR

Shipping Minister Akbar Hossain speaks at the inauguration of two-day 15th annual general meeting of the Association of Shippers' Councils of Bangladesh, India, Pakistan and Sri Lanka (Ascobips) organised by the Shippers' Council of Bangladesh (SCB) at Dhaka Sheraton Hotel yesterday. Mohammad Ismail Zabihullah, shipping secretary, among others, is also seen.

Developers protest private land development rules

STAR BUSINESS REPORT

Developers have protested the 'Land Development Regulations for Non-Government Residential Project 2004' issued by the government recently.

They urged the government to postpone the gazette notification on the regulations, saying it will bring a stalemate in the booming land development sector.

The developers called for formulating realistic regulations for the real estate sector in consultation with all quarters concerned.

The Real Estate and Housing Association of Bangladesh (Rehab) at an executive committee meeting recently in Dhaka discussed the

contents of the gazette notification and expressed its views on the regulations, according to a Rehab press release.

The conditions, regulations and processes of preparing papers and project approvals prescribed by the gazette are very complicated, expensive and time consuming, and is almost impossible to implement, Rehab members told the meeting.

They said the notification has been issued only for the private sector land developments reflecting 'two regulations in a single country' policy by the government.

The Rehab members expressed their regret saying that the gazette does not reflect views, which were put forward by the developers

during discussions between the government and the Rehab held in last two years.

During the meetings, the developers demanded formulation of a common regulation for government, semi-government and private organisations but the recently issued regulations are only for private developers, they said.

The developers said the gazette has discouraged private investment in the sector.

They said implementation of the gazette notification will affect workers engaged in mills and factories grown in recent years as subsidiaries of the land development sector as the industry may face closure.

Expansion of tourism under BIMST-EC stressed

BSS, Dhaka

The two-day BIMST-EC Tourism Expert Group Meeting began in Dhaka yesterday with a renewed call for taking joint action programmes and strategies for expansion of tourism in the region.

Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation (BIMST-EC) was formed in 1997 to boost regional economic cooperation among the member states. Later, Nepal and Bhutan joined this group.

Sixteen representatives of the seven-member group are attending the two-day meeting.

Secretary of the Ministry of Civil Aviation and Tourism B M M Mozharul Haq inaugurated the meeting at a city hotel while Joint Secretary of the ministry Muhammad Humayun Kabir presided over. A five-member delegation is representing Bangladesh in the meeting.

Workshop on internet access begins Saturday

A four-day workshop on "Nation-wide Internet Access & Online Applications" will begin on Saturday in Dhaka.

Initiated by Alexandra Research Institute (ARI), the workshop is sponsored by the US National Science Foundation, the United Nations Development Program, BRAC University, Grameen Cyber Society and JOBS, USAID funded project, says a press release.

The working sessions of the workshop will be held on Sunday and Monday. Post and Telecommunications Minister Md Aminul Haque will address the opening ceremony of the workshop as the chief Guest at the.

Experts together from Bangladesh, Canada, India, Nepal, Singapore, Thailand and the United States will attend in the workshop.

India stocks fall after Singh rules out state co sales

AFP, Mumbai

Indian shares lost ground Thursday after incoming prime minister Manmohan Singh said his new leftist-backed Congress government would not sell state-run cash cows like energy giants ONGC and GAIL.

The BSE 30-share benchmark benchmark Sensex index shed 73.99 points or 1.48 percent to close at 4,932.11 but was still above the low touched Monday when it posted its biggest one-day dive in 12 years.

The market was pulled down by state-run stocks which fell on the back of Singh's statement reiterating earlier stated Congress policy opposing the sale of money-making state enterprises and pledging economic reforms with a "human face."

The policy enunciated by Singh - known as the father of India's economic reforms when he served as finance minister in the early 1990s - marked a big shift away from the strategy of the previous Hindu nationalist government.



PHOTO: BTCICI

The Executive Committee of Bangladesh-Thai Chamber of Commerce and Industry (BTCICI) led by its President R Maksud Khan calls on Commerce Minister Altaf Hossain Choudhury at the secretariat in Dhaka yesterday.

South Asian shippers meet begins in Dhaka

STAR BUSINESS REPORT

A two-day 15th annual general meeting of the Association of Shippers' Councils of Bangladesh, India, Pakistan and Sri Lanka (Ascobips) was inaugurated at Dhaka Sheraton Hotel yesterday.

Organised by the Shippers' Council of Bangladesh (SCB), the meeting is being attended by a number of representatives from shippers' councils of four Saarc countries.

Shipping Minister Akbar Hossain formally inaugurated the meeting while Mohammad Ismail Zabihullah, shipping secretary, Ravindra

Samantha Ratnapala, current chairman of Ascobips and also chairman of Sri Lanka Shippers' Council, Farhad Ahmed Akanda, chairman, and Syed Neaz Ahmed, senior vice-chairman of the SCB, also spoke at the inaugural ceremony.

Speaking at the inaugural function, the minister listed different measures undertaken by the government for the development of Chittagong Port.

He said establishment of a river port container terminal at Pangaon, Dhaka with required facilities for handling export-import containers, to be carried by river feeder services

to and from two sea ports, is now under implementation.

The shipping secretary told local shippers that the government has taken all necessary measures to check chances of Chittagong Port being blacklisted.

According to the SCB Chairman Farhad Ahmed Akanda, the meeting will review the challenges the industry encountered in the past two years.

Ascobips was established in 1980 by the Shippers' Councils of Bangladesh, India, Pakistan and Sri Lanka with a view to fostering close co-operation among the member councils.

New Product

BMW Z4

Executive Motors Limited, the sole distributor of BMW in Bangladesh, introduced a new premier class car 'BMW Z4' in local market recently.

The new BMW Z4 offers all the classic features of a roadster vehicle. The car has a powerful six-cylinder engine, extended bonnet, long wheel-base and low-lying seating position at the back, says a press release.

Executive Motors Ltd is organising a "Special Open Day" programme at its showroom in Dhaka to brief the customers about Z4. The briefing will continue today.

"Modern technology, safety, reliability and after sales service have made BMW the market leader in Bangladesh in the premier car segment," the release added.



Bangla-Thai chamber team meets Altaf

UNB, Dhaka

An eight-member delegation of Bangladesh-Thai Chamber of Commerce and Industry led by its President Rashed Maksud Khan called on Commerce Minister Altaf Hossain Choudhury at his office yesterday.

The delegation members informed the minister that Thai government and traders were eager to expand business relations with Bangladesh.

Referring to Thailand as a potential partner of Bangladesh, the delegation members said that Thai-Bangladesh Business Council had been formed to develop trade relations between the two countries. They also pointed out that business relations between the two countries would be increased further through BIMST-EC.

The minister said Bangladesh is expected to sign BIMST-EC agreement next month.

Altaf Hossain said business relations between the countries are going to be increasing day by day because of close bilateral relations between the prime ministers of Bangladesh and Thailand.

BUDGET PROPOSALS FOR 2004-05 FISCAL BCI for sufficient govt allocation for ports

STAR BUSINESS REPORT

Bangladesh Chamber of Industries (BCI) demanded sufficient allocation for the development of port facilities to expedite industrialisation.

In budget proposals for the 2004-05 fiscal, the BCI said modern port facilities are needed for the development of the country through industrialisation.

The chamber also proposed reduction of import duties and customs duties on industrial raw materials.

The BCI recommended re-fixation of customs duty on basic raw materials at 2.5 percent, semi-finished goods at 15 percent, intermediate goods at 22.5 percent and finished goods at 30 percent.

Import duty on natural rubber, used for bicycle and rickshaw tyre, should be at 7.5 percent from exist-

ing 15 percent while the import duty on some plastic raw materials such as polypropylene, polyisobutylene, copolymers and propylene copolymers should be lowered from existing 15 percent, the proposals said.

The chamber also recommended total withdrawal of value added tax (Vat) on melamine products. Presently, the melamine manufacturers have to pay 1.5 percent Vat on their products.

The proposals also sought 25 percent cash incentive for the export-oriented plastic industry to help the thriving sector.

Criticising the policy to frequently increase the prices of electricity, gas and petroleum products, the BCI also urged the government to work out a coordinated plan to up the prices of the products.

The chamber said the government should have plans to increase the prices after every five-year.

Asian states agree on steps towards oil stock

REUTERS, Manila

Asian countries, faced with soaring oil prices, agreed Thursday to take the first steps towards a regional oil stockpile that would be used to ride out supply squeezes due to terror threats or other global turmoil.

The 22-member Asia Cooperation Dialogue (ACD), meeting in the Philippine capital Manila, also agreed to share information about petroleum data, emergency preparedness and other contingency measures, according to a draft of the group's joint declaration.

The Asia-Pacific region imports about two-thirds of the oil it con-

sumes. The International Energy Agency forecasts that demand will rise to 23 million barrels per day (bpd) this year from 21.99 million bpd in 2003.

The ACD declaration said a seven-member panel would be formed to examine "the possibility of joint oil stockpiling among interested member countries". Benchmark US light crude prices C1c1 surged to 21-year highs on Monday of \$41.85 a barrel on concerns world supplies would not be sufficient to meet strong demand generated by a global economic rebound.