

Economic growth may slow down after quota phaseout

IMF representative forecasts

STAR BUSINESS REPORT

Bangladesh's success in poverty reduction may suffer and economic growth slow down with the phasing out of quotas after this year, an IMF official forecast yesterday.

Commerce and Industry (Ficci) at a hotel in Dhaka.

Export of readymade garment to the US market will be "at risk" but the risk might be surpassed to some extent by utilising the duty and quota free access facilities to the EU and Canadian markets, he said.

The government has taken some measures to solve the problem, but it is "not enough" to face the challenge, observed the IMF head in Bangladesh.

Verhoeven said progress has been made in structural reform, thanks to sound macroeconomic policies of the government. "But

difficult political climate and capacity constraints have slowed down the pace of reform."

"Good progress was made in tax administration and in the nationalised commercial banks," said Verhoeven. "But reform of the state-owned enterprises has stalled."

The IMF official said the government should create an enabling environment to meet the Millennium Development Goals to halve poverty by 2015. "Enhancing investment and accelerating growth will be the key to faster poverty reduction."

Verhoeven identified high cost of borrowing, bottlenecks in physical

GOLDEN HANDSHAKE Cheque handover to 1,042 Ctg port dockers begins

STAFF CORRESPONDENT, Ctg

Handover of cheques to 1,042 labourers who went into retirement under a golden handshake scheme at Chittagong Port began here yesterday.

President of Chittagong Chamber of Commerce and Industry Amir Humayun Mahmud Chowdhury formally inaugurated ceremony by handing over cheques to four dockers.

The golden handshake scheme began on April 1 and continued throughout the month to streamline the country's main seaport with some 5,300 dockers.

Chittagong Port Authority (CPA) Chairman AMM Shadat Hossain presided over the ceremony where Dock Labour Management Board Vice-chairman Md Ismail, Bangladesh Master Stevedores Association (BMSA) Chairman Monjurul Alam, Chittagong Port Sramik Dal leaders Nurullah Bahar and Taslim Hossain Salim also spoke.

Under the golden handshake, each labourer, on average, will get around Tk 2.1 lakh.

Speakers at the function said the golden handshake scheme will help improve the efficiency of the port.

Prices of essentials lowest in region, govt claims

STAR BUSINESS REPORT

The commerce ministry yesterday claimed that prices of some essential commodities in Bangladesh are the lowest in the region.

The prices of construction materials like MS rod are also much less than that in other neighbouring countries, Commerce Minister Altaf Hossain Choudhury told a press briefing at his office.

"It's true that price of MS rod went up to Tk 42,000 per ton but now it is selling between Tk 34,500 and Tk 36,000 per ton," he said. "On the other hand, MS rod is selling at Tk 60,000 per ton in India and Tk 70,000 in Pakistan."

About the soaring edible oil price, Commerce Secretary Suhel Ahmed said soybean oil price in Bangladesh is also the lowest in the region.

"That's why soybean oil is being

smuggled to the neighbouring country," he said. "Should we encourage smuggling of the essential commodities that are imported at the cost of our hard-earned foreign currency?"

Soybean oil price in the international market went up by 84 percent but in Bangladesh it rose only 34 percent, the commerce secretary said claiming success of the government in keeping the edible oil price low.

The commerce minister admitted that prices of essential items usually go up during every Ramadan. "But this year we have started working well ahead so that prices don't soar in the coming Ramadan."

About reviving the Trading Corporation of Bangladesh (TCB), the commerce secretary said almost all the efficient staff of TCB left the corporation through two rounds of golden handshake in 1994 and 2002.

"Now it is not possible for TCB with its existing manpower to give early warning about the stock, supply, demand and prices of essential items. TCB has to be reorganised so that it can work for the government," he felt.

The commerce minister said export earnings in the first nine months of the current fiscal year went up by around 15 percent over the same period of the last fiscal. "It is one of the big successes of the present government."

Export to Canada increased by 140 percent in 2003 in comparison with that of 2002, he mentioned and attributed the increase to duty and quota free market access granted by the North American country.

"The government is trying to get such duty and quota free access to other markets so that Bangladesh export to some other important markets can also increase," he said.

Z-Card starts operation in Bangladesh

Z-Card, a leading marketing communication company, has started its operation in Bangladesh.

Operating in more than 60 countries, Z-Card signed a deal with Colors of Bangladesh, a Bangladeshi company, in New Delhi recently to start its activities, says a press release.

John Devis, managing director of Z-Card (SA), and Tarique Sujat, CEO of Colors of Bangladesh, signed the agreement.

Z-Card will also operate its activities in Nepal and Bhutan from Bangladesh.

Emirates gets top quality award

Emirates Airport Services team at Dubai International Airport has earned a coveted ISO 9001:2000 Quality Management System award recently, says a press release.

The award was a part of a long-term campaign of Emirates Airport Services to reassure its customers and stakeholders of a rigorous quality management system.

STB attracts filmmakers in Singapore

The Singapore Tourism Board (STB) has unveiled a \$S10 million scheme to encourage international filmmakers and broadcasters to shoot and produce quality movies and TV programmes in the city state.

Under the scheme, "Film in Singapore", the STB and Media Development Authority (MDA) hopes to create awareness about Singapore among international audience to ultimately attract more visitors to the vibrant city-state, says a press release.

The scheme, which was announced on Friday, will subsidise up to 50 percent of expenses of international film companies.

The collaborative approach of the scheme welcomes partnerships with film industries and media organisations across the world to explore what Singapore has to offer as a film location and post-production hub.

ME budget airline looks to India

AFP, Dubai

Gulf budget carrier Air Arabia says it is awaiting authorisation to launch flights to India.

After having to halt twice weekly flights to Cairo, which only began on April 27, because of failure to obtain final authorisation from the Egyptian authorities, the Sharjah government-owned airline is ready to start services to India immediately, marketing and distribution director Ali Fairouz told Sunday's Khaleej Times.

West coast cities Mumbai, Cochin and Trivandrum, all major suppliers of labour to the Gulf, are first on the list.

"We are still in the discussion process and will inform the public as and when we have final authorisation to fly there from the relevant authorities," said Fairouz.

"Air Arabia can add a new destination to its network on short issue," he added. "It all depends on how fast some of the current discussions move forward."



Marijn Verhoeven, resident representative of International Monetary Fund (IMF) in Bangladesh, speaks at a luncheon meeting hosted by the Foreign Investors' Chamber of Commerce and Industry (Ficci) in Dhaka yesterday. Among others, Ficci Committee Member Andrew Fawthrop and Secretary Jahangir Bin Alam are also seen.

Morshed for administrative changes to woo investment

BSS, Dhaka

Foreign Minister M Morshed Khan yesterday stressed the need for changes in the country's administrative and social systems to attract investments from Japan and other countries.

He said the government has given top priority to creating congenial investment environment in the country.

The foreign minister was addressing a conference on "Thirty Years of Japan-Bangladesh Relations: Performance, Impact and Direction," organised jointly by Japan Study Centre and Embassy of Japan at a hotel.

Presided over by Vice Chancellor of Dhaka University Dr SMA Faiz, the function was also addressed among others, by ambassador of Japan to Bangladesh Matsuhiro Horiguchi and Chairman of University Grants Commission Dr M Asaduzzaman as special guests.

Professor M Ataur Rahman of Dhaka University who is also Director

of Japan Study Centre was the keynote speaker at the conference, which was largely attended.

Morshed said there is enormous potential for Japanese investments in small and medium scale industries including the telecommunication and ICT sectors. He hoped that the government would be able to address some of the problems relating to infrastructure development and issues of political stability in the coming years.

The foreign minister expressed the hope that the private sector role would be strengthened and private-public sectors cooperation would be able to push many of the reforms in the relevant fields.

He said Bangladesh's "Look East Policy" was evolved partly to attract foreign investments from the East and the Southeast Asian countries including Japan.

On Bangladesh-Japan relations, he said he firmly believed in the assertion of the keynote speaker that the relations between the two friendly countries must "transcend the economic arena -- these must have solid

intellectual and cultural bonds."

He said he fully shared the views of Dr Ataur Rahman that Bangladesh is deeply committed to a vision of peaceful, non-nuclear South Asia vigorously active in expanding economic cooperation and cultural exchange among nations in the region.

Referring to political stability, which is a precondition for attracting foreign investment, Morshed said there cannot be any productive policy with counterproductive political situation.

He hoped that at least on economic policy political pundits of the country and major political parties would come to terms. In this regard, he recalled that Japan's ODA was the largest during the period of 1992-96.

The foreign minister said it was also the result of strong initiatives and adoption of proper policy by the Khaleda Zia government. Japan is the 11th largest destination for Bangladeshi goods, he said expressing the hope that the existing trade imbalance would be offset through export diversification.

GlaxoSmithKline okays 40pc dividend

BSS, Dhaka

GlaxoSmithKline Bd Ltd has approved a 40 percent dividend or Tk 4 for each share at Tk 10 for its shareholders for the year 2003.

The company approved the dividend at its 31st Annual General Meeting (AGM) held in Chittagong recently, according to a press release.

The company made over eight percent growth in its business last year as its net sales in 2003 totaled to Tk 1.30 billion, the meeting was informed.

Company's Chairman V Thyagarajan presided over the meeting. Managing Director of the company M Azizul Huq, Finance Director Sarwar A Khan, Technical Director AHM Zaker, Directors Mehermost Kapadia and Md Ziaul Haque Khondker were present.

VP, second representative of Asian Leasing Association



Mafizuddin Sarker, Shamsul Arefin

Mafizuddin Sarker, managing director of International Leasing and Financial Services Limited, has been elected vice-president while SM Shamsul Arefin, managing director and CEO of Uttara Finance & Investments Limited, elected second representative of the Asian Leasing Association (ALA) for Bangladesh.

Their election was held at the 45th Governing Council and 20th General Assembly meeting of the Asian Leasing Association held in Seoul recently, says a press release.

Members of the Asian Leasing Association from different countries attended the meetings.

ROK trade conditions worst

REUTERS, Seoul

An index measuring South Korea's trade conditions hit its lowest level since 1988 in the first quarter, battered by soaring import prices, the central bank said Sunday.

The gauge, which reflects export and import prices per good, plummeted to 86.8 in the January-March period, down from 89.7 in the previous quarter and 87.0 in the same period last year, the Bank of Korea said in a statement.

It was the lowest reading since authorities introduced the index in 1988, the bank said.

Trade conditions deteriorated as import prices surged 6.7 per cent in the first quarter from the previous quarter due to higher oil and raw material prices, exceeding a 3.3 per cent increase in export prices, it said.

Samsung may set up plant in Bangladesh, if market grows

CEO of company's South West Asia Regional Headquarters tells The Daily Star

M ABDUR RAHIM

"Set up factories where market booms" is the strategy of Samsung Electronics. And there is every possibility of setting up a manufacturing plant in Bangladesh, if local market grows significantly, said a top official of the electronics giant.

"Bangladesh is an emerging consumer market," Kwang Soo Kim, president and CEO of Samsung South West Asia Regional Headquarters, said in an exclusive interview with The Daily Star, hinting at the company's plan to set up such a plant.

Samsung is a global company and it has 40 production plants all over the world, Kim said. "Samsung want to make its presence in this emerging market with an official distribution system for all its products."

The South Korean consumer electronics maker, which also manufactures computer hardware, has production plants in Thailand, Vietnam, Malaysia, China and Japan, and a research and development centre in India.

Samsung holds number one position in terms of global market share for 13 of its products, said Kim, who came to Bangladesh to take part in "Samsung Digital Celebrations 2004" that ended on Saturday at a hotel in Dhaka.

"Our target is nothing less than to have 30 number one world products by 2005 adding new digital televisions and printers to our current world market leaders -- semiconductors, LCD, PC monitors and CDMA mobile phones," Kim noted.

"To achieve this goal, we must focus on rapidly growing Asian markets and we want to expand operation in this part of the world."



Kwang Soo Kim

Accordingly, we will set up more plants in line with the consumer location," he said.

Kim is the first president and CEO of newly established South West Asia Regional Headquarters of the company in New Delhi to cover the markets in Bangladesh, Nepal, Bhutan, Sri Lanka and the Maldives.

Samsung, the world's largest chip-maker, also wants to be the number one mobile phone handset seller in Bangladesh by 2006. It recently appointed Electra International Ltd as official distributor of Samsung cellular handsets.

Electra International has been marketing Samsung consumer products since 1995 and its sales witnessed a steady growth over the last few years.

At present, about two lakh refrigerators and 1.5 lakh colour television sets are sold in Bangladesh a year, and Samsung shares 9-10 percent market in television segment.

"We now commands 35 percent

market share of refrigerator and 42 percent of personal computer monitor in Bangladesh," Kim claimed. "We want to be market leader in all segments taking our reputation in front."

Encouraged to know about the robust growth of cellphone market with 2.3 million subscribers in Bangladesh, Kim said, "We will provide all facilities to customers here as we see good prospects in mobile handset market."

Samsung, the second largest Korean conglomerate after Hyundai, has 28 percent global market share of memory chip DRAM, 21.5 percent in computer monitor, 24.8 percent in VCR and 11.1 percent in television set. In hand phone, it is in the third position with 10.2 percent global market share after Nokia and Motorola.

Established in 1969, Samsung emerged as one the fastest growing companies in the world, creating 75,000 jobs and having sales turnover of \$36.4 billion in 2003.

Local company Index and Smart markets Samsung computer monitor, hardware and other computer accessories.

The brand value of Samsung that means "precious and pretty" in Korean language, increased to \$8.31 billion in 2002 from US\$6.37 billion in 2001. It has 13,000 researchers representing a \$ 1.7 billion investment in research and development.

All this vision is brained and nurtured by Samsung's Chairman Kun-Hee Lee who is committed to provide people with "digital freedom" -- as he explained, "freedom from limitations of time and space, freedom to access information and entertainment."

Opec expresses concern but no deal yet on more oil

REUTERS, Amsterdam

Opec Saturday expressed "deep concern" about high-flying world oil prices, saying it wanted to cut fuel costs to support world economic growth.

But the president of the Organisation of the Petroleum Exporting Countries, Purnomo Yusgiantoro, said no decision was made during informal talks in Amsterdam on raising crude supplies. Opec will set policy in Beirut on June 3, he said.

Ministers even declined to make a recommendation for Beirut on a Saudi proposal to lift oil quota limits by at least 8.5 percent, two million barrels a day, to topple US crude prices from \$40 a barrel.

Producers face heavy pressure from big petroleum importers who fear rising energy costs could slow strong economic growth.

The Group of Seven economic powers, meeting this weekend in New York, is expected to call for swift OPEC action.

Leading Opec producer Saudi Arabia, acting unilaterally, is not stalling on efforts to cut prices which it considers too high for the long-term health of world fuel demand.

Saudi Oil Minister Ali al-Naimi released a statement on Friday saying Riyadh was already committed to output of nine million barrels a day next month.

That is up from about 8.3 million bpd in April and a rise of nearly 18 percent over its existing Opec quota of 7.64 million, raising eyebrows among some fellow cartel members, even though they can pump no more.

"This is all about what Saudi Arabia wants to do. They have to protect long-term demand because they control 30 percent of the world's proven reserves," said consultant Gary Ross of New York's PIRA Energy.

"At the end of the day Saudi Arabia is the only country with significant spare capacity and they are not going to be constrained by others with none."

World oil prices eased on Friday after news of the Saudi plan. US crude ending off 87 cents at \$39.85 a barrel, the first close below \$40 in 10 days.

But traders said prices could go up again if the market interprets Saturday's Amsterdam talks to mean the rest of Opec is not behind Saudi.

"There are two worries here -- that Saudi doesn't have explicit support for an increase and that spare capacity is so limited," said Nauman Barakat of brokers Refco in New York.

Naimi said Saudi could open the pumps even further if necessary, giving an assurance that Riyadh was capable of reaching a maximum of 10.5 million barrels daily.

Other Opec members, enjoying full capacity output at \$40 a barrel, may have little choice but to fall in line with Riyadh.

Estimates from consultancy Petrologistics are that output in May from 10 in Opec with quotas, excluding Iraq, is 26.38 million bpd. That is 2.88 million bpd over official limits of 23.5 million, well in excess even of the Saudi plan.

Oil consuming nations, meeting with OPEC in Amsterdam at a forum this weekend, said they shared the blame for high prices.

"I would not say that they, OPEC, are responsible for all of it. We consumer countries are in responsible in part," said Claude Mandil, the head of the International Energy Agency, adviser on energy to 26 industrialised nations.

AFP, Kuala Lumpur

Southeast Asia's revitalised travel industry has launched a new programme offering airfare, hotel and tour discounts to spur travel within the region amid growing restrictions on entry into the United States and the mounting costs of travelling to Europe.

Tourism in the region was hit hard early last year by the Severe Acute Respiratory Syndrome (Sars) epidemic but the numbers are up again and the industry hopes the Asean Hip-Hop Pass will give intra-regional tourism an added boost.

Last year, tourist arrivals to the 10 countries of the Association of Southeast Asian Nations (Asean) fell by nearly 15 percent to 37.49 million people, from nearly 44 million in 2002, according to the Asean secretariat.

The sector is a major revenue-earner for Asean countries, generating 27.7 billion dollars in tourism receipts in 2002, excluding Brunei, or 4.8 percent of Asean's gross domestic product.

of the Kuala Lumpur-based Asean Tourism Association which launched the Hip-Hop scheme last month, said it would run until March 25 next year to promote Asean as a single destination.

More Asean residents are turning to the region for their holidays following stringent security checks at airports in the United States due to terrorism fears, and the strong European currency, he said.

"Asean is not like Europe. We are not as connected because we don't have the land advantage and there's no single air pass that's encouraging people to visit more than one country," Lo told AFP in an interview.

"We must not neglect Asean. There's 550 million people in this region and we think there's a huge market potential for such a product."

For 399 US dollars, the Hip-Hop pass offers travelers three flight coupons to two destinations, with travel to begin and end in the country of origin -- such as Singapore-Bangkok-Manila-Singapore.

Each additional flight coupon costs 150 dollars, with a maximum

purchase of six, for economy class travel on nine participating airlines, mainly national carriers. There must be a minimum stay of five days and a maximum of a month for the total journey.

Pass holders get discounted rates of 35, 50 and 70 dollars for a night's stay in participating three-star, four-star and five-star Asean hotels respectively. They can opt for a 30-dollar tour pass which provides airport transfer and a half-day city tour.

Lo said the Hip-Hop pass, sold by airlines and travel agents in all Asean countries, allowed tour companies to formulate new travel packages as it widened their network of destinations, especially to Indochina which was previously not that accessible.

He said the association was in talks with governments in Cambodia, Laos, Myanmar and Vietnam to open up domestic travel. Pass holders can now only fly to just one destination in those countries.