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# Star BUSINESS

DHAKA WEDNESDAY AUGUST 25, 2004 E-mail: dsbusin@gononet.com

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# Panicky businesses fear loss in export, FDI

## STAR BUSINESS REPORT

Prevailing uncertainty and instability in national politics coming close on the heels of a devastating flood will further degrade Bangladesh's image taking toll on export and foreign direct investment, fear top business leaders.

They said when businesses were gearing up in full swing to recover from losses sustained from the deluge that inundated two-third of Bangladesh, the grenade attacks on a public rally of the main opposition party on Saturday came as a big blow.

With no headway to the series of blasts at different public rallies and cinemas including the latest one on Bangabandhu Avenue in Dhaka killing at least 19 people, the business leaders expressed their utter frustrations while talking to The Daily Star yesterday.

The attack would put a long lasting stigma on the country's image, they fear.

Frustrations ran so high among the business community that some of them who had all along been against hartal spoke in favour of the latest two-day general strike, enforced by opposition parties protesting the attack on the rally of Leader of the Opposition in Parliament Sheikh Hasina who narrowly escaped.

Most of them said the latest round of hartals is for a common and big cause to press the government for restoring security in the country. When human life is not safe how business can flourish in this situation, said the business leaders.

The attacks on Awami League (AL) rally and subsequent hartal has brought the business to a near standstill with major production disruptions in mills and factories and low customer turnout in shops and shopping centres.

The common view that came from the conversations with business leaders is that they are uncertain of their future due to a looming

political confrontation.

## Current hartal reality different: BGMEA chief

Bangladesh Garment Manufacturers & Exporters Association (BGMEA) President Anisul Huq said, "We do not support hartal, but this time the reality is different."

He said the country has been facing political unrest as well as natural disasters since decades. "And we are now in the middle of a chaos."

"But our tremendous performance in terms of export and production proves that we are such a nation that we can fight against any situation," he said.

Huq hopes the foreign buyers would not be worried for the current political situation and would continue their business in the country.

## Double blow to economy: FBCCI vice-president

Vice-president of the Federation of Bangladesh Chambers of Commerce and Industry Abul Kashem Haider said the hartals have come as a double blow to the business and economy.

"The economy is still reeling under flood impact. At this time any production disruption in industrial sector would delay economic recovery," he said. "At no time we should support hartal whatever the reason of it."

## No reason to support hartal: MCCCI supremo

Metropolitan Chamber of Commerce and Industry (MCCCI) President Kutubuddin Ahmed sees no reason to support the hartal, saying Saturday's attack adding with recent floods has already damaged Bangladesh's image abroad hampering business seriously.

"We want international probe of the incident as demanded by Awami League but cannot support the hartal," he said.

The MCCCI president said the business community was always against hartal for which small and medium enterprises' growth may collapse.

Kutubuddin, who is also a representative of garment sector, said at least 30 percent garment workers abstained from work yesterday whereas the normal rate of absence is 10 to 15 percent on other hartal days.

He termed the government's attitude on the attack and its aftermath "positive".

## Hartal harmful to progress: BTMA chairman

MA Awal, chairman of Bangladesh Textile Mills Association (BTMA), said just when the flood situation has improved, business and economic activities specially in Dhaka came to a halt after Saturday's grenade attack on the AL rally.

"We are in a fear what will happen in coming days," he said. "With the uncertainty in politics, the foreign buyers are now also in an apprehension."

Awal said after the grenade attacks, commercial vehicles were off the roads resulting in zero shipment from one place to another.

Commenting on hartal, the BTMA chairman said hartal is a political instrument but it is harmful to economic development.

## Current hartal justified: Frozen food assoc chief

President of Bangladesh Frozen Foods Exporters Association Quazi Monirul Haq said the grenade attacks on AL rally has created a panic situation in businesses and the uncertainty will add to woes of exporters.

"Such a chaotic and insecure situation may further degrade country's image abroad affecting exports," he said.

Monirul thinks any shutdown affects business but he sees no harm in supporting the two-day hartal in

protest against insecurity of lives that prevails at present in the country.

## Shop owners sympathetic towards present strike

President of Bangladesh Dokan Malik Samity (shop owners association) Amir Hossain Khan said shop owners are sympathetic towards the two-day protest programme to air their grievances against the insecure situation that is not congenial to business.

"After the incident, transactions in shops have fallen drastically. Due to uncertainty people have stopped buying products other than essentials. As an uneasy situation prevails, shop owners close their shops early and go home before sunset," he said.

Shopping malls, department stores and other retailers are yet to recover from dull business due to flood and the panicky situation arising out of the grenade attack may further dip retailing business, he feared.

## Panicky situation to hurt FDI: AmCham president

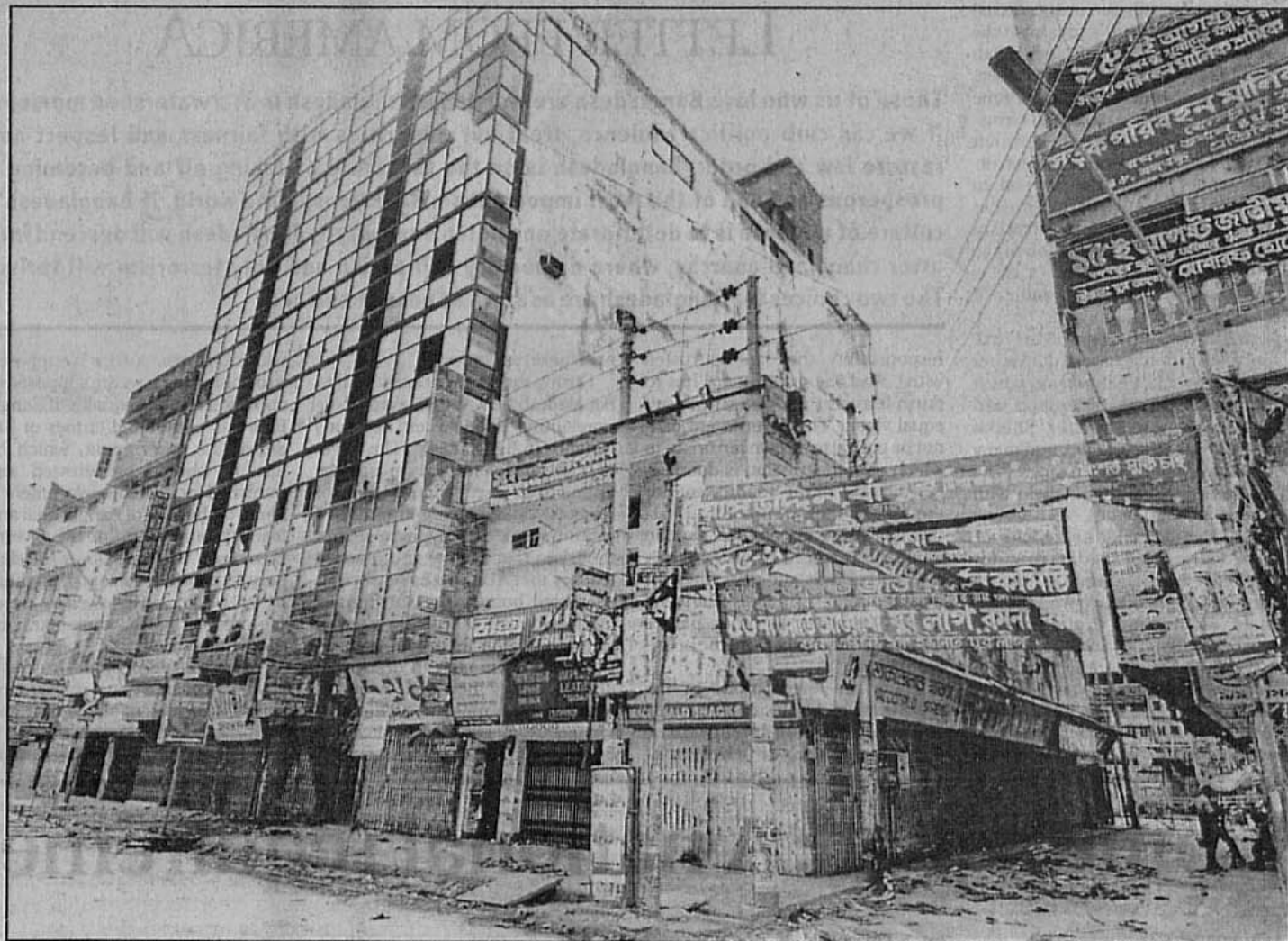
President of American Chamber of Commerce (AmCham) in Bangladesh Aftab-ul Islam said the panicky and uncertain situation may not only adversely affect the local businesses but also the flow of foreign direct investment (FDI).

"The government should ensure security of lives to the people. If government is to attract more FDI and improve country's image, it must work on security," he said.

## Leather exporters worry over unstable situation

Bangladesh Finished Leather, Leathergoods & Footwear Exporters' Association Chairman Tipu Sultan said such grenade attack is hateful and such incident is continuing in the last few years. "But there was no solution of those incidents."

"For this, the country's business sector is now in an unstable situation and export, import and production are hampered," he said.



Shops and businesses on Bangabandhu Avenue, one of the bustling commercial hubs in Dhaka, wear a deserted look yesterday during the nation wide strike protesting Saturday's grenade attacks on an Awami League rally that killed 19 people.

"The government should find out the culprits otherwise our country will become like Nepal where business is hampered for the activities of the Maoists."

## Hartal doesn't spare any sector: DSE

The hartal came as a big blow to the capital market, which was experiencing a bullish trend over the past few weeks. The Dhaka Stock Exchange (DSE) general index crossed 1500 points and transactions hit Tk36 crore last week.

However, DSE President Ahmed Iqbal Hassan is hoping that the bullish trend would continue after the hartal.

"When violence and unrest arise they affect all the areas and capital market is no exception. But we hope the recent trend would continue as market gets maturity and resilience."

## Hartal to hurt market: CSE

Chittagong Stock Exchange CEO Wali-ul-Marooof Matin said the uncertain situation may affect country's capital market.

"The hartal and subsequent violence make the situation uncertain which does not bode well for capital market," he said.

# Dhaka, Delhi agree to open up skies

## Air service agreement to be amended to allow more private airlines

PALLAB BHATTACHARYA, New Delhi

India and Bangladesh yesterday agreed on the need to open up each other's skies to airlines of the two countries as part of efforts to promote tourism.

The understanding was reached at a meeting between visiting Bangladesh State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin and his Indian counterpart Praful Patel here yesterday afternoon.

During the half-an-hour meeting, the two ministers discussed the necessary amendment in the bilateral air services agreement to keep

pace with the trends in the global civil aviation sector, sources said.

The meeting assumes significance in the backdrop of Indian private Air Sahara and Jet Airways' intention to fly to Dhaka as part of the two airlines' foray into Saarc countries. The two carriers are already operating flights to Sri Lanka and Nepal.

Ahead of the meeting between the two ministers, Air Sahara CEO Rono Datta and Jet Airways Vice-president Ragini Chopra separately met Mir Nasiruddin and expressed their desire to operate flights to Dhaka.

Describing the talks between the civil aviation ministers as "good and

extremely cordial," Bangladesh High Commissioner to India Hemayetuddin told PTI that they exchanged views on further developing bilateral relations in civil aviation and tourism sectors.

Recently, Indian Airlines increased its number of flights between Dhaka and Kolkata and Bangladesh's private carrier GMG Airlines is set to operate flights between Chittagong and Kolkata from September 8.

Mir Nasiruddin, who arrived here on Monday on four-day visit to India, is likely to meet Tourism Minister Renuka Choudhury and attend a seminar on eco-tourism.

## GP installs 1000 base stations

GrameenPhone (GP) has installed over 1,000 base stations across the country.

At present, the GP currently has 1,025 base stations in 313 upazila of 61 districts, says a press release.

The challenge of GP is now to put up the next 1,000 base stations within next several months, the release said quoting Ola Ree, managing director of GP.

GP started its operations in 1997 and presently has more than 1.8 million subscribers. GP has even set up base stations in such remote areas where there is no adequate supply of electricity.

## Qatar Airways voted 8th best for in-flight entertainment

Qatar Airways in-flight entertainment has been voted the 8th best in the world.

Independent aviation quality monitor Skytrax organised the poll among 10 airlines in the world, says a press release.

The 2003-2004 best airline in-flight entertainment survey received a total of 641,448 nominations during the 8-month survey period.

## EU extends import ban to KL after bird flu outbreak

AFP, Brussels

The European Union has banned imports of pet birds and feathers from Malaysia after an outbreak of a lethal form of bird flu there, the European Commission said Monday.

The ban extends an EU ban slapped on poultry and bird products from other Asian countries earlier this year after outbreaks of avian influenza.

"Avian influenza is a highly contagious poultry disease that can cause severe economic damage to the poultry industry and may be transmitted to humans," said EU Commissioner for Health and Consumer Protection David Byrne.

"We can take no risks when it comes to the import of products or birds that might introduce this virus into the EU," he added.

Bird flu was confirmed early this year in several Asian countries, sparking an EU ban on the import of live poultry, ostriches, other live birds (including pets), hatching eggs and affected poultry products.

# Couriers thrive with growing customer confidence

## STAR BUSINESS REPORT

Private courier service sector has been witnessing a boom for the last few years on increasing customer confidence.

The courier service, emerged as a major service sector with handsome annual growth, has been complementing and rivaling the government's postal service since 1983. The private couriers take maximum 24 hours for inter-city parcel delivery. Some leading companies provide same-day delivery for intra-city parcel.

Each of the leading companies handles 15,000 to 20,000 letters and around 2,000 parcels a day on average while small ones 1000 to 1500 letters and 50 to 200 parcels, said a high official of Sundarban Courier. The volume was almost half even five years ago.

According to an estimate of Courier Service Association of Bangladesh, some 100 companies handle about 1.7 lakh letters and about 15,000 parcels a day to create a Tk 500 crore service sector. The sector generates huge revenue for the government in the form of 15 percent VAT (value-added tax) on the service.

The development of inter-city bus services contributed to the rapid growth of the courier service. The couriers use these buses to transport parcels quickly. Rising transport costs also contribute to intra-city courier growth, industry people say.

However, industry insiders say the sector is running haphazardly with lack of uniformity in charges due to absence of a regulatory body. For stiff competition among mushrooming companies, the charges

vary. Local courier service companies charge Tk 15 for a document weighing below 1 kg. If a document weight crosses the ceiling it is treated as goods. For goods parcel the charge is Tk 20 for first kg and Tk 10 for every next kg.

Abu Naser, general secretary of Courier Service Association of Bangladesh, said courier service expands operation and now covers every upazila of the country as it has earned confidence of customers for reliable and quick delivery.

About difference of charges, he said some companies provide discount for corporate clients to attract and retain customers. There should be uniformity in charges for the benefit of customers and new companies also, he observed.

"Some companies impose service charge, which also casts bad

impact on the courier service business," he said, adding that the government should take initiative to bring the companies under uniform guidelines.

Tanvir Ahmed Rony, director (Finance) of Sundarban Courier Service, one of the leading market players, said, "The business has become so competitive and demand-driven that some companies make delivery within hours for intra-city parcel."

Sundarban, Execl and Pioneer have expanded service to India for document parcel. The companies also provide money order service. However, the government has recently planned to restrict courier firms from providing money order service as it leaves scope for money laundering, an allegation refuted by the association.

# EU, Germany warn against unilateral oil tax steps

REUTERS, Brussels

The European Commission and Germany united Monday to insist EU states should not take unilateral tax measures to offset the impact of high oil prices.

European Monetary Affairs Commissioner Joaquin Almunia said there was concern about oil prices, which hit record highs last week, while German Economy Minister Wolfgang Clement in Potsdam admitted lofty oil prices posed "a problem and a certain risk".

But Almunia and Clement's deputy, Alfred Tacke, stressed unilateral tax measures were not the way forward.

"Individual actions can't counter it," Tacke said on the margins of a US-German business conference in Neuhausen, near Berlin, when asked if taxes or strategic oil reserves could be used to limit the impact of high oil prices.

"Global supply and demand are the decisive factors, not individual measures," he added.

The Commission was equally

adamant: "No country should take unilateral action," Almunia told reporters in Brussels, stressing the need for prior consultation with other EU states.

With US light crude prices scaling record peaks of \$49.40 per barrel on Friday, the issue of tax cuts to offset the impact on consumers has re-surfaced in Europe, and especially in Italy.

But Italian Economy Minister Domenico Siniscalco was singing from the same hymn sheet during a visit to Brussels on Monday.

"There is a commitment of European finance ministers to coordinate any measures in this field, especially tax measures," Siniscalco said after a meeting with Almunia.

EU finance ministers in June pledged to consult each other before acting, anxious to avoid a re-run of unilateral action in 2000, when a French cut in diesel fuel taxes sparked blockades and disruptions in neighbouring countries.

Italian Industry Minister Antonio Marzano has proposed tying excise duties to the price of oil so they would be cut when crude prices

were high and raised when prices were low.

But Marzano has said he would write to the EU Executive Commission and ask for an informal meeting of energy ministers while Gianluigi Magri, undersecretary of the Italian Treasury, wants EU finance ministers to discuss the issue next month.

A spokesman for the Dutch finance ministry, which organises the informal meeting of EU finance ministers next month in the Hague, said oil prices were not officially on the agenda. But he added: "I am sure it will be discussed at the meeting."

The Netherlands currently holds the rotating EU presidency.

On Friday Almunia said he would not be surprised if EU finance ministers discussed the topic on September 10-11.

Petrol prices vary widely across the EU, both due to the tax levied and local competitive conditions. For example, petrol at Dutch pumps, the most expensive in the EU, is over 50 percent more expensive than at Greek ones, according to Commission data.



## New president of ICSMB

AKA Muqtadir has been elected president of the Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) for the term 2004-05.

The election was held at the institute's council meeting on Sunday in Dhaka, says a press release.

A founding member of the institute, Muqtadir was senior vice-president of the institute for several years.

The meeting also elected Mohd Sanaulah senior vice-president of the institute, M Asad Ullah vice-president, Md Abdu Salam treasurer for the same term while MS Alam remains the ex-officio secretary.

Government of the People's Republic of Bangladesh					
Office of the AIG Telecom					
Police Telecom, Rajarbag, Dhaka					
Tender Notice					
Tenders are invited from bonafide manufacturers/manufacturers' agents/suppliers for purchase & installation of the undermentioned goods through local tender during current 2004-2005 financial year.					
1.	Source of finance	Revenue head.			
2.	Tender package no.	C			
3.	Number & date of invited tenders	(1) S-598/05-2004/2004-2005/768/Wireless dt 10-08-2004. (2) S-599/06-2004/2004-2005/770/Wireless dt 10-08-2004.			
4.	Eligibility of tenderer	Such tenderer as valid trade licence holder financially solvent, Income Tax payee, capable of executing contract agreement, consisting skilled workers & equipment as necessary, not blacklisted & not declared bankrupt.			
5.	Name & address of office to sell, receive & open tender	Police Telecom, Rajarbag, Dhaka-1217 (Tender can be purchased on cash payment of prescribed price during office hours).			
6.	Last date of selling tender	16.9.2004.			
7.	Last date & time of submitting tender	18.9.2004 up to 11:00am Lot No. (1), (2).			
8.	Date & time of opening tender	18.9.2004 at 11:30am Lot No. (1), (2).			
9.	Short description of goods:				
Lot No.	Description of lot	Place	Price of tender (in Taka) (Non-refundable)	Tender security (in Taka)	Time for supply of goods/execution work
(1)	Lattis Guide Tower Design, Supply, Installation & Erection	Cox's Bazar, Feni, Natore, Kushtia, Sirajganj, Netrakona, Kishoreganj, Jarmapur, Naogaon, Madaripur, Bhola, Satkhira, Uttara (RAB-1), Kaliyampur (RAB-4)	2,000/-	3,00,000/-	120 days
(2)	Self supported Tower Design, Supply, Installation & Erection	At thanas where permanent building has been constructed.	500/-	50,000/-	120 days
10.	Special instruction	The receiving authority reserves the right to reject all tenders prior to receiving.			
DPP-20000-168 G-633			Mosharraf Hossain AIG (Telecom) Bangladesh Police, Rajarbag, Dhaka		