

Dhaka to propose FTA with KL

Bangladesh-Malaysia Joint Commission meet begins today

STAR BUSINESS REPORT

Dhaka will formally propose a free trade agreement with Kuala Lumpur in the Bangladesh-Malaysia Joint Commission Meeting that begins in Dhaka today.

Dhaka will also seek duty-free access for 19 Bangladeshi products to the Malaysian market and propose setting up a joint trade commission at the two-day meeting, which is taking place after 11 years.

The last JC meeting was held in Kuala Lumpur in 1994 after its inception in Dhaka in 1992 to boost cooperation in various sectors between the two countries.

Export of manpower, easing of visa system, joint investment in energy and agriculture sectors, introduction of direct shipping as well as cooperation in IT, health, education and cultural sectors, among other issues, are likely to top the agenda at the 3rd JC meet.

The JC meeting bears a great significance for strengthening both

political and economic ties between the two states, official sources said.

Dhaka-Kuala Lumpur bilateral ties apparently plumbed the depths when Bangladesh announced its candidature for the OIC secretary general post, for which Malaysia too was a contender.

High officials of Bangladesh and Malaysia yesterday met and finalised the agenda of the meeting while secretary-level talks will be held today. These official level meetings precede the ministerial-level JC meeting tomorrow.

Foreign Minister of Malaysia Syed Hamid Bin Syed Zafar Al Bar is due in Dhaka today to lead his country at the meeting while Bangladesh Foreign Minister M Morshed Khan will lead the home side.

Both the foreign ministers will have a breakfast meeting tomorrow before the JC meeting. Political issues are likely to be discussed at the breakfast meeting, sources added.

The Malaysian foreign minister is scheduled to call on Prime Minister Khaleda Zia tomorrow.

Deputy Secretary-General at the Malaysian Foreign Ministry Haji Selim bin Hashim will hold talks with Economic Relations Division (ERD) Secretary Ismail Jabillah today.

According to an official estimate, Malaysia's present investment in Bangladesh stands at around US\$ 100 million in different sectors, including telecommunications, palm oil refinery and construction. It also has investment in capacity building in the fisheries sector under an OIC project.

Besides, the emerging economic powerhouse is keen to invest in low-cost housing projects and power sector in Bangladesh, sources said.

Presently, the two-way trade is heavily tilted towards Malaysia as Kuala Lumpur's export bill stood at US\$ 254.66 million against Dhaka's US\$ 8.66 million in 2003-04 fiscal year.

To reduce the trade gap, officials

said, Bangladesh will seek duty-free access of its various products, including jute and jute goods, leather and leather products, pharmaceuticals, frozen food, electric wires, melamine, tea and some other agro-products.

Besides, Bangladesh will offer special facilities to Malaysian investors willing to invest here, sources said adding that Malaysian investors have shown interest to invest in setting up agro-based industries, power units, rubber garden and processing units, IT and financial institutions.

Defence cooperation between the two countries is also expected to figure prominently in the discussion.

Dhaka will make a formal request to export manpower from Bangladesh, which has been suspended since the previous Awami League regime. Both the countries are expected to agree to fight Dengue and Nipa virus together.

Japan-Bangla Credit Bank starts operations

STAR BUSINESS REPORT

In a bid to promote co-operative banking in the country, Japan-Bangla Credit Bank Co-Op Ltd started its operation in Dhaka yesterday.

The bank, a concern of Japan-Bangla Group, is a joint venture between Japan and Bangladesh having a paid up capital of \$10 million. Japanese entrepreneurs hold 30 percent stake in the bank while local partners have the rest 70 percent.

Masaaki Shibata, president of Eiiwat Company Ltd, as chief guest inaugurated the principal branch at Planners Tower on Sonargaon Road while Salim Proddhan, chairman of the bank, was also present.

"We will provide such banking service, which is totally different from that of the existing private banks. We are starting with initial investment of Tk 1200 crore," said Salim Proddhan explaining the goal of the bank at a press briefing at its principal branch.

The bank will extend loan facility without guarantee and promote young entrepreneurs in the country who are really interested in doing business, he mentioned.

The bank will have ATM (automated teller machine) booths, officials said adding that it will open 12 branches by this year and the number of branches will reach 100 by the next year.

Yoshito Igarashi, vice-president of the bank, and other senior officials were also present at the inaugural function.

JUNE 2 RESOLUTION

SEC seeks Beximco Pharma explanation

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) Saturday asked Beximco Pharmaceuticals Ltd board to explain its June 2 resolution regarding fund raising from London Stock Exchange.

The capital market watchdog said as per provision of the Companies Act 1994, a notice in writing has to be issued 21 days before passing a special resolution. But Beximco Pharmaceuticals board took the decision to raise the fund on June 2 and got the decision approved at the 29th AGM of the company on the same day, the SEC added.

Beximco Pharmaceuticals board decided to raise 3 crore ordinary shares of Tk 10 each for issuing Global Depository Receipts (GDRs).

The company also decided to make part repayment of its foreign currency leasehold obligation on the same day, the SEC observed.

The commission expressed its view that it was desirable to allow more time between the board decision and the annual general meeting.

The commission asked Beximco Pharmaceuticals to give comments on the points within seven days of receipt of the letter.

Salahuddin Ahmed Khan, chief executive officer of Dhaka Stock Exchange, said it is a violation of corporate laws. Such decision should be taken in an extraordinary general meeting but the company approved it in AGM without making any prior notice.

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BOL okays 5pc cash, 25pc stock dividends

Bangladesh Online Limited (BOL) has approved 5 percent cash and 25 percent stock dividends for its shareholders for the year 2004.

The approval was made at the company's 8th annual general meeting (AGM) held in Dhaka on Saturday, says a press release.

Salman F Rahman, vice-chairman of the company, presided over the meeting.

Among others, directors of the company OK Chowdhury and Iqbal Ahmed, Managing Director Chowdhury Hafizur Rahman and Company Secretary Md Asad Ullah were present in the meeting.

Meanwhile, the 25th AGM of Shinepukur Holdings Limited and 24th AGM of Beximco Fisheries Limited were also held on Saturday in Dhaka.

Chairman of Shinepukur Holdings ASF Rahman presided over the AGM of the company while Vice-chairman of Beximco Fisheries Salman F Rahman presided over the AGM of Beximco Fisheries.

CPD for BB's central role in reporting FDI process

STAR BUSINESS REPORT

Reporting and reconciling FDI process may be improved if Bangladesh Bank is made the sole focal point for collecting FDI-related information with the logistics support from the Bol, a Centre for Policy Dialogue (CPD) review has suggested.

"Data collected under BB survey appear to be methodologically more robust than that of the Board of Investment (BoI)," said CPD in the review titled 'State of the Bangladesh Economy in the Fiscal Year 2004-05' released on Saturday.

Examining questionnaires of both institutions, it is found that Bol collects FDI inflow data only, while BB rigorously collects, besides inflow figure, information on the companies' paid up capital, claims and liabilities, operating profit and net income, and stock of FDI etc, it explained.

Such information available from BB survey allows CPD to cross-

check the authenticity of inflow data. Besides, different monetary units used in the two surveys: 'thousand taka' by BB and 'US\$ million' by Bol may create discrepancies during currency conversion, CPD said.

The two institutions also use different reference periods for reporting of data: BB uses fiscal year (July-June), while Bol uses calendar year (January-December), the CPD pointed out.

In the backdrop of significant divergence between the BB and the Bol regarding estimates of FDI inflow to Bangladesh, both the institutions have been publishing FDI data since 2002 based on their respective surveys of foreign enterprises, it added.

Both institutions undertook the surveys because of substantial underreporting in the banking data compounded by definitional problems, it said.

Following publication of their first reports in 2002, it was found that while BB estimated an inflow of \$328.3 million in January-

December 2002, Bol put forward a figure of \$328.1 million in the same period, indicating an insignificant difference between the two, the CPD mentioned.

Curiously, in the following 2003, 2004 and 2005 years, survey data of both institutions on FDI flow gradually diverged, it added.

It seems that some progress has been made in reporting and reconciling the foreign direct investment (FDI) in Bangladesh since CPD at first pointed out the discrepancy in this regard in 2002, the review added.

It is not obvious which of the institutions has mandate regarding collection of FDI-related data. As such the foreign companies may not feel obliged to provide the solicited information for the Bol, it said.

The central bank also has no direct authority over foreign enterprises other than to make request under the Article 69 of Bangladesh Bank Order, 1972.

NEWS ANALYSIS

Mobile phone: When shift takes place

ABU SAEED KHAN

The government used to yawn when the mobile phone operators requested for interconnection with the state-owned BTTB's fixed telephone network. Now the private sector gives a cold shoulder to the government's plea for connecting Teletalk. Such reciprocation is the consequence of BTTB's bad precedence.

Two years back the mobile phone operators were forced to spend more than two million dollar to set-up an interconnection exchange at BTTB's end. They were also compelled to pay for using the very equipment they have purchased. Moreover, the BTTB keeps on charging the mobile phone operators for terminating their calls at the state-owned fixed telephone network.

Bangladesh Telegraph and Telephone Board, however, pays nothing while its calls are terminated at the mobile phone networks. Such unfair deal has predictably failed to solve the private operators' interconnection problem. Most of the mobile phone users are still disconnected from the mainstream telecoms network. Thanks to the government's deplorable tolerance of BTTB's continuous and deliberate regulatory non-compliance.

Lately the government has become passionate about interconnection. It, however, has nothing to do with connecting the millions of deliberately unconnected mobile phone users. All the government wants is to salvage its grossly flawed cellular mobile phone ser-

vice, Teletalk, which runs on scandalously procured \$76 million equipment. That's it.

The Association of Telecom Operators in Bangladesh (ATO) has conditionally accepted the government's proposal. The ATOB has unanimously demanded that the government should first fulfill its historical obligation to link BTTB's network with private operators through equitable revenue sharing. The ATOB represents operators of GrameenPhone, AKTEL, CityCell and Banglalink brands.

This is the first time the private operators have officially challenged the government on regulatory discrepancy. Stipulating their interconnection demand with BTTB's fixed network as a non-negotiable precursor to link Teletalk is an adorable pro-people move ATOB has taken.

The private operators' fast-growing 6.4 million clientele is already 25-times larger than the initial capacity of Teletalk (250,000 customers). Therefore, the government should first ensure the country's majority mobile phone users' fundamental right to communicate.

Then the government should discuss with the private networks on how to connect Teletalk with their networks. That is, however, subject to the settlement of ongoing public interest litigation Teletalk has been facing. Teletalk's memorandum and articles of the association show that the individuals, not the government, own this company.

Responding to a writ petition, the High Court division of the Supreme Court on April 17, issued a rule on the government to explain why the

BTTB's mobile phone license and its subsequent transfer to Teletalk should not be declared illegal. The ruling also mandates Teletalk to withhold the transfer of its assets.

The revenue being generated from inter-network calls, through interconnection points, is shared by the two operators concerned. Teletalk's smaller network will obviously make more calls to the larger private networks.

Therefore, Teletalk will have to pay its counterparts while settling the monthly bilateral traffic. The trouble is unless the court is satisfied, Teletalk remains legally barred from transferring its assets, sharing the revenue with private sector.

Moreover, if the court declares Teletalk an illegal entity, the mobile phone operators will be in water with a huge amount of receivables from Teletalk. The operators have suggested a way out. The government may provide sovereign guarantee to the ATOB members against the amount of airtime Teletalk may off-load in the private mobile networks.

It is a prepaid system in larger aspect. The private operators will alert Teletalk before the payable amount nears the financial limit of the sovereign guarantee. As the government injects more value in the guarantee, Teletalk pumps more traffic to its rival networks.

If the judgement goes in favour of Teletalk, it duly clears the dues and continues the business. If Teletalk does not win the case, the operators recover respective dues from the government's sovereign guarantee. The operators should exempt any interest for the belated payment of,

in that case, legally defaulted Teletalk.

The telecoms regulator will ask the private operators to absorb the Teletalk clients according to respective proportion of market share. Since Teletalk uses GSM technology, CityCell will be naturally relieved from this rescue operation. Good news for SingTel.

The government has, however, brushed aside the above stated option. The private operators rather receive calls from the government's high-ups demanding to link Teletalk at once. Tone and contents of such personal calls allegedly lack the official decorum.

The government prefers to overlook Teletalk's doubtful incorporation as well as the legal status of its mobile phone operating licence. The private operators, however, do not have the luxury to ignore such serious discrepancies and they do business with Teletalk.

The government has made the islands of networks by denying interconnection to the ATOB members at the first place. These islands have now become much larger than the state-owned mainland of BTTB's fixed telephony.

The government knows about this paradigm shift and it should initiate bridging the gap. Professional approach rather than feudal attitude will help accomplish this mission. Because the shift has already taken place in our mobile market.

Premier Leasing Int'l declares 44pc bonus share

Premier Leasing International Ltd has declared a 44 percent bonus share for its shareholders for the year 2004.

The bonus share was approved at the third annual general meeting (AGM) of the company on Thursday in Dhaka, says a press release.

Chairman of the company Mizanur Rahman Shelley presided over the AGM, which was also attended by other senior officials.

Meet on printing, packaging business held in Bogra

OUR CORRESPONDENT, Bogra

A daylong meeting on printing and packaging business promotion in the northern part of the country was held in Bogra on Tuesday.

The meeting was organised by Bogra Media Forum in co-operation with Swiss Contract Katalyst and Change Maker of Bangladesh. Fazlur Rahaman Piker, president of Bogra Chamber of Commerce and Industry, addressed the function as chief guest.

Tamjid-Ur-Rahman of Change Maker, Faroque Talukder, executive editor of the Karatoya, Sara Zaker, executive director of Asiatic Asiatic Marketing Company Limited, and Pavez Mohammed Ashique, business consultant of Swiss Contract Katalyst, also addressed the meeting, which was presided over by Bogra Media Forum President Salek Uddin.

The speakers focused on small and medium enterprises for the overall growth of the economy.



Masaaki Shibata, president of a Japanese organisation Eiiwat Company Ltd, inaugurates the principal branch of the newly launched Japan-Bangla Credit Bank Co-Op Ltd at Planners Tower on Sonargaon Road in Dhaka yesterday. Salim Proddhan, chairman of the bank, was also present at the inaugural function.

600 firms have ISO 9000 certificate

UNB, Dhaka

Around 600 Bangladeshi companies have so far received ISO 9000 certificate, a global standard for maintaining Quality Management System (QMS), said FBCCI President Abdul Awal Minto.

But, he said, the number is growing quite slowly because most of the companies in Bangladesh are not completely aware of what ISO 9000 stands for.

Addressing a workshop in Dhaka yesterday afternoon, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) chief said many enterprises are yet

to have proper understanding about the value ISO certification.

Quality Forum of Bangladesh (QFM), in co-operation with Quality Institute of America (QIA), URS Bangladesh, Unitrend Limited and Bjobs.com, organised the workshop titled 'ISO 9000 Certification: Investment or a Piece of Paper' at BIAM auditorium.

The objective of ISO 9000 is to enhance the efficiency of an enterprise to produce quality products that would meet the customers' need, expectations and satisfaction, the FBCCI president said.

Workshop on seed industry held

With the slogan 'Good Seed Good Crop', a daylong discussion on seed industry development was held recently at BADC Seed Testing Laboratory in Dhaka.

BADC, Thengamara Mohila Sabuj Sangha (TMSS), an NGO, and DANIDA (Danish International Development Assistance) participated in the meeting, where it was decided that TMSS will form its own seed unit very soon to provide marginal farmers with quality seeds, says a press release.

BADC General Manager Jahiruddin Talukdar, TMSS Executive Director Hosne-Ara Begum and DANIDA Senior Adviser Per Anderson spoke at the meeting.