

SETTLEMENT OF INT'L BUSINESS DISPUTE

Fund, expertise dearth takes toll on country

State minister tells roundtable

STAR BUSINESS REPORT

As foreign companies are well equipped with expert lawyers and Bangladesh has no such expertise in settling business disputes with foreign firms, the government is losing to foreign companies in each and every arbitration, said State Minister for Power Iqbal Hasan Mahmood.

"In most cases, we only look for how we can settle dispute without spending much money," he said adding, "While the foreign firms have enough fund for their lawyers to run a case, we do not have such fund."

The state minister was addressing a roundtable on 'Settling International Energy and Business Dispute in Asia' organised by Bangladesh Institute of Law and International Affairs (Bilia) in Dhaka yesterday.

Against the backdrop of earlier experiences, the government is going to appoint consultants comprising lawyers and experts to have

a better deal with such foreign companies as Tata, he said.

The state minister, however, admitted being a politician and a businessman he does not get enough time to go through the huge volume of any contracts with foreign companies and many a time he had to sign the contracts without reading the contents thoroughly.

Presenting the keynote paper at the function, AFM Muniruzzaman, professor of International Law and International Business Law of University of Portsmouth, UK, said the practical problems for arbitration in Asia and gave a vivid description of alternative dispute resolution (ADR).

He said arbitration in Asia is facing some problems such as non-cooperation or anti-arbitration bias of local courts, ineptitude to appreciate the ethos of international private dispute settlement, inefficiency of the judiciary, lack of understanding of international arbitration rules and conventions. Besides, local protectionism,

corruption and local disputing party's manipulation of the system are also responsible, he added.

Addressing the function, Bilia Director Wai-ur Rahman said there is still very little arbitration expertise either at the bar or on the bench compared to that of other developed partners of the Asia-Pacific region such as the USA, Australia, Hong Kong, Canada and the UK.

"It is important to formulate a comprehensive dispute settlement mechanism based on the consideration of the legal, economic, political and cultural background of the region," he said.

Speaking at the discussion, Justice Naimuddin Ahmed said due to the failure of the judiciary, people are losing faith in it. "The court has become inefficient mainly on account of politicisation. We should rejuvenate the judicial system," he added.

Opposition Awami League lawmaker Faruk Khan and Buet Professor M Nurul Islam also spoke at the function.

SEC fines 4 officials of Saleh Carpet

BDNEWS, Dhaka

The Securities and Exchange Commission (SEC) yesterday fined four top officials of Saleh Carpet Mills Ltd Tk 1 lakh each for not submitting the company's half-yearly financial statement that ended on June 30, 2004.

Company Chairperson Dilara Begum, Managing Director Shamim Ara Begum, directors Rezaul Karim Chowdhury and Badrul Huq have been asked to deposit the penalty money within the next 15 days.

If they fail to submit the money within the time frame, the company officials will have to pay extra Tk 10,000 per day.

On April 5, the SEC fined five officials of the same company for not holding annual general meeting for the year 2003.

United City housing project launched

The United Group has launched a housing project, United City, on the outskirts of Dhaka.

The United Group launched the project to mark the 27th anniversary of the Group at a function in Dhaka on Tuesday. Neptune Land Development Ltd, a concern of the Group, will develop the project.

With a development plan on a 2,265-bigha land United City is located two kilometres away from Baridhara and Pragati Sarani intersection. The United City will have more than 7,200 plots, says a press release.

The United Group Chairman Hasan Mahmood Raja, Managing Director Ahmed Ismail Hossain, and Managing Director of Neptune Land Development Abul Kalam Azad were present at the function.

Relax suppliers' credit rules to ease pressure on forex reserves

MCCI urges central bank

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry (MCCI) has urged the Bangladesh Bank to relax the existing regulations on suppliers' credit as it can help increase availability of such finance and reduce the pressure on the foreign exchange reserves.

"The government should actively promote the merits of either lending to, or offering credit support to the private sector in order to support businesses in their efforts to secure offshore suppliers credit or finance," the MCCI told the central bank in a recent letter.

Some regulations should be relaxed for imports associated with capital machinery purchases, infrastructure projects, domestic manufacture of import substitutes and backward integration projects undertaken by export-related businesses and industries, the chamber added.

In these cases, the maximum letter of credit authorisation (LCA) validity period should be extended from 18 months to 36 months and the maximum usance period for a deferred payment credit should be lengthened from 360 days to three years, MCCI suggested.

It may require the government to explain the positive economic prospects for Bangladesh and provide more transparent information. The primary recipients of any such promotional activity would largely be the export credit agencies (ECAs) of the main exporter countries including Sinosure of China and Exim Bank of India as well as the major ECAs from EU, US and Japan, the chamber explained.

"Increasing the availability of suppliers' credit in the private sector will delay the outflow of funds from the country and thereby reduce the short term pressure on foreign exchange reserves, exchange rate and banking sector liquidity."

Whilst suppliers' credit has been extensively used for the import of raw material for the readymade garment industry, its use for capital goods has been comparatively low due to the lengthy and uncertain approval process and lack of clear guidelines that deter applicants, MCCI said.

"The regulations are designed to support only short-term trade transaction and there is a lack of long-term bank confirmation lines for Bangladeshi banks, which reduces the overseas suppliers' willingness to provide long-term credit as their own

overseas bank will not discount the bill acceptance."

There is also a lack of transparent information about Bangladesh among potential lenders or credit support agencies such as ECAs, the MCCI mentioned.

Foreign exporters of capital goods may require a payment guarantee from either an export credit agency (ECA) or a local bank (banker's acceptance), rather than the importer, to enable them to discount the receivables with their own bank in their home countries, it observed.

At present, most ECAs support limited cover for Bangladesh, and only on a case by case basis. This, to some extent, is driven by the lack of information and understanding of the risk factor, the chamber noted.

INTERCONNECTIVITY

BTRC asks private cos to sign deals with Teletalk by July 23

STAR BUSINESS REPORT

The nagging call congestion between the state-run cellphone operator and private operators is likely to end by this month as BTRC yesterday directed private operators to sign interconnection agreements with Teletalk by July 23.

The state telecoms watchdog after a meeting with high officials of all the private cellphone operators directed them to sign interconnection agreements with Teletalk in line with the Interconnection Regulation-2004, sources at the BTRC (Bangladesh Telecommunication Regulatory Commission) said.

Private cellphone operators earlier refused to sign interconnectivity agreements with Teletalk seeking government guarantee, as some legal procedures were pending regarding legality of the licence transfer of the state-owned cellphone operator.

Meanwhile, Teletalk yesterday signed an interconnectivity agreement with the state-owned fixed-phone operator, Bangladesh Telegraph and Telephone Board (BTB).

Oil set to rise

AFP, Paris.

High oil prices are here to stay in a world of uncertainty over tropical storms and geopolitical factors such as the London bombings, the International Energy Agency warned on Wednesday.

But the IEA revised down its estimate of 2005 global oil demand to 83.88 million barrels per day from 84.30 million bpd forecast a month ago, in its monthly Oil Market Report.

In June, world production of crude oil fell to 84.6 million bpd, representing a decline of 155,000 bpd from the May figure.



Hasan Mahmood Raja, chairman, Ahmed Ismail Hossain, managing director of The United Group, are seen at the launching ceremony of United City, a housing project of the group, in Dhaka Tuesday.

CURRENCY

Following is Wednesday's (July 13, 2005) forex trading statement by Standard Chartered Bank

Sell	Buy				
	BC	Currency	TT Clean	OD Sight Doc	OD Transfer
TT/OD					
65.8700	65.9000	USD	64.7000	64.6784	64.6353
81.3824	81.4195	EUR	78.1188	78.0927	78.0407
117.7426	117.7963	GBP	113.9302	113.8923	113.8163
50.5421	50.5651	AUD	48.0582	48.0431	48.0111
0.6009	0.6012	JPY	0.5782	0.5781	0.5777
52.2844	52.3182	CHF	50.3110	50.2943	50.2607
8.8854	8.8894	SEK	7.9795	7.9768	7.9715
55.1906	55.2158	CAD	53.1635	53.1458	53.1104
8.4875	8.4914	HKD	8.3000	8.2972	8.2917
39.4384	39.4564	SGD	37.9428	37.9301	37.9048
18.0803	18.0885	AED	17.4733	17.4674	17.4558
17.7051	17.7131	SAR	17.1164	17.1107	17.0993
11.2456	11.2507	DKK	10.1821	10.1787	10.1719
222.0518	222.1552	KWD	220.5948	220.5236	220.3812

STOCK