

US congressman assures Dhaka of action on Trade bill

UNB, Dhaka

Leading US Congressman Jim Kolbe has assured Bangladesh of his vigorous efforts to pursue the Congress for early action on the Trade Act of 2005 seeking duty-free access of products from least developed countries including Bangladesh to the US market.

The assurance came when visiting Jatiya Sangsad Speaker Jamiruddin Sircar met Kolbe at his office in Washington on Tuesday, according to a faxed Bangladesh Embassy message.

Congressman Kolbe, who is also chairman of Foreign Operations Sub-Committee of the House of Appropriations Committee, informed Sircar that he was hopeful the bill could be acted upon immediately after the summer recess of the House.

He also told the speaker that he would visit Bangladesh at the end of this year.

The speaker is leading a parliamentary delegation on a visit to the United States. The team included Ebadur Rahman Chowdhury MP, Chairman of the Parliamentary Standing Committee on Information and Nazimuddin Alam MP, Chairman of the Parliamentary Standing Committee on Ministry of Environment and Forest.

Nat'l Productivity Council meets after 7 years

BDNEWS, Dhaka

After a lapse of seven years, the National Productivity Council (NPC) held its seventh meeting yesterday. The previous one was held in 1998.

Regretting the delay in holding the NPC meeting, Industries Minister Matur Rahman Nizami said the NPC should be more effective.

He said the eighth NPC meeting will be held within the next three months when steps will be taken to form National Productivity Organisation (NPO) and observe national productivity week.

The meeting decided to observe national productivity week in December next and announce annual productivity quality award.

Employers Association President Anisuddowla, business leaders Sharif Afzal and Halim Shikdar and other members of the NPC were present at the meeting chaired by the minister. Anisuddowla demanded autonomy of the NPC for its betterment.

Greentone to distribute RanksTel products

Greentone Limited will now distribute RanksTel products and services.

An agreement to this effect has recently been signed between Greentone Limited and Ranks Telecom Limited in Dhaka.

Arouf Chowdhury, president and chief executive officer (CEO) of Ranks Telecom, and Md Shawquat Azim, managing director of Greentone, signed the deal.

JS body's no to BR corporatisation

STAFF CORRESPONDENT, Ctg

The parliamentary standing committee on communications ministry at a meeting here yesterday differed with finance minister's recent remarks on Bangladesh Railway, saying the state-run Railway should not be corporatised.

"There is no possibility of corporatising the railway and the BR won't be corporatised," standing committee Chairman Syed Monzur Hossain told journalists at a briefing at the Central Railway Building.

Finance and Planning Minister M Saifur Rahman at a meeting with the representatives of the World Bank (WB) and the Asian Development Bank (ADB) in Dhaka on July 11 hinted at turning the BR into a corpo-

ration. The minister also said the government has a huge investment (about \$500 million) for restructuring it against the backdrop of challenges the railway is facing now.

The committee chairman, however, supported the emergency restructuring plan and said a sub-committee to this effect was formed at the meeting.

"The sub-committee will submit its report within 15 days and after that we will take further steps to make the BR a viable and service-oriented organisation," Monzur said.

He said the railway must be given proper attention for the sake of transportation of containers from Chittagong Port to the capital and other parts of the country.

Only four out of ten committee

members along with top officials of the ministry and the BR attended the JS body meeting. Besides the chairman, three other committee members were Ataur Rahman Khan, Dr Mohammad Ali and Harunur Rashid.

State Minister for Communications Salahuddin Ahmed also spoke at the briefing.

The state minister said a number of decisions were taken in the meeting to strengthen the performance of railway.

He also said the meeting put special emphasis on rail and road communications between Dhaka and Chittagong.

He said construction work of a new bridge over the Kamaphuli with assistance from Kuwait will start soon.

Thai trade team identifies potential investment areas

Bss, Chittagong

The visiting trade mission of Thailand yesterday identified three most prospective areas for Thai investment in Bangladesh such as horticulture, fruit processing and halal meat to strengthen bilateral economic cooperation.

Mingpant Chanyavichitsilp, leader of the 31-member trade mission under the banner of 'Thai-Bangladesh Business Council', said this while exchanging views with the members of the Chittagong Chamber of Commerce and Industry (CCCI) here.

The trade mission, comprised of representatives from multi-sector trade segments, arrived in the port city Tuesday from Dhaka to have an interaction with trade body leaders here and see for themselves the business and investment opportunities available in Chittagong and Cox's Bazar.

With the acting CCCI President

MA Latif in the chair, Thai Trade advisor to Bangladesh Jasim Uddin Ahmed, former CCCI president Amir Humayun Mahmud Chowdhury and CCCI directors Moiful Islam Mahmud, Amirul Haq and Mahbub Ali participated in the discussion.

The trade mission leader assured his Bangladesh counterparts of playing his due role to reduce the existing trade gap between the two countries and said imparting training to Bangladeshi workforce for technology transfer, participation of more Bangladeshi companies in international trade fairs in Thailand and holding of single-country fair in different Thai cities can contribute to the reduction of trade gap.

He said Bangladesh can easily increase its trade and export volume by producing halal meat as only 20 percent of the total global demand for this commodity is now being met by the Muslim countries. He

informed the meeting that a garment and textile delegation from Thailand will visit Bangladesh next month.

CCCI president urged the Thai entrepreneurs to invest in Bangladesh's such promising sectors as horticulture, aquaculture, fish and fruit processing, healthcare and tourism by taking advantages of the attractive incentives being offered by Bangladesh for foreign investors.

Thai Ambassador to Bangladesh Suphat Chitranukroh said a Thai-Bangladesh hospital under a joint venture private initiative is going to be built in the port city soon. "A local company has already signed an agreement in this regard with a reputed Thai company," the ambassador added.

He said Thailand has already set up a visa-processing centre in the port city as a mark of its sincere efforts to expand trade and investment between the two states.

Dhaka to hold deferred JEC meet with Islamabad next month

BDNEWS, Dhaka

Dhaka plans to hold the deferred eighth Joint Economic Commission (JEC) meeting with Islamabad here next month.

"We are going to seek commerce ministry nod by next two days," said a source in the Economic Relations Division (ERD).

"If the commerce minister, being the leader of the JEC meeting between the two countries, gives his approval for the date then it is going to be held in August," the official told the news agency yesterday.

After deferring the eighth JEC meeting for the second time, scheduled for June 4-5, Pakistan requested Bangladesh to hold it in August. Responding to the request, the ERD has referred August 10-11 as the meeting dates to the commerce ministry, officials concerned said.

Earlier, Pakistan had deferred the eighth JEC meet in February this year.

The JEC meet with Pakistan will discuss rising trade gap, zero tariff issue, technical co-operation and bilateral free trade area agreement, in addition to investment, ERD sources said.

The meeting will also focus on possible solutions to the deadlock in the South Asia Free Trade Area (Safta) agreement, sources said.

Meanwhile, Indonesia has expressed its interest to hold the maiden JEC meeting with Bangladesh at a suitable time and, accordingly, Dhaka has informed Jakarta that they can arrange the meeting in September.

Bank of Baroda plans overseas operations

OUR CORRESPONDENT, New Delhi

India's state-owned Bank of Baroda (BOB) plans to make its presence in Bangladesh, Sri Lanka, Thailand and the Maldives among a host of countries as part of its efforts to expand international operations.

A senior official of the bank said here, BOB has targeted 25 percent of its business to come from overseas operations in the coming years.

The bank also plans to expand its operations in Britain, the US, Singapore, Malaysia, United Arab Emirates and the West Indies, said the official.

The finance ministry has given permission to the bank to tap the capital market in September for funding its operations in domestic and international sectors. The BOB is likely to sell 7.1 crore shares to the public which will reduce government holding in the bank from 66 percent to 53 percent, according to the official.

If present market price of shares is anything to go by, the bank can mop up to Rs 1,500 crore by selling its shares. The BOB will be the sixth Indian public sector bank to go to the market since January 2004.

In the domestic sector, the bank is examining the possibility of having a tie-up with another bank and a foreign insurer to foray into the lucrative insurance business.

ALLEGATION OF UNDER-INVOICING, UD MISUSE IN FABRIC IMPORT

BKMEA decries BTMA

STAR BUSINESS REPORT

Following BGMEA's protest, the BKMEA leaders yesterday also came down heavily on the BTMA's remarks on under-invoicing, smuggling and misuse of utilisation declaration (UD) in fabric import by garment manufacturers.

Leaders of the BKMEA even vowed to quit business if the BTMA can prove its allegations.

"The BTMA's chairman (MAAwal) will have to prove the allegations or withdraw the comments he made on Saturday's press conference," demanded Fazlul Haque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), while addressing a press conference in Dhaka.

"If the BTMA can prove any involvement of the BKMEA in smuggling, under-invoicing or misusing of UD, we will accept any punishment," he said.

It is impossible to import excess textile materials through UD as customs are engaged in two-way checking during import and shipment, Haque added.

However, there is a possibility of involvement of the textile millers in smuggling fabrics and selling those

in the local market at higher prices, pasting their own labels, he observed.

"The textile millers have scopes to smuggle fabrics as their prices are about 15 to 20 percent higher than international prices," the BKMEA president said adding, "We urge the government to probe the matter."

Questioning the professionalism of the leaders of the Bangladesh Textile Mills Association (BTMA) Haque said, "Most of the BTMA leaders are loan defaulters and it should be made public through an investigation."

The BKMEA chief urged the government to publish a chart comprising the total annual production of textiles and selling by the BTMA in order to detect the smuggling, if there is any.

"When we need to work together to face the challenges of the free-market economy, the BTMA is making objectionable and fictitious comments against its customers," he said.

The BKMEA alone consumes the lion's share of BTMA production, which actually helps them exist, Haque said adding that the BTMA is yet to export even one kilogram of fabrics because of its low quality

and unequal price index.

He, however, said the BKMEA firmly believes that if land ports were opened, the local textile units would not have any monopoly in the local market. "They would be then bound to sell their products at competitive prices in line with the international market prices."

Haque also asked the government to allow the 100 percent export-oriented knitwear industries to import fabrics through land ports.

Among others, BKMEA vice presidents Habibur Rahman, Abu Ahmed Siddique and Abdur Rashed and directors Haider Ali, GM Haider Ali Bablu, Khaja Rahmatullah and MA Baset were present at the press briefing.

Earlier on Saturday, BTMA Chairman MA Awal at a press conference had alleged that fabrics import worth around US\$ 1.5 billion annually through illegal ways was flooding the local market, posing a serious threat to the domestic industry.

On Tuesday the BGMEA promptly reacted to the BTMA remarks and gave a seven-day ultimatum to go for a legal action unless the textile millers make unconditional apology for their comments.



PHOTO: STAR

Fazlul Haque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), speaks at a press conference in Dhaka yesterday.

FBCCI Polls

46 file nominations

STAR BUSINESS REPORT

Some 46 candidates, 29 from chamber group and 17 from association group, have submitted nominations for 38 post of directors to the executive committee of FBCCI.

After scrutiny, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) will announce the final nominations today.

Yesterday was the last day for submitting nominations for the FBCCI biennial election, scheduled for August 21.

Meanwhile, 29 candidates from

the chamber group have submitted nominations for 12 directorships.

However, the biennial polls of the apex trade body witnessed a low nomination submission, especially from the association group as the group has reached a consensus.

The association group led by incumbent Director Mohammed Ali submitted 17 nominations for 12 director posts.

However, three more candidates from the association group also submitted nominations.

"We hope they will withdraw their nominations," said a candidate of Mohammed Ali group.

Besides, sources in the FBCCI said some chamber leaders are trying to reach a consensus to avoid the polls.

"There may be two panels from the chamber group," said a chamber leader.

Among the 38 executive committee members of FBCCI, 12 will be elected from chambers, 12 from associations, 7 from local chambers and the rest 7 from local associations. As per FBCCI constitutional provision, the president will be elected from the chamber group this time as the present president was elected from the association group.

BIMSTEC FTA

Indian industry for shortened lists of negative items

PALLAB BHATTACHARYA, New Delhi

The Indian industry has asked the government of Prime Minister Manmohan Singh to press for shortened lists of negative items from Bimstec states for the proposed Free Trade Area in the region.

At an interactive session on "Bimstec FTA" jointly organised by the Federation of Indian Chambers of Commerce and Industry (Fici) and the Ministry of Commerce and Industry, it was pointed out that the negative lists of six other member-countries of the grouping contained a large number of items of India's export interest to those countries.

The Indian corporate sector said it has a strong export interest in Bimstec (Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation) countries for sectors such as dairy, steel, fruits, rice, processed food, automobiles, auto parts, paper and electronics.

If these items are not taken off the negative or sensitive lists, they will not qualify for any preferential treatment under the FTA, which is proposed to go into operation from

July 1, 2007.

Member-states of Bimstec comprising Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal and Bhutan have already exchanged their initial negative lists at a meeting in Bangkok on June 24 this year.

The list of negative items submitted by Bangladesh contains items from sectors such as plastics, paper, man-made fibres, cotton, fabrics, apparels, metals, machinery, electronics and vehicles, the Ficci pointed out adding that nearly 68 percent of Indian exports to Bangladesh belong to these sectors. Bimstec member-states are now busy discussing with their respective industry and trade bodies for lists of goods on the "request" list for tariff concessions under the FTA as also the negative lists. Negotiations on the negative lists are likely to be completed by December this year.

While each country will have to finalise one negative list, it can have special and differential treatment for the least developed member countries -- Bangladesh, Bhutan, Nepal and Myanmar.

India's initial negative list contains

1,367 items and could be shortened, depending on requests from other member-countries. All the other Bimstec countries, except Myanmar, have lists consisting of nearly 1,300 items and Myanmar has a negative list of only 342 products.

The meeting between Ficci representatives and commerce ministry officials on Bimstec FTA came close on the heels of Indian government coming under pressure from another leading body of chambers of commerce and industry Assocham.

Assocham disfavoured any dilution in rules of origin for goods, which India has already framed in the Comprehensive Economic Cooperation Agreement with Singapore recently.

Such a compromise would adversely impact India's FTA with Bimstec-EC and South Asian Free Trade Area and Asean, the Assocham said.

While Indian corporate sector is lobbying hard for increased protection from imports under FTA, foreign companies are also putting mounting pressure for greater access to the huge Indian market, official sources said.



ASIAN ECONOMIC MONITOR INDIA REPORT

Buoyant despite lower growth rate

ANN/THE STATESMAN

During the mid-term appraisal of India's 10th Five-Year Plan in June, Prime Minister Manmohan Singh indicated a growth target of 7 percent to 8 percent over the next two years.

He admitted that the performance so far was well below the target of 8.1 percent, mainly on account of a low agriculture growth of around 1.5 percent.

With economic growth averaging 6.5 percent in the past three years, even with an acceleration, the country could not achieve the original 10th Plan target of 8 percent growth over the Plan period as a whole, the prime minister said.

Despite this modest appraisal, economic indicators show a healthy growth in all sectors agriculture, manufacturing and services. "India Inc," in particular, is fairly upbeat about the country's economic resil-

ience and expects a healthy growth in the current fiscal year.

The Confederation of Indian Industry (CII), for instance, expects a sustained growth in industrial output this year and a three-year increase of 24.8 percent. It expects the industry sector of India's GDP to grow by 8.1 percent in the current financial year, almost as fast as the 8.3 percent growth of 2004-05.

The CII expects this year's growth to be broad-based with all sectors of the economy doing well. It has forecast faster growth in agriculture at 3 percent and high growth rates of 8.1 percent for manufacturing and 8.3 percent in services similar to last year's growth rates in these two areas.

This high growth rate in the economy was reflected in the corporate scorecard of India Inc, with most companies, cutting across industry sectors, reporting higher profits and higher sales for the year ended March 31, 2005.

The Official Line

The official figures for the first quarter ending June, 2005 show a mixed bag as compared with the same quarter last fiscal, with 20.3 percent higher tax collection this year and a lower inflation rate of 4.10 percent in the week ended June 18, 2005 as against 6.62 percent a year ago.

However, growth in the overall industrial as well as core infrastructure sectors was lower this quarter. The fiscal deficit in 2004-05 was higher though revenue deficit declined as compared with 2003-04.

Agricultural growth is expected to pick up, while overall industrial growth was 8.8 percent in April, 2005 compared with 8.9 percent in April, 2004.

Core infrastructure sectors achieved an average growth rate of 4.9 percent in the second quarter this year, compared with 8.2 percent in the corresponding quarter last year.

Money and Banking

The broad money stock (M3) in the first half increased by 3.9 percent compared with the growth rate of 2.7 percent in the corresponding period last year. The year-on-year growth was 14.2 percent (exclusive of conversion, 14.1 percent) compared with 15.3 percent in the same period last year.

Net foreign exchange assets (NFA) of the banking sector registered a decline of 2.5 percent in the first half this year compared with a growth of 9.1 percent in the same period last year.

As at June 10, the bank rate was 6 percent, the same as the corresponding date of last year. Call money rates (borrowing as well as lending) were in the range of 4 percent to 5.75 percent compared with 3.5 percent to 5.5 percent in the corresponding date last year.

With the country witnessing an infrastructure boom, the inflow of foreign institutional investments (FIIs) has sent the stock market on a bull run.

Hurrah for the Consumer

The consumer is on the receiving end, with spending on the rise as well. Favourable bank interest rates have also meant a higher purchasing power.

Coupled with infrastructure development, including in the housing segment, and easy financing schemes, real estate has attracted considerable attention from the general public.

Easy bank loans and financing schemes are also reflected in the increasing number of new cars, and to some extent two-wheelers, on the roads. Each auto company offers an array of schemes, backed by major banks, to lure customers.

The paying capacity of the average urban middle-class Indian continues to rise as well, thanks to higher salaries driven mainly by large and multinational corporations.

Economists and government bodies expect this consumer boom to continue, if not rise further.