

Islamabad pushes for FTA with Dhaka

8th JEC meet concludes

STAR BUSINESS REPORT

As Bangladesh requested Pakistan to allow duty free access of its 104 products, Islamabad stressed on signing a bilateral free trade agreement (FTA) to promote business between the two countries.

"We would like to sign an FTA with Bangladesh. We are in favour of providing preferential treatment to each other to reap quick results and increase the trade to one billion dollars by 2007," Dr Salman Shah, Finance, Revenue, Economic Affairs and Statistics advisor to Pakistan prime minister, told a press briefing in Dhaka yesterday.

Shah, who led a 12-member high-powered Pakistani delegation, was addressing the press after

wrapping up the two-day eighth meeting of joint economic commission (JEC). The two countries signed several agreements to promote bilateral trade and investment.

A joint working group is being set up to monitor the progress of different agreements, he said adding that the group will sit at least every six months. "However, if necessary, it will meet more."

The two countries also agreed to enhance trade to one billion dollars by 2007, the advisor said. "We have agreed on a detailed plan of action to achieve this target."

There was also agreement to enhance flights and establish a direct shipping link between the two countries to strengthen trade and

economic relations, Shah added. Besides, Pakistan offered to increase duty free import of Bangladesh tea to 15,000 tonnes, he said.

"We will move very fast on these areas and by this December we would like to open up markets for some products. But we need to build infrastructure to increase the trade," the Pakistani advisor said.

Speaking at the briefing, Bangladesh Commerce Minister and Co-chair of the JEC meeting Altaf Hossain Choudhury said, "We have signed the memoranda of understanding that would help increase the bilateral trade faster in the coming days."

Bangladesh listed jute goods, pharmaceuticals, readymade

garments, melamine and porcelain products, soap and plastic products as potential products for exporting to Pakistan.

Both the sides also agreed to encourage investment in computer software development and IT sector, telecommunications, textiles and jute goods, electronics, light engineering, leather, agro-based industries, agriculture equipment and machinery, tourism and marble stone.

Besides, Bangladesh requested Pakistan to provide support for detail engineering of small-scale hydropower projects in particular.

The last JEC meet was held in Islamabad in 1998.

Bangladesh trade show in London from tomorrow

ANSAR AHMED ULLAH, London

In a bid to familiarise the UK businesses and buyers with wide range of Bangladeshi products and services, a three-day exhibition begins tomorrow at London's prestigious Barbican Centre.

The Bangladesh-British Chamber of Commerce and the Export Promotion Bureau of Bangladesh are organising the show titled Expo Bangladesh 2005.

Bangladeshi manufacturers and UK-based organisations will showcase Bangladeshi products and services in 80 stalls of the fair.

Products include ready made garments, ceramics, leather, food, handicrafts and furniture as well as new products and services such as plastics, metal, pharmaceuticals, print and design, media and travel.

Organisations such as Fair Trade and Women Entrepreneurs Association of Bangladesh will also take part the show. A series of seminars on trade and trade related issues will be organised on the sidelines of the fair.

On the last day of the exhibition, the Ethical Fashion Forum UK will hold a high profile catwalk show, timed for the lead up to London Fashion Week. The catwalk show will feature outfits by well-known and emerging Bangladeshi and UK designers artisans, and fair trade groups.

UK companies such as Tesco, Walmart and Debenhams have already established links with Bangladesh garment industry.

Production of Khulna Hardboard Mill likely to resume today

STAFF CORRESPONDENT, Khulna

Production of Khulna Hardboard Mill (KHM) is likely to resume today after around 33 months of closure. The KHM is the lone public sector hardboard mill in the country having the capacity to produce 2.10 crore square feet hardboard annually.

Mill sources said the authorities will try to make the mill a profitable one with the financial assistance from the Bangladesh Chemical Industries Corporation (BCIC).

The mill authorities plan to export products after meeting local demands. The country needs 1.70 crore square feet of hardboard annually.

China signs trade pacts with Mexico

AFP, Mexico City

Chinese President Hu Jintao on Monday signed several bilateral trade agreements with Mexico to boost trade between the two developing nations and said China welcomed more Mexican products into the Asian giant's growing market.

Hu and Mexican President Vicente Fox also discussed reform of the United Nations and concerns in the Mexican textile industry over illegal Chinese imports.

"China welcomes the presence of more and more Mexican products in our market," Hu said in a news conference during his first official trip to North America.

Hu said he was willing to start talks with Mexico regarding cooperation and investment in agriculture, fishing, mining and light industry.

Hu and Fox signed seven trade agreements, including Mexican grape and pear exports to China.

Trade between the two countries is growing and approaches 15 billion dollars a year, but it heavily favors China, Fox said.

Gold prices up in India

REUTERS, Mumbai

A jump in gold prices has dampened buying in India, the world's top consumer, while an approaching inauspicious period will keep demand sluggish for the next two weeks, traders said Monday.

Purchases are expected to pick up in October, with the festival season kicking into top gear.

Spot gold climbed to \$451.50 an ounce in Asia on Monday, its highest level in 2005, supported by uncertainty over the future of US interest rates.



US Chargé d'affaires in Dhaka Judith Chammas (3rd from left) speaks at a luncheon meeting organised by American Chamber of Commerce in Bangladesh in Dhaka yesterday.

Dhaka needs 7-9pc GDP growth

US envoy tells AmCham meet

STAR BUSINESS REPORT

A sustainable GDP growth of 7 to 9 percent will be needed if Bangladesh wants to raise the standard of living of her people, said US Chargé d'affaires in Dhaka Judith Chammas yesterday.

She said stable growth rate is important to attract domestic and foreign investment. But the existing 5 to 6 percent GDP (gross domestic product) growth of Bangladesh is not enough for maintaining the economic trends in the post-MFA era.

She, however, said, "Achieving the pace of growth will not be easy. Already, the Bangladesh economy is under stress from high fuel and commodity prices. Inflation is on the rise. And the depreciation of taka over 10 percent against the dollar is the another opposing sign for the economic development."

She was speaking at the monthly luncheon meeting of American Chamber of Commerce in Bangladesh (AmCham) on "US Bangladesh Economic Relations" in Dhaka.

The US direct investment in Bangladesh remains strong, as its

(US) present investment in Bangladesh is \$1 billion, she said.

New US investment of over \$2 billion is under negotiation for power plants, coal mines and fertiliser plants, US envoy said.

But the protection of intellectual property rights is needed to foster economic development and attract foreign investment as the government of Bangladesh must move swiftly to adopt implementing regulations to bring these new laws into effect.

Bangladesh must also address the broader governance issues that affect the overall investment climate, she said.

"Businessmen tell me they spend some 7 to 15 percent of gross revenues in various facilitation and protection payments. Corruption at the ports means Bangladeshi ports are some of the most expensive in the world, imposing a double penalty on many firms that import raw materials and export finished goods," Chammas said.

She said corruption is on the top of the obstacles behind doing business in Bangladesh.

She said, "In Bangladesh, I've

been dismayed to see US bidders with decades of experience – world leaders in their product categories – lose tenders to competitors of dubious technical qualification, because relative technical qualification was not considered as part of the process."

Chammas thanked the Bangladesh government for giving \$1 million assistance for the victims of the hurricane Katrina.

Earlier, she said, "We had very productive discussions on Trade and Investment Framework Agreement (Tifa). The results of those discussions are under review in Washington."

Speaking at the meeting, AmCham President Aftab-Ul Islam said US direct investment in Bangladesh increased dramatically in the late 90's, primarily in the gas and power sectors.

He said, "US foreign direct investment has grown from 25 million in 1995 to over a billion dollar in 2001. But investment from the US has not matched our expectation in the recent years."

Bank Asia scholarship for higher studies

Bank Asia has recently introduced Bank Asia Scholarship programme for higher studies.

Under this programme, poor but meritorious students from rural areas, where the bank has branch, are given scholarship for higher studies in the fields of medicine, engineering, agriculture, business studies, economics and science as such physics, chemistry, computer science, genetic engineering.

M Syeduzzaman, chairman of the bank, recently handed over the scholarship amount to Sultan Uddin Ahmed for higher studies in Electronics and Communications Engineering at Khulna University of Engineering and Technology. Sultan hails from Tarail, Kishoreganj, says a press release.

Bank Asia has now four rural branches in Malkhanagar (Munshiganj), Tarail (Kishoreganj), Ashulia (Savar) and Lohagara (Chittagong).

EU lowers banana duty after WTO rebuff

REUTERS, Brussels

The European Union Monday lowered its proposed import duty for bananas after a world trade panel ruled that the previous figure discriminated against Latin America, the victor over Europe in the 1990s "banana wars."

Last year, the EU said it wanted 230 euros (\$283.50) a tonne as its entry duty for bananas in a single-tariff regime that it has pledged to bring into force from January 2006 - a deal agreed some years ago that ended the long-running dispute.

That tariff has now been cut to 187 euros, after a group of nine Latin American countries asked the World Trade Organisation (WTO) to say if 230 euros/tonne would maintain their access to lucrative EU markets. Last month, a WTO panel said it would not.

"We believe this new tariff meets all the requirements on the WTO and the Latin Americans, and will restore their access to the European market," said Michael Mann, agriculture spokesman at the European Commission.

"We will now consult with them (Latin Americans) in a positive spirit. We have to have our system up and running on January 1, so we want to move things forward as fast as we can."

US trade officials in Washington said they were very disappointed the EU's proposed new tariff was not significantly lower than its earlier one. They urged Brussels to continue negotiations with the Latin American countries to find a mutually acceptable solution.

"The United States considers that WTO compliance is critical for the EU in this area," said Neena Moorjani, a spokeswoman for the US Trade Representative's office, noting that time was running short for negotiated settlement.

At the end of the "banana wars," the EU said it would replace its tariff-and-quota system branded as discriminatory against Latin America and US-based fruit firms like Chiquita Brands International, with a new streamlined system.

New rule for Nostro account reconciliation

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If Nostro accounts of commercial banks are not reconciled for more than three months, the banks will have to ensure provisioning from 10-100 percent from their outstanding balance.

Bangladesh Bank yesterday issued a circular in this regard and asked the commercial banks to prepare a report of the payments that have not been reconciled. The report will have to be certified by an external auditor.

Nostro account is an account

one bank holds with a bank in a foreign country, usually in the currency of that foreign country. Commercial banks have to open Nostro account with a foreign bank overseas to facilitate export and import transaction.

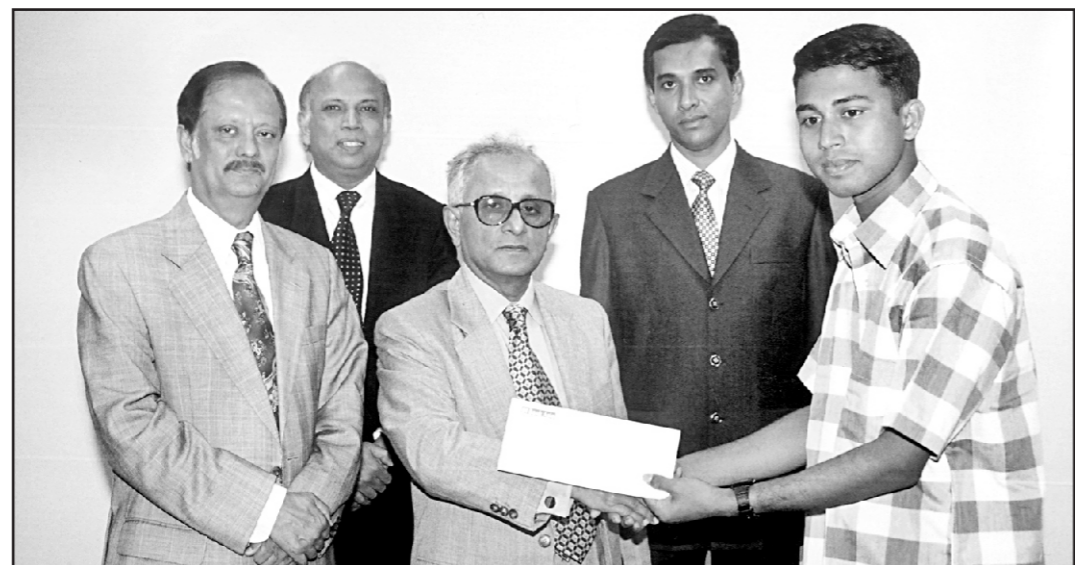
According to the BB circular, if debit balance of Nostro account is not reconciled for 3-6 months, commercial banks will have to keep 10 percent provisioning from their current expenditure.

If the reconciliation period range from 6-9 months, 20 percent provisioning will be required. For 9-

12 months period, the amount will be 50 percent and for a period of 12 months or more, 100 percent provisioning will be needed.

Khaodkar Ibrahim Khaled, managing director of Pubali Bank, hailed the circular saying the rule will help bring discipline in foreign exchange transaction.

He said some banks do not make letter of credit (LC) payments in time, damaging the image of the country's banking sector. The circular will reduce such cases of not making LC payments, he hoped.



M Syeduzzaman (C), chairman of Bank Asia, hands over scholarship money to Sultan Uddin Ahmed who received the Bank Asia Scholarship for higher studies, at a function in Dhaka Monday. Syed Anisul Huq, president and managing director of the bank, was also present.

Bangladesh unlikely to achieve MDGs

Says NGO

STAR BUSINESS REPORT

Bangladesh will not be able to achieve the Millennium Development Goals (MDGs) by 2015 if the current pace of poverty eradication continues, said a Policy Watch report of Unnayan Onneshan, a non-government organisation.

The report titled 'Millennium Development Goals: A reality check' published yesterday also said Bangladesh has to accelerate poverty eradication if it wants to achieve the MDGs within stipulated time.

Citing the government statistics on poverty eradication, Unnayan Onneshan researcher Jakir Hossain said the current poverty reduction rate is about 0.52 percent, while the rate is only 0.32 percent per year in rural areas.

"If the poverty reduction continues at the current pace, it will require 81 years to eradicate poverty from Bangladesh and 24 years to achieve the target of MDGs," he mentioned.

The report also said top five percent people of the country enjoyed 30.66 percent of national income.

Poor attendance rate and unfavorable student-teacher ratio are major concerns relating to quality of primary education, according to the report.

Malnutrition contributes to over one half of child deaths, with low birth weight estimated to affect 30 percent to 50 percent of infants," said the report.

The report also said foreign aid does not contribute significantly to total national savings.

Rashed Al Mahmud Titumir, editor of the Policy Watch 2005, was also present at the report publishing ceremony.

ACTION AID REPORT ON MDGs

64pc rural people in 18 countries go hungry

STAR BUSINESS REPORT

A global survey on millennium development goals (MDGs) has found that 64 percent village people in 18 poorest countries including Bangladesh regularly go hungry.

The survey report on 'Whose Freedom: MDGs As If People Matter' conducted by Action Aid International, the global anti-poverty NGO, also said nearly half of the villages have no access to any

social services and women of the villages often subsist on less than half the wages paid to men.

The survey was conducted against the backdrop of UN World Summit beginning in New York today to discuss progress toward achieving the eight MDGs.

The survey was conducted on more than 3,40,000 impoverished people living in 5,000 villages across 18 poorest countries.

The survey was conducted

during June-August 2005 in Bangladesh, Afghanistan, Pakistan, Nepal, India, Cambodia, Vietnam, Ethiopia, Senegal, Malawi, Sierra Leone, Kenya, Tanzania, Somalia, Nigeria, Rwanda, Brazil and Guatemala.

The report states that children, as young as the age of 5, work for money in 71 percent of the villages and four out of five school-age girls have never been inside a classroom.