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Remittance clocks 28pc growth in four months

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Remittance inflow continued to maintain a strong growth as it rose by 28 percent during July-October period of the current financial year.

Non-resident Bangladeshis (NRBs) sent US$1,446.24 million in the first four months of the 2005-06 financial year, which was $1,130.75 million during the corresponding period of last fiscal year, according to Bangladesh Bank statistics.

Remittance inflow was $366.69 million in October, $351.51 million in September, $378.27 million in August, and $349.77 million in July.

However, the continuous rise in import could not let the foreign exchange reserves grow healthier, which was $2,507 million yesterday. The central bank made a payment against Asian Clearance Union (ACU) import bill this week, which pulled down the foreign exchange reserves substantially.

According to sources, remittance inflow has so far been able to see a strong growth as the Bangladesh Bank continues its efforts to increase remittance through formal channels.

On the other hand, private commercial banks (PCBs) are now more aggressive in providing quick and reliable service and attracting the NRBs to send their money through banks.

"Some of the private banks are taking services of the globally renowned money transfer companies that have network around the world and have extended their service at the village level," said a top executive of a PCB.

Strong network at home and abroad helped some PCBs see a huge growth in remittance business and it has become a major source of their income, he explained.

According to sources, NRBs send roughly US$ 7 billion every year. A significant amount of the total amount is still coming through hundi, an illegal way of money transfer, and there are further scopes to increase remittance through banking channels.

According to the central bank statistics, remittance inflow was $3,851.49 million in the last financial year.

The government is under pressure to meet increased expenditure for petroleum products, which pushed the payment of import bill significantly up.

Fresh opening of Letter of Credits (LCs) for import in July-August in the current fiscal year stood at $ 2954 million, up by 17 percent compared to the corresponding period of last fiscal year.

LCs opened for petroleum products during the same period soared to $326 million, up by 79 percent from the previous corresponding period. Last fiscal year also saw a rise of 21 percent in import, which was 13 percent in the previous year.

PHOTO: STAR

Foreign Minister M Morshed Khan (L) gestures as he talks to Awami League leader and former commerce minister Tofail Ahmed (R) while Managing Director of Grameen Bank Dr Muhammad Yunus looks on at a dialogue on '13th SAARC summit in Dhaka: The Context, Agenda and Expected Outcomes', organised by the Centre for Policy Dialogue (CPD) in Dhaka yesterday.

Farm subsidy withdrawal by the rich won't hurt economy

Says commerce minister; NGOs disagree with the view

STAR BUSINESS REPORT

Commerce Minister Altaf Hossain Choudhury yesterday said if the developed and developing nations lift agricultural subsidy as part of the World Trade Organisation (WTO) negotiations Bangladesh's economy will not see any negative impact. However, NGO representatives disagreed with the view.

"A negotiation on compensation mechanism is going on to compensate least developed countries in case of immediate impact following the withdrawal of agricultural subsidy by developed and developing nations," he told a consultation meeting with a group of representatives from different non-government organisations at his ministry.

The minister also said the country will enjoy facility to inject subsidy in agriculture sector even after the commencement of the agreement.

The NGO representatives said the withdrawal of agricultural subsidy will seriously hamper Bangladesh economy as the country is a food grain importing country.

"It will increase Bangladesh's overall import cost and put pressure on balance of payment," said Ananya Raihan, executive director of D.Net.

The NGO representatives also urged the government to finalise a comprehensive strategy for negotiation in the up coming WTO ministerial meeting to gain maximum benefits from the process.

The meeting was organised as part of the WTO ministerial meeting preparation.

The NGOs called for initiatives to provide agricultural products from LDCs with free market access to developed and developing countries.

They also called for LDC-friendly rules of origin and elimination of non-tariff barriers.

Representatives from Karmajibi Nari, ITDG, Livelihood-Oxfam Bangladesh, The Innovators, Action Aid, D.Net and Bangladesh Environment Lawyers Association participated in the consultation meeting.

EU team visits labs, shrimp processing plants in Khulna

STAR BUSINESS REPORT

The visiting European Union team yesterday visited laboratories run by the Department of Fisheries (DoF) and some shrimp processing plants in Khulna region.

According to Bangladesh Frozen Foods Exporters Association (BFFEA), the four-member delegation includes Stefan Honig and Paulo Luciano, who arrived in Dhaka on November 7, and Rein Harat Reiner and Paul Youn, scheduled to arrive today.

The team is also scheduled to meet the government officials, representatives of the EC in Bangladesh and leaders of the BFFEA to discuss the EC directives followed by the shrimp sector of the country.

US TRADE BILL

Commerce advisor seeks support from US lawmakers

UNB, *Dhaka*

Commerce Advisor Barkat Ullah Bulu has urged influential congressmen, the state administration and non-government organisations (NGOs) in the United States to support Bangladesh for duty-free access of readymade garments (RMG) to the US market.

Bulu is leading a business delegation to the United States to drum up support for the passage of TRADE (Tariff Relief Assistance for Developing Economies) Bill, seeking duty-free access of LDC products to the US market.

Other members of the delegation are Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Annisul Huq and directors SM Fazlul Huq and Mahmud Hassan Khan.

The delegation met Congresswoman Thelma Drake (R-VA), Congressman Jerry Weller (R-IL) and Jim McDermott (D-WA).

Congresswoman Thelma Drake assured the delegation that she would support Bangladesh to get duty-free access and contact Congressman Kolbe to agree to become the co-sponsor of the TRADE bill.

The Bangladesh delegation also met Ambassador E Ashley Wills, Assistant US Trade Representative for South Asian Affairs, and Betsy Stillman of the office of South Asian Affairs, said a BGMEA press release here yesterday.

New chairman of BGIC

Towhid Samad has been made chairman of Bangladesh General Insurance Company Ltd (BGIC).

He was elected at a board meeting of the company held on November 2, says a press release.

The meeting was presided over by ASM Shahidullah Khan. AK Azizul Huq Chaudhuri, managing director of the company, was also present.

Towhid is an Economics (Hons) graduate of Dhaka University. He did his master's degree in Economics from Karachi University.

A founder director of BGIC, Towhid is currently chairman of Education Scientific Technology Cultural Development Trust, the founder of Independent University, Bangladesh. He is a former president of Dhaka Club Ltd.

World Bank seeks $1b war chest for bird flu

REUTERS, *Geneva*

Health and veterinary officials from across the world hope to clinch a global plan for tackling bird flu, funded by a $1 billion World Bank war chest, at a conference yesterday.

Controlling the spread of avian flu in birds is top priority, but gearing up public health preparations in case the H5N1 virus mutates into one that could cause a deadly human pandemic is vital, they say.

On the final day of three-day talks in Geneva, the World Bank will reveal its proposed $1 billion package, half of which it aims to provide through its grants or interest-free loans and half through a trust fund financed by donors.

Jim Adams, World Bank vice-president for operations policy and country services, will make a financial presentation on how the world can meet immediate, "rapid reaction" needs and medium-term requirements.

"My hopes is that we will get the framework of how financing can be done. I am pretty confident," Adams told Reuters.

"The second thing we want is an understanding of what needs to be done between now and January to put financial proposals on the table," he added.

The idea is for bilateral and multilateral donors to make pledges at a conference in January in Shanghai, China, he said.

Funding for United Nations agencies at the frontline of the bird flue battle, the World Health Organisation (WHO) and Food and Agriculture Organisation (FAO), will also be covered, he said.

Bernard Vallat, director-general of the World Animal Health Organisation (OIE), said that in two days of debate the meeting had agreed "financial support was crucial, particularly for developing countries," adding this would be discussed on Wednesday.

A World Bank team has drawn up a country model or template for assessing financial needs, according to Adams. "It is what a sample programme would look like both in endemic countries and in countries at risk. It is a good start," he said.

Vietnam, the country hardest hit by bird flu, reported its 42nd death from the disease on Tuesday and a senior official said in Geneva that it needed $150 million in aid to fight the virus in poultry and humans over the next five years.

The World Bank says a flu pandemic lasting a year could cost the global economy up to $800 billion.

The H5N1 bird flu virus has killed 64 people in Asia since 2003, including the latest victim, a 35-year-old man in Hanoi. An Indonesian girl has also died of suspected bird flu.

All of the victims have had close contact with birds. So far the H5N1 virus has not show it can spread easily between people.

African countries, believed by many experts to be the next frontline in the fight against bird flue appealed for more funds to shore up their defences.

"Africa is the most exposed but least prepared for the bird flu virus," Kenyan government delegate Rachel Arungah said.

She highlighted fears that if a compensation system is not worked out in advance for farmers, cases could go unreported.

BCCI liquidators abandon $1b claim against Bank of England

The English liquidators of BCCI have finally abandoned US$1 billion claim against the Bank of England, says a press release.

"The liquidators always knew that the Bank is legally protected from negligence claims and were therefore pursuing the stronger claim of "misfeasance," which implies that bank officials were not just reckless but acted dishonestly," according to the release.

"The BCCI Campaign Committee representing the former employees along with many creditors have always held the view that there was no case for misfeasance against the Bank of England and legal costs should not be incurred in chasing such an impossible claim," the release added.

The case which took nearly ten years to come to court has cost the creditors around US$100 million in legal costs plus liquidators' costs which could amount to another US$100 million. The Bank of England has incurred legal costs estimated to be US$125 million.

Sino-US textile to stabilise trade but industry skeptical

AFP, *SHANGHAI*

China said Wednesday a tough trade deal to curb its soaring textile exports to the United States will make trade more predictable and stable but industry experts reacted to the accord with skepticism.

After seven rounds of often difficult talks over the past five months, China and the US announced Tuesday they had agreed to limit growth in Chinese textile exports to the US to an annual rate of 10-17 percent.

"For the industries of both countries we have made the trading environment more predictable and stable," Bo Xilai, China's Minister of Commerce said.

At the same time, "developed countries should understand that free trade is the overriding trend and quota restrictions are inappropriate," Bo added.

Washington hailed the 3-year deal as helping ease trade tensions, an important step before President George W. Bush's upcoming China trip.

Industry officials were skeptical about the accord, which covers up to seven billion dollars of Chinese exports, but conceded it at least removed a major element of uncertainty and that at least was positive.

They noted in particular the agreement to allow in textiles blocked in transit by the earlier imposition of safeguard quotas by Washington.

"Chinese manufacturers blindly boosted production ahead of any possible new quotas which led to a huge quantity of items blocked at customs," said Cao Xinyu, vice chairman of the China Chamber of Commerce for Import and Export of Textiles.

While some US manufacturers have won themselves a reprieve from the onslaught of the Chinese export juggernaut, they will still have to compete with other manufacturers in developing countries, he noted.

"Those opportunities saved by limiting Chinese textiles will not go to the American manufacturers because they are not competitive," Cao said.

"They will go to other Asian and South American countries, like Vietnam, India, Pakistan, Mexico and Honduras (which can produce more cheaply)."

James Huang, a manager at Polymax Manufacturers in China's textile capital of Ningbo, lamented the deal as another example of US duplicity in trade but said that while tougher times lay ahead, the mainland companies would survive.

"It will be a tougher environment because you will have more capacity hanging around. Chinese companies will survive -- they will take detours to get around the quota controls," Huang said.

Commerce Minister Bo warned of the protectionist turn the US had taken with its insistence to once again regulate textiles, even if only until 2008, when according to World Trade Organization (WTO) rules, the trade should be free.

"Developed countries should understand that free trade is the overriding trend and quota restrictions are inappropriate," Bo said.

He said Washington should not resort to such moves as it has significant advantages as a developed country, with restrictions on the textile industry bound to affect many more people in China than in the United States.

The Chinese textile industry employs nearly 20 million people, mostly lowly paid workers.

With the end of a global quota system on January 1, Chinese exports soared, with some categories, such as cotton trousers, jumping by more than 1,200 percent, sparking howls of protest from US and European producers.

'Tata to play role in Bangladesh's development'

PTI, *Mumbai*

Tata Sons will play a role in the economic development of Bangladesh as it plans to invest in that country, its chairman Ratan Tata said on Wednesday.

"We will not be seen as a company taking away from Bangladesh but be a part of it and help develop the country (on the economic front)," Tata said at a conference organised by International Finance Corporation (IFC).

The Tata Group has plans to invest US$ 2.5 billion (over Rs 11,000 crore) in Bangladesh including a 1,000 MW power plant for $ 700 million, a 1 million-tonne-a-year fertiliser plant for $ 600 million and a 2.4 million-tonne steel mill for $700 million.

Replying to a question, Tata said the company will try to overcome the impediments that were coming in the way, but added that it will live with them.

"The obstacles will be overcome and we will live with them," he said.

Tata said he had received warm welcome from the political party leaders during his visit to Bangladesh.

Describing the philosophy of the group for being 'internationalised', he said Tata Group's philosophy was to make a presence in a particular country and be a part of that country.

Indian Hotels Company Ltd, a Tata Group company, he said, would be expanding in several continents across the world.