

## Special economic zones on the cards

Donors ready to inject \$200m

### STAR BUSINESS REPORT

In a bid to encourage more local and foreign investors, the government is considering developing special economic zones (SEZs), which will accommodate both export-oriented and non-export oriented industrial units.

"The move will get a shape in the next couple of months as donors are ready to inject US\$200 million grant. In fact, the move is a policy shift to the SEZs from the present export processing zones (EPZs)," said a high official of the finance ministry. The existing EPZs accommodate only export-oriented industrial units.

The concept is that if an entrepreneur wants, he or she can get a ready place for investment, the

official said, adding that a committee has already been formed to make necessary changes in the existing laws.

"The main objective of the initiative styled 'Private Sector Development' project is to encourage local investors and improve overall investment climate that would help stimulate economic growth," Mahmudur Rahman, executive chairman of the Board of Investment (BoI), told reporters after having a meeting with Finance Minister M Saifur Rahman yesterday.

At least three SEZs will be developed in the first phase of the project, which is a part of the poverty reduction strategy paper (PRSP), Mahmud went on. "We need a supportive environment to encourage more foreign direct investment in the country and SEZs

would help us in this regard."

Representatives from European Union, Canadian International Development Agency (CIDA), South Asia Enterprise Development Facility (SEDF), Japan International Cooperation Agency (JICA), UK Department for International Development and other funding agencies were present at the meeting.

The BoI executive chairman said the donors became interested to develop production facilities for the first time in the country.

"It was a positive indication amid increased demand for investment in the country. If we can offer a supportive environment to the investors, our GDP growth can reach seven percent in continuation of the present investment flow," Mahmud mentioned.

The SEZs will be developed to accommodate industries of prospective sectors including pharmaceuticals, knitwear and light engineering.

Businesspeople of different associations – BTMA, BGMEA, BKMEA – and pharmaceutical industry in particular have long been pushing the government to allocate lands with utility services so that they can set up their production facilities in such specified area as EPZs. The industrial plots and sheds in the most lucrative Dhaka and Chittagong EPZs have already been exhausted.

## India a key player to farm deal at WTO talks

AFP, New Delhi

Population giant India, where two thirds of people live off farming, is seen as a key player to win over for a global deal to free up agricultural trade at next week's World Trade Organization (WTO) talks.

India could both gain and lose heavily from an international agreement to reduce tariffs and other trade barriers, say experts.

On the one hand, such a deal would expose millions of already struggling farmers to the harsh winds of international competition, potentially threatening their livelihoods.

On the other, it could earn India export dollars and bring technological advances that would save some of the 40 percent of produce that now rots in India on the way from the farm to the shop, proponents say.

## Revive Indo-Bangla chamber to boost trade

Indian envoy urges businesses

### STAR BUSINESS REPORT

Indian High Commissioner in Dhaka Veena Sikri yesterday stressed the need for reviving the activities of Bangladesh-India Chamber of Commerce and Industry (BICCI), which was formed around six years back, to boost bilateral trade.

In June 1999, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the Federation of Indian Chambers of Commerce and Industry (FICCI) signed a memorandum of understanding (MoU) to formalise the BICCI.

"The objective of the BICCI was to provide a common, officially recognised platform at the apex level to boost economic activities between businesses and industrialists of our two countries. The hope was that this would provide a regular forum for businesspeople of the two countries to discuss and explore business opportunities in trade, services, investment and technology transfer," Sikri said at a meeting with Bangladeshi business community organised by the FBCCI in Dhaka.

Unfortunately, she said, the BICCI never got off the ground. There has been no regular nomination of the president and co-president by either FBCCI or FICCI. "At present, there is no executive committee of the chamber nor the general assembly as provided for in the MoU."

On the other hand, he said,

"We would be happy to cooperate with the FBCCI in revitalising the BICCI as a genuine bridge between the business communities of Bangladesh and India," she added.

Responding to the demand for simple visa procedures for Bangladeshi businesspeople she informed the meeting that India is now working to streamline the visa processing. "By the end of this month the new system of visa processing will come into effect, which will help Bangladeshi people get visa easily within very short time," she said.

Sikri underscored the need for setting up a Bangladesh-India Business Forum dedicated to bilateral trade, economic and investment issues.

About the Safta, she said implementation of Safta and the Bimstec free trade agreement will undoubtedly provide a major fillip for regional trade.

At the meeting, the business leaders urged the Indian government to remove all types of non-tariff barriers for Bangladeshi products.

Speaking at the function, FBCCI President Mir Nasir Hossain said the existence of non-tariff and para-tariff barriers in the form of countervailing duties, surcharges, central and provincial sales taxes, luxury duties, certification and quality approval requirements are hampering the export of Bangladeshi products to India.

He, however, hoped that with the implementation of Safta, intra-Saarc trade volume will increase substantially particularly in India and Bangladesh.

unofficial trade regarding imports to Bangladesh is increasing alarmingly and collection of custom duties at land ports of Bangladesh is declining. "Both sides should immediately undertake corrective measures to restrict unofficial trade," he suggested.

Hossain said joint venture projects under buy-back arrangement and joint development of infrastructures would play an important role in offsetting the current trade imbalance.

In 2004-05, he said, Bangladesh imported goods worth US\$ 2009.06 million from India, while export from Bangladesh to India was only \$ 144.19 million, showing a deficit of \$ 1864.87 million.

Among others, former commerce secretary Syed Alamgir Faruk Chowdhury, FBCCI first Vice-president Mohammad Ali, Vice-president Dewan Sultan Ahmed and directors Aftab-Ul Islam, Abdul Matlub Ahmad and MA Rouf Chowdhury also spoke at the meeting.

once also among the most highly protected in the world, has freed up the sector to some extent since it joined the WTO in 2002 by lifting a total ban on imports of rice and other goods.

## Asia split on closed-door, open-market trade policies

AFP, Seoul

When advocates and opponents of free trade face off at World Trade Organization (WTO) talks in Hong Kong next week, some of Asia's industrial states will find themselves caught in the middle.

South Korea, Taiwan and other Asian countries following similar development trajectories find themselves caught between conflicting calls to wall off domestic interests and at the same time tear down barriers to foreign markets.

"Some developing countries are asking a legitimate question of South Korea – where do we really stand? Are we for market opening, or protectionism?" said Kang Moon-Sung, head of the WTO research team at the Korea Institute for International Economic Policy.

South Korea wants the best bargain it can strike at the upcoming WTO talks, as do Taiwan, Singapore, Malaysia and other rising regional countries with a stake in expanding trade.

But differences over agriculture and trade in industrial goods and services have diminished hopes for success at the talks, meant to set

the seal on four years of market-opening negotiations known as the Doha Development Agenda that aim to deliver a comprehensive treaty for free trade by 2006.

South Korea believes that after decades of being heavily protected, its manufacturing sector is now ready to stand alone against foreign competition.

Seoul has slashed its own barriers and operates tariffs on industrial imports of around eight percent and is pressing other countries to follow suit and reduce their barriers.

However, for agriculture, the approach is different.

Though agriculture only represents some three percent of gross domestic product and employs no more than five percent of Koreans, South Korea wants to cushion its farming sector from competition.

"In the case of agriculture negotiations, we must take a pragmatic approach for the protection of agriculture and the enhancement of agriculture competitiveness without sticking to a grand cause," said Yoon Kang-Hyun, a director of the WTO office at the Ministry of Foreign Affairs and Trade.

Taiwan, whose farmers were

once also among the most highly protected in the world, has freed up the sector to some extent since it joined the WTO in 2002 by lifting a total ban on imports of rice and other goods.

## New BGIC vice chairman



Salim Bhuiyan has been made vice-chairman of Bangladesh General Insurance Co (BGIC) Ltd. He was elected unanimously at a Board Meeting of the company on November 27, says a press release.

Bhuiyan did his graduation in Sociology (Hons) from Dhaka University.

A sponsor/founder director of BGIC, he is also the chairman/managing director of New Crescent Motors Pvt Ltd, Vantage Aviation Services Ltd, International Travel Corporation, Nationwide Co Ltd and Green Asia Ltd.

## Notify non-tariff barriers to Safta members

MCCI urges govt

### STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry (MCCI) yesterday urged the government to identify the non-tariff barriers and notify those to respective South Asian Free Trade Agreement (Safta) member countries.

In a review of the outcome of the negotiations at the level of the Committee of Experts under the Safta, the chamber said removal of non-tariff barriers is the most important in expansion of the sub-regional trade.

The chamber also expects that the government will involve the trade and industry in the non-tariff barrier identification process.

The MCCI said the tariff concession, finalisation of the sensitive lists, duty free market access of some products of the LDCs should make significant contribution to expansion of the sub-regional trade.

The MCCI reviewed that the country will have 1,254 products in its sensitive list for non-LDCs and 1,249 for LDCs. On remaining products, Bangladesh will have to reduce tariff to 0 -5 percent by the 1st January 2016.

It said Bangladesh's jute and jute products, fruit products, leather products, ceramic and electrical goods will get duty free access India.



PHOTO: BEI

Bangladesh Enterprise Institute (BEI) President Farooq Sobhan and Resident Director of India's Tata Group S Manzer Hussain, among others, are seen at a roundtable on corporate social responsibility in Dhaka yesterday.

## Roundtable calls for integrated CSR

### STAR BUSINESS REPORT

Speakers at a roundtable yesterday said co-operation among corporate houses is needed to reap more benefits from corporate social responsibility (CSR).

They also underscored the need for a mechanism for integrated CSR activities.

CSR Centre organised the roundtable titled 'Corporate Social Responsibility Practices and Challenges in Bangladesh' at the Bangladesh Enterprise Institute (BEI) auditorium in Dhaka.

S Manzer Hussain, resident director Tata Group India, Robert Timmons, chief of party, NGO Service Delivery Program, and Bitopi Das Chowdhury, ACI corporate planning manager, made presentations.

Manzer Hussain said CSR should be a part of business strategy.

He also emphasised the need for more participation in social developments through CSR activities.

The speakers shared the CSR implementation strategies of their firms. They also discussed the challenges they have faced while implementing the CSR activities.

Farooq Sobhan, president of BEI, moderated and presided over the discussion.

The participants said CSR is the commitment of business to contribute to sustainable economic development.

The BEI recently established the CSR Centre to work through networks and partnerships to provide a platform for dialogue and interactions among the various stakeholders.

## Oil prices up

REUTERS, Singapore

Oil nudged higher Thursday after tumbling the day before on news of surprisingly robust US crude and fuel inventories, a decline limited by a new al Qaeda threat against oil exports and an ongoing cold snap in the Northeast.

US crude CLc1 trade up 22 cents at \$59.43 a barrel, having settled 73 cents lower at \$59.21 on Wednesday, ending a five-session rally that had boosted prices by 6 percent.

Prices once again failed to establish a foothold over \$60 a barrel after US government data revealed an unexpected 2.7 million barrel rise in crude stocks to 320.3 million barrels last week, putting them 11 percent higher than a year ago.

Wednesday's data also showed higher-than-expected rises of 2.7 million barrels in both gasoline and distillate stocks.

## CityIT fair starts tomorrow

### STAR BUSINESS REPORT

With a view to introducing latest information technology products and services, an eight-day computer fair is going to start tomorrow in Dhaka.

A total of 175 companies, from home and abroad, will showcase their newest computer software and hardware at 160 stalls at BCS Computer City at IDB Bhaban at Sher-e-Bangla Nagar.

BCS Computer City, the largest ICT marketplace in the country, is organising the annual event titled 'CityIT-2005'. Gigabyte, Intel, Lexmark and Philips are the sponsors of the fair.

With the chance of free internet browsing, visitors can get huge

discounts by the participants in the fair, said Azim Uddin Ahmed, president BCS Computer City, at press conference in Dhaka yesterday.

He said, "Security will be beefed up in the fair venue in wake of militant activities. Rapid Action Battalion (RAB) and police will be deployed. CCTV (Closed Circuit Television) cameras and metal detectors will also be installed."

Organisers said the fifth version of the fair will remain open from 10 am to 8pm with a Tk 10 entry ticket. School students and the disable will get free access.