

## Low-cost Chinese items lead to huge Sino-Bangla trade gap

China overtakes India as Bangladesh's number one import source

MONJUR MAHMUD

Low-cost Chinese products are making Bangladesh more dependent on the Asian economic giant, contributing to a widening trade gap of more than one billion dollars between the two countries in just six months of the current fiscal year.

Bangladesh imported goods worth US\$1,037 million from China during July-December period of the 2005-06 financial year while its export reached a meagre \$27.9 million.

"Trade gap between Bangladesh and China is widening alarmingly and it may hit two billion dollars in the current financial year," said a highly placed source at the commerce ministry.

Bangladesh had a trade deficit of \$918 million with China in 2002-03 fiscal year, reaching \$1,152 million in 2003-04 and \$1,584 million in the 2004-05 fiscal, according to Bangladesh Bank (BB) and Export Promotion Bureau (EPB) statistics.

China has emerged as number one import source for Bangladesh, beating India for the first time in the first half of the current fiscal year.

"In terms of price, Chinese products are unbeatable no matter how their quality is. There are high-quality Chinese products, but they are hardly being imported," Fazlul Huq, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), told The Daily Star.

Although China has been the

dominating source of woven fabrics and raw cotton for long, all types of machinery and electronic imports from China have also gone up in the recent times, he observed.

Lots of Chinese readymade garments are now available in local market, Huq said noting that import from China surged mainly due to its wide range of products and prices.

Raw cotton, boilers, machinery and mechanical appliances, knitted fabrics, man-made staple fibre and man-made filament, electric machinery and equipment, fertiliser, buses and covered vans, organic chemicals and special woven fabrics are some of the major products Bangladesh now import from China, according to the central bank.

On the other hand, Bangladesh exports raw jute, leather, frozen foods, jute and jute goods and chemicals to China.

"Chinese goods are cheap compared to the same standard products of India. China is set to dominate Bangladesh market as the importers here are now shifting from India," said an importer at Polwel Super Market in Dhaka.

China offers goods with wide price range and importers cling to China due to its easy trade procedure and speedy shipment, he mentioned.

According to sources, China usually sends its products to Bangladesh within 25 days on an average by completing all the formalities while import from India

Bangladesh-China-India trade				
Import from	2002-03	2003-04	2004-05	2005-06 6-month
India	1,358	1,602	2,030	820
China	938	1,198	1,642	1,037
Export to				
India	83.6	89.3	144	105
China	19.5	45.6	57.8	27.9
Million US dollar				

takes 35 days.

Bangladesh's import from India was \$2,030 million in 2004-05 fiscal while the amount was \$1,642 million from China. India exported goods worth \$1,602 million to Bangladesh in 2003-04 financial year while China exported products worth \$1,198 million.

In 2002-2003 fiscal year, Bangladesh imported goods worth \$1,358 million from India against \$938 million from China.

Although Indian products dominated Bangladesh market for a long time, Bangladesh's trade deficit with the neighbouring country is showing a declining trend in the recent months.

Bangladesh imported goods worth \$820 million from India during July-December period of 2005-06 fiscal while its export amounted to \$105 million, leaving a trade deficit of \$715 million with the neighbour during the period, according to BB

and EPB statistics.

Bangladesh had a trade deficit of \$1,274 million with India in 2002-03 fiscal year, increasing to \$1,513 million in 2003-04 and \$1,886 million in 2004-05 fiscal.

Cereals, raw cotton, boilers, machinery and mechanical appliances and parts, mineral fuels and oils and products of their distillation, bituminous substances and mineral waxes, vegetables, vehicles and accessories, prepared animal fodder, plastic and rubber, organic chemicals, iron and steel, electric machinery and equipment, plastering materials, lime and cement are imported from India.

Bangladesh's exports to India include fertiliser, raw jute, leather, frozen foods, jute goods, woven garments and agri-products.

## INSIDER TRADING SEC issues directive against Mercantile Bank director

BDNEWS, Dhaka

The Securities and Exchange Commission (SEC) yesterday stopped selling or transferring of 79,150 shares of one of the directors of the Mercantile Bank Ltd for two years for his involvement in insider trading.

The SEC in a directive said Amanullah, a director of the Mercantile Bank Ltd, purchased 79,150 shares from the market through insider trading before dissemination of price sensitive information.

Explaining, the directive said the board of directors of the Mercantile Bank adopted its audited accounts for the year 2003 at its 49th board meeting held on February 28, 2004 and the bank took the decision of issuing 25 percent stock dividends to the shareholders at its 51st board meeting held on March 30, 2004.

"In both the meetings, Director Amanullah was present," it said.

Director Amanullah, on March 16, expressed his intention to buy over one lakh shares of the bank where he actually bought 170,550 shares from March 21 to April 11 2004, the SEC said, after an enquiry into the issue.

The commission later issued a show cause notice on Amanullah and followed by a hearing in January this year and found his explanation unacceptable.

The SEC said, "He made a personal gain by purchasing 79,150 shares at lower prices before dissemination of price sensitive information."

The SEC directed Amanullah not to sell or make any transfer of these shares, which were purchased before dissemination of price sensitive information within next two years.

The commission also asked the bank to keep the shares locked during this period.

## FBCCI team leaves for Bhutan to attend Saarc Chamber meet

UNB, Dhaka

A five-member FBCCI delegation left here yesterday for Thimpu, Bhutan to attend the 35th Executive Committee meeting of the Saarc Chamber of Commerce and Industry (SCCI) to be held on Friday-Saturday.

The delegation, led by President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Mir Nasir Hossain, will also attend a symposium on trade liberalisation in Saarc region.

The prime minister of Bhutan is expected to inaugurate the symposium, jointly organised by SCCI and Bhutan Chamber of Commerce and Industry. Business leaders from Saarc countries would attend the programme.

A memorandum of understanding (MoU) is likely to be signed between BFCCI and Bhutan chamber.

The delegation is expected to return home on Sunday.

## Etihad Airways to launch route to Dhaka

Etihad Airways, the national airline of the United Arab Emirates, has announced that it will launch a new route to Dhaka starting May 3, 2006, providing frequent air travel between Bangladesh and the Middle East.

The service will commence with four flights per week from May 3, 2006, and increase to five flights per week from June 5, 2006. The new service will offer a total weekly capacity of 1,465 seats and 15 tons of cargo in each direction, says a press release.

The new route between Dhaka and Abu Dhabi is the outcome of Etihad Airways' ambitious plans to link the world's most important commercial and cultural centres and provide service for the 350,000 Bangladeshi nationals based in the UAE, the release added.

"This new Etihad service between Dhaka and Abu Dhabi will enable guests to travel in style between the two regions, strengthening further economic and diplomatic ties between Bangladesh and the UAE," said Sheikh Ahmed Bin Saif Al Nahyan, chairman of Etihad Airways.

## Ctg mayor against move to privatise container terminal

STAR BUSINESS REPORT

Chittagong City Corporation Mayor ABM Mohiuddin Chowdhury yesterday issued warning against any move to privatise Chittagong New Mooring Container Terminal.

The mayor also said port efficiency can be improved by curbing corruption. He was speaking at an exchange view meeting between workers' organisations and users at the port. Chittagong Port Authority (CPA) organised the meeting, chaired by Shipping Minister Akbar Hossain.

Akbar said the government plans to hand over the operational activities of the terminal to private sector.

Awami League lawmaker Fazle Karim, also a member of the parliamentary standing committee on port affairs, supported the privatisation of the terminal.

However, he suggested a joint venture can carry out the operational activities of the terminal.

Chittagong Chamber of Commerce and Industry President Saifuzzaman Chowdhury said in the age of globalisation there is no alternative but to privatisation.

He said privatisation will improve the container terminal.

FBCCI (Federation of Bangladesh Chambers of Commerce and Industry) Director Amirul Haq and BGMEA (Bangladesh Masters Stevedores Association) Chairman AHM Manjurul Alam and Bangladesh Steamers Agents Association Chairman Parvez Sajjad Akter also spoke.

## Gender equity key to eradicating poverty

Says UNFPA representative

STAR BUSINESS REPORT

Gender equity is key to eradicating poverty, United Nations Population Fund (UNFPA) representative in Bangladesh Suneeta Mukherjee said in Dhaka yesterday.

As half of the population in the society are women, a country cannot advance if the overall condition of the womenfolk does not improve,

Mukherjee said at a discussion marking International Women's Day 2006, which was observed on Wednesday.

Tipu Munshi, president of Bangladesh Garments Manufacturers and Exporters Association (BGMEA), was present as chief guest at the programme participated by more than 500 garment workers.

As 85-90 percent workers of total two million workforce in

Bangladesh's garments sector are women, the BGMEA has been taking various initiatives since 1994 to ensure wellbeing of female workers, Tipu Munshi said.

Describing the welfare activities, he said the BGMEA has set up compliance cells and safety cells in textile units to ensure safety of female workers.

The UNFPA has been providing technical support to offer reproductive health service to women workers since 1998, said MA Alamgir, project director of BGMEA-UNFPA health project and a renowned film actor.

The UNFPA also provides medicines and healthcare advices for garment workers from three healthcare centres established by the BGMEA.

## Compliance with ethical standards in auditing stressed

BDNEWS, Dhaka

Speakers at a seminar yesterday said compliance with ethical standards and legal liability in auditing are important to produce a credible financial report.

"Compliance with the code of ethics is important in the context of accountability," said ICAB President ASM Nayeem at a seminar in Dhaka.

The Institute of Chartered Accountants of Bangladesh (ICAB) organised the programme to disseminate information on comparative practices in ethical codes on accounting.

He said the issue of ethical practices in auditing has become important after the corporate failures of Enron and World Com.

Nayeem referred to the government's plan for forming a financial reporting council as oversight body for the auditors, and said to maintain standards of auditing.

Moazzem Hossain, editor of The

Financial Express, emphasising reduction in the number of accounting language, said members of the accountancy profession in Bangladesh should act with their self-regulatory body and brace themselves up for the changes that are taking place across the world.

He also said it is necessary to ensure transparency in accounting practices and make them understandable as far as possible.

Citing International Financial Reporting Standards (IFRS), which will be followed by 8,000 EU companies this year, he said: "Successful implementation of the IFRS will increase confidence in the capital market, facilitate cross-border trade and reduce the cost of capital."

In his keynote paper, Jamaluddin Ahmad, former president of ICAB, stressed the need for following ethical codes in auditing and said any economic system might collapse if the auditors make incorrect reports.

## Citibank opens new country processing centre

Citibank, NA Bangladesh yesterday inaugurated its state-of-the-art country-processing centre to offer better services to its customers in Bangladesh.

With the opening of the processing center, Citibank also relocated its Motiheel branch to the new premises.

Judith A. Chammas, US chargé d'affaires to Bangladesh, formally inaugurated both the relocated branch and the country processing center.

Mamun Rashid, Citigroup country officer, Bangladesh, was also present at the function.

The centre with separate processing units will address customers' needs more efficiently with the full range of world class corporate banking services.

Judith A. Chammas said, "Citibank Bangladesh and its affiliates in Citigroup worldwide represent the best in American businesses - services of outstanding quality and value to its customers."

Mamun Rashid said, "This is another example of our continuous investment in innovation, technology and people to offer better customer solutions to our customers in Bangladesh."

## Singer, Haier sign strategic partnership deal

Singer Bangladesh Ltd and Hayes (Bangladesh) Ltd, sole distributor of Haier products in Bangladesh and a joint venture partner of Haier Group China, yesterday signed a strategic partnership agreement.

Under the deal, premium products of both the brands will be available at Singer Plus, Singer and Hayes & Haier outlets across the country, says a press release.

Chairman and Managing Director of Singer Bangladesh Ltd Mahbub Jamil and Chairman of Hayes (Bangladesh) Ltd TIM Nurun Nabi signed the deal at a function in Dhaka. Other senior officials from both the sides were also present.

## Malaysia praises Vietnam as next 'tiger' economy

AFP, Hanoi

Malaysia's foreign minister on Thursday praised his host Vietnam as Asia's next "tiger" economy and a good partner for trade and investment.

"Vietnam will be one of the most successful countries," said Syed Hamid Albar, predicting that within five years "they are going to be a tiger of Southeast Asia, or a dragon."

"They are going to be a member of the WTO (World Trade Organisation), their economy is more open and their people are very hard-working. They have got all the right chemistry for success."

Syed Hamid was due to meet President Tran Duc Luong and Prime Minister Phan Van Khai after earlier talks with his Vietnamese counterpart Nguyen Dy Nien on issues including ways to boost two-way trade from 2.2 billion dollars now.

The two ministers also discussed political and security issues, including Asean's approach to military-ruled Myanmar, and bilateral cooperation in tourism, education, immigration, aviation and energy, he said.



PHOTO: STAR

UNFPA representative in Bangladesh Suneeta Mukherjee and BGMEA President Tipu Munshi lead a procession yesterday in Dhaka in observance of International Women's Day.

## Lanka aims to quadruple FDI this year

AFP, Colombo

Sri Lanka aims to almost quadruple foreign investment from 2005 to one billion dollars this year by raising the amount of cash required to earn tax breaks, the country's investment arm said Thursday.

"We have raised minimum investment levels in order to attract bigger investors and boost total investments," Lakshman Watawala, chairman of the Sri Lankan Board of Investment (BoI), told reporters.

To meet this year's target, the minimum investment for any company has been hiked to 250,000 dollars from 50,000 dollars effective immediately, Watawala said.

In 2005, the country attracted foreign investment worth 280 million dollars.

He said the biggest investment slated for this year is a coal power project worth as much as 450 million dollars by India's National Thermal Power Corporation.

But he said many of the nearly 1,600 foreign-owned business that currently provide goods and services and have invested less than 250,000 dollars could lose their licenses if they do not meet the new minimum investment level.

## More pressure to cut duty to halt WTO talks: India

PALLAB BHATTACHARYA, New Delhi

India has warned global trade liberalisation talks will come to a grinding halt if developed nations pressed for greater market access from developing countries through steeper import duty cuts.

On the eve of emplaning for London to attend a meeting of the Group of Six Trade Ministers from the US and European Union, Indian Commerce and Industry Minister Kamal Nath told reporters here on Wednesday that "if the US or EU were to even suggest a compromise on the principle of less than full reciprocity in industrial goods, it would bring to a halt all negotiations".

He said developing countries have made it clear that what they put on the negotiating table will be less than what developed nations come out with.

India is of the view that WTO members have agreed to 'less than full reciprocity' principle for the Doha round of trade talks that had been kicked off in 2001. This means that developing countries like India will have to take less onerous commitments on all fronts, includ-

ing cut in import duties.

There will be no compromise on the principle of 'less than full reciprocity' and protection to Indian industries, Nath said.

## FDI in Philippines up 64.5pc in '05

AFP, Manila

Foreign direct investment (FDI) flows to the Philippines rose 64.5 percent from a year earlier to 1.1 billion dollars, exceeding the government target of 971 million dollars, the central bank said Thursday.

"Improved macroeconomic conditions, particularly on the fiscal front, as well as upbeat expectations for 2006 heightened investor confidence," central bank governor Amado Tetangco said in a statement.

Equity capital placements grew 25.6 percent to 1.2 billion dollars last year, with the manufacturing and real estate sectors benefiting from these inflows, the central bank said.

Most of the funds came from the United States and Hong Kong, it added.

The Indian commerce minister's remarks assume significance in the light of European Union Trade Commissioner Peter Mandelson's recently asking countries like India and Brazil to provide adequate access to import of goods and service providers since EU had made a substantial offer.

Nath said India will not make any compromise on agriculture as the livelihood of small farmers needed to be protected.

He pointed out that developed countries themselves had provided protection to their own industries during their infancy and contended that the same facility should be available to developing countries also.

The onus is on developed nations to move forward meaningfully in trade liberalisation talks, Nath said and warned that otherwise the negotiations would collapse.

The G-6 meeting, to be attended by Japan, Brazil, Australia apart from the US, EU and India, is viewed as a key event after the WTO ministerial meeting in Hong Kong in December last year.