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CONGESTION IN CTG PORT

Feeder vessel operators realising surcharge despite stay order

ABDULLAH AL MAHMUD, *Ctg*

Feeder vessel operators are still realising the surcharge what they said to recover losses stemming from the congestion at Chittagong Port, although High Court has stayed the collection of congestion surcharge.

The feeder vessel operators said the stay order should not affect them. But the port users, particularly the garment unit owners, are opposing the views of the feeder operators. The port users are even planning to go for legal measures unless the operators comply with the stay order.

Chittagong Port Authority (CPA) and Chittagong Chamber of Commerce and Industry are also asking the operators to refrain from realising the surcharge.

Five feeder vessel operators -- Advance Container Lines (Pte) Limited, HRC Shipping Limited, Orient Express Lines (Singapore) Pte Ltd, QC Container Line Ltd and Sea Consortium Pte Ltd -- imposed the surcharge on June 5. They enforced $130 surcharge on each container. The operators, who operate vessels on Singapore-Chittagong route, took the decision at a meeting in Singapore.

Following a writ petition, a High Court division bench comprising Justice Nazrul Islam Chowdhury and Justice Zubayer Rahman Chowdhury on July 3 issued a rule nishi on the five operators and stayed the imposition of surcharge.

The court asked the respondents to explain as to why the imposition of Chittagong Port congestion surcharge should not be declared an illegal levy and why the CPA should not be directed to take necessary action to restrain the feeder operators from realising it.

"We are realising the congestion surcharge from none of the three petitioners nor from any importers or exporters," said Engineer SK Ghosh, chief executive of QC Shipping Line.

"We are realising it from the Main Line Operators (MLOs) under contractual agreements which do not have any relation with the shippers," he said.

MLOs, which operate mother vessels between Singapore and other international ports, realise the surcharge from the shippers through freight forwarding agents.

When it was said that the congestion surcharges they realise from the MLOs actually come from the importers and exporters, Ghosh said MLOs must be overcoming their losses caused by the congestion surcharge.

But SM Abu Tayyab, first vice president of BGMEA, said the court order is applicable to anyone realising the surcharge.

PHOTO: STAR

Kafil HS Muyeed, director (New Business) of mobile phone operator GrameenPhone (GP) Ltd, inaugurates a GP centre on CDA Avenue in Nasirabad, Chittagong yesterday.

DOHA ROUND TALKS

WB president seeks accord on global trade

AFP, *Washington*

World Bank President Paul Wolfowitz on Monday urged the leaders of the Group of Eight as well as of Brazil, China, India, Mexico and South Africa to reach an agreement in the Doha round trade talks when they meet in St. Petersburg, Russia, on July 17.

Wolfowitz said the upcoming gathering of the G8 members and the planned outreach session with leaders from China, Brazil, India, South Africa, Mexico, the African Union and international organizations "offers a unique opportunity we must take advantage of if we are to make urgently needed progress in the Doha trade talks."

"We can work to lift millions from poverty, boost developing country income, improve global market access and reduce taxpayer and consumer costs for all -- or allow the whole effort to collapse, with harm to everyone," the World Bank president pointed out.

Deadlines for reaching a new agreement have repeatedly been missed since the Doha round was launched in 2001 with the primary aim of harnessing the benefits of freer trade for developing nations, including the original end date of December 2004.

Trading nations face the additional pressure of the end of domestic "fast track" trade authority in the United States in summer 2007, which will stifle the US president's ability to override a reluctant Congress and make a wide-ranging global trade deal even harder to come by.

Wolfowitz said a pro-development result in St. Petersburg will yield gains for rich and poor alike.

"It would be an important step on the path to full liberalization which could eventually generate 300 billion dollars a year in additional production for the worlds economy," he stated. "Developing countries could gain by as much as 86 billion dollars alone, dwarfing annual bilateral assistance efforts."

Scuffles erupt as South Korea downbeat on US trade pact

AFP, *Seoul*

Protesters scuffled with riot police Monday as the United States and South Korea opened fresh negotiations aimed at forging a free trade pact which labor unions here have vowed to fight.

South Korean officials played down chances of an immediate deal as the United States stood by its calls for greater market access in South Korea's heavily protected agriculture sector.

The pact, if agreed, would be the biggest US free-trade deal since the North American Free Trade Agreement in 1994.

Scores of activists opposed to the deal exchanged kicks and punches with police who outnumbered protesters as they blocked a march towards a Seoul hotel where the five-day talks got underway.

Police briefly detained and then released some of the protesters during the scuffles. No serious injuries were reported.

"No South Korea-US FTA!" demonstrators chanted in a sit-in under drizzle in front of the hotel, which was guarded by some 3,000 riot police. Some 600 protesters later held another rally at the spot demanding the talks be stopped.

Activists have pledged daily demonstrations outside the hotel and in other downtown areas, saying that a free trade accord would hurt their livelihoods.

The world's largest and Asia's fourth largest economies have set a goal of striking an FTA in March next year. But expectations for an immediate breakthrough were low.

"Our government's basic stance is that if the US requests are unacceptable, no settlement will be made," South Korea's chief negotiator Kim Jong-Hoon told reporters before the talks began.

"If our people don't accept the free trade deal with the US, the National Assembly won't ratify the accord."

Oil prices fall further from record levels

AFP, *London*

Oil prices slipped from last week's record peaks but losses were capped by continued concerns over Iran and North Korea, traders said.

New York's main contract, light sweet crude for delivery in August, fell 18 cents to 73.91 dollars per barrel in electronic deals before the official re-opening of the US market.

The contract had hit a historic 75.78 dollars last Friday owing to simmering geopolitical tensions, particularly over Iran and North Korea.

Brent North Sea crude for August delivery lost 12 cents to 73.13 dollars per barrel in electronic trading on Monday. It had touched a record 75.09 dollars on Friday.

"The market is probably still anxious about developments in North Korea and the Middle East," said Mark Pervan, an analyst with Melbourne-based Daiwa Securities.

"Oil premiums won't be washed out in the short-term."

The dispute between Iran -- the world's fourth-largest crude producer -- and Western powers over its nuclear programme is a key geopolitical factor concerning the market, dealers said.

Iran had said on Sunday that it would take until the second half of August to respond to an international offer of incentives in return for the suspension of sensitive nuclear work.

The United States has meanwhile threatened UN action against the Islamic republic if it fails to heed international concerns.

S'pore growth slows in Q2

AFP, *Singapore*

Singapore's economic growth slowed in the second quarter to 7.5 percent year-on-year on a weaker manufacturing sector, but analysts said Monday its 5.0-7.0 percent target for the year was still achievable.

Preliminary estimates from the Ministry of Trade and Industry showed gross domestic product (GDP) growth in Southeast Asia's wealthiest economy was down from a revised 10.7 percent recorded in the first quarter.

"The Singapore economy registered a moderation of growth in the second quarter of 2006," a ministry statement said.

The 7.5 percent growth for the three months to June was within economists' forecasts of 6.2-7.6 percent.

On a quarter-on-quarter, seasonally adjusted annualized basis, GDP grew 1.1 percent after a 7.0 percent expansion in the previous quarter, the ministry said.

"The manufacturing sector is estimated to have grown at a slower pace of 10.2 percent in the second quarter, mainly due to lower output from the biomedical manufacturing cluster," it said.

That figure was down by about half from the 20.2 percent recorded in the first quarter but above the 9.3 percent recorded for full-year 2005.

The sector accounts for a third of Singapore's GDP worth 194 billion Singapore dollars (123 billion US) last year.

City Bank approves 50pc stock dividend

The City Bank Ltd has approved a 50 per cent stock dividend for its shareholders for the year 2005.

The dividend was approved at the 23rd annual general meeting (AGM) of the bank held yesterday in Dhaka, says a press release.

Chairman of the bank Deen Mohammad presided over the AGM, which was attended, among others, by directors and other senior officials.

Phoenix Leasing declares 25pc stock dividend

Phoenix Leasing Company Ltd has declared a 25 per cent stock dividend for its shareholders for the year 2005.

The dividend was announced at the 11th annual general meeting (AGM) of the company held on Saturday in Dhaka, says a press release.

Chairman of the company Deen Mohammad presided over the AGM, which was also attended by directors, senior officials and shareholders.

Macroeconomic indicators still positive but challenges ahead

Says ADB South Asia DG

STAR BUSINESS REPORT

The country's macroeconomic fundamentals still remain positive, although a number of challenges continue to pose risks to the macroeconomic performance in the period ahead, said Kunio Senga, director general of South Asia Department (SARD) of Asian Development Bank (ADB), yesterday.

He said transitional political climate ahead, weak infrastructure and under-pricing of energy products are the main challenges the macroeconomic performance will face in the days to come.

"Even with a difficult political environment, Bangladesh maintained prudent macroeconomic policies and made significant progress in implementing reforms, albeit with some delay, particularly in power and railway sectors," he observed.

"Our discussions with the government also focused on spearheading sectoral reforms, including those in power and transport sectors, and enhancing regional cooperation".

Senga was speaking at a press conference at ADB's Bangladesh office in Dhaka on the last day of his three-day visit.

During the visit, Senga met finance minister and other senior government officials to discuss sector and policy reforms.

Accompanied by ADB's South Asia Regional Management Team members, Senga also participated in a roundtable on 'ADB's Bangladesh Country Programming for 2007-2009'.

Hua du, ADB country director, Sultan Hafeez Rahman, deputy director general of SARD, Hun Kin, director of Urban and Development Division, Ashok Sharma, director of Governance, Finance and Trade Division, Bae Song, principle energy specialist of Energy Division of the bank, among others, were present at the press conference.

Meanwhile, during his visit ADB settled its assistance programme for Bangladesh for 2007-2009.

PHOTO: STAR

Kunio Senga, director general of South Asia Department (SARD) of Asian Development Bank (ADB), speaks at a press conference in Dhaka yesterday while Hua du, ADB country director, looks on.

During the period ADB is proposing an average annual lending level of $ 600 million for the country.

Welcoming the government decision to increase fuel prices by 10 to 30 percent on June this year, Senga said the latest fuel price increase will reduce fuel subsidy by about $ 250 million.

When asked about Tata's investment in Bangladesh, he said ADB is not directly involved in Tata's investment proposal. "However, we closely monitor the proposals and intend to assist the infrastructure development side of the proposal."

He said, "We believe the investment proposal has great potential. The Tata's investment will bear positive impact not only on the sectors that the company wants to invest in but also on many other sectors."

Regarding ADB's $ 600 million, he said the bank assistance will be disbursed for energy, transport, education and urban infrastructure development of the country.

Hua Du said there is no doubt that Tata's investment proposal would bring significant change to the country's economy, but it is a complicated issue and needs further discussion.

She said ADB will give a balanced view on the issue shortly.

India's apex chamber for multilateral FTAs

PALLAB BHATTACHARYA, *New Delhi*

India's apex chamber of industries prefers multilateral free trade agreements (FTAs) under WTO to bilateral ones on liberalisation of trade and investment, saying the former were more suitable for India.

The Confederation of Indian Industry (CII)'s WTO and Other Trade Agreements Committee is finalising a set of guidelines for signing FTAs, which will be submitted to the Indian government within a month, the committee Chairman RV Kanoria said.

This is the first time that an industry body is drawing up guidelines on FTAs against the backdrop of questions being raised regarding a series of FTAs India has signed with a number of countries as well as the one proposed with Asean.

The CII recommendations hints at encouraging multilateral agreements for trade liberalisation under WTO more than bilateral accords.

"Bilateral agreements having divergent standards with different countries may not help India remain competitive in the international market," according to Kanoria.

The CII guidelines will include contentious issues of negative list of goods, common floor tariff and rules of origin.

Pointing out that the CII fully supports trade liberalisation, Kanoria cautioned against unilateral cut in tariffs and duties and said, "Whatever cuts that have to be made need to be multilateral to enforce a level playing field."

Simultaneously, internal reforms like easing of labour laws, agriculture reforms and infrastructure development, as have been done in China, should gain momentum or else the Indian industry will become uncompetitive in the global market, CII expert on WTO and trade agreements TS Vishwanathan said.

Kanoira called for a rethink on cut in peak customs duty until the domestic reforms are completed. "What we want is not undue protection but a level playing field", he added.

The CII will also highlight issues like absence of uniform taxation in the country even though India is set to move towards a common General Sales Tax by 2010 and the problem of inverted duty structure, which plagues many sectors.

Meanwhile, the Indo-Asean FTA has run into rough weather with differences on between the two sides on issues of the number of goods on negative list, duty cuts and inclusion of services and investment, official sources here said.

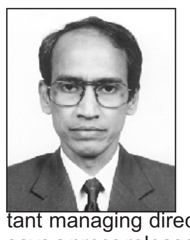
India has made it clear that it will not further prune the list of goods on negative list--which are not covered under the FTA--below 800 items to oblige Asean and rejected free import of palm oil, which is a major exportable of Malaysia and Indonesia.

Re-elected chairman of Prime Finance

Md Aminul Haque, a founder director of Prime Bank Ltd and Greenland Engineers and Tractors Co Ltd, has been re-elected chairman of Prime Finance & Investment Ltd.

Md Haque, who is associated with a number of business organisations related to banking, insurance and finance, started his career with the then Industrial Development Bank of Pakistan in 1964.

New DMD of Uttara Bank



Shaikh Abdul Aziz has been appointed deputy managing director of Uttara Bank Ltd.

Prior to this assignment, he was the assistant managing director of the bank, says a press release.

Aziz obtained his MSc in applied chemistry from Dhaka University in 1976 and joined the bank as a probationary officer in 1977.

China trade surplus rises to record

AFP, *Beijing*

China's June trade surplus widened to a record 14.5 billion dollars as domestic demand slipped on the back of government moves to tighten up on the fast growing economy, analysts said Monday.

According to the Ministry of Commerce, the first half trade surplus jumped 54.9 percent to 61.45 billion dollars, a result likely to lead to even more calls by China's trading partners for a faster and more radical appreciation of the yuan, they said.

"Perhaps the tightening measures are starting to have some effect by cooling China's demand for foreign goods," Lehman Brothers economist Rob Subbaraman said.

"Import growth is looking weaker than what we thought and that is a big difference."

Imports in June grew 18.9 percent year-on-year to 66.81 billion dollars but exports expanded faster, up 23.3 percent to 81.31 billion dollars.

Similarly for the first half, imports were up 21.3 percent to 367.15 billion dollars while exports increased 25.2 percent to 428.59 billion dollars.

"The trade surplus is continuing to expand," said Qu Hongbin, an economist at the Hong Kong and Shanghai Banking Corp. "If anything the monetary tightening will slow investment, this will slow imports, and so we should expect a big surplus."

Other data Monday supported the view that efforts to slow an economy that grew 10.3 percent in the three months to March are beginning to have an effect.

Money supply growth, a key measure of economic activity, slowed in June, with the M2 measure, or cash in circulation and all deposits, up 18.4 percent compared with a year earlier, the China Securities Journal reported.

In contrast, M2 rose 19.1 percent in May, according to previous reports.

PHOTO: THE CITY BANK

Chairman of The City Bank Ltd Deen Mohammad presides over the 23rd annual general meeting (AGM) of the bank yesterday in Dhaka. Directors and other senior officials are also seen.

Euro steady against dollar

AFP, *London*

The euro stood close to a one-month high point against the dollar on Monday, while the yen firmed as Japan prepared for its first rate rise for almost six years, dealers said.

The euro stood at 1.2805 dollars in early European trading from 1.2807 dollars late on Friday.

The dollar eased to 113.60 yen from 113.99 yen on Friday.

On Friday, the euro had struck 1.2861 dollars, the highest point for one month, after weaker-than-expected US job growth in June which reduced the prospect of further US rate hikes.

Markets were braced for an expected rise for Japanese borrowing costs later this week.

A senior currency economist at The Bank of Tokyo-Mitsubishi in London, Derek Halpenny, said: "The disappointing non-farm payroll reading reported on Friday of just 121,000 compared to expectations of a well above 200,000 has triggered a renewed bout of dollar selling in the foreign exchange market.