

Star BUSINESS

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Delhi should allow FDI from Bangladesh

Says Indian minister

PALLAB BHATTACHARYA, *New Delhi*

India must reconsider allowing foreign direct investment (FDI) from Bangladesh on case-by-case basis and examine the possibility of more imports from that country, Minister of State for Commerce Jairam Ramesh was quoted yesterday as saying.

FDI from countries like Pakistan and Bangladesh should be permitted on case-by-case basis, Ramesh said.

"Our mindset towards our trading partners needs a change. We must see what we can buy even while we explore possibilities of what we can sell," the minister was quoted by leading financial daily "The Economic Times" as saying.

The change in India's mindset, he said, was required to realise the full potential of regional trade and economic integration with the neighbouring countries.

While India's exports to Bangladesh stood at two billion dollars, the import at merely 200 million dollars. "While Dhaka has permitted FDI from India, Bangladesh is under negative FDI list here," Ramesh pointed out

adding this needed to be reconsidered.

He said smaller economies do apprehend the take-over by major ones and the only way is to permit FDI. "We have seen in Sri Lanka where our imports surged a lot after Indian companies made investments there," Ramesh said.

According to the minister, there is a huge potential of trade across the Line of Control dividing Kashmir but there are apprehensions that need to be addressed first.

"For our trade with Pakistan, we need to think out of the box," Ramesh said it was "strange" that India is the world's largest producer of tea with 950 million kg a year while Pakistan, the world's third largest team importer, buys only 10-12 million kg of tea from India out of its total requirement of 170 million kg a year.

Meanwhile, the newspaper, quoting unidentified official sources, reported that Indian policy makers are mulling use of a proposed World Trade Organisation (WTO) agreement to make it mandatory for Bangladesh and Pakistan to allow passage of

gas and oil pipelines through their territories to India.

Bangladesh's insistence on trade concessions in return for a pipeline through its territory to transport gas from Myanmar to India had stalled talks between Dhaka and New Delhi.

The mandate of WTO's negotiating group on trade facilitation, which was set up in October 2004, includes suggesting measures to increase "the freedom of transit" and the idea is to extend trade facilitation beyond customs matters to include fixed installations such as pipelines which themselves are capable of moving goods. "The Economic Times" reported.

However, an agreement on trade facilitation is far from finalised and India is yet to take a view on whether it should support inclusion of freedom of transit in the WTO agreement, Indian Commerce Secretary G K Pillai said.

Besides, WTO members are yet to take a decision on whether any future agreement on trade facilitation should be legally binding on countries.

TERMINAL HANDLING CHARGE

Businesses now need not to pay to shipping agents, vessel operators

STAR BUSINESS REPORT

Exporters and importers from May 20 will not need to pay terminal handling charge (THC) or less than container load (LCL) charge to shipping agents, mainline operators and freight forwarders in case of issued bill of lading (B/L). The charge will be included in freights for both export and import.

The shipping agents and vessel operators will also not be able to take the charge in any forms.

The decision came following a meeting between Chittagong Port Authority (CPA), Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Chittagong Chamber of Commerce and Industry (CCCI), private ICDs (inland container depots), shipping agents, mainline operators, clearing and forwarding agents, and freight forwarders in Chittagong yesterday, according to

a BGMEA press release.

The meeting also directed that the word 'prepaid/ collect' must be mentioned clearly in the B/L. The CPA will issue a circular in this regard.

However, in case of already issued B/L for import, the previous rules will remain effective.

Besides, the exporters will not need to pay labour charge and landing charge in the private ICDs. The private ICDs will take the charges from freight forwarders/shipping agents while the freight forwarders/shipping agents will include the charges in freights.

Task Force-B Commander Brigadier General Hasan Nasir presided over the meeting. Former BGMEA president Annisul Huq led the team of the country's apex apparel trade body, while acting chairman of CPA Captain Yahia Syeed, among others, was present.

Asian Clearing Union board meet begins today

UNB, Dhaka

Bangladesh Bank is hosting the 36th meeting of the Board of Directors of Asian Clearing Union (ACU) beginning in Dhaka today for the second time in the last seven years.

The central bank governors or their representatives of the eight members of ACU -- Bangladesh, Bhutan, India, Iran, Myanmar, Nepal, Pakistan, and Sri Lanka -- will attend the two-day meeting at Hotel Sheraton, a senior official of Bangladesh Bank told the news agency.

Some 26 foreign delegates from the member countries and ACU secretariat will participate in the board meeting. A 5-member delegation of Bangladesh Bank, led by its Governor Dr Salehuddin Ahmed, will represent Bangladesh in the meeting.

Other members of the Bangladesh Bank delegation are Deputy Governor Allah Malik Kazemi, executive directors Khandakar Muzaharul Huq and Yasin Ali, and General Manager Belayet Hossain.

Bangladesh Bank Governor Dr Salehuddin Ahmed will inaugurate the board meeting. Besides attending the board meeting, central bank governors of the Saarc countries will hold meetings on the sidelines.

Central bank governors of Bhutan, Myanmar, Iran and Sri Lanka, deputy governor of Pakistan

and executive director of Nepal central bank have already arrived in the capital to attend the meeting while Indian governor is scheduled to arrive today morning.

Bangladesh Bank officials said the meeting will take stock of the ACU activities the last year and look for ways for further deepening the cooperation among the member states.

"ACU helps deepening regional integration of trade," said a senior official. He said Bangladesh settles a bimonthly payment of US\$ 350-400 million with the ACU.

In the 36th meeting, delegates will elect the board chairman and vice chairman for the year 2007 and decide the venue and date for the next board meeting.

The ACU, basically a clearing and settlement organisation, was founded in 1974 with headquarters in Tehran.

Its objectives include multilateral settlement of current account payments, conservation of forex, promotion of monetary cooperation among central banks, increasing relationship among banking system of member-countries and providing currency swap arrangements.

The annual board meeting of the ACU is hosted by member-countries in rotation.

The ACU transactions are growing since 1975 and it has not registered any defaulters so far. The central banks of the eight member countries, not their governments, are involved in its operation.

Afghanistan keen to recruit manpower from Bangladesh

UNB, Dhaka

Afghanistan is interested to recruit manpower from Bangladesh to rebuild the war-ravaged country.

The new Afghan Ambassador in Dhaka Ahmed Karim Nawabi expressed the willingness during a courtesy call on Chief Adviser Dr Fakhruddin Ahmed at his office yesterday morning.

The CA said Bangladesh would certainly send manpower to Afghanistan, which will be win-win deal for both the countries.

He said Bangladesh wants to help Afghanistan achieve socio-economic growth and will be happy to help the country. He also mentioned performance of a Bangladeshi NGO, BRAC, in Afghanistan. BRAC is working in various areas including microfinance.

Recalling the strong historic, cultural and trade ties between Bangladesh and Afghanistan, the chief adviser said Afghanistan can import high quality goods like tea, pharmaceutical items, ceramics, plastic items and leather products from Bangladesh. Likewise, Bangladesh can import dry food from Afghanistan.

The envoy said Afghanistan wants to increase trade and economic relations with Bangladesh.

He said terrorism, drug and narcotics are major problems in Afghanistan.

Chief Adviser Ahmed said all should work collectively to combat against terrorism for security in this region as terrorism undermines socio-economic growth.

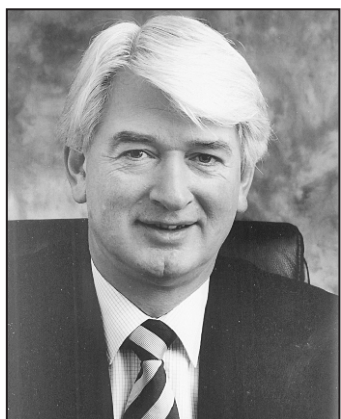
The ambassador requested for allotment of a piece of land for building Afghan Embassy in Dhaka, assuring that the Afghan government would also provide land for constructing the Bangladesh Embassy in Kabul.

The CA said Foreign Ministry would look into the matter.

The envoy conveyed greetings of Afghan President Hamid Karzai to Ahmed.

The Chief Adviser recalled his meeting with President Karzai on the sidelines of the last Saarc summit in New Delhi and was happy to welcome Afghanistan as a member of the Saarc.

The CA said he is looking forward to Hamid Karzai's visit to Bangladesh.



Etihad Airways' executive VP due today

Geert W Boven, executive vice president (Sales & Service) of Etihad Airways, is due in Dhaka today to attend the official opening ceremony of Etihad Airways Bangladesh's new office at Gulshan, says a press release.

During his brief visit, he is also expected to join the anniversary party of Etihad Airways Bangladesh at Hotel Sheraton. Etihad Airways has marked its first successful year in Bangladesh on 4th May, 2007.

At the end of 2005, Geert joined Etihad Airways as vice president.

Prior to joining Etihad Airways, he was the CEO of OAD Group, a Dutch tour operator.

Stress on gender sensitive budget

STAR BUSINESS REPORT

Speakers at a seminar yesterday urged the government to set up separate wings in ministries to give guidelines to develop gender sensitive budget.

All ministries should be involved to develop a gender sensitive budget, the speakers observed.

They were speaking at a seminar titled 'Gender Sensitive Budget' at CIRDAP Auditorium in Dhaka organised by Steps Towards Development.

"All the ministries are required to have gender monitoring cells that will monitor gender issues," Atiur Rahman, chairman of Unnayan Shamannay, said.

"Business and chamber bodies talk to finance minister before annual budget every year. Ministries also can hold consultative discussions with finance minister," former adviser Dr Akbar Ali Khan said.

As per PRSP target, 6.2 percent of Annual Development Plan (ADP) was suggested for women but the budget for 2006-07 did not reflect it, Mamunur Rashid, senior programme officer of Step Towards Development, said.

Iran seeks to restore magic to carpet business

AFP, Kish Island, Iran

Iran once flew high as the undisputed king of the world carpet industry but its magic is fading amid a rising challenge from Asian countries where labour is cheaper.

A world away from haggling in smoky rooms of the bazaar, traders gathering for a fair at a gleaming exhibition hall on Iran's southern resort island of Kish grumbled at the hard economic reality of their business.

"We are experiencing an unhealthy competition in the

world markets for our handmade carpets," said the chairman of National Carpet Centre of Iran, Morteza Faraji.

"Countries like India, Pakistan and China can produce carpets cheaper than us due to their special labour laws," he explained.

Iran's share of the world export market has been whittled down 480 million dollars in 2006 from 522 million in 2001, giving it a 40 per cent share.

The romance of the handmade Persian carpet remains undisputed, bringing a whiff of mystical

oriental culture into affluent homes in the United States and Europe.

Iranian handmade carpets, woven mostly by women, use naturally coloured wool fibres. The most expensive items, which can retail for hundreds of thousands of dollars, are made with silk fibres which lend them a shiny look.

Meticulously woven by hand, a genuine Persian carpet consists of millions of little knots carefully juxtaposed. It is said to keep in its heart the traditional songs sung by the weavers -- giving it a magical touch.



PHOTO: EXIM BANK

Md Nazrul Islam Mazumder, chairman of Export Import (EXIM) Bank of Bangladesh Ltd, inaugurates the 31st branch of the bank in Comilla on Thursday. Mohammed Lakiotullah, managing director, was also present among other senior officials.

Tata proposal to be verified on finalisation of coal policy

BoI chief tells Dutch-Bangla chamber meet

STAR BUSINESS REPORT

On finalisation of the coal policy this month, the long-awaited Indian Tata's \$3 billion investment proposal will be verified, said Nazrul Islam, executive chairman of Board of Investment (BoI), yesterday.

He said, "Now we don't have any coal policy, which is necessary for reaching a decision on the Tata proposal. We expect the coal policy be finalised by this month. And then, we go for verification of the Indian industrial giant's investment proposal."

The BoI will also organise road shows in different parts of the world to attract foreign investment in the country, the state-run investment promotional agency chief said.

Addressing the luncheon meeting of Dutch-Bangla Chamber of Commerce and Industry (DBCCI), Nazrul Islam said they have already submitted the Tata proposal to the office of the Chief Adviser.

He said, "I think we are close to agreement with Tata as we expect the decision to come out within a short time."

Kees Beemsterboer, the Netherlands ambassador in Dhaka, and Asif A Chowdhury, president of DBCCI, were, among others, present at the meeting held at a local hotel.

Tata's package investment proposal includes setting up of a 2.4-million tonnes steel plant, a fertiliser plant, a 475MW gas-fired

power plant and development of the Barapukuria coal mine through open-pit method.

The project remained suspended since July, before the previous government handed over power to the caretaker government.

Replying to a question on a concessional gas price to Tata, the BoI top official said there will be no assurance for a concessional gas price to Tata for a period of 25 years.

"We have gas resources, and everybody knows that it will take time for further offshore gas exploration. We cannot give any guarantee to anybody," he said.

He, however, said the financing institutions like IFC and World Bank, which are supposed to finance the Tata's proposed project, want guarantee for ten years. "So, for that part we wanted to give guarantee of gas for a period of ten years."

Referring to the BoI guidebook, he said tariff rate of gas for fertiliser is the lowest. "But in the case of Tata, we try to follow the Kafco (Karnaphuli Fertiliser Company Limited) formula".

Terming Tata's proposal a very complex one, he said, "We had no expertise to deal with a complicated project like Tata's. So that's why we have to take some time."

Nazrul Islam said 2006 was the terminal year of the last political government and election was knocking at the door. And at that moment it

was difficult for a political government to take decision on Tata.

At that time it was decided that the Tata proposal and all related studies conducted by a group of experts would be handed over to the next government in an appropriate time for making a concrete decision.

In his speech, the Dutch ambassador said the foreign investors have serious negative ideas about Bangladesh. Citing an example he said when the Dutch investors look for Bangladesh at the world map they said Bangladesh is a country that is located between India and Thailand and affected by flood and corruption.

"I think change of this kind of perception is very crucial in this context", he said, lauding the present government's efforts to implement some measures to have a positive image for the country.

If it succeeds, the investment potentiality of the country will be tapped properly, the Dutch envoy hopes.

Responding to the Dutch ambassador's content, the BoI chief said the road shows, which are being launched within a short time, will also be helpful for Bangladesh's image building.

Bangladesh needs huge investments in almost all sectors of national economy in order to attain its millennium development goals by 2015, said the DBCCI president.

BGMEA seeks extension of bond facilities

13-point demand placed to finance adviser

STAR BUSINESS REPORT

Bangladesh Garments Manufacturers and Exporter Association (BGMEA) has demanded extension of the time for bond facilities and release of cash incentives for the apparel sector in the upcoming budget.

The BGMEA demand was raised yesterday when a delegation led by its president Anwar-ul-Alam Chowdhury Parvez called on Finance Adviser Mirza Azizul Islam at his office and submitted a 13-point demand to him.

The demands include tax holiday for the RMG sector, allocation of land for a fashion institute, establishment of a garments industrial park and rehabilitation of sick industries.

"The government would release Tk 120 crore cash incentives for the garments sector in the next budget," the finance adviser told journalists after the meeting.

"I have heard the demands and

understood their arguments. I hope these would be reflected in the next budget," the adviser said.

The BGMEA president said, "We have sought policy supports from the government which would help the sector grow rapidly."

Pointing to the fact that Tk 262 crore cash incentives remained pending, he said, "We need financial assistance for rehabilitation of 270 sick garment factories, which had been sorted out from a total of 1400 sick factories earlier".

Besides, the bonding period should be extended to 24 months instead of existing 15 months, Parvez said.

The other members of the BGMEA delegation were vice presidents A B M Shamsuddin, Foisal Samad and Ferdous Parvez.

During the hour-long discussion, the BGMEA delegation also demanded waiver of conditions for continuous bond in case of knit, sweater and woven industries.

We also talked to the adviser regarding income tax measures, payment of advance tax and exemption of tax on dividend, Parvez said.

The BGMEA delegation also called on Bangladesh Bank (BB) Governor Dr Salehuddin Ahmed at the BB office in the morning.

They demanded reduction in bank interest to 10 per cent for the sector for sustaining in the global competitive market.

The other demands placed to the central bank chief include introduction of a system of contract, deferred payment and factoring without letter of credit in the interest of expansion of the sector.

The governor assured the BGMEA leaders that he would talk to the bankers about the recommendations of the garments leaders.

On the demand for soft loan at seven per cent interest for setting up effluent treatment plant (ETP), Dr Salehuddin assured them of taking initiative in this regard.



PHOTO: SINGER BANGLADESH

Mahbub Jamil (3-R), chairman and managing director of Singer Bangladesh Ltd, presides over the 27th annual general meeting of the company in Dhaka yesterday. Directors and other senior officials are also seen.

Singer okays 35pc cash dividend

Singer Bangladesh Ltd has declared a 35 percent cash dividend for its shareholders for the year 2006.

The dividend was announced at the 27th annual general meeting (AGM) of the company yesterday in Dhaka, says a press release.

Mahbub Jamil, vice president of Singer Corporation and chairman and managing director of Singer Bangladesh, presided over the AGM, which was also attended by directors and other senior officials.

Malaysia prefers foreign partner for Proton

AFP, Kuala Lumpur

Malaysia prefers a foreign partner for national carmaker Proton because experience and expertise in the latest automotive technology is a priority, a report said Monday.

Finance Ministry secretary Hilmi Yahaya said the government had held talks with General Motors, PSA Peugeot Citroen, Volkswagen and Mitsubishi because of their vast experience in the auto industry, compared to local companies.

"The first choice of partner must have the expertise and technology that will help improve Proton as well as help open up a wider market," Hilmi was quoted as saying by state Bernama news agency during a parliament session.