Star BUSINESS

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PRE-BUDGET ROUNDTABLE

Expansion of social safety net programme demanded

Experts suggest market intervention to contain essentials' prices

STAR BUSINESS REPORT

The government should expand social safety net programmes in the coming budget to ease the impact of rising inflation on the poor, suggested Akbar Ali Khan, a former finance adviser to the caretaker government.

"The rate of inflation is increasing in a manner that hits poor, working and ordinary people very hard. These people lose their capacity to buy the essentials they need," Khan told a roundtable on 'Price spiral and the budget for 2007-08: Thoughts of marginal people' in Dhaka yesterday.

He said initiatives such as the vulnerable group feeding and the vulnerable group development programmes are needed to be expanded to counter the pressure the poor now find themselves under.

Shamunnay and Manusher Jhonno Foundation, two non-governmental organisations, jointly organised the roundtable at the CIRDAP auditorium.

Sohel Ahmed Chowdhury, former commerce secretary, Khondoker Ibrahim Khaled, former deputy governor, Bangladesh Bank, Shykh Seraj, director news, Channel i and Impress Tele film, and Kazi Farooq, general secretary, Consumers Association of Bangladesh spoke on the occasion.

Pointing to the fact that the country experienced no significant growth in the farming sector in the last five years, the former finance adviser blamed the economy's structural problems for this situation resulted from rising inflation rate.

Bangladesh needs to invest in the agricultural sector in a planned manner to revive growth in the sector and contain the current price spiral, Akbar Ali Khan said.

The government should introduce some instruments by which it can intervene in the market to contain inflation and prices of essentials, he suggested.

The country has no law and active administrative order to check any illegal market syndication, however he also said that essential commodity prices had increased worldwide due to reductions in agricultural subsidies and increases in oil and transport costs.

Presenting his keynote speech, Atiur Rahman, chairman, Shamunnay, said policy makers in previous years did not consider any measure against business people who created illegal syndication.

He said syndication was one of the main reasons for the price spiral but policy makers only relied upon a contractionary monetary policy to contain inflation.

He strongly advocated raising farm sector investment through providing direct cash subsidies, quality seeds and fertiliser for the farmers and transferring technology to them.

He also stressed the need for an effective Trading Corporation of Bangladesh (TCB) and the reinforcement of market monitoring to contain the price spiral.

Sohel ahmed Cjowdhury said the government may build up a public-private partnership basis organisation to operate trading of essential commodities.

He urged the government to immediately introduce four more wholesale markets in the capital to restore discipline in the retail market.

PHOTO: STAR

Atiur Rahman (2-L), chairman of Shamunnay, a non-government organisation, speaks at a roundtable on 'Price spiral and the budget for 2007-08: Thoughts of marginal people' in Dhaka yesterday. Akbar Ali Khan (3-L), a former adviser to the caretaker government, Sohel Ahmed Chowdhury (3-R), former commerce secretary, and Shykh Seraj (L), director (News) of Channel i, among others, are seen.

Indian firms threaten 2-hr suspension of Benapole trade

A CORRESPONDENT, *Benapole*

A platform of eight export-import organisations of India has threatened to suspend all sorts of commercial activities for two hours through Benapole port from today.

The leaders at a rally yesterday at Petropole port in India announced this suspension for two hours starting from 12 this noon. They vowed to continue suspension if their demands are not met within this week.

They said an Indian truck laden with exportable goods (WB-23-A-2436) has been missing for the last four months, which unloaded the goods at Benapole port, but never returned.

Sources said they failed to know the whereabouts of the missing truck despite repeated contacts in letter with the relevant departments of both India and Bangladesh.

LOADING, OFFLOADING OF HEAVY GOODS STOPPED

Meanwhile, loading and offloading of heavy goods by forklift at Benapole land port stopped yesterday due to fuel shortage.

Port sources said fuel supply firm stopped supplying fuel following the non-payment of Tk 4.67 lakh bill.

However, manual loading and offloading of goods remained normal.

Saifullah Khan, director of the Benapole land port, said only one month's fuel bill remains unpaid.

Plastic goods makers want import duty cut

STAR BUSINESS REPORT

Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA) yesterday urged the government to cut import duties on plastic intermediate products from 25 per cent to 15 per cent in the upcoming budget.

At a press conference in Dhaka, the association leaders also urged the government to increase import duty on some finished plastic products from the existing five per cent as a measure to protect the Tk 2,000 crore-strong plastic industry of the country.

Intermediate products are mainly non-formed plastic which is turned into items such as clothes hangers, labels and furniture.

In FY 2005-2006, the plastic industry exported products worth Tk 1,443 crore. This included Tk 381 crore worth of direct exports and Tk 1,062 of indirect exports for example, plastic products, such as buttons or hangers, were included in garment sales.

"Though we are doing very well in the plastic sector we still have to import the intermediate products and then add value to them, but the government imposes a 25 per cent import duty on intermediate products when import duty on some finished plastic products is only five per cent," said Jasim Uddin, president of BPGMEA, describing the duty structure.

"This is why local products are failing to compete with imported plastic products in the domestic market," he said, adding that the plastic industry is now the third or fourth largest export earner for the country if both direct and indirect exports are counted. Extended government support would further boost this position, he opined.

Attributing the success of the industry to private initiatives, he said proper government support could double or triple the sector's growth.

The growth of a country's plastic industry normally shadows that of other industries as most sectors such as telecom, automobile, light engineering, textile and garments and food require plastic and plastic accessories or plastic packaging.

Among the export products developed in Bangladesh are garment accessories, toys, toothbrushes, ballpoint pens, pharmaceutical packages and plastic wrapping for food items.

The association also ruled out allegations that duty free bonded warehouses had been misused.

"The export of plastic products is three times higher than the import of plastic materials using the bonded facility. If we were feeding the local market with duty free imports then it would not have been possible to increase exports by this rate," the BPGMEA president said.

New executive president of Islami Bank

M Fariduddin Ahmad has been appointed executive president of Islami Bank Bangladesh Ltd, says a press release.

Prior to this assignment, he was deputy executive president and head of Operations of the bank.

Fariduddin started his banking career with Sonali Bank and joined Islami Bank in 1983.

New country manager of Etihad Airways

Etihad Airways Bangladesh has recently appointed K Ashraful Kabir as its new country manager, says a press release.

He will replace the outgoing country manager Jill R Errington. Prior to the new assignment, Ashraful was the sales manager of Etihad Airways in Oman.

During his 17 years of experience in the travel and airlines industry, Kabir held some important positions at KLM Royal Dutch Airline and Oman Air, the release adds.

Five-star Westin Dhaka opens June 20

The Westin Dhaka, the new five-star luxury hotel in Bangladesh, starts its journey on June 20, says a press release.

Located in Gulshan, the prime diplomatic and commercial zone, which is only 8 km away from Zia International Airport, the hotel has 241 luxurious rooms including 23 suites and a presidential suite.

The hotel rooms feature high speed broadband internet facilities, LCD flat screen television with satellite & cable channels, direct dialing system, an oversized desk and an ergonomic desk chair, 4-fixture bathroom and the Westin signature products and services that include heavenly bed, heavenly bath and heavenly crib.

"Uniquely designed The Westin Dhaka is an example of modern architecture. The design reflects not only the comfort but also the aspiration that it should surpass current establishments in Dhaka. Each and every part of the hotel has its own decorative style though all are homogeneously comfortable and luxurious," said San Amalan, general manager of the hotel, which has also 6 restaurants and lounges besides 5 meeting venues.

The hotel is managed by Starwood Hotels & Resorts Worldwide, one of the leading hotel and leisure companies in the world with approximately 850 properties in more than 95 countries.

PHOTO: BANK ASIA

Senior officials of Bank Asia Ltd, Dutch-Bangla Bank Ltd (DBBL) and Electronic Transactions Network (ETN) Ltd pose for photographs at an agreement signing ceremony on Sunday in Dhaka. As per the deal, Bank Asia's cardholders will have access to ATMs and POS terminals of DBBL under the technical assistance of ETN.

Bank Asia's cardholders to use DBBL's ATM, POS

Bank Asia Ltd, Dutch-Bangla Bank Ltd (DBBL) and Electronic Transactions Network (ETN) Ltd have signed an agreement under which Bank Asia's cardholders will have access to ATMs (automated teller machines) and POS (point of sale) terminals of the DBBL.

Erfanuddin Ahmed, deputy managing director (DMD) of Bank Asia, Ghulam Kabir, DMD of DBBL, and Zahir Ahmed, managing director of ETN, signed the deal on behalf of their organisations at a function in Dhaka on Sunday, says a press release.

ETN will provide the switching service to this effect. In addition to Bank Asia's own and E-Cash ATM network of 25 ATMs, the bank's cardholders will now have access to 135 ATMs of DBBL with a total number of 160 ATMs.

The ATM/ debit cardholders will also have access to DBBL's 650 POS terminals, the release adds.

Bank Asia cardholders are already enjoying the advantage of direct access to the existing ATM network due to Stelar Online Banking Software and already a substantial number of customer transactions are being processed through the ATMs.

Shipping Corp gets nod to raise paid-up, authorised capital

STAR BUSINESS REPORT

The state-owned Bangladesh Shipping Corporation (BSC) yesterday received approval from the Securities and Exchange Commission (SEC) to increase its paid-up and authorised capital.

The BSC will increase its paid-up capital to Tk 350 crore from existing Tk 20 crore while increase its authorised capital to Tk 400 crore from existing Tk 25 crore.

The approval came at a meeting of the stock market regulator, sources said.

Earlier last month, a board meeting of the corporation decided to up authorised and paid-up capital in order to revamp the corporation.

According to the sources, the BSC will float ordinary shares worth Tk 62.74 crore through stock exchanges while the rest Tk 267.26 crore will be raised through converting the government's equity of Tk 267.26 crore into shares.

The SEC also asked the BSC to apply to the commission for approval to float primary shares.

TVS Auto motor show from today

STAR BUSINESS REPORT

TVS Auto Bangladesh Ltd starts a 30-day nationwide motor show today to promote its two new motorcycle brands-- TVS star and TVS GLX.

The motor show titled 'Less Fuel More Mileage' will be held in three phases. A caravan of the company will move from one place to another to display the two new motorcycles, introduced three months ago in the market.

Initially, the caravan will move to the northern region. Then it will move to northeast part. At the final stage, the convoy will move to southern and the rest of the part of the country.

TVS star is a wonder to save fuel as it runs about 102 kilometres consuming a litre of petrol or octane, said Raghu Seshan, head of marketing of TVS, at a press conference in Dhaka yesterday.

"TVS star, the most economical motorcycle in its range, is priced at Tk 79,900 a unit," he said.

The TVS GLX has the most stylish look. It is priced at Tk 99,500 a unit.

EU denies pressing ex-colonies on trade

AFP, *Strasbourg*

EU Trade Commissioner Peter Mandelson on Tuesday rejected accusations of piling pressure on poor, former European colonies in tough negotiations over new trade pacts.

The European Commission has come under fire from some non-governmental organizations and EU lawmakers for driving a hard bargain in the talks with the 78 African, Caribbean and Pacific nations in the so-called ACP group.

"We have no intention to force ACP countries to take commitments against their will," Mandelson told the European parliament in Strasbourg during a debate.

The EU and the ACP are struggling to make progress to conclude the new pacts by the end of the year, when a current preferential market access accord is due to expire, because they were ruled illegal by the World Trade Organisation.

Mandelson stressed that the new agreements would have to require ACP countries to open some of their markets to EU exporters if the revised pacts were to avoid fresh trouble with the WTO.

The new agreements "need to be WTO compliant, therefore including trade opening on both sides, for both in trade in goods and trade in services," he said.

However, he added that ACP countries' commitments to open their markets would not need to match the EU's efforts in opening its vast markets more to them.

With the year-end deadline looming ever larger, the EU sought in April to boost the negotiations with an offer to scrap all tariffs and quotas on ACP countries' exports with the exception of sugar and rice.

Some NGOs and members of the European Parliament have criticized the Commission because sugar and rice are important products for these countries and because they would have to open their markets more to EU goods.

"The ACP countries' will to conclude the agreements needs to be supported and pressure on our partners needs to be lifted," said socialist MEP Margrietus Van Der Berg.

Oil prices steady above $66 in Asia

AP, *Singapore*

Oil prices were little changed Tuesday after jumping above $66 a barrel in the previous session on worries about gasoline supply.

Light, sweet crude for June delivery was flat at $66.27 a barrel in Asian electronic trading on the New York Mercantile Exchange midmorning in Singapore. It had gained as much as 5 cents in early trade. On Monday, the contract climbed $1.33 to $66.27 per barrel.

Worries that violence could rise in Nigeria ahead of the inauguration of a new president supported prices. Nigeria is one of the world's largest crude producers, and attacks on oil installations have become an almost daily occurrence following elections there last month.

"Profit-taking may trim prices for a while," said Koichi Murakami, an analyst with brokerage Daiichi Shohin. "But later, I think they will be supported by the Nigerian concerns."

Attackers in Nigeria vandalized an oil installation run by Total SA, the company said Monday. No injuries, kidnappings or production cuts were reported.

Traders are also worried about gasoline supplies heading into the peak Northern Hemisphere summer driving season which kicks off this weekend in the U.S.

The U.S. Energy Information Administration reported last week that domestic gasoline inventories while increasing to 195.2 million barrels for the week ended May 12 are still well below the average for this time of year.

The market was also eyeing the U.S. government's release of its updated hurricane outlook this week.

Local firm to set up $7.725m RMG accessories plant in Comilla EPZ

UNB, *Dhaka*

Bangladesh Taiwan Textile and Accessories Limited will set up an accessories manufacturing plant in Comilla Export Processing Zone.

This cent percent local company will invest US$ 7.725 million in the project which will manufacture annually 1,65,000 rolls of non-woven interlining, 2,10,000 rolls of non-woven fuse interlining, 1,05,600 rolls of woven fuse interlining, 52,800 rolls of felt fabric, 51,84,000 cones of thread processing, 1,32,000 pieces of rhine stone sticker, 720,000 pieces of gum tape, 4,32,000 rolls of label printing and 1,44,00 pieces of hanger.

The company will create employment opportunity for 105 Bangladeshi nationals.

An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority (Bepza) and the Bangladesh Taiwan Textile and Accessories Ltd in Dhaka on Monday.

Bepza member (Investment Promotion) Prasanta Bhushan Barua and Mohiuddin Chowdhury, managing director of Bangladesh Taiwan Textile and Accessories Ltd, signed the agreement on behalf of their respective organisations.

India, Mexico ink trade deal

PALLAB BHATTACHARYA, *New Delhi*

India and Mexico have signed a ten-year bilateral investment promotion and protection agreement to promote two-way flow of investment and allow free repatriation of funds by investors.

Under the agreement, signed by Indian Finance Minister Palaniappan Chidamaram and visiting Mexican Minister for Economy Eduardo Sojo Garza-Aldape here on Monday, the two countries will accord equal treatment to investors, as given to domestic investors.

It would also provide protection to investors which would include safeguarding their intellectual property rights and also grant Most Favoured Nation status to each other.

The agreement is expected to give Indian companies greater market access to the United States, Canada and Mexico as the three countries are members of the North American Free Trade Agreement (NAFTA).

Meanwhile, the two countries also signed a memorandum of understanding on setting up a high level group to facilitate investment and economic cooperation between them besides exploring possibilities of entering into a Preferential Trade Agreement to improve bilateral trade.

The MoU was signed by Indian Commerce and Industry Minister Kamal Nath and the Mexican Minster for Economy.

PHOTO: EXIM BANK

Md Nazrul Islam Mazumder, chairman of Export Import (EXIM) Bank of Bangladesh Ltd, inaugurates the bank's 32nd branch in Rangpur on Sunday. Directors, managing director and senior officials, among others, are also seen.

PHOTO: STAR

Officials pose with two new motorcycle brands-- TVS star and TVS GLX -- at a function in Dhaka yesterday ahead of the 30-day nationwide motor show beginning today.