

Star BUSINESS

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Eastern Bank launches credit cards

STAR BUSINESS REPORT

Eastern Bank Ltd (EBL) yesterday launched four types of credit cards offering different features to customers.

The cards styled 'EBL SIMPLE Credit Cards' will be available from today in four versions – 'Local Currency', 'Gold and Classic', 'Dual Currency' and 'Gold and Classic'.

The credit cards will offer balance transfer option and enable the customers to reduce their debt burden, said Ali Reza Iftekhar, managing director of EBL, at a press conference in Dhaka.

A cardholder will be able to transfer his or her credit card's outstanding balance from other banks to EBL SIMPLE Credit Card at 22 percent annual interest rate compared to a market average of 30 percent interest rate per annum, he added.

The credit cards offer double benefit insurance coverage for all cardholders under which in case of permanent total disability or death of any cardholder, the bank will waive the entire outstanding of the card and will also pay the same amount to the cardholder's nominee.

Besides, if the cardholders transact at least 18 times annually, they will get complete waiver on their renewal fees, said Mohammed Musa, acting head of Consumer Banking of EBL.

The other features of the credit cards include worldwide acceptance and cash advance facility, supplementary card, discounts, shopper's guide, convenient payment options, auto debit facility, mobile alert, global emergency assistance service and statement by email.

Customers can apply for the credit cards in all 25 EBL branches from today, officials said.

MH Chowdhury, head of Strategy, Taufiq Hassan, head of Cards of EBL, among others, were also present at the press conference.

US Senate passes foreign takeover security bill

AFP, Washington

The US Senate on Friday passed a bill that would strengthen scrutiny by the government and intelligence services of foreign takeovers of US firms on national security grounds.

The bill was drawn up in the wake of the furor in Congress sparked by a 6.9 billion dollar investment by Dubai's state-owned port operator DP World of six US ports formerly owned by P O Ports North American (POPNA) in 2006.

RELOCATION OF LEATHER INDUSTRY

Tk 2000cr compensation, soft loan demanded

Policy support to make the industry second forex earner: BFLLFEA

STAR BUSINESS REPORT

Leather and leather goods manufacturers and exporters yesterday sought Tk 2,000 crore as compensation and soft loan for relocating the tanneries to Savar Leather Industrial Estate from Hazaribagh in old Dhaka.

"We need some Tk 4,500 crore to complete shifting from Hazaribagh to Savar and we ourselves can manage Tk 2,500 crore for the process. Unless the government provides the rest amount, the relocation would not be possible," Tipu Sultan, president of the Bangladesh Finished Leather and Leather Goods and Footwear Exporters Association (BFLLFEA), told a seminar in Dhaka yesterday.

The seminar on Leather and Leather Goods: An Emerging Sector was organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at the Federation Bhaban.

The BFLLFEA chief lamented that the government has agreed to provide only Tk 250 crore as compensation, which is very insignificant.

Suggesting a soft loan at three percent interest, he said, "If the government provides necessary support to the sector, it would be the highest export-oriented sector after readymade garments (RMG) with an export earning capacity of Tk 12,000 crore per year."

He also expressed his hope that with such a support, the sector would create an opportunity for employment of four lakh people.

Presently, according to him, the country fetches Tk 2,800 crore from exports of leather and leather goods per annum.

Addressing the function, Mohammad Abdul Mazid, member of Planning Commission (Infrastructure Division), said although the RMG sector is the highest foreign currency earner, the value addition by the leather sector is higher than the RMG.

"Proper technical know-how, adequate infrastructure and government support are needed for development of the emerging leather sector," he observed.

He urged the industry stakeholders and FBCCI to come up with an 'integrated strategy' for leather sector development.

A demand for an SME (small and medium enterprise) treatment and for the same facilities offered to the SMEs was also raised at the seminar.

The speakers also underscored the need for short-term financing, technical training, modern machinery, design and marketing strategy for the leather sector.

Presiding over the seminar, FBCCI Vice President Dewan Sultan Ahmed said the leather industry is yet to flourish to its desired extent.

"We produce about 86 million square feet of fine quality leather, but the export earning from this sector is only slightly over US\$ 257 million, whereas Vietnam that produces almost the same quantity of leather has an export earning of \$ 2 billion," he said.

"This is an indicator to a scope of expansion of our leather industry through conversion of leather to leather goods," he pointed out.

Ghulam Hossain, coordinator of Business Promotion Council, a project under the Ministry of Commerce, and a joint secretary, presented the keynote paper at the seminar.



Senior officials of Eastern Bank Ltd show off four types of credit cards launched by the bank at a function in Dhaka yesterday.

Key issues unresolved for tri-nation gas pipeline

India won't get Iranian gas before 2011

PALLAB BHATTACHARYA, New Delhi

Key issues relating to the \$7.4 billion gas pipeline connecting Iran, Pakistan and India remained unresolved as senior officials of the three countries wrapped up their three-day talks on the ambitious energy project here on Friday.

The unresolved issues include a transit fee Pakistan would charge and Iran's last-minute insistence on including a clause that the price of the gas would be reviewed after every three years.

It is expected that the issue of transit fee would be resolved at the ministerial-level talks in next two months.

However, officials of the three countries said they have moved forward in negotiating the cross-country gas project that proposes to wheel gas from Iran to Pakistan and India.

Iranian petroleum minister's special representative H Ghanimi Fard conveyed to Indian Oil Minister Murli Deora that Tehran invited Indian Prime Minister Manmohan Singh and Pakistan President Pervez Musharraf for signing an agreement for establishing the overland pipeline connecting the three countries.

However, sources said India would not be hustled into signing the agreement especially when gas availability is expected to improve significantly during 2007 and 2011. In any case, the gas from Iran cannot flow into India before 2011, going by the most optimistic assessment of the project.

Deora will meet his Pakistani counterpart in July-August to iron issues between India and Pakistan before the heads of the three governments sign the agreement.

Phoenix Ins declares 30pc stock dividend

Phoenix Insurance Company Ltd has declared a 30 percent stock dividend for its shareholders for the year 2006.

The dividend was announced at the 21st annual general meeting (AGM) of the company held in Dhaka on Wednesday, says a press release.

Mohammad Shueb, chairman of the company, presided over the AGM, which was also attended by directors and managing director among others.

Formulate strategy to earn \$30b remittance by 2015

Govt urged

STAR BUSINESS REPORT

Bangladeshi workers need to develop more diverse set of skills as a part of a grand strategy to tap potential employment markets overseas to increase Bangladesh's remittance earnings to \$30 billion by 2015, according to two new studies released at a roundtable in Dhaka yesterday.

The discussion on Strategy for Increasing Annual Migrant Remittances for Bangladesh was jointly organised by Bangladesh Enterprise Institute (BEI) and the Royal Danish Embassy at the BEI auditorium.

Finance Adviser Mirza Azizul Islam, who addressed the function as chief guest, called on the Expatriates Welfare and Overseas Employment Ministry to identify loopholes of manpower exports and propose guidelines for future action in consultation with other government ministries.

He suggested studies into the matter in order to improve labour conditions overseas and remittance through banks.

Currently, one-third of Bangladesh's forex earnings come from remittances, according to Bangladesh Bank figures as revealed by its Deputy Governor Ziaul Hassan Siddiqui at the roundtable.

One of the studies on the subject by Indian Institute of Management (IIM), Calcutta, titled "Making Bangladesh a Leading Manpower Exporter: Chasing a Dream of US \$30 billion Annual Migrant Remittances by 2015," said the government needs to play an overarching role as a legislator, a regulator and an enabler to tap the full economic potential of migration.

The study suggested enacting and amending laws to bring transparency to the migration process to



Finance Adviser Mirza Azizul Islam (2-L) speaks at a discussion on 'Strategy for Increasing Annual Migrant Remittances for Bangladesh' jointly organised by Bangladesh Enterprise Institute (BEI) and the Royal Danish Embassy in Dhaka yesterday. Danish Ambassador Einar Jensen (R), BEI President Farooq Sobhan (2-R) and Deputy Governor of Bangladesh Bank Ziaul Hassan Siddiqui are also seen.

prevent illegal human trafficking and also to eradicate Bangladeshi workers' maltreatment overseas.

The study also identified growing and high-skill labour markets in United States, Britain, Bahrain, Malaysia and Saudi Arabia as the next target for economic migrants, but they also recommended workers to look at emerging markets in Korea, Japan, Spain and Australia.

The IIM research team also found a lack of professionals in the management of overseas employment agencies.

While another study on the subject by the BEI, titled, "Policy and Public Benefit Interventions to help Bangladesh Achieve an Annual Migrant Remittances of US\$30 Billion Per Annum by 2015," suggested that the government should prioritise skilled workers to command higher wages than the unskilled workers to remit more money back home.

The BEI study also recommended removal of all impedi-

ments for women to work overseas, especially in the Middle East countries.

They also suggested that travel agencies should be 'totally barred from engaging in the manpower business,' and the Ministry of Expatriates Welfare should form a 'policy cell' to coordinate policy formulation.

Farooq Sobhan, one of the authors of the study and BEI president, said, "It is easy to set targets, but a lot of hard work needs to go in from all the stakeholders."

Danish Ambassador Einar Jensen said that meeting the high-skilled workers' demand is one of greater challenges for Bangladesh and he cited the example of Denmark as a potential high-skill labour market.

Labour and Employment Secretary Ashfaq Hamid spoke on the occasion among other government and non-government agencies who presented their observations on the topic.

Bangkok hosts Asia Forum for aviation

ANN/THE NATION

Thai Airways International (THAI) president Apinan Sumanaseni and Star Alliance CEO Jaan Albrecht announced the success of hosting the aviation forum in Bangkok and the commitment of Star Alliance to further progress in the next decade.

The first session of the forum, "Aviation: The New Frontiers", focused on the fact that Asia-Pacific is the region with the highest growth of air traffic in the world, while China and India are on top of the list in Asia.

Zhang Hexiang, head of the Institute of Economy of Management Research of the

Aviation Industry Development Research Centre of China, said China was the engine of Asia aviation, and she predicted that by 2020 China would be able to compete with the US and European countries.

Prime Minister General Surayud Chulanont presided over the official opening ceremony. In his speech he said that Thailand would gain a lot of advantages from Star Alliance's new members Air China and Shanghai Airlines, which will join Star Alliance by the end of the year.

In the second session, representatives of the titans of the world aviation industry Boeing, Airbus, Rolls Royce, GE Aviation and United Technologies International

Operations discussed the "Aircraft of the 21st Century and Implications for Asia".

Chief engineer of Roll Royce Martin J Jones explained aircraft innovations that reduce fuel consumption and CO2 emissions.

In the forum's last session, "Challenges for Asia's Travel and Tourism Industry", Amadeus's global president and CEO Jose Antonio Tazon said the tourism industry had grown up and become more important, highlighted by the topic "Technology: The Key to Leadership and Growth".

Tazon said Amadeus's online booking system offered many advantages including lower costs and better reactions from customers.

State of the economy and accountable development

MAMUN RASHID

The political uncertainty and the disruption in the second half of fiscal year (FY) 2007 slowed down the Bangladesh economy. The economy is expected to grow at 6.1 % in the fiscal year that ended June 30. Year before, the GDP growth rate was 6.7%. In the next fiscal year, the GDP growth rate has been estimated to be 7 %. Export data for July-April '06-'07 is USD 9.91 billion against July-April '05-'06 USD 8.36 billion (18.5% growth). It was USD

USD 5 billion, which covers 3.76 months of import. Currently the budget deficit is at 3.9% of GDP and the forecast for 2007-'08 is 4.2% (without BPC's liability) and 5.6% (with BPC's liability).

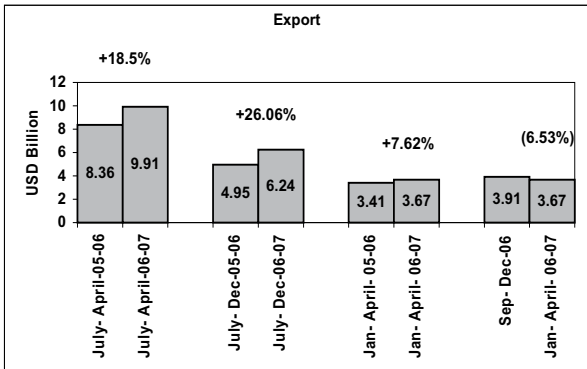
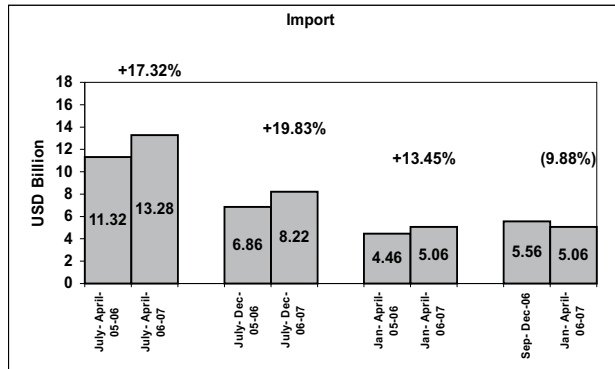
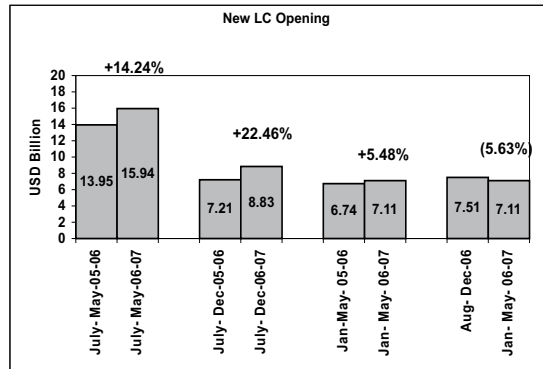
The budget presented for FY 2008 shows revenue estimate of BDT 573 billion (Tax revenue of BDT 458 billion and non-tax revenue of BDT 115 billion) against the revised budget of BDT 494 billion (Tax revenue of BDT 392 billion and non-tax revenue of BDT 102 billion) for FY 2007. Foreign grants would

them with preceding months. This is a potential dangerous trend and we need to be extremely vigilant about this. Specially, if import declines significantly, we will see gradual trend of lower investment and growth. Also, we need to be careful about fuel price. In the international market, oil price is now at almost \$70 and can go up further. In that case, if we do not raise the fuel price further (or make this market based), the losses of BPC will grow further. Already the government's decision to cover up for

revenue collection from customs duty at this point in time. Income tax realization has increased and exceeded the planned amount. Credit goes to establishment of large tax payers' unit (LTU) and driving this meticulously including incentivising efficient collections. We need to do the same for value added tax (VAT) also. Efficient VAT management can obviously help realign the excessive dependency on customs duty/import tariff. Overall efficiency of the tax administration, requisite automation and

NGOs, who have a proven track record of human resource development, especially in the rural areas, where most of the wage earners also come from.

The government needs to drive reforms at every stage with military precision. Privatising the loss making state-owned enterprises (SoEs) quickly, withdraw its stakes from the profitable SoEs and multinationals through capital market, corporatise NCBs, Biman, BPC and other such institutions, recapitalise those through strategic investments from



10.53 billion in FY '05-'06. Remittances for July-May '06-'07 are USD 5.46 billion against in July-May '05-'06 USD 4.37 billion (24.94% growth). It was USD 4.8 billion in FY '05-'06. Import payment for July-April '06-'07 is USD 13.28 billion against July-April '05-'06 USD 11.32 billion (17.31% growth). It was USD 14.74 billion in FY '05-'06. New L/C opening for July-May '06-'07 is USD 15.94 billion against July-May '05-'06 USD 13.95 billion (14.24% growth). It was USD 15.24 billion in FY '05-'06. Inflation for April '07 stood at 8.28% against 7.43% in March '07. Balance of payment for July-March '06-'07 is USD 812 million surplus against USD 37 million deficit for July-March '05-'06. Current Account Balance for July-March '06-'07 is USD 318 million surplus against USD 523 million surplus for July-March '05-'06. FX reserve at the end of June became

be BDT 42.55 billion against the revised budget of BDT 21.5 billion for FY 2007. Total non-development expenditure would be BDT 529 billion against the revised budget of BDT 445 billion for FY 2007. Development expenditure is estimated at BDT 285 billion against previous year's estimate of BDT 234 billion. The size of the Annual Development Programme (ADP) is BDT 265 billion against previous year's BDT 216 billion. The overall deficit is estimated at BDT 298 billion (including BPC's liability) against previous year's BDT 173 billion.

However, we need to be cautious about few potential threats as well. If we look at the trends of export, import payment (Please see the charts), we shall observe that all of the above were significantly lower in the second half of the FY 2007. Not only that, actually the numbers declined if we compare

previous year's BPC losses will take our budget deficit to 5.8%. Unless we have a mechanism for market based fuel retail price, our budget deficit would create serious dent on our economy.

The agriculture has been given special thrust in the budget, keeping almost 50% of the planned amount as subsidy. However, we have to make sure, all these reach the right target market. For this, we need to synergise the entire distribution channel, bringing in much more accountability in the local civil administration and local government machinery. We also need to train, develop and support people at agricultural extension department, improve the crop storage, fertiliser dealership and marketing system.

The budget seemed to have encouraged imports. We needed that as a growth economy as well as eventually to support export growth. This will also help govt's

honest as well as knowledge based leadership at the top, rather can easily help exceed our 16% growth in revenue collection.

Export and expatriate remittances still remain the growth drivers for our economy. Despite USD 5 billion FX reserve, we need to support dollar value against taka, to keep on encouraging our exporters as well as non-resident Bangladeshi remitters. Our exports have already become competitive, because of rise in labour cost in India and China along with depreciating Rupee and Yuan, we need to continue that. We also desperately need the upskill our work force. A minimum English reading and speaking can take a cleaner or day labourer to a hotel, a proper brick laying or plastering training can increase the daily wage of a mason or plumber thrice of what he is getting now. For that we can even think of engaging some of the

abroad, issue local or foreign currency bonds and take them for initial public offerings (IPO). They need to decide fast on the foreign direct investment (FDI) proposals. If we take 'execution' as the single most important factor for taking the country to the next trajectory of growth, civil bureaucracy still remains the 'catalyst' for driving that growth through timely implementation of the required development projects and reach out the fruits of growth to the common people. We may lag behind some of our 'peers', but our potentials can still be exploited and Bangladesh can still prove to be a country with tremendous potentials and future. We need to be cohesive in approach, consistent in our policy formulations and religious in 'execution'.

The writer is a columnist.



The 21st annual general meeting (AGM) of Phoenix Insurance Company Ltd was held on Wednesday in Dhaka. Chairman of the company Mohammad Shueb presided over the AGM, which was attended, among others, by directors and managing director.