

WTO negotiations on market access Sept 17

Bangladesh set to adopt strategy

JASIM UDDIN KHAN

The government has decided to prepare three separate papers on duty- and quota-free market access, rules of origin and binding coverage (tariff ceiling) to devise Bangladesh position on these issues at an upcoming meeting at the World Health Organisation (WTO). The meeting of the Negotiating Group on Market Access (NGMA) will be held on September 17 at the WTO headquarters in Geneva, Switzerland where these issues are expected to become prominent for the least developed countries (LDCs). The government wants expansion of the tariff binding or fixing up maximum tariffs on non-agricultural products to comply with the WTO rules. As the least-developed country member of WTO Bangladesh is required to substantially increase its binding coverage in accordance

with their needs and development. The decision on placing the Bangladesh papers at the WTO meeting was recently taken at a meeting of the WTO-related working group on Non-Agricultural Market Access (NAMA) and Rules held at the Bangladesh Tariff Commission. Shafiqul Islam, chairman of Bangladesh Tariff Commission, as the head of the Working Group presided over the meeting. During the meeting, three separate core groups were formed comprising representatives from Commerce Ministry, Bangladesh Tariff Commission, Federation of Bangladesh Chambers of Commerce and Industry, Metropolitan Chamber of Commerce and Industry, Centre for Policy Dialogue, Dhaka Chamber of Commerce and Industry, Bangladesh Garments Manufacturers and Exporters Association and Bangladesh

Knitwear Manufacturers and Exporters Association. The groups will prepare the papers before August 29 and will submit those to the Working Group on WTO. During the working group meeting, the participants said NAMA discussion is the most important elements of Doha work programme from Bangladesh's perspective as 95 percent of the total export earnings of the country comes from non-agricultural products. NAMA negotiations commenced in the WTO in February 2002 and the member countries reached agreement on framework of modalities on NAMA in July 2004. The chair of the Negotiating Group circulated draft modalities on NAMA on July 17 and an informal session was also held on July 25, 2007 at WTO in Geneva, they said.

Dhaka keen to diversify cooperation in trade, investment with Cairo

CA tells envoy

UNB, Dhaka

Chief Adviser Dr Fakhruddin Ahmed yesterday said Bangladesh is keen to diversify cooperation with Egypt especially in the fields of agriculture, pharmaceutical, jute, and trade and investment for the benefit of the two peoples. He made the remark when Egyptian Ambassador in Dhaka Ismail Abd-El Rahman Ghoneim made a farewell call on the Chief Adviser at his office. The ambassador said Bangladesh workers are working with good reputation in RMG sector in Egypt and they are in high demand by various companies in his country. He requested the Chief Adviser to reactivate Bangladesh-Egypt Joint Commission to explore the potential of more bilateral cooperation between the two countries. Responding to the diplomat, Dr Fakhruddin said he would look into the matter for holding the joint commission meeting. He emphasised more exchange of visits at business, cultural and

official levels for further strengthening the bond of friendship between the two countries. Ambassador Ghoneim said ORASCOM, an Egyptian company, has made a big investment in telecommunication sector (Bangla Link) in Bangladesh during his tenure of four years. The Chief Adviser said the Egyptian investors could invest in Bangladesh in diversified sectors by availing the investment-friendly climate and incentives offered by the government for foreign investors. Egypt can import various goods, including jute, jute products, ceramics, leather and leather products and pharmaceuticals from Bangladesh, he added. During the meeting, Dr Fakhruddin reaffirmed Bangladesh's total support to the Palestinian cause. The envoy conveyed to the Chief Adviser the Egyptian President's sympathy for the flood affected people in Bangladesh and hoped that the government under the leadership of the Chief Adviser would be able to overcome it.

FBCCI polls now Nov 20

Govt says no place for loan defaulters, tax evaders and criminals

STAR BUSINESS REPORT

The election to the executive committee of the country's apex trade body, FBCCI, will now be held on November 20 and there will be no place for loan defaulters, tax dodgers and criminals in the executive body for a two-year term (2007-09). The Election Board of the Federation of Bangladesh Chambers of Commerce and Industry yesterday announced the new schedule. As per the revised election schedule, the last date for submission of nominations for the post of directors has been fixed on October 1. These nomination papers will be received up to 4pm on the day. The election to the posts of president and two vice-presidents will be held on November 22. Previously, the Election Board had announced August 16 for the polls. But a complexity arose when the commerce ministry in a handout on June 4 said loan defaulters, tax evaders and persons convicted of crimes, corruption and moral turpitude will not be eligible for contesting the FBCCI election within five years of their conviction. The commerce ministry had also asked the federation to change rules relating to participation in its

election as per the Trade Organisation Ordinance, 1961. On June 24, the ministry in another letter said the FBCCI will have to hold its biennial election after making amendments to its constitution and implementing the government decision. The FBCCI at an extra-ordinary general meeting (EGM) on June 28 had approved the commerce ministry directive and had sought time to comply with the ministry order. On July 10, the ministry suspended the pre-scheduled election and on July 16, extended the tenure of the present executive committee up to December 6 and asked the committee to complete the election within the time extended. The tenure of the present executive committee is to expire on September 5. According to the FBCCI constitution, of the 38 executive committee members of the apex trade body, 12 will be elected from district level chambers and 12 from trade associations, seven will be nominated from the MCCCI and six divisional chambers, and seven from leading trade associations. The FBCCI president will be elected from the association group this year.

Local firms to take part in pharma fair in Vietnam

In a bid to expand market and boost exports, nine local pharmaceutical companies are going to take part in a four-day international pharmaceutical fair styled 'Saigon Medipharm Expo 2007' beginning tomorrow in Vietnam. A 20-member delegation led by SM Shafiuazzaman, president of Bangladesh Association of Pharmaceutical Industries, will leave Dhaka today to participate in the exposition to be held in Ho Chi Minh City, says a press release. The drug manufacturing companies of Bangladesh to take part in the show are Eskayef Bangladesh Ltd, ACME Laboratories Ltd, Aristo Pharma Ltd, Alco Pharma Ltd, Delta Pharma Ltd, General Pharmaceuticals Ltd, Hudson Pharmaceuticals Ltd, Healthcare Pharmaceuticals Ltd and Zenith Pharmaceuticals Ltd. Vietnam has considerable demand for Bangladesh medicines, the release says, adding that some companies are already exporting pharmaceutical products to the Southeast Asian country. The Bangladeshi delegation will hold meetings with Vietnamese health ministry, pharmaceutical administration, chamber of commerce and drug importing companies to further increase export to that country.

Stocks plunge on students violence

STAR BUSINESS REPORT

Price indices on Dhaka and Chittagong stock exchanges declined yesterday amid a fresh wave of violence at Dhaka University and other educational institutions across the country that rattled the investors' confidence. Thousands of students on DU campus were fighting running battles with police yesterday for a second day demanding removal of an army camp from the campus and an apology from the army for beating up three DU students earlier in Monday afternoon. The clash between students and police during an emergency regime has shaken the investors' confidence, forcing the price indices to go down, said a DSE broker. The DSE General Index fell by 26.33 points or 1.09 percent to close at 2368.81 points, while the CSE Selective Categories Index declined by 36.41 points or 0.9 percent to end at 3969.79 points. Besides, the DSE All Share Price Index dropped by 21.49 points or 1.07 percent, finishing at 1969.3 points, while the CSE All Share Price Index fell by 50.43 points or 0.82 percent, closing at 6045.68 points. A total of 10,179,129 shares worth Tk 156.01 crore changed hands on Dhaka Stock Exchange (DSE), while a total of 1,104,974 shares worth Tk 11.63 crore were traded on Chittagong Stock Exchange (CSE). Of the issues traded on the premier bourse, 43 advanced and 147 declined with 20 unchanged, while of the issues traded on the port city bourse, 21 gained and 70 decreased with eight unchanged.



PHOTO: BANK ASIA

Syed Anisul Huq, president and managing director of Bank Asia Ltd, and managing directors and senior officials of nine other banks and GBB Power Ltd pose for photographs at a syndicated term loan agreement signing ceremony recently in Dhaka. Under the deal, Bank Asia with the help of the banks has arranged a Tk 84 crore syndicated term loan facility for the power generating company.

Intensify drive to realise default loans

Mainul asks bankers

Bss, Dhaka

Adviser for Law and Information Barrister Mainul Hossain yesterday described bank's money as public money and called for launching drives to realise the default loans from the borrowers. Barrister Mainul advised bankers to intensify their loan recovery drives side by side accelerating efforts to dispose the pending cases at the Arthorin Adalat. The adviser said this while briefing journalists after chairing a review meeting on Arthorin Adalat Act 2003 held at the conference room of the Information Ministry here. Law Secretary Kazi Habibul Awal, Finance Secretary Dr Mohammad Tarek and chiefs of different banks attended the meeting.

Bankers are the partners of the country's economic activities, the adviser said, urging them to play their vital role in propelling the national economy. "The banking sector should come forward to help improve and smoothen the trade and commerce in the country," he added. The meeting reviewed merits and demerits of the Arthorin Adalat Act 2003 and discussed various faults with the act and issues relating to settling quickly the writ cases. The meeting regretted that a significant portion of the default loans could not be realised as many cases on default loans have long been pending with the higher courts and many cases are awaiting the verdict of the higher court. It was decided at the meeting that the top bankers of the financial

institutions would submit a written recommendations to the Law Ministry suggesting the ways to sort out these problems. The adviser said the formation of a special bench with the High Court to settle thousands of the writ cases on default loans would be considered, a press release of the ministry added. Barrister Mainul urged the law officials of the banks to be more active for expediting the settlement of the loan default cases and realising the long outstanding default loans. The adviser said the loan default culture should be ended for restoring transparency, professionalism and honesty in the country's banking sector side by side ensuring accountability.

Bank Asia arranges Tk 84cr for GBB Power

Bank Asia Ltd with the help of nine other banks has arranged a Tk 84 crore syndicated term loan facility for GBB Power Ltd, says a press release. The fund will be used for setting up a 20-MW power plant in Bogra with an estimated project cost of Tk 120 crore. An agreement to this effect was signed recently between the banks and the power generating company. Bank Asia was the lead arranger and Trust Bank Ltd co-arranger in the syndication, while other participating banks were Uttara Bank Ltd, IFIC Bank Ltd, United Commercial Bank Ltd, Dhaka Bank Ltd, NCC Bank Ltd, Premier Bank Ltd, Mutual Trust Bank Ltd and Bangladesh Commerce Bank Ltd. Syed Anisul Huq, president and managing director of Bank Asia, Iqbal U Ahmed, managing director of Trust Bank Ltd, and senior officials of GBB Power and the banks signed the deal on behalf of their sides.

Siemens India to double operations

APP, Mumbai

Siemens India, a unit of German-based Siemens AG, said Tuesday it will double the size of its operations in the next three years. The growth in India would be in the areas of domestic business, exports and sourcing, Siemens AG chief executive Peter Loscher told reporters on Tuesday, in his first visit to Asia after taking charge in July this year. "We are here to stay and grow. We remain bullish for India's economic growth story," Loscher said.

India's largest RMG maker sells majority stake to US firm

PALLAB BHATTACHARYA, New Delhi

In one of the biggest deals in Indian garment sector, the US-based private equity firm Blackstone Group has picked up 50.1 percent stake in India's largest biggest garment exporter Gokaldas Exports. Blackstone paid about 16 million dollars for the majority stake in the Bangalore-based Indian company and will spend another 49 million dollars to acquire 20 percent more equity in the company. The deal will give Blackstone control of over 46 garment manufacturing facilities with 47,000 employees in India capable of producing 2.5 million pieces a month. Indian garment manufacturers are under pressure for margin ever since the national currency has been hardening against US dollar. In fact, the Rupee rose by nine percent in the first quarter of the current financial year. The deal, textile sector analysts said, could spark consolidation in garment export business in the face of increased competition from countries like China and Bangladesh in the quota-free international textile regime that began on January 2005. Garment industry sources here said Bangladesh with export earnings of about six billion dollars is giving India a run for a slice of international market. Many of the 50 Indian garment companies do not have the scale of production to be globally competitive and small players are expected to go for sell-out, they said. India's garment export to the US is estimated to have dropped by ten percent in value terms in the last one year and Indian companies have not been able to make much foray into the European market. With the Rupee appreciating, the industry is facing a trying time.

Rupali Ins chairman reelected



Mostafa Golam Quddus has been reelected chairman of Rupali Insurance Company Ltd, says a press release. Chairman of Dragon Group, a sweater manufacturing company, Golam Quddus is a former president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Oil prices lower

AFP, Singapore

Oil prices were lower in Asian trade Tuesday as US energy facilities looked set to escape the fury of Hurricane Dean, dealers said. At 10:30 am (0230 GMT), New York's main contract, light sweet crude for September delivery fell 32 cents to 70.80 US dollars a barrel from 71.12 dollars in late US trades Monday. Brent North Sea crude for October delivery dropped 35 cents to 69.50 dollars a barrel.

Budget making should not be at NBR's hands

K SIDDIQUE-E- RABBANI

The primary task of the National Board of Revenue (NBR) is to collect taxes for running the expenses of the country. On the other hand, the main purpose of the national budget is to promote a balanced economic development in all sectors, which involves taking calculated risks as well. Now it does not need a lot of imagination to appreciate that it is impossible for the same organisation to play these two roles simultaneously which need entirely different logistics and psychological make up. Just take the case of any industrial concern. The attitude of the managing and marketing teams should be to boost their manufacture and sales, even taking risks sometimes, and through investing in R&D for future growth. On the other hand, the attitude of the team responsible for collecting outstanding revenues from customers will be entirely different. They will think that investing in R&D is a total waste, and taking marketing risks is not at all desirable. If the revenue collection team is given the upper hand over the managing and marketing teams, the company will sure go down. Similar is the case for NBR. Can

we have an aggressive and dynamic industrial or commercial policy with NBR having the responsibility of budget preparation? Never, it will always think how much it can collect as taxes, and how to widen the tax net. Well, it is not NBR's fault, it is the job it is primarily assigned for, and the government itself exerts this pressure at times of difficulty, which is the norm for a poverty-stricken country like Bangladesh. So NBR is not to see whether the nation's education, agriculture and industries are being nurtured or destroyed, as long as it gets its immediate reward - taxes, in any form. Budgetary policies are the main tool for national development. You can mobilise the whole people into, or out of an economic activity simply through the tax policy. Therefore there must be adequate research and data archival for planning future strategies for taxation. Does the NBR have any such research cell or data archive? The answer is a plain NO! All its data and analyses are in the heads of its officers. Their personal understandings, even personal whims or vested interests are the basis of the tax policies of Bangladesh. Think a bit! A nation's development depending on individual perceptions, and that without

any research and planning! It also opens up a vast opportunity for corruption going against national interest. Simply influencing a few individuals at NBR will change the fiscal policies to favour any group and to disfavour others. An NBR official will instantly quote a fabricated and wrong statistics to suit vested interests of which she or he may be a beneficiary if someone argues on a budget issue. The official, being in a position of authority, can easily rule out a logical and valid argument of a challenger. That is the reason that our country has become an import-dependent nation, disfavoured local industrial production. Because of a colonial history, which deliberately choked local industries to favour theirs, importers and traders exercised more powers traditionally than producers, and the very small industrial entrepreneurs had no chance against this combined opposition of traders and their friends in the NBR. It is impossible for the small entrepreneurs to reach the top officials of the NBR, not to mention ministers or advisers who remain ever in the distance, insulated from the ordinary people. Even if the plight of the very small entrepreneurs are raised by some civil

members like us, it falls into deaf ears. A civil member will possibly talk to the chairman of the NBR for an hour at best, but the corrupt NBR officers will get the opportunity of meeting the chairman everyday, and will have as long as they need to convince him/her in agreeing to their vicious designs, placed in a clever way, twisting information as necessary. Ultimately the accepted policies go against the national interest. Since the same organisation formulates the policies, collects tax, and also adjudges cases of tax evasion, the NBR has become a demi-God! It is quite natural that they will formulate fiscal policies that will open up more opportunities for corruption, and they can make almost any person or commercial institution a hostage to their whims and self-motivated demands. It would not be too wrong to assume that the NBR has been the single main agent for non-development and for continuation of poverty in our country, though no one has pointed this out so far. However, this is not due to a fault of the NBR itself. It is us, the people, who made the system of governance and gave the NBR its terms of reference. Therefore my proposal would be to set up a separate body for budget preparation, may be under the

Ministry of Finance or Planning, but entirely dissociated from the NBR. They should have all the facilities for fieldwork and research, data analysis and archiving. They will also interact with the NBR to find out a realistic figure of revenue collection, and how to balance development and revenue collection through the data they have. They will also have open discussions with agriculturists and their associations, manufacturing and trading associations, educationists, civil society bodies, in fact, with all groups involved with national development. There should also be open public discussion through the media in the initial stages, and after the draft of a basic policy is prepared. In effect much of the policy will depend on technical data and public involvement, not on personal understandings and whims, as is the norm at present. I hope the civil society and the present caretaker government will give a serious thought to this proposal.

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PHOTO: BRAC BANK

Chairman of BRAC Bank Ltd Fazle Hasan Abed inaugurates the bank's Graphics Building branch at Motijheel in Dhaka recently. Managing Director and CEO Imran Rahman, Chief Operations Officer Kaiser Tamiz Amin and senior officials, among others, were present.

China raises interest rates again to curb inflation

ANNI CHINA DAILY

China's central bank raised the benchmark interest rates on Tuesday for the fourth time this year in an effort to prevent the economy from overheating and curb accelerating inflation. The one-year deposit rate will increase 27 basis points to 3.60 percent, while one-year lending rate will rise by 18 basis points to 7.02 percent, effective on Wednesday, the People's Bank of China said in a statement on its website. The increase is aimed at better steering bank credit and stabilizing inflation expectation, according to

the statement. The timing is somewhat of a surprise as the central bank usually announces interest rate changes during the weekend in the past. However, the latest hike is not totally unexpected given mounting concerns about overheating economy and accelerating inflation. China's gross domestic product grew 11.9 percent in the second quarter this year, the fastest recorded in a decade. In July, the trade surplus rose 67 percent from a year earlier to \$24.4 billion, the second-highest monthly total, and the money supply climbed 18.5 percent, the biggest increase in

more than a year. CHINESE NOW ALLOWED TO INVEST IN OVERSEAS STOCKS Another report adds: Mainland residents will, for the first time, be allowed to directly invest in overseas securities under a pilot program to be launched in the northern port city of Tianjin. Investors can use their foreign exchange or purchase foreign currency to open an account with Bank of China's Tianjin branch or Bank of China International Securities in Hong Kong, according to a statement on the State Administration of Foreign Exchange (SAFE) website.