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AIRFREIGHT BUSINESS FOR EXPORT-IMPORT COMPANIES

Courier firms asked to get C&F licence

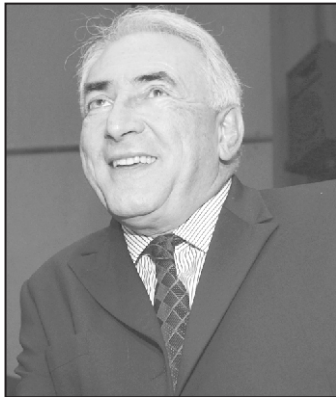
JASIM UDDIN KHAN

The government has made it mandatory for courier service providing companies to take clearing and forwarding (C&F) licence to carry freights for export-import firms in the country in a bid to stop 'smuggling' of such goods as jewellery, drugs and cellphone sets through parcels. The decision was taken recently to bring the courier business under direct control of customs department and monitor export and import through parcels. "Import through courier companies has increased significantly and the business is currently run without government's direct control," said a high official of the National Board of Revenue (NBR). He said a latest investigation carried out by a detective branch

has found that a section of smugglers in connivance with some of the courier companies is allegedly using parcels as their means of smuggling illegal goods. The official quoting the investigation report said contraband drugs, jewellery, cosmetics, mobile phone sets and high-end electronic goods are some of the items that are being smuggled into the country through parcels. The government has decided to expand the spaces for keeping parcels in the airfreight zone of the Civil Aviation Authority, as it is very difficult to examine the parcels in such small space. Besides, the NBR has asked the Dhaka Customs House to propose to the government to procure a new scanning machine to scan the imported products through parcels.

The NBR is also considering appointing some customs officers to examine imported products, which come through parcels at Zia International Airport (ZIA). "As only three to four customs officers are now working to monitor the activities of the courier companies at ZIA, most of the imported products remain unchecked," a customs official said. However, Abdul Mannan, manager (Administration) of FedEx-Bangladesh Express Co Ltd, said the allegation of smuggling through parcels is not correct. "Currently, all the products subject to duty come through customs check. It is quite impossible to smuggle any goods through courier companies without the knowledge of the customs officials," Mannan added.

When asked, Vice President of Courier Service Association of Bangladesh (CSAB) Muhammad Musa said the allegations of smuggling were raised against two companies, which are not members of the association. "If any member is found involved in smuggling, we will take action against the company," Musa added. He said only 20 courier companies who have a separate association called Air Express Council of Bangladesh do airfreight business for export-import firms. Fifteen local and five foreign companies are members of the council but the foreign companies control 80 percent of the international freight business.



IMF names Strauss-Kahn new chief

AFP, Washington

The International Monetary Fund on Friday named France's Dominique Strauss-Kahn its new managing director, a diplomat who spoke on condition of anonymity told AFP. Strauss-Kahn, a former French Socialist finance minister and presidential candidate, was backed by Europe and the United States, the powers that still dominate the IMF. The IMF board of executive directors was meeting Friday morning ahead of its expected official announcement of the new managing director. Strauss-Kahn would take over from Spain's Rodrigo Rato next month, who is stepping down nearly two years before the end of his five-year mandate for personal reasons. Strauss-Kahn, nominated by the Europe Union, was vying for the top post with Josef Tosovsky, a former Czech central bank governor proposed by Russia. The 58-year-old Frenchman has pledged to be a "consensus-builder" at the 185-nation financial institution, which bails out countries in crisis but faces its own crisis of relevancy and legitimacy in a world flush with cash and access to capital. The next managing director faces the daunting task of rebuilding both credibility and relevancy, and the Fund's coffers. Many countries question its relevancy because voting rights and the structure of representation on the board do not reflect the strength of the new economic powers. That issue is at the heart of the debate over the unwritten tradition that the leading European powers choose the IMF head and the United States picks the president of the World Bank. Among the challenges the IMF faces is a lack of borrowers after aiding a number of countries during the 1990s, such as Indonesia, South Korea, Russia, Brazil, Argentina and Mexico.

Farmers to get loans at 2pc interest from BKB

Bss, Dhaka

Bangladesh Krishi Bank (BKB) will offer loans to farmers at a nominal interest rate to boost production of the crops like pulses, oil seeds and spices. According to a BKB press release, the bank will give the loan to trained farmers only with 2 percent interest to encourage them to boost the production of the crops to reduce dependence on import to save hard earned foreign currencies. A tripartite agreement to this effect was signed at BKB headquarters in Dhaka on Tuesday.

Managing Director of BKB M Fazlul Haque, Director General of Bangladesh Palli Unnayan Board (BRDB) Abdus Sobhan Sikder and Director General of Department of Agriculture Extension (DAE) Mohammad Shamsul Alam signed the agreement on behalf of their organisations. To make the special crop credit programme a success, the government has undertaken a project for production, preservation, processing and marketing of the crops. The BRDB and DAE have taken up measures to impart necessary training to the farmers in 146 upazilas of 20

districts. Under the agreement, BRDB and DAE will provide necessary help to the BKB in supervising, grating and realising the loan, the press release said. After signing the agreement, the top executives of the organisations expressed the hope that the project will be successful to increase the crop production. They said the project would play an important role in building a strong economic foundation for Bangladesh.

Make draft papers public before signing deals with foreign firms

Roundtable urges govt

STAR BUSINESS REPORT

The government needs to make draft agreement papers public before striking any deal with foreign companies, speakers told a roundtable in Dhaka yesterday. Had the people been made aware of terms of contracts earlier, the country would have benefited from deals with international oil and gas and mobile phone companies, they added. "We were able to make the government not sign Policy Support Instrument (PSI) deal with the IMF (International Monetary Fund) because we came to know that it was not beneficial for the country," said economist Professor Abu Ahmed. Campaign on Citizen's Right to

Information, a platform for free flow of information, organised the roundtable as part of its three-day programme to mark International Right to Know Day. "Development and Investment Deals: Citizens' Right to Know" was the title of the discussion presided over by former adviser to the caretaker government SM Shahjahan. "Now, the mobile phone companies repatriate all of their profits to their home countries. But there was no mandatory provision in the licences to offload a part of their shares in capital market for the benefit of local people," Abu Ahmed further said. "The government signs different deals with the IMF and the World Bank and other international finan-

cial organisations but it [the government] does not discuss the deals in parliament," Saiful Haque, general secretary of Workers Party, said. "We get a few information from the government but we do not get any information from the international financial organisations such as IMF and WB," said Ahmed Swapan, executive director of Voice, an NGO. He also urged the government to enact law forcing the international organisations to provide required information. MM Akash, professor of economics at Dhaka University, Abdul Matin, general secretary of Bangladesh Paribesh Andolon (Bapa), among others, spoke.

Dhaka Bank mandates RSA Capital to raise Tk 200cr as tier 2 capital

Dhaka Bank Ltd has mandated RSA Capital to raise Tk 200 crore in the form of subordinated convertible bonds as tier 2 capital (subject to regulatory approval) from onshore and offshore institutional and local investors. An agreement to this effect was signed between the bank and RSA Capital recently, where the bank is the issuer and RSA Capital is the lead arranger, says a press release. The issue is expected to be listed on the stock exchanges of Bangladesh, the release adds. The transaction would accelerate the process of deepening the nascent fixed income capital market in the country, expect both the companies.



PHOTO: A POSITIVE

Senior officials of Dhaka Bank Ltd and RSA Capital are seen at an agreement signing ceremony recently. As per the deal, the bank has mandated RSA Capital to raise Tk 200 crore in the form of subordinated convertible bonds as tier 2 capital (subject to regulatory approval) from onshore and offshore institutional and local investors.

India to open retail market for FDI

ANN/ THE STATESMAN

India will open up its \$330 billion retail market to foreign investors. After convincing mom and pop store owners that their jobs are not at stake from big players, India's finance minister P Chidambaram said that it is only a matter of time before the policy is tweaked to allow FDI in retail in India. "In course of time, their fears will be allayed and it is only a matter of time before the policy is tweaked to allow FDI in retail," he said during an interaction with students of Wharton School of the University of Pennsylvania here yesterday. While political opposition as regards allowing FDI in retail is well known, there has been a growing opposition from thousands of small retailers who employ millions of people to even entry of domestic corporates into the sector. "Experience tells us (organised) retail does not drive them (small retailers) out. They will reorganise themselves and thrive. But there is a

genuine fear that has to be allayed," Chidambaram told the students at a packed Dhirubhai Ambani auditorium at the school after delivering the Wharton Leadership Lecture. Earlier this week, India's commerce and industry minister Kamal Nath had said that the issue was not about allowing FDI in retail but that of large versus small players. His ministry has asked economic think-tank ICRIER to study the situation and the report is expected in a month. Nath's comments had an unsettling effect on big companies, which have presence in retail, as only last month some of the corporate-run food stores received orders to shut their shops in Uttar Pradesh. The state government, which cited law and order problems for the decision, has appointed its own commission to study the problem, but the report is yet to be tabled. Food products and groceries contribute about 55 per cent of the entire retail market, which has been

growing at a CAGR of 10 per cent over the last five years, according to India Brand Equity Foundation. The finance minister said: "We will patiently educate them (mom and pop store owners) before they accept retail chains." India allows 100 per cent FDI in cash-and-carry and wholesale operations, besides permitting 51 per cent FDI in single-brand retail. Some multinational players like Wal-Mart, who had waited long period for the sector to be opened up, have joined hands with domestic companies as their cash-and-carry partners. "Opening the retail sector to FDI will take a little time," Chidambaram said. India has been ranked World No 1 in the AT Kearney Global Retail Index 2006 and according to industry estimates, the organised and unorganised retail market will grow to \$427 billion by 2010 and \$637 billion by 2015.

Vietnam's RMG makers for quick abolition of US import regime

XINHUA, Hanoi

Vietnam's garment makers opposed the United States' import regime and wanted it to be quickly abolished, local newspaper Vietnam News Friday quoted a Vietnamese deputy minister of industry and trade as saying. US customs figures proved that Vietnam had not dumped its garments and textiles into the United States, deputy minister Bui Xuan Khu said when meeting with visiting David Spooner, Assistant Secretary for Import Administration, US Department of Commerce. Earlier, a Vietnamese Industry and Trade Ministry delegation led by American Market Department director Nguyen Duy Khien met with US Commerce Department officials, discussing ways to settle difficulties with the US garment import regime. Commerce Department officials at the meeting had conceded the application of the regime had a negative impact on both US and Vietnamese businesses, Khien said.

City Bank launches debit card, ATMs

The City Bank Ltd has opened six ATM (automated teller machine) booths in Dhaka and launched VISA Electron debit card for the clients of the bank's 82 branches. The bank has also announced to open 40 more ATM booths soon, and there will be no fee for debit card until December 31, 2007. Managing Director and CEO of the bank Kazi Mahmood Sattar inaugurated the ATMs on Wednesday in Dhaka, while other senior officials were present, says a press release.

Oil prices above \$83

AFP, Singapore

Oil traded above 83 dollars a barrel in Asia on Friday as traders watched a new storm in the Gulf of Mexico. New York's main futures contract, light sweet crude for delivery in November, was 31 cents higher at 83.19 dollars a barrel in morning trade. The contract had surged 2.58 dollars to 82.88 in late US trades Wednesday, when it edged closer to the all-time intraday high of 84.10. Brent North Sea crude for November delivery was at 80.33 dollars, up 30 cents after breaching the 80-dollar level for the first time in London, where the contract soared 2.60 dollars.

TM to split mobile, fixed-line operations

AFP, Kuala Lumpur

Telekom Malaysia on Friday announced it will revamp its operations and split its mobile and fixed-line businesses into two separate entities listed on the local bourse. Under the plan, TM International Sdn Bhd will take over Telekom's domestic mobile operators and non-Malaysian businesses. It will seek a listing on Bursa Malaysia. Telekom, already listed on the exchange, will hold remaining businesses comprising fixed-line voice, data and broadband services and other telecommunication and non-telecommunication related businesses. "The proposed demerger allows for improvement of organisational focus through more explicit management mandates and accountability for each respective business entities and tailored performance management," Telekom said in a statement.



PHOTO: THE CITY BANK

Managing Director and CEO of The City Bank Ltd Kazi Mahmood Sattar inaugurates an ATM (automated teller machine) booth at Motijheel in Dhaka on Wednesday. Senior officials of the bank, among others, were present.