

France keen to invest in energy sector

Says its foreign minister

STAR BUSINESS REPORT
France is interested in investing and developing connectivity, infrastructure and energy, including renewable types, in Bangladesh and expressed the country's readiness to work closely on climate change issues.

It is also eager to support the clean development mechanism, cooperate in agriculture and allied sectors, boost trade, build capacity and cooperation in hydrology, marine and undersea resources exploitation, river dredging and flood management.

French Foreign Minister Bernard Kouchner yesterday expressed these during official talks with Bangladesh Foreign Minister Dipu Moni, who is now on a visit to France.

The French foreign minister pro-

posed formation of an efficient joint mechanism between the two countries, according to a message received here yesterday.

Kouchner said France was looking forward to the visit by Prime Minister Sheikh Hasina to France.

He also expressed willingness to visit Bangladesh when Foreign Minister Dipu Moni conveyed Prime Minister Sheikh Hasina's invitation.

Dipu Moni briefed her French counterpart on the present government's initiatives to strengthen democracy, secularism and human rights in Bangladesh. She also talked about the development initiatives under 'Vision 2021'.

The French foreign minister praised Bangladesh for its achievement in development, good governance,

women empowerment, human rights, fight against terrorism and in UN peace-keeping operations.

He commended the people of Bangladesh for their secular values and acknowledged Bangladesh's active and assertive role in regional and international forum.

Kouchner assured Dipu Moni of his country's continued development partnership for Bangladesh. He expressed his country's readiness to work closely on the climate change issue in the run up to Cancun.

The Bangladesh foreign minister was assisted by Md Enamul Kabir, Bangladesh ambassador to France, and AFM Gousal Azam Sarker, director general (Europe) of the foreign affairs ministry, at the talks.



Chairman of Bank Asia Anisur Rahman Sinha presides over the bank's 11th annual general meeting at Dhaka Sheraton Hotel yesterday. The bank declared 40 percent stock dividend for 2009. Directors A Rouf Chowdhury, Mohd Safwan Choudhury, Rumea A Hossain, Sohana Rouf Chowdhury, Faisal Samad, Mashiur Rahman and President and Managing Director Erfanuddin Ahmed were also present.

Bank Asia declares 40pc stock dividend

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Bank Asia yesterday declared 40 percent stock dividends for 2009 at its 10th annual general meeting, the bank said in a statement.

Bank Asia Chairman Anisur Rahman Sinha presided over the meeting at Dhaka Sheraton Hotel.

Vice Chairmen Anwarul Amin and AM Nurul Islam, Directors A Rouf Chowdhury, Mohd Safwan Choudhury, Rumea A Hossain, Sohana Rouf Chowdhury, Faisal Samad, Mashiur Rahman and President and Managing Director Erfanuddin Ahmed were also present.

ICC urges G20 to keep markets open

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International Chamber of Commerce (ICC) has called upon the G8 and G20 leaders meeting in Toronto on Saturday to take action in three areas: international trade and investment, climate change and energy, and intellectual property and innovation.

The ICC recommendations include prioritising the restoration of trade finance levels, resisting protectionism, and concluding the Doha trade negotiations by the year-end.

The chamber also suggested a list of specific steps to be taken for effective action on climate change, and uphold commitments to curb counterfeiting and piracy, according to a statement.

ICC, which represents companies from all sectors in more than 120 countries, regularly provides global business views to the

G8 and G20.

It cautioned the leaders that lurching into economic nationalism would seriously dislocate commercial activity and have far-reaching negative effects across supply chains worldwide.

World trade, which contracted by 12.2 percent in 2009, is forecast to rebound by 9.5 percent in 2010 if oil prices, major currencies and financial markets remain relatively stable, the ICC statement said.

"The multilateral trading system has again proven its worth during the worst economic crisis since the Great Depression of the 1930s," said ICC Chairman Victor K Fung. "But we call upon the world leaders to avoid protectionist measures that would be detrimental to the still fragile economic recovery."

Ficci upset over proposal to withdraw special tax treatment

STAR BUSINESS REPORT

Foreign investors yesterday criticised the government for proposing to withdraw the special tax treatment for untaxed income in the budget for 2010-11, saying it would squeeze investment opportunities.

They also urged the government to review the discretionary power proposed for the revenue officials.

Members of the Foreign Investors Chamber of Commerce and Industry (Ficci) yesterday discussed these issues at a press conference in Dhaka.

"In the proposed budget, customs, VAT and income tax laws and the discretionary powers of tax officials have been increased, which shall invariably

squeeze the existing taxpayers and lead to an increase in harassment," Hamim Rahmatullah, the Ficci president said.

He said due to the excessive power of the revenue officials, the private companies will have to face increased pressures, which may frequently force them to go to court against their decisions. "We do not want to fight at the courts. We want to run our businesses properly," Rahmatullah added.

"The amendments to section 19 are clearly directed at discouraging investment," Rahmatullah added.

The Ficci also urged the government to review the provision of tax on the premium over face value. "The provision of tax on the sale of share at a premium over face value will discourage a

company from getting listed on the stock exchange and will encourage private placement of equities, which is largely unregulated," the Ficci president said.

A member of the chamber demanded change in the fiscal timing, saying the existing July-June period contributes to poor implementation of the annual development programme.

"We have seen that different agencies hurry to implement the ADP at the end of the fiscal year, when it is the rainy season. Due to bad weather conditions, output of the development activities is very poor," said Mohammed N Alam, Ficci member and chairman of Punj Lloyd Renewables (Bangladesh) Ltd.



AM Hamim Rahmatullah, president of Foreign Investors' Chamber of Commerce and Industry, speaks at a post-budget press conference at the Westin Dhaka hotel yesterday. MA Matin, the chamber's secretary general, was also present.



Abul Kasem Khan, president of Dhaka Chamber of Commerce and Industry (DCCI), speaks at a post-budget press conference at DCCI office in the capital yesterday. Md Sirajuddin Malik, second from left, vice president, is also seen.

DCCI urges govt to reconsider tax proposals

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The Dhaka Chamber of Commerce and Industry has said the proposed higher tax at source for the export sector will hamper RMG export growth.

It said the sector will lose global competitiveness if the government proposal of one percent tax at source on exportable goods, which is four times higher than the previous year, is implemented.

The chamber leaders' call came at a post-budget press conference in Dhaka yesterday.

They also urged the government to increase the lowest ceiling for income tax to Tk 2 lakh from the existing Tk 1.65 lakh, as the cost of living has significantly increased on inflation and a price spiral of necessities.

They proposed that the government reduce the corporate tax to 25 percent from the proposed 27.5 percent for listed companies; to 35 percent from 37.5 percent for non-listed companies; and to 40 percent from 42.5 percent for banks.

The value added tax (VAT) is a government revenue collection mechanism, which is ultimately borne by the end user.

The business leaders claimed that

the prices of products will rise next fiscal year as the government imposed 20 percent VAT on business operations, which is two times greater than the rate in the outgoing budget.

They also said the government imposed VAT on some items, such as the rent for commercial office space, which is an extension of the VAT concept.

"VAT is levied on each stage of value addition of a product or service. Since VAT on rent of commercial office space has no value addition, businessmen want to know from the government why they have to pay VAT on it," said Rafiqul Islam Khan, a director of DCCI.

In response to a query, a section of DCCI leaders, who are involved in the garments sector, said they would increase the minimum wages for RMG workers as per the government-fixed rate as soon as possible.

"We want to increase the minimum wages for the RMG workers, but they have to wait for the time being as the government has taken initiatives to upgrade the minimum wages," a DCCI leader said.

The leaders also proposed that the government operate the PSI (pre-

shipment inspection) through PPP (public private partnership) programmes.

"We urge the government to operate the PSI system under PPP by involving exporters as the customs department of NBR is yet to raise capacity," said Abul Kasem Khan, president of DCCI.

Apart from this, they urged the government to finalise the PPP guideline by enacting a law through parliament, rather than issuing an executive order, as there is a common phenomenon in Bangladesh of changing the policies when a new government assumes power.

The private sector wants protection for their investment. If they do not get protection, they will not invest under PPP, said industry insiders.

The DCCI leaders also urged the government to allocate Tk 10,000 crore for the power and energy sector from the proposed Tk 6,115 in the budget, provide special allocation of TK 5,000 crore to ease traffic congestion in Dhaka, continue privatisation of state-owned enterprises, create a separate ministry for railways and implement the Dhaka-Chittagong Economic Corridor project with special budgetary allocation.

Grameenphone distributes dividends

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Grameenphone Ltd has successfully distributed dividends to all its shareholders within 12 days of its 13th annual general meeting (AGM).

The AGM was held on June 8, where shareholders approved 60 percent cash dividends for the year 2009. Around 110,000 shareholders were entitled to receive dividends, according to an official statement of the company.

Around 28,000 shareholders, who maintain online bank accounts, received dividends through the online transfer system.

Another 35,000 shareholders collected their dividend warrants from the leading mobile operator's designated distribution centre.

The remaining 47,000 dividend warrants were handed over to courier service companies for onward distribution.

Matin Spinning to go for IPO

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Matin Spinning Mills Ltd has recently signed an agreement with IDLC Finance Ltd for raising capital through initial public offering (IPO) under book building method, said a statement.

IDLC Finance will act as the issue manager of the offering.

Matin Spinning Mills, an export oriented cotton spinning mill from DBL Group, has a production capacity of 25,000 kg per day. It started commercial operation in October 2006.

From DBL Group, Abdul Wahed, chairman, MA Jabbar, managing director, MA Rahim (Feroz), MA Quader Anu, Md Hassan Imam, directors, and from IDLC Finance, Selim RF Hussain, managing director and CEO, and Arif Khan, deputy managing director, were present at the signing ceremony.



Berger Paints Bangladesh and BASF Bangladesh have recently signed a deal at Berger corporate office in Dhaka. As per the deal, Berger will manufacture construction chemicals in technical collaboration with BASF. Rupali Chowdhury, managing director of Berger Paints, and Saria Sadique, chairman and managing director of BASF, inked the agreement.

Mobile payments solution to benefit the poor: Study

STAR BUSINESS DESK

A secure mobile payments solution can extend the benefits of mobile-based electronic commerce in Bangladesh to the grassroots, said a study conducted by LIRNEasia, a regional think tank.

M-commerce has great potential to provide many of the benefits of e-commerce to those at the "bottom of the pyramid" living on roughly \$2 per day in developing countries, the study said.

M-commerce can allow for a greater number of transactions to take place and the market to expand, leading to greater benefits to buyers and sellers.

Looking at the case study of the popular Bangladeshi mobile-based electronic marketplace, CellBazaar, LIRNEasia said such a service can be extended to include a full transaction.

Mobile payments that allow for small payments to be made between individual mobile subscribers would facilitate such a process, it said.

Berger, BASF team up

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Berger Paints Bangladesh Ltd recently signed a deal with BASF Bangladesh Ltd to produce construction chemicals, said a statement yesterday.

Rupali Chowdhury, managing director of Berger, and Saria Sadique, chairman and managing director of BASF, signed the memorandum of understanding at the Berger Corporate Office in Dhaka.

Abdul Khalek, director of finance and company secretary, and Mohsin Habib Chowdhury, general manager for sales and marketing of Berger, Lauri Wogschin, manager for Asia Pacific (polymer dispersions for construction) of BASF South East Asia Pte Ltd, Singapore, were also present.



Matin Spinning Mills Ltd, a concern of DBL Group, entered into an agreement with IDLC Finance Ltd for raising capital through initial public offering. Abdul Wahed, chairman, MA Jabbar, managing director of DBL Group, and Selim RF Hussain, managing director and CEO, and Arif Khan, deputy managing director of IDLC Finance, were present at the signing ceremony in Dhaka recently.