

# FBCCI urges govt to lower interest rates

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday expressed deep concerns over the looming stagnation of the country's overall investment climate due to liquidity crisis, high interest rates and shortage of foreign currency reserve.

In a statement, the apex trade body said the interest rates have gone up suddenly after the 13 percent cap on bank's lending

rates was withdrawn.

"The country's trade and business activities are facing three-prong crisis due to high margins in opening letters of credits, imposed by liquidity crisis, high interest rates and shortage of foreign currency reserve," the chamber said.

The government had capped bank interest rates at 13 percent to increase investments in the productive and labor-intensive sectors such as agriculture, small and medium

enterprises and energy, in efforts to create jobs through faster industrialisation.

On March 9, the government withdrew the lending cap, and since then, the commercial banks have sent letters to different business organisations, stating the interest rates have been fixed at 16 percent to 20 percent, said FBCCI.

"As a result, the business activities will be affected financially. The investments will not be sustainable and profitable due to

additional interest rates," it said.

The chamber said the government's goals on investment and additional employment stated in the planned sixth five-year plan would not be achieved if crises regarding high interest rates, liquidity supply and foreign currency reserve are not solved on urgent basis.

"Besides, the imports and exports costs will go up and the prices of essentials will increase, which will ultimately upset the country's economy,"

the chamber said.

The FBCCI proposed the government to lower interest rates to the previous level as soon as possible. It also demanded the authorities bring down the lending rates to single digit for the loans going to the productive sector in line with the practices in the neighbouring countries.

The chamber urged Bangladesh Bank to issue a circular asking the commercial banks to realise services charges in line with the central bank's policies.

# New vice chairmen of Bank Asia



Mohd Safwan Choudhury Mohammed Lakiotullah

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Mohd Safwan Choudhury and Mohammed Lakiotullah have been re-elected vice chairmen of Bank Asia, it said in a statement yesterday.

The election was held at the bank's board meeting in Dhaka on Wednesday.

Former president of Sylhet Chamber of Commerce and Industry, Choudhury is the managing director of M Ahmed Tea & Lands Company Ltd, Phulbari Tea Estates Ltd and M Ahmed Cold Storage Ltd. He is also the current chairman of Bangladesh Tea Association.

Lakiotullah was the founder managing director of Export Import Bank of Bangladesh. He is also the former managing director of Jamuna Bank.

# BPC moves to ensure diesel supply to the north

RAFIQUE SARKER, Rangpur

Bangladesh Petroleum Corporation (BPC) has taken steps to transport diesel directly from Chittagong to Rangpur by railway for the first time, in a bid to resolve the energy crisis in eight northern districts throughout the boro season.

BPC has planned to supply 7 lakh litres of diesel a week to the northern region, the largest pocket of IRRRI-boro rice.

The state-owned company brought 8.94 lakh litres of diesel to Rangpur yesterday for three companies under BPC for supply to different districts.

Earlier, the corporation had transported diesel by river and unloaded it at the Baghabari depot in Sirajganj. Three petroleum companies -- Jamuna Oil, Padma Oil and Meghna Oil -- used to transport diesel from Baghabari by road using tank-lorries.

There is another diesel depot at Parbotipur in Dinajpur, where supplies of diesel were reached by railway. The three companies in the past also brought diesel from Parbotipur to Rangpur and its adjoining districts.

Jamuna Sales Manager Mahbubur Rahman Bishwas said the Chilmari oil depot in Kurigram had been shut down due to navigation problems.

Diesel from the Parbotipur depot is also being carried to the



Bangladesh Petroleum Corporation brings diesel directly from Chittagong to Rangpur by railway for the first time, in an effort to ensure supply of the fuel to northern districts.

50 MW power plant in Thakurgaon and the 20MW power plant in Rangpur. This resulted in scarcity of diesel and the three distributing companies

had to wait to get supplies from Baghabari."

In a press conference, Jasim Uddin Ahmed, the divisional commissioner of Rangpur,

attached importance to the supply of diesel for the farmers of the northern region

"The farmers will not face any problem with supply of diesel

anywhere in Rangpur division because about 15 lakh litres of diesel is needed in all for irrigation during the boro rice season," he said.

# Safta committee approves efforts to relax trade rules

DIPLOMATIC CORRESPONDENT

The working committee of the South Asian Free Trade Agreement (Safta) has authorised preparation of three schedules of commitment to relax the regional trading in services.

There are three categories of countries within South Asian Association for Regional Cooperation (Saarc): Bhutan and Afghanistan have applied for World Trade Organisation (WTO) membership while Nepal, Bangladesh and Maldives are already members of WTO, but are categorised under the least developed countries whereas India, Sri Lanka and Pakistan are under developed countries category. Considering these three

categories, the sixth meeting of the expert group on Saarc Agreement on Trade in Services on March 30-31 held at the Saarc Secretariat in Kathmandu, decided to present three schedules of commitment in the next meeting of Safta in June.

The second meeting of the Safta working group on reduction in the sensitive list held on March 28-29 at the same venue was unable to decide on which products to be taken out of the sensitive list.

Member countries at the meeting informed that they need to hold internal consultation before committing. If the products are removed from the sensitive list, the tariffs of those have to go down

between zero and five percent within next eight years.

But the member states can charge any amount of tariffs on those products that are in the sensitive list.

According to the officials, Nepal has urged Bangladesh to remove 121 products, Pakistan 86 products, Sri Lanka 128 products, and Afghanistan 11 products from the sensitive list.

Similarly, India, Bangladesh, Bhutan and Sri Lanka requested Nepal to reduce tariffs on various products from the list. The Safta agreement was introduced with a view to levying zero customs duty for trading any product by 2012.

# Huawei Marine gets cable project in Southeast Asia

STAR BUSINESS DESK

Huawei Marine Networks Company won the bidding for Batam-Dumai-Melaka (BDM) submarine cable project and will provide the end-to-end turnkey submarine system solution, the company said in a statement yesterday.

The BDM project will establish a cable system between Melaka, Malaysia and Dumai and Batam, Indonesia by the fourth quarter of 2011.

"The new system will bring the leading submarine telecommunication technologies to Malaysia and Indonesia, providing exceptional bandwidth improvement for these two countries, and satisfying their soaring demand for international communications," the statement added.

The BDM system will cross the Straits of Malacca, an area of extraordinarily busy shipping lanes and strong tidal currents.

Telekom Malaysia, PT XL Axiata TBK and PT Mora Telematika Indonesia are the three operators who will work together to build the system.

"It is a great honour for Huawei Marine to be awarded the contract to build this system," said Zhou Jin, chief financial officer of Huawei Marine.

"With the most advanced transmission technology and support from our parent organisation, Global Marine Systems Ltd, the industry-leading company in marine installation, we believe that this system will bring solid, high-capacity data communications to Malaysia and Indonesia in 2011."

# China sees consensus in emerging markets bloc

AP, Beijing

An upcoming meeting of the leaders of the world's leading emerging economies should boost consensus and cooperation among them, although members of the group have yet to decide on whether to establish a permanent secretariat, a Chinese diplomat said Saturday.

The April 14 meeting in the southern Chinese resort of Sanya will include the heads of Brazil, Russia, India, China and - for the first time - South Africa. The five make up the grouping known as the BRIC countries, whose members account for 40 percent of the world's population and 15 percent of global trade.

Discussions in Sanya will cover trade and finance, as well as major political issues, with areas of agreement to be laid out in a final statement, Assistant Chinese Foreign Minister Wu Hailong told reporters at a briefing.

"We hope through the concerted efforts of all parties that this meeting will be an important milestone in the cooperation process among the BRIC countries," Wu said.

Wu said the question of whether to establish a formal BRIC secretariat would be discussed, with a decision based on the group's future evolution.

Wu said the group acknowledged the existence of rivalries and divergent views among its members, but would act to prevent them impeding cooperation.



Mahbub Jamil, chairman of International Leasing and Financial Services Ltd, speaks at the 15th annual general meeting of the company at Spectra Convention Centre on March 30 in Dhaka. The company approved stock dividends of 60 percent and rights shares at 1:1 at par Tk 100 each for the year 2010.

# India bans Iran nuclear-related trade

AFP, New Delhi

India has banned trade in all goods and services with Iran that could help Tehran pursue development of nuclear weapons, a government statement said.

The changes were made in new foreign policy trade rules to conform with a UN Security Council resolution imposing sanctions on Iran related to its nuclear and missile development programme, said the commerce ministry.

India sits as a non-permanent member of the UN Security Council.

The changes posted on a government website Saturday ban trade in all equipment, goods and technol-

ogy which could contribute to Iran's enrichment-related, reprocessing or heavy water-related activities or to the development of nuclear weapon delivery systems.

Energy-hungry India, which has long enjoyed warm ties with Iran, has been treading a delicate path in its relationship with the Islamic republic as the United States presses New Delhi to break commercial links with Tehran.

The export ban comes as India has been struggling to work out a long-term method to pay for oil imports from Iran.

Iran is the second-largest crude supplier to India after Saudi Arabia and supplies up to 14 percent of the country's oil import needs.

# Australia floods may cost coal business \$8b

AFP, Sydney

Devastating floods could cost Australia up to \$8.3 billion in lost coal production, new estimates released on Saturday show -- a sharp increase on earlier projected losses.

The huge deluge that swamped coal-producing Queensland state in January caused significant damage, halting mine production and cutting key transport infrastructure, the Treasury said in its latest economic round-up.

"Contacts suggested that the loss of coal production is estimated to be between 20 million and 30 million tonnes," it said.

The government has estimated the floods, which covered an area the size of France and Germany combined and were followed by destructive Cyclone Yasi, will cut coal production by about 15 million tonnes in