Star BUSINESS

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Business leaders urge India to remove trade barriers

STAR BUSINESS REPORT

Top business leaders yesterday demanded India withdraw all para-tariff and non-tariff barriers to deepen economic relations between the two countries.

AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said Bangladesh could not exploit full benefit from the deals signed so far with India due to non-tariff barriers. "As a result, our exports did not rise to the expected level."

The FBCCI chief urged India to take not only 61 products, but all the 480, off the sensitive list. "All the products should be delisted, which will boost two-way trade for both countries."

His comments came during a press conference at the FBCCI office in the city, where top leaders of the leading chambers such as Metropolitan Chamber of Commerce and Industry (MCCI), Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Dhaka Chamber of Commerce and Industry (DCCI) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), were present.

The media brief was organised on the eve of the two-day visit of Indian Prime Minister Manmohan Singh and chief ministers of India's five north-eastern states of Assam, Tripura, Mizoram, Meghalaya and West Bengal. The visit starts tomorrow.

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From right, AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI); Amjad Khan Chowdhury, president of Metropolitan Chamber of Commerce and Industry; Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association, and Salim Osman, president of Bangladesh Knitwear Manufacturers and Exporters Association, attend a press conference at the FBCCI office in Dhaka yesterday.

Azad said products certified by Bangladesh Standards and Testing Institution (BSTI) are still being checked by the Indian side. "We have modernised the BSTI. If the BSTI can certify all products in place of only 10 currently, the trade will go up."

He urged India to set up laboratories on its side to speed up the products certification process. India should apply random sampling instead of checking 100 percent products and use e-mail to dispatch results, which will save time.

MCCI President Amjad Khan Chowdhury said the visit would herald a new beginning in the bilateral relationship between India and Bangladesh.

He refuted the claims that the country will be handed over to India if transit agreement is signed.

"It will be the beginning of a new chapter. It will also start the process of the regional agreement. Bangladesh will benefit tremendously if it can negotiate wisely," he said.

Chowdhury, whose PRAN company has been exporting food items to India for a decade, said there is a huge opportunity to narrow the rising trade deficit between the two countries.

"The export opportunity is huge, but there are tariff and non-tariff barriers in steps," he said.

He said Bangladesh can exploit opportunities in India to create employment of 30 lakh people that join the country's labour force each year.

BGMEA President Shafiul Islam Mohiuddin said: "It is time to get access to India for our exports."

He said Bangladesh must focus on readymade garments to narrow trade deficit with India, which has a local market of $28 billion.

"As a neighbouring country, we have some strategic advantages. If India buys from us then we will be able to form an important supply chain."

BKMEA President Salim Osman said: "We import 50 percent of our raw materials from India. If India buys our finished products then we will be able to double our knitwear exports."

DCCI President Asif Ibrahim said Bangladesh's exports to India have not grown substantially although import has gone up sharply due to various barriers.

"We face different taxes in different states. Bangladesh should discuss the issue with India during the upcoming visit of Dr Manmohan Singh," he said, adding that the issue of anti-dumping and countervailing should also come up for discussion.

Ibrahim, who also exports to India, said New Delhi has been distancing itself from protectionist mentality in the last five years. "We see a lot of changes in mindset."

He said Bangladesh should prioritise its own interest before signing transit agreement with India.

The leaders also demanded the Indian government facilitate to help withdraw all para tariff and non-tariff barriers at the state level.

The FBCCI yesterday also endorsed the government plan to sign a transit deal with India.

The government plans to sign an agreement to allow India to use Bangladesh's different routes to reach its seven north-eastern states.

The issue has been a serious moot point for decades particularly in Bangladesh's political arena.

"We welcome the government move to sign transit agreement with India," said Azad.

Apart from India, Bangladesh will use roads, railways and river routes for transit, he said.

"We will be able to use them while trading with Bhutan and Nepal. Regional connectivity is important for us. We have to build up infrastructure for our own sake," said the top business leader.

Foreigners not to exceed 50pc in telcos' top management

ABDULLAH MAMUN

The government yesterday decided that the number of foreigners employed at the top two rungs at the mobile phone operators will not exceed 50 percent of the total recruits.

The decision came at a meeting of the telecom ministry with the representatives of the operators, said government officials who attended the meeting presided over by Telecom Secretary Sunil Kanti Bose.

Bangladesh Telecommunication Regulatory Commission (BTRC), the telecom regulator, had proposed the same last year too.

An official of a mobile operator said, at least two operators have more than 50 percent foreign officials at their top management.

The telecom ministry yesterday formally apprised the operators of the government's decision on the financial issues of their licence renewal.

Officials who attended the meeting said the government will invite applications by September 15 for renewal of 2G licences of four mobile operators -- Grameenphone, Banglalink, Robi and Citycell.

The telecom ministry will convey its decision to the BTRC by today, said the officials. The regulator will then do the rest.

Four operators will pay a total of Tk 7,563 crore as spectrum charges while Grameenphone will pay Tk 3,241 crore, Banglalink Tk 1,971 crore, Robi Tk 1,900 crore, and Citycell Tk 450 crore.

They will also pay Tk 10 crore each as licence renewal fee.

The telecom ministry has given the operators a six-week deadline to pay 49 percent of the spectrum assignment charges, while the operators asked for a time extension, said the officials.

Major non-financial and non-renewal issues raised by the BTRC in the draft guidelines have been removed from the licence renewal process, said both the ministry and operators.

Chief executive of Citycell Mehboob Chowdhury said, "The ministry called us to update on the 2G licence renewal issues."

The mobile companies will also share 5.5 percent of their revenue with the government, and will pay 1 percent of their revenue to Social Obligation Fund.

The financial issues of the 2G licence renewal were finalised by Prime Minister Sheikh Hasina on August 29.

SEC moves to lift curbs on two mutual funds

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The Securities and Exchange Commission yesterday sat with the assent management firm of Grameen One Mutual Fund and Grameen One: Scheme Two to lift a suspension order on them.

AIMS of Bangladesh, an asset management company, manages the two mutual funds, including AIMS First Mutual Fund.

Prof M Khairul Hossain, chairman of SEC, presided over the discussion, while Yawer Sayeed, managing director of AIMS, was present.

The trading of the two funds was suspended on August 25 by Dhaka Stock Exchange as they declared dividends without approval from the regulator.

The commission will take decision on the funds soon to bring them back to the market, said an SEC official.

"The asset management firm should have taken our permission before declaring the dividends," he added.

After declaring the dividends, AIMS sought the commission's approval as per the securities law, said an official of AIMS. "I hope the commission will resolve the problems within a couple of days."

Stocks down: thin trade marks opening day

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Stocks closed marginally lower yesterday as the market was hit by a topsy-turvy trade on the opening day of trading after a week-long Eid vacation.

The benchmark general index of the Dhaka Stock Exchange, DGEN, closed to 6,193.08 points, after declining 18 points or 0.30 percent. The DSE-20 blue chip index also came down by 0.13 percent.

The market started the day with a positive note and gained 35 points at 11:05am but finally closed negative due to a low participation by investors.

"The topsy-turvy trend is usual," said Prof Mahmood Osman Imam, who teaches finance at Dhaka University.

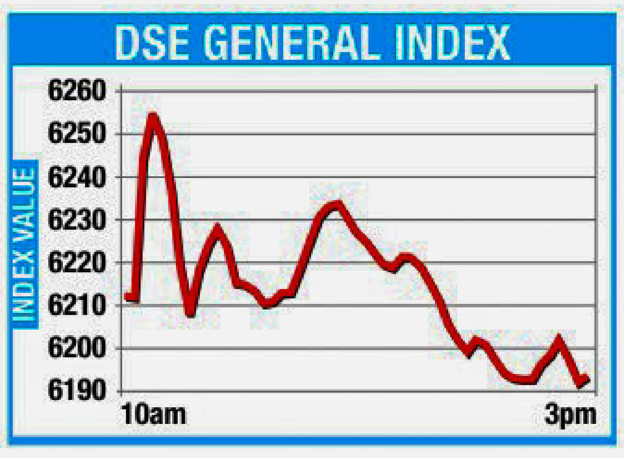
Turnover was low due to the Eid holidays, said Imam, also a member of the index development committee of the DSE.

Most of the investors are yet to start trading in full swing, said LankaBangla Securities in its regular market analysis.

The turnover on the DSE stood at Tk 305 crore yesterday, down by 44 percent from the previous day's value.

"Once the investors come back from their holidays, the market may perform well," said Green Delta Securities in its analysis.

Of the total 254 issues traded on the DSE, 56 advanced and 184 declined. A total of 14 securities remained unchanged. Among the DSE-20 blue-chips, only six closed positive.



The total market capitalisation reached Tk 294,928 crore at the end of the day.

Chittagong Stock Exchange also declined yesterday. The Selective Categories Index, CSCX, lost 67 points or 0.59 percent, to end the day at 11,259.

Losers beat advancers 30 to 139, with five securities remaining unchanged on the port city bourse that traded more than 58.05 lakh shares and mutual fund units worth Tk 39.74 crore.

NOTICE

We bring out today four pages instead of our regular eight, as business activities are yet to pick up after Eid-ul-Fitr holidays.

Govt to sign deal with Intercontinental in Oct

SAYEDA AKTER

The government is likely to sign a deal with leading international hotel chain Intercontinental in October to manage and operate Ruposhi Bangla Hotel, previously known as Dhaka Sheraton.

Intercontinental will start operating the hotel in November, and will use its logo once the much-talked-about renovation is complete, which is likely to take place by March next year, said a senior official of the ministry yesterday.

The hotel is likely to be named Intercontinental Ruposhi Bangla, he said.

Prior to that, the hotel chain will add Ruposhi Bangla to its Global Distribution System that will allow the hotel to be connected with the international connectivity of the chain and take reservation from other Intercontinental hotels and resorts.

State-owned Bangladesh Services Ltd (BSL), which owns the hotel, approved the terms and conditions.

Initially, the deal will be effective for 30 years and can be extended depending on performance, with each expansion period spanning five years.

The civil aviation and tourism ministry and BSL are working on the terms of the deal, which include issues like renovating the hotel without shutting it, retaining all present BSL employees and the cost of renovation.

Intercontinental ran the state-owned hotel before Sheraton took over its management in 1983.

Current hotel employees, who are all BSL staff members, requested the civil aviation and tourism ministry to give them an opportunity to manage Bangabandhu International Conference Center (BICC) for one term.

They fear Intercontinental may shut the hotel during renovation, and they may lose their jobs.

"If Intercontinental shuts down the hotel during renovation, a few thousand people of our families will fall in trouble. The government is now looking for a management operator to run the operations of BICC, which requires three years of professional experience," said a hotel official.

"We qualify as we have expertise in running a five star hotel for so many years. So if the government awards us the contract to manage the centre, we will do it efficiently," he added.

Sheraton ended its operations in Bangladesh after a stay of 27 years. BSL took over operations and management on May 1 and named it Ruposhi Bangla.

Ruposhi Bangla earned operating revenues worth Tk 8.9 crore in May from Tk 8 crore in April, said a hotel official.