

Red tape blocks foreign investment: US envoy

Dan W Mozena speaks at the annual general meeting of IBFB

STAR BUSINESS DESK

Bureaucracy, red tape and corruption discourage investment in Bangladesh, said US Ambassador Dan W Mozena yesterday.

American investors decided not to invest after years of trying to get into the market, the International Business Forum Bangladesh (IBFB) quoted Mozena as saying in a statement.

The envoy expressed his disappointment over the leading political parties for not coming to unison to decide on the next election. "This, in turn, dissuades investors from the country."

Mozena spoke at the annual general meeting of the IBFB at Sonargaon Hotel in the capital.

A strong economy for Bangladesh requires healthy people and the American government will do its part to help Bangladesh become a middle-income country, he said.

The reality of Bangladeshi



Mahmudul Islam Chowdhury, president of International Business Forum Bangladesh, speaks at the annual general meeting of the organisation at Sonargaon Hotel in Dhaka yesterday. Dan W Mozena, US ambassador; AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industry, and Aftab ul Islam, president of American Chamber of Commerce, were also present.

success or failure of becoming a middle-income country lies largely with the business leaders of the nation, Mozena said.

"They have the resources, vision and expertise to run a business or government

efficiently. They know how to overcome corruption and strengthen the energy sector in order to make it the China of Business."

Bangladesh could be the world's biggest exporter of readymade garments,

household textiles, information technology, pharmaceuticals, silk products, finished leather goods and jute, he said.

The "Bengal tiger" would devour other countries in the region and produce ample

food supplies to nutritionally benefit the Bangladesh society, he said.

Mozena believes Bangladesh can take its rightful place in the global economy as it is united by a rich culture and richly endowed with natural resources, which if properly exploited will make the country self-sufficient.

The global economy is shifting, Mozena said, adding that China is altering its economy and relocating readymade garment manufacturing to Bangladesh.

"It should be the destination of choice for RMG manufacturers."

Bangladesh has to take tough decisions and greatly expand trade, he said.

IBFB President Mahmudul Islam Chowdhury chaired the opening session that was also addressed by President of the Federation of Bangladesh Chambers of Commerce and Industry AK Azad and American Chamber of Commerce President Aftab ul Islam.

Pubali Bank's AGM halted by injunction

STAR BUSINESS REPORT

The 29th annual general meeting (AGM) of Pubali Bank has been postponed because of an injunction by the High Court.

The bank said its board decided to postpone the AGM after the court issued the order on March 21. The AGM was scheduled to be held yesterday.

The HC issued the rule after Safi Ahmed Chowdhury, who wanted to contest the election to the bank's Board of Directors, filed a petition seeking a stay on the AGM. Pubali violated the mandatory provisions of retirement of directors and to elect them at the AGM, according to the petition.

Senior lawyer Rokonuddin Mahmud appeared on behalf of the petitioner.

It appears that the petitioner has reason for seeking the stay on the meeting, the HC said. "Therefore, this court is inclined to pass an interim order."

After the injunction was issued, the bank postponed its sixth extraordinary general meeting citing unavoidable circumstances. The EGM was set for yesterday.

"The new date, time and venue for holding the 29th AGM and the sixth EGM will be notified later on," said Pubali Bank in a posting on the Dhaka Stock Exchange website on March 28.

WTO high official visits Beximco production facility

STAR BUSINESS DESK

Pascal Lamy, director general of the World Trade Organisation, visited the state-of-the-art manufacturing facilities of Beximco Pharmaceuticals in Tongi yesterday.

He was accompanied by Beximco's Vice Chairman Salim Chahman and Commerce Secretary Md Ghulam Hussain in the visit to the Track-II OSD and MDI unit.

According to a statement of Beximco, Lamy came in Bangladesh for a two-day official visit.

Lamy and the delegates expressed their satisfaction over the operation and quality control practices of Beximco Pharma.



A Rouf Chowdhury, chairman of Bank Asia, attends the bank's 13th annual general meeting at Officers' Club in Dhaka yesterday. The bank declared 20 percent stock dividends for 2011. Mohd Safwan Choudhury and Mohammed Lakiotullah, vice chairmen; Rume A Hossain, chairman of the audit committee; AM Nurul Islam, M Irfan Syed, Mashiur Rahman, Romo Rouf Chowdhury, Shah Md Nurul Alam, directors, and Md Mehmood Husain, managing director, were also present.

Bangladesh is a role model in poverty cut

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Lamy, a twice elected director general of the WTO, lauded Bangladesh's vision 2021, saying it provides a compelling image of how Bangladesh is going forward. "I believe the government is well on track to meet many of the time-bound targets including achieving the middle income status by 2021."

He also said, as a coordinator of the LDCs in 2003, 2007 and last year, Bangladesh has ably advanced the interest of the LDCs within the WTO.

The flexibilities under the WTO system are helping Bangladesh grow, he said. To best use those, Bangladesh needs to invest in services, infrastructure, trade facilitation programmes and help the businesses into integration of global economy.

"It is a transformation that will require a great deal of strategic planning. You will find the WTO as a willing and sympathetic partner," Lamy said, suggesting that Bangladesh's active civil society, vibrant private sector and profound social transformation will make it happen.

He said Bangladesh is a natural leader, but if Bangladesh is to continue its leadership, it needs leaders.

"This country needs an internet generation that will tweet, blog and network Bangladesh into the global economy."

He negated protectionism in trade, saying its very nature is a source of conflict and deprives others of the benefits of their talents and comparative advantage.

"And, in doing so it raises the cost of all -- producers and consumers alike, while creating economic inefficiency," he said, adding that nationalistic and protectionist policies earlier contrib-

uted to the national violent and aggression in the 1930s and 1940s.

President Zillur Rahman congratulated the graduates and suggested that they get engaged with the global advancements in terms of information technology and biotechnology. He called upon the students and teachers to conduct more and serious researches and utilise those for common people's wellbeing.

The president said students of Bangladesh have a glorious past of sacrifice and achievements, but that is not reflected today. Intra- and inter-party conflicts in the student bodies are not expected, he said, urging them to regain their past glory.

Dhaka University Vice Chancellor Prof AAMS Arefin Siddique called upon the graduates to establish their leadership in politics, economics and culture.

However, he reminded that there are various challenges including rising prices of essentials, climate change, unemployment, but more serious problem is the deterioration of values.

"One can compensate financial loss over time, but not value if it once gets damaged," Siddique said, urging the students to maintain self dignity, without which a nation cannot flourish.

The educationist asked the graduates to cherish the culture, values and philosophy of the land, observing that getting detached from the roots never leads to anything great.

Pro-Vice Chancellor Prof Dr Harun-or-Rashid, Treasurer Prof Dr Mijanur Rahman, Registrar Syed Rezaur Rahman and deans of all faculties were present at the stage.

CCCI president calls for uninterrupted gas supply

OUR CORRESPONDENT, Ctg

The president of Chittagong Chamber of Commerce and Industry yesterday urged the Prime Minister to ensure uninterrupted supply of gas and electricity to local industrial and export-oriented enterprises.

Industries in the port city get only 220 cubic feet gas a day against a daily demand of 385 CFT, said Morshed Murad Ibrahim in his letter to Sheikh Hasina.

The gas crisis is affecting local garment industries worst, along with refueling stations, steel and re-rolling mills, he said.

He said the previous embargo imposed by the Power Development Board on power supply from 6am to 6pm to large and middle entrepreneurs brought industrial disaster to the city.

Ibrahim sought special interference of the premier to relieve the woes of the

Economists warn govt of banking problems

STAR BUSINESS REPORT

An economist yesterday warned the government of "uneasiness" in the banking sector.

"It seems the banking sector is facing some uneasiness, particularly nationalised commercial banks," said Binayak Sen, research director of Bangladesh Institute of Development Studies (BIDS).

"For them, problems are piling up," Sen said. "We have to be cautious right now. The cash recovery of NCBs is low. In most cases, the recovery is being shown through rescheduling. The operating profit exists only in books."

Sen urged the government to be stringent about issuing permission for new banks.

He spoke at a seminar that focused on socio-economic development in the first three years of the grand alliance in power, organised by the ruling Awami League at the auditorium of the Bangladesh Medical Association in Dhaka.

Sen said it was not wise to allow banks to get involved in the capital market. It was a wrong decision, he added. "A limit has been enforced now, but it should have been done earlier."

He said tax exemption for large investors was not proper in respect of social justice and growth.

"I still think that proper steps should have been taken against people who were found guilty in the report submitted by the Ibrahim Khaled-led panel after an investigation," Sen said. "There should not have been any compromise on the issue."

Sen said the country's tax-GDP ratio should be increased by mobilising resources from domestic sources to take the investment-GDP ratio to 32 percent from 24 percent now.

"Otherwise, we will not be able to achieve 8-8.5 percent economic growth to take Bangladesh to a middle-income country," he said.

"Steps have been taken, but they are not sufficient. Bangladesh has still the lowest tax-GDP ratio in South Asia," Sen said.

Keynote presenter Mashiur Rahman, economic affairs adviser to the prime minister, said it would not be possible to run the economy without long-term accountability.

"In the past, our economic policies addressed only immediate and short-term challenges. We have now made mid-term and long-term policies. We should not deviate from this."

He said it is a matter of pride that the country's reliance on foreign aid is on the wane. "But the government has to borrow from the banking sector to finance the budget

deficit, which can squeeze credit flow to the private sector."

"We have to look at whether we are failing to spend foreign aid due to our limitation in implementation," Rahman said. "We cannot borrow from the banking sector or the central bank excessively."

"The government should enhance its capacity to use foreign aid," Rahman said.

Finance Minister AMA Muhith said the economy of Bangladesh reached a level different from 2008.

The government was unable to spend much of the \$14 billion foreign aid in the pipeline, he said.

"We could spend only \$2.5 billion. If we can spend more, our investment will go up. However, the capacity of spending of our ministries has increased 30 percent."

Bangladesh's exports might grow by 14 percent in the current fiscal year, Muhith said. "If it is 14 percent then I would say it is still commendable, given it is based on the high growth of 40 percent we achieved in the last fiscal year."

Moazzem Hossain, editor of The Financial Express, said Bangladesh would not be totally immune to the persisting global economic crisis, as 40 percent of the country GDP is linked with international business and trade.



Dhaka Bank Chairman Reshadur Rahman attends the bank's 17th annual general meeting at Bashundhara Convention Centre in Dhaka on Thursday. The bank approved 30 percent stock and 5 percent cash dividends for 2011. Managing Director Khondker Fazle Rashid was also present.



Ahmed Al Kabir, chairman of Rupali Bank, attends the bank's 26th annual general meeting in Dhaka yesterday. The bank declared 20 percent dividends for 2011. M Farid Uddin, managing director, was also present.

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