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COMMODITIES

# Coca-Cola offers Tabani \$16m to end bottling deal

The beverage company plans to invest \$50m

Finance Minister

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REJAUL KARIM BYRON and SOHEL PARVEZ

Soft drink maker Coca-Cola has agreed to pay \$16 million to Tabani Beverage to end a decades-old bottling agreement with the by the government. state-run company.

government panel

suggested closing the deal upon the payment of the sum which Tabani will use to clear its liabil-The liberation war

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DSEX

affairs ministry, the owner of Tabani, last week sent a proposal to the Cabinet Committee on Economic Affairs in this regard. Finance Minister

AMA Muhith has also given his consent to the move, which will clear ways for the soft drink maker to invest \$50 million to set up a manufacturing plant in Bangladesh, according to the proposal.

policymakers based on recommendation from a committee, headed by Mashiur Rahman, the former economic affairs adviser to the prime minister.

soft drink maker had declined to renew the bottling agreement with Tabani, which could not set up a PET (polyethylene terephthalate) bottling plant due to delays

Tabani was engaged in bottling and Coca-Cola made the offer after a marketing of Coca-Cola products in Dhaka and Rajshahi.

Coca-Cola, after registering its investment proposal with the Board of Investment, informed the government that it wanted to go for fresh investment by closing the deal.

the ministry said it was ready to pay the money to settle 'all outstanding issues' with Tabani. The company also proposed signing a

Coca-Cola in a letter to

'settlement and release agreement' between the parties at the time of the payment. Coca-Cola is the

second biggest player after Pepsico in the

The ministry placed the proposal to domestic soft drink market worth more than Tk 2,000 crore a year.

Coca-Cola Far East Ltd markets Coke products in Dhaka and Rajshahi by bottling through Pran, while Abdul Coca-Cola's offer of investing \$50 Monem Ltd, another bottler of Coca-Cola, million in a new plant came a year after the distributes the products in other parts of



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Md Selim, a farmer from Chuadanga, sorts his cauliflowers on a truck at Karwan Bazar in Dhaka yesterday.

## Blockade hits farmers hard

SUMAN SAHA

Md Selim, a farmer from Chuadanga, looked anxious due to a thin presence of customers at the city's Karwan Bazar kitchen market yesterday afternoon. On normal days, he brings his vegeta-

bles to Karwan Bazar to sell in bulk. The

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wholesale hub supplies vegetables and other items to kitchen markets across the city. But as traders from different kitchen markets could hardly reach Karwan Bazar

due to the ongoing blockade, Selim, in a desperate bid, started selling his cauliflowers to passers-by, at throwaway prices.

"I have cut the prices by a half," Selim said, standing on a truck he hired at exorbitant fares to bring the vegetable item from Chuadanga.

He was selling cauliflowers at Tk 10-Tk 12 apiece, down from Tk 25-Tk 30 a few

"I am worried about recovering the transport fares, not about profit," said Selim, a father of three. Transport fares have more than dou-

bled due to the blockade, Selim said. On a normal day, farmers pay Tk 12,000-Tk 15,000 for carrying 15 tonnes of goods from Chuadanga to Dhaka. "But now, I have to pay Tk 35,000." Selim, who cultivated seasonal vegeta-

bles such as cauliflower, cabbage and radish on four acres of land, said he was compelled to come to Dhaka. "The harvesting time was running out.

Any delay would mean immense losses," the 43-year-old farmer said. Not only Selim, many other farmers were seen selling popular winter vegeta-

bles at astonishingly low prices at Karwan Bazar.

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## Political risks loom over economy: IMF

STAR BUSINESS REPORT

Strikes and uncertainty associated with the upcoming national election and an "attendant" slowdown in economic growth are challenges ahead for Bangladesh, the International Monetary Fund said in a statement on Sunday.

The expected transition in the garment sector and upgraded labour and safety standards are other serious challenges to the country this fiscal year, the IMF said.

"To manage them, it is important to persevere with a strong policy framework in the run-up to national elections and beyond," Naoyuki Shinohara, deputy managing director of the International Monetary Fund, said, after the IMF Board on November 27 approved the fourth installment of around \$140.4 million Extended Credit Facility (ECF) loan for Bangladesh.

Shinohara, who is also the acting chair of the IMF board, said the progress on macro-stabilisation and structural reforms has been strong under Bangladesh's policy programme, supported by the ECF.

International reserves have risen and underlying inflation is moderating, while progress has also been made in lowering subsidies, raising development spending, improving public financial and debt management and strengthening financial supervision.

prudent, while providing space to raise public investment and social-related spending. Further reforms to modernise the tax system and gener-

Going forward, he said the fiscal policy should remain

ate additional resources for development spending over the medium-term are "critical", with implementation of the new value-added tax a "priority".

Public financial management needs strengthening, focused on treasury cash management, state-owned enterprise financial reporting and debt management practices, he said.

Restrained monetary policy has curbed inflationary pressures and supported reserve accumulation. The stronger external position, Shinohara thinks, could allow scaling back foreign exchange intervention while continuing sterilisation efforts.

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### Political unrest pulls down remittances in November

STAR BUSINESS REPORT

Remittance inflow fell by 14.55 percent to \$1,051.10 million in November, compared to a month ago, mainly due to the ongoing political unrest.

The total amount of remittances in the first five months (July-November) of the current fiscal year also declined, by 9.19 percent, to \$5.55 billion, compared to the same period last year, according to Bangladesh Bank.

Bangladesh received \$1,230.68 million in October and \$6.11 billion in the July-November period last fiscal year.

Bankers said, due to political volatility in the country, migrant workers prefer depositing their earnings in foreign banks.

#### Blockade creates congestion at Chittagong port

DWAIPAYAN BARUA, Ctg

The 72-hour country blockade stranded around 3.5 lakh tonnes of imported goods at Chittagong port and the 16 adjacent wharfs until yesterday.

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With the blockade extended by a further 59 hours, it appears that there might be container congestion at Chittagong port.

As of yesterday, the port yards accommodated a total of 24,359 TEUs (twenty-foot equivalent units) containers. Its capacity stands at 30,000 TEUs, according to Syed Farhad Uddin Ahmed, secretary of Chittagong Port Authority (CPA).

The imported goods include commodity items, cement clinkers and industrial raw materials, with the importers not risking unloading them and sending them to their end points for fear of arson.

For instance, BSM Group, a leading commodity importer, has been waiting to get delivery of 8,000 tonnes of pulse, which has been stranded at Majhirghat inland jetty for 15 days now, said Abul Bashar Chowdhury, chairman of the group.

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## BB refuses to be loan guarantor for Biman

SHARIFUL ISLAM

The central bank has refused to become a guarantor for Biman Bangladesh Airlines that sought a loan of around Tk 1,600 crore

Bangladesh Bank rather advised the national carrier to seek assistance from the government, a top official of the banking regulator said seeking anonymity.

Biman Managing Director Kevin John Steele in a letter to the BB governor last week sought the regulator's assistance for the loan. Steele also mentioned in the letter that the carrier may go

bankrupt in three to four months if they do not get the loan to clear some due payments, according to Biman sources. However, the Biman chief said the banking regulator "indi-

cated" that it would support the carrier in getting loans. He said the loan is necessary to cover Biman's historic losses, not for any current revenue/expenditure shortfall.

Biman owes over Tk 1,560 crore to different sources, he said. Biman owes around Tk 850 crore to its fuel supplier Padma Oil, which threatened to stop providing fuel in July if the unpaid bills are not cleared.

As of April, the airlines owes Tk 367.62 crore to the Civil Aviation Authority of Bangladesh in landing fees, gate fees, navigation charges, cargo handling, refuelling, security fees and others.

## LankaBangla Finance fined Tk 10 lakh

STAR BUSINESS REPORT

The central bank has fined LankaBangla Finance Tk 10 lakh on charges of providing wrong information to the regulator. The regulator also issued a warning letter to its managing

director. "We have found wrongdoings in the activities of the company," Mahfuzur Rahman, executive director of Bangladesh

Bank, said. Rahman, also the spokesman of BB, said: "We are strictly monitoring all the activities of the non-bank financial institution."

Mohammed Nasir Uddin Chowdhury, managing director of LankaBangla Finance, said: "The regulator imposed the fine regarding the use of credit card."

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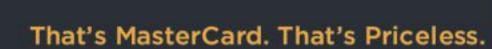
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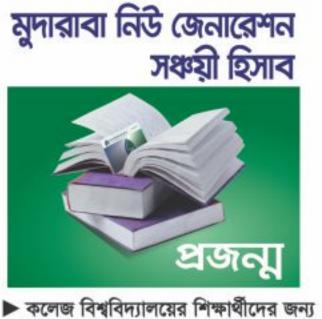
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