Star BUSINESS

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SEC suspends brokerage house

BDNEWS, *Dhaka*

The Securities and Exchange Commission (SEC) yesterday suspended stock dealer M/s M Abdul Rashid & Co for 30 days for violation of securities laws regarding sale of Summit Power Ltd's shares.

The suspension order will be effective from the first trading day after the company received the order, official sources said.

The SEC also fined the stock dealer Tk 1 lakh and asked to deposit the amount through a bank draft/pay order, sources said.

The SEC issued the instruction to the stock dealer stating that the company, a member of the Dhaka Stock Exchange (DSE), committed a certain offence regarding the sale of 550 shares of Summit Power Ltd on November 15 last year.

The SEC observed that M Rashid & Co sold 550 shares by using customer's code of Ishart Ara Younus without having any sale order from her.

The company transferred the same amount of shares from '11 customers' accounts of the DSE through pay in transfer forms issued in the names of the concerned customers, as applicant for the transfer, but using signature of other person, other than the customer applicants concerned', the SEC noted.

The commission considered the relevant explanations given in writing and in course of hearing that the activities of the stock dealer were deliberate and purposeful, which were contrary to the securities related laws, the SEC order said.

China to resume IPOs this year

AFP, *Shanghai*

China is expected to resume initial public offers (IPO) no later than the second half of the year, lifting a suspension that was aimed at alleviating a liquidity crisis and spurring reform, state press reported Monday.

No specific date was provided but a notice by the China Securities Regulatory Commission (CSRC) allowing for new stockmarket listings could come as early as March, the 21st Century Business Herald reported, citing sources.

The regulator suspended IPOs and additional share issues last April as part of a plan meant to overhaul state enterprise ownership and boost the country's embattled securities markets.

The plan would make public most of China's 1,300 state-owned enterprises by the selling of hundreds of billions of dollars in government-owned securities on the stockmarket.

Although the government has been trying to sell this plan to the public for years, it had balked previously as mention of the changes, which would effectively make Chinese companies public, sent the country's two exchanges into a tail-spin.

Nevertheless, Beijing pressed ahead last year with the necessary reform, keen to keep a firm grip on key state companies but willing to allow the public a bigger slice of the pie.

Companies have since been drawing up a package that would allow two-thirds of government shares to be sold on the market.

Banks in Vietnam report hefty profits in 2005

XINHUA, *Hanoi*

State-owned and joint stock banks in Vietnam were much profitable last year, which may prompt some banks to issue more shares to foreign investors this year, local newspaper Vietnam News reported yesterday.

The biggest moneymaker in 2005 was the state-owned Bank for Foreign Trade of Vietnam, which made pre-tax profits of 3,250 billion Vietnamese dong (VND) (204.4 million US dollars). Its after-tax profits were 2,000 billion VND (nearly 125.8 million dollars).

The state-owned Vietnam Bank for Agriculture and Rural Development posted a profit rise of 59.3 percent over 2004, which brought a jump in income for its staff. The bank's General Director Le Van So said his staff's salary increased, on average, by 40 percent last year.

Australia keen to help Bangladesh make wool-based fabrics

Wants to export wool to Bangladesh

STAR BUSINESS REPORT

The world's number one wool producing country Australia has expressed interest to export wool to Bangladesh to help the country produce fabrics made of wool and jute fibre.

"Bangladesh has a quite sophisticated apparel manufacturing industry based on cotton-yarn and jute industry while we have a wool producing industry. And a special fabric can be produced by mixing Australian wool with Bangladeshi jute fibre," said Kimberley Maurice Chance, minister for Agriculture and Forestry, State of Western Australia.

Bangladeshi apparel manufacturers can produce military and school uniform for Australia by using this special fabric, he said adding, "It will create new opportunities to expand the use of this special fabric."

The Australian minister also said, "Our wool research institute and Bangladeshi jute research institute can join hands to produce such fabric."

Chance, who is leading a five-member high-profile delegation of Australia, was speaking at a meeting with the Bangladeshi business leaders at the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) auditorium in Dhaka yesterday with FBCCI President Mir Nasir Hossain in the chair.

Criticising the existing policy of subsidising the agriculture sector in the most developed countries including the USA and the EU, he stressed the need for maintaining a fair trade environment for all the countries.

Chance also urged the Bangladeshi entrepreneurs to invest in Australian dairy sector adding that Australia has a 25-year experience in food production.

Responding to the demands of Bangladeshi businesspeople, the Australian minister said Australian labour market can only be opened for skilled people.

He also made commitment to granting more scholarship for Bangladeshi researchers.

Welcoming the idea of blending Bangladeshi jute with Australian wool for making specialised fabric, the FBCCI president said it may be a breakthrough in the country's jute industry.

He also urged the Australian government to come forward to supply fabric on buy-back arrangements.

"There is potential for boosting export of such other items as garments, leather products, porcelain tableware, frozen foods, agro-processed products, pharmaceuticals and handicrafts to Australian market," he added.

The business leaders also urged the Australian government to ease visa-processing rules for Bangladeshi businesspeople.

Bangladesh's import from Australia was worth US $297.45 million against the export volume of $35.83 million in fiscal year 2004-05. Two items - jute and chemical fertilizer - constitute about 66 percent of exports to Australia.

PHOTO: FBCCI

Kimberley Maurice Chance, minister for Agriculture and Forestry, State of Western Australia, speaks at a meeting with the business leaders of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka yesterday. Mir Nasir Hossain, FBCCI president, is also seen.

Int'l apparel machinery show from tomorrow

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With a view to introducing latest apparel machinery to local and foreign garment entrepreneurs, a four-day international apparel and knitting machinery show begins tomorrow at Bangladesh- China Friendship Conference Centre in Dhaka.

A total of 200 companies from 20 countries will showcase their latest machinery relating to sewing, knitting, embroidery, laundry, dyeing and cutting at over 200 stalls at the 5th version of the show titled 'Zak Garmentech Bangladesh-2006', organisers told a press briefing yesterday in Dhaka.

Organisers hope business transactions at the show will reach Tk100 crore. In the last show, participants sold products worth Tk 48 crore.

Zak Trade Fairs and Exhibitions Private Limited, an India-based exhibition management company, in association with Zakaria Enterprise Limited, Dhaka is organising the show. Commerce Minister Altaf Hossain Choudhury is expected to inaugurate the exhibition.

Organisers said companies from Japan, China, Korea, Taiwan, Hong Kong, Netherlands, Singapore, Germany, Italy, UK, US, India and Thailand will showcase their latest apparel technologies at the show.

Garment entrepreneurs from Bangladesh its neighboring countries will get a chance to keep abreast of the newest technologies of apparel industry from the fair, said Syed Zakir Ahmed, managing director of Zak Trade Fairs and Exhibitions Private Limited.

The fair will remain open to visitors from 10am to 7pm everyday.

Among others, Tipu Sultan, general manager of Zakaria Enterprise Ltd, was present at the press conference.

China's record forex reserves to pressure currency

AFP, *Shanghai*

China is likely to come under renewed pressure to revalue its currency after its foreign exchange reserves soared 209 billion dollars, or 34.3 percent, in 2005, analysts said Monday.

The swelling of China's forex reserve to 818.9 billion dollars, from 609.9 billion dollars in 2004, is likely to stoke the interest of "hot money", or funds betting on a future revaluation, said Zuo Xiaolei, chief economist with Galaxy Securities.

"It will definitely bring more pressure on the yuan, and hedge funds and hot money will take some action on this," said Zuo.

In recent years China has struggled to keep the value of its currency down as billions of dollars in speculative funds have flooded the financial system, forcing the central bank to absorb the foreign inflows.

It has also been a major factor behind Beijing's rapid build up of foreign reserves, which many now expect to overtake Japan, the world's largest holder of forex reserves.

"On current trends, they will top Japan this year," said Bert Hoffman, lead economist with the World Bank's Beijing office.

ING economist Tim Condon said that Beijing could even see its reserves rise to one trillion dollars before the end of the year, a politically significant number.

"If the US dollar remains firm, then flows looking for an appreciation of the (Chinese) yuan will remain at their 2005 levels or lower and we're forecasting a more or less unchanged trade surplus," Condon said.

"(But) if the dollar weakens a lot, then you're going to get a lot more inflows of hot money, and foreign exchanges reserves could be considerably above the 2005 levels."

This is important because China has vowed to gradually allow market forces to dictate the value of its currency, which would almost certainly ease the rapid build of reserves.

Beijing insists, however, that the country's anaemic financial system can not yet bear global forex markets' sharp and often fickle fluctuations.

China revalued the yuan against the dollar by 2.1 percent in July last year and has pledged to make its currency more flexible, but it effectively continues to keep its movement firmly under its heel.

From its revaluation level of 8.11 yuan to the dollar, the currency is now trading at around 8.06 yuan.

China's foreign trade partners contend the yuan continues to remain undervalued, making Chinese exports cheaper and giving the Asian giant an unfair advantage.

It also significantly boosts hot speculative pressure on the Chinese unit.

While in recent months China's central bank has said that hot money flows have subsided, only last week the bank issued a record amount of one-year bill and seven-day repurchase transactions, signaling that it may once again ramp up its sterilization efforts.

Chen Xindong, an analyst at BNP Paribas in Beijing, said that the bank might be forced into action sooner rather than later.

Bangladesh trade fair in Colombo starts Jan 20

UNB, *Dhaka*

Bangladesh will hold a trade fair in Colombo on January 20-23 with the participation of an over 90- member delegation representing business firms, Daily News of Colombo reported Monday.

Trade fairs of this sort will expand trade between the two countries, Bangladesh High Commissioner to Sri Lanka Yakub Ali said.

He said Sri Lanka can also hold similar trade show in Bangladesh to showcase its products to Bangladesh consumers.

A seminar titled "Export potential of Bangladesh" will be held during the fair.

India April-Dec exports rise 18pc

AFP, *New Delhi*

India's exports jumped 18 percent in April to December, the first nine months of the fiscal year, but higher oil import costs led to a wider trade deficit, the trade minister said Monday.

Exports from April to December reached 66.4 billion dollars compared to 56.2 billion dollars in the same period a year ago, Trade Minister Kamal Nath said.

He noted that in December alone, exports rose more than 16 percent to 8.3 billion dollars from 7.1 billion dollars the same month a year ago which reversed a November decline.

"I am bullish on exports," Nath said.

However the country's trade deficit widened to 28.8 billion dollars in April to December from 19.3 billion in the same period a year ago as imports rose 27.3 percent to 96.3 billion dollars.

For December, imports rose 8.4 percent to almost 11 billion dollars from the same month a year ago.

India, which imports 70 percent of its energy needs, said energy costs rose 45.4 percent in April to December to 31.1 billion dollars.

Japan economy shows fresh signs of recovery

AFP, *Tokyo*

Japan's economy showed fresh signs of awakening from a decade-long slumber Monday with the current account surplus growing for a third straight month, industrial output picking up and deflation easing.

The surplus in the current account, the broadest measure of trade in goods and services, rose 15.1 percent from a year earlier to 1.42 trillion yen (12.5 billion dollars), the finance ministry said.

The trade surplus alone edged up 0.3 percent year-on-year to 703.6 billion yen. Imports rose 16.5 percent to 4.91 trillion yen while exports were up 14.2 percent to 5.62 trillion yen.

"While exports are now enjoying a solid recovery, imports are witnessing a slowdown in the pace of growth due to a peaking out of crude oil prices," said a finance ministry official.

Despite political tension between the countries, China keeps snapping up more Japanese exports, helping to underpin a recovery in the world's second-largest economy after a decade of stagnation.

"With exports to China, demand -- which had slowed late last year -- is now seeing a solid rebound, and with firm demand in the US continuing, Japanese exports are most likely to maintain brisk gains in the near term," said Taro Saito, an economist at NLI Research Institute.

Analysts said a weakening in the value of the yen against the dollar over the past year should fuel demand for Japanese exports.

The government also revised upwards its estimates for industrial production to show a gain of 1.5 percent in November from October as plants and factories ramped up production to historically high levels.

The gain was bigger than the 1.4 percent rise reported in an initial estimate last month and an improvement on October's 0.6 percent gain.

Year-on-year, industrial output growth was revised upwards to 3.4 percent in November from 3.3 percent.

WTO HK decisions to marginalise LDCs further: MCCI

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Once decisions of the Hong Kong ministerial of the WTO are implemented, the least developed countries (LDCs) will be further marginalised, said MCCI, the country's leading chamber.

The LDCs' export and industrialisation efforts will suffer, and problems of unemployment and poverty will be more acute than before, added Metropolitan Chamber of Commerce & Industry (MCCI) in an editorial comment in the January issue of Chamber News, its monthly publication.

The MCCI also strongly feels that the government should take the measures so that it can present strongly its case in the follow-up meeting due to be held in Geneva in April.

Bangladesh will have the opportunity to bargain for getting duty-free and quota-free market access for its exports in the follow-up meetings of WTO.

The country's products need to be identified for inclusion on the 97 percent list of market access and the necessary policy support should be given to encourage exports of such products by improving their quality and price competitiveness, the chamber said.

The MCCI also called for giving more attention to exports to regional countries, which now offer tariff concessions under Safta and Bimstec.

For the medium term, there must be concerted efforts to expand the export base. "It will be highly risky to maintain overwhelming dependence on clothing exports only," the chamber noted.

The Hong Kong Ministerial of the World Trade Organisation (WTO) was a great disappointment for Bangladesh, the chamber said adding that a few of the least developed countries of Africa have had something to gain but Bangladesh has returned virtually empty-handed.

Major textiles and clothing exporting developing countries will very likely oppose any move in the forthcoming meetings to grant duty free and quota-free market access for Bangladesh's apparels, the chamber said.

Pakistan, Turkey and Sri Lanka, for instance, already did so in the Ministerial because that would adversely affect their own market access to rich countries, MCCI added.

"In fact, the text on Non-Agricultural Market Access (Nama) will cause further marginalisation of Bangladesh and other LDCs in world trade as most products of export interest to LDCs are kept on the 3 percent exclusion list.

The chamber also noted that significant achievement of the Dhaka Saarc Summit is the operationalisation of the South Asian Free Trade Area (Safta) with effect from January 01, 2006.

"This new arrangement will spearhead a much larger volume of trade among the South Asian countries than now. As a least developed country, Bangladesh will enjoy privileges of preferential market access to partner countries due mainly to more liberal rules of origin, compensation for the loss of revenue, and technical assistance from the relatively more advanced partner countries," MCCI said.

Rules of Origin issue snags Bimstec FTA talks

PTI, *New Delhi*

Negotiations for Bimstec Free Trade Area have hit a roadblock following disagreement on contentious Rules of Origin (ROO) issue.

The disagreement with regard to the ROO came to the fore with negotiators from member countries proposing different criterion at the last meeting of the Committee of Experts for Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (Bimstec).

The CoE is expected to meet again by month end to take up the issue as the deadline for Bimstec FTA is July 1.

While India wants 40 percent value addition and Change in Tariff Heading criterion, Thailand with whom India already has a FTA is in favour of a 35 percent value addition norm without change in tariff heading, prevalent in Asean, sources told PTI.

Bangladesh is in favour of the twin criterion as used under the Safta.

Under South Asian Free Trade Area, the twin criteria of change in tariff heading at four digit level and value addition of 40 percent for Non-Least Developed Countries and 30 percent for LDCs has been accepted.

Rules of Origin include a set of rules which govern origin of products in a country and stringent rules prevent any third country to use FTA route to dump its products.

Domestic industry is in favour of very strict ROO and cite the example of rise in copper imports from Sri Lanka which does not produce the metal, under the Indo-Sri Lanka FTA mainly due to diversion from a third country.

Bimstec FTA initially will cover only products, but after 2007 services and investment will come under its purview.

It would be implemented in two phases with developing country members and least Developed Country members getting some grace period.

In the first phase, described as the first track, the three developing countries (India, Thailand and Sri Lanka) will give free access to goods from LDCs between July 1, 2006 and July 1, 2007.

In the second phase or the normal track, the three developing nations will give free access to most of the goods from July 1, 2010.

The LDCs including Bangladesh, Nepal, Bhutan, Myanmar will implement the first track by 2011 to give entry to goods from developing countries and normal track by 2017.

Lanka gets $160m WB aid

AFP, *Colombo*

Sri Lanka Monday secured 160 million dollars from the World Bank to rebuild its dilapidated road network and improve education, officials said.

The aid package included 100 million dollars to improve and maintain roads and a 60 million dollar grant for the education sector.