

Pran signs \$1.5m export deal with Saudi firm

STAR BUSINESS REPORT

Pran Export Ltd, a subsidiary of Pran group, yesterday signed a US\$ 1.5 million export agreement with a Saudi Arabia-based importing agency.

Under the agreement, Saudi Arabia-based Marjook A. Al Harbi Trading EST will buy food items including aromatic rice, spices, mustered oil, fruit drinks, and tea from Pran in 2005-06 fiscal year.

Omar Faruque, a representative of Marjook A. Al Harbi, and Hasan Mahub, chief of Pran Export Ltd, signed the agreement on behalf of the organisations at National Press Club in Dhaka.

"As Pran products are getting huge popularity in KSA, we have signed the agreement with Pran," Faruque told the signing ceremony. Highlighting Pran's export performance, Mahub said the company exports its products to more than 64 countries in Asia, Europe and America.

Pran Deputy Managing Director Ahsan Khan Chowdhury was also present at the signing ceremony.

Asia's first low-cost terminal opens in March

ANN/ THE STAR

Come March 23, Malaysia will become the first country in Asia to own and operate a low-cost terminal known as LCC Terminal KLIA (LCC-T) that can handle up to 10 million passengers a year. Three days later, Asia's second low-cost terminal, known as Budget Terminal, will open for business in Singapore.

The LCC-T is a dedicated terminal for low-cost carriers and on that day, only flights of AirAsia and that of its units, Thai AirAsia and AirAsia Indonesia, will take off and land at the terminal. The opening of the LCC-T will be a significant milestone in Malaysia's aviation industry as just half a decade ago, no-frills or low-cost travel was unheard of in the country.

Today, Malaysians have a choice of either flying premium class or no-frills class. And it was Datuk Tony Fernandes and his group of friends from the entertainment industry who decided to take on the challenge to introduce low-cost travel in Malaysia.

The government has also been supportive, otherwise, this terminal, located near the KL International Airport (KLIA), would not have been built in less than nine months to cater to growth in demand for low-cost travel.

"The LCC-T would benefit airlines, passengers and handlers as it is custom-made to meet the low-cost carrier business model," said Malaysia Airports Holdings Bhd (MAHB) managing director Datuk Seri Bashir Ahmad.

MAHB is the operator of both LCC-T and KLIA. The government funded the development of the LCC-T that had cost RM108 million (US\$28.5 million).

"To a large extent, the decision to build the LCC-T was in response to AirAsia's rapid growth and future expansion and to cater to low-cost carriers from other countries. The concept for the LCC-T was to develop a temporary terminal for short-term requirements and build another bigger terminal should the need arise. This terminal can then be converted into a cargo terminal if is not needed," Bashir said.

Hartal, terrorism hinder Japanese investment in Bangladesh

Japan businesses say

STAR BUSINESS REPORT

Frequent hartal and terrorist activities are hindering Japanese investment in Bangladesh, said business leaders of the world's second largest economy yesterday.

The Japanese businesspeople also identified transportation problems and unforeseen costs of doing business here as the obstacles to attracting increased investment.

They said inadequate power and gas supply to the industrial plants, bureaucratic tangles, lack of political will, coordination among government agencies, and delay in payment against LC (letter of credit) also bar Japanese investment in Bangladesh.

"Presently, infrastructure facilities in Bangladesh are not sufficient for doing business as a lot of business impediments still exist," said Hideo Ueno, vice president of Japan Bangladesh Chamber of Commerce and Industry (JBCCI). He was speaking at a seminar on 'Promotion of Trade & Investment: Japan-Bangladesh Initiatives' at Dhaka Chamber of Commerce and Industry (DCCI) auditorium in the capital.

Mahbubur Rahman, president of International Chamber of Commerce-Bangladesh (ICC-B) conducted the seminar, while Commerce Minister Altaf Hossain Choudhury, Japanese Ambassador

in Dhaka Matsushiro Horiguchi, DCCI President MA Momen and JBCCI President Matiur Rahman were present.

"However, there are also some successful investment stories like those of YKK and Kafco," Ueno said.

A survey conducted by the JBCCI on Japanese business community in Bangladesh was presented at the seminar. A total of 33 Japanese companies in Bangladesh out of 66 pointed out different business-related problems in the survey.

According to the survey, Japanese businessmen have hinted at 34 barriers to investment in Bangladesh.

According to the survey, the obstacles include customs clearance, insufficient market information, public holidays on Friday and Saturday, high duty structure, natural disaster and inadequate port facilities.

Some other hindrances to investment are high handling cost for sea and air cargo, delay in making payment to overseas suppliers, inadequate gas supply, high bank interest, disputes in tariff and HS code, trade regulation, labour union, labour laws and regulations, difficulties in getting loans from local banks and language barriers.

In the survey, Japanese businesspeople recommended

preparation and implementation of a strategic transportation plan immediately for the capital and other major cities of Bangladesh.

Japanese Ambassador in Dhaka Matsushiro Horiguchi said potential Japanese investors usually consult the Japanese companies operating in Bangladesh prior to drawing any investment plan.

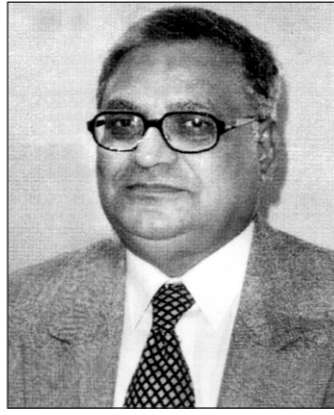
"So, the recommendations by these business organisations have significance in promoting trade and investment in Bangladesh," he added.

Free access of leather goods to Japan sought

Meanwhile, Bangladeshi businesses at the seminar urged Japan to give duty free market access of its leather and leather goods to the Japanese market.

"To reduce the trade gap with Japan we need duty free market access of our leather and leather goods to the Japanese market," said Mir Nasir Hossain, president of Federation of Bangladesh Chambers of Commerce and Industries (FBCCI).

Addressing the function, Commerce Minister Altaf Hossain Choudhury said, "We are discussing with Japanese government to get duty free access of Bangladeshi leather and leather goods to Japanese market."



Masihur made committee member of Assoc of Credit Rating Agencies in Asia

Dr Masihur Rahman, managing director and economic adviser to the Board of Credit Rating Agency of Bangladesh Ltd, has recently been elected member of the Best Practices Committee of the Association of Credit Rating Agencies in Asia (ACRAA).

The Asian Development Bank (ADB) took the initiative to form the association for improving the capital market and cross-border investment in Asia, says a press release.

The Best Practices Committee works to define and promote adoption of professional ethics for credit rating agencies.

Ravimohan, head of a leading credit rating agency of India, has been elected chair of the four-member committee. Apart from Bangladesh, the two members of the committee are from China and India.

China's Q1 GDP forecast at 9.6pc

AFP, Shanghai

Growth in China's booming economy is expected to power ahead in the first quarter, with gross domestic product rising 9.6 percent from a year ago, a government-linked-think tank said Monday.

"China's economy entered a period of stable growth and the country's economy shows a good developmental trend of high growth and low inflation," the State Information Center said in a report carried by the official China Securities Journal.

Prime Bank opens 42nd branch on Mirpur Road

Prime Bank Ltd yesterday opened its 42nd branch on Mirpur Road at Dhanmondi in Dhaka.

Chairman of the Executive Committee of the bank Imam Anwar Hossain inaugurated the branch while former chairman Mohammad Aminul Haque, Director Saheda Pervin Trisha, Managing Director M Shahjahan Bhuiyan and other senior officials were present, says a press release.

Investors demonstrate as DSE index sheds 30.83 points

SARWAR A CHOWDHURY

Small investors yesterday for the second time in a month took to the street staging demonstration in front of the Dhaka Stock Exchange (DSE) building as the premier bourse's General Index lost 30.83 points to close at 1518.34.

The small investors also demanded immediate steps to stop downside in indices. They blamed the government's contractionary monetary policy and 'failure' of the capital market regulatory body for the prolonged bearish trend in the country's stock markets.

They urged the government to reduce bank interest rate. They also said the Securities and Exchange Commission (SEC) should stop floatation of initial public offerings (IPOs) frequently.

They said many investors have

withdrawn money from the market to apply for the IPOs, resulting in a liquidity crisis.

The SEC in 2005 allowed 17 companies to float primary shares.

Share prices on the premier bourse, which has been experiencing bearish trends since early January, went down sharply yesterday for the sixth consecutive day.

The DSE General Index yesterday lost 30.83 points to close at 1518.34 points from the previous trading day's 1549.18 points. The index declined by 21.68 points on Sunday.

The demonstration took place as the share prices started falling from the very beginning of the day.

Earlier on February 13, the small investors demonstrated in front of the DSE building when the price indices experienced a huge

fall at one stage on the day.

A total of 2,430,970 shares of 188 issues worth Tk 18.27 crore changed hands on the DSE yesterday against the previous day's 1,651,988 shares of 175 issues worth Tk 17.71 crore. Of the issues traded, 29 gained, 139 suffered losses and 20 remained unchanged.

DSE Chief Executive Officer Salahuddin Ahmed Khan said it is a natural phenomenon that there will be many ups and downs in stock markets. "The investors should not be panicked without any valid reason," he said.

He also said a liquidity crisis has gripped merchant banks and financial institutions, which are major players in the market, resulting in a temporary downtrend.



Omar Faruque, a representative of Saudi Arabia-based Marjook A Al Harbi Trading EST, and Hasan Mahub, chief of Pran Export Ltd, a subsidiary of Pran group, exchange documents after signing an agreement in Dhaka yesterday. Under the deal, Harbi Trading EST will buy food items worth US\$ 1.5 million from Pran in 2005-06 fiscal year. Ahsan Khan Chowdhury, Pran deputy managing director, is also seen.

India maintains 8.1pc growth outlook

AFP, New Delhi

India maintained Monday its economic growth forecast of 8.1 percent for the fiscal year ending March while warning that oil-price driven inflation was a potential problem going forward.

The government's annual Economic Survey, submitted ahead of the budget Tuesday, confirmed estimates made earlier this month for Asia's third-largest economy which grew 7.5 percent in the year to March 2005.

The survey said that inflation and higher interest rates driven by rising global oil prices could curb growth in the coming year to March 2007 and prescribed greater efforts to cut subsidies and improve electricity, transport and other infrastructure to offset the impact.

Improved governance, cut in graft key to boosting economy

Says AmCham president

STAR BUSINESS REPORT

Improving governance, reducing corruption and spreading education are key to accelerating the growth of Bangladesh economy, said AmCham President Andrew L Fawthrop yesterday.

The GDP growth has been averaging 5-6 percent for the last several years and there is ample scope for raising it closer to a double-digit, he said.

"Bangladesh is a land with a tremendous amount of opportunity. It is basically a rich country with sufficient human and natural resources. The challenges have always been to utilise the resources to prosperity," he told a monthly luncheon meeting of American Chamber of Commerce in

Bangladesh (AmCham) in Dhaka. "Using the capital in country and the foreign direct investment (FDI) in the best possible way will help

Oil prices slip

AFP, Singapore

Oil prices fell in Asian trading Monday on profit taking amid strong crude and gasoline inventories in the United States, dealers said.

The market is ignoring geopolitical tensions following data last week showing a build in energy stockpiles in the United States, the world's biggest economy and its largest energy guzzler, they said.

ensure the growth of Bangladesh," the AmCham president pointed out.

He also said although there is widespread political rivalry in the country, there is no major dispute on the issues of economic policies.

At the function, Jack R Meyer, president and chief executive officer of Harvard Management Company, presented a paper on 'An Inside Look at the Harvard Fund Management Company'.

Founded in 1974, Harvard Management Company is a wholly owned subsidiary of Harvard University. Its primary role is to manage the university's endowment, pension assets, working capital, and deferred giving accounts. Some 55 percent of its assets are managed internally.

New Product



Eskayef launches Losectil DR tablet

Eskayef Bangladesh Ltd, one of the leading pharmaceutical companies in Bangladesh, has launched 20mg delayed release omeprazole (Losectil DR) tablet for the first time in the country, says a press release. Losectil DR tablet, the latest

member of Losectil family, is specially formulated with protective seal coating and is available in economic price with once daily dosing.

Losectil, a proton pump inhibitor brand, is also available in 10, 20, 40 mg capsule forms and 20, 40 mg powder for oral suspension in sachet, the release added.

Japan eyes FTA with oil-rich Gulf nations

AFP, Tokyo

Japan plans to begin talks with six oil-rich Gulf Arab states this year towards a free trade agreement in the aim of securing stable energy supplies, officials said Monday.

Tokyo plans to open negotiations with Gulf Cooperation Council (GCC) members -- Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates -- which together provided about 75 percent of Japan's oil imports in 2005.

"We are coordinating with other relevant ministries and with our counterparts in GCC Gulf nations on the talks on a free-trade agreement," said a trade ministry official in Tokyo.

Japanese Foreign Minister Tarō Aso instructed government officials to accelerate the talks in the aim of securing energy resources, said the official, who declined to be named as is the usual policy.

"Oil imports are certainly very important for Japan, but also exports to Gulf nations are attractive to industries such as automakers and construction machinery makers as the economies in those countries are robust thanks to high oil prices," he added.

He said Japanese business

lobbies had been urging the government to move swiftly to open free trade talks with the Gulf nations.

"As China has started FTA talks with the GCC (members) in April last year and South Korea and India have similarly started talks, it is inevitable for Japan to start talks with them," he said.

Japan has been widening efforts to break down trade barriers with its trade partners with a flurry of bilateral free trade deals. It has signed free trade pacts with Singapore and Mexico and reached similar broad agreements with Malaysia, Thailand and the Philippines.

It is also negotiating with South Korea, Indonesia, Chile and the Association of Southeast Asian Nations as a whole, and is moving toward talks with Australia, India, Switzerland, Vietnam and South Africa.

Japan has increasingly been competing over scarce energy resources with China -- which dispatched its vice foreign minister to Iran's capital Tehran for weekend talks on the crisis.

QUOTA-FREE TEXTILE MARKET

India lags behind China

OUR CORRESPONDENT, New Delhi

India failed to cash in on the quota-free world textile market and registered only a 'moderate' export growth during the current financial year and lagged way behind arch rival China, an official survey said here Monday.

The exports of textile and clothing from India increased by 8.21 percent to \$ 9.3 billion in April-November 2005, said the Economic Survey, presented in Parliament a day before budget.

In the run up to the phasing out of quotas, studies had listed India and China as the main beneficiaries of the new global order in textile trade.

China, however, has been more aggressive. While India's exports of textile and clothing to the US increased by 25 percent, China's exports went up by 58 percent.

The difference was more evident

in European Union. While India's exports were up 10.5 percent, China increased its exports by 80 percent.

The US data for the first six months of 2005 shows that exports of textile and clothing of liberalised product lines from China grew by 242 percent.

The massive increase in exports that was envisaged after phasing of quotas was expected to drive the Indian textile sector.

The sector accounts for 20 percent of the country's industrial output and 12-16 percent of total exports.

The overall growth in the sector, however, has been moderate.

"Moderate turnaround in the performance in the textile sector has become visible in increased production. Budgetary concessions, rationalisation of duty structure and assistance under Technology Upgradation Fund Scheme have started paying

dividend," the Economic Survey presented in Parliament on Monday said.

It said the production of fabrics touched a peak of 45,378 million square metres in 2004-05 and in this fiscal till November the production grew nine per cent.

The highest increase of 20.32 percent was registered in exports of coir and coir products followed by 18.93 percent by readymade garments.

The export of manmade textiles declined by 12.83 percent to \$ 1.1 billion while wool and woollen textiles were down 1.78 percent to \$ 289 million.

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Imam Anwar Hossain, chairman of the Executive Committee of Prime Bank Ltd, inaugurates the bank's 42nd branch on Mirpur Road at Dhanmondi in Dhaka yesterday. Senior officials of the bank are also seen in the picture.