

Oriental Bank exempted from maintaining CRR, SLR for 2 years

STAR BUSINESS REPORT

The government is going to exempt Oriental Bank from maintaining mandatory cash reserve ratio (CRR) and statutory liquidity requirement (SLR) for a period between July 2005 and June 2007 to help the bank overcome its financial crisis.

The bank is going to receive the facility for two years following a central bank proposal.

According to the Bank Company Law, each commercial bank has to maintain CRR and SLR for the depositors' safety. Each bank has to pay fine if anyone fails to maintain the rules.

But if any bank seeks exemption, the government can relax the rules following suggestions from Bangladesh Bank.

Meanwhile, many loan defaulters of the beleaguered bank initiated steps to repay their loans. Banking sources said the bank has already recovered around Tk 40 crore following the management takeover by the central bank.

Oil price hits almost \$74 in London

AFP, London

The price of oil reached almost 74 dollars per barrel in London trade on Monday, closing in on a historic high owing to supply concerns, dealers said.

Brent North Sea crude for August delivery climbed 56 cents to 73.82 dollars per barrel in electronic trading after touching 73.99 earlier Monday.

London Brent had struck a record high of 74.97 dollars in May on the back of heightened tensions in major oil producer Iran.

Trading in New York crude, meanwhile, was set to resume on Wednesday following Tuesday's Fourth of July celebrations in the United States.

New York's main contract, light sweet crude for delivery in August, had closed at 73.93 dollars per barrel on Friday. Its record high stands at 75.35 dollars, which was achieved in April.

"There are several factors which have all caused some new money to come into the market, which we hadn't really seen for a while, and that's what driving prices higher," Calyon analyst Mike Wittner said Monday.

He pointed to tight supplies of US motor fuel and persistent concerns over Iran as key factors supporting prices. Ongoing tensions in oil-rich Nigeria and the US hurricane season were cited also by Wittner as reasons behind the high cost of crude.

Last year hurricanes severely damaged energy installations on the US Gulf coast, fuelling oil prices to record highs.

In the absence so far of any major hurricane damage, the market's main focus remains over the adequacy of US gasoline supplies.

Some 35 million Americans are expected to take to the roadways over the long holiday weekend, putting severe strain on the country's stocks of gasoline or petrol.

US gasoline stocks are already under pressure amid the ongoing peak-demand driving season, which sees Americans using their cars for summer vacation.

Crude prices are being supported also by events in Iran, the world's fourth biggest producer of oil.

Dhaka to raise concern over Delhi's ban on export of essentials

Indo-Bangla meet on trade begins tomorrow

UNB, Dhaka

Bangladesh will push the interests of the business community at the fourth meeting of Bangladesh-India Joint Working Group (JWG) on trade that begins in Agartala, India tomorrow.

The Bangladesh delegation at the JWG meeting will also raise its concern over India's ban on export of essentials – sugar, pulses and wheat – and seek special considerations to allow export of the items to Bangladesh.

"The trade talks meant for looking after the interests of the business community which will actually propel trade and investment between the two countries," a senior official told the news agency yesterday.

Additional secretary of the Ministry of Commerce Elias Ahmed

will lead a 7-member Bangladesh delegation to the JWG meeting while joint secretary of Indian Ministry of Commerce MVPC Shastri will lead the home side.

The Bangladesh delegation is scheduled to leave Dhaka for Agartala by road today.

The two-day meeting was earlier scheduled to be held in New Delhi, but Bangladesh preferred Agartala considering the country's business interests in the northeastern states of India, the official said.

Recently formed joint task forces comprising representatives from the apex trade bodies of the two countries in their first meeting here on June 4 finalised and submitted a charter of recommendations to both the governments to promote bilateral trade and investment.

In second meeting in Kolkata on

June 20, Indian State Minister for Commerce Jairam Ramesh said India would come up with its official response to the recommendations at the Joint Working Group meeting.

Imposition of additional 4 per cent tax by India on import of few items, including Jamdani sarees and hilsa fish, will also come up for discussion at the meeting.

Evaluating the implementation status of the decisions taken at the third meeting of the JWG here in August last year is among the other issues to be discussed at the two-day meeting.

The issues also include non-tariff and para-tariff barriers, trade facilitation through developing infrastructure for land customs stations, improvement of the banking facilities in the Indian northeastern states.

Benapole customs posts 10pc revenue growth

A CORRESPONDENT, Benapole

Benapole Customs House earned Tk 1238.66 crore in revenue in the fiscal year 2005-06, achieving 99.9 per cent of its revenue earning target and posting a 10 per cent annual growth.

The target was Tk 1240 crore and the land port earned around Tk 113 crore more revenue in FY06 compared to the previous fiscal's total earning of Tk 1126 crore.

The overall import through the land port decreased by 27 per cent during the fiscal, resulting in Tk 1.34 crore shortfall of the target.

The revenue generation increased mainly due to strong monitoring system against tax evasion and corruption in the Benapole land port, sources said.

The land port earned Tk 124 crore in June, Tk 131 crore in May, Tk 149.4 crore in April, Tk 108.95 crore in March, Tk 113 crore in February and Tk 94.04 crore in January this year.

Revenue earning through the land port in the last six months of the previous year was Tk 94.15 crore in December, Tk 70.85 crore in November, Tk 94.19 crore in October, Tk 108.22 crore in September, Tk 78.92 crore in August and Tk 84.08 crore in July.

Bourses witness bearish trend in FY06

SARWAR A CHOWDHURY

The country's bourses witnessed a bearish trend in the just concluded financial year due to tight monetary policy of the government, analysts said.

In FY 2005-06, DSE General Index lost 350.17 points or 21.81 per cent to close at 1339.52 points on June 29 from 1689.69 points on the first trading day of FY06.

Beginning with 1293.11 points, All Share Price Index of the Dhaka Stock Exchange (DSE) decreased to 1040.46 points, losing 252.65 points or 20.61 per cent on the last trading day of the last fiscal year.

DSE-20, comprising blue chips, declined by 532.85 points or 30 per

cent to 1310.85 points from 1843.71 points.

During the last fiscal year, the Chittagong Stock Exchange (CSE) also witnessed down trend in indices. The CSE All Share Price Index lost 479.52 points or 15.11 per cent to close at 2879.19 points on June 29 from 3308.72 points.

CSE Selective Categories Index also declined by 328.01 points or 16.13 points to close at 1992.34 points from 2320.35 points.

Starting with 3124.02 points, CSE-30 climbed down to 2756.60 points, losing 367.41 points or 14.73 per cent.

Throughout the last fiscal year, turnover in DSE declined by 38.86 per cent while CSE witnessed 31.97 per cent fall.

The total turnover in the bourses declined by 37.60 per cent.

Although the stock markets saw a bearish trend, a good number of securities entered the market compared.

A total of 19 companies got listed with the DSE during the last fiscal year while only five companies made their way to the stock market in the previous fiscal year.

Among the listed companies, state-owned electricity company, Dhaka Electric Supply Company, was listed with the DSE on June 18 under direct listing regulations to offload 25 per cent of its shares.

WTO has slim chance of overcoming crisis by new deadline

AFP, Geneva

Trading nations are now in a race to another last-ditch deadline 28 days away to overcome weekend failure in Doha Round negotiations to free-up trade, but prospects for a deal and ending "crisis" for the WTO appear slim.

A crucial meeting at the WTO's Geneva base simply highlighted the battlelines and set a new deadline, while the United States faced the strongest criticism over its refusal to make further cuts in contested payouts to American farmers.

Warnings from WTO chief Pascal Lamy that the organisation was facing a "moment of truth" in the effort to produce a landmark trade treaty by the end of this year had little impact.

After the failure of the Geneva meeting, Lamy said that negotiators must "face the fact that we are now in a crisis situation".

EU Trade Commissioner Peter Mandelson said that it was "five minutes to midnight" at the WTO. Japanese Agriculture Minister Shoichi Nakagawa warned that the "gap is as wide as the Grand Canyon".

Doom-laden rhetoric is nothing unusual at the WTO where the 149 member states have a history of missing targets since they started the Doha Round.

The round has swung from near-collapse to revival and back again since it began in the Qatari capital in 2001 with the goal of

slashing barriers to agricultural, services and manufactured goods trade and harnessing commerce for economic growth in the developing world.

Talks were meant to end in 2004 but the target was pushed back to December 2006, while rich nations were pitted against emerging powerhouses such as Brazil and India, and deep divisions arose between the European Union and United States.

The WTO members this week-end asked Lamy to pare down the differences.

By the end of July -- the "drop-dead date," according to Australian Trade Minister Mark Vaile -- Lamy must try to broker a deal on the mathematics for cutting customs duties and rich nations' farm subsidies.

Such an accord was supposed to have emerged at the end of April, but was delayed until June.

Lamy told reporters he would "crack heads together, consult and confess".

But the seasoned negotiator cannot force the compromise required under WTO rules.

Sergio Marchi, a former Canadian trade ambassador who chaired the WTO's ruling General Council, told AFP that the "chances for a breakthrough this month are slim".

If negotiators fail to find a deal before a summer recess in August, they could face more trouble the autumn as domestic concerns

make key players jumpy, he explained.

"These forces are not conducive in providing negotiators with the needed latitude to find a deal," Marchi told AFP.

President George W. Bush faces a key test in mid-term elections in the autumn, and rising scepticism among US lawmakers about trade concessions, making it tougher for his administration to climb down at the WTO.

The political calendar for WTO heavyweights also includes presidential elections in Brazil this October and in France in May 2007.

On July 1, 2007, the White House is due to lose its special authority from US lawmakers to fast-track trade deals, which could hamper the WTO negotiations if they overrun.

The EU has edged closer to the demands of the G20 bloc of developing countries, which is steered by Brazil and India. The G20 wants rich countries to slash their import duties on farm goods.

That left Washington isolated in Geneva over its refusal to deepen proposed cuts in farm subsidies, which are accused of helping US agribusiness undercut its competitors.

US Trade Representative Susan Schwab blamed other WTO members for failing to offer more market opportunities.



PHOTO: STAR

Ingvald Lyeche, director (Sales and Distribution) of mobile phone operator GrameenPhone (GP) Ltd, cuts a cake to mark the inauguration of a GP sales and services centre in Bogra yesterday. Bidyut Kumar Basu, head of Customer Management Division, and Anders Landergren, head of Distribution Development, among others, were present.

\$150m IFC loan to Cairn for alleviating energy shortage in Bangladesh, India

UNB, Dhaka

Cairn Energy PLC will receive US\$150 million loan from International Finance Corporation (IFC) to help alleviate energy shortage in India and Bangladesh under a project.

The IFC, a private sector arm of the World Bank Group, will provide the money under an agreement signed with Cairn, a UK-based energy company, said a World Bank online press release.

Under the project, the IFC will be

a partner in the innovative community development programmes in the economically underdeveloped areas.

As part of the project design, the IFC and Cairn will help small local firms to provide support services such as food, transportation, security, grounds keeping and others to oil and gas operations.

They will also work with farmers in developing cooperative dairy ventures to improve production, the release added.

It, however, did not elaborate

how much of the fund will be utilised for Bangladesh and India.

A central component of the Cairn-IFC development programme will be the establishment of an Enterprise Centre, which will help provide information and expertise on business practices to local small and medium-sized firms.

The project was designed to put them in the position to become potential suppliers and service providers to the oil and gas operation and other ventures.

Industrial park for plastic products soon

BDNEWS, Dhaka

An industrial park for plastic products will be set up at Maowa under Louhajang thana in Munshiganj district soon.

An agreement to this end is expected to be signed today between Bangladesh Small and Cottage Industries Corporation (BSCIC) and Bangladesh Plastic Goods Manufacturers and Exporters' Association (BPGMEA). BPGMEA President Jasim Uddin yesterday told the news agency that the park would be built on a 50-acre land at the Maowa Highway near Dhaleshwari Bridge-2.

He said the Executive Committee of the National Economic Council (ECNEC) has already approved the project and the government has allotted the land adjacent to the Maowa Highway.

"Under the agreement, the BSCIC will develop the industrial park for the plastic goods manufacturers," the BPGMEA chief added.

The plastic goods manufacturers also hailed the finance minister for reducing import duties on raw materials of plastic goods in the budget.

"Now we will pay duties for raw materials as primary goods instead of intermediate goods," said Jasim Uddin.

Plastic goods manufacturers, however, urged the finance minister to remove inconsistencies relating to 25 per cent bank guarantee for importing raw materials for plastic products and in other areas.

Lanka goes tough on loan defaulters

AFP, Colombo

Sri Lanka's central bank Monday promised bigger fines for local and foreign banks that fail to report influential defaulters to the Credit Information Bureau (CRIB).

The central bank's deputy governor Raneer Jayamaha said financial institutions cherry picked names when reporting defaulters to the bureau which keeps track of credit histories.

"The affluent borrowers, multinational companies, large corporate customers, highly connected borrowers and the banks' preferred customers do not get reported to the CRIB even if they default altogether," Jayamaha said.

Jayamaha, who is also the head of the credit bureau, said they would hand out fines of 50,000 rupees (500 dollars) for each defaulter not reported by the credit bureau while bank managers also risked five-year jail terms for non-compliance.

Sri Lankan banks carry large amounts of bad debt, but more than two thirds of defaulters reported had taken small loans of less than a million rupees (10,000 dollars).

Tehran unveils major privatisation plan

AFP, Iran

Iran's supreme leader Ayatollah Ali Khamenei has unveiled plans for a major privatisation of state industries apart from companies in oil and other critical sectors, press reports said Monday.

The government plans to sell off 80 per cent of its stake in a range of state-run industrial companies in the banking, media, transportation and mineral sectors under an order issued by Khamenei.

The move is likely to lead to a major upheaval in the economy, which is currently about 80 per cent state controlled.

Iranian President Mahmoud Ahmadinejad had said in mid-May he planned to reverse privatisations carried out by the former reformist government if the companies involved had been "unjustly turned over, thus violating people's rights."

"Within the framework of privatisations, public properties and factories worth billions of rials (millions of dollars) were sold off at cheap prices to some groups," he said.

Khamenei's order does not affect the oil and gas industry in Iran. The country is the second largest oil exporter in the 11-member Organization of Petroleum Exporting Countries and the fourth largest in the world.

State television said last month that Iran expected to earn 60 billion dollars from oil exports in the current financial year to March 20, 2007.

Under the Khamenei plan, certain industries affiliated with the armed forces may be sold off -- vehicle manufacturing, spare parts and infrastructure construction -- provided they are not involved in production for defense and security purposes.

The new plan is considered an amendment to the constitution, which stipulates that certain sectors

are to be publicly owned and administered by the government.

According to the constitution the state sector embraces "basic industries, foreign trade, major minerals, banking, insurance, power generation, dams and large-scale irrigation networks, radio and television, post, telegraph and telephone services, aviation, shipping, roads, railroads and the like."

The leader's order also excludes seven banks, the Aviation Organisation, the Ports and Shipping Organisation and basic companies in the telecommunications sector.

The former head of Tehran's Chamber of Commerce, Mohamad Reza Behzadian, said the move amounted to a major change in the old constitutional attitude toward the economy as the absolute property of the government.

Geneva talks failure hits MDGs: UN official

AFP, Geneva

The failure of a crucial WTO meeting to revitalise cuts in trade barriers is a big blow to global targets to reduce poverty by 2015, a senior UN official warned on Monday.

"This was a very bad weekend for those goals," UN Deputy Secretary General Mark Malloch-Brown said, after the meeting at the World Trade Organisation failed to overcome long-standing deadlock between 149 trading nations.

The troubled five year-old talks on the Doha Round, which are already behind the original schedule, are meant to try to harness freer

trade in agriculture, industrial goods and services largely to boost developing nations.

"Rural and urban incomes in developing countries took a prospective hit in terms of future growth with the outcome of the talks on the weekend," Malloch-Brown told journalists.

"A Doha trade round is absolutely critical -- a trade round on the right terms to make it a genuine development round."

Growth in Asia in recent years has demonstrated the value of trade in helping to raise domestic growth, and those countries have been at the forefront of progress towards

achieving the Millennium Development Goals in 2015, he explained.

"The statistics speak for themselves: countries that are integrated into the world economy grow faster than those that are not," Malloch-Brown said.

"So this trade round was enormously important for the achievement of the MDGs," he added.

The goals laid out by world leaders in 2000 include a call to halve extreme poverty over 1990 levels and ensure that all children have primary education, as well as pledges to tackle infectious disease and increase aid.



PHOTO: JALALABAD TELECOM

Senior officials of Jalalabad Telecom Ltd (Bijoy Phone) and City Bank Ltd are seen at an agreement signing ceremony held recently in Dhaka. Under the deal, subscribers of Bijoy Phone will be able to deposit their bills in the branches of the bank, including those in Sylhet city.

ICAB seminar held

The Institute of Chartered Accountants of Bangladesh (ICAB) organised a seminar on Bangladesh Accounting Standards (BAS)-37, provisions, contingent liabilities and contingent assets in Dhaka on Thursday.

ICAB President ASM Nayeem narrated the status of BAS-37 and its application and compliance in the entities and gave a brief background of BAS-37 at the seminar, says a press release.

Chairman of University Grants Commission Dr M Asaduzzaman emphasised the role of the accountants in the socio-economic development of the country, specifically referring to some mechanisms that should be evolved to safeguard the interests of the investors.

He stressed that the chartered accountants of the country who have technical expertise in analysing financial statements can play the pivotal role in framing these mechanisms.