

Govt mulls actions against errant insurance companies

JASIM UDDIN KHAN

The government mulls stringent measures against some insurance companies, which fail to comply with corporate rules.

The commerce ministry is now scrutinising a parliamentary sub-committee report, which favours punitive actions.

The parliamentary sub-committee headed by LK Siddique recently advised the government to cancel the licences of 36 insurance companies as 27 of them have failed to go public within the deadline and the rest nine, listed on the bourses, are not holding annual general meetings regularly.

The committee submitted its report to the commerce ministry

and the parliamentary standing committee on commerce ministry last month.

Redwan Ahmed, chairman of the parliamentary standing committee, said the committee will discuss the issue in the next meeting scheduled for September 11.

"We suggest stern actions against those companies who have failed to comply with the Securities and Exchange Commissions (SEC) rules," Ahmed added.

According to the SEC rules, an insurance company has to offer 60 per cent of its share to the capital market within three years of getting licence.

A total of 27 insurance companies, out of 62, have failed to get

listed with the capital market despite repeated regulatory orders. The SEC also has realised a huge amount of money in fine from those companies for the non-compliance.

Among the listed insurance companies, the nine firms are continuously making losses and placed in the Z category.

Meanwhile, despite the dismal performance dozens of entrepreneurs have sought government permission to launch more than one hundred new insurance firms.

The sub-committee also advised the government not to allow any new insurance company in the saturated market.

Rather the committee suggested merger and acquisition in

the insurance sector.

When asked, M Shamsul Alam, chairman of Bangladesh Insurance Association, said the sub-committee did not consult with the insurance sector people in preparing the report.

"The report is fully irrational as the body did not talk to the association as well as the controller of insurance," Alam commented.

He said when the potential sector needs support and assistance the government is trying to choke the companies in the guise of regulatory measures.

Alam said it is very difficult for 27 companies to go public simultaneously in a small capital market.

Bangladesh trade show in Siliguri from today

UNB, Dhaka

Bangladesh's first trade fair in India's tourist-town Siliguri gets off to a festive start today to showcase a wide range of products, including the country's famous hilsa fish.

The Siliguri trade-show 2006, co-sponsored by North Bengal Exporters Association, will continue for 10 days.

Deputy High Commissioner of Bangladesh in Kolkata Mohammed Imran will inaugurate the trade show, ZEE NEWS from Siliguri said.

Tata plans to enter Russian market with diverse products

PTI, Moscow

As part of its global growth strategy, India's largest automaker Tata Motors are planning to enter the Russian market with diverse range of its products.

"Russia is a focus market in Tata Motors' global growth strategy. We have decided to enter Russia not just to sell our vehicles but also to be part of the Russian economy and grow with our customers by offering the best value proposition through products and services," head of Tata Motors' International Business PG Shankar told PTI here Thursday.

Shankar said Tata Motors, which has already successfully launched assembly of LPT 613 light commercial vehicles (LCV) with their Russian partner AMUR, plans to enter the local market with a diverse range of small, medium and heavy trucks and buses.

"Over 500 LCV capable of carrying five ton load are already on the Russian roads and next year we plan to assemble 1000 trucks with AMUR, our partner," Shankar, who looks after the commercial vehicles unit of the company, said on the sidelines of the Moscow International Automobile Salon which opened here Thursday.

Tata Motors hope to sell about 6000 commercial vehicles per annum over the next three years, he said.

"We are also exploring opportunities for investments in product development, marketing and even manufacturing. We have a long term vision and Tata Motors are here to stay," Shankar said adding that they have already localised 55-60 per cent of their LCV assembly in Russia.

He said Tata Motors were assembling the Telcoline pickups and passenger buses in Russia on the chassis of Tata LP 613 in arrangement with the Nizhny Novgorod-based Samolitor NN, and Volgograd-based Volzhnanin.

For the first time Tata Motors have put up an impressive display of a whole range of their passenger cars, including Indica hatchback, Indigo Sedan and Station Wagon at Moscow Auto show, drawing crowds.

IMF calls for more forceful reform measures on yuan

AFP, Singapore

Beijing should take more forceful measures to allow greater flexibility in the value of the yuan and its forex regime, a move which would benefit both China and the world, the International Monetary Fund (IMF) said.

"We believe it is in the interest of China to implement more forceful exchange rate regime it gave itself last year and to let market forces determine things in China in a more clear way," IMF managing director Rodrigo Rato said.

"We believe that will help the shift of China to a pattern of growth in which domestic demand will play a (larger) and more sustainable role," Rato told an online briefing with Asian journalists from Washington late Thursday.

"So it's clear that right now what we see is not the need for a new

system but the implementation of the system that was agreed."

China severed a decade-old link between the yuan and the US dollar in July last year amid complaints from the European Union, Japan and the United States that the weak yuan gives Chinese exporters an unfair advantage in the global market.

The world's major economies have said that the yuan should be allowed to seek its own value in the market, like the other major currencies, and not be kept artificially weak.

Since July last year, the yuan, which was revalued by 2.1 per cent at the time, has made only very modest gains against the dollar, leading to persistent calls for more resolute measures to reduce China's trade surplus, especially with the US and Europe.

The yuan on Thursday rose to its highest level against the dollar since July 2005, climbing to 7.9522 against

the US unit on the exchange-traded foreign exchange market, but that still represents a further appreciation of less than 2.0 per cent.

Analysts said this reflected an overall appreciation trend amid speculations in the Chinese press that the central bank wants to see greater currency flexibility.

The rise also followed a move by China's central bank on August 18 to raise interest rates for the second time in less than four months in another effort to cool the nation's heated economy, which grew 11.3 per cent in the second quarter.

"We believe that to have a currency that will reflect better the reality of the Chinese economy is a key question for rebalancing the growth pattern of China to a more sustainable (one) in which domestic consumption will be stronger than it is today and investment will be more efficient," Rato said.

Steady flow of foreign capital into Asean

ANNI THE STAR

Discard the perception that all of Asia is losing foreign investments to China. The Asean region, in fact, has been receiving record levels of foreign direct investments (FDIs)—higher than even before the Asian financial crisis.

Since the emergence of China as a top destination for FDIs, there has been a widely held view that Asean countries are no longer receiving FDIs due to their higher costs.

Ironically, the Asean country with the highest FDI this year is the one with the highest costs Singapore. The island republic has, for instance, attracted FDI projects totalling about RM14 billion (US\$3.8 billion) for its electronics industry so far this year, according to a recent report.

The FDIs into this region now seek a skilled labour force, not low-cost unskilled labour. The amount of FDIs in Malaysia had been relatively stable in recent years, contrary to general perception.

The value of FDI projects in the country's manufacturing sector increased to RM17.9 billion (\$4.87 billion) last year, exceeding the 2004 figure of RM13.1 billion (\$3.56 billion) and RM15.6 billion (\$4.24

billion) in 2003.

It is also clear that FDIs tend to be projects for the production of high value-added products rather than low-tech goods, like textiles or basic semiconductors, as was the case in the past.

The latest proposed FDI, for instance, is from Germany's SGL Carbon AG, the world's largest producer of carbon and graphite products. The company announced earlier this week that it would invest up to RM940mil, over several years, in its regional plant to be located in Banting, Klang.

Graphite electrodes are used to conduct electric current to melt scrap steel in steel mills.

In the electrical and electronics (E&E) sector, traditionally the biggest recipient of FDIs, Malaysia continues to draw new investments. Germany's Infineon, for instance, is building a semiconductor wafer fabrication plant at the Kulim High-Tech Park in Kedah.

The United States remains the consistently largest foreign investor in Malaysia, accounting for almost 30 per cent of the total FDIs of RM17.9 billion last year.

American Malaysian Chamber of Commerce (Amcham) president Vince Leusner said the Government

should, in Budget 2007, consider making it easier for foreign investors to invest in the local services sector.

Amcham has observed that in the past few years, nearly all the companies that had looked at Malaysia had considered investments in the services sectors, especially in shared services and business process outsourcing.

Leusner noted that although Malaysian Industrial Development Authority (Mida) was a one-stop Government agency for manufacturing investments and incentives, investors in the services sector, however, had to go through "various other agencies or ministries".

He suggested that Mida be "empowered to be a truly one-stop centre for all investments, including those in the services arena".

There is an opportunity in a free trade agreement (FTA) now being explored with the United States. That would create more awareness of Malaysia among American leaders and consumers, he added.

The FTA "is critical to help Malaysia achieve its goals set out in the Ninth Malaysia Plan and to help it further develop in the knowledge economy", Leusner said.



Visitors make queries at the six-day education and career fair that began at Bashundhara Expocentre in Dhaka on Thursday.

3-day Batexpo to begin Sept 21

UNB, Dhaka

A three-day exposition of Bangladesh apparel and textile products will begin in the capital on September 21 with the organisers expecting substantial numbers of foreign buyers and representatives of leading companies at the annual show.

Prime Minister Khaleda Zia is expected to inaugurate the fair styled "Batexpo" (Bangladesh Apparel and Textile Exposition) at Dhaka Sheraton Hotel.

"This year we expect even more buyers than last year's," BGMEA President SM Fazlul Haque told the news agency yesterday.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) will organise the display of products and potential of the country's prime export sector.

Last year, foreign buyers and representatives of buying houses of the USA, Canada, the UK, Middle East, Southeast Asia, Europe and many other countries visited the fair.

"We have contacted all of our foreign buyers, including those from Europe, the USA and Canada, and we expect a good number of buyers

from at least 12 countries will come to the exposition," the BGMEA president hoped.

The readymade garment industry exported apparel products worth US\$ 7.90 billion in the last fiscal year. The foreign exchange fetched by the garment products is around 75 per cent of the nation's total export earnings.

Leader of the Opposition in Parliament Sheikh Hasina is expected to be present as chief guest at the closing ceremony of the exposition on September 23.

Since the first Batexpo, held in 1989, the event has been playing an effective role in apprising international buyers of the range of diversity, quality, fashion, style and price of the locally stitched apparel products.

Focusing on the promotional activities, which will take place on the sidelines of the main show, Fazlul Haque said seminars on issues affecting the country's apparel sector and its future are also on the schedule.

Bangladesh's apparel sector employs around two million workers of whom 80 per cent are women.

Vietnam protests proposed EU anti-dumping duties on shoes

AFP, Hanoi

Vietnam rejected again Friday a European Commission (EC) proposal to levy 10 percent anti-dumping duties on imports of Vietnamese shoes, reducing current emergency levies.

Pressure is building on EU countries to settle their differences on what action to take before the temporary anti-dumping duties on imports of Chinese and Vietnamese shoes expire in October.

Seeking to break the deadlock, the commission renewed a proposal — already rejected in July by member states — to impose a duty of 16.5 percent on Chinese leather shoes and a duty of 10 percent on Vietnamese leather shoes.

"Enterprises with plants in Vietnam did not dump leather-capped shoes on the EU market," Vietnamese foreign ministry spokesman Le Dung said in a statement.

"The EC's proposal ... runs counter to the policy of trade liberalisation which was initiated and strongly supported by the EC.

India sustains \$1.2b trade deficit in 7 months

PTI, Beijing

India sustained a trade deficit of 1.2 billion US dollars during the first seven months of the year while the bilateral trade volume has touched 13.65 billion US dollars during that period, latest Chinese customs statistics said.

The volume of trade registered a growth of 26.8 per cent over the corresponding period last year.

The exports of iron ore by India to China, which constituted over 50 per cent of the country's trade with the Communist giant have slumped with the Chinese government putting restraint on the red hot economy.

Indian exports to China during January-July period amounted to 6.2 billion US dollars, and imports surged by 59.4 per cent to 7.45 billion US dollars.

"We are greatly heartened by the positive momentum in our bilateral trade. Yet, both countries need to examine its various parameters closely, particularly the narrow composition of the trade basket and the insufficient use of each other's comparative advantages," officials said.

"For sustainable high volumes of bilateral trade, diversification of the trade basket is not only important but imperative," they said.

Mahbub Jamil vice president of Singer Corp

Mahbub Jamil has become vice president of Singer Corporation, says a press release.

Stephen H Goodman, chairman, president and CEO, has made this announcement from New York.

Jamil's area of responsibilities will cover regional and special projects of Singer Asia. He will continue in addition as chairman and managing director of Singer Bangladesh and also chairman of International Leasing and Financial Services and presently be based in Dhaka.

The Board of holding company of Singer Bangladesh Ltd has recently approved this.

UAE to host major oil confce in Nov

AFP, Abu Dhabi

More than 1,000 major oil and gas companies from some 50 countries will take part in an international energy exhibition in Abu Dhabi in November, the official WAM news agency said Friday.

Energy ministers from Gulf and other oil-producing countries will attend the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC 2006) that will take place on November 5-8, it said.

Industry figures from around the world will also be on hand.

The 12th edition of ADIPEC will be the biggest since the capital of the United Arab Emirates (UAE) started hosting the event in 1984, WAM quoted organizers as saying.

Keari Tours launches yacht service in Rangamati

CU CORRESPONDENT

Keari Tours and Services, a sister concern of Keari Limited, on Thursday launched a yacht service in Rangamati in a bid to promote tourism in the hill district.

A 19.75-metre long yacht will ply between Rangamati Fishery Ghat and Shubholong, an exciting tourist spot in the district.

Keari Tours and Services will operate the pleasure trip with the yacht, Keari Karnaphuly, twice a day.

Chittagong Hill Tracts Affairs Deputy Minister Moni Swapan Dewan formally inaugurated the service.

The yacht will offer open deck, canteen, and guide services. A return trip on the route will cost a tourist Tk 125 in normal category and Tk 1,000 in deluxe suite having sitting arrangements for up to eight people.

The yacht can also be chartered for Tk 4,000 per hour.



A view of Keari Karnaphuly, the newly commissioned yacht by Keari Tours and Services in Rangamati.

PHOTO: STAR

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