Star BUSINESS

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Lafarge Surma starts cement production

UNB, *Dhaka*

Lafarge Surma yesterday started cement production in its plant at Chhatak in Sunamganj district after successful operation of a vertical raw mill and a kiln.

It is the country's first fully dry process cement in the private sector, said a press release.

A French company, Lafarge along with Spanish cement maker Cementos Molins set up the cement manufacturing plant in Chhatak.

Emirates Holidays offers Eid packages

Emirates Holidays, the tour operating arm of Dubai-based Emirates airline, is offering Bangladeshi travellers 'Super Deals' to Dubai, Cairo and Mauritius ahead of Eid ul Fitr, says a press release.

Valid from now until 30th November 2006, the packages offer customers a choice of 12 city and beach hotels in various price brackets.

Prices for 'Magical Dubai' start at US$ 677; for 'Egyptian Delights' at US$ 1,077; and for 'Splendid Mauritius Specials' at US$ 1,220.

The packages include return air ticket in economy class, three-nights/four-days' accommodation with breakfast, and private car transfers on arrival and departure between the airport and hotel. 'Splendid Mauritius Specials' include two meals-- breakfast and either lunch or dinner.

Emirates in Dhaka will process the visas for Dubai and Mauritius.

Hanif Zakaria, Emirates' Area Manager Bangladesh, said: "Dubai, Cairo and Mauritius being some of the most favourite destinations for Bangladeshi holiday makers, we are pleased to announce the 'Super Deals' ahead of Ramadan and Eid ul Fitr."

Myanmar posts $1.38b trade surplus

XINHUA, *Yangon*

Myanmar gained a trade surplus of 1.38 billion US dollars with its foreign trade in the first four months of the fiscal year of 2006-07 which began in April, up 77.8 percent from 776.1 million dollars in the corresponding period of 2005-06, a local news journal reported Friday.

With its exports amounting to 2.112 billion dollars and its imports valued at 732.09 million dollars, the country hit a foreign trade volume of 2.844 billion dollars during the period, the Khit Myanmar quoted the latest figures of the Ministry of Commerce as saying.

The ministry attributed the trade surplus mainly to the sale of natural gas, followed by that of agricultural, mineral and marine products.

According to official statistics, Myanmar's foreign trade hit 5.5 billion US dollars in 2005-06 registering a new record high in 17 years since 1989 when the country began to move to the market-oriented economy.

With the total trade volume going up by over 12 percent from the previous year's 4.9 billion dollars, the export during 2005-06 reached 3.554 billion dollars, up from 2.9 billion dollars in the previous year, while the import was valued at 1.9 billion dollars.

Dollar losses accelerate

AFP, *New York*

The dollar lost ground Thursday as a weak report on industrial activity added to pressure on the greenback a day after the Federal Reserve held interest rates steady.

The euro rose to 1.2779 dollars at 2100 GMT from 1.2686 dollars in New York late Wednesday.

The dollar fell below 117 yen for the first time in six months and stood at 116.33 yen, compared with 117.38 yen late Wednesday.

The dollar had lost ground overnight after the US Federal Reserve held its base rate at 5.25 percent, citing easing inflation concerns.

Sonali Bank misses bad loan recovery target in first half

Growth in loans within limit

STAR BUSINESS REPORT

Sonali Bank failed to achieve bad loan recovery target in the first half of this calendar year, although the state-run bank complied with the Bangladesh Bank's terms and conditions regarding growth in loans.

As per the memorandum of understanding (MoU), signed between Sonali Bank and Bangladesh Bank, growth in total outstanding loans and advances of Sonali Bank will be limited to five percent. During January-June period of 2006, the growth of outstanding loans of Sonali Bank stood at 1.21 percent, according to a Bangladesh Bank review on the bank.

The review said cash recovery of Sonali Bank against the default loans is very much disappointing. As per the MoU, Sonali Bank will have to recover Tk 154 crore from the top 20 defaulters by December 2006, but the bank recovered only Tk 35 lakh (0.23 percent) during January-June period of 2006.

As on June 2006, the classified loan of the bank stood at Tk 9709 crore of which as per the MoU the bank had to recover Tk 400 crore. But the bank recovered only Tk 108 crore, only 27 percent success of its yearly target.

The central bank review said Sonali Bank will have to accelerate its recovery rate to achieve 100 percent target.

According to Sonali Bank sources, of the total default loans, half of the default loans are with public sector.

As per the MoU, Sonali Bank will also have to reduce the cost of deposit and operating expenses by five percent and the bank was directed to spend Tk 426 crore in 2006. During the first half of 2006, Sonali Bank spent Tk 215 crore, which is 50 percent of the yearly target.

Sonali Bank sources said the bank spent most on staff salary. It is not possible to reduce staff salary, although the bank is trying to cut the other expenses gradually, the sources added.

However, the cost of deposit of the bank increased. As on June 2006 the cost of deposit stood at 5.86 percent, which was 4.58 percent last year.

Sonali Bank sources also said loan and deposit interests have increased in the banking sector due to central bank's tight monetary policy. Sonali Bank's deposit ultimately would have reduced had the bank not increased the deposit and loan interest rates.

PHOTO: FAREAST FINANCE & INVESTMENT

Fareast Finance & Investment Ltd signed a lease finance agreement with IFAD Autos Ltd recently. Under the deal, the financial institution will extend lease finance facility of Tk 3.52 crore to IFAD Autos. Asad Khan, managing director of Fareast Finance, and Iftekhar Ahmed, managing director of IFAD, among others, were present at the signing ceremony.

ROK businesses oppose revision of chaebol rules

ANN/THE KOREA HERALD

Businesses Thursday voiced objection to the Fair Trade Commission's move to revise chaebol regulations, saying the proposed measure would make it more difficult for them to invest.

The Korea Chamber of Commerce and Industry said in a report that 11 of 12 major business groups that fall under the current shareholding cap see the proposed regulations more problematic than the current ones.

The country's antitrust watchdog is pushing to replace a controversial shareholding cap on chaebol, a centerpiece of the incumbent government's economic reform policy, with a set of new measures governing circulatory shareholdings among conglomerate affiliates.

"The current rules on conglomerates hinder corporate investment and the advancement of the country's core industries. Any change to the regulations should be planned in a way that can address such problems," said the report.

The shareholding cap prohibits affiliates of conglomerates with 6 trillion won (US$6.3 billion) in total assets from investing more than a quarter of their equity in other companies. The FTC-envisioned alternative -- restrictions on circulatory shareholding among conglomerate affiliates -- focuses on preventing the affiliates from holding stakes in each other, which policymakers believe has been abused to give bigger control to chaebol owners.

The firms said the proposed measure would force them to spend more money to secure a bigger stake in their affiliates. It would also cut back on future investments.

KORCHAM said the incumbent government's single-minded drive for corporate governance reforms has hampered the emergence of a new global business group that could fuel the national economy's growth.

"The government must recognise the contributions of big conglomerates and it should roll out measures that encourage investment, rather than focusing on how to reform the structure of corporate governance," it said.

PHOTO: STANDARD CHARTERED BANK

Standard Chartered Bank opened its refurbished Narayanganj branch recently. Vikram Issar, head of Consumer Banking, and Tanvir Haider Chaudhury, head of Shared Distribution of the bank, among others, were present at the inauguration.

TMIB signs deal with Ericsson to expand network

UNB, *Dhaka*

TM International Bangladesh (TMIB), the owning company of AKTEL, has signed an agreement with Ericsson to expand its GSM/GPRS network in Dhaka and Chittagong.

Under the agreement, Ericsson will provide core and radio networks, and a range of telecommunication services, including installation, commissioning, optimisation and tuning, said a press release.

The deployment has started and is expected to be completed by the end of the year.

Apart from being able to accommodate new subscriber growth on its network, the expansion is expected to provide TMIB's subscribers better end-user experience in terms of network quality and performance.

Mobile operator AKTEL is a joint venture between Malaysia's Telecom Malaysia International and the local AK Khan Group.

Oil prices higher in Asian trade

AFP, *Singapore*

Oil prices were higher in Asian trade Friday in a short-term bounce after reports that world powers had handed Iran a new early October deadline to halt uranium enrichment, dealers said.

At 11:02 am (0302 GMT), New York's main contract, light sweet crude for November delivery, was up 36 cents to 61.95 dollars a barrel from 61.59 dollars in late US trades Thursday.

Brent North Sea crude for November was up 29 cents at 61.63 dollars.

"The market is becoming aware of the possibilities of sanctions, so the Middle East factor is coming back into the market," said Mark Pervan, an energy analyst for Daiwa Securities in Melbourne.

According to diplomats, the United States and its European allies have decided to give Tehran until early October to make progress in nuclear talks before they start discussing United Nations sanctions against Iran, the world's fourth biggest crude producer.

Iran says it has the right to pursue uranium enrichment as a signatory of the Nuclear Non-Proliferation Treaty. It rejects charges by Western countries that it is covertly trying to develop nuclear weapons.

Pervan said the market was just factoring in the risk but prices will continue to decline as long as geopolitical conditions do not deteriorate suddenly.

Oil prices have fallen sharply since the July record of 78.40 dollars on fears of supply disruptions in the Middle East at the height of the war between Israel and the Hezbollah Shiite militia in Lebanon.

BATEXPO-2006 SEMINAR

Apparels fail to tap duty-free facilities

Weak backward linkage industry, strict rules of origin blamed

STAR BUSINESS REPORT

Weak backward linkage industry, complicated rules of origin issue and less diversified RMG products have stymied Bangladesh's prospects to reap benefits from duty-free facilities offered by some developed countries, speakers said at a seminar in Dhaka yesterday.

Although the country gets duty and quota free facilities, Bangladesh's readymade garments fail to tap the opportunities, they told the seminar.

The seminar on WTO and strategy of Bangladesh's RMG sector was organised by Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on the sidelines of the three-day Bangladesh Apparel and Textile Exposition (Batexpo-2006).

BGMEA in association with German Technical Cooperation (GTZ) has organised the 17th version of the largest exposition of apparels, fabrics, and accessories at Dhaka Sheraton Hotel. The exposition ends today.

Barkat Ullah Bulu, adviser to the Ministry of Women and Children Affairs, spoke as the chief guest. SM Fazlul Hoque, president of BGMEA, presided over the seminar.

The speakers also suggested improvement of infrastructure such as port to increase the competitiveness of RMG. "We can also diversify our traditional garment items," said an exporter.

Mostafa Abid Khan, deputy chief of Bangladesh Tariff Commission, said, "Bangladesh cannot fully utilise the duty and quota facilities for woven garments due to the stringent rules of origin of the EU GSP."

On the other hand, Bangladesh can utilise the facilities in Canadian market because of simple rules of origin criteria, he added.

Japan, Chile strike FTA

AFP, *Tokyo*

Japan announced Friday a framework free trade deal with Chile, in a fresh boost to Japanese automakers and Tokyo's efforts to secure stable supplies of natural resources.

The basic economic partnership agreement (EPA), which if finalised would abolish tariffs on 92 percent of both countries' exports, is the sixth reached by Japan and was sealed after just seven months of negotiations.

"This new EPA will encompass a wide range of trade and economic issues, including trade and investment liberalization," said Prime Minister Junichiro Koizumi, who steps down next week after five years in office.

The pact, which is expected to take effect next year, would ensure "the stable supply of natural resources indispensable for Japan" and strengthen ties with Latin America as a whole, he said in a statement.

Japan is Chile's second-largest export market after the United States, taking shipments worth 4.5 billion dollars in 2005 such as copper and salmon.

Chile meanwhile imported 1.0 billion dollars' worth of Japanese goods in the same year, about half of which were automobiles, with electronic and general machinery accounting for another 20 percent.

The free trade pact is a boon for already flourishing Japanese automakers, who are seeing brisk sales overseas, particularly in North America.

"We welcome the broad agreement over the economic partnership agreement between Japan and Chile," said Fujio Cho, chairman of Japan Automobile Manufacturers Association, the top industry lobby group.

"For the Japanese auto sector, this agreement has significant meaning. We hope this agreement will help promote bilateral trade and investment between Japan and Chile and help further tighten the relationship," said Cho, who is also chairman of Toyota Motor Corp., the world's second-largest automaker.

The announcement came just a day after Japan kicked off free trade talks with six oil-rich Gulf nations -- Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates.

Japan has been pushing for more free-trade agreements around the world amid the collapse of global trade liberalization talks. Tokyo has already signed deals with Malaysia, Mexico, the Philippines and Singapore.

It has struck a basic accord with Thailand which has not been finalized and has also launched negotiations with South Korea, Indonesia and the 10-nation Association of Southeast Asian Nations as a whole.

New FDI policy in Indian bourses soon

OUR CORRESPONDENT, *New Delhi*

India would decide within a few days whether or not to allow foreign players to hold equity shares in the country's stock exchanges.

The proposed FDI (foreign direct investment) policy on bourses, now under formulation by the finance ministry, will spell out whether stock exchanges will be permitted to invite foreign portfolio investors while divesting brokers' equity in them below 49 per cent, sources in the ministry said.

In the past, the need for having a policy on FDI in bourses was not felt necessary, as the stock exchanges were not companies, rather these were essentially associations of brokers who held equity stakes in those. It is, however, mandatory for all bourses to corporatise and demutualise.

Industry sources said allowing foreign portfolio investors in Indian stock markets would boost liquidity in such stocks.

The NASDAQ is believed to have expressed its interest in acquiring a stake in Bombay Stock Exchange.

The proposed freeing up of foreign investment in Indian bourses has already been discussed by officials of finance ministry and Reserve Bank of India Governor YV Reddy, and another round of talks is expected with Securities and Exchange Board of India within a couple of days, sources said.

Some of the stock exchanges in southeast Asia have imposed restrictions on foreign ownership ranging from a cap of five per cent on individual holding to an aggregate of 15 to 20 per cent. The five per cent cap on individual holding is prevalent in Hong Kong, Seoul and Singapore while the same in Australia is 15 per cent.

It remains to be seen if any lock-in period on investments is clamped, as a section of industry feels this could dampen foreign investor's interest in Initial Public Offerings of Indian stock exchanges.

China, India jointly win bid for oil firm in Colombia

PALLAB BHATTACHARYA, *New Delhi*

In yet another instance of India and China joining hands for overseas acquisition of energy source, the state-owned companies of the two countries have jointly won the bid for an oil firm in Colombia.

The $ 850 million deal for acquiring Omimex de Columbia has been clinched by the overseas arm of India's Oil and Natural Gas Corporation (ONGC) and a subsidiary of Sinopec International Petroleum Exploration and Production Corporation (SIPC) with each paying in equal share for the buy-out.

This is the third time when Indian and Chinese state-owned companies have jointly and successfully bought energy source abroad. Earlier, the ONGC and Chinese National Petroleum Company acquired an oil block in Syria. The two companies also have collaboration in Sudan. Traditionally, India and China compete with each other for acquiring oil and gas blocks abroad.

Omimex has oil and gas operations exclusively in Columbia which include onshore production and exploration areas with gross proved reserves of more than 300 million barrels of oil and existing production capacity of around 20,000 barrels of oil per day, said the ONGC.

Meanwhile, India is pitted against China, South Korea and Thailand in a race to secure huge gas reserves in Shwe field in off-shore Myanmar.

Vietnam plans to equitise over 1,500 SoEs by 2010

XINHUA, *Hanoi*

Vietnam has planned to equitise more than 1,500 state-owned enterprises (SoEs), including commercial banks, by 2010, local newspaper Vietnam Agriculture reported Friday.

The country will also equitise some firms under ministries of National Defense and Public Security operating in the fields of textile and garment, construction, and trade, the paper quoted Deputy Director of Vietnam's Steering Committee for Enterprise Reform and Development Pham Viet Moun as saying.

Vietnam is offering shares to institutional investors to speed up equitisation of large state corporations, and encouraging the equitised enterprises to list in the local stock market.

By 2010, the country is expected to have only 554 SoEs operating mainly in the fields of security, defense, essential service provision, and agro-forestry.