

Star BUSINESS

E-mail: business@thedailystar.net

3-day Swiss Festival begins today

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A three-day Swiss Festival begins at Bangladesh-China Friendship Conference Centre in the city today to mark the 35th anniversary of friendship between Bangladesh and Switzerland.

Swiss Embassy in Dhaka, Swiss Agency for Development & Cooperation (SDC) and Switzerland-Bangladesh Business Forum (SBBF) are jointly organising the festival, the first of its kind in Bangladesh.

The festival will feature development projects of SDC, activities of the Swiss investors, cultural programmes and seminars. The cultural programmes will include a concert by Swiss music group 'Sonalp' and Bangladeshi singer Habib at 6:30am on November 9 and drama 'The Physicists' at 6:00pm on November 10.

At a press conference on Monday Swiss Ambassador in Dhaka Dora Rapold said the festival will be an opportunity for people to learn more about trade and culture of the two countries.

Annual trade between the two countries has reached 80 million US dollars and it is increasing by 10 percent every year, she said.

The SDC provided 232 million US dollars in development assistance for Bangladesh during the period between 1990 and 2005.

Bezema, Novartis, Holcim, Zurcher Kantonalbank, Associated Technology Limited, Benninger Switzerland, Daffodil Trading House Ltd, Habib Bank AG Zurich, Kuehne+Nagel, New Asia Ltd, Nestle, Swiss Colours Bangladesh Ltd, Syngenta, Texas Group, Textile Associate Limited, Xin Bangla Fabrics are cooperating in the festival. The Daily Star is the media partner of the event.

Int'l cotton confce from Dec 3

STAR BUSINESS REPORT

A two-day international cotton conference will begin in Dhaka on December 3.

The conference titled 'Bangladesh Cotton and Textile Convention 2006' will focus on the potential growth in the world cotton and textile trade, and investment opportunities for the textile industry.

Theme of the conference is 'Opportunities for Increased Trade in Cotton Textiles'.

Adviser to the caretaker government Sultana Kamal is scheduled to inaugurate convention as chief guest at Dhaka Sheraton Hotel.

Among others, Nasiruddin Najimov, first deputy minister [ministry of foreign economic relations and investment (cotton export)] of Uzbekistan, SM Fazlul Huq, president of Bangladesh Garment Manufacturers & Exporters Association (BGMEA), Fazlul Hoque, president of Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA), and MA Awal, chairman of Bangladesh Textile Mills Association (BTMA), will attend the inaugural function.

Cotton Bangladesh, a global textile magazine, and International Cotton Advisory Committee (ICAC) in cooperation with BGMEA, BKMEA, BTMA, Cotton Outlook and Globecot will organise the convention.

Microsoft to offer movies, TV shows

Microsoft Corp on Monday said it would rent movies and sell television shows through Internet downloads to its Xbox Live video game service, pitting the software giant against long-time rival Apple Computer Inc. and others responding to the explosion of video on the Web.

Watching shows on computers, iPod players and even cell phones has become almost commonplace. Apple has upgraded its iTunes online music store for video and services like YouTube have attracted world-wide attention.

Microsoft will begin on November 22 to offer standard and high-definition films.

IFIC BANK'S BAD LOANS

71.21pc in top 20 defaulters' pocket

REJAUL KARIM BYRON

The amount of money the top 20 defaulters of International Finance Investment and Commerce (IFIC) Bank Ltd borrowed has reached Tk168.35crore, which accounts for 71.21 per cent of the bank's total classified loans.

Bank sources said five private entrepreneurs among the top 20 are yet to repay major portion of the bank's bad loans amounting to Tk94.71crore.

Sreepur Textile Mills Ltd, which owes Tk 33.07crore, tops the list of these defaulters of the bank, added the sources. Other four are Bangladesh Leaf Tobacco Co Ltd (Tk24.72crore), D N Textile Mills Ltd (Tk14.48 crore), Karim Pipe Mills Ltd (Tk12.80 crore) and

Modern Ind. (BD) Ltd (Tk9.64 crore).

The IFIC Bank has sued 9 defaulters so far to realise Tk84.79crore from them, although no case has been filed against the remaining 11, who owe Tk83.56crore to the bank.

The bank failed to get its money back from these loanees even after filing cases against them, the sources said. Most of the defaulting companies, which have been sued by the bank, filed writ petition against the bank.

Bank sources said the bank is now continuing bilateral negotiations with the remaining 11 in a bid to reach a consensus on repayment.

Up to June 30, 2006, the AB Bank's total classified loan stood at

Tk 236.42crore, which is 10.18 per cent of its total outstanding loan.

Other listed defaulting companies are Rafty Apparels Ltd (Tk8.97crore), Air Parabat Ltd (Tk 7.29 crore), Suman Flexible Packaging Ltd (Tk31.46crore)

Karim Galvanized Steel Ltd (Tk 6.37 crore), Agro Process (BD) Ltd (Tk 6.09 crore), Abdullah Sweater Ltd (Tk5.93 crore), Doha Agencies (Tk4.7 crore)

Ahmed Attires Pvt Ltd (Tk 4.00 crore), Monami International Pvt Ltd (Tk 3.93 crore), Red Star Paper Products Pvt Ltd (Tk3.88 crore), Artificial Plant and Radiant Knitting (Tk4.69 crore), JK Enterprise (Tk3.22 crore), Enffa Apparels Ltd (Tk 3.03 crore), Sujan Traders (Tk2.9crore) and Multi Trade Polymer (Tk2.86crore).

India blames Pakistan for placing Safta hurdles

AFP, New Delhi

India's foreign minister yesterday accused regional adversary Pakistan of placing hurdles in the way of a fledgling South Asian Free Trade Agreement (Safta).

Foreign Minister Pranab Mukherjee warned that a regional free trade agreement reached in January 2004 and implemented earlier this year could collapse if Islamabad failed to fully implement key tariff cuts.

"The tariff reduction negotiations have been completed and operationalised from January 1," he told a forum, adding he hoped to convince Pakistan to remove hurdles during two days of talks between foreign secretaries.

Peace talks between the rivals resume November 14 after they were placed on hold following July train bombings that killed 186 people in India's financial capital Mumbai.

India said the bombers had links to Pakistan's spy agency, a charge denied by Islamabad.

"Our trade with Pakistan is on the basis of a positive list but Islamabad says that it is not free trade and recently expanded the

basket by adding 78 items," Mukherjee said.

"But I am not interested in the number of items. I am interested in seeing that the obstructions, which are there, are removed and there

Dollar weakens

AFP, London

The dollar dipped against the euro and the yen on Tuesday as market players awaited the outcome of the US mid-term elections, dealers said.

Participants also weighed up the global interest rate outlook following comments from both the Bank of Japan and the US Federal Reserve, they added.

The euro rose to 1.2765 dollars in European trading, from 1.2722 dollars in New York late on Monday.

The dollar fell to 117.77 yen from 118.26 yen late on Monday.

Tuesday's US Congressional election will set the stage for George W. Bush's final two years as president, with a Democrat victory in either or both of the House of Representatives and the Senate broadly expected to put some pressure on the dollar.

should be free flow of trade," Mukherjee added.

The foreign minister warned Safta would collapse if Islamabad did not budge.

"India is suggesting that unless they agree (to implement Safta) what was strenuously built up, it will be difficult to operationalise the agreement.

"I do hope it will be possible to convince them."

Islamabad has said that it has already cut tariffs on 90 percent of the goods India exports to Pakistan.

The trade pact is aimed at lowering barriers between the seven-nation South Asian Association of Regional Cooperation (Saarc) group to create the world's biggest free trade zone covering 1.4 billion people.

Saarc groups Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

Tensions between nuclear-powered India and Pakistan, which have fought three wars since independence from Britain in 1947, peaked following the July 11 bombings in Mumbai, which also left more than 800 commuters hurt.

Economic programme: CPD's recommendations for caretaker government

DEBAPRIYA BHATTACHARYA

INTRODUCTION

Constitutional Mandate

The economic mandate of the caretaker government (CTG) is informed by Article 58D of the Constitution of the People's Republic of Bangladesh which deals with the "Functions of Non-Party Care-taker Government."

The first provision of Article 58D reads: "the Non-Party Care-taker Government shall discharge its functions as an interim government and shall carry on the routine functions of such government with the aid and assistance of persons in the services of the Republic; and, except in the case of necessity for the discharge of such functions it shall not make any policy decision."

This implies that the CTG will provide a continuity to the initiatives undertaken by the previous government(s) and may take policy decisions (of course as an exception) in the interest of discharging its current duties including in the areas of economic management.

The second provision of Article 58D stipulates that "the Non-Party Care-taker Government shall give

to the Election Commission all possible aid and assistance that may be required for holding the general election of members of Parliament peacefully, fairly and impartially."

This suggests that the CTG may initiate and implement measures including those in the areas of economic management, which would facilitate holding of peaceful, fair and impartial elections.

The present Policy Brief has been prepared taking cognisance of this constitutional guidance.

Nature of the Economic Tasks

One of the two overarching economic objectives of the CTG will be to maintain the macroeconomic stability. To this end, the CTG will have to do the needful to keep the price inflation under control, and the volatility of the exchange rate at a low level.

The other major economic objective of the CTG will be to continue the developmental activities in an uninterrupted fashion. However, it is understood that in some cases of public financing there will be a hiatus which could temporarily decelerate

the economy. At the same time, in order to create a sustainable base for future development, the CTG will have to pursue some of the ongoing agenda of structural (institutional) reforms, left behind by the past government.

With a view to addressing the abovementioned two objectives, the CTG will need to (i) strengthen the government's fiscal operation, and (ii) consolidate the balance of payment (BOP). As our subsequent analysis will reveal, between (i) and (ii), the CTG will have to be more mindful about the former since the BOP situation remains relatively strong as against the fiscal balance which is showing signs of vulnerability.

Scope of the Brief

The present brief is not an omnibus document which provides a comprehensive 'wish list'; rather it takes a strategic view with a prioritised agenda as regards the economic programme of the transitional government.

The brief, after laying out its frame of reference, focuses on issues relating to macroeconomic management And a set of sectoral

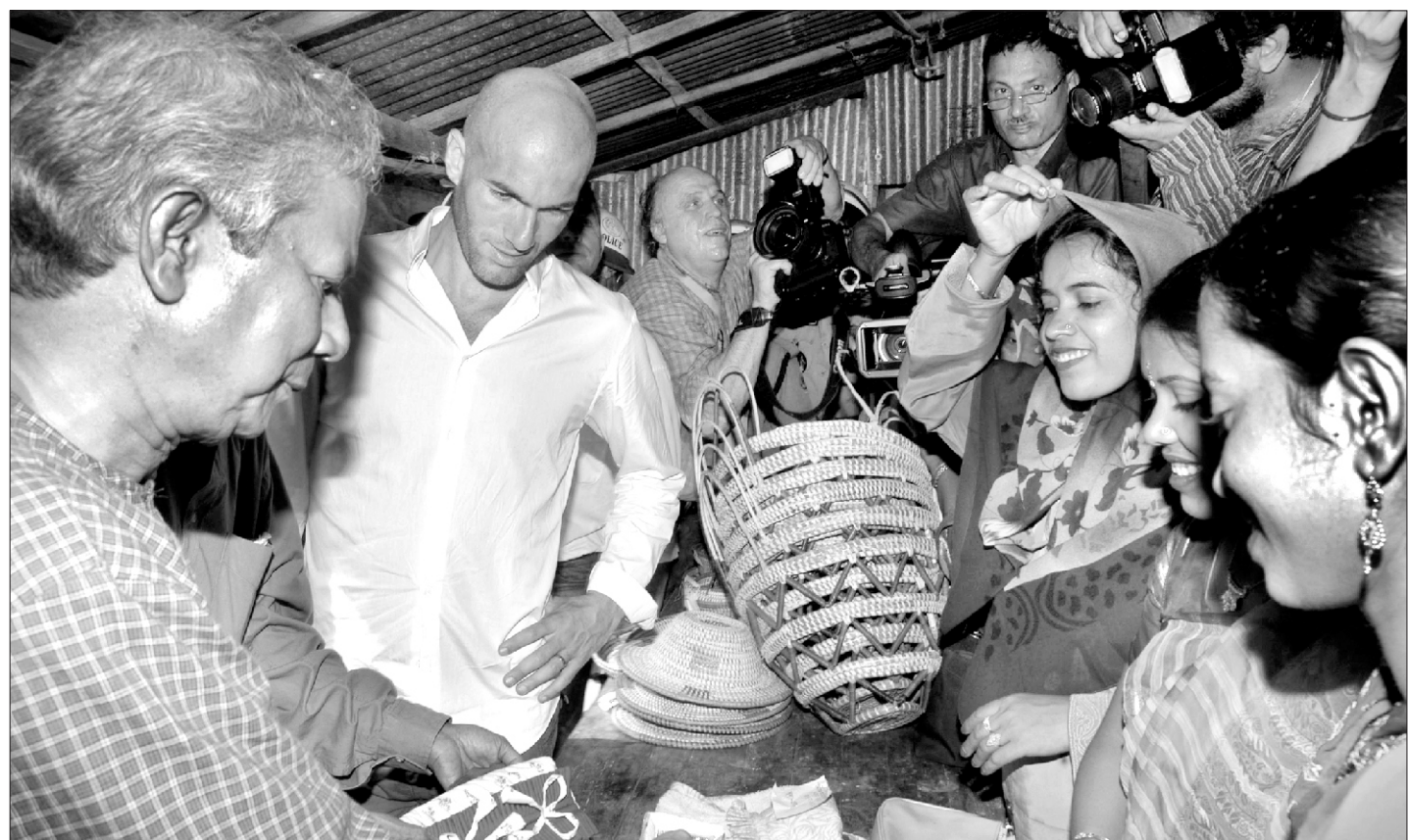


PHOTO: ANISUR RAHMAN

French football legend Zinedine Zidane along with Nobel laureate Muhammad Yunus takes a close look at handicrafts produced by Grameen Danone Foods Ltd. members at a village in Gazipur yesterday. Zidane is in Dhaka to inaugurate Grameen Danone Foods Ltd.

IMF frets over Russian energy muscle

AFP, Washington

The IMF issued a warning Monday about the Russian state's muscular influence in the booming oil industry and urged Moscow to rein in fiscal excesses generated by a petrodollar bonanza.

In an annual report, the International Monetary Fund reaffirmed that it foresees Russia's gross domestic product (GDP) expanding by 6.5 percent both this year and next.

The IMF predicted that Russian consumer price inflation, after rocketing to double-digit figures in recent years, would shrink to 9.7 percent this year and 8.6 percent in 2007. But that would still be above government targets.

High oil prices and "generally prudent macroeconomic policies" have helped the Russian economy, but those policies are now at risk from a "noticeable fiscal relaxation", the Fund cautioned.

It noted that Russia had stopped saving its oil windfall and was now spending the money on tax cuts and higher expenditures.

As a result, Russia's non-oil primary deficit is on course to mushroom by nearly three percent of GDP over 2005-2006. "The draft 2007 budget entails a significant further easing," the IMF report noted.

Italians keen to set up textile spl economic zone in India

PALLAB BHATTACHARYA, New Delhi

Italian investors are keen on setting up a special economic zone for the textile sector in India and foraying into fashion retailing through single brand stores, the chief of a leading industry body has said.

Italian designers are also exploring the possibilities of using India as a back office for their designing, production and marketing activities, according to President of Federation of Indian Chambers of Commerce and Industry Saroj Poddar.

He said India has necessary resources to provide support to the Italian designers in manufacturing high-value fashion garments.

An official delegation led by Indian Commerce Minister Kamal Nath is now in Italy to explore new business opportunities and enhance bilateral trade between the two countries, which have agreed to boost two-way commerce from 4.3 billion dollars at present to ten billion dollars by 2009.

The Indian Textile Ministry is pushing for Special Economic Zone (SEZ) benefits for 26 indus-

trial parks, which are being built under a scheme for integrated textile parks. This is expected to spin off considerable financial benefits for textile companies trying to cash in on quota-free international textile regime.

Such benefits could include benefits for textile firms like 15-year tax holiday, 100 percent income tax exemption for the first five years, 50 percent for the next five years and cent percent exemption on the profits recycled into the business for the last five years.

Service tax exemption and zero duty on capital goods are also part of the benefits that could accrue if SEZ status is granted to textile parks.

Under the scheme for integrated textile parks, the Textile Ministry provides infrastructure like roads, telecom and captive power plants for firms willing to set up units there.

The goods manufactured in these parks can either be exported or sold in domestic market and if these parks have high exports, they can get SEZ benefits, ministry sources said.

MIGA launches two new web portals

With the credit of launching the groundbreaking investment promotion network and other industry-acclaimed web services ten years back, the Multilateral Investment Guarantee Agency (MIGA) has once again come up with two pioneering web portals.

The first one is FDI.net, which is a unique web portal that offers on-demand country analysis and information on all things related to foreign direct investment (FDI) in 175 countries, says a press release.

Also making its debut is the Political Risk Insurance (PRI) Centre, the first-ever web service that responds to a growing demand for information on mitigating the political or non-commercial risks associated with investing in developing countries.

"MIGA is uniquely positioned to address the challenge of getting FDI into developing countries," the press release said, quoting Yukiko Omura, executive vice-president of MIGA. "In addition to offering political risk insurance, we are committed to offering the best online services possible to make sure that investors have up-to-date and accurate information on investment conditions and business opportunities."

Over the past 10 years, MIGA has developed a suite of award-winning online services, providing some 75,000 users with information on investment in developing countries.

FDI.net consolidates these services into one portal -- www.fdi.net -- offering information on specific investment opportunities; business and legal environments; up-to-the-minute feeds on news and events; links to investment promotion agencies and location consultants; quick search by sector and country; case studies; sources of investment finance and more.

The PRI-Centre -- www.pri-center.com -- provides information on the insurance market, featuring political risk analysis and ratings for 160 countries, research, tools, directories, news and events, the release added.

Emirates expands lounge network

Emirates Airline recently inaugurated its latest airport lounge at London Heathrow following the opening of similar passenger facilities in Singapore, Hong Kong and Melbourne earlier last month.

These luxurious lounges are part of the airline's US\$36.5 million investment to establish its own signature lounge facilities at key airports around its global network, says a press release.

The first Emirates Lounge outside of the airline's Dubai base was launched in Auckland last year.

The writer is the executive director of the Centre for Policy Dialogue (CPD).

(To be continued)