

Star BUSINESS

DHAKA TUESDAY NOVEMBER 6, 2001

Bank holiday on Nov 7

BSS, Dhaka

Bangladesh Bank and all other scheduled banks across the country will remain closed on the occasion of National Revolution and Solidarity Day on November 7, a Bangladesh Bank press release said here yesterday.

Korean trade show begins in city

UNB, Dhaka

A four-day Korean merchandise exhibition began here yesterday targeting to give a boost to their trade and explore investment opportunities in Bangladesh.

Commerce Minister Amir Khasru Mahmud Chowdhury inaugurated the event at a simple ceremony at Sonargaon Hotel, Korean Ambassador to Bangladesh Young-Ju Jung and BEPZA executive chairman Brig Siddique Talukdar were present in the opening ceremony.

Korea Trade Centre (KOTRA), Dhaka the Korean trade-investment promotion agency, has organised the trade show, its second exhibition in this country.

A total of 30 Korean companies and their local agents are showcasing products at the fair from 9 am to 5 pm daily.

The exhibits include automobiles, construction materials, home and kitchen appliances and other household articles, textiles, machinery, computer software, ginseng products and air-conditioning systems.

Korea has been one of Bangladesh's most important trading and investment partners in the process of Bangladesh's industrialization.

Bilateral trade position is in favour of Korea that exports goods worth around US\$300 million (2000-01) to Bangladesh annually against its imports of US\$20 million only.

Emirates, Airbus to set up joint aviation services company

AFP, Dubai

Dubai's Emirates airline and European aircraft manufacturer Airbus said Monday they will establish a joint venture company next year to provide aviation services to regional airlines.

The venture, valued at 30 million dollars and equally owned by Emirates and Airbus, will be created during the first half of 2002 and based in the Gulf emirate of Dubai, according to Emirates chairman Sheikh Ahmed bin Said al-Maktoum.

"Dubai will be one of the main centres for aviation in this region in the very near future," Sheikh Ahmed told reporters during the signing of the memorandum of understanding.

"The long-standing, close partnership between Emirates and Airbus will be strengthened by this venture," he said, adding that it would target aviation companies throughout the Middle East, Africa and Asia.

Airbus president Noel Forgeard said: "We have identified an opportunity to combine our world-class qualities and expertise to deliver a new range of services to the airline industry," describing the venture as "unique".

4m Germans may be jobless this winter

AFP, Hamburg, Germany

Four million people could be out of work in Germany by this winter, the Bild am Sonntag newspaper reported Sunday quoting top bank economists.

"We have to reckon on a very hard winter, worse than we all expected. The unemployment figure could rise to over four million this year," Hypovereinsbank chief economist Martin Huefner told the paper.

The head of the Commerzbank's economic department, Juergen Pfister, said he expected four million jobless this winter, and his counterpart with the Dresdner Bank, Klaus Friedrich, said he expected over four million out of work by the beginning of next year.

On Saturday, the daily Die Welt said the number of unemployed people in Germany rose to 3.71 million in October. It quoted Federal Labour Office sources who said that the jobless figure had risen by 100,000 from October 2000.

Official jobless figures for October are to be released Tuesday.

Govt mulls new incentives for capital market

Khosru tells DCCI seminar

STAR BUSINESS REPORT

The government plans a package of incentives for reviving the capital market.

Commerce Minister Amir Khasru Mahmud Chowdhury said yesterday. Although he did not elaborate what incentives are in the offing, he said within a few weeks a whole range of reforms would be initiated under a single package after consultations with the stakeholders, Khosru said.

The commerce minister was speaking as chief guest at a roundtable on 'Capital Market: Problems and Remedies' organised by the Dhaka Chamber of Commerce and Industry (DCCI). State Minister for Finance Shah Mohammad Abul Hossain also attended the roundtable as special guest.

Chairman of Finance and Banking Department of the Dhaka University MA Baqui Khalily presented a keynote paper while Capital Market Development and Privatisation Committee convenor AZM Nazimuddin made opening remarks.

"We have to make the stock market vibrant for the development of the economy and rapid industrialisation," the commerce minister said.

The minister also said in Bangladesh banks are being used as a source for long-term finance where as such funds are usually sourced from the stock markets in the developed countries.

The banks lend in long terms while taking short-term deposits showing a mismatch in fund management. "So, there is no alternative other than creating an environment where the capital market would become the main source for long-term loans while the banks would provide short-term financing."

Earlier, DCCI President Benajir Ahmed said it was the right time to act on necessary reforms in the capital market.

"It is gratifying to note that the government has already taken a bold

decision to reduce bank rate and interest rates of savings certificates," the DCCI president said.

Speaking on the occasion Dhaka Stock Exchange (DSE) Chairman Shahiq Khan said the market lacked institutional support.

He said that a number of merchant banks have been given licenses, but they failed to perform properly.

DCCI Director Zainul Abedin called for setting up a separate tribunal to deal with complicated financial crimes.

DSE Councillor Enayetur Rahman said every trading should be guaranteed by the stock exchanges for building confidence in investors.

DCCI former director A Rob Chowdhury, however, expressed dissatisfaction over the interest rate cut on savings instruments, arguing that in the absence of a risk-free stock market, such instruments provided guaranteed return to the investors.

Managing Director of AIMS of Bangladesh Yawer Sayed said the central depository system must be implemented quickly for the sake of transparency.

DSE member Ahmed Rashid said the merchant banks have resorted to taking money out of the secondary market by subscribing primary shares.

"These merchant banks, in the absence of lock-ins on their holdings, sell shares in the secondary market at two to three times higher prices and never invest the proceeds in the secondary market," Rashid said.

DSE Vice Chairman Anu Jaigirdar called for setting up an internal tribunal within the SEC for quick disposal of cases.

SEC Chairman Maniruddin Ahmed spoke on the measures initiated by the SEC in promoting corporate culture.

He said SEC interventions have helped reduce the number of AGM defaulting companies from 30 to three and increased dividend payments.

Finance minister for bourse members-dealers separation

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Finance and Planning Minister M Saifur Rahman yesterday hinted that the government may go for 'demutualisation' of the stock exchanges where the bourse members would not act as dealers.

It is surprising that stock exchange members are also brokers, which should not be the case as it harms transparency in trading, Saifur said while speaking at a presentation ceremony of Central Depository Bangladesh Limited (CDBL).

He said that lots of reforms need to be done in the market to ensure transparency in stock dealings and only then investors' confidence would be restored.

The concept of demutualisation has been tested successful in the

developed countries and some developing countries are also adapting the idea.

Saifur said in the absence of a vibrant capital market, banks lend long-term loans at exorbitant rates.

"Banks are taking advantage of the situation and are charging high interest rates on loans which could otherwise be collected from the capital market," the finance and planning minister said.

He also said once the central depository system is in place, market transparency would be ensured.

Earlier, CDBL Chairman AKM Shamsuddin made a brief presentation on CDBL. He also announced that an Indian company CMC has been awarded works for installation of necessary hardware to make CDBL opera-

tional within eight months.

Speaking on the occasion, SEC Chairman Maniruddin Ahmed said establishment of CDS was the crying need of the hour to ensure performance and lure foreign investment.

"So, the sooner we can do it, the better it is for the market. But this should not be done sacrificing quality to meet the changing future requirements," the chairman said.

He also said that once CDS is in place, volume of share transactions would increase. So, the CDBL should take all necessary measures to upgrade its system.

Speaking on the occasion, Bangladesh Bank Governor Dr M Farashuddin said CDS is an integral part of a vibrant capital market.

Brown cautiously optimistic about economy

AFP, Birmingham, England

British finance chief Chancellor Gordon Brown said on Sunday he was "cautiously optimistic" about prospects for the British economy in the wake of the terrorist attacks on the United States.

"While we will never be complacent, at this time of global slowdown -- unlike 10 or 20 years ago -- the fundamentals are sound: low inflation, stable public finances.

"So despite the difficulties and pressures we now face, with interest rates cut six times since the start of 2001 and fiscal policy supporting growth this year, I am cautiously optimistic," he told the annual conference of the Confederation of British Industry (CBI) in Birmingham in central England.

Brown played down concerns that the global economic slowdown and the cost of the military campaign in Afghanistan, where the prime suspect on the suicide attacks on US targets, Osama bin Laden, is thought to be sheltering, might result in fiscal laxity.

"We will not relax our fiscal disciplines and we will work within the fiscal rules we set in 1997 and have upheld throughout."

But he said that it was Britain's duty to bear the cost.

"So meeting the necessary cost of the military -- and our international development responsibilities in Pakistan and Afghanistan -- is a duty we must and will discharge, paying what it needs to root out terrorism and the supply of funds and equipment to terrorism," he said.



PHOTO: STAR

Commerce Minister Amir Khasru Mahmud Chowdhury visits a stall at a four-day Korean merchandise exhibition at Sonargaon Hotel after inaugurating the show yesterday. A total of 30 Korean companies and their local agents are showcasing products at the fair from 9 am to 5 pm daily.

China trade engine may overtake Germany, Japan in 10 years

AFP, Shanghai

China could overtake Germany and Japan to become the world's second largest trading nation within 10 years of joining the World Trade Organisation, said Nicholas Lardy, senior fellow at the Brookings Institute.

Lardy, who is an expert on China's economic and financial reform, said WTO membership would throw open new doors of opportunity in China and see the world's most populous country becoming the biggest producer of electronic products, semiconductors and computer hardware over the next decade.

Growing exports of textiles and apparel would likely generate five

million new jobs, he predicted.

But strains could grow in Sino-US relations as China's trading might gathers weight, Lardy warned.

"Many people in the United States will be displeased because the US trade deficit with China will grow, even if China implements every one of its WTO commitments," Lardy warned.

Over the last 20 years, China has slashed tariff and non-tariff barriers and more dramatic cuts lie ahead within the first five years of WTO accession.

But for developed countries to cash in on China's growing might, they would have to fight the urge to throw up protectionist barriers in China's way.

"China is not going to be able to import more goods from the West as it opens its markets unless it is able to sell more goods to the West," Lardy cautioned.

China's biggest challenge though, lies in overhauling its financial sector to deliver new growth.

While trading and manufacturing firms are becoming increasingly efficient in meeting international demands, China's banks are overstuffed, have too many branches and are scarcely able to differentiate a good project from a bad one.

"China's banks have been slow to develop a commercial credit culture," said Lardy.



British High Commissioner in Dhaka Dr David Carter inaugurated Dhaka-London non-stop flight of British Airways at Zia International Airport recently. British Airways Manager-Bangladesh Jill R Errington, Sales Manager M A Hassan, Airport Manager Fida Salam, Telesales Manager Nusrat P Ahmed, General Manager of Dhaka Sheraton Hotel Ian Reid and the operating Captain of the first flight Wills Roggr were also present.

Aktel launches pre-paid mobile phone service

Aktel has launched its first ever pre-paid mobile phone service, says a press release.

The long-awaited service is called "One Pre-Paid service," the latest addition to Aktel's fleet of services.

One Pre-Paid has several advanced and value added services. As Aktel had already launched its Dhaka-Chittagong link coverage, the new Pre-Paid customers now can enjoy this link coverage along with the existing Post-Paid customers. They also can roam anywhere within the Aktel network.

This package is pre-activated so that consumers can start operating it as soon as they buy the package. Within the Aktel network the consumers will enjoy instant access.

This Pre-Paid service is the only Pre-Paid service in the country which is offering both way Short Message Service (SMS). The Pre-Paid recharge cards are now available at different Aktel authorised outlets at Tk 300 and Tk 600.



Chairman of Bank Asia M Syeduzzaman inaugurates a showroom of Rangs Group in Sylhet on Sunday. Rangs Group Chairman A Rouf Chowdhury, Rangs Industries Ltd Managing Director Rumea A Hossain, Sylhet Chamber of Commerce and Industry President Safwan Chowdhury, and Sinha Textile Group Director Arifur Rahman Sinha were also present on the occasion. The showroom will display Toshiba, Canon and BPL products.

45,000 workers may lose jobs in Malaysia this yr

AFP, Kuala Lumpur

Malaysia expects a total 45,000 workers to be retrenched this year, Human Resources Minister Fong Chan Onn said Monday.

The "big" job losses would, however, be offset by the creation of 110,000 new jobs, Fong was quoted by Bernama news agency as saying.

He told parliament a total of 31,302 workers had already been retrenched from January to October this year.

The government would assist the workers by registering job-seekers and vacancies and organising job fairs and training schemes, he said.

Malaysia announced last month it would cut the permit period for all foreign workers except domestic helpers from six or seven years to three years.

The government has revised downwards its 2001 economic growth forecast to 1.0-2.0 per cent because of the "greater-than-expected" slowdown in the world economy.