

2 treasury bonds introduced to woo general investors

STAR BUSINESS REPORT

The government has introduced two treasury bonds to woo general investors in the bond market.

The central bank will hold the auction of the bonds with five-year and ten-year tenors on December 28, according to a central bank circular released yesterday.

Investors, who will be able to participate in the auction through primary dealers, will receive profits in every six-month interval.

At the initial stage, the bonds worth Tk 100 crore will be released in the market. The lowest price of the bond will be Tk one lakh.

7.5 per cent interest will be

given for five-year bond and 8.5 per cent interest for ten-year bond.

Different life insurance institutions, banks, financial institutions and institutional and individual investors will be able to purchase the bonds, titled Bangladesh Government Treasury Bond. Provident fund can also be used for investing in the bonds.

Bangladeshi expatriates will also be able to buy the bonds and receive the profit in foreign currency. But they will not be allowed to sell the bonds to any people living in Bangladesh within one year of purchase.

The central bank also yesterday appointed eight banks and a finan-

cial institution as primary dealer (PD) for transacting government bonds and securities in the secondary market.

The appointed PDs include Sonali Bank, Agrani Bank, Janata Bank, Prime Bank, Uttara Bank, Jamuna Bank, Southeast Bank, National Credit and Commerce Bank and International Leasing and Financial Services Ltd.

Individual investors will be able to purchase the bonds from banks and financial institutions along with PDs.

But, Bangladesh Bank sources said later only PDs will be allowed to purchase these bonds and securities after full-swing operation of

the secondary market.

The government will also launch a bond worth Tk 174 crore to raise fund for gas well development. Finance ministry has approved the proposal and sent it to the central bank.

The sources also said a process is under consideration to launch more bonds worth about Tk 700 crore to raise funds for power and telephone sectors.

The government has resorted to bond market as it has reduced borrowing from the banking system and cut interest rates on savings instruments, sources said.

IPDC approves Tk 1,236m

industrial investment

BSS, Dhaka

The Industrial Promotion and Development Company of Bangladesh Limited (IPDC) has taken an investment plan of Tk 1,236 million to extend financial assistance to various industries involved in some particular sub-sectors, the company said Wednesday.

The investment plan was approved on Tuesday at the 10th meeting of the Board of Directors of the company where Dr. Shoeb Ahmed, secretary of industries, was in the chair, says a press release.

Of the total investment, Tk 200 million will be given as equity, Tk 908 million as term loan, Tk 91 million as lease and Tk 37 million as guarantee.

The board also approved some particular sub-sectors for this investment. These are ICT, agro-based industries, textiles, RMG private airlines pharmaceuticals, health care, plastic industries, hotel and tourism, printing and packaging and banking and services.

The IPDC's directors and representatives of the government of Bangladesh, International Finance Corporation, Commonwealth Development Corporation, German Investment and Development Company and Aga Khan Fund for Economic Development attended the meeting.

Better governance, port major post-MFA challenges

Diplomats, business leaders observe

STAR BUSINESS REPORT

Diplomats and local business leaders yesterday said some of the post-MFA challenges facing Bangladesh will be improving governance and increasing the efficiency of Chittagong Port.

The investors simply cannot overlook the issues like human rights, governance and law and order situation while planning to invest in a country, they told at a seminar.

Phasing out of multi-fibre arrangement in 2004 may bring a lot of social problems for a lot of families, they said. And many people especially women will lose jobs, they added.

The seminar on 'Trade issues between Bangladesh and European Union- post 2004 perspective' was jointly organised by Dutch-Bangla Chamber of Commerce and Industry and the National Press Club in Dhaka.

Speaking at the technical session, Esko Kentrschynskyh, ambassador of Head of Delegation of EC to Dhaka, said phasing out of MFA after 2004 poses a major threat to Bangladesh as some key issues like congestion in Chittagong Port, continuing dependency on fabric imports and inadequate investment in the backward linkages have not been addressed properly.

Closure of readymade garment units and massive unemployment may aggravate the situation. Besides, the attitude of garment exporters' association and the textile association regarding some trade issues was not helpful for solving the problems, he observed.

Sjef Ijzermans, Dutch ambassador in Dhaka, said, the clock is ticking and the country needs to undertake some drastic measures before it is too late.

ASM Quasem, vice president of International Chamber of

Commerce-Bangladesh, stressed the need for taking immediate steps to face the challenges in the post-MFA era. "Steps should be taken to solve port congestion problem and reduce interest rate on bank loans to make business competitive."

Zinnat Ali Mia, vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said if the EU rules of origin is not relaxed, 30 per cent woven garment factories will be closed down by 2004 and it will have a negative impact on the garment industries.

Referring to an ongoing tussle between commerce and fisheries ministries on the seal of quality issue in the frozen food sector, Zillul Hye Razi, Economic and Political Affairs officer of EU in Dhaka, said cohesion in policies are required to sell products in the global market.

Capital market falls

UNB, Dhaka

The Dhaka Stock Exchange (DSE) benchmark index marked a fall yesterday amid poor turnover, after a marginal rise on Wednesday.

DSE General Index shed 5.94 points or 0.63 per cent to close at 941.02 points from 946.96 points on Wednesday.

The DSE-20 Index of the blue-chip shares also dipped 13.94 points or 1.13 per cent to close at 1219.67 points from 1233.61 points on Wednesday.

Of the 180 issues traded yesterday, 69 advanced, 90 declined and 21 remained unchanged.

Some 2,827,996 shares and debentures valued at Tk 11.57 crore changed hands as against 3,557,626 shares worth Tk 15.51 crore on the previous day.

Meanwhile, week's trading at Chittagong Stock Exchange (CSE) closed lower, both in terms of volume and value, with the losers strongly dominating the gainers.

All Share Price Index shed 9.48 points or 0.57 per cent to close at 1644.88 points from Wednesday's 1654.36 points.

CSE Selective Index also went down by 15.09 points or 0.98 per cent to close at 1524.80 points from 1539.89 points on Wednesday.

Out of 59 listed issues traded, 15 gained, 34 declined and 10 remained unchanged.

Some 2,191,428 shares and debentures valued at Tk 4.53 crore were transacted today as against 3,833,411 shares worth Tk 19.14 crore on the previous day.

Call money rate steady

BSS, Dhaka

The call money rate eased further yesterday as no bank faced liquidity problems thanks to higher inflow of funds, fund managers said.

The inter-bank money rate touched its intra-day high at 6.50 per cent and ranged between 3.50 per cent and 5.50 per cent in line with its previous day's range, fund managers of leading market players said.

The demand for call money was low as most private banks and financial institutions had adequate funds to meet their needs, fund managers said.

Dollar steady against taka

BSS, Dhaka

The US dollar was steady against Bangladesh taka in inter-bank trade yesterday amid higher weekend demand after its continued gain against the euro in Asian markets.

Dealers said the dollar inched further off record lows against the euro and held steady on the yen today after a rebound a day earlier on suspected intervention by Japanese authorities.

The dollar touched its intra-day high at 58.4650 against the taka Thursday and in most deals it traded between 58.4450 taka and 58.4550 taka in line with the previous day, they added.

The demand for the dollar was strong as most dealers squirmed their positions ahead of weekend holidays. But higher inflow of remittances kept the local currency stable, dealers said.

Friday is the weekend holiday in local market and on Saturday and Sunday most international foreign exchange markets will enjoy weekend holidays.

Demand for the greenback was also strong from importers as they are under pressure to pay their outstanding import bills, mostly in dollar within this month, dealer of a leading nationalised bank said.

Keep a market reserved for certain goods from LDCs

Bangladesh urges EU

STAR BUSINESS REPORT

Bangladesh has urged the European Union to keep a market reserved for certain products from the least developed countries (LDCs).

The EU showed its eagerness for special benefit for the LDCs by offering everything but arms (EBA) initiative but its objective could not be achieved due to stringent rules of origin, Commerce Minister Amir Khosru Mahmud Chowdhury told a seminar yesterday.

The EU should have a fresh look and come up with the idea of market protection for the LDCs to some extent, the commerce minister said. It can be one third for certain products as the LDCs are not in a level playing field with the developing and developed economies, he argued.

Khosru was speaking as chief guest at a session of a seminar on 'Trade issues between Bangladesh

and European Union - post 2004 perspective' jointly organised by Dutch-Bangla Chamber of Commerce and Industry and the National Press Club in Dhaka.

Bangladeshi exporters are facing an uneven competition in the global market as currencies of some countries are heavily undervalued, the commerce minister mentioned.

Sjef Ijzermans, Dutch ambassador to Dhaka, said phasing out of multi-fibre arrangement after 2004 would have a serious implications on Bangladesh.

"The Netherlands is very concerned about the negative effects of further freeing trade for the already vulnerable countries and their poor citizens," he mentioned.

Bangladesh needs to develop a strategic approach on how to tackle the challenges, Ijzermans said, adding the government needs to set up an enabling environment and the private sector needs to

develop the supply capacity.

ASM Quasem, vice president of International Chamber of Commerce-Bangladesh, said there is no uniformity of compliance issue. "Different types of compliance requirements are affecting Bangladesh exports."

Dr Mizanur Rahman Shelly, chairman of Centre for Development Research Bangladesh (CDRB), moderated the technical session while Alamgir Rahman, president of Dutch-Bangla Chamber of Commerce and Industry, chaired the closing session.

Earlier, Information Minister Tariqul Islam addressed in the inaugural session as chief guest.

Riazuddin Ahmed, president of National Press Club, chaired the inaugural session while Professor Hafiz GA Siddiqi, vice chancellor of North South University, made the keynote presentation on the seminar title.

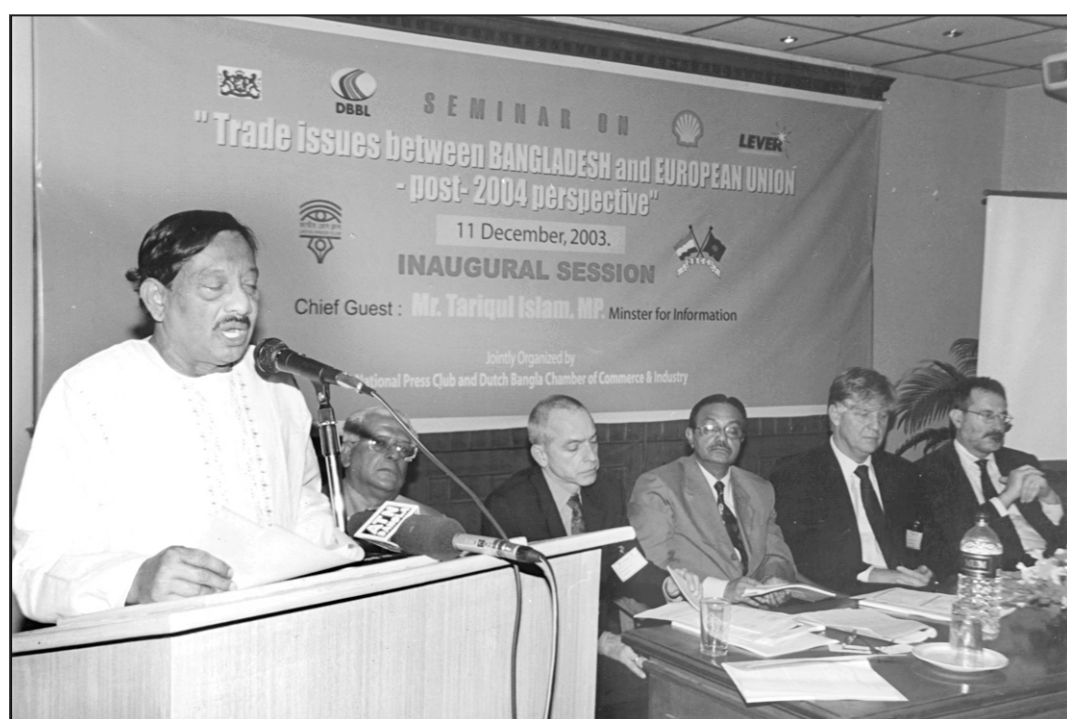


PHOTO: STAR

Information Minister Tariqul Islam speaks at the inaugural session of a seminar on 'Trade issues between Bangladesh and European Union post 2004 perspective' jointly organised by Dutch-Bangla Chamber of Commerce and Industry and the National Press Club in Dhaka yesterday. Esko Kentrschynskyh, head of delegation of the European Commission in Dhaka, Sjef Ijzermans, ambassador of Netherlands in Dhaka, and Riazuddin Ahmed, president of National Press Club, among others, are seen in the picture.

JS body seeks subsidy for diesel-run irrigation

STAR BUSINESS REPORT

A parliamentary body yesterday recommended subsidy for diesel-run irrigation.

The parliamentary standing committee on agriculture ministry observed subsidy to diesel-run irrigation will lower its production costs to the level of production of power-run irrigation.

The government should provide subsidy to reduce the difference of production costs between the two, Abdul Mannan, chairman of the committee, told newsmen after a meeting of the committee held at the Jatiya Sangsad Bhaban.

The parliamentary committee also asked the finance ministry to

allocate Tk 310 crore to provide financial assistance to a section of farmers who irrigate cropland by diesel-run shallow tube wells, as their production cost is 30 per cent higher than that of farmers who use electricity-run pumps.

It also asked the government to provide more loans to the farmers and keep the interest rate below 10 per cent.

It also asked the Department of Agriculture Extension (DAE) to monitor its 10,500 block supervisors across the country, as the committee observed that most of the officials are not performing well.

The committee also asked the DAE to set up five monitoring cells and monitor their activities regu-

larly.

Earlier, the Ministry of Agriculture demanded Tk 310 crore from the finance ministry to give subsidy to the farmers. But the finance ministry did not approve, which actually prompt the parliamentary body raising the subsidy issue again.

Echoing the chairman, another member of the committee, Golam Mohammad Qaader, said, "The subsidy must be given to the farmers and there is no scope to neglect them."

The parliamentary body also formed a sub-committee to monitor Barendra Irrigation Project.

Committee members and other officials concerned were present at the meeting.

IFIC Bank declares 7.5pc cash dividend

International Finance Investment and Commerce (IFIC) Bank Limited has declared 7.5 per cent cash dividend for the shareholders.

Manzurul Islam, chairman of the bank, declared the dividend at the 26th annual general meeting (AGM) of the bank held in Dhaka recently.

The bank made a net profit after tax of Tk 7.92 crore, says a press release.

The AGM also elect five directors for the vacant positions. The newly elected directors include Saiful Islam, A Matin Khan, AR Malik, Abdul Hamid Chowdhury and Meer Tabarrak Hussain.

BASIS to sign MoU with two Swiss bodies

Bangladesh Association of Software and Information Services (BASIS) is to sign a memorandum of understanding (MoU) with two Swiss organisations to undertake content management, marketing and efficient operation of TRADO, a trade platform for the ICT sectors of Bangladesh and Switzerland.

The signing of the agreement with the Swiss Import Promotion Programme (SIPPO) and the Swiss Interactive Media and Software Association (Simsa) is scheduled to take place during the World Summit on the Information Society (WSIS) now being held in Geneva, says a press release.

TRADO was launched in the pilot phase as a platform designed for Jordanian and Swiss IT products and services and later it was expanded with the inclusion of some additional transition countries -- Bangladesh, Bulgaria, Lebanon, Macedonia, Romania and Ukraine.

The TRADO project is based on the principle of public private partnership. The Swiss government covers the cost for the development and maintenance of the platform during the initial two years. The related country's software associations, members of TRADO are in-charge of content management and marketing.

Lufthansa Technik, Emirates sign deal for greater co-operation

Emirates Airline and Lufthansa Technik, a German airline, have signed a memorandum of understanding (MoU) to explore the possibilities of greater co-operation in the field of technical services.

Tim Clark, president of Emirates Airline, and August W Henningsen, chairman of the Executive Board of Lufthansa Technik AG, signed the MoU in Dubai during the 8th International Aerospace Exhibition.

The agreement will evaluate the feasibility of a joint venture for spare pooling support for the benefit of both companies in terms of cost reduction and investment savings, says a press release.

The project initially will use the Airbus A340-500 and A340-600 aircraft to review the joint venture proposal.

Travel agencies to get 7pc commission from next yr

SARWAR A CHOWDHURY

Travel agencies will get seven per cent commission on their sales from next year as the Board of Airlines Representatives (BAR) decided to slash the commission rate.

At present, the travel agencies get nine per cent commission from the airlines operating in Bangladesh, including Biman Bangladesh Airlines.

Sources said the foreign airlines who dominate the Bangladesh market with 74 per cent share will make extra profit of US\$ seven million annually.

The BAR, an global apex body of airlines, took the decision on com-

mission cut on Monday which will be effective from January 1 next year.

"The decision will raise the profit margin of airlines by another two per cent while the travel agencies will see less profit," said an official of a travel agency yesterday.

He said although the decision will help Bangladesh Biman make two per cent extra profit but its share is only 26 per cent in the \$350 million market.

"Foreign airlines are already making huge profit," said a travel agency owner who thinks the existing commission rate should be kept unchanged.

On the other hand, he said, the

travel agents will not be able to offer more than 2 per cent commission to the local passengers most of whom are from labourer class.

There is no obligation to give commission to the passengers, travel agencies give them five to six per cent commission to compete in the market, travel agents said.

"In fact, the commission cut will affect the lower class passengers who will have to pay extra to buy air tickets," another travel agent said.

In Bangladesh 70 per cent air passengers are labourers who go abroad especially to the Middle Eastern countries for work, sources said.

Lafarge Surma eyes listing by Dec 22

Share certificates, refund warrants distributed

STAR BUSINESS REPORT

Lafarge Surma Cement Limited has set target to get listed with the stock exchanges by December 22 next, officials of the company said.

The company last month received Tk 37 crore subscription from the locals and Tk 1.59 crore from the non resident Bangladeshis (NRBs) against its initial public offering of Tk 15 crore, including Tk 1.5 crore for the NRBs.

The distribution of share certificates and refund warrants were held from Tuesday to Thursday. About 90 per cent of the refund warrants and 85 per cent of the share certificates have already been distributed, the officials said.

The certificates and refund warrants were delivered within five days of the selection. According to Securities and Exchange Commission rules, refund warrant should be given within 28 days and share certificates within 90 days.

"Shareholders' signature verification will start from next Monday," an official of Lafarge Cement said yesterday.

Lafarge Surma Cement issued 89.39 lakh ordinary shares of Tk 100 each to collect Tk 89.39 crore. Tk 74.39 crore was raised from pre-

IPO placement with 74.39 lakh shares while 15 lakh shares were offered for general public to raise Tk 15 crore.

Lafarge factory is located at Chhatak of Sunamganj district. This large-scale cross-border project having its own quarry in Meghalaya state of India will transport limestone and shale to the cement plant through a 17-km conveyor belt.

The plant will manufacture high quality clinker to produce 1.2 million tonnes of cement per annum. Lafarge of France, the world's largest cement producer and Cementos Molins, a leading Spanish cement group, are the majority shareholders of this project.

Asian Development Bank (ADB) and International Finance Corporation (IFC) participated as 10 per cent shareholder each. Local Islam Group and Sinha Group are also sponsor shareholders of the company.

Apart from ADB and IFC, the project is financed by DEG-Deutsche Investitions, European Investment Bank and FMO of the Netherlands. Arab Bangladesh Bank Ltd and Standard Chartered Bank are also participating in the project with local loans.

South Asian countries likely to ink FTA next month

AFP, Islamabad

South Asian countries are likely to ink a free trade agreement during a regional summit early next month at Islamabad, state media reported Wednesday.

"The Trade Agreement is almost in its final stages which is expected to be signed on the eve of SAARC Summit", a state-run Associated Press of Pakistan (APP) report quoted commerce ministry spokesman Sharif Ijaz Ghauri as telling reporters.

The seven-member South Asian Association for Regional Cooperation (SAARC), founded in 1985, groups Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

A three-day summit is scheduled from January 4 in Islamabad.

The South Asian Free Trade Agreement will allow concessional trade among the member states of.

Ghauri said the lists of items for trade under the proposed agreement were exchanged by the member countries, including Pakistan and India in Nepalese capital Kathmandu last week.

Pakistan and India have agreed on 500 products that would receive tariff concessions of 10 to 25 per cent in another step towards a proposed free trade agreement for South Asia, the SAARC secretariat said in a statement from its Kathmandu headquarters on Thursday.