

Nepalese seek direct road link to up trade

Apex chambers float joint business council

STAR BUSINESS REPORT

Nepal's businesses have sought direct road communications with Bangladesh to foster trade between the two countries.

Nepal's trade with India is rising rapidly due to direct road links between them and the same can happen to Bangladesh, the visiting business delegates of the Himalayan kingdom observed at a meeting with members of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday in Dhaka.

"Direct road link is key to enhancing trade and investment. The road linkage will also help rise tourists flow," said Binod Bahadur Shrestha, president of the Nepalese Chambers of Commerce and Industry (FNCCI).

The two apex chambers floated joint business council by signing an agreement yesterday.

The council will explore avenues for co-operation in such areas as energy, tourism, agro-industries, water resources, harmonisation of standards and sanitary and phytosanitary to boost bilateral trade and investment.

"We must augment intra-regional trade to change our fate," said Shrestha, who is leading a 11-member delegation as part of South Asia Business Forum which includes Bangladesh, Bhutan, India and Nepal.

Pointing out that the South Asian countries do only three percent of their total trade with their regional neighbours, he underlined the need to increase regional trade for a sustained development. "We can live better by co-operating with each other and need not look to the West to boost our exports," he said.

FBCCI President Abdul Awal Mintoo, who only recently took

over as chairman of South Asia Business Forum, said the South Asian countries should look to each other as partners not competitors.

"We should not think about India as a threat in the region because of the size of its economy. We must accept economic superiority of India and should not take it negatively, rather we should cooperate and learn from our big partner," said Mintoo, who will co-chair the joint business council.

Nepal's Ambassador to Bangladesh Bhagirath Basnet said the newly formed council, which will among other things identify and suggest specific measures for issues like banking, freight forwarding, customs services, tariff and warehouse, would help expand trade and commerce between the two nations.

Delwar Hossain, a former director of FBCCI and president of

Panchagarh Chamber of Commerce and Industry, said Bangladesh Land Port, which is expected to go into operation by March, would contribute to increase trade between the two states.

Faridul Haque, president of Tour Operators Association of Bangladesh, said the South Asia Sub-regional Economic Cooperation (Sasec) in collaboration with the Asian Development Bank has recently formed a tourism working group to do a feasibility study on direct road link between Bangladesh and Nepal.

Bangladesh's export to Nepal totalled \$0.65 million and while its import from that country stood at \$3.34 million in 2001-2002. The exports include chemical fertiliser, melamine tableware, pharma-ceuticals and tea while imports include vegetable products and rubber.

Share trade settlement thru' CDS begins today

STAR BUSINESS REPORT

Settlement of share trading through central depository system (CDS) begins today in both the bourses with securities of Square Pharmaceuticals.

After Square Pharma, shares of other listed companies will be dematerialised in phases. A category and B category listed companies will get priorities.

Both the bourses arranged spot trading of the Square Pharma shares during January 10-15 period and suspended trading of the securities from January 17 to 22 for smooth dematerialisation of physical share certificates.

Earlier, SEC on December 23 last year issued business commencement licence to Central Depository Bangladesh Limited (CDBL), service provider of CDS, and asked it to launch operation from January 24. Meanwhile, the capital market regulators have issued licences to 32 brokers including DSE and CSE to become depository participants.

SEC Chairman Mirza Azizul Islam will inaugurate depository participant counter of Dhaka Stock Exchange at DSE office today.

The CDS will eliminate paper share certificates. The issuing companies will no longer be required to maintain full-fledged share departments. There will be no risk of fake, soiled, lost shares. It will expedite share settlement and smoothen trading. Experts think the CDS launching is a milestone for the country's capital market.

Dealers' confce of Rangs Industries held

STAR BUSINESS REPORT

The Dealers Conference 2004 of Rangs Industries Limited, electronics wing of Rangs Group, was held in Dhaka on Thursday evening.

Rangs Group Chairman A Rouf Chowdhury, Rangs Industries Limited Managing Director Rumee Hossain and two Toshiba representatives Yukiharu Matsui and Hidenori Adachi attended the ceremony held at Dhaka Sheraton Hotel.

Speaking at the function, Rangs Group Chairman Rouf Chowdhury urged the dealers to provide the best after sales services to customers.

Rangs Industries Managing Director Rumee Hossain said the Rangs Group, established in 1978, now has 29 ventures where around 6,000 people are employed.

Hossain said they also plan to expand business in leasing sector.

Established in 1984, Rangs Industries markets electronics and home appliances of four brands -- Toshiba, Canon, Pioneer and Toshin -- in local market.

Twenty-seven dealers from seven categories were awarded for their sales performances in 2003 in the conference. General Electronics of Chittagong received the Dealer of the Year 2003 award.

Around 250 dealers from across the country attended the function.

Consortium submits plan for Alaska gas pipeline

REUTERS, Anchorage, Alaska

A consortium of companies has submitted a proposal to build a costly natural gas pipeline from Alaska's North Slope, Gov. Frank Murkowski said on Thursday.

The application brings Alaska's long-held ambition of commercialising the North Slope's stranded gas resources a step closer to reality, Murkowski said.

"It has long been Alaska's dream to see commercialisation of our vast gas reserves, believed to be well over 100 trillion cubic feet," the Republican governor said in a news release.

The application is led by MidAmerican Energy Holdings Co., and also includes Pacific Star Energy and Cook Inlet Region Inc., two companies owned by Alaska Natives.

MidAmerican Energy Holdings, based in Des Moines, Iowa, is a privately held company. Investor Warren Buffett and his company, Berkshire Hathaway, are majority shareholders.

It operates more than 38,000 miles of gas pipelines and had assets in 2002 of \$18 billion, according to the company's web page.

Murkowski made the announcement in Fairbanks. "I suggest we get this project started," he said at the event, and he passed a shovel over to David Sokol, president and chief executive of MidAmerican Energy Holdings.



A salesman shows prospective buyers cosmetics at the three-day US Trade Show 2004 that ended in Dhaka yesterday. The 13th version of the annual American products and services exposition got good response from visitors.

US trade show ends on positive note

STAR BUSINESS REPORT

The three-day US trade show ended in Dhaka yesterday on positive note with people showing interest in latest American products and services.

Visitors showed special interest in diversified American services. Among new services, online medical solution received tremendous attention at the fair that began on Wednesday.

Telemedicine Reference Center Ltd in co-operation with Nebraska Medical Center provides integrated rural health information system which will enable patients to consult specialised physicians through video conference.

The company will set up service points in different rural areas in the

country and go into operation soon, Md Zahid, an official of the company, said.

Education, banking, financial services also got good response from visitors. "Education has become a good service these days. People want to have American linkage in their academic background for better job. As some local universities are providing exchange services with US counterparts we find it good option," said Akram Khan from Dhaka's Gulshan area.

Students and guardians flocked to stalls of North South University, East West University, University of Asia Pacific, Independent University of Bangladesh and American International University to have latest education informa-

tion. American Centre in Dhaka also provided education services. Staff from Student Advising Centre were available at its stall to give information on higher study in the US.

It also provided information on TOEFL, SAT, GRE, GMAT, USMLE, student visa processing and financial assistance for students interested in pursuing higher education in the US.

American Express Bank, Citibank NA and American International (Bangladesh) Ltd, service provider of ReadyCash, Kodak and well known American brands like Coca Cola, Pepsi, RC Cola also got good response.

A total of 75 companies took part in this year's show.

Bush to propose sharp cut in budget growth

REUTERS, Washington

Under fire from conservatives over record budget deficits in an election year, President George W Bush will propose an effective freeze in the overall growth of government programmes not connected to defense or homeland security, officials said Thursday.

The White House cast the pro-

posal as "the foundation" of a plan to cut the half-trillion-dollar deficit in half over the next five years, hoping to dispel doubts in some Republican circles about Bush's commitment to fiscal restraint.

In the fiscal 2005 budget he will send to Congress on Feb. 2, aides said Bush would call for limiting growth in non-defense, non-homeland security discretionary

spending to less than 1 per cent -- the lowest rate of growth since the first President Bush in fiscal 1993.

With inflation running below 2 per cent, government programmes subject to the new cap would face the budgetary equivalent of a freeze or cut in spending from levels set in fiscal 2004. But the proposal would only affect about one-sixth of all federal spending, budget analysts said. Discretionary spending does not include automatic payments such as Social Security and Medicare.

While many programmes would see their growth curtailed under Bush's plan, officials said others deemed higher priorities would get a larger increase, including education.

At the same time, Bush will propose boosting government-wide homeland security funding by 9.7 per cent in the 2005 budget. The military budget is expected to top \$400 billion -- a modest increase.

Fiscal conservatives, an important Republican constituency, said the proposal was a step in the right direction so long as Bush follows through.

Democrats blamed Bush's sweeping tax cuts for undercutting spending on critical domestic programmes.

"His proposals lack fiscal discipline. There are consequences for his reckless tax cuts," House Democratic Leader Nancy Pelosi said.

A less than 1 per cent cap on non-defense, non-homeland security discretionary spending would be the tightest spending proposed by Bush so far -- as compared to projected growth of around 4 per cent in the same discretionary programmes in the current 2004 fiscal year.

"That is tight. Why? Because we have to reduce this deficit," Senate Majority Leader Bill Frist, a Tennessee Republican, told the US Conference of Mayors. The federal budget deficit is approaching a record \$500 billion this fiscal year. Rep. John Spratt of South Carolina, the ranking Democrat on the House Budget Committee, countered: "That won't have much of an impact on the deficit."

Weekly Currency Roundup

January 17-January 22, 2004

Local FX Market:

Dollar remained stable against Bangladeshi taka at the beginning of the week. It remained steady throughout the week but got slightly stronger by the end of the week due to import-related payments.

Money Market:

Bangladesh Bank borrowed BDT 2,737.00 million by the Treasury bill auction held on Sunday, compared with BDT 3,239.00 million in the previous week's bid. The weighted average yields were almost unchanged. For 28-D t-bill, the yield was down by 1 bps from the previous rate to 4.05 per cent, while the yield of 5-yr t-bills was down by 2 bps to 7.97 per cent.

The call money rate was stable throughout the week resulted from a steady liquidity position of the market. The rate ranged between 3.75-4.50 percent throughout the week. By the end of the week the rate increased slightly to 4.00-4.50 percent.

International FX Market:

In the beginning of the week, US dollar was range-bound against the major currencies in thin market holiday in USA. Though dollar rose against the majors before weekend, the overall view for dollar in the market is still bullish. The attention would focus on Tuesday's full Ecofin meeting of European finance ministers, along with a European parliamentary testimony of ECB chief economist, and a World economic forum starting in Davos on Wednesday.

A week-long rally in the dollar crumbled in the middle of the week when the greenback dropped some two percent against most majors as investors retest Europe's resolve over curbing the ascent of the euro. The dollar continued to lose ground against the board on Wednesday. But the dollar was fairly steady against the yen after the Bank of Japan surprised traders by easing monetary policy just as its deflation problem appears to be improving. Monday's statement from the euro group meeting of euro zone finance ministers and the European Central Bank signaled a green light to buy back the euro after a 5-cent decline last week. Market is now focusing on the G-7 meeting just over two weeks away.

By the end of the week, euro built modest gains on the dollar on Thursday as doubts grew that finance leaders from the Group of Seven industrialised nations would unite to put a floor under the US currency when they meet in February. The yen was roughly steady at 106.76 versus the dollar and 134.94 against the euro as the specter of Bank of Japan intervention kept a lid on yen buying. Investors are now awaiting a string of public appearances by key economic policy makers over the next two days, looking for hints on how Europe, United States and Japan will act towards dollar weakness in the future.

At 1545 hours on Thursday, euro was at 1.2671/77, GBP was at 1.8382/87, and yen was at 106.65/67 against US dollar.

— STANDARD CHARTERED BANK

Trade thru' Burimari, Hili land ports paralysed

UNB, Lalmonirhat

Export-import through Burimari (Lalmonirhat) and Hili (Dinajpur) land ports became paralysed as Indian clearing and forwarding (C&F) agents called an indefinite strike from yesterday following a dispute with their customs authorities.

Since January 11, border trade through Sona Masjid land port also remained suspended following the same dispute between the Indian C&F and customs authorities.

Bangladesh officials said more than 100 trucks laden with goods got stranded on the Indian side of the border, opposite to Burimari and Hili land ports.

They said only trucks carrying Bhutanese fruits are entering Bangladesh through these ports.

Passport-carrying passengers, however, are not facing any problem as a result of the strike by Indian C&F agents.

Officials said the strike caused an estimated TK 8 crore in tax losses everyday.

Besides, about 25,000 workers who depend on daily income by loading and unloading of goods at these stations are passing idle days and facing hardship.

Training on knit product quality concludes

STAR BUSINESS REPORT

A four-day training on knit product quality improvement concluded on Thursday in Dhaka.

Pegasus Bangladesh in association with Association of Overseas Technical Scholarship organised the course.

Hiros Oda, managing director of Pegasus Sewing Machine Mfg Co Ltd of Japan, T Mori, sales manager of Pegasus Singapore, and Rajeev Pillai, general manager of Pegasus Bangladesh Liaison office, among others, spoke at the concluding session of the training.

A total of 50 participants attended the training course on 'How to Improve Quality and Productivity on Knit Products'.

Microsoft profit down

REUTERS, Seattle

Microsoft Corp, the world's largest software maker, said on Thursday its quarterly profit fell 17 percent due to a change in its stock compensation plan, but its stock revenue outlook based on stronger personal computer demand.

Redmond, Washington-based Microsoft reported a net profit of \$1.55 billion, or 14 cents per share, for the fiscal second quarter ended Dec. 31, compared with a profit of \$1.87 billion, or 17 cents per share, a year earlier. Both included the cost of stock-based compensation.

Revenue rose 19 percent to hit a record \$10.15 billion as more customers signed up for one-time software licenses for Windows, Office and Server products, rather than the longer-term corporate contracts that Microsoft has encouraged.



Federation of Bangladesh Chambers of Commerce and Industry President Abdul Awal Mintoo and Federation of Nepalese Chambers of Commerce and Industry President Binod Bahadur Shrestha exchange documents of an agreement on formation of joint business council between the two chambers in Dhaka yesterday. Nepalese Ambassador to Bangladesh Bhagirath Basnet (first from right) and FBCCI First Vice-president Kamaluddin Ahmed (third from left) are, among others, seen.

Bangladeshi goods fail to make way to Italy despite potential

UNB, Dhaka

Despite having potential, Bangladeshi products are hardly seen in Italian shops for lack of efforts on the part of Bangladeshi businesses to explore market and export quality goods.

Bangladeshi businessmen in Italy, who sell and promote products from other Asian, African and Latin American countries, made the remarks.

While visiting different cities in Italy, including Rome and Milan, the UNB correspondent found big grocery shops owned by Bangladeshis. One of them is 'Alimentary', full of Indian food items.

Rice, pulses, spices, fish, vegetables and other essential food items are imported from India. Sri Lankan and Indonesian goods are also there in the shops.

A few Bangladeshi fish and green vegetables are available in the shops owned by Bangladeshis. Bangladeshi frozen fishes reach Italy after strict scrutiny in London.

Mujibur Rahman alias Haris, a Bangladeshi expatriate businessman living in Milan, said, "Bangladeshi products cannot enter the Italian market for their poor quality and delay in shipment."

Another Bangladeshi, Delwar Hossain alias Dipu, living in the same city, said now a Bangladeshi businessman is exporting rice to Italy in a limited scale.

Dipu said another Bangladeshi

used to export rice in the past. "In the first shipment, the rice he sent was good but in the next shipment he supplied inferior quality of rice, causing huge loss to the importer. Fish exporters also do the same thing," Dipu said.

Haris said most items imported from Bangladesh are not released by the customs authority, causing huge loss to the investors apart from bruising Bangladesh's image.

About the country's image crisis, he said, "Whenever Bangladeshi items reach the port, customs officials become extra cautious and carefully check those, delaying their release. But Indian items hardly face such problem."

Another businessman, Qamruzzaman Shameem, a Bangladeshi-born Canadian immigrant, said high prices of Bangladeshi products are one of the main reasons why Bangladeshi goods cannot make their way into foreign markets.

"Bangladeshi don't have long-term business strategies. They tend to make money at a time. But Indians have long-term business policies. So, they prefer marginal profit and thus capture the market," Shameem said.

Anwar Hossain, another businessman in Italy, said, "I'll obviously prefer the products of my own country if I get those in a convenient way -- fair price and timely shipment."

Some 50,000 Bangladeshis live in Italy, according to the counsellor section of Bangladesh

Embassy in Rome. But various associations of Bangladeshis in Italy claimed that the number would over 80,000, including the illegal immigrants.

Like Bangladeshis, Indians, Sri Lankans, Filipinos and Thais have almost the same food habit. They buy food items from shops owned by Bangladeshis.

At present, garments are the main Bangladeshi items in Italy, but the business remains afloat because of Italian importers.

Anjuman Ara, a Bangladeshi housewife in Milan, said, "As Bangladeshis we want to buy our country-made products, but Bangladeshi goods are rarely seen in stores."

Nahida Islam, first secretary (bilateral) of Bangladesh Embassy in Rome, said, "We are ready to support Bangladeshi businessmen if they are interested in introducing their products in Italian market. But the problem is that they are not communicative."

For instance, she said, once they arranged an appointment with an Italian businessman at the request of a Bangladeshi businessman. "Everything was ready, but at the eleventh hour the Bangladeshi businessman cancelled the appointment," the Embassy official said.

She said, "Bangladeshi businessmen need to show sincerity alongside maintaining the quality of products and taking care of foreign buyers' requirements."