

MCCI to hold investors confce in Singapore

Chamber team meets PM, apprises her of the event

BSS, Dhaka

The Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka, will hold a "Bangladesh Investors Conference" in Singapore on May 20 aimed at attracting foreign investors and enhancing the country's image abroad.

An MCCI delegation led by its President Kutubuddin Ahmed yesterday called on Prime Minister Khaleda Zia at her office and apprised her of the forthcoming conference, which will be organised as part of MCCI's centenary celebration.

The prime minister was told that

investors from Malaysia, Singapore and Brunei will take part in the conference to be held in cooperation with Singapore Manufacturers Federation, Singapore Trade Development Board, Bangladesh High Commission in Singapore and HSBC.

Finance and Planning Minister M Saifur Rahman will attend the conference as the chief guest while Board of Investment (BoI) Executive Chairman Mahmudur Rahman will present the keynote paper.

The prime minister welcomed the MCCI initiative and hoped that

private and public sectors would work together to enhance the country's image abroad.

She informed the MCCI leaders that a representative of their organisation would be included in the Strategic Country Promotion Council to be formed as per a decision of the last BoI board meeting.

As the MCCI leaders demanded measures for accreditation of Bangladesh Standards and Testing Institute with other international agencies, the prime minister said she would ask the industries ministry to do whatever needed in this

regard.

The MCCI leaders thanked the prime minister for the steps taken for improving investment climate and enhancing industrial growth.

Other leaders of the MCCI included in the delegation were Tapan Chowdhury, Shahab Sattar, Samson H Chowdhury, Manjur Elahi and CK Hyder.

Commerce Minister Altaf Hossain Choudhury, Prime Minister's Political Secretary Harris Chowdhury and BoI Executive Chairman Mahmudur Rahman were present at the meeting.

Gillette slogan competition winners awarded

STAR BUSINESS REPORT

Gillette Bangladesh Ltd yesterday awarded winners of a slogan writing competition titled 'Gillette Blue II-Win Your Car', which was run from October to December last year.

Under the campaign, consumers bought two Gillette Blue II razors and sent a write-up on the razor to the organiser.

Ghaziul Haque, chairman of MGH Group, the sole distributor of Gillette products in Bangladesh, was present at the prize giving ceremony as chief guest held at Dhaka Sheraton Hotel.

KM Dubey, country manager of Gillette Bangladesh, and Kaniska Chakrobarty, group account director of Asiatic MCL, were also present.

Organisers primarily selected 20 write-ups or slogans after scrutinising thousands of entries sent by the consumers.

A panel of judges comprising renowned singers and actors evaluated the slogans and selected the best one.

Khokon Paul became the best slogan writer of the competition and received a Toyota VITZ car.

The other winners were awarded with computers, music systems, colour televisions and mobile phone sets.

The judges of the final round of the competition were singer Shakila Zafar, Tapan Chowdhury, Subir Nandi, actor Shimul and Bizouri Barkatullah.

Telekom Malaysia submits telecoms proposals to govt

Telekom Malaysia International Ltd, major stakeholder of TM International (Bangladesh) Ltd, service provider of Aktel mobile phone, recently submitted a set of proposals on telecoms sector to the government.

The proposals on interconnection framework, competition regime and licensing of cellular phones were submitted to Posts and Telecommunications Secretary Faruq Ahmed Siddiqi, says a press release.

Christian de Faria, chief executive officer of Telekom Malaysia, and Nasir Bin Baharom, managing director of TM International (Bangladesh) Ltd, were present during the meeting.

During his last week visit to Bangladesh, Telekom Malaysia CEO Faria also met Posts and Telecommunications Minister Aminul Haque.

At the meeting, Faria told the minister that the company has a plan to rope in one million subscribers by the end of 2004.

The Telekom Malaysia CEO also held a meeting with the Bangladesh Telecommunication Regulatory Commission (BTRC) officials and submitted a number of proposals on the licensing regimes of cellular phones.

Syed Marghub Morshed, chairman of the BTRC, was present during the meeting.

EU asks rich, developing states to offer LDCs duty-free access

BSS, Dhaka

The European Union has called upon all developed and advanced developing countries to offer duty-free and quota-free treatment to all imports from the least developed countries (LDCs).

EU commissioners Pascal Lamy and Franz Fischer made this plea in a jointly signed letter to all and forwarded to the ministry of commerce by a delegation of European Commission.

On agriculture and non-agricultural market access (NAMA) both the EU leaders proposed that LDCs and other weak or vulnerable developing countries should not open their markets beyond their existing commitments.

It will cover the G-90 which emerged during the Cancun WTO meeting in a bid to protect and promote their common interest. The EU is of the view that Bangladesh will immensely benefit from the new course of action.



PHOTO: PID

A delegation of Metropolitan Chamber of Commerce and Industry (MCCI) calls on Prime Minister Khaleda Zia yesterday at her office to apprise her of the Bangladesh Investors Conference to be held in Singapore on May 20. MCCI will organise the event as part of its centenary celebration.

Leasing cos seek similar facility for banks, FIs in loan provisioning

STAR BUSINESS REPORT

Financial institutions should get the same tax exemption facility now enjoyed by banks in making two percent provision for bad and doubtful debts, Bangladesh Leasing & Finance Companies Association (BLFCA) has said.

"The banks and financial institutions (FIs) are engaged in similar job but the FIs are deprived of this facility," said A Quadir Choudhury, chairman of BLFCA, at a press conference at Hotel Purbani in Dhaka yesterday.

"There should not be any discrimination between banks and financial institutions in respect of bad debt provisioning," he told the press conference on the budget proposals of the BLFCA for 2004-05 fiscal year.

Both banks and FIs are required to make two percent provisioning as per Bangladesh Bank guidelines but the National Board of Revenue does not extend the facility to FIs when tax assessment is done, Choudhury said.

"This discrimination has put the

FIs in a very disadvantageous position and proved counter productive," he said. "It is acting as a deterrent to healthy growth of this sector."

The BLFCA chairman said the leasing firms borrow funds from banks at high cost but there is hardly any loan default in the leasing sector.

About the corporate tax structure, he said the present tax rate for banks, insurance and financial institutions is 45 percent which is not justified as FIs should not fall in the same category with banks and insurance companies.

"If a leasing firm is also a publicly traded company its corporate tax should be 30 percent like other publicly traded companies and the rate should be 37.5 percent in case of the firms which are not publicly traded."

BLFCA in the budget proposal asked the government to reconsider the 10 percent dividend distribution tax saying, "It is a negation to the incentive granted earlier to the listed companies to get 10 percent tax rebate for declaring dividend above 20 percent."

Dividend is declared on the net

profit after paying tax and therefore further payment of distribution tax will be tantamount to double taxation, which is likely to stifle the growth of capital market, the association argued.

The BLFCA proposed that the investment in bond should be considered as approved securities for the purpose of investment allowances in order to develop the bond market. "The interest on bond should be fully exempted from tax like dividend," it added.

The association requested the central bank to include FIs in the recently introduced small enterprise refinancing scheme saying, the FIs are playing a pivotal role in catering financial needs of the small and medium enterprises.

Anis A Khan, chief executive officer of IDLC and vice chairman of BLFCA, SM Shamsul Arefin, managing director and CEO of Uttara Finance and Investments Limited, GM Salehuddin Ahmed, managing director of Bay Leasing & Investment Limited, also spoke at the press conference.

BoJ chief warns against using forex to fix global economic imbalances

AFP, Tokyo

Japan's central bank chief on Thursday warned against using only currency rates to correct global economic imbalances, arguing the solution was for Asia and Europe to gain strength to match the United States.

"An underlying big problem in foreign exchange rates is global imbalances," Bank of Japan governor Toshiniko Fukui said.

Fukui said in a speech here the dollar would be chronically weak if the lopsided balances in trade, investment, income and other economic factors were left undressed.

He was referring to the large-scale US trade and current account deficit, which at times triggers dollar selloffs on fears the rest of the world would not be able to

finance such an imbalance.

The US Commerce Department announced Wednesday the nation's trade deficit mushroomed to a record 46.0 billion dollars in March as a growing economy sucked up foreign-made goods. Soaring crude oil prices also pushed up the deficit for the net oil importer.

"It is wrong to believe we will be able to solve the problem at once solely through (adjustments to) currency rates," Fukui said, adding the approach could be effective at times but also have its "limitations."

A weaker dollar, in theory, helps boost US exports and reduce its trade deficit.

"A true solution should come from expansion of Europe and Asia into the economic zones" with stronger purchasing power, Fukui

said.

While European economies were "not so vigorous at the moment," they would improve after the European Union enlargement on May 1 to embrace 10 mainly ex-communist nations.

"Japan should take the initiative in promoting the formation of a community of Asian economies whose mutual economic ties will be even stronger than the fledgling ties enjoyed at present," Fukui said.

"This would help rectify global economic imbalances."

He stressed it was too early for the central bank to consider ending its ultra-loose stimulative monetary policy because Japanese companies still needed support while implementing painful structural reforms.



New MD of SABINCO

Md Minhaz Zia recently joined Saudi-Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO) as managing director.

Prior to joining SABINCO, Zia was working as general manager and head of Corporate Division of IDLC (Industrial Development Leasing Company of Bangladesh Limited), says a press release.

Zia has experience of working in the fields of commercial banking, leasing, corporate finance and merchant banking.

SABINCO is a joint-venture development financial institution established by the governments of Bangladesh and Saudi Arabia.

Citigroup to buy Principal Residential Mortgage

Citigroup has announced that it would acquire Principal Residential Mortgage Inc (PRMI), one of the largest independent mortgage servicers in the US, says a press release.

Owned by Principal Financial Group and headquartered in Des Moines, Iowa, PRMI originates, purchases, sells and services home loans, consisting primarily of conventional, conforming, fixed-rate prime mortgages.

The transaction includes approximately \$86.9 billion in assets and also includes \$137 million of franchise premium.

Russia upbeat on WTO talks with EU, US

AFP, Paris

Russia believes it can finalise WTO accession talks with the European Union and the United States this year, but is less sure regarding China.

Russia must reach accords with the three trading partners before it can join the World Trade Organization, but forecasting when that might happen was difficult, Russian Trade Minister German Gref told reporters late Wednesday.

He spoke after meeting here with US trade representative Robert Zoellick.

Their meeting lasted more than three hours and Gref came out of it in "an optimistic mood", he told a press conference.

They had focused on issues in the agriculture and services sectors, and would meet again in July, Gref said.

He is also to meet with EU Trade Commissioner Pascal Lamy.

For the United States and the European Union, things were relatively simple and it was realistic to think talks could be wound up this year, he said.

Regarding China, the process was not as advanced, he suggested.

Two firms plan to import 700 CNG-run buses

Transport cos show interest in eco-friendly vehicles

STAR BUSINESS REPORT

Two companies plan to import 700 CNG-run buses of which 100 will be pressed into service this month and another 160 in the next three months.

Nitol Motors will bring 500 buses from India while Utshab Motors Limited will import 200 from China, officials of the companies said.

"We have already imported 100 buses from Indian Tata company which will be launched this month," said Abdul Matlub Ahmad, chairman of Nitol Group.

Utshab Motors will initially introduce 60 buses for operating in Dhaka city and another 100 for running on inter-city routes in the next three months.

As compressed natural gas (CNG) is cheaper than diesel or petrol, companies engaged in transport business are increasingly

showing interest in gas-run buses.

Dipon CNG Transport Services Limited was the first company to launch CNG-run buses in Dhaka last year. The company is now operating 40 buses.

According to a study, at least 4,000 buses are needed for Dhaka city with over one crore population, but approximately 1,000 buses are plying on city routes.

The newly imported CNG-run buses will substantially improve the country's public transportation system especially in the capital.

Utshab Motors will also import luxurious Volvo buses made in Sweden-China collaboration to run on Dhaka-Chittagong and Chittagong-Cox's Bazar routes from the next year, said KM Kamarul Haque, general manager of Utshab Group.

"We will import and market 55-seated air-conditioned (AC) and

non air-conditioned buses and 27-seated AC and non-AC minibuses for Dhaka city," he said.

The company will also import 44-seated non-AC buses and 40-seated AC deluxe coaches for operating on inter-city routes.

The inter-city buses will be launched on Dhaka-Comilla, Dhaka-Brahmanbaria, Dhaka-Aricha and Dhaka-Mymensingh routes.

Haque said the minibus engines are made by Dong Feng of China while the buses have American Cummins engines using CNG as dedicated fuel.

Utshab Motors is importing the buses with the lease finance from International Leasing and Financial Service Limited (ILFSL), he added.

The government offers duty rebate for CNG-run buses to encourage import of such environment-friendly vehicles.



PHOTO: STAR

A Quadir Choudhury (right), chairman of Bangladesh Leasing & Finance Companies Association (BLFCA), speaks at a press conference on the budget proposals of the BLFCA for 2004-05 fiscal in Dhaka yesterday. Anis A Khan, vice-chairman of the association, is also seen in the picture.

Indian stocks rise on hopes of stable Congress government

AFP, Mumbai

Indian shares rose Thursday after results from India's general elections showed the opposition Congress party and its allies scoring a surprise upset election win, erasing market fears of instability.

The BSE 30-share benchmark Sensex index ended up 41.12 points or 0.77 percent at 5,399.47 after slumping more than four percent in early trading when counting trends suggested the outcome could be a hung parliament.

Investors had hoped for a return of the market-friendly Bharatiya Janata Party-led coalition which had pushed forward aggressively with economic reforms. But economists noted it was Congress which began the economic liberalisation drive in 1991, opening India's markets to the world.

The market "is reading a

Congress government and that party is not anti-reforms," said Prakash Lala, managing director at Centaur Securities.

After initial fears of a hung parliament, investors went bargain hunting following big losses in the days running up to the results of the five-stage general elections that wound up Monday.

The market's biggest worry was that the election would result in a hung parliament and the formation of an unstable coalition government, impeding economic reforms that economists say are key to making India a global player.

It was cheered by the results showing Congress and its allies set to win a clear mandate and able to form a stable government.

Congress sought during the campaign to allay fears about it coming to office saying it was committed to reform but added it need to

have "a human face."

Leading the recovery were stocks such as index heavyweight, petroleum giant Reliance Industries, software majors such as Infosys, Wipro.

Now, dealers said the market would trade in a narrow range in the near term as it watched the Congress-led alliance's ability to push reforms.

"The much needed political stability has returned but the crucial question is whether Congress will execute harsh economic decisions and not resort to populist measures that will harm the economy in the long run given the left will be its key ally now," said Lala.

"There should be no hike in subsidies or free distribution of power just because they are elected. These are the things that the market would now watch," he said.



PHOTO: ASIATIC MINDSHARE

Khokon Paul (centre), winner of a car of 'Gillette Blue II-Win Your Car' promotional campaign, shakes hand with Ghaziul Haque, chairman of MGH Group, sole distributor of Gillette products in Bangladesh, in front of a Toyota VITZ at the prize giving ceremony at Dhaka Sheraton Hotel yesterday.