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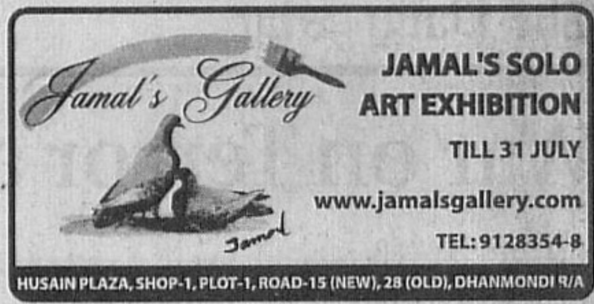

Rupali Bank all set to launch jt venture bank in Pakistan

STAR BUSINESS REPORT

State-owned Rupali Bank is going to set up a joint venture bank in Pakistan in collaboration with a Pakistan-based financial institution.

A memorandum of understanding (MoU) was signed between Rupali Bank and Arif Habib Securities Limited in the first week of this month in Dhaka.

Abdul Hamid Miah, managing director of Rupali Bank, and Arif Habib, chairman of Arif Habib Securities Limited, signed the deal on behalf of their sides.

Rupali Bank has already filed an application with the State Bank of Pakistan, the central bank, to set up the joint venture, sources said.

Bangladesh finance ministry has asked Rupali Bank to submit documents to vet the proposal before sending it for cabinet approval.

Earlier, International Finance Investment and Commerce Bank Limited (IFIC), a local private bank, has established a similar joint venture bank in Pakistan in collaboration with National Development Leasing Corporation (NDLC), a leading leasing company in Pakistan.

According to sources, the two Bangladeshi banks operating in Pakistan -- Rupali Bank and IFIC Bank -- are going to start such ventures in the wake of a circular issued by the Pakistani central bank in 2000, which directed all commercial banks to raise their capital to one billion rupees by December 2002.

Rupali Bank, however, had been checking its options to comply with the circular of the State Bank of Pakistan. It also sought time from Pakistan central bank and received extension.

Rupali Bank invited tender seeking Pakistani partners for selling the branch or setting up a joint venture. Five Pakistani financial institutions responded to the tender.

Out of the five, Rupali Bank board nominated Arif Habib Securities Limited as its partner which offered 305 million rupees.

Now, Rupali Bank Karachi branch has over five crore rupees as transferable profit and the amount of net asset stands at Tk 11 crore, sources said.

Rupali Bank Karachi branch started its operation in 1976 with 3.40 crore rupees as capital. Sources said the branch recorded profits in 23 years out of its 28 years of operation.

Seminar on internet share trading for women

STAR BUSINESS REPORT

In a bid to familiarise women entrepreneurs with internet share trading a seminar was held in Dhaka yesterday.

Chittagong Stock Exchange (CSE) organised the seminar titled 'Share Trading Business and Technology for Women Entrepreneurs Association (WEA)' at the boardroom of Reliance Insurance Limited.

In a multimedia presentation, CSE Chief Executive Officer Maroof Matin discussed stock exchange and stock market, function of CSE, the Central Depository Bangladesh Ltd (CDBL) and CSE online trading system.

Around 30 women entrepreneurs participated in the seminar.

Habibullah Khan, president of CSE, Rokia A Rahman, chairperson of WEA, and Shamsul Alam, managing director of Reliance Insurance Limited, also attended the seminar.

PHOTO: STAR

Chittagong Stock Exchange (CSE) President Habibullah Khan (left) speaks at a seminar on 'Share Trading Business and Technology for Women Entrepreneurs Association (WEA)' organised by the CSE at the boardroom of Reliance Insurance Limited in Dhaka yesterday. Rokia A Rahman (centre), chairperson of WEA, and Shamsul Alam (right), managing director of Reliance Insurance Limited, are also seen.

US writes off Pakistan's $495m debt

REUTERS, *Islamabad*

The United States and Pakistan signed a deal Friday canceling $495 million of debt owed by the South Asian state, a key ally in the US-led war on terror.

"This final installment of debt cancellation marks an evolutionary transition from stabilisation assistance to participation in Pakistan's economic take-off and sustained development," said US ambassador Nancy Powell.

Pakistan was the first country America recruited in its war on terror after the September 11, 2001 attacks.

For its part, the United States has cancelled and rescheduled debt and offered Pakistan billions of dollars in aid.

The United States made a $600 million cash transfer to Pakistan in November 2001, rescheduled $3 billion in bilateral official debt in 2002 and eliminated $1 billion in bilateral debt last year.

President George W Bush has also requested $3 billion from Congress for Pakistan over the next five years.

Pakistan's economy has recovered strongly since Musharraf took over power in a bloodless coup in 1999, and much of the credit has gone to Finance Minister Shaukat Aziz, who is set to become prime minister after contesting a by-election in August to win a required seat in parliament's lower house, the National Assembly.

Cable operators seek end to Star TV distributorship row

STAR BUSINESS REPORT

Cable TV operators yesterday sought government intervention to resolve a dispute between two companies over pay channel distribution and renewal.

"We are confused about the distributorship of Star TV network as it has been claimed by two different companies," said Mir Hossain Akhter, president of Bangladesh Satellite Cable Network Owners Association (BSCNOA), a platform of cable TV operators, at a press conference in Dhaka.

He said the cable operators are at risk of financial loss as both Nationwide Communication Limited and MGH Infocom Limited claimed themselves as the legal distributor of Star TV pay channels through public notice.

Star Plus, Star Movies, Star Sports, National Geography and Star World are among the popular channels of the Star TV network.

"We will be compelled to stop broadcasting these popular channels soon if the dispute is not resolved by next seven days," Akhter said.

He said cable operators have long been subscribing and renewing the pay channels from Nationwide Communication Limited, but the MGH Infocom recently served a notice asking them to renew the channels from that company.

Akhter however said MGH Infocom has so far failed to show documents to prove its distributorship of the Star TV channels.

Many cable TV operators have already paid subscription fees in advance for two to six months to Nationwide Communication Ltd. "We are in trouble as MGH Infocom is also claiming money" Akhter said.

The cable operators demanded licence directly from state-owned Bangladesh Television to avoid harassment by any third party over the distribution of pay channels. They also sought government control over the distributors to prevent them from increasing subscription fees frequently.

Jago Corp to market Zodiac products in Bangladesh

Jago Corporation Limited, a Bangladesh-Taiwan joint venture company, will market Zodiac Group Australia Pty Limited products such as Zodiac inflatable boats in Bangladesh.

A memorandum of understanding (MoU) for the authorised distributorship was signed between the two companies on Thursday, says a press release.

Bipin Gangadharan, Zodiac representative, and Rabiul Islam, managing director of Jago Corporation, signed the MoU on behalf of their organisations. Among others, Fayekuzzaman, chairman of Jago Corporation, was present.

Indian PM talks FDI hike with communist allies

PALLAB BHATTACHARYA, *New Delhi*

Against the backdrop of strain in ties between India's ruling United Progressive Alliance (UPA) and its crucial outside supporter Left parties on the issue of hike in foreign direct investment (FDI) limit in three key sectors, Prime Minister Manmohan Singh had a meeting with CPI (M) general secretary Harkishan Singh Surjeet in New Delhi on Friday night seeking a way out.

The Left parties have opposed Finance Minister Palaniappan Chidambaram's budgetary proposal to increase the cap of FDI from 26 to 49 percent in insurance, from 49 to 74 percent in telecom and from 40 to 49 percent in civil aviation sectors and CPI (M), in particular, have since then upped its ante against the measure.

CPI (M) politburo member and spokesman Sitaram Yechury gave an interesting turn to the standoff by suggesting in an interview to BBC that his party might have to withdraw support to UPA government if it persists with the hike in FDI in the three sectors.

Yechury also said in Kolkata on Friday that the Left parties would vote against a bill in Parliament to raise the FDI cap in insurance sector and expressed the hope that the government would not bring the situation to such a pass.

The meeting between the Prime Minister and Surjeet was mainly a clear-the-air exercise as Yechury's high-pitched remarks were understood to have not gone down well in Congress circles with the 15-party coalition just two months in power.

Manmohan Singh is understood to have conveyed to Surjeet that the government would have to work with the Left parties and ruled out a showdown with them. He also emphasized that there could be divergence on certain specific issues but not on the basic approach as enunciated in the UPA's Common Minimum Programme (CMP).

The Left parties point out that while the CMP talks about attracting more FDI, it does not recommend hike in FDI caps in insurance, civil aviation and telecom sectors.

Given the strong opposition of the Left parties, who together have 63 members in Lok Sabha and whose support is vital for survival of Manmohan Singh government, it remains to be seen what course of action the Finance Minister takes on FDI caps in the three sectors.

Analysts said if Chidambaram rolls back the decision to hike FDI limits, it would send the wrong signal to the world because that is the most important pro-reform element in his budget which has a heavy agriculture and rural sector-mooring.

The Finance Minister has so far stood his ground on the issue and even told the captains of corporate India to persuade the Left parties to accept the hike in FDI ceiling in telecom, civil aviation and insurance sectors.

What has also made matters more difficult for the government is that main opposition BJP has reversed its stand on the FDI cap hike issue. The previous BJP-led NDA government had aggressively pushed for hike in FDI limit in the three sectors, ignoring reservations from RSS and its frontal outfits.

But former Prime Minister Atal Bihari Vajpayee himself has said that the opposition will not support the Chidambaram government's FDI hike proposals. It may be recalled that Congress had supported the then Vajpayee government's Insurance Regulatory Bill in January 2000 to allow FDI in the sector up to 26 percent. The UPA government has hiked the cap to 49 percent.

While the increase in FDI cap in insurance sector requires the approval of Parliament, it is not so in the case of telecom and civil aviation sectors where a simple executive decision is enough.

The view in CPI(M) appears to be divided on the kind of stand the party should adopt on the issue of FDI hike in the three sectors. In sharp contrast to tough posturing by Yechury, veteran Marxist leader and former West Bengal Chief Minister Jyoti Basu said that Congress and Left parties should ensure mutual tolerance and the new political equation in the country should not be wasted.

The Congress, he said, has to depend on the Left parties and the Left on Congress to keep BJP out of power. It is true that Congress governments in the past had taken care of interests of capitalists but Congress is not a communal party, Basu added.

Labour leaders demand full payment to Adamjee workers

STAR BUSINESS REPORT

A section of labour leaders from jute and textile sector yesterday blamed the government for non-payment or partial payment to many of the retrenched workers of Adamjee Jute Mills which was shut down two years back.

They alleged that at least 7,000 workers who were employed in the mill on ad hoc basis did not receive any compensation after Adamjee shutdown.

"The rest 10,000 labourers received money 35 to 37 percent less than the due amounts," said Foyez Ullah Khondkar, president of Bangladesh Sangjukta Chaat, Suta O Bastrakal Federation, at a press conference in Dhaka.

He alleged that the government has violated the High Court order to pay off the Adamjee workers before selling or transferring any assets of the mill, which was closed down by the government in June 2002.

Khondkar said the nominees of 360 Adamjee workers, who died while working in the mill, are yet to be paid the insurance claims. "The family members of those workers are now living in inhuman condition."

The labour leader urged the government to initiate a judicial probe to find out the persons responsible for making Adamjee Jute Mills a loss-making enterprise. "The culprits must be punished," he suggested.

He also called upon the government to immediately fulfil the 10-point demands of Bangladesh Sangjukta Chaat, Suta O Bastrakal Federation, a platform of jute, yarn and textile workers, or face tough agitation.

The demands include re-opening of all the closed jute and textile mills including Adamjee, formation of a commission to fix minimum wages for industrial workers and announcement of a 30 percent dearness allowance.

The Federation will launch countrywide demonstration including processions and meetings from August 1. "We will go for an indefinite hunger strike from October 10 if the government does not fulfil our demands," threatened Khondkar.

Nafta nations agree on steps to ease trade

REUTERS, *San Antonio, Texas*

Trade negotiators from the United States, Canada and Mexico said Friday they agreed to simplify or eliminate complex "rules of origin" affecting about $20 billion of cross-border trade in food, consumer products and industrial supplies.

"The complexities of these rules have sometimes impeded the full benefit of the North American Free Trade Agreement," US Trade Representative Robert Zoellick told reporters after a two-day meeting with Canadian Trade Minister Jim Peterson and Mexican Economy Minister Fernando Canales.

The changes will take effect on Jan 1, 2005, although the Mexican Senate still has to sign off on the deal.

"We hope to have further simplification of rules of origin by January first of 2006. In particular we want to look at areas such as autos, chemicals, footwear, pharmaceuticals, plastics and rubber and copper, amounting to some $60 billion worth of goods annually," Zoellick said.

Limo Electronics becomes GP dealer

Limo Electronics Limited has signed an agreement with GrameenPhone Limited (GP) to become GP dealer.

Mahboob Hossain, head of Distribution of GrameenPhone Limited (GP), and DB Biswas, director (Marketing) of Limo Electronics Limited, signed the agreement on behalf of their organisations in Dhaka, says a press release.

Among others, GP Managing Director Ola Ree, Director of Sales and Marketing Division Mehboob Chowdhury and Limo Electronics Executive Director Altaf Hossain were present.

GP subscription and all other products will now be available at all Limo Electronics sales centres across the country.

PHOTO: GRAMEEN PHONE

Mahboob Hossain, head of Distribution of GrameenPhone Limited (GP), and DB Biswas, director (Marketing) of Limo Electronics Limited, sign an agreement in Dhaka. Under the deal, Limo Electronics has become GP dealer. Among others, GP Managing Director Ola Ree and Limo Electronics Executive Director Altaf Hossain were present.

Toyota to phase out dated MR2 Spyder, Celica

AFP, *Michigan*

Toyota said Friday it will drop two long-in-the tooth sports cars from its US line-up, to focus on promoting newer products, such as the Scion xA, xB and tC.

The automaker will no longer make the Celica coupe, and its MR2 roadster for the US market after summer 2005, although the Japanese-built vehicles will still be available in other markets.

Sales of the Celica, which made its US debut in 1971, have been sliding, off about a third in the first half of 2004 compared with the first six months of last year, according to Autodata Corp.

Sales of the MR2 Spyder, which was launched here in 1985, have dwindled to a couple of hundred units a month.

"The past few years ... have been very challenging for both Celica and MR2 as competition in a segment where 'what's new' dominates," said Don Esmond, senior vice president of the Toyota Division.

China comes to grips with new labour standard

ANN/ THE STRAITS TIMES

While most of China was enjoying the Labour Day holiday in May, factory managers in the country's southern and coastal manufacturing hubs were sweating over a labour standard that many of them had never even heard of.

Called the SA8000, it is a set of voluntary yardsticks devised by New York-based Social Accountability International (Sai) to ensure proper working conditions.

It has been in use since 1998. Companies can have their production facilities certified to the SA8000 standard through certification auditing bodies accredited by Sai.

But the rumour mill raged that the United States and European-Union (EU) would make the SA8000 mandatory from May 1 for all Chinese exporters who wanted access to their markets.

Several Chinese newspapers which reported the rumours as fact fuelled the panic even further; many factory operators saw the SA8000 as yet another attempt by Western markets to block their products.

Martin Ma, Sai's Asia programme officer, told The Straits Times that the rumours had been brewing from as early as last December, with jitters among Chinese manufacturers probably reaching a peak in March and April.

"But I think the rumours are fading away now," said Ma, whohas been busy in recent months hosing down the rumours.

That may be so but signs are that China is just beginning to look at the labour standard more seriously. Anxieties over SA8000 are far from over.

In recent weeks, state media have run long, explanatory articles dispelling the myth around SA8000. Officials said the Certification and Accreditation Administration of China formed a team this week to study the labour standard in detail.

So far, labour experts said they were unaware of any Chinese factory losing a contract specifically because of a lack of SA8000 certification.

NY oil shoots to highest close since June 1

AFP, *New York*

New York's main crude oil contract Friday shot to the highest close since June 1 amid fear of terrorist attacks and on a report that Opec is already pumping near full capacity.

New York light sweet crude for delivery in August surged 48 cents to end at 41.25 dollars a barrel after spiking at 41.80 dollars. It was the highest close since the June 1 record finish of 42.33 dollars.

Brent North Sea crude for September delivery advanced 52 cents to 38.00 dollars.

"The two stories really have been that demand, regardless of the other soft economic data that we may have seen, is continuing to be very robust and concerns of terror have been a little bit higher," said Phil Flynn, a senior market analyst at Alaron Trading.

Oil consultancy Petrologistics stoked concerns by reporting that the Organization of Petroleum Exporting Countries (Opec) was now pumping at close to full capacity, Flynn said.

"You can look it both ways. Obviously it is a litle bit bearish if demand falls off but on the other hand if demand continues to rise how much more oil can Opec pump?" he asked.