

BSCIC PLANS Tk 100CR POST-FLOOD REHABILITATION SCHEME Flood-hit factories to get interest-free loans

STAR BUSINESS REPORT

Bangladesh Small and Cottage Industries Corporation (BSCIC) will provide interest-free loans to its flood-hit industrial units as part of a post-flood rehabilitation programme.

The BSCIC has already sent a proposal to the industries ministry seeking a Tk 100 crore fund for implementing the measures, said a high official of the corporation.

About 1,400 out of the total 2,800 BSCIC industrial units have been affected by the current floods. Besides, 29,497 out of the total 49,578 cottage industries under the poverty reduction programme of BSCIC were damaged.

Officials said the Ministry of Industries will soon send the proposal to the Planning Commission for approval. Then BSCIC will start disbursing the money.

According to the corporation's preliminary assessment of flood damage, the total loss in the BSCIC industrial units across the country may stand at Tk 80 crore.

"At the end of the assessment process, we'll identify the really affected units for providing the industry owners with loans," the BSCIC official added.

Of the total amount, the corporation will disburse Tk 67 crore among the

industrial units located in 64 BSCIC industrial estates. The rest will be distributed among the cottage industry owners as interest-free loans for five years.

The BSCIC industrial units will get Tk 42 crore as interest-free loans with a repayment period of five years and another Tk 25 crore for repairing infrastructures damaged by the devastating floods.

Pubali Bank to launch ATM service

Pubali Banl Limited is going to introduce ATM (automated teller machine) service and credit cards soon.

Managing Director of the bank Khondkar Ibrahim Khaled announced this while speaking at a workshop organised by the bank in Dhaka on Thursday for its branch managers, regional managers and senior executives of head office, says a press release.

Among others, directors of the bank Monzurur Rahman, Giasuddin Ahmed and Sheikh Wahidur Rahman were present.

Investors see new hope for Yukos

AFP, Moscow

Yukos closing share Investors breathed a sigh of relief Friday after a Western bank was asked to mediate the Yukos oil saga in a sign many here saw as a Kremlin decision not to renationalize Russia's oil.

A justice ministry decision to allow a Dresdner Bank subsidiary to determine the value of Yukos's main oil producing unit means the company will likely have a far higher valuation than one proposed by the state, which could still keep alive Russia's largest oil producer.

The decision came Thursday after top US officials piled pressure on President Vladimir Putin's administration to come clean about what it planned to do with Yukos amid fears that oil exports from the world's number two producing nation could be disrupted.

China -- whose energy-starved northern regions rely heavily on Yukos -- has done the same, according a Wall Street Journal report.

Yukos produces about 1.7 million barrels of oil per day -- nearly as much as the current maximum output of Iraq.

The year-long conflict surrounding Yukos is now focused on its unit Yugansk, which pumps 60 percent of the group's oil, and how and to whom it will be sold off.

Yugansk has been confiscated by the state to pay off a 3.4-billion-dollar (2.78-billion-euro) tax bill that could grow to 10 billion dollars in the coming weeks.

Yukos founders are trying to save its prized assets -- or access to its oil exports --- through complicated business procedures but the general mood here is that Yugansk will be sold.

HP shares tumble on profit news

BBC ONLINE

Shares in Hewlett-Packard have fallen sharply after the computer manufacturer revealed third-quarter profits well short of market expectations.

Even though earnings were almost double last year's, the shortfall on forecasts meant shares fell 15 percent.

HP's performance was affected by problems at its servers and storage unit, where sales fell and losses grew.

HP said that profits for fourth quarter were expected to fall short of expectations as well.

HP's figures contrasted with similar quarterly earnings released on Thursday by Dell which matched market expectations.

HP is the latest in a series of leading technology companies to produce disappointing earnings figures.

Shrimp export earnings may quadruple by 2008

Exporters hope to earn Tk 10,000cr annually

BSS, Chittagong

Frozen foods exporters have taken an initiative targeting to earn Tk 10,000 crore annually by the year 2008 through increasing shrimp production, optimum utilisation of the processing capacity and exploring new markets.

To achieve the objective, Bangladesh Frozen Foods Exporters Association (BFEEA) has prepared a concept paper titled "Vision-2008" and submitted it to the government for taking necessary steps.

The exporters said the country earned about 380 million US dollar in last fiscal year (2003-2004) which was 10 million dollar higher than the target.

The association has fixed the export target at 410 million dollar (about Tk 2,500 crore) for the current fiscal year.

Shrimp constitutes the major portion of the frozen foods exported from Bangladesh.

BFEEA sources said the government has already directed the Ministry of Commerce to give special attention to the sector and extend necessary help to the frozen foods exporters to achieve their objective.

Following the directives of the prime minister, the ministry has included an agenda about Vision-2008 in the National Export Committee and opened up a special desk at Export Promotion Bureau.

BFEEA sources said they have taken up an action plan to achieve the target producing around 2.5 lakh metric tons of raw shrimp from 2.30 lakh hectares by introducing modern and eco-friendly pisciculture technology.

The shrimp production target is expected to be achieved following methods adopted by Thailand, sources said and added the Thai per acre yield is many times higher than that of Bangladesh.

Sources said that the European Commission (EC) assured them (BFEEA) of assisting the association with all supports to make their objective a success. BFEEA had earlier requested EC to extend support.

The vision stresses upgradation of existing lab facilities, training of technicians, introduction of an internationally accepted certification and establishment of a reference laboratory to test and certify the product quality, sources said adding that the country's 50 hatcheries produce about 500 crore shrimp larvae which are enough to meet the target of production by 2008.

In the last fiscal year BFEEA exported frozen foods to USA, Russia, Denmark, Germany, United Kingdom, Belgium, Switzerland, China, Thailand and Malaysia. The association is determined to explore new markets in the world for frozen food exports.

Fareast Islami Life Ins okays 30pc dividend

Fareast Islami Life Insurance Company Limited has declared 30 percent dividend for its shareholders for the year 2003.

The dividend declaration came at the company's annual general meeting held in Dhaka recently with Chairman of the company Jahurul Islam Chowdhury in chair, says a press release.

Among others, Managing Director of the company Md Ali Hossain was present.

Int'l seminar on Islamic financial management in Dec in Dhaka

A three-day international seminar on financial management from an Islamic perspective will begin in Dhaka on December 21 this year.

Islamic Research and Training Institute (IRTI) of Jeddah-based Islamic Development Bank Group, Islamic Economics Research Bureau (IERB) and Islami Bank Bangladesh Limited (IBBL) will jointly organise the seminar, says a press release.

Bush threatens possible WTO case against Airbus

AFP, Seattle, Washington

US President George W. Bush warned Friday that the United States may bring WTO action in September against Airbus Industrie, citing "unfair" government subsidies to the European aircraft maker.

"I've instructed US Trade Representative Bob Zoellick to inform European officials in his September meeting that we think these subsidies are unfair and that he should pursue all options to end these subsidies -- including bringing a WTO case, if need be," Bush said.

The president's election-year threat to go to the World Trade Organization came after he met behind closed doors here with workers at Boeing, Airbus' archrival, during a campaign swing.

"Airbus was founded about 30 years ago and has received, in those 30 years, large government subsidies from European nations, and continues to receive them," said Bush.

"I think it's unfair to this American company that these European governments continue to subsidize Airbus," said Bush. "I believe if our country is treated fairly, we can compete with anybody, anytime, anywhere."

Under a 1992 US-European Union agreement, European support for new aircraft programs -- provided in royalty-based loans -- was limited to 33 percent of the total cost, repayable with interest within 17 years.

On the other hand, indirect US support through NASA or military programs was limited to three percent of turnover for the US large commercial aircraft industry.

Boeing has charged that the arrangement allows Airbus to get state money virtually on demand.

"We believe in free trade. We want that free trade to be fair, as well. And getting rid of the subsidies of Airbus will make the trade fair, will make the playing field level" said Bush.

Zoellick has recently stepped up pressure for an overhaul of the 1992 deal, telling reporters at a news conference July 8 that the agreement was outdated.

Airbus is jointly owned by the European Aeronautic Defense and Space Co., which holds 80 percent, and Britain's BAE Systems, which holds the remaining 20 percent.

Google IPO auction off to rocky start

REUTERS, Washington/New York

The auction for Google Inc.'s highly anticipated initial public offering got off to a rocky start on Friday after the Web search company sidestepped a bullet from U.S. securities regulators.

Mountain View, California-based Google opened its auction Friday morning at 9 a.m. EDT as expected even though hours earlier it filed an amended regulatory document saying a Playboy magazine interview with its founders may have violated U.S. securities rules.

Late on Friday afternoon a source familiar with the matter said the Securities and Exchange Commission (SEC) would not delay the deal because of the interview.

The IPO was not delayed because factual differences between the magazine article and Google's current business were corrected in the amended regulatory document, and a copy of the interview was inserted into the regulatory document before the auction began, the source said.

Google said in the amended document it believes it did not violate securities rules governing the "quiet period" when its co-founders Sergey Brin and Larry Page gave an interview before the company filed a preliminary prospectus with the SEC on April 29.

Dhaka to host Asia Pharma Expo 2005

Bid to boost medicine export

STAR BUSINESS REPORT

Bangladesh will host 'Asia Pharma Expo' next year in a bid to increase foreign exchange earning from the growing pharmaceutical sector.

Leading medicine companies from Asia, Europe, Canada and the US will take part in the February 5-7 exhibition, organisers in Dhaka said.

Besides drug manufacturers, companies dealing with medicine industry machinery, accessories, packaging, research & development (R&D), environment control equipment and services will participate in the three-day mega exposition.

Bangladesh Association of Pharmaceutical Industries (Bapi) in association with Ahmedabad-based Global Pharma Expo (GPE) of India, an event management company, will organise the show at Bangladesh-China Friendship Conference Centre.

Earlier, Bangladesh successfully hosted the 2003 version of Asia Pharma Expo, which created tremendous enthusiasm among local and interna-

tional medicine companies. This year's Asia Pharma Expo was held in Malaysia in April.

Bapi President SM Shafiuzzaman said the exposition will help local companies expand market by showcasing their world class products. "It will also create scope in forming joint venture with foreign companies," he told The Daily Star.

There is huge potential for increasing medicine exports as World Trade Organisation arrangements allow companies in Bangladesh and other least developed countries (LDCs) to produce and export drugs without having patent rights until 2015.

"So, Bangladesh has a fair chance to emerge as a major drug exporter as we have the strongest infrastructure and expertise in the sector among LDCs," said Shafiuzzaman, also managing director of Hudson Pharmaceuticals Ltd.

Bangladesh still depends largely on imported raw materials with about 80 percent coming from abroad and the rest produced locally. The high depend-

ence may elude local companies to take the opportunity of WTO rules, Shafiuzzaman said.

Although the government promised Tk 2000 crore investment for setting up an active pharmaceutical ingredients (API) park in Chittagong to produce raw materials locally, there is no efforts in sight to make the promise a reality, he said.

The Bapi president said the country's exports can hit Tk 10,000 crore a year by 2010 if the government sets up an API production unit. At present, Bangladeshi companies exports pharmaceutical products to 52 countries.

Export earnings from pharmaceuticals sector stood at Tk 50.22 crore in the first 10 months of the last fiscal year. The earning was Tk 52.37 crore in 2002-03.

The country has a total of 250 pharmaceutical companies in operation, of which 20-30 big players hold about half of the market. The companies meet about 95 percent of the Tk 3,000 crore domestic market.

Car prices down 9pc in 5 yrs

BBC ONLINE

The cost of buying a new car has fallen 9 percent during the past five years, according to a new survey.

The average purchase price of a new car dropped by almost £1,400 between 1999 and 2004, the Alliance & Leicester Car Price Index has found.

Prices paid for second hand cars have come down even further, falling by just under 25 percent to an average of £6,881.

But the cost of car maintenance and

repair moved the other way during the period, becoming 39 percent more expensive.

The price falls reflect increased competition in the industry from low cost manufacturers in eastern Europe and the Far East.

Economic and social developments, which have seen increasing number of households own more than one car, have also influenced price trends.

The average price paid for a new car in June was just over £13,000 compared

to £14,397 in June 1999.

The biggest price reductions came among "city car" models. Their average price fell 18 percent over the period.

At the other end of the scale, prices paid for superminis declined by only 2.5 percent and for luxury models by 5.4 percent.

In the second hand market, family cars saw the biggest reduction in price, dropping 34 percent.

Prices paid for nearly-new cars, defined as models aged between one and three years, dropped 21.9 percent.



PHOTO: FAREAST ISLAMI LIFE INS

Fareast Islami Life Insurance Company Limited Chairman Jahurul Islam Chowdhury presides over the annual general meeting of the company recently in Dhaka. The company has declared a 30 percent dividend for its shareholders for the year 2003.

Lack of sound settlement system to hinder govt bond trading in secondary market

UNB, Dhaka

Lack of an appropriate settlement system to comply with a tax provision has been a major roadblock to putting government bonds on the secondary market.

The bottleneck has forced the stock market regulator and the operators to arrange a fresh sitting sometime after August 20 to devise a strategy for tax settlement.

The consultative committee of the Securities and Exchange Commission (SEC), comprising SEC Executive Director Mansur Alam and the two chief executive officers of Dhaka and Chittagong Stock Exchanges at a meeting here yesterday examined the possibilities introducing the bonds to the capital market.

The CEOs apprised the meeting of the stock exchanges preparedness to facilitate trading of the bonds, but the problem emerged when they consid-

ered the settlement system.

They considered what could be the income tax on the profit gained by a bondholder who is now selling his bonds keeping those for a certain period, SEC spokesman Mansur Alam told the news agency yesterday, following the meeting.

The fiscal measures imposed 20 percent advance income tax on the profit from the approved securities and bonds. The tax should be deducted at source where transactions take place.

Alam said the SEC would try to devise a strategy in the next meeting with the stock exchanges, CDBL and bond experts. Later, a recommendation in this regard will be submitted to the SEC for approval.

He estimated that the bonds could be introduced in the market by the first week of next month after completion of the necessary formalities.

Besides the move to widen investment options in the capital market, the

meeting also decided in principle to reduce the cost of bringing new issues, but again they had to consider identifying the areas where they could suggest reduction of the fees. It will also be examined in the next meeting, said the SEC official.

"I hope, we'll be able to overcome the problem," he said, explaining the urgency of encouraging new issues to the capital market now to some extent "overheated".

The consultative committee meeting also reviewed the situation of the upbeat market, observing that the markets were running more or less perfectly. They, however, stressed the need for strict monitoring of the markets both by surveillance teams of the SEC as well as the stock exchanges.