

Govt plans to go for image improvement mission

Bid to woo more FDIs

STAR BUSINESS REPORT

In a bid to attract more foreign direct investments (FDIs), the government is going to adopt a promotion plan to improve Bangladesh's image abroad.

The Strategic Country Promotional Council, a public-private body formed to work on bettering the country's image, has been asked to prepare such a plan by November 7 for increasing investment.

The target of the Country Promotion Plan will be to raise the investment ratio from present 17.5 percent to 21 percent of the GDP (Gross Domestic Product) in a year.

At its first meeting yesterday, the 8-member council observed that build-

ing a positive image with help of private sector and the media is vital to woo investment.

Briefing reporters after the meeting at the Board of Investment (BoI), Foreign Minister M Morshed Khan, head of the council, said, "Apart from private sector we would seek a report from media people on how to focus positive things."

"It's crucial time to work on the image of the country as quota regime will expire within few months. Many fear that export orders may shift to other countries," he said.

The foreign minister however hoped that joint initiatives of the government and private sector could

bring good results.

On implementation of the promotion plan the country will be able to attract more FDI as well as foreign tourists, he said.

Morshed said the country needs more foreign and local investment to achieve the target of halving poverty by 2015 under the UN Millenium Development Goals.

Formed on August 7 with government and private sector representatives, the council will submit its report to the prime minister for taking necessary actions.

The council comprises executive chairmen of BoI and Bangladesh Export Processing Zones Authority,

chairman of Privatisation Commission, vice-chairman of Export Promotion Bureau and presidents of Metropolitan Chamber of Commerce and Industry and Foreign Investors' Chamber of Commerce and Industry.

BoI Executive Chairman Mahmudur Rahman said more invest-

ment would pour into the country if positive things are portrayed in foreign countries. "When flood news is overplayed, it affects image of the country."

Rahman hoped Bangladesh will see more FDI growth this fiscal year as some foreign investors are ready to sign deals with the board. "The industrial growth will continue rising as flood put a little impact on industries."

Holcim to supply cement to Rabiul Tower project

Holcim (Bangladesh) Limited, a leading cement manufacturer, will supply cement to Rabiul Tower project.

An agreement to this effect was signed between the two companies, says a press release.

Rabiul Awal, managing director of Rabiul Tower, and Jashim Uddin Khandakar, manager, Dealer Sales of Holcim (Bangladesh), signed the agreement on behalf of their organisations recently in Dhaka.

Yukos sells gas stake to Anglo-Russian joint venture

AFP, Moscow

Yukos is in the process of selling a 56-percent stake in a Siberian natural gas company to the Anglo-Russian joint venture TNK-BP in a bid to pay off its crushing tax bill, Western oil sources and media reports said Wednesday.

The Russian newspaper Kommersant along with The Wall Street Journal and the Financial Times reported that the sale of Rospan has been concluded and that Yukos collected 357 million dollars (289 million euros) in the process.

A Western oil source said the deal could be announced shortly but refused to confirm that a final agreement had been signed.

Yukos officials refused to comment on the reports, which were interpreted as a rare bit of good news by analysts.

Russian media and Western analysts reported that the justice ministry tried to stand in the way of the sale but was unable to do so because the deal was conducted through offshore companies based in Cyprus.

"Yukos will use the money to help offset the back tax bill. Court bailiffs had opposed the sale, but appear to have been unable to block the sale as it took place largely offshore," the Renaissance Capital investment bank said.

The justice ministry has been engaged in a vicious year-long battle with Yukos that some analysts suggest is spinning out from under the Kremlin's control.

Google slashes size of IPO

REUTERS, New York

Google Inc. slashed the size of its closely watched initial public offering nearly in half to less than \$2 billion on Wednesday, splashing cold water on what has been touted as the hottest Internet IPO in years.

The revision came as Google disclosed in an amended filing that the U.S. Securities and Exchange Commission has asked for "additional information" about the publication of a Playboy magazine article featuring an interview with Google's co-founders.

The IPO of the world's most popular Web search engine is now slated to raise as much as \$1.9 billion, far lower than its previous size of as much as \$3.5 billion. Trading could begin as early as Thursday.

Google, whose unusual auction IPO has attracted skeptics since it was announced in April, now estimates its shares will price between \$85 and \$95 each down from \$108 to \$135, amid a jittery market for technology shares and IPOs in general.



PHOTO: BGMEA

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Annisul Huq and Bangladesh Insurance Association (BIA) Chairman Nasir A Choudhury, among others, are seen at a meeting on insurance issues held between the two associations in Dhaka yesterday.

India's crumbling Silicon Valley losing its lustre

AFP, Bangalore, India

The success of India's hi-tech and outsourcing industry was built on Bangalore, but the southern city where the boom began has now become a victim of its own success.

The rapid growth is putting major pressure on the city's already congested roads and software firms complain that acute power cuts are taking a toll on business.

According to the Software Technology Parks of India, which facilitates hi-tech exports, 284 technology firms have set up base in the "Silicon Valley" of India over the last two years taking the total to 1,322.

"We all believe that the infrastructure problem is serious here. To sustain and grow, we need to go to places where there are opportunities -- both manpower and infrastructure," said Azim Premji, the chief of Wipro, India's third largest software exporter.

"We have not seen any infrastructure growth in the last five years in Bangalore and we do not foresee any growth in the next five years. It is difficult to sustain in Bangalore," said Premji, who is India's richest person.

He said Wipro, of which he owns 84 percent, was looking to expand not in Bangalore but in other Indian cities that have tried to woo IT including Hyderabad in the south, Pune in the

west, the capital New Delhi and eastern metropolis of Kolkata.

Karnataka, the state of which Bangalore is capital, is still growing with a 46 percent jump in software exports in the last fiscal year due to burgeoning outsourcing by Western companies.

At four billion dollars last year, Karnataka's software exports account for one-third of the total across India.

Infrastructure was a key factor in bringing IT firms to Bangalore, along with its huge pool of English-speaking engineering graduates and mild hillside climate that offers respite from India's sweaty summers.

FLOOD DAMAGE Govt asked to create Tk 300cr fund for women entrepreneurs

STAR BUSINESS REPORT

Women entrepreneurs yesterday urged the government to create a Tk 300 crore fund for rehabilitating their flood-hit enterprises.

"At least 40 percent of the total 6.3 lakh women entrepreneurs have been affected by this year's flood," said Selima Ahmad, president of Bangladesh Women Chamber of Commerce and Industry (BWCCI), at a press conference at the Jatiya Press Club.

She said the women entrepreneurs who incurred huge losses due to the devastating flood urgently need financial supports for survival.

The BWCCI president also sought waiver of interest rates to be charged for the months of July and August against their bank loans.

Selima urged the government to make loan disbursement process easier for the women entrepreneurs and take necessary actions to provide them with loans at five percent interest rate as assured earlier.

The BWCCI leader said the chamber has set up a counselling centre at its office to provide necessary advice for the flood-affected women entrepreneurs.

BWCCI Vice-president Sangita Ahmed and Treasurer Nasim Ara Hossain were also present at the press conference.

Mitsubishi plans to enhance car business in China

AFP, Tokyo

Beleaguered Japanese carmaker Mitsubishi Motors Corp. said Wednesday it planned to enhance its business in China by raising its stake in a joint venture.

"Under our revival plan we plan to start selling vehicles under our own brand name by raising our stake in a joint venture in China," the company said in a statement.

"We are cautiously considering raising our capital participation ratio," the fourth-largest Japanese carmaker said without naming specific partners.

The statement followed a newspaper report Wednesday that Mitsubishi Motors planned to build a factory in China with local medium-sized automaker Hunan Changfeng Motor Co.

Mitsubishi Motors called Hunan Changfeng Motor "an important partner in our business in China," but added: "We are studying collaboration in the future but nothing definite has been decided at the moment."

Mitsubishi now owns a 20 percent stake in the Chinese automaker, which has been engaged in licensed production of the Pajero sports-utility vehicle and other Mitsubishi models under the Hunan Changfeng brand.

Indian July trade deficit nearly doubles to \$2b

REUTERS, New Delhi

Rampant growth in imports led to a surge in India's trade deficit to \$2.0 billion in July and analysts said Tuesday it could widen further due to the soaring price of crude oil, India's biggest import item.

Government data showed July's deficit had nearly doubled from \$1.08 billion a year before. Exports were 19 percent higher in the year to July as global demand picked up, while a rapidly growing domestic economy boosted imports by 31 percent.

"Looking ahead, we are going to have a year of great trade deficit due to high oil prices," said Tapan Bhaumik, senior policy adviser with industry lobby Confederation of Indian Industry.

Global oil prices have been at record highs of nearly \$46 a barrel. This has hurt India, Asia's fourth-largest economy, as it imports nearly 70 percent of its requirements.

India's exports between April and July, the first four months of the fiscal year to March 2005, rose 25 percent to \$21.93 billion from \$17.46 billion in the year-ago period.

India's new Congress-led coalition government has said it will aim to sustain double-digit export growth and meet the target of grabbing a one percent share of global trade from the present 0.7 percent. It has set an export growth target of 16 percent in the fiscal year to March 2005.

PCBs now turn to new investment areas

Focus on electricity, port, telecoms

STAR BUSINESS REPORT

Finding it hard to invest in traditional sectors, private commercial banks now turn to new areas such as electricity, port and telecommunications for better use of their idle funds.

Chief executive officers of private commercial banks (PCBs) at a meeting yesterday in Dhaka observed that the amount of excess liquidity with the PCBs stood at Tk 12,000 crore until June this year, but the banks failed to make proper use of the idle money.

They said although the interest rate has been slashed by at least 3 percent-

age points, investments in the traditional sectors, such as construction and garments, did not see growth due to lack of demand from investors.

M Aminuzzaman, president of Association of Bankers, Bangladesh, said economic and non-economic factors, not the interest rate, are stalling the investment growth in the traditional sectors.

The CEOs also said the banks will expand their investments in new areas through syndication loans.

The bankers also identified poor law and order as impediment to new investments.

On rural loan disbursement, leading bankers asked the government to change definition of 'rural branch' of banks.

At present, bank branches located outside municipalities are defined as rural branches. But branches located at the thana headquarters should termed as rural branches, the meeting observed.

According to the Bangladesh Bank, PCBs contribute only one percent to the total rural loan disbursements in the country.

Cut insurance premium rate to help face quota-free era

BGMEA urges insurance association

STAR BUSINESS REPORT

Apparel exporters yesterday urged insurance companies to cut premium rate for marine and fire insurance and contribute to their cost-cutting efforts to become more competitive in the quota-free era.

The garment exporters at a meeting in Dhaka with insurers said local insurance companies are charging higher in comparison with their counterparts in the regional countries.

They also said the premium rate here is 30 to 40 percent higher than that in the regional countries, affecting competi-

tiveness of local garment units.

The meeting between leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Insurance Association (BIA) decided to form a joint committee to rationalise the premium rate.

Sources said BIA Chairman Nasir A Choudhury assured of sitting with chief controller of insurance and Sadharan Bima Corporation, which provides reinsurance to all marine insurance, for adjusting the rate structure.

Sources said BGMEA President Annisul Huq urged the chief controller

of insurance to take up steps to rationalise the rate. He told the meeting that high premium increases cost of business.

A total of 3,000 garment units pay Tk 15 crore premium a year for fire insurance and Tk 30 crore to Tk 35 crore for marine insurance but the rate of claim and settlement is low, he said urging insurance companies to slash premium by 50 percent.

Managing Director of Sadharan Bima Corporation Sirajul Islam, Chief Controller of Insurance Firoz Ahmed also attended the meeting.

Asia jet fuel demand on rise

REUTERS, Singapore

The growth of no-frills airlines in Asia Pacific is set to bolster regional jet fuel demand in the next five years, as they expand their fleet and flights, industry sources said Tuesday.

These carriers are now at their infancy and consuming just two per cent or less of jet fuel in the region, but this could grow to as high as 20 percent in a decade, they said.

"In the next five years, these

carriers could hit six to seven percent of jet fuel consumption in Asia Pacific. They encourage more travel and there is a lot of potential," said an oil industry source, adding the target group was different middle to low income.

Worldwide demand for jet fuel is expected to hit around 63-64 billion US gallons this year and could rise to an estimated 65 billion gallons in 2005, another oil industry source said.

Asia Pacific makes up 21 per cent of

the global total, Europe has a 23 per cent share and North America 36 per cent, he said.

"Global jet demand is recovering and now back up to pre-September 11, 2001 levels," the source added.

Malaysia's AirAsia, the region's leading discount carrier, has plans to acquire 80 aircraft, but negotiations have not yet been concluded. The carrier had said it aimed to increase its fleet to 36 by end-2005, from the current 18 Boeing 737s.



PHOTO: STAR

Bangladesh Women Chamber of Commerce and Industry (BWCCI) President Selima Ahmad (2nd from left), speaks at a press conference organised by the chamber yesterday in Dhaka. Among others, BWCCI Vice-president Sangita Ahmed (left) and Treasurer Nasim Ara Hossain (2nd from right) are seen in the picture.