

Software exports fall flat

Earnings fail to achieve target by 80pc in FY'04

ZAHIDUL HAQUE

Software exports fell 80 percent short of target in 2003-04 despite the government effort to boost the sector by forming an ICT Business Promotion Council (IBPC) two years ago.

Bangladesh earned only Tk 41 lakh against the target of Tk 2 crore fixed for the last fiscal year, according to Bangladesh Bank statistics.

The poor performance has compelled the Ministry of Commerce to lower this year's export target at Tk 1 crore for the thrust sector.

Under the National Information and Communication Technology (ICT) Policy, the government eyes to fetch Tk 300 crore a year from software exports, data entry and IT-enabled services by 2006.

In a bid to promote software exports, the government set up

Bangladesh ICT Business Centre (BIBC) in Silicon Valley, US as a venture of IBPC in May last year.

A total of 36 Bangladeshi companies, which have signed memoranda of understanding with the Ministry of Commerce to become BIBC members, can use the centre during their visits to the US.

The World Bank and the Ministry of Commerce are jointly contributing to the Tk 2.4 crore annual budget of the centre, which provides the member firms with conference room, telephone and internet facilities.

According to IBPC Coordinator Golam Hossain, only one firm, Infocore Ltd, out of the 36 companies has been able to strike business through BIBC in 15 months. "Two or three more firms are expected to sign deals in near future," Hossain, also deputy secretary at the commerce ministry, told The Daily Star.

Industry people have attributed the poor performance of the BIBC to inefficiencies of the companies in developing high quality and diversified IT solutions.

"Only 6 to 8 out of 36 BIBC member companies have the abilities to develop US-standard IT products," said TIM Nurul Kabir, vice-president of Bangladesh Association of Software and Information Services (Basis), which is also the co-partner of the government in establishing the centre.

The location of the centre is also another reason for the bad performance, as most of the world class IT companies are located in Silicon Valley, said Kabir, also managing director of TechnoVista Limited.

The Basis leader said member companies have already urged the BIBC authorities to arrange at least four events annually in the US where they can meet and hold

discussions with potential buyers.

"Maximum companies lack adequate financial supports to stay in the US for a few days to look for business individually," Kabir explained the reason behind their demand to hold the events.

The government is also planning to set up two more business promotion centres -- one in Virginia, US and another in Europe. "The feasibility studies for establishing the centres have already been done," said the Basis leader.

Mujtaba Sattar, managing director of Infocore Ltd, said inadequate marketing drive by BIBC frustrates the companies to find business. "There is only one marketing executive at the BIBC and it is not possible for him to find business for each company," he said.

Meena Bazar outlet now in Khulna

A branch of Meena Bazar, a chain superstore, was opened in Khulna.

Minister Counsellor of Thai Embassy in Dhaka Uthoru Wankeo inaugurated the branch, a second such outlet of the store, on Wednesday, says a press release.

Addressing the inauguration, Kazi Shahed Ahmed, managing director of Gemcon Foods and Agricultural Products Ltd that runs Meena Bazar, said the company has plan to open four more branches in Dhaka and others in major cities.

"Meena Bazar has become popular as it offers quality products at cheaper prices," he said.

Chairperson of Gemcon Foods Amina Ahmed, Consultant Kazi Jamil Islam and Executive Director Col (ret) Sheikh Abdur Rahman were also present at the function.



PHOTO: JBCCI
Japanese Ambassador to Bangladesh Matsushiro Horiguchi (3rd from left), Japan-Bangladesh Chamber of Commerce and Industry President (JBCCI) Matur Rahman (centre) and Federation of Bangladesh Chambers of Commerce and Industry President Abdul Awal Mintoo (3rd from right) pose for photographs at the first general meeting of JBCCI held in Dhaka on Thursday.

China issues housing loans rules

AFP, Beijing

China has formally issued new regulations on housing loans that tighten avenues for credit as part of an ongoing package of measures to cool the sector and the economy as a whole, regulators said Friday.

The China Banking Regulatory Commission (CBRC), which first published a draft of the pending rules in February, stipulated that developers would now have to put down 35 percent rather than 30 percent of a real estate project's total value.

Retail investors must place a 20 percent downpayment on a property's ticket price, while individual loan applicants must ensure that monthly expenses do not exceed 55 percent of their total income instead of 70 percent.

The rules apply to state-owned commercial banks, joint stock banks, city commercial banks, rural credit cooperatives, policy banks, as well as foreign banks, the CBRC said in a statement.

Asean, Australia, NZ may agree on free trade talks

REUTERS, Canberra

Southeast Asia nations, Australia and New Zealand were likely to recommend the formal launch of free trade negotiations at a meeting in Jakarta this weekend, a senior Australian trade official said Friday.

Economic and trade ministers from Australia, New Zealand and the 10-member Association of Southeast Asian Nations (Asean) were expected to agree to negotiating principles for a free trade agreement during the Asean Economic Ministers-Closer Economic relations meeting.

"The negotiating principles if agreed, as we would expect them to be agreed, by ministers in Jakarta will go to leaders as the formal

recommendation for free trade negotiations," the trade official told a briefing.

"It would be very surprising if ministers were to revise the principles in any substantive way."

In April, Asean proposed launching free trade talks with Australia and New Zealand and a final decision on whether to begin negotiations will be made at the Asean leaders' summit in Laos in late November.

Asean consists of Thailand, Singapore, Indonesia, Vietnam, the Philippines, Brunei, Laos, Myanmar, Malaysia and Cambodia. Two-way trade between Australia and Asean in merchandise and services totalled more than \$40 billion (\$28 billion) in 2003.

The Australian trade official said negotiations were likely to begin in 2005, take around two years to complete and be fully implemented within 10 years of the agreement's commencement.

Australia has long sought free trade with Asean but had to settle in 2001 for talks on a closer economic partnership a looser trade framework short of tariff cuts.

Australia has already signed free trade deals with Singapore, Thailand and the United States and has agreed to carry out scoping studies into the possibility of free trade agreements with Malaysia and China.

Japan, Asia face bumpy road towards free trade pacts

REUTERS, Fukuoka, Japan

Japan, keen not to lose ground to China, is stepping up its pursuit of regional and bilateral free trade pacts, but the path to success will be bumpy and some experts question how committed Tokyo really is.

Already in talks on bilateral free trade deals with Thailand, Malaysia, the Philippines and South Korea, Japan has also agreed with the 10-member Association of Southeast Asian Nations (ASEAN) to try to start discussions on a free trade agreement (FTA) at the start of 2005, with the target of forging a pact by 2012.

Now, Tokyo appears to be drafting more ambitious schemes.

Under a mid-term plan being formulated, the government wants by 2010 to sign economic partnership agreements with at least 10 countries and regions including China, Brazil, India and Australia, the Nihon Keizai Shimbun daily reported on Friday.

In a rare gesture, members of

Japanese business lobby Nippon Keidanren will accompany Prime Minister Junichiro Koizumi when he visits Brazil this month to help him start talks on an FTA with Latin America's largest economy, the group said.

Doubts, however, persist about how quickly Japan can push ahead with its trade pact agenda given objections from politically powerful farmers.

"China has already expressed its political will. It is Japan that has not yet expressed its political will," Nippon Poapongsakorn, senior consultant for the Thailand Development Research Institute, said at a gathering of Japanese and other Asian trade experts in Fukuoka, southern Japan, this week.

So far, Japan has concluded only two FTAs. Its first, with Singapore, did not include farm products.

Its second, a hard-won pact with Mexico that was basically clinched in March after bitter disputes over pork and orange juice, is expected

to be signed this month when Koizumi visits that country.

Japanese and ASEAN trade ministers may agree on a starting date for their FTA talks at a meeting in Jakarta on Saturday.

But in a sign of the difficulties ahead, Japan wants to wait until next April to start formal talks, Japanese media said. For its part, China aims to conclude a free trade pact with six ASEAN countries by 2010 and with the other four by 2015.

ASEAN is comprised of Indonesia, Singapore, Malaysia, Brunei, the Philippines, Thailand, Cambodia, Laos, Myanmar and Vietnam.

The benefits of a free trade zone combining the world's second-biggest economy with 10 countries that together boast an annual trade volume of over \$750 billion, roughly equal to Japan's, and a population more than four times as large, might seem obvious. But not all countries are equally keen.

Paper shares of Reliance Ins to be converted into electronic ones

Reliance Insurance Limited has signed an agreement with Central Depository Bangladesh Limited (CDBL), the service provider of central depository system, to convert its paper shares into electronic ones.

Reliance Insurance Managing Director M Shamsul Alam and CDBL Managing Director and CEO MH Samad signed the agreement on behalf of their organisations on Tuesday in Dhaka, says a press release.

Among others, Anwarul Haq, joint managing director of Reliance Insurance, and other officials of both organisations were present.

Jamuna Bank, Square Informatix sign deal

Jamuna Bank Limited has signed an agreement with Square Informatix Limited to facilitate online banking services to its clients.

Jamuna Bank Managing Director SA Chowdhury and Square Informatix Managing Director Charles CR Patra signed the deal on behalf of their organisations on Wednesday in Dhaka, says a press release.

Among others, Chairman of the bank Golam Dostogir Gazi and Square Informatix Director Colin Patra were present.

Square Informatix has a VSAT control centre near Savar to deploy and control VSAT technology to facilitate any online application.

Qatar Airways now flies daily to Paris

Qatar Airways has started its daily flight to Paris as part of its summer schedule, says a press release.

The additional services will also allow easier connections to Qatar Airways' route network via Paris for travellers going through Paris and Doha to destinations in the Middle East, Indian subcontinent or the Far East, said Qatar Airways Chief Executive Officer Akbar Al Baker.

India's inflation rate highest in nearly four years

AFP, New Delhi

India's inflation rate rose above eight percent, its highest level in over three and a half years, on the back of an uptick in food and fuel prices, government data showed Friday.

The wholesale price index, India's most closely tracked inflation gauge, rose to an annualised 8.17 percent for the week ended August 21, from the previous week's level of 7.96 percent. It is the highest level since inflation touched 8.49 percent in mid-February 2001.

Fruit and vegetable prices were pushed up following weak monsoon

rains in some key growing areas during the annual sowing season in July. Fuel prices also rose on the back of the strong spike in global oil prices.

"Inflation is picking up steam. It is touching more commodities. It will keep going up unless the government of India does something," said Saumitra Chaudhary, chief economic advisor at industrial ratings company ICRA.

He said the inflation rate was likely to remain over eight percent for at least the next five to six weeks.

"This is also a reflection of the continuous excess money supply in the economy. The central bank has

not taken any steps to mop up the liquidity because it will push up interest rates," said D.H. Pai Panandikar, economist with the RPG industrial group.

He added that the bank was deliberately backing off from such a measure as it was bound to lead to hardening of interest rates.

"Interest rates are of great concern to the government because 55 percent of tax revenues go in interest payments. So they do not want any increase in interest rates," he said.



PHOTO: SQUARE INFORMATIX
Jamuna Bank Limited Managing Director SA Chowdhury and Square Informatix Limited Managing Director Charles CR Patra exchange documents after signing an agreement on behalf of their organisations on Wednesday in Dhaka. Under the deal, Square Informatix will give technical support to Jamuna Bank for providing online banking services to its clients.

Bush urged to dump textile trade team

REUTERS, Washington

South Carolina Sen Ernest "Fritz" Hollings urged President George W Bush Thursday to dump his textile trade team and replace its members with officials more willing to deal with a possible threat posed by imports from China.

"This industry needs help, and it needs help now," the senior Democratic senator said in a statement. "The president must replace his textile trade team and appoint officials who understand the depth and seriousness of the impending crisis. There is no time to waste.

Hollings' demand came one day

after textile industry officials announced their intention to file dozens of petitions asking the Bush administration to impose emergency restrictions on imports of clothing, sheets and towels from China.

US textile companies expect a dramatic surge of imports from the Asian giant when an approximately five-decade-old quota system expires at the end of the year.

They want the Commerce Department to approve new restrictions based on that threat, rather than wait to see if there is a rapid increase in imports.

But in an interview with Women's Wear Daily, Deputy Assistant Secretary of Commerce for textiles Jim Leonard said the department has no developed procedures to approve "safeguard" restrictions based on the threat of a surge.

"The procedure we've got out there deals with market disruption," Leonard said. "If we do anything different, we will have to come up with something different."

That comment raised Hollings' concern that the Bush administration did not recognize the urgency of the situation facing domestic textile firms, a Hollings aide said.

"This Administration just doesn't seem to get it. Since President Bush took office in January 2001, over 345,000 textile and apparel workers have lost their jobs -- 27,000 in South Carolina alone," Hollings said.

Pakistan keen to exploit its wind power potential

REUTERS, Islamabad

With oil prices soaring, Pakistan is keen to exploit its wind-generated power potential and there is no shortage of foreign companies lining up for a stake in what could provide up to 1,000 megawatts of extra capacity, officials said Thursday.

"Wind energy has a huge potential and the government wants to exploit it," Irfan Afzal Mirza, technical director at the government's Alternative Energy Development Board, told Reuters in an interview.

"The aim is to shift 10 percent of total power generation to alternative renewable energy sources," he said.

Mirza said six international companies -- among the world's leaders in wind-powered energy -- were vying to set up windmill farms in a coastal area of southern Sindh province identified as one of the best in the world for that type of technology.

Mirza said Danish company Vestas was seeking to set up two farms of 100 MW each, while US company GE Wind GE.N had offered to set up farms with a total capacity of 400 MW.

Boeing wants transatlantic subsidy war out of WTO

AFP, Washington

US aviation giant Boeing Co. is pressing for an end to subsidies for its European rival Airbus, which will be at the heart of new talks this month between the US government and the European Union.

The two sides are to hold negotiations on a 1992 aviation accord which allowed European governments to pay up to 33 percent of research and development costs.

Boeing is anxious to see that such a deal does not apply to the new Airbus A-380 line of jets, but it does not want the battle to end up before the World Trade Organisation.

Greg Dole, Boeing's director for commercial trade policy, said the company had reviewed public documents in Europe and estimated the level of subsidies to Airbus, if borrowed on commercial terms, at approximately 35 billion dollars.