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BUSINESS

DHAKA WEDNESDAY NOVEMBER 3, 2004 E-mail: dsbusins@gononet.com

Saifur slams garment barons for 'keeping funds abroad'

STAR BUSINESS REPORT

Finance and Planning Minister M Saifur Rahman yesterday blasted garment exporters accusing them of depositing their savings abroad instead of investing in backward linkage industries.

He also said many garment manufacturers sit on boards of different private commercial banks but go to the nationalised commercial banks (NCBs) for getting loans as they offer better interest rates.

"Why don't you reduce interest rates in private banks instead of going to the NCBs?" Saifur posed the question before a large audience of Bangladesh Garment Manufacturers & Exporters Association (BGMEA) members who gathered at Dhaka Sheraton Hotel to accord a reception to the minister yesterday.

The minister said most of the backward linkage industries are formed under active support of the NCBs.

In the post-MFA (multi-fibre arrangement) era, set to begin in January next year, the readymade garment sector of Bangladesh will not face any threat, the minister said.

"I am not convinced that Bangladesh will lose its export market in the quota-free regime."

He said Bangladesh has the ability to cope with any kind of adverse situation. The country has recently overcome the devastating floods, he added.

Bangladeshi apparels are much better than those of other garment manufacturing countries. "Just we have to be cost effective and competitive to survive in the free economy era," the finance minister said.

"Like you (BGMEA), the World Bank and IMF (International Monetary Fund) also believe that central bonded warehouse, Saarc cumulation and GSP facilities are needed to face the challenges of quota-free regime. But, I do not think so," he said.

"If you think I am unfavourable to you, you are quite wrong. I am not for textiles, not for garments, I am for Bangladesh only," the minister said.

Speaking at the function, BGMEA President Annisul Huq said the IMF, in its recent study, mentioned that Bangladesh will lose 25 to 30 percent market share in the EU market while the WTO (World Trade Organisation) in its study said Bangladesh may lose nearly 15 percent market share in the USA.

PHOTO:
Finance and Planning Minister M Saifur Rahman (2nd right) receives a memento from Bangladesh Garment Manufacturers & Exporters Association (BGMEA) President Annisul Huq (2nd left) at a reception accorded to him by the association in Dhaka yesterday.

Bangladesh favours joint ventures with Indian cos

PALLAB BHATTACHARYA, *New Delhi*

Bangladesh is in favour of setting up joint ventures with Indian companies to address the imbalances in bilateral trade.

An indication of this was given during discussions between Bangladesh Foreign Minister M Morshed Khan and India Commerce and Industry Minister Kamal Nath here on Monday.

The joint ventures could involve sourcing of raw materials from India and re-exporting the final product back to India in textiles and garment, petrochemicals, sponge iron, gas-based projects, leather and leather products, an official release said yesterday.

The two ministers underlined the need to enhance bilateral trade in particular by removing existing infrastructure bottlenecks that hinder the growth of trade and through capacity-building efforts that would help Bangladesh diversify its export basket.

Both sides agreed bilateral Free Trade Agreement could be pursued in parallel with Safta and BIMSTEC.

DSE forms probe body to dig into technical glitch

Trading to remain open after today's half-day hartal

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) yesterday constituted a high-powered committee to probe the technical glitch in its automated systems that halted trading on Monday.

Acting president and vice-president of DSE Md Feroz Khan formed the probe body to dig out reasons of the trouble, the highest in magnitude since 1998.

Headed by DSE Chief Executive Officer Salahuddin Ahmed Khan, other members of the committee are directors Md Shakil Rizvi and Md Rafiqul Islam and chairman of Computer Science Department at Dhaka University Dr Hafiz Hasan Babu. The committee will submit its report by November 10.

In the major technical hiccups, the electronic trading engine of DSE collapsed on Monday for which authorities blamed a "bug attack'.

To compensate Monday's disruption, DSE will conduct trading after today's half-day hartal. Trading will resume at 2:30pm and continue until 4:00pm. During Ramadan time, the trading starts at 10:30am and closes at 1pm.

Meanwhile, after one-day break, trading resumed in the stock exchange yesterday on a positive note. DSE General Index gained 24.58 points to close at 1735.03, registering 1.43 percent rise. DSE 20 also added 17.31 points to end at 1945.81, recording 0.89 percent rise.

A total of 190 issues were traded, of which 88 gained, 67 declined and 35 remained unchanged. Some 23.72 lakh shares changed hands in 9,995 trades with transactions volume reaching Tk 29.15 crore.

Demand from good scrips was high in the secondary market. Some 106 A category issues were traded on the day, of which 61 advanced, 29 fell and 16 remained unchanged.

DSE clarified the Monday's technical trouble in a statement, saying it all happened at 9:40am on the day when brokers could not log on the main server. DSE put its all efforts but the technical problem could not be overcome within trading hours. But the system was restored late on the day.

On maintenance deal of the systems the statement said, "DSE renewed its maintenance contract with the company which has been supporting DSE for the last six years. Only change was that, at the time of signing contract in 1998 the name of the company was Indigo Marketing Ltd which subsequently became SSIT and now has become Scandent Solutions Corporation Ltd. All other aspects such as the local support and maintenance engineers and application software remain unchanged."

EC to support private sector initiatives

UNB, *Dhaka*

The European Commission and Bangladesh yesterday signed a financing agreement on the EU-Bangladesh Economic Co-operation Small Projects Facility (SPF).

It is a new initiative aimed at supporting mainly private sector organisations directly through small grants to improve its competitiveness and to cope with the challenges of post-MFA scenario.

SPF is part of the 49 million euro overall support from the EC towards economic development and trade-related capacity building. The main objective of SPF is to support the diversification process of Bangladesh's economy.

Private sector associations, non-governmental and governmental organisations can apply for the grants early next year to support actions in the areas of vocational training technology transfer, trade facilitation and training of media professionals.

These are areas of great importance to strengthen the economic partnership between the EU and Bangladesh, while contributing to poverty alleviation.

The European financial contribution for the SPF is 30 lakh euro and grants will be provided for up to 90 percent of the amount of the project and up to one lakh euro per project. The first Call for proposals will be launched soon.

Mirza Tasadduq Hussain Beg, secretary, Economic Relations Division, and Esko Kentrschynskyj, ambassador and head of Delegation of the European Commission to Bangladesh, signed the financing agreement on behalf of their sides, said a press release.

Software producers term export target ambitious

Five-day software exposition from Nov 25

STAR BUSINESS REPORT

Terming the $2 billion software export target by the year 2006 "lofty and unachievable", local software producers yesterday demanded revision of the target envisaged in the national IT policy.

Addressing a press conference ahead annual software exposition -- SOFTEXPO 2004 -- Bangladesh Association of Software & Information Services (Basis) leaders said export earnings from the software sector jumped over 74 percent in the fiscal 2003-04 to Tk 42.35 crore.

The export earnings from software and IT enabled services were Tk28.31 crore in 2002-03, TIM Nurul Kabir, vice president of Basis, told reporters at a press conference.

The software exporters said the government should allocate 2 percent of the ADP (annual development programme) to procure locally produced software.

The Basis-organised five-day software exposition will begin on November 25 at Bangladesh-China Friendship Conference Centre.

More than 120 ICT companies from home and abroad will participate in the SOFTEXPO2004.

The services and products the ICT companies will exhibit include software application, e-commence & e-commerce, multimedia, animation and games, wireless and mobile application, e-governance applications and telecommunication & internet infrastructure.

Some 16 leading software and IT companies from Denmark are expected to take part in the exposition to look for their possible business partners in Bangladesh.

The SOFTEXPO will also feature seminars.

Tata firm buys US telecom co in $130m cash deal

PALLAB BHATTACHARYA, *New Delhi*

The Tata Group firm Videsh Sanchar Nigam Limited (VSNL), a leading provider of telecom and internet services, bought over Bermuda-based Tyco Global Network (TGN), one of the advanced and extensive global undersea cable network spanning three continents.

The 130-million dollar deal will allow VSNL access to a network covering 60,000km and offer its enterprise and customers seamless and end-to-end telecommunication solutions, Director of VSNL V Sainath said in a statement.

The deal is subject to approval from the governments in the US, India and other countries, he said.

The VSNL, a state owned company which the Tatas bought during the rule of BJP-led government, succeeded in acquiring TGN beating off competition from Reliance Infocomm and other companies from Latin America and Hong Kong.

The acquisition of TGN will help VSNL's bid to expand its global presence as the Indian company recently set up operations in the US, Europe, Sri Lanka and Singapore. The VSNL has a subscriber base of 750,000 and is listed in New York Stock Exchange.

The TGN had set up the submarine cable network for its own use at a cost of 2.5 billion dollars in 2001-02 that was in operation since then.

The acquisition by VSNL is the latest in a series of buy-over by big Indian corporate houses abroad. Tata Steel had purchased a Singapore steel for Rs1313 crore and Tata Motors bought South Korean major Daewoo's truck manufacturing unit in that country for Rs465 crore. Indian pharmaceutical giant Ranbaxy took over RPG (Aventis) for Rs300 crore. While

Reliance Industries group had clinched a 212 million dollar deal to acquire 56,000km Flag Telecom about a year ago.

Meanwhile, state-owned Indian energy major Indian Oil Corporation (IOC) has clinched a three billion dollar deal to develop a gas block in the South Pars gas field in Iran and sell liquefied natural gas (LNG) from it.

The 500-square mile Pars field is estimated to have 436 trillion cubic feet of gas reserves.

The IOC will partner Iran's Pettropars, a subsidiary of National Iranian Oil Company, to set up liquefying plant in south Iran from where an estimated nine million tones of LNG are expected to be exported to India and other countries.

Int'l Jute Study, FAO sign MoU

STAR BUSINESS REPORT

Food and Agriculture Organisation (FAO) of the United Nations and the International Jute Study Group (IJSG) have agreed to strengthen their co-operation through consultation and co-ordination for the development of jute, kenaf, and allied fibres.

IJSG Secretary General in Bangladesh T Nanda Kumar and FAO Director General in Italy Jacques Diouf have recently signed a memorandum of understanding (MoU) in this regard.

Both the organisations agreed to support the efforts of their members to facilitate jute production, consumption and trade to improve the lot of jute producers and others associated with the jute industry.

Under the deal, FAO and IJSG will invite each other to participate as observer in conferences and meetings which will be hosted by either party on common interests. The organisations will also exchange information, documents and use those to avoid reiteration.

PHOTO: STAR
Two foreigners take a look at a garment at the First South Asian Women Entrepreneurs Eid Festival 2004 that began at the Spectra Convention Centre at Gulshan in Dhaka yesterday. The exposition, organised by South Asian women entrepreneurs, will continue until November 7.

Handloom designing centre opens under private initiative

STAR BUSINESS REPORT

With a view to attracting foreign buyers, Palli Enterprise Development Ltd, a local export oriented private handloom firm, yesterday opened a designing centre--Palli Check Studio, in Dhaka.

Dr. Jahangir, chief of planning of Bangladesh Handloom Board, inaugurated the designing studio at Gulshan.

Speaking at the function, Azadul Haque, managing director of Palli Enterprise, said Bangladeshi handloom products have huge demand in Europe and the UK market and the designing studio will help significantly promote Bangladeshi products in the world market.

Besides private entrepreneurs, the government should come forward and make policy for the betterment of this sector, Haque said.

Starting its business in 2001, Palli Enterprise has exported fabric worth $3.5 million as readymade dresses through local garments factories to Germany, Italy, France and the UK, he added.

Zinat Rahman, director (Design) of Palli Enterprise and other officials, among others, were present at the inaugural ceremony.

Country repays Tk 951cr a year in interest on foreign loans

UNB, *Dhaka*

Bangladesh is to repay over Tk 951 crore annually in interest on foreign loans the country receive over the years, the finance minister told the parliament yesterday.

Since July 1996 to September 2004, Bangladesh received Tk 43,300.65 crore in foreign loan while Tk 7,564.12 crore were repaid in interest during the same period.

Finance Minister M Saifur Rahman presented the figures during the question hour, replying to Mashiur Rahman Ranga of Jatiya Party and Major (retd) Manzur Qader of BNP.

In reply to a supplementary from Ranga, the minister admitted that the government could not utilise all the foreign credit and commitment due to slow preparation of the project and its implementation.

He said six million dollars still remain in the pipeline for different projects.

S Asian women entrepreneurs for maximum trade benefit

Eid festival begins

STAR BUSINESS REPORT

As an Eid festival went underway yesterday in Dhaka South Asian women entrepreneurs have vowed to work side-by-side to explore maximum trade opportunities in the region.

Businesswomen from Pakistan, India, Nepal and Bangladesh have launched the "First South Asian Women Entrepreneurs Eid Festival 2004" at the Spectra Convention Centre at Gulshan.

Talking to newsmen after formally inaugurating the fair, Commerce Minister Altaf Hossain Choudhury said the fair has brought the region's women entrepreneurs together.

"The fair will help promote products of women entrepreneurs in the region. Outcome of the fair will benefit them. It will also encourage women to come to business to play greater role to the society," he said.

Saarc Chamber Women Entrepreneurs Council (SCWEC), Women Entrepreneurs Association of Bangladesh (WEAB) and High Commission of Pakistan in Dhaka have organised the six-day event.

Nasreen Awal Mintoo, chairperson of SCWEC and president of WEAB, said the fair have created the opportunity for Bangladeshi businesswomen to have close contact with their counterparts in South Asia.

She also announced they will organise an annual fair of goods produced by women entrepreneurs from next year. Next year's fair will be held in Pakistan with wide participation.

A total of 20 participants from Bangladesh, six from Pakistan and one each from India and Nepal are participating in the November 2-7 festival. Women garments, jewellery, handicraft and cottage items such as artificial flowers, bed sheets and pillow covers will be available at the fair.

Apart from WEAB members, members of National Association of Small and Cottage Industries of Bangladesh and Bangladesh Handicrafts Manufacturers and Exporters Association are taking part in the festival. The fair will remain open to visitors from 11am to 10pm. Entry fee is fixed at Tk20 for each person.

Abdul Awal Mintoo, president of the Federation of Bangladesh Chambers of Commerce and Industry, and leading women entrepreneurs attended the inaugural function.