Star Business

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Five-day software razzmatazz starts in Dhaka

STAR BUSINESS REPORT

Five-day annual software exposition styled Softexpo 2004 began in Dhaka yesterday with a call for increasing exports and attracting foreign investment in the Information and Communication Technology (ICT) sector.

Information Minister M Shamsul Islam inaugurated the five-day exposition organised by Bangladesh Association of Software and Information Services (Basis) at the Bangladesh-China Friendship Conference Centre in Dhaka.

A total of 120 ICT companies showcasing software that will facilitate e-commerce, m-commerce, telecommunication, Internet, multimedia, animation are participating in the fair.

The ogranisers have themed the exposition 'Towards ICT driven Bangladesh'.

The edition this year bears more significance as 16 reputed Danish software companies will be participating for the first time aiming to partner for setting up offshore centres.

Speaking at the inauguration ceremony, information minister said it will be impossible to attain desired economic growth without having a strong IT enabled service industry in Bangladesh.

The software and IT enabled service industry here is growing in strength and positioning themselves to cater to all the IT requirements of the country, Islam said noting side by side they are making steady progress in obtaining rightful share in the global IT market.

"The government is fully committed to the development and accelerated growth of IT industry, which I hope will become an important source of foreign investment and earnings for the nation," the minister hoped.

Adviser to the Ministry of Commerce Barkat Ullah Bulu, Danish Ambassador Niels Severin Munk, Charge D' Affairs of German Embassy Hermann Nicolai, General Manager of South Asian Enterprise Development Facility (SEDF) Anil Sinha and Chief Operating Officer of Telecom Malaysia International Bangladesh Vijay Watson also spoke at the inaugural ceremony.

In his speech, Bulu said the government has given ICT sector a priority and formed ICT Business Promotion Council to promote ICT and software.

It is a good sign that the software sector performed well last year with a substantial export growth, he observed.

Basis president said it will not be possible to see growth in economy without developing an IT enabled service, communication, banking and other areas.

Danish ambassador hoped Bangladesh will see a strong growth in the ICT sector once it gets connected with information superhighway, the submarine cable.

Anil Sinha said SEDF is providing assistance to the companies here so that they can emerge with strong local base.

Sponsors have organised 10 seminars this year that will help local entrepreneurs, students and users to improve their IT knowledge.

PHOTO: STAR

Information Minister M Shamsul Islam (2-L), Adviser to commerce ministry Barkat Ullah Bulu (R), Bangladesh Association of Software and Information Services (Basis) President Sarwar Alam (2-R) and Danish Ambassador Niels Severin Munk are seen at the inauguration of a software exposition styled 'Softexpo 2004' organised by Basis at the Bangladesh-China Friendship Conference Centre in Dhaka yesterday.

East Asian leaders to approve record number of deals in Laos summit

AFP, *Vientiane*

East Asian leaders will next week endorse a record number of agreements to deepen economic integration, improve efforts to fight terrorism and stop human trafficking, according to draft statements Thursday.

Senior officials of the 10-member Association of Southeast Asian Nations (ASEAN) started work Thursday on finalising 35 agreements and statements expected to be issued after the November 29-30 summit in Laos.

The summit will also be attended by the leaders of Australia, China, India, Japan, New Zealand and South Korea, as ASEAN seeks to expand its ties beyond the region.

A draft of the statements touched on regional and bilateral issues, but made no reference to political unrest in ASEAN member Thailand and the recent leadership shake-up in Myanmar, also a member of the grouping.

A senior official said the two issues were likely to feature in the leaders' discussions but may not be included in the end-of-summit statement because of ASEAN's policy of non-interference in members' internal affairs.

Lao Deputy Foreign Minister Boymkeuth Sangsomsack told the senior officials Thursday that all 35 documents would be approved at the summit or at ministerial meetings that start on Saturday.

They include accords aimed at improving economic and trade relations with China, India, Japan and South Korea and and intensifying the fight against terrorism and measures to combat the trafficking of women and children.

A draft of the statement to be issued at the end of a summit involving ASEAN, China, Japan and South Korea said the leaders would restate "their determination to intensify joint efforts to fighting terrorism in East Asia".

A draft of the statement to be issued by the 13 leaders said they would reiterate their "commitment to support global efforts to fight international terrorism".

They would also express concern about various international challenges, such as the continued violence in Iraq and developments in the Middle East and the Korean Peninsula, the draft said.

Outgoing and incoming GrameenPhone MDs talk to The Daily Star

Inadequate interconnections stymie growth: Ola Ree

MUSTAK HOSSAIN

Bangladesh could have attained higher growth in telecommunications sector had there been adequate interconnection facilities, said outgoing Managing Director of GrameenPhone Ltd (GP) Ola Ree.

He said the potential for growth in the sector is tremendous, as Bangladesh's teledensity is as low as 2 to 4 percent.

The mobile telephony growth was stagnant for a long period due to lack of adequate interconnectivity, Ree, a Norwegian engineer by profession, said while talking to The Daily Star yesterday.

Ree, who joined the GP as its MD in June 2000, is returning with satisfaction as he had been able to increase the number of subscribers to 2.3 million from just 100,000.

Ree, running 50, attributes the success of the largest mobile phone providing company in Bangladesh to high market demand and efficiency of the GP team.

He said on his joining he found the company to be celebrating 100,000 subscribers' mark.

"On that occasion, I asked my colleagues to put a '0' behind the number as my name also starts with 'O'," Ree said in a lighter vein.

Many at that time found it hard to believe but later relialised the potential as the growth began.

Ree said there is a demand among subscribers to call and receive international calls. "The cabinet had allowed private operators to offer VoIP (voice over Internet protocol) service but still we don't see much progress in this regard."

"We could offer a better service of Internet telephony by using better equipment," Ree said.

Bangladesh possess tremendous potential of attracting foreign investment as a positive investment climate prevails in the country, he said, adding that once a business establishment is set up it starts getting supports from every quarter.

Ree said he will be missing the hospitality of the people and the dedicated hard working workforce in Bangladesh.

"Me and my wife will miss the country a lot, everyone we came across greeted us with a smiling face," he added.

The outgoing GP MD lauded the role of the government, Board of Investment (BoI) and Bangladesh Telecommunication Regulatory Commission (BTRC) who he found to be extending all-out cooperation during his job with GrameenPhone.

Ree, who has long managerial experience in Telenor will be leaving Bangladesh to join his new assignment in Telenor Singapore looking after the South Asian region.

Tough competition lies ahead: Eric Aas

MUSTAK HOSSAIN

Incoming managing director of the largest mobile phone operator in Bangladesh sees a tough competition from rival operators as the telecoms industry is set to grow further.

Erik Aas, the new MD who takes over next week, foresees professional competition from rival companies.

"We are going to see a new phase in Bangladesh's mobile phone industry likely to be dominated by fierce competition in the days ahead," Aas said.

"We are all set to take up these challenges and hope to retain our rank as the premium operator," a confident Aas said.

He said the competition will eventually benefit the customers as the operators will be coming up with products promising better and efficient services at competitive prices with wider network coverage.

All mobile operators are set to expand their networks," said Aas, who also worked as marketing director of Malaysian mobile phone company DiGi.

He said the GrameenPhone is offering best and reliable services to its customers and a competition will ultimately benefit every one.

He urged the government to consider withdrawing the 'bundle up system', which makes it mandatory for the operators to sell a mobile connection with a handset.

"If one can buy a SIM (subscribers identity module) separately he or she can offer a phone to a family member, as there are spare handsets in many families," Aas said.

He believes with due support from the government, the sector will grow to its potential. "We hope the government will ensure a level playing field for the operators."

He said GP will consider offering package with low start-up cost to attract more customers.

Replying to a question on the growth projection of GP, he said there will be more than 15 million subscribers in next three years.

He said GP has a plan to invest between US$250 million and US$300 million in 2005.

"The GP board will decide the investment figure," Aas, who had earlier sat on the board of the GP, said.

Replying to another question on going public through floatation of initial public offering (IPO), he said: "It is up to the board to decide."

Aas holds a Master of Science Degree in Electronics Engineering from NTNU, Norway and a Master of Business Administration from IMD, Switzerland.

Dollar sinks to record low for third day

REUTERS, *London*

The dollar sank to an all-time low versus the euro for a third consecutive day on Thursday and fell to a 4-1/2 year trough on the yen, hit by concerns about US deficits and the view Washington is happy to see a weaker currency.

Warnings from Japanese and European policymakers did little to halt the dollar's slide, which accelerated last week after Federal Reserve chairman Alan Greenspan said US deficits were unsustainable and appetite for US assets was bound to dwindle.

"We have moved into a new stage of the dollar decline and (the dollar's fall) has become one of the policy tools policymakers use. The move is very much a full-fledged policy event. Until policymakers truly protest, what's going to stop the trend?," said Jim McCormick, head of foreign exchange research at Lehman Brothers.

The dollar fell to a record low of $1.3235 per euro by 1130 GMT. Against the yen, the dollar fell as low as 102.41 before recovering a touch to 102.54 yen. It has lost more than eight percent against the yen since late September.

The dollar also set new lows against other currencies -- a nine-year low against the Swiss franc, a 16-year trough on the New Zealand dollar and a nine-year low against a basket of currencies.

Weaker-than-expected data from Europe's largest economy had little effect on the euro. The Ifo research institute's pan-German business climate index fell to 94.1 in November, its lowest since September 2003 and below forecasts.

"Data from the eurozone is largely being ignored. Everyone is running with the trend," said Kristjan Kasikov, currency strategist at Calyon.

7,000 textile jobs at risk in S'pore

ANN/ THE STRAITS TIMES

About 7,000 jobs in Singapore's garment and textile factories could disappear over the next two years once global export quotas on such goods are scrapped in January.

The end of trade restrictions on textiles could be the final deathknell for clothing manufacturing here, Textile and Fashion Federation of Singapore president Edward Ang told the newspaper Wednesday.

Singapore companies had been moving production to low cost countries and were likely to continue doing this to survive in the years ahead, he said. Several garment and textile factories are already closing their local factories.

Export quotas under the global Multi-Fibre Agreement started 30 years ago give developing countries a headstart in attracting foreign investments. Poorer nations get larger quotas. On Jan 1 next year, all the quotas will be scrapped.

Ang said the allocated trade quotas, which limit developing countries' exports to the United States and Europe, had been a key reason why labour-intensive garment manufacturing had endured in Singapore. They helped to hold back the flood of clothing exports from cost-efficient China and India.

The World Bank has predicted that China will account for half of the world's clothing exports by 2010, up from its current 25 per cent share.

Ang, who is also chairman of listed garment manufacturer Ocean Sky, said his company made just a tenth of its $270 million annual output in Singapore.

This is likely to shrink to 7 per cent next year as output from Cambodia jumps to 50 per cent from 30 per cent of total sales.

According to trade board IE Singapore, exports from overseas factories of local garment firms hit $3.3 billion last year, three times the $1.1 billion that came out of their Singapore plants.

Singapore's free trade agreement (FTA) with the US, which came into effect this year, has helped to buoy local textile exports by reducing import tariffs imposed by the US.

Businesses to lobby NBR to settle VAT row

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The Fe[illegible] of Bangladesh Chambers of Commerce and Industry (FBCCI) will start negotiation with National Board of Revenue (NBR) from next week to solve the VAT row as early as possible.

FBCCI standing committee on income tax and VAT (value added tax) at a meeting yesterday vowed to intensify efforts to force NBR to continue participatory system on payment of VAT on retail business.

Meanwhile, NBR issued a circular yesterday announcing its plan to form district level committee incorporating private sector for collecting VAT from shops and other retailing houses. But business community asked NBR to form national and upazila level committees to realise VAT.

"It's a discrepancy to collect VAT in participatory system in districts but applying return system in metropolitan areas. There should be uniform system across the country," said Amir Hossain Khan, president of Bangladesh Dokan Malik Samity (an association of retail shop owners).

"Previous records show that there is insignificant amount of VAT realised in district level. So, the committee will be nothing but a figurehead body. If government wants VAT from retail business, it should form joint committee to collect it in metropolitan areas, where majority of VAT are usually collected," he said.

Talking to The Daily Star after yesterday's meeting, Dewan Sultan Ahmed, chairman of the FBCCI standing committee on VAT, said, "We have formed a sub-committee to prepare a negotiation strategy. We will send our demand to NBR asking it to solve the problem across the table."

Manzur Ahmed, co-chairman of the FBCCI standing committee, will lead the committee and submit its report within 72 hours.

"We demand to continue annual VAT at Tk 4,200 for each shop in Dhaka, Tk 3,600 in other city corporation areas and Tk 2,400 for the rests. Shops previously registered will pay five percent in addition to the amount which was imposed earlier," Sultan Ahmed said.

NBR earlier this year introduced return system for VAT payment while retailers demanded to continue participatory or package system which means shop-owners have to pay a fixed amount as VAT. NBR asked shops and other retailers to submit VAT return on their total sales.

However, shop-owners and retailers argued that most of the shops do not have infrastructure to collect VAT from customers and maintain it in documents for finally depositing it to NBR.

There is lot of bargaining over prices in small retail shops, so it is quite tough for the shopkeepers to collect right amount of VAT from customers, they said.

Earlier, shop owners and other businesses across the country observed a daylong strike on July 21 to press home their demands.

The government introduced VAT in 1991 for different businesses and in 1997 it was extended to retail level.

FDI in India set to rise 70pc this year

AFP, *New Delhi*

Foreign direct investment in India is set to rise 70 percent this financial year amid an increasingly positive economic outlook for the country, a minister said Thursday.

FDI in the year to March would climb to five billion dollars from 2.8 billion in the previous year, Commerce Minister Kamal Nath told reporters.

"This clearly demonstrates the investment climate in India is being looked at worldover as healthy and attractive. From 'Destination China' it's becoming 'Destination India'," Nath said.

Investment in the six months to September rose 68 percent to 2.38 billion dollars from 1.4 billion dollars a year ago with foreigners favouring the electrical, pharmaceutical, consultancy services, fuels and metallurgical sectors.

The number of investment proposals during the first half of the fiscal year nearly doubled to 835 applications, Nath said.

"The international investment climate on India is becoming tremendously upbeat."

Still, he said India had a long way to go before narrowing the gap with giant neighbour China, estimated to attract 40 billion dollars annually in FDI.

"We've a lot of catching up to do. But China had an early lead. There was also this mental block that you can't get anything done in India. I sense India is being looked at differently now," he said.

A recent confidence survey by global consultancy AT Kearney rated India the third most favoured FDI destination behind China and the United States compared with 15th two years ago.

WTO representatives call for action in Doha talks

AFP, *Brussels*

Representatives of WTO members stressed Wednesday the need to complete the Doha round of trade liberalisation talks at the global free trade body and urged action to make progress on the negotiations.

"There seems to be in Geneva a growing sense that by next spring (in the northern hemisphere) the members should take stock and that by late spring or early summer, the situation may require strong political guidance from the capital cities," Japan's ambassador to the World Trade Organisation, Shotaro Oshima, said at the opening of an international parliamentary conference here.

Oshima, who heads the WTO's general council, said the negotiation process which was relaunched last July in Geneva would speed up in the coming months.

"The negotiations have entered a new and crucial phase. We must recognize that the task ahead is indeed daunting and members need to maintain the same level of political commitment," he said.

European Trade Commissioner Peter Mandelson stressed the urgency about getting the talks going, urging: "There is no time to lose".

"A successful Doha round is one in which everyone puts in and everyone takes out," he told parliamentarians from five continents gathered here at the European Parliament.

Australian ambassador to the European Union Peter Grey, who was long Canberra's main negotiator at the WTO, voiced confidence that the talks were on track and could make progress before a Hong Kong meeting in December 2005.

"We remain optimistic that by the time of the Hong Kong ministerial conference a full agreement on the negotiation modalities can be achieved," he said.

"Agriculture was and remains central to achieving a success on Doha," he said.

India sees economic sun rising in East

AFP, *New Delhi*

When Prime Minister Manmohan Singh flagged off a car rally this week that will race through Southeast Asia, he was hoping to send a clear economic and political message to India's eastern neighbours.

"This car rally is intended to rediscover the essential 'oneness' that binds India with its Asian neighbours," Singh told crowds cheering the drivers on their way from Guwahati in India's northeastern tip.

The India-sponsored event along paved, dirt and gravel roads has been timed to reach Vientiane in Laos just as leaders of the 10-member Association of Southeast Asian Nations (ASEAN) gather for a summit at the end of the month.

India, Asia's fourth-largest economy and growing powerhouse along with booming China, has been aggressively courting its eastern neighbours and the rally is aimed at spotlighting its transport links with the region.

"We're trying to build hardcore economic linkages upon old civilisational links," foreign ministry spokesman Navtej Sarna told AFP.

The nation of more than one billion people foresees vastly increased trade and investment with the ASEAN zone of 540 million people in such areas as infrastructure, energy development, manufacturing and tourism.

Two-way trade with ASEAN -- grouping Brunei, Vietnam, Indonesia, Thailand, Laos, Malaysia, Philippines, Singapore, Myanmar and Cambodia -- is 13 billion dollars, a 450 percent leap in a decade, and is targeted at 30 billion by 2007.

India's economy for more than four decades after independence was inward-looking.

Corruption costing EU billions of euros

AFP, *Vienna*

Corruption is costing the European economy tens of billions of euros every year, delegates at a three-day conference on graft in the bloc heard here Wednesday.

"Corruption is a socio-cultural phenomenon and a disease which erodes competitiveness, creates social injustice and poverty and fuels organised crime," said Martin Kreutner, an Austrian interior ministry official and president of the conference which gathers 120 experts from the 25 EU countries.

"Corruption and fraud costs the EU economy tens of billions of euros every year," he added.

Peter Eigen, the president of the non-governmental group Transparency International, said: "Corruption is considered something normal in business circles in big EU member countries, where it perverts the economy."

"This is why we try to bring big companies, notably those involved in large projects, to sign 'integrity pledges' which carries penalties in case graft is detected," he added.

He urged governments to promote a code of ethics in the public service and to apply the law "without wavering" wherever corruption comes to light.