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Costly oil, rising rice import widen trade deficit

REJAUUL KARIM BYRON

Trade deficit has hit a 27 percent high in the first quarter of the current fiscal year, thanks to rise in oil prices in the international market and increase in import of consumer goods.

During the first three months of FY '05, trade deficit rose to \$394 million posting an increase by \$86 million from \$308 million in the first quarter of last fiscal year.

During the period, Bangladesh exported goods worth \$2292 million against imports of \$2686 million.

According to sources in the central bank, Bangladesh had to spend a lot to import petroleum and petroleum products along with consumer goods, especially rice.

With the one-third of the country going under flood waters followed by incessant rains the agricultural sector suffered the highest blow.

Experts fear Aman paddy production will be 30 percent below the target this year triggering rice import.

Due to the narrow export base, trade deficit is a regular phenomenon for Bangladesh. During the last

fiscal year, trade deficit stood at \$2.29 billion and it was \$2.21 billion in the FY'03.

From July to October, L/Cs (letter of credits) worth \$453.56 million were opened for petroleum and petroleum products which is 66 percent higher compared to the figures of corresponding period of last fiscal year.

Outstanding L/Cs for these products were of \$752.80 million for the first four months of this year marking a 103 percent increase compared to the figures of corresponding period of last year.

During this period, L/Cs for \$563.37 million were also opened to import consumer goods which is 41 percent higher than the figure of the corresponding period of last fiscal year. Among these, L/Cs worth \$245.06 million were opened for rice and wheat import, showing a rise of 74 percent from the corresponding period of last fiscal year.

The sources in the Bangladesh Bank said higher import of industrial raw materials, intermediary goods and capital machinery is also a contributing factor for the rise in trade deficit.



Asian economies may see slowdown in 2005

AFP, Kuala Lumpur

Asian economies will face a more difficult year in 2005, with problems in China leading the way, analysts told a regional economic forum Thursday.

"China's growth consolidation likely isn't enough to avoid overheating without more moves to tighter macro-economic policies -- higher interest rates and a stronger currency," said Donald Hanna, managing director of Hong Kong-based Citigroup Global Markets Asia.

"We see growth consolidating in much of the region, with a larger domestic demand component while net exports are contributing less," Hanna told AFP on the sidelines of the conference organised by Malaysia's National Economic Action Council.

There was likely to be "some inflation pressure at the core level across Asia and the beginnings of a currency adjustment, currency appreciation in most countries across Asia in 2005."

"You're seeing deceleration in most Asian economies," he said.

RK Basu, managing director of Singapore-based Robust Economic Analysis, said next year "will be slightly more difficult than 2004 and 2003, primarily because the global economy has had a spectacular 2004. It is now decelerating."

Growth in the United States was likely to be weak and China would "slow quite sharply in the second half of the year," Basu said.

"As global interest rates rise, and as the interest rates in China rise, it'll be more difficult for China to sustain high levels of personal spending and credit growth."

"So with that, two important engines of demand for Asian exports will slow down and consequently Asian export growth will decelerate and so will Asian growth."

However, prospects for exports among the Association of Southeast Asian Nation (Asean) member countries remained good, which would "help ensure that the Asean region is one of the stronger regions in the world economy next year," Basu said.

HSBC named best trade finance bank by FinanceAsia

The Hongkong and Shanghai Banking Corporation (HSBC) Ltd was named as best trade finance bank by FinanceAsia, Asia's leading financial magazine, in its 2004 regional achievement awards issue of December 2004.

HSBC has won the best trade finance bank title for 8 years in a row now. This is because HSBC has negotiated three times more letters of credit in the year to end September than its nearest competitor. Trade volumes have gone up 22.8% from 2003, with the bank processing \$107.3 billion in imports and exports. While HSBC in Asia obtained over \$5 billion of volume from its top five clients (compared with \$4 billion for the top five customers of its rival).

Expanding its customer base has continued with an 8% growth in customer acquisition over the year.

In 2004, HSBC spent time building its China franchise ready to capture the lion's share of trade flows as regulations on foreign banks were and are still being relaxed. With seven out of 10 branches licensed to provide renminbi services, HSBC has the biggest foreign branch franchise in Mainland China.

With business in over 75 countries and 10,000 offices, HSBC is one of the world's leading providers of financial services.

Extreme pain for ROK as curtain falls on miracle growth

AFP, Seoul

The final curtain has fallen on decades of high growth in South Korea, whose economic woes will probably worsen in the coming year before getting any better, analysts say.

The country's central bank governor Park Seung spoke plainly earlier this month when he said the miracle that established South Korea as one of the great post-war success stories and as Asia's fourth largest economy was well and truly finished.

A transformation involving "extreme pain" now awaited the country which had to replace a worn-out growth engine relying on massive input of labor and capital with a new knowledge-based, hi-tech engine, the Bank of Korea chief said.

"The days of heady growth are already over. What matters now is whether we are in for a crash or a soft-landing," Park said of an economy suffering from weak consumption and hollowing-out manufacturing base.

He said the worst fear was South Korea would fall the transition test and fall into recession, emulating Japan whose economy has been stalled for more than a decade.

"I am sorry to say that all of us -- the government, business firms and consumers -- will have to undergo extreme pain until we successfully replace the (old) growth engine," he said.

Global investment house Morgan Stanley agreed, warning this week that South Korea would face its biggest challenge since the 1997 Asian financial crisis next year and may slip into recession.

Mad rush for BO accounts to get IPO slice

CDBL records 15,000 new accounts in past 2 weeks

M ABDUR RAHIM

With the continuous rally of stock prices, investors are on a wild run to open beneficiary owner's (BO) accounts with the central depository system to get hold of at least one market lot of new initial public offerings (IPOs).

According to Central Depository Bangladesh Ltd (CDBL) sources, some 15,000 BO accounts were opened in the first two weeks of December taking the total number of account holders to 1,02,479 as on December 14 which was 85,801 on December 1.

Investors started opening such accounts in the wake of a consultative committee decision on December 5 making BO account mandatory to apply for shares in the primary market.

Market trend shows that investors have a special liking for shares of financial institutions both in primary

and secondary market.

The Securities and Exchange Commission (SEC) on December 9 okayed IPOs worth Tk9 crore of Agrani Insurance Company whose prospectus was published on December 15.

IPOs of Premier Bank and Sonar Bangla Insurance, now under SEC scrutiny, are likely to hit market early next year. Jamuna Bank, First Security Bank and Brac Bank are also in the pipeline to float IPOs.

As news of the new IPOs of financial institutions is in the air, investors are increasingly opening BO accounts to become eligible to apply for primary shares.

However, allegation is rife that some people are opening multiple accounts in fake identity to apply for IPOs. As per the SEC rules, irrespective of amount of applicants' money, all the applicants are treated to have applied for a single lot.

Profit-seeking people go for more application in fake identity to get more

chance for small investors to get IPOs. Sources say, as primary share is a good way to make short-term profit, people are increasingly trying their luck in IPOs.

Many depository participants (DP) have run out of application forms and gone for fresh printing as numerous people are desirous to open BO accounts. An official at Dhaka branch of Chittagong Stock Exchange said they raised the account-opening fee from Tk100 to Tk200 to mitigate the onrush, but with no effect.

"We had 3,700 accounts a week back but now the number is 4,850. As we are the cheapest in the city, investors come to us in large numbers," the official said.

MH Samad, CEO of CDBL, said the pace of BO account opening has gone beyond expectation. "Opening some 15,000 new accounts in two weeks is a very high rate. Usually account-opening increases when IPOs hit

market but this time it is much higher," he said.

"But I think only 20 percent of the total one lakh account holders are seasoned traders in secondary market. Many people liquidate primary shares on debut of IPO and wait for next one as this is a profitable investment. There is no fault in this," Samad said.

With only few numbers of IPOs this year, DPs found little interest from investors in opening BO accounts in the first half and middle of the year. Some 2,000 BO accounts were opened in May and 3,000 in June. Afterwards DPs went through a mad spell as the IPOs of EXIM Bank, Mercantile Insurance and ICB AMCL Islamic Mutual Fund hit market. Some 29,000 accounts were opened in September, 20,000 in October and 12,000 in November this year.

3 Ctg planners get ATDP's Agripreneur 2004 award

STAR BUSINESS REPORT

Three Chittagong agriculture business planners on Wednesday were awarded "Agripreneur 2004" for their new entrepreneurial ideas in the sector.

Khaled Hasan has won the first prize while Abu Sayeed Muhammad Sharif and Rahima Mahmood have become second and third runner-up respectively in the Regional Agribusiness Plan Competition "Agripreneur 2004," organised by Agro-based Industries & Technology Development Project (ATDP).

The competition was aimed at generating entrepreneurs' interest in the agribusiness and identify agripreneurs with new ideas.

A total 50 entrepreneurs participated in the competition. The business plans were evaluated by a group of professional judges and best business plans were awarded at a function jointly organised by ATDP and Chittagong Stock Exchange

(CSE) at CSE Conference Hall.

Minister for Fisheries & Livestock Abdullah Al Noman who attended the ceremony as chief guest gave away the awards.

Speaking on the occasion, Noman said the government is encouraging investment in the agri sector and providing incentives for the entrepreneurs.

CSE President Habibullah Khan said the bourse is ready to facilitate and encourage investment in the agri sector. "Our OTC facilities can assist entrepreneurs for raising fund for setting up agro-based industries."

Khaled Hasan's "Poultry Processing Plant" put him ahead of other participants in the contest. He has planned to establish a supply chain where all stakeholders involved with poultry industry can be brought in a common platform for making poultry meat processing business a sustainable one.

He suggested a plan where con-

sumers can have poultry and poultry products continuously at a certain reasonable price. In this process there will be no middle person which is the main cause for higher price of poultry products. Hasan has also planned a way to manage poultry wastes that can be used in preparing organic fertilizers, protein concentrates, and biogas, a way to keep environment clean. But the project requires huge capital.

Second runner-up Sharif, a marine science graduate from University of Chittagong, prepared his business plan on "Commercial Cultivation of Artemia as a Live Shrimp Feed."

Artemia, a group of small phytoplanktons usually used at shrimp hatcheries, are normally imported at high expenses. According to Sharif, artemia can be grown easily in the salty water of the salt producing lands at coastal areas during salt production period. In doing so, the brightness of the salt will be more due to consumption of

harmful bacteria by artemia.

In this process, the salt farmers will be benefited by selling artemia as well as getting quality salt. This activity will also help create more employment for landless coastal people.

Third Runner-up Rahima Mahmood, a dynamic women herself, submitted a business plan on "The Production of Monosex Tilapia." Monosex Tilapia is a fast growing fish that can be cultivated easily in small ponds and even in small water tanks.

She designed a plan describing the outline of the hatchery for producing fry locally and culture method of the monosex Tilapia that would lessen the production cost and decrease the dependency on importing fry. She has also planned to prepare some fish based processed products like fish papad, canned fish, fish meal, and frozen fish for export purpose.

Nortel grabs \$500m deal for wireless network in India

AFP, Undated

Canadian-based telecom giant Nortel has picked up a 500-million-dollar contract to set up telecommunication networks in eastern and southern India, utility Bharat Sanchar Nigam Ltd (BSNL) said Wednesday.

State-owned BSNL had offered the order. Nortel will deploy end-to-end GSM (global system for mobile communications) and GPRS (general packet radio service) mechanisms to provide wireless voice and data services, it said.

BSNL chairman A.K. Sinha said the project was likely to be completed in the first half of 2005.

India is among the fastest growing telecommunication markets in the world, with teledensity at around eight percent and expected to grow to 15 percent by 2010, according to a national telecom regulator.

BSNL has a network of more than 45 million lines covering 5,000 towns with more than 43.5 million telephone connections across the country.

New MD of Jamuna Bank



M Nazrul Islam has been named managing director of Jamuna Bank Limited.

Prior to his new assignment, he was the additional managing director of Jamuna Bank, says a press release.

He started his banking career in 1973 and worked in Janata Bank, ANZ Grindlays Bank (now Standard Chartered), Bank of Credit and Commerce International (now Eastern Bank Limited), Union Bank Zambia Ltd, Dhaka Bank Limited and Social Investment Bank Limited in different capacities.

Bush pledges to address weak dollar

REUTERS, Washington

President George W Bush said Wednesday a renewed drive to cut US budget deficits should help the weak dollar and that Tuesday's Federal Reserve interest rate hike showed Alan Greenspan's awareness of the greenback's plight.

Bush made the comments after talks with Italian Prime Minister Silvio Berlusconi, who came to Washington intent on telling Bush of his worries about the euro currency's export sapping strength against the dollar.

The dollar's weakness is troubling Europe because the relatively lofty euro drives up the costs of its exports to the US and makes US goods more attractive there.

It was rare for Bush to speak at length about the dollar and equally unusual for him to cite a Fed action. He said Tuesday's rate increase,

the Fed's fifth since June, was 'a signal to world markets that the chairman (Greenspan) is also aware of the relative currency valuations between the euro and the dollar.'

Treasury Secretary John Snow said Bush was simply reaffirming the administration's strong dollar stance while outlining the fundamentals that underpin the policy.

"Deficit reduction -- short-term, long-term -- and obviously good monetary policy helps create the foundation for a strong economy," Snow said on CNBC television, adding that the Fed has pursued "good, sound monetary policy."

The Fed declined to comment. Ted Truman, a senior fellow at the Institute for International Economics who served as a Treasury official in the Clinton administration, said he did not think Bush meant the Fed raised rates to support the dollar.

Strong yen may slow down Japan economy in 2005

AFP, Tokyo

Japan's economy may be heading towards a slowdown in 2005 as a strong yen and a growing disparity between rich and poor threaten to spoil the party the country enjoyed in the early part of 2004.

While hefty corporate profits and stronger consumer spending brought confidence back to Japan in 2004 after a decade of stagnation, analysts now pin their hopes on a booming China to sustain economic growth despite growing political tensions between the two neighbors.

The evidence is mounting that Japan's economy could slump briefly in early 2005, especially if industrial production continues to decline as manufacturers adjust stock inventories to avoid a glut.

Under a new data methodology recently adopted to better adjust for deflation, Japan's economy actually contracted slightly in the April-June

quarter and grew only 0.1 percent in July-September, narrowly avoiding a technical recession.

For now economists remain divided over the robustness of the world's second-largest economy, which is set to show a fourth consecutive year of growth in the next fiscal year to March 2006.

BNP Paribas researchers estimate 2.3 percent growth in real terms for both the current year and March 2005 and the following year. They are calling 2005 "the year of recovery" on the grounds that the US economy is firmly on a recovery track and Japanese consumer spending is taking up the slack for slower exports.

On a more pessimistic note, UFI Institute economists expect only 1.8 percent growth in the year to March 2005 and much slower 0.6 percent growth for the following year, citing the "potential risk" that corporate profits do not lead to higher personal incomes.

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Export to Japan

If you are planning to export to Japan, the Commercial Wing of the Embassy of Bangladesh in Tokyo is ready to respond to your queries and assist in all possible ways. Please contact the following address and send your company profile with address, samples and product descriptions to our Mission in Japan.

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 Commercial Counsellor, Commercial Wing
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 Tokyo-153-0063, Japan
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 Fax: 81-3-5704-1696
 Email: bdootjp@gol.com, bdjphoc@st.cdv.ne.jp
 Web-site: www.bdembjp.com

EPB is committed to create wider market for Bangladeshi products.

Gas Transmission Company Limited (GTCL)
 (A Company of Petrobangla)
 Development Division
 House # 25, Road # 14, Sector # 3
 Uttara Model Town
 Dhaka-1230

গ্যাস জাতীয় সম্পদ এর অপচয় রোধ করে
 জাতীয় দায়িত্ব পালন করুন

Invitation for Tenders

1.	Tender Name	Construction of boundary wall, culvert and approach road at City Gate Station, Fouzdarhat, Chittagong.
2.	Source of funds	Government of Bangladesh.
3.	Tender package No	DD/Constr/02/2004-2005
4.	Invitation for tenders ref. & date	GTCL/Dev/Constr/25(1), Date: 18.12.2004.
5.	Time for completion of the works	90 (ninety) days.
6.	Eligibility of tenderers	This invitation for tenders is open to eligible tenderers as mentioned below: (a) 1st class civil contractor of Petrobangla, any government, semi-government or autonomous organisation. (b) Contractors who have successfully completed minimum 1 (one) number of similar construction work amounting to Tk 15.00 (fifteen) lac during the last 5 (five) years. (c) The required average annual turnover shall be greater than Tk 20.00 lac over the last 5 (five) years. (d) The minimum amount of liquid assets and/or credit facilities net of other contractual commitments of the tenderer shall be Tk 8.5 lac.
7.	Price of tender document	Tk 2,000.00 (Two thousand only) (non-refundable).
8.	Amount of tender security	Tk 70,500.00 (seventy thousand five hundred) only.
9.	Name and address of the office selling tender document	Accounts Department, Gas Transmission Company Limited (GTCL) House # 1, Road # 12, Sector # 3 Uttara Model Town, Dhaka-1230.
10.	Name and address of the office receiving tenders	GTCL's Board Room (2nd Floor) Gas Transmission Company Limited (GTCL) House # 1, Road # 12, Sector # 3 Uttara Model Town, Dhaka-1230.
11.	Name and address of the office opening tenders	GTCL's Board Room (2nd Floor) Gas Transmission Company Limited (GTCL) House # 1, Road # 12, Sector # 3 Uttara Model Town, Dhaka-1230.
12.	Date and time for selling tender document	20.12.2004 to 17.01.2005 during office hours.
13.	Last date and time for submission of tenders	18.01.2005 up to 12:00 Noon.
14.	Date and time for opening of tenders	Tender will be opened on 18.01.2005 at 12:30 PM before the Tender Opening Committee at GTCL's Board Room (2nd Floor), Gas Transmission Company Limited (GTCL), House # 1, Road # 12, Sector # 3 Uttara Model Town, Dhaka-1230. Intending tenderers may remain present during opening tenders. Tenderer's authorised representatives are also allowed to attend.
15.	Special instructions	(a) The eligible contractors as stated in Clause-6 may purchase the tender document by himself or his representative on furnishing of the authorised letter bearing the signature of the representative duly attested by the contractor. (b) The contractor shall have to submit the enlistment certificate, VAT registration certificate, TIN certificate, bank solvency certificate, trade licence for the year 2003-2004, original money receipt etc. (c) Intending contractor/tenderers must read carefully and go through the terms, conditions and relevant points written in the tender schedule and must submit all relevant and supporting papers/documents along with the tender as instructed in the schedule in support of their tender. (d) The tenderers shall fill in the Form W-1 as per format given in Tender Submission Sheet (TSS) and Form W-2 as per format given in Tender Information Sheet (TIS). (e) Rate must be quoted both in figures & in words for each item of works in the Bill of Quantities of Section-4. (f) Tenderers shall have to submit analysis of rate with the tender in support of their quoted rate to demonstrate internal consistency for those prices with the construction methods and schedule proposed. (g) The competent authority reserves the right to accept or reject any tender without assigning any reason whatsoever.
16.	Brief descriptions of works and related services	Construction of boundary wall, culvert and approach road.

GTPR-21/04-05
 GD-791

General Manager (Development)
 Gas Transmission Company Limited
 Uttara, Dhaka