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# Star BUSINESS

DHAKA WEDNESDAY DECEMBER 22, 2004 E-mail: dsbusin@gononet.com

**Freezers**

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## SEC suspends brokers' credit facility

### Increases members' trade margin requirements

#### STAR BUSINESS REPORT

Unnerved by continuous rally in stock prices, the Securities and Exchange Commission (SEC) yesterday decided to suspend credit extending facility by brokers to their clients to control excess liquidity in the market.

The capital market watchdog also made decision to increase the members' margin requirements which is deposited to the concerned brokers in different slabs, a move which will force brokers to block their fund by depositing more in meeting trade margin.

The decisions came at a meeting of the SEC as the indices of the

bourses kept rising in recent months and the market witnessed fresh flow of funds.

In the morning session trade, the Dhaka Stock Exchange (DSE) general index at one stage crossed 2000 points mark later dropping back to close at 1994 points.

The decisions have been taken through the amendment of margin rule 1999 and members' margin regulations, 2000 of the two bourses, said Farhad Ahmed, executive director of SEC, at a press briefing.

As per the SEC decision, the members of the bourses will not be able to provide credit facility to their clients until further notifica-

tion, he said.

The decision to suspend the credit facility by brokers to their clients was taken as a temporary measure in the wake of bullish sentiment prevailing in the market which is creating a big difference between demand and supply of scrips, he added.

Earlier, the brokerage houses could extend credit facility to their investors upto 67 percent on value of a security.

On the other hand, the regulators increased the members' margin requirements to the bourses reducing the free trading limit from Tk 1 crore to Tk 50 lakh. "From now on, the members will

get a free trading limit upto Tk 50 lakh," the SEC executive director said.

Every member will have to deposit the member's margin with the clearing house on the additional trade exposure at 20 percent for amount of Tk 50 lakh to Tk 1 crore, 30 percent for Tk 1 crore to Tk 2 crore, he added.

For trade exposure of Tk 2 crore to Tk 5 crore, a brokerage house will have to deposit 50 percent to the bourse which acts as a clearing house for trade settlement in capital market, he said adding the rate will be 100 percent for the brokerage house's trade above Tk 5 crore on a single trading day.

## Local company to set up textile dyeing plant in Comilla EPZ

UNB, Dhaka

A local company is going to set up a textile dyeing and chemical plant in Comilla Export Processing Zone, creating jobs for 70 Bangladeshis.

The company, M/s Enzychim Iberica (Bangladesh) Ltd, will invest US\$ 910,000, which will annually manufacture 3192 metric tons of textile dyes and auxiliaries.

An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority (BEPZA) and the M/s Enzychim Iberica (Bangladesh) Ltd here on Monday.

## Malaysian PM for KL-Delhi FTA

PALLAB BHATTACHARYA, New Delhi

Malaysian Prime Minister Abdullah Ahmad Badawi on Monday suggested a free-trade agreement between his country and India to boost bilateral economic cooperation and joint venture to explore other global opportunities as the two countries signed an accord on cooperation in satellite sector.

On his first visit to India since assuming office, Badawi assured the Indian industry and business leaders that all roadblocks on the way to smooth functioning of FTA would be removed.

Addressing the leaders of Indian industry and business, he asked them to come out with suggestions to maximize gains from FTA.

Pointing out that Malaysia was India's largest trading partner in Asean, Badawi, who is on a five-day tour, said bilateral trade has gone up by 500 percent in the last nine years and is expected to cross 4.5 billion dollars this year.

Referring to India's imports from Malaysia that accounted for just 3.4 percent and Malaysia's only 0.8 percent, he said these figures clearly pointed to the immense untapped potential for enhancing bilateral trade.

Badawi, who held talks with Indian Prime Minister Manmohan Singh and called on President A P J Abdul Kalam, said while India has adopted a "Look East" policy, Malaysia was "looking West" at India and West Asia.

## Parachute Beliphool Lite oil reappears

Marico Bangladesh Limited, the marketer of hair oil brand Parachute in Bangladesh, re-launched its perfumed hair oil "Parachute Beliphool Lite" at a function in Dhaka on Friday.

The improved version oil is non sticky and lite in nature with a Beliphool (jessmine) aroma and vitamin E. It is available in two packs of 150ml and 300ml at Tk 40 and Tk 72, says a press.

Praveen Dalal, executive director, and Arup Kumar Ganguly, sales head, of Marico Bangladesh Limited, spoke on the occasion.

## END OF TEXTILE QUOTA Pakistan faces labour law problems

AFP, Karachi

Pakistan's vital textile industry could suffer from the imminent end of import quotas as international rivals seek to exploit the country's widespread disregard for labour and environment laws, analysts say.

Quotas on textiles, the mainstay of Pakistan's 12-billion-dollar exports, finish at the end of the year under a 1994 agreement. They ensured that developing countries had access to the key European Union and US markets.

But while industry figures expect Pakistan to see some benefits from free trade, they say strict World Trade Organisation (WTO) laws starting in 2006 could allow China and India to cause a fuss about Pakistani working practices.

China, the world's largest exporter of clothing with a 28 percent share of the market, is expected to be the main winner from the disappearance of quotas.

India and Pakistan also stand to benefit because of their large domestic markets. Jean-Paul Sahaj, head of textiles and clothing at the International Labor Organisation, said recently.

## Govt in business is waste of public money: Saifur

#### STAR BUSINESS REPORT

Finance and Planning Minister M Saifur Rahman yesterday said government in business means loss and waste of public money and so the government believes in private sector-led growth.

The minister's comment came at a time when the government is set to make its foray into mobile phone market.

The minister was speaking at the inauguration of a three-day international seminar on "Financial Management in an Islamic Perspective" being jointly organised by Islamic Economics Research Bureau, Islami Bank Bangladesh Ltd and Islamic Development Bank in Dhaka.

"Petroleum companies worldwide are making profit. But in Bangladesh they incur loss only. Curbs on prices of petroleum products may be a reason but it cannot be the sole reason for the loss. Sheer administrative inefficiency in those companies is the prime cause of

loss," he said.

The petroleum companies have accrued a bank liabilities of Tk 2,300 crore weakening not only the banking system but also the national economy. He said the entire banking system is overburdened due to state-owned enterprises.

Had those companies been in private sector, the economy would have been on stronger footing and banking sector more robust, he said. Saifur, however, fell short of giving any hint at handing over those petroleum companies to private hands.

When asked if the government has any plan to hike prices of petroleum products, the minister said, "Yes, it is overdue." But he did not specify when and at what extent the price hike would come into force.

Saifur ruled over missing opportunities of Bangladesh to become an economically sound country blaming it on political divide and instability.

"When I was a minister in 1977, we sent teachers and doctors to Malaysia. Now Malaysia is an Asian

economic power. It was possible because of a stable political situation there," Saifur said.

On Islamic banking, the minister said it is getting popularity day by day. Apart from banking, Islamic insurance, mutual funds and bonds are hitting market. More diversified products can be introduced in Islamic system.

He reiterated his call to reduce the spread between deposit and lending rate. Banks offer 5-6 percent interest to depositors while charge 12-14 percent to borrowers, he said. "This is not fair."

Addressing the function, Shah Abdul Hannan, chairman of Islamic Economics Research Bureau, called for legislation for Islamic banking and other financial services under Shariah laws.

Ali Ahsan Mohammad Mojahed, minister for social welfare, Habib Ahmad, economist at Islamic Development Bank, and Nazir Ahmed, chairman of Islami Bank Bangladesh Limited, also spoke at the inauguration.

## Citigroup named best cash management bank

Citigroup, the parent company of Citibank NA, has been named the best cash management bank this year by FinanceAsia, Asia's leading financial magazine.

Citigroup has won the award for differentiating itself in the services. The power of its CitiDirect Internet Banking platform gives customers the ability to manage accounts centrally with functions including single payment file generation and consolidated reporting.

Usage of the platform increased by 66 percent over the year with more than \$920 billion worth of transactions conducted online. With its understanding of local markets, Citigroup has the ability to offer global companies cost-effective back office solutions, the FinanceAsia mentioned.

In Bangladesh as well, Citibank has been a pioneer in offering world-class cash management services along with the CitiDirect Online for customers to increase efficiency and improve the ability to make critical cash management decisions.

## MindShare Asia Pacific wins best media agency award

MindShare Asia Pacific, the parent company of Asiatic MindShare Limited-Bangladesh, has won the 'Media Agency of the Year 2004' award for the second consecutive year.

MindShare was awarded by "Advertising Age" magazine on the basis of new business growth and strategic strength of the company. This year the worldwide media agency won \$378 million in new billing with an overall gain of \$312 million, up from \$219 million last year, says a press release.

Established in 1997, MindShare started its operation in Bangladesh in 2001 as Asiatic MindShare.

## India's IPO boom set to spill into '05

REUTERS, Bombay

India's investment bankers are counting on another hectic year of capital raising.

Some 23 companies have raised \$2.9 billion through IPOs so far this year, more than the total raised in the previous seven years. And share sales by listed companies have raised an additional \$3.9 billion.

Indeed, the tally next year should match or outpace 2004's record, said Amit Chandra, managing director of DSP Merrill Lynch.

"Next year we would see IPOs from new sectors such as aviation and infrastructure, apart from the traditional industries," Chandra said.

Companies and the government are lining up new issues, encouraged by a \$1 billion initial public offering IPO from Tata Consultancy Services Ltd (TCS), India's top software services exporter, and a \$2.3 billion share issue by energy explorer Oil and Natural Gas Corp (ONGC).



Toufiq M Seraj (centre), president of Real Estate and Housing Association of Bangladesh (Rehab), yesterday addresses a press conference in Dhaka on the eve of a five-day housing fair beginning at Dhaka Sheraton Hotel tomorrow.

## Rehab housing fair starts in Dhaka tomorrow

#### STAR BUSINESS REPORT

With a view to promoting real estate sector, Real Estate and Housing Association of Bangladesh (Rehab) is organising a five-day housing fair at Dhaka Sheraton Hotel from tomorrow.

A total of 75 developers will participate in the fair styled Rehab Fair 2004 in 80 stalls to attract prospective buyers of their products, Toufiq M Seraj, president of Rehab, said at a press conference in Dhaka yesterday.

Speaking at the press conference, he mentioned presently around 80,000 to 1,00,000 apartments are required every year only for people

living in Dhaka.

Citing the success of the Rehab-Biponon housing fair held in New York in August this year, he said Rehab will organise such fairs in US, UK and UAE.

Among others, Mahmudul Hasan, general secretary of Rehab, and Tanvirul Haque Probal, convener of the fair committee, were present in the press conference.

Apart from the Rehab members, three financial institutes including Delta Brac Housing Finance Corporation, Industrial Development Leasing Company of Bangladesh Limited and National Housing Finance and Investments Limited will take part in the fair to

offer housing loans to prospective clients to purchase apartments, plots and commercial spaces.

Building Development and Design Limited, East West Property Development Limited, Concord Real Estate and Building Products Limited, Jamuna Builders and Sheltech (Pvt) Ltd will sponsor the 4th edition of the fair.

The fair will remain open from 9:00 am to 8:00pm everyday until December 27.

There will be two types of entry fee that include Tk 50 for single entry and Tk 100 for multiple entry, which will allow visitors to visit the fair everyday.

## Greater China-South Asia ties vital for economic progress

### Two-day China-South Asia Business Forum kicks off

BSS, Kunming, China

Greater interactions between China and South Asia in the multi-facet economic fields are imperative for all round progress and development for the vast multitude living in this part of the world.

Prominent business leaders and concerned persons from China and the South Asian nations, including Bangladesh, said this on the first day of the two-day China-South Asia Business Forum meeting here yesterday.

They said the "Kunming Initiative" that was launched in 1995 here and followed up with several meetings in the South Asian countries must reach its destination by achieving the objectives of manifold development in socio-economic areas through cooperative efforts among the countries of this most populous region of the globe.

A 12-member strong Bangladesh delegation headed by President of the FBCCI Abdul Awal Mintoo is taking part in the meeting of the forum, which is expected to give suggestions and guidelines in

attaining the goals of the forum ahead of the next Saarc summit in Dhaka early next month.

Organised by China Council for Promotion of International Trade, Saarc Chamber of Commerce and Industry, and the government of Yunnan province of China, the first day of the meeting discussed the potentials of the cooperation that can give enormous benefits to the people of China and South Asia.

This "Kunming Initiative" was launched in the interest of the Yunnan province government and was supported by the central government of China.

Shen Guo Fang, assistant minister for foreign affairs of China, attended the inaugural session and said his country is eager to further develop ties with the South Asian region for enhancing economic and business benefits for the people of the region.

Bangladesh Ambassador to China Ashfaqur Rahman also spoke outlining the government policy and interest in this regard.

Among others, Pakistan's State Minister for Commerce Tariq

Ekram, Saarc Chamber President Mackey Hashim of Sri Lanka, Xu Rongkai, governor of the Yunnan province, and senior diplomats from Saarc countries, including India, Nepal and Bhutan, spoke.

Abdul Awal Mintoo in his speech explained the benefits of China-South Asia cooperation and mentioned Dhaka-Beijing bilateral economic and other ties that are growing steadily to the satisfaction of both the countries.

He said commercial ties between the two countries are on the increase, but exports from Bangladesh need to be geared up further.

The Bangladesh delegation includes FBCCI directors Bazlur Rahman and Aminul Huq and Saarc Chamber member Mirza Sayed.

In this city of "Eternal Spring," another meeting is also taking place simultaneously under the banner of Bangladesh, China, India, Myanmar (BCIM) which is being attended by their academics and experts to give an impetus to the cooperation among these countries.

## ADB okays \$50m for SME development

#### STAR BUSINESS REPORT

The Asian Development Bank (ADB) will support efforts of the government of Bangladesh to foster development of the country's small and medium enterprise (SME) sector, through an assistance package approved yesterday totalling \$50 million.

The SME Sector Development Programme will help strengthen the policy environment for SMEs and improve their access to credit and support services, to enable the sector to attain its full potential for contributing to sustainable economic growth and poverty reduction, according to a press statement issued from ADB headquarters in Manila yesterday.

It is recognised that the country's estimated 6 million SMEs and micro enterprises -- firms of less than 100 employees -- have a significant role in generating growth and jobs.

Bangladesh's SME sector contributed up to 25 percent of the country's gross domestic product last year, about 40 percent of gross manufacturing output, 80 percent of industrial jobs, and around 25 percent of the total labour force in Bangladesh.

As part of the programme, a gender action plan has also been prepared to target women entrepreneurs and foster their participation in policy-making, training programs, and credit fund allocations.

The loans come from ADB's concessional Asian Development Fund, with interest set at 1.0 percent per annum during the grace period and 1.5 percent per annum for the rest of the term.

The programme loan has a 24-year term, including a grace period of eight years. The project loan and technical assistance loan both carry a 32-year term including grace period of eight years. The program loan closing date is expected to be end-2007.

The project loan will contribute to Small Enterprise Fund whose fund is \$56.7 million. The Bangladesh government is providing \$16.7 million and the World Bank \$10 million. The expected date of completion of the project loan is June 2010. The TA loan completion date is expected in December 2007.

For its part, the Bangladesh government will contribute \$3.46 million to the TA loan. It will also contribute \$150,000 equivalent to the TA grant through the provision of counterpart staff, offices, transportation, and incidental expenses.

The executing agency for all loans and grants is the Ministry of Finance, Finance Division.

helped to offset higher costs due to escalating jet fuel prices.

Flights to Paris will rise from seven to twelve a week, to Athens from six to seven, to Seychelles from three to five, daily to Moscow, to Tehran from 17 to 19, to Karachi from 25 to 27, and second daily service to Perth.

As Dubai Shopping Festival begins in January 2005, Emirates offers a package at \$592 that includes air ticket, twin share accommodation for three nights, breakfast, airport pickup and transfer.

Emirates' Dhaka office can arrange visa for the passengers availing the package in seven to ten days' notice.

Emirates offers nine non-stop flights a week on Dhaka-Dubai route and four flights on Dhaka-Kuala Lumpur route. Emirates SkyCargo also offers three services a week on Dhaka-Dubai route.

Emirates' Sales Manager-Bangladesh Kazi Zahurul Qyym speaks at a press meet in Dhaka yesterday. Kazi Wahid ul Alam, local PR consultant of Emirates and editor of travel magazine The Bangladesh Monitor, is also seen.

PHOTO: EMIRATES

## American Chef soya bean oil launched

#### STAR BUSINESS REPORT

Ornate Services Limited has launched "American Chef" brand soya bean oil in local market.

US Ambassador to Bangladesh Harry K Thomas inaugurated the marketing of the product at a function held in Dhaka Monday.

Processed and packed in the United States, the premium quality soya bean oil will be first marketed in Dhaka and distributed shortly all over the country. Aamir Siddiqui, vice-chairman of Ornate Services, distributor of American Chef soya bean oil in Bangladesh, said at the function.

American Chef is refined, bleached and deodorised by Archer Daniels Midland Company (ADM), the second largest oil seed processing company in the world, he added.

The new brand oil is available in two packs of 3.78 litre and 1.48 litre at Tk 335 and Tk 125.

Highlighting the harmful sides of saturated fatty acid available in soya bean oil, Kazi Ziauddin Ahmed, consultant of American Soybean Association (ASA), made a presentation at the function.

According to the officials of Ornate Services, American Chef is approved by US Food and Drug Administration and United States Department of Agriculture as safe vegetable oil for everyday cooking and is also monitored and supervised by ASA.

The oil, also approved by American Oil Chemists Society, is the only product in Bangladesh containing the SoySealTM of quality provided by ASA, they claimed.

## EU trade chief wants end of textile quotas to be win-win

AFP, Brussels

The European Union's trade chief Peter Mandelson called Tuesday for poorer countries to be shielded from fierce competition led by China when global textile quotas are scrapped on January 1.

But the trade commissioner also said the EU would not itself undermine the benefits of textiles liberalisation, amid fears that the United States may opt for protectionism to protect its clothing industry.

"Our first responsibility is to make sure that we maintain the prize of liberalisation in this sector," Mandelson told reporters after meeting Canadian Trade Minister Jim Peterson.

"The removal of quotas is I think a tremendous achievement and advance for the trading system. I don't intend to do anything to diminish that prize," the British official said.

"My second responsibility is to make sure that the way in which this change occurs does so in as efficient and smooth a way as possible and does not a shock to that sector, in particular that weak and vulnerable countries are not sent reeling by its impact," he added.

The EU's executive commission is drawing up guidelines to regulate textiles trade once the quotas are lifted in the New Year.

