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# Star BUSINESS

DHAKA MONDAY JANUARY 31, 2005 E-mail: dsbusin@gononet.com

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## Adamjee mill assets handed over to Bepza

### 70 industrial units to be set up in new EPZ

UNB, Dhaka

Bangladesh Jute Mills Corporation yesterday handed over all moveable and immovable properties of the closed Adamjee Jute Mills to Bangladesh Export Processing Zones Authority to turn the site into an EPZ.

BJMC Chairman M Solaiman Chowdhury and Bepza Executive Chairman M Zakir Hossain signed the deed of transfer on behalf of their organisations in presence of Prime Minister Khaleda Zia at the International Conference Center in Dhaka.

Addressing the function, the prime minister said the Adamjee export-processing zone will expand the industrialisation process, create employment opportunities and bring new momentum in the country's economy.

About 70 new industrial units with an estimated investment of 250 million US dollars are likely to be set up in the 61.48 acres of the now-defunct Adamjee Jute Mills area.

The mammoth jute mill, set up in 1957, was closed down in June 2002 after the nationalised industry had gone far in debt incurring a loss of Tk 1300 crore since independence.

A big brigade of 18,727 employees were laid off under "golden-handshake" scheme that cost the government Tk 355 crore while the running machines of the mill were handed over to other operating jute mills under the BJMC.

A number of development organisations, including Japan Bank of International Cooperation (JBIC), have shown their interest in investing in the Adamjee EPZ.

The annual export target of the EPZ has been set at Tk 300 crore while the direct income target at Tk 5.11 crore.

Presided over by Acting Secretary

of the Ministry of Textiles and Jute Mokhesur Rahman Khandakar, the function was also addressed by Minister for Textiles and Jute Shahjahan Siraj.

Education Minister M Osman Farruk, PM's Adviser for Primary and Mass Education Prof Jahannara Begum, State Minister for Labour and Employment Amanullah Aman, State Minister for Education ANM Ehsanul Haq Milon, PM's Political Secretary Harris Chowdhury, members of parliament and a number of senior government officials were also present at the function.



BJMC Chairman M Solaiman Chowdhury (left) and Bepza Executive Chairman M Zakir Hossain yesterday in Dhaka shake hands after signing a deal on transfer of moveable and immovable properties of the closed Adamjee Jute Mills to Bepza to turn the mill site into an EPZ as Prime Minister Khaleda Zia claps.

## New president of ICMAB



Md Ruhul Amin

Md Ruhul Amin has become the president of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) for the year 2005.

The institute in its 12th council also elected Satipati Moitra and Professor Mamtaz Uddin Ahmed, vice-presidents, Md Anisur Rahman, secretary, and Mohammed Salim, treasurer, of the institute for the same period.

Amin is also chairman and managing director of BASF Bangladesh Ltd and president of Bangladesh-German Chamber of Commerce and Industries, says a press release.

## Tsunami-hit countries see strong tourist outlook

AFP, Madrid

The December 26 tsunami in the Indian Ocean did its best to shatter the lives and livelihoods of the dozen nations whose shorelines it ravaged. But the seven affected countries attending Madrid's FTUR Tourism Fair believe tourism can rapidly recover.

FTUR, one of the largest international industry gatherings, opened midweek with a minute's silence in memory of the estimated 280,000 victims of the disaster.

But sector professionals from India, Indonesia, Malaysia, the Maldives, Myanmar, Sri Lanka and Thailand vowed 2005 would see strong growth.

"Tourism is already growing back again and conditions are returning to normal," Rita Sofia of the Indonesian Tourist Ministry insisted Friday.

Indonesia's Aceh province bore the brunt of the catastrophe with up to 230,000 people dead or missing in a region where separatists have been pushing for independence from Jakarta for decades.

Peace talks have been taking place over the past week in Finland but Jakarta continues to reject any demand for independence for Aceh, which has lucrative natural resources.

Both sides have called for a ceasefire to be respected during ongoing relief operations there.

"After the tsunami, there is a reason to bring people together. The Indonesian government has a plan to rehabilitate and develop the region in a sign we (the government) care about the people of Aceh," Sofia told AFP.

Bali, well away from the tsunami zone, is once again becoming a magnet for mainly young foreign tourists three years on from a terrorist bombing on the island which killed 202 people, mainly tourists, with 88 of the victims from Australia.

## Etihad Airways to start operations in Dhaka soon

STAR BUSINESS REPORT

Etihad Airways, the national flag-carrier of the UAE, will launch Bangladesh operation soon fortifying the country's air links to the Middle East.

Launching of Etihad flights will offer wider options to passengers to and from Arab countries, home to majority of Bangladeshi labour force work. The launch of the service, which may take place sometime in March, is expected to mitigate sufferings of the workers who often fail to find tickets due to rising demand, sources said.

Etihad Airways will join Yemen Airlines, Emirates, Qatar Airways, Saudi Arabian Airlines, Kuwait Airlines and Gulf Air to invigorate air link between the Middle East and

Bangladesh.

Sources said success of some fellow Middle East airlines in carrying increased number of Bangladeshi workers has prompted Etihad to mull Dhaka services. According to Civil Aviation Authority statistics, the Middle East airlines carried 9.28 lakh passengers to and from Bangladesh in 2003.

The third airline of the UAE after Gulf Air and Emirates, which has long been trying to fly to Dhaka, has recently got green signal from Bangladesh government.

The Abu Dhabi-based airline, which has already started flight to Karachi, New Delhi, Mumbai, Bangkok and Colombo as part of its lucrative Asian expansions, has sought permission for daily flights to and from Bangladesh.

One of the features of Etihad Airways will be that passengers will not require reconfirm tickets which analysts say would mitigate sufferings of workers who find it difficult to confirm tickets on return journey to Middle East workplace after vacation in Bangladesh.

Etihad Crystal Cargo, the cargo segment of the carrier, will provide airfreight service for local exporters to ship their products to Middle East and European destinations.

Having four Airbus 330-200 and one Airbus 340-300 aircraft in its fleet, the airline also flies to Amman, Bahrain, Beirut, Cairo, Damascus, Dammam, London, Geneva, Munich and Riyadh. It has also a plan to start flights to Lahore, Kuala Lumpur, Jakarta and Manila soon.

## India scouts for energy investments overseas

AFP, New Delhi

India, which along with China is projected to become a global powerhouse in the next two decades, has launched a massive hunt for foreign oil to keep fuelling its economic growth engine.

Only 30 percent of India's oil needs are met from domestic sources and this is expected to halve as the country's appetite for energy to meet expansion keeps growing.

Indian Prime Minister Manmohan Singh told an oil industry conference this month energy needs would have to be met "through intensification of domestic exploration while simultaneously accessing overseas oppor-

tunities."

The overseas arm of state-run Oil and Natural Gas Corp (ONGC) has already invested 2.5 billion dollars in Russia's Sakhalin-1 project, gasfields in Iran, Vietnam, Sudan and a clutch of other countries.

It is now looking to invest at least three billion dollars more buying stakes in oil and gasfields in several other nations including Kazakhstan, Kuwait, Qatar, Bangladesh, Yemen, Qatar and Ecuador.

"Energy is an essential input for development and since we don't possess energy resources, particularly of the fossil fuel nature, we have to go out of India to secure these resources," Petroleum Secretary S.C. Tripathi said.

India's oil import bill swelled 58 percent to 611.7 billion rupees (14 billion dollars) during the first six months of the current financial year ending March 2005 from 386.6 billion rupees a year earlier.

New Delhi was rudely jolted into action after a surge in global oil prices fuelled a rise in the inflation rate to three-and-a-half year highs in the last half of 2004.

Its keen desire to avoid a repeat was evident this month when it hosted the first Asian oil buyer-seller ministers' meeting, bringing together top Middle East producers such as Saudi Arabia, Kuwait and Iran with buyers such as China, Japan and India.

## Asian Bond Fund to market investment trust to private sector

AFP, Tokyo

The Asian Bond Fund, aimed at investing in local currency-denominated bonds in the region, will bolster its basis by marketing an investment trust to the private sector, a Japanese report said Sunday.

A group of central banks and monetary authorities in 11 economies, which support the fund, hopes to expand the bond markets and promote their liquidity by inviting private capital, the Nihon Keizai Shimbun said.

The group, called three Executives' Meeting of East Asia-Pacific Central Banks (EMEAP), could announce the plan in May and start selling it in June, the business dailysaid.

The second phase of the Asian Bond Fund is expected to be estab-

lished next month with two billion dollars to be paid up by the Bank of Japan and other EMEAP partners.

The 11 economies -- Japan, China, South Korea, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Australia and New Zealand -- launched the first phase of the fund in 2003 to invest in US dollar-denominated bonds issued by sovereign and quasi-sovereign issuers.

The Asian Bond Fund initiative has been promoted in an effort to prevent a recurrence of the financial crises that erupted in the region in 1997 due in part to excessive reliance on the US dollar.

The new investment trust to lure private capital, tentatively called the Pan-Asian Bond Investment Trust, will be sold only in Asia in the initial stage, the dailysaid.

But participants might consider

allowing US and European investors to purchase it in future, the report added.

The trust will invest in the local currency-denominated sovereign and government agency bonds of eight Asian economies -- China, South Korea, Hong Kong, Thailand, the Philippines, Malaysia, Singapore and Indonesia.

The combined size of these bond markets is estimated at about 450 billion dollars, the dailysaid.

In Japan, investors can purchase the new trust at investment trust companies, securities firms and banks that will undertake marketing on behalf of the Bank of Japan, it said.

The minimum trading unit could be set at several tens of thousands of yen to enable individuals to invest in the trust, it said. (10,000 yen is about 97 dollars at present.)

## Metro Makers to hold plot fair from Feb 1

Metro Makers & Developers Ltd, a real estate company, is going to hold an 18-day housing plot fair beginning on February 1.

Buyers will be able to book plots of different sizes located at the Modhumati Model Town from the company's head office on Green Road, Dhanmondi, Dhaka or from the site office, says a press release.

The location of a plot will determine its price and the company will offer maximum discount and gift vouchers at each booking, the release added.

## Airbus, Boeing throw down the gauntlet for China

AFP, Shanghai

China's purchases of more than 11 billion dollars' worth of Airbus and Boeing jets last week highlights the increasing importance of the Chinese aviation market as the two rivals battle for supremacy of the skies.

On Thursday flag carrier Air China agreed to a long-rumored deal to buy 20 A330-200 aircraft from Airbus worth 2.86 billion dollars, prompting French Transport Minister Gilles de Robien to call it a "political victory."

Celebrations at Airbus were short-lived however as US-based Boeing trumped its European foe with its own multi-billion dollar deal to sell its new fuel-efficient 787 Dreamliner to six Chinese airlines.

Boeing, which formally renamed the jet the Boeing 787 Dreamliner, signed Friday a preliminary agreement in Washington with Chinese officials for 60 aircraft worth 7.2 billion dollars based on catalog prices.

## Shipbuilders in China rushing to satisfy booming economy

AFP, London

China is rushing to build vessels to ship home the huge amounts of commodities its booming economy demands, amid reports it is also constructing military bases to help safeguard its shipments of oil.

"China is building ships as fast as it can," said Dennis Petropoulos, an analyst for British shipbroker Braemar Seascope.

"It would like to build more and there are people in there opening shipyards, and there are projects to increase shipbuilding capacity, but those projects take time and will not come on stream for three to five years."

The International Energy Agency (IEA) warned earlier this month that the world's ship-building yards were booked up for years in advance.

"China will move its cargoes on anyships it can," Petropoulos said. "There are projects to increase capacity in China, definitely, because (South) Korea and Japan cannot increase their capacity."

## Two US-based firms plan to invest in Bangladesh

UNB, Dhaka

Two US-based firms yesterday proposed to make foreign direct investment in a number of ventures in Bangladesh.

Chief executive officers of the firms offered to invest in areas of paper and pulp, coal-based power plant, industrial waste processing, air separation to produce nitrogen, oxygen and argon, water-treatment plant, and air-and-water-pollution-control systems.

The CEOs of the two firms, oper-

ating in paper and energy sectors, met Environment and Forest Minister Tariqul Islam at his office yesterday to discuss investment issues in Bangladesh.

President of Crescent Technology Dr Aziz Ahmad and Chairman of Electric Resource Group David Samuel Scheele, during the talks, presented to the minister their proposals for FDI in the fields.

The environment minister told the visitors that Bangladesh offers a very favourable foreign investment

climate with successive governments pursuing a sustained policy of public sector disinvestment and privatisation.

"Foreign investors here can mostly benefit from environment-friendly raw materials, an easy accessible labour market and responsive local and export markets for good products," he told the investors.

Environment Secretary Dr Shoaib Ahmad also took part in discussion with the CEOs.

## Islamic banking booms in Pakistan

AFP, Karachi

Moeenul Haque, a dealer in imitation gold and silver ornaments in Pakistan's largest city Karachi, says his dream came true when he opened an interest-free bank account in line with his Muslim faith.

"I never went for conventional banking as it is based on interest, which is prohibited in Islam and amounts to waging war against Allah," the jeweller told AFP. "Now I have my bank account in an Islamic bank and it satisfies my faith."

Pakistan's financial sector is witnessing robust growth in Islamic banking, which is emerging as a happy alternative for millions of faithful who regard conventional banking as impure.

The past 18 months have seen a steep increase in Islamic banking counters at key local and foreign banks.

Two fully-fledged Islamic banks - one local and one foreign-based - have opened 23 branches recently, while nine conventional banks including Standard Chartered and AG Zurich have 25 branches across the country.

Islamic finance is based on the main concept of outlawing fixed-interest returns and speculation, as

well as forbidding investments in what the religion considers vices such as dealing in alcohol, pork or gambling.

Instead, Islamic banks make regular payments to account holders based on profits from approved investments. They also provide small-scale services to replace direct loans for customers to buy items such as cars, furniture and houses.

Pakistani governments have made halfhearted attempts since the 1960s to make the economy more Islamic. In 1984 military dictator Zia-ul-Haq ordered banks to keep their books according to Sharia, or Islamic law, but the move flopped without a workable financial infrastructure or regulations.

Banking authorities continued to be resistant to change until they realised there was an untapped, steadily growing appetite amongst consumers.

In a sign of the changing times, the central State Bank of Pakistan recently allowed Citibank, ABN Amro and seven other banks to enter negotiations for Islamic banking licenses.

"Almost all the strong and major banks are negotiating with us," Pervez Said, director of the Islamic banking department at the state bank, told AFP.

"Islamic banking is here to stay," he said. "They are not coming out of some religious fervour but because there is a strong consumer push."

Banks agreed. "There is tremendous market potential for Islamic banking in Pakistan, as surveys show there is a high commitment level that will push demand higher," said Hasan Aziz Bilgrami, chief executive of the Bank Islami Pakistan.

Bank Islami is poised to launch next month with more than half a dozen branches. It will be the third full-on Islamic bank here, with 25 percent equity from Britain's DCD Group, a property and real estate business which also has core shares in the Islamic Bank of Britain, he said.

"We expect to tap the potential of Pakistan's 90 percent-plus Muslim population, who have the highest commitment to their faith," Bilgrami said. Around 150 million people live in Pakistan.

"A reasonable expectation is that by 2010 about 20 percent of conventional banking might come into the ambit of Islamic banking," Said explained.

According to government statistics, assets of conventional banks stood at 2.3 trillion rupees or about 40 billion dollars till 2004.

## China woos foreign investors, spurns forex pundits

AFP, Undated

China wooed foreign investment at the World Economic Forum Saturday, but stressed foreign exchange was a sovereign issue, a view backed by some western investors.

In an address to power brokers and business leaders from almost all seven continents, Vice Premier Huang Ju said China "cannot develop itself in seclusion and the world cannot develop without China's development."

Huang said Beijing would allow the Chinese yuan to float freely on foreign exchange markets following an unspecified period of preparation, and urged investors to set up

shop in the meantime.

"A more open and prosperous China will not only benefit its 1.3 billion people but also provide considerable investment opportunities and a vast market for other countries, so being a powerful engine for world economic growth," he said.

Meanwhile, Chinese deputy central bank governor Li Ruogu bluntly told armchair commentators at a separate seminar that Beijing was fully capable of managing the yuan's transition to a floating exchange rate.

Calls have increased worldwide for China to allow the yuan, which is also called the renminbi, to rise against the dollar, a move that would

make Chinese exports more expensive and help to correct trade imbalances.

Ruogu said China alone would decide when the time was right to dismantle the peg that keeps the yuan fixed to the US currency.

"Leave this issue to the Chinese people and the Chinese government. We will certainly figure out what is the most suitable approach for China's economic development," he said in a trenchant address.

"Outsiders don't know what exactly is happening in China. We are going to listen to outside advisers, but don't say that what you tell us is correct."