

First local reinsurance co on the cards

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A move is underway to establish the country's first reinsurance company as two European companies, which offers reinsurance services, have decided not to continue services in Bangladesh.

The proposed company will provide reinsurance coverage for the local life insurance companies.

Insurance experts have welcomed the move saying it will help the country save at least Tk 5 crore a year which was usually paid as premium to the two foreign companies. However, some experts have raised the question about economic viability of such company as it will require huge capital.

According to the insurance law, insurance companies must get their policies reinsured by a third party to minimise the risk. Jiban Bima Corporation (JBC), the state-run life insurance company, are to pay Tk 1.02 crore in foreign currency to the Swiss Reinsurance and the Munich Reinsurance Company in 2003 to

get reinsurance coverage of insurance policies worth Tk 93.42 crore.

Besides, some 16 private life insurance companies had to pay Tk 4 crore yearly to those two reinsurance companies for the same purpose.

JBC can provide reinsurance service for a local private company but the risk coverage is limited to Tk 15 lakh. For risk coverage above Tk 15 lakh, JBC has to resort to foreign reinsurers.

Some private companies, however, make deals with Asean Retakaful International Limited of Malaysia to get reinsurance coverage. Following the reluctance of two European reinsurers here, the Malaysian company has shown interest to provide reinsurance services for JBC.

Against this backdrop, JBC has recently submitted a proposal to the Ministry of Commerce and recommended setting up of a full-fledged reinsurance company to give all reinsurance coverage locally.

In a letter to the ministry, JBC said if government allows establishment of a reinsurance company

through joint collaboration of JBC and local private insurance companies, it will contribute to investment and help settle reinsurance locally.

If the local private insurance companies fail to get reinsurance services from JBC, the country's insurance sector will face a serious crisis, the letter added.

Insurance sector analysts also supported the JBC recommendation and said such move will develop local expertise and save huge foreign currency.

However, an insurance expert said the volume of reinsurance business for life policies is quite small in the country. A reinsurance company for general policies may be viable but for life policies, it is less viable.

"Setting up a reinsurance company involves huge amount of capital and who will provide the capital?" he questioned.

Presently, Sadharan Bima Corporation (SBC), a state-owned general insurance company, provides reinsurance coverage to private general insurance compa-

nies and holds 100 percent business in the sector. A separate reinsurance company for general policies may not be viable as SBC largely depends on income from reinsurance. About 80 percent income of SBC comes from reinsurance services, he added.

Life insurance started its journey in the country in 1973 when the government established JBC. The clients got wider options when the government opened up the life insurance sector to private sector in 1984. According to JBC, the yearly business in life insurance was Tk 495 crore in 1998, which rose to Tk 1,000 crore in 2003.

Sources said life insurance is growing as well-to-do people are increasingly taking health, accident and other life policies. Group health policy is also getting popularity among business and corporate houses.

Emirates to offer holiday packages to African islands

STAR BUSINESS REPORT

Emirates Holidays, a concern of Emirates Airlines, is going to offer travellers two new holiday packages to African islands within a short time.

Travelers can visit two of African islands - Mauritius and Seychelles - under the upcoming packages, said Gabriela Havrankova, tour sales manager of Dubai-based Emirates Holidays, at the Product Presentation Seminar in Dhaka Sheraton Hotel yesterday.

The seminar was organised on the sidelines of 'Dhaka Travel Mart 2005' that ended yesterday. The Bangladesh Monitor, a travel fortnightly, has organised the three-day international tourism exposition.

Speaking at the seminar, Gabriela said the upcoming packages will give the visitors more facilities including high standards of hotel accommodation and services.

Kazi Jahurul Kaium, sales manager of Emirates Airlines in Bangladesh, and Kazi Tareque Mahmud, supervisor of Emirates Holidays, were also present at the function.



Visitors crowd a stall in the three-day international tourism exposition, Dhaka Travel Mart 2005, that ended yesterday. The Bangladesh Monitor, a travel fortnightly, organised the fair at Winter Garden of Dhaka Sheraton Hotel.

Tourism exposition ends in a festive mood

STAR BUSINESS REPORT

The international tourism exposition ended in Dhaka yesterday with a huge response and festivity as thousands flocked to the extravaganza with queries about various travel offers and facilities.

Organisers said more than 10,000 visitors, especially travelling people, thronged the three-day exhibition to gather information about the most attractive destinations at home and abroad and the hospitality services provided by the airlines, travel agents, tour operators and hotels.

Some 42 organisations from 15 countries joined the fair styled 'Dhaka Travel Mart 2005', which was organised to hammer out ways on how airlines, travel agents, tour operators, hotels and service providers can work together to promote the tourism industry.

The Bangladesh Monitor, a travel fortnightly, organised the 2nd version

of the fair at Winter Garden of Dhaka Sheraton Hotel that is also the country's largest gathering of airlines, travel agents, tour operators, hotels and other hospitality service providers.

Biman was the official carrier and co-sponsor, GMG the co-sponsor, Tour Operators Association of Bangladesh (Toab) and Association of Travel Agents of Bangladesh (Atab) the co-organisers and Amadeus the technology partner of the fair.

"We got a sharp response from the visitors who showed their keen interest in domestic and international travelling," said Ahmed Yusuf Walid, president and chief executive officer of Galaxy Holidays, a tour operator.

"Among domestic destinations visitors wanted to know about Cox's Bazar, St Martins and the Sundarbans while among foreign destinations their inquiry was focused mainly on Malaysia and Thailand," he added.

Cosmic Air, a Nepalese private carrier, which connects capital cities of Bangladesh and Nepal, offered a promotional package for Bangladeshi travellers in the exhibition.

People buying a return ticket from Cosmic Air stall at the fair got another ticket free. The return ticket, pricing \$208, will remain valid for one year.

"Until now (yesterday afternoon) we sold air tickets worth around Tk 8 lakh," said Yameen Azman of Cosmic Air. "And we hope it will cross Tk10 lakh mark," he added.

"Visitors knocked at our booth and wanted to know about our holiday packages," said Kazi Tarik Mahmood, senior agent of Emirates Holidays.

Some of them have expressed their confirmation on availing the holiday packages, he added.

On the sidelines of the tourism extravaganza, a seminar on "Tourism Industry: Role of Private and Public Sector" was also held.

Japanese zipper co in Dhaka EPZ gets ISO certification

UNB, Dhaka

YKK, a Japanese zipper manufacturer located in Dhaka EPZ, has obtained ISO certificate on environmental management system for operating industries without harming environment.

Ataur Rahman Khan, the country director of ISO certification body known as Moody International, handed over the certificate to Eiji Sekine, managing director of the firm, at the YKK head office yesterday.

The Japanese company has so far invested around US\$ 40 million in Bangladesh and obtained the best stall award twice at Batexpo.

BanglaCAT becomes GP corporate client

BanglaCAT, a Caterpillar dealer in Bangladesh, has become the corporate client of GrameenPhone Ltd.

An agreement to this effect was signed recently between the two companies, says a press release.

Director of BanglaCAT Tarique E Haque and Head of Sales of GrameenPhone Tanvir Ibrahim signed the deal on behalf of their organisations.

Cement cos urged to tap export potential

Shah Cement launches construction guidebook

STAR BUSINESS REPORT

Speakers at a function yesterday urged local manufacturers to explore potential of cement export, saying the standard and strength of Bangladeshi product is better.

"All cement companies should try to export cement to the neighbouring countries. Standard and strength of Bangladeshi cement is much better even than India," Shamim Z Bosunia, professor of Department of Civil Engineering, Bangladesh University of Engineering and Technology (BUET), said while launching a construction guidebook in Dhaka.

Shah Cement Industries Ltd, a subsidiary of Abul Khair Group, has launched the guidebook to provide construction tips for the people willing to build houses.

Bosunia urged all cement manufacturers to have an eye on cement export, adding that total capacity of producing cement in the country is more than double than the total requirement of the country.

Stressing the need for maintaining quality, he said it is very important for a better construction work. "But, it does not mean that only quality cement can ensure a good construction. A good construction depends on how the work is done at

the end," he said.

"Shah Cement's construction-related guidebook will provide construction tips for a person to get better works as the book contains detail information from land selection to maintenance of building," Bosunia said.

Shah Cement Senior General Manager KD Sahni said standard and strength of Bangladeshi cement is around 30 percent more than that of India. Shah Cement has already started exporting cement to northern states of India.

Marketing Manager Dipan Kankan Chakraborty also spoke at the function.

China's 8pc growth target likely underestimated again: Analysts

AFP, Beijing

China's central government is facing a tough battle with the provinces to slow its overheating economy, with trillions of dollars of invest-

ment projects already underway or in the pipeline, analysts said Sunday.

In his annual work report to the National People's Congress on Saturday, Premier Wen Jiabao said the government would slow gross

domestic product growth from 9.5 percent pace in 2004 to "around 8.0 percent" this year, despite warning that it would be difficult to control runaway fixed-asset investment.

"This is a period of important strategic opportunities for China, and the economy should grow rapidly, but not be allowed to overheat," Wen said in his speech to parliament.

China badly missed its targeted growth rate of around 7.0 percent in 2004, leading some economists to place little importance on the government's annual exercise of forecasting growth.

"It really doesn't matter if it's seven or eight percent. Last year, it ended up at 9.5 percent, and everyone agrees that it was substantially underestimated," said Chen Xingdong, the Beijing-based chief China economist with BNP Paribas Peregrine Securities.

Based on such data as energy consumption, Chen believes the real nominal growth rate last year was 18 or 19 percent, while calculating for inflation of up to seven percent, real growth in 2004 was more than 11 percent.

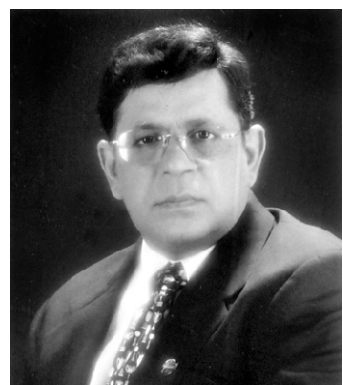
HP launches child welfare campaign

Worldwide computer hardware company Hewlett-Packard (HP) has launched a campaign titled 'Your Contribution will Make a Difference' to help child welfare in Bangladesh recently.

Under this campaign, HP will donate Tk 50 from the sale of each HP LaserJet Print Cartridge (toner) and Tk 25 from the sale of each HP InkJet Print Cartridge. The fund will be donated to organisations engaged in child education and development in Bangladesh, says a press release.

During this campaign, every HP LaserJet Print Cartridge and HP InkJet Print Cartridge will carry the campaign sticker that specifies the contribution amount. After purchase, all a customer has to do is write the organisation name on the sticker(s) and submit it at HP donation centers. HP will collect the stickers and will redeem the value, the release added.

New chairman of Global Ins



Syed Badrul Alam has been elected chairman of Global Insurance Limited.

He was elected at the 41st meeting of the Board of Directors of the company held in Dhaka recently, says a press release.

Prior to his new assignment, Alam was the chairman of the executive committee of the company for two times.

He is the managing director of BB Holding Ltd and B Alam Brothers (Pvt) Ltd.

Singapore faces higher unemployment amid mounting competition

AFP, Singapore

Singapore's unemployment rate could worsen in the years ahead amid mounting competition as multinationals shift operations to lower-cost countries like China, Prime Minister Lee Hsien Loong said over the weekend.

Lee said last week's announcement by Maxtor that the US hard disk drive maker will relocate one of its two Singapore plants to China and close another, a move that will result in the loss of 5,500 jobs here, showed the economic challenges facing the city-state.

"Competition is tougher, technology is advancing rapidly, low value-added activities are dying out and new businesses are being launched," Lee said.

"New jobs are being created, but

retrenchments are also taking place.

"Going forward, we must therefore expect higher unemployment."

Even developed countries like Australia and the United States have unemployment rates of 5.0 percent during good economic years and Singapore, likewise, can expect its current unemployment rate of 3.7 percent to creep up as it enters a new phase of economic development, Lee said.

"This could happen to us too, as we develop further," Lee said.

Singapore, Southeast Asia's most advanced economy, is facing fierce competition from lower-cost countries like China and Vietnam which are increasingly the preferred manufacturing site for multinationals.

Retail shop owners decry VAT in Chittagong

STAFF CORRESPONDENT, Ctg

Shop owners yesterday formed a human chain in Chittagong protesting imposition of value added tax (VAT) on retail shops.

They also submitted a memorandum to the deputy commissioner demanding immediate withdrawal of VAT.

Abul Kashem, general secretary of Federation of Chittagong Shop

Owners Association that organised the demonstration, said authorities last month issued notice to all retail and small shop owners. "Even the betel leaf traders, whose incomes are so meagre, are not spared."

"How can we ask for further VAT from a customer for goods worth Tk 20 only?" Kashem said.

The authorities imposed an average and generalised VAT of Tk

4,200 on the retail and small shop owners within the city area and Tk 2,500 on shops outside the city area.

Shop owners, representing 102 member associations of the federation, formed the human chain from 12:00 noon to 12:10pm. Earlier, they held a rally in front of the Chittagong Press Club. They also brought out a procession in the city.