

First-ever potato starch factory starts production

Swiss company to buy Flamingo Agro-Tech products

HASIBUR RAHMAN BILU, Bogra

A Tk 60 crore potato-based starch factory went into commercial production on Friday in Joypurhat district, eyeing around \$11.36 lakh export earning a year.

A Switzerland-based company will buy all produces of Flamingo Agro-Tech Limited (FATL) in the next five years, said AK Siddique, managing director of the company.

The starch factory is the first of its kind in South Asia, Siddique added. The cent percent export-oriented

FATL will produce about 43 metric tons of starch everyday from 200 metric tons of potato and also produce over 4 thousand metric tons of cattle food as by-product.

The company will need more than 60 thousand metric tons of potatoes per year and at least six thousand local potato cultivators of the adjoining areas will be benefited financially as the company will buy their potatoes, Siddique said.

Alanconwell, the Swiss company that will buy FATL products, is involved in starch business for the

last 30 years in Asia and Europe.

M Fazlur Rahman, former secretary and chairman of Agrani Bank that extended the financial assistance to the company, inaugurated the production of the company. The company will generate some 250 jobs.

The Swiss company apart other importers from Japan, Korea and Australia also expressed their interests to buy potato starch from Flamingo.

Mark Schuur, senior process engineer of Hovex BV company,

Noorul Huda, chief engineer of Bangladesh Power Development Board (PDB), Kazi Fukrul Islam and Monirul Islam, general managers of Agrani Bank, Mahmud Koli, director of Flamingo, Kamour Uddin, chairman of Tilackpur Union of Joypurhat, among others, also spoke at the inaugural ceremony with Ruhul Amin Bablu, director of Flamingo, in the chair.



M Fazlur Rahman, chairman of Agrani Bank, observes activities of the country's first-ever potato starch factory Flamingo Agro-Tech Limited at Tilackpur in Joypurhat after the cent percent export-oriented plant went into commercial production Friday.

PHOTO: STAR

RUN-UP TO BUDGET FY06

Tanners want fund for rehab of sick units

BDNEWS, Dhaka

Bangladesh Tanners Association (BTA) in its budget proposal wanted 15 percent cash assistance on leather export as well as creation of a special fund for rehabilitation of 79 sick tanneries.

It also urged to speed up the process of shifting the tanneries to Savar from Hazaribagh and increase of land of the proposed

leather city from 200 acres to 400 acres.

The association also proposed to create a process of disbursing small loans to farmers to encourage them in livestock rearing aimed at increasing the flow of skin and hides to the tanneries.

BTA also demanded immediate stoppage of importing synthetic footwear for the existence of local footwear and issuance of a certifi-

cate to identify the real exporters.

At present 15 percent cash assistance is available in production of leather products while nothing available in exporting leather goods.

The association thinks if any cash assistance is available in leather export, local exporters will be more encouraged to produce leather products and footwear of advanced qualities.

Rehab fair kicks off in New York

BDNEWS, New York

A three-day Real Estate Housing Association of Bangladesh (Rehab) fair kicked off Saturday in New York.

Rehab has organised the fair in the US city for the second time to attract Bangladeshi expatriate buyers.

Bangladesh Ambassador to USA Shamsheer Mobin Chowdhury inaugurated the fair in the Manhattan centre as chief guest while Consular General Mohsin Ali Khan attended as special guest.

Prior to the fair, organisers held a press conference at a restaurant at the Jackson Heights in New York. Representatives of local weeklies and some journalists from Bangladesh attended the press conference.

Engineer Tanvirul Haque, co-ordinator of the fair and managing director of Building for Future Limited, told the journalists that they have got huge response from the buyers in London, which made them hopeful about the success in New York.

"We wished Tk 50 crore orders from the London fair, but received Tk 40 crore orders," the co-ordinator of the fair said.

He said they are expecting more responses from the New York fair. "We have set a target of getting orders worth Tk 100 crore," he added.

Siemens to set up Banglalink network

UNB, Dhaka

Mobile phone operator Banglalink, a cent percent subsidiary of multinational Orascom Telecom, has commissioned Siemens in a frame contract to set up its GSM network in Bangladesh.

Over a period of two years, Siemens Communications will install turnkey radio and switching systems for Banglalink to facilitate mobile communications for up to three million subscribers, according to an e-news release from the company.

The frame contract, signed in Munich on Friday, comprises a total order volume worth 50 million US dollars.

"Our objective is to make mobile communication affordable for the people of Bangladesh, and we have opted for Siemens technology so that we can provide reliable communication and cost-effective solutions to our subscribers," said Lars P. Reichelt, CEO of the Banglalink.

With around five million subscribers nationwide, the mobile market in Bangladesh is still in its infancy. Forecasts predict a rise of up to 20 million subscribers by 2007.

"We are pleased to make our contribution toward improving network coverage in the country and to enable further parts of the population to communicate with mobile phones," said Christoph Caseltz, president of the Networks Division at Siemens Communications.

Pro-SME policy needed to nourish Bangladesh ICT

Commonwealth expert tells The Daily Star

MUSTAK HOSSAIN

Bangladesh, where 99 percent information and communication technology companies belong to small and medium enterprise category, should develop a pro-SME strategy to nourish its ICT sector.

"There is an operative environment with good IT policy in Bangladesh and it should develop a policy framework for prompt development of this sector," Ram Venuprasad, adviser to special advisory services division of Commonwealth Secretariat's Technical Assistance Project, told The Daily Star in an interview.

He said 3,500 SMEs in the Indian IT sector make up 50 percent of India's software export earning around US\$2 billion annually. The reason behind this is that the government there recognised the need for a policy focused on developing the potential of SMEs in IT sector.

Similarly, the Commonwealth Secretariat in a report recommended that the Bangladesh government come up with an ICT-SME strategy, the expert said.

"It has to be done as most of the ICT companies here are SMEs. Bangladesh's ICT policy is a very good one but the policy does not



Ram Venuprasad define the role of SMEs," Venuprasad said.

Presently Bangladesh's annual ICT export stands at US\$15 million on an average and it has a vision to earn US\$2 billion from the sector by 2006. Keeping in view, the government earlier announced ICT as a thrust sector.

"People are ignoring the domestic market and we are trying to develop this sector through training and capacity building of human resources. Besides marketing, standardisation and building appraisal skills specially for the country's Chief Information Officers (CIOs) include our programme," said Venuprasad, who is visiting

Dhaka to conduct a dissemination and training program on Development of Small Business ICT Strategies in Bangladesh.

"Bangladesh has got a pretty good prospect. The huge population is also a good indicator of its market. So the domestic market should be focused," he added.

The Commonwealth Fund for Technical Co-operation (CFTC), the technical assistance arm of Commonwealth Secretariat, has worked for Bangladesh ICT sector on a project aimed at providing a competitive strategy and development plan for the sector.

The project conducted a comprehensive study of Bangladesh ICT, including an in-depth survey of the sector. One of the key outputs from this project will be the establishment of an ICT Access Centre for SMEs, said the Commonwealth expert.

Minister for Science and Information and Communications Technology Abdul Moyeen Khan will inaugurate the ICT Access Centre in Narsingdi tomorrow.

Local businesspersons will get a chance to explore the huge opportunity of ICT for the development of their businesses from this centre, Venuprasad observed.

Int'l banking practice key to avoiding disputes

ICC-B president says at trade seminar

STAR BUSINESS REPORT

International Standard Banking Practice (ISBP) should be followed in preparing documents for international trade to avoid documentary discrepancies in letters of credit (L/C) transactions, ICC-B president said yesterday at a seminar.

"With the ever-increasing number of documentary credit disputes due to discrepancies, it is essential to have an in-depth knowledge of ISBP so that the parties in deals do not find themselves on the other side of the fence later on," ICC-B President Mahbubur Rahman said underscoring the need for following ISBP.

He was addressing the daylong trade seminar on 'ISBP and

Highlights of Transition from UCP500 to UCP600' organised by the Citibank NA Bangladesh in Dhaka yesterday.

ISBP, which came into effect in January 2003, is a pre-requisite for any professional involved in documentary credits or trade finance, the ICC-B (International Chamber of Commerce-Bangladesh) president said. "By using ISBP, professionals can bring their practices in line with those followed by their colleagues worldwide."

"It's not only the changing multinational trade pattern, the growing need for developing the human resources also stimulates the revision to UCP (Uniform Customs and Practices) for documentary credits as it is a parameter for the

expected growth in LDC's economic activities," he continued.

He said there has been a dramatic shift in the attitude of the developing countries towards international trade in recent years complemented by the changes in the global economic scenario.

Mamun Rashid, chairman of ICC-B Banking Committee and chief executive officer of Citibank NA, Bangladesh, urged all concerned to be familiar with the latest technology and the fast changing communications to safeguard business.

Lawrence Tan, director and trade specialist of Citigroup, presented a keynote paper at the seminar.

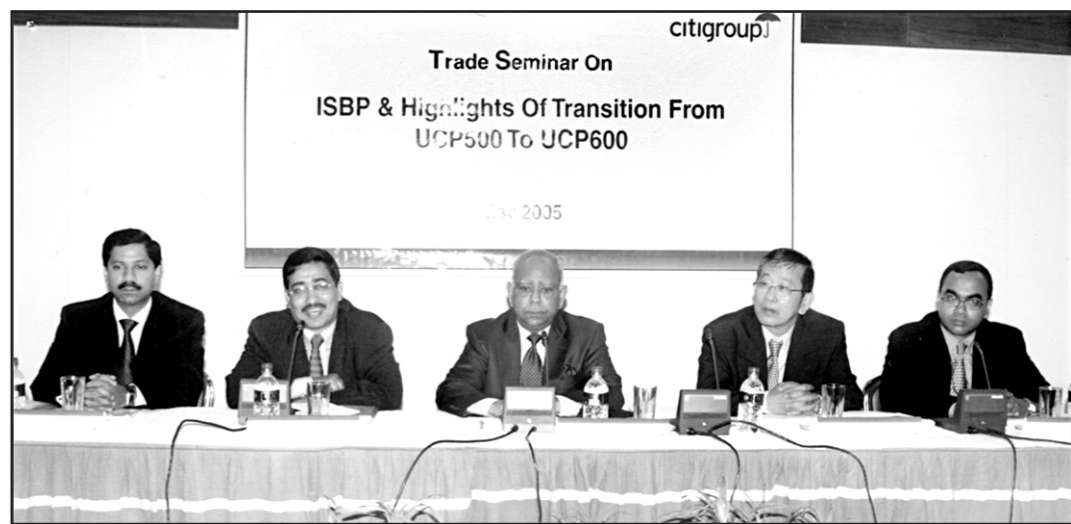


PHOTO: CITIGROUP

Mahbubur Rahman (C), president of International Chamber of Commerce-Bangladesh, attends as chief guest the inaugural session of a two-day trade seminar on 'ISBP & Highlights of Transition from UCP500 to UCP600' organised by Citibank NA yesterday in Dhaka. Mamun Rashid, chief executive officer of Citibank NA, Bangladesh, Khd Rashed Maqsood, head of Global Transaction Services, Lawrence Tan, director (Trade Operations) of Citigroup Singapore, and Mahbubur Rahman, head of Financial Institutions, are also seen.

Asia's increased foreign exchange reserves precautionary: Study

REUTERS, Washington

Asia's increased hoarding of foreign exchange reserves is more a precaution against repeats of the financial crises of the 1990s than solely a way to cap local currencies and boost exports, a study showed Friday.

Released by the National Bureau of Economic Research, the study modeled patterns of reserve accumulation in emerging markets from 1980 to 2000 and concluded the motivation was precaution against sudden capital flight and liquidity crises.

"Our study reveals that existing patterns of growing trade openness and greater exposure to financial shocks by emerging markets go a long way towards accounting for the observed hoarding of international reserves," the authors concluded.

The study said the model indicated mercantilist concerns were "statistically significant, but economically insignificant in accounting for the patterns of hoarding reserves."

The paper, by Joshua Aizenman at the University of California and Jaewoo Lee at the International Monetary Fund, said 1997's financial crises exposed "hidden vulnerabilities" in the East Asian economies -- "forcing the market to update the probability of sudden stops affecting all countries."

They stressed reserve hoarding

happened mainly after 1997.

"Our results find only a limited support for the mercantilist approach," the economists said.

They said trade openness -- measured by the share of imports in national income -- and factors related to risks of financial shocks played a greater role in the buildup of reserves than lagged export growth or currency deviations from fair value.

"The result applies to all countries, including China," the report said. "Inspecting the magnitude of country-specific dummies reveals that China is not an outlier in the level of reserves."

The paper disputes arguments that hoarding reserves represents opportunities lost and welfare losses and said this may be one of the few options left to developing countries seeking to avoid output disruptions from capital flight.

"While hoarding international reserves has its opportunity cost, we identify circumstances where the welfare gain from hoarding reserves is of a first-order magnitude, leading to potentially large precautionary demand for reserves."

Foreign exchange reserves around the world are now estimated to be close to \$4 trillion and more than double levels in 1998. Developing countries -- mostly in Asia -- hold more than two thirds of those reserves.

Correction

In a news item and caption of a photograph of Banglalink published on Business Page yesterday, it was inadvertently mentioned that under emergency recharge service "subscribers will be able to recharge their accounts free of cost in public places". In fact, subscribers will be to recharge their handsets free of cost. We regret the mistake.