

Dhaka may drop more items from sensitive list for Safta

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Bangladesh is likely to drop 324 more products from the sensitive list for India for the proposed South Asian Free Trade Area (Safta) besides 37 for Sri Lanka, 119 for Nepal and 63 for Bhutan.

An inter-ministerial meeting held yesterday in Dhaka worked out the strategy. Commerce ministry Additional Secretary Sirajul Islam presided over the meeting.

"As per the strategy of any free trade negotiation, countries request one another to withdraw items from the sensitive list on the basis of respective export interest. If we do not drop products, our counterparts

may not relax their positions to downsize their sensitive lists," a commerce minister official said after the meeting.

Earlier, Bangladesh exchanged its sensitive list containing 1,306 items with India's list of 927 products, Pakistan's 1,157, Sri Lanka's 1,065, Nepal's 1,315, Bhutan's 132 and the Maldives' 582.

However, in the seventh meeting of the Committee of Experts (CoE) held March 22-24 in Male, Bangladesh sought exclusion of 36 items from the list of Bhutan, 381 from the list of India, 134 from the Maldives, 394 from Nepal, 286 from Pakistan and 144 from Sri Lanka.

The products Bangladesh wants

to get deleted from the lists include readymade garments, leather, food, engineering products, made-up textile and textile products, steel products, electrical and electronics items, jute products, handicrafts, cosmetic and toiletries, ceramic, plastic items and furniture, sources said.

The inter-ministerial meeting also decided to increase the total number of products for the Safta sensitive list to 1,322 from previous 1,306 items, sources said adding that these items are mostly alcoholic products.

The meeting also decided to launch discussion for defining parameter for calculating the reve-

lue loss, forms of compensation, modalities of implementation, alternative domestic arrangements and data collection in the next CoE meeting.

The meeting also decided to identify exports niches of the country in the Saarc region, review market structure, demand and access barriers of niche products in South Asia.

Bangladesh will request non-LDCs to provide it with information on import-related formalities.

The agreement on the South Asian Free Trade Area (Safta), signed in January 2004, is due to come into force in January 2006.

Auction of T&T Treasury Bond on June 28

UNB, Dhaka

Auction of three-year term "T&T Treasury Bond-2008" will be held on June 28 to finance the "10 lakh T&T Mobile (1st phase 2.5 lakh) Project" and setting up 2.66 lakh digital telephone lines, including digital conversion of 76,000 lines.

Banks and financial institutions having appointment as primary dealers of government securities, and banks and financial institutions, mutual fund and life insurance companies having current account with Bangladesh Bank, and other institutional and private investors are eligible to submit bids for the auction.

Sealed bids for Tk 100 face value mentioning the offer price and premium/par/discount against the bond will have to be submitted at the tender box office kept at the room of Bangladesh Bank general manager in Motijheel by 10:30 am on June 28.

SHARE SCAM CASE AGAINST IMTIAZ & Co Hearing resumes after nine years

BDNEWS, Dhaka

After a break of nine years, the hearing of the share scam case against Imtiaz & Company filed by the Securities and Exchange Commission (SEC) resumed yesterday with deposition of the plaintiff.

The hearing took place at the court of third additional metropolitan sessions judge Nazrul Islam.

MA Rashid, a former official of the SEC, who is the plaintiff and a witness

in the case, made his deposition in the court.

According to the case history, 15 companies made undue profit by creating artificial price hike of shares influencing the market from July to December in 1996.

The case was filed in the chief metropolitan magistrate (CMM) court in April the following year against the companies under clause 24 of the 1959 SEC Ordinance.

Earlier, the government formed a four-member enquiry commission

headed by the then Vice-chancellor of Jahangirnagar University Prof Aminul Islam. The commission brought allegations against 15 companies.

However, the companies got stay order from the High Court after charge was framed against them.

The case got its way as the stay order against Imtiaz and Company was withdrawn recently.

The next hearing of the case will be held on August 4.

AKTEL launches GPRS facility for post-paid subscribers

The mobile phone operator AKTEL has introduced GPRS (general packet radio service) facility for its post-paid subscribers.

The facility will be available free of charge for the first two months starting from June 19, says a press release.

The service was launched at a function attended by Nasir Bin Baharom, managing director of the company, Jose Ravee, general manager (Marketing), S Rajaduray, chief financial officer, Sania Mahmood, assistant general manager.

GPRS is a technical breakthrough in cellphone communication wherein subscribers can exchange information in a wide variety of formats across the mobile telephone network.

The service, which will also be accessible to pre-paid subscribers shortly, is already available in Dhaka, Chittagong, Khulna, Rajshahi and Barisal.

Malaysia says no timetable for new Islamic bond issue

AFP, Putrajaya, Malaysia

Malaysia has no immediate plans to issue a second global Islamic bond sale despite a successful 600 million dollar issuing in 2002, Second Finance Minister Nor Mohamed Yakcop said Thursday.

"The first Sukuk, Islamic bond, was very successful. Raising a second Islamic bond will depend on the needs of the country," he told reporters on the sidelines of the two-day Islamic Development Bank governors meeting.

"At this point of time, a second Sukuk is not on the calendar," he said, responding to market expectations that another round would be in the offing.

In June 2002, Malaysia sold 600 million dollars of five-year bonds based on Islamic law. It was the first US-dollar debt to be sold by a government in line with the Islamic ban on the payment or receipt of interest.

Malaysia has so far relied on the domestic sale of bonds to fund its budget deficit.

But it has vowed to reduce its deficit, estimated at about 17.6 billion ringgit (4.6 billion dollars) this year or 3.8 percent of gross domestic product, by cutting development projects and reducing fuel subsidies.

Saudi oil revenue to rise 15pc in 2005: NCB

REUTERS, Riyadh

Saudi Arabia's oil revenues will grow 15 percent this year to 398 billion riyals (\$106 billion) on the back of high global prices, setting the stage for a record budget surplus, a leading Saudi bank said.

National Commercial Bank (NCB) said the combination of high prices and increased production will push oil income in the world's biggest crude exporter well beyond the conservative 231 billion riyals forecast in the Saudi state budget.

NCB's first quarter report was prepared before world oil prices hit new records this week close to \$60 a barrel.

Non-oil revenue this year of 49 billion riyals will push total government income to 447 billion riyals, the bank said.



PHOTO: STAR

Abdul Awal Mintoo (2-R), president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), speaks at a roundtable on "Budgetary Policies for Software Industry in the Proposed National Budget 2005-06" in Dhaka yesterday. President of American Chamber of Commerce in Bangladesh Aftab-ul-Islam and President of Bangladesh Association of Software and Information Services (Basis) Sarwar Alam, among others, were present at the discussion.

Budgetary measures to hurt software industry

Roundtable observes

STAR BUSINESS REPORT

Ten percent income tax and discontinuation of tax holiday will hinder the growth of software industry, speakers at a roundtable said yesterday.

The loss for the nation will be much heavier than the insignificant amount of revenue income by imposing tax, they said adding that software sector can be made an 'engine of national growth' if proper steps are taken.

Tax incentive is a must for attracting both local and foreign investments. All the developing countries with growing software industry including India, Malaysia, Vietnam, Pakistan and Sri Lanka are offering tax exemption facility to attract investment, they pointed out.

With FBCCI President Abdul Awal Mintoo in the chair, the discussion on "Budgetary Policies for Software Industry in the Proposed National Budget 2005-06" was organised at CIRDAP auditorium in Dhaka.

Three national ICT (information and communication technology) associations -- Bangladesh Association of Software and Information Services (Basis), Bangladesh Computer Society (BCS) and Internet Service Providers Association of Bangladesh (ISPAB) -- jointly organised the roundtable in cooperation with Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Basis President Sarwar Alam made a presentation on the software industry in Bangladesh and raised some important issues existing in the proposed budget that will be harmful to the development of the industry.

The role of the software industry for increasing the national productivity has been ignored, he observed.

In his speech, FBCCI president said the government can hardly earn two to three crore of taka by imposing the tax on software companies, but it will severely affect a potential sector.

Knowledge and competitiveness have become most important factors in production. Age of around 65 percent of the total population is below 25, he said adding that it would not be possible for them to be IT literate if there is tax on the industry.

According to organisers of the roundtable, more than 350 software companies presently operate in the country and around 6,000 IT professionals work in software firms.

Bangladesh software is exported to 30 countries including USA, Canada, Japan and EU. In the 2003-04 fiscal, software export was worth US\$ 7.2 million, recording a 71 percent growth over the previous year. In the first six months of the current financial year, the export growth has been 122 percent, the organisers said.

Present size of the domestic software market, which is served by local and international software companies, is more than Tk 200 crore and demand is growing at more than 100 percent every year, they added.

President of American Chamber of Commerce in Bangladesh (AmCham) Aftab-ul-Islam said most of the bureaucrats who work in the policy level here do not understand IT, which is one of reasons that hinders the development of the software sector.

It is the private sector that fought

against the unfavourable environment for the software industry, he said adding that the progress this sector has made so far was possible as some entrepreneurs overcame various obstacles -- not that the government helped them.

The government should not impede the pace of progress of this sector by imposing tax, he said adding that if government wants to give priority to any sector, it should be IT and software, the AmCham president felt.

Chairman of Unnayan Shamannay Dr Atiur Rahman said transparency within the government can be ensured through the development and widespread use of IT.

The economic future of Bangladesh is directly linked to the IT sector, he noted.

Dr Md Zafar Iqbal of Shahjalal University of Science and Technology said public universities in the country are always blamed for delay in publishing their results but it is due to manual work by paper and pen. It is possible to complete the task within a week instead of a month by using software.

The amount the government will gain by imposing tax on software companies is not significant. However, the privilege the government can provide by withdrawing the tax is significant, he mentioned.

Former chairman of Bangladesh Telecommunications Regulatory Commission Syed Marghub Morshed said the development of the IT sector can help increase competitiveness of the industries and efficiency of human resources and it is important to exempt tax from software firms.

Safko Spinning Mills okays 5pc cash dividend

Safko Spinning Mills Ltd has declared a five percent cash dividend for its shareholders for the year 2004.

The dividend was approved at the 11th annual general meeting (AGM) of the company on Tuesday in Habiganj, says a press release.

Chairman of the company SABM Humayun presided over the AGM, which was also attended by other senior officials.

Jamuna Bank to collect bills of Banglalink subscribers

Subscribers of mobile phone operator Banglalink will be able to pay their bills in any of the 19 online branches of Jamuna Bank Ltd.

A memorandum of understanding (MoU) to this effect was signed recently between the two companies, says a press release.

Lars P Reichelt, chief executive officer of Banglalink, and M Nazrul Islam, managing director of Jamuna Bank, signed the MoU on behalf of their organisations. Other senior officials from both the sides were also present.

IDB approves projects worth \$437m

AFP, Putrajaya, Malaysia

The Islamic Development Bank (IDB), a lender set up by Muslim countries, said Thursday it has approved financing for development projects worth 437 million dollars.

The payments include 17.1 million dollars to Gambia to finance a power plant, 106 million dollars to Morocco for road construction and 37.6 million dollars to Iran for the expansion of the Bandar Abbas shipyard in Iran.

The infrastructure projects are part of the bank's continuing efforts to boost economic growth and social development of member states and Islamic communities in non-member countries, the IDB said in a statement.

It also said it has admitted Nigeria as a new member, bringing the total membership to 56 nations.

The IDB, an arm of the world's biggest Muslim grouping -- the 57-nation Organisation of the Islamic Conference (OIC) -- is holding its two-day annual meeting here.

India invites French co to make aircraft spares

AFP, New Delhi

French aerospace group Snecma, which supplies engines for Indian military helicopters, received the government's nod Thursday to build spare parts for civilian planes in collaboration with a domestic aircraft-maker, an official said.

The Indian cabinet approved the 50:50 joint venture between Snecma and state-run Hindustan Aeronautics Ltd (HAL) and said India would invest 500 million rupees (11.6 million dollars) to kickstart the collaboration.

"The formation will lead to outsourcing of aeronautical engine components by HAL and Snecma at competitive rates," Defence Minister Pranab Mukherjee said.

REUTERS, Singapore

Oil prices traded higher Thursday after a two-day retreat, staying within sight of \$60 a barrel after US data showed demand in the world's largest energy consumer running strong in spite of ballooning costs.

Wednesday's US inventory figures provided little fresh direction. Crude oil stocks eased further from recent six-year highs, but product supplies rose as refiners worked at near full-throttle to meet demand. The data were in line with expectations.

US light sweet crude CLC1 was up 30 cents at \$58.39 a barrel in Asian trading, having slid 95 cents or 1.6 percent a day ago. On Tuesday, the front-month contract hit a high of \$59.70 a barrel, a record since the exchange started trade in 1953.

US demand for distillates, which

include heating oil and diesel, has risen 6.9 percent from a year ago while stocks are still below average, driving worries that refiners may be ill-prepared to meet peak winter demand for the fuels.

Oil prices have soared nearly 35 percent since the start of the year, averaging about \$10 more than in 2004, as hefty crude production from OPEC does little to assuage concerns about the ability of refiners to produce enough oil products.

The extra OPEC oil helped boost US crude stocks to a six-year peak last month, although they have fallen for the past three weeks as refiners return from maintenance.

Gasoline inventories nudged 200,000 barrels higher last week to stand 4.5 percent higher than last year, adding to confidence that they will last the peak-demand summer driving season.

Distillate inventories rose 1.3

million barrels and are only 0.7 percent higher than this time in 2004.

Total US oil product demand over the last four weeks is up 1.7 percent from a year ago, with gasoline consumption rising 2.5 percent but distillates leading the pack.

Those gains have coincided with greater diesel consumption in Europe, where it is increasingly the motor fuel of choice, and in No. 2 energy consumer China, where many businesses use it to fire oil-powered generators during summer electricity shortages.

Gains have also been spurred by renewed worries about supplies from producer countries after a threat against Western consulates in OPEC member Nigeria and a potential workers' strike in No. 3 oil exporter Norway, which was averted at the last moment.

Russian bid to join WTO runs into trouble

AFP, Geneva

Talks on Russia's bid to join the World Trade Organisation ran into trouble on farm trade and other issues during a "frosty" meeting on Wednesday, trade sources said.

Disagreements emerged between Russia and trading partners including Australia, Canada, the European Union and the United States during informal talks about agricultural trade as well as health and veterinary measures, the sources added.

The chairman of the WTO working party conducting negotiations with Russia, Iceland's ambassador Stefan Johannesson, also expressed broader concern about the talks as they resumed at the WTO's headquarters.

Diplomats have privately been

aiming to seal an agreement on Russia's accession at a WTO ministerial meeting in Hong Kong in December.

Johannesson said he had "some concerns about the current pace of work if we are to record serious and substantial progress in this accession in the months remaining before the Hong Kong Ministerial Conference," the sources said.

Negotiators requested clarification from Russia about the agriculture and sanitary and phytosanitary issues (SPS).

Johannesson also "regretted" that he had not received updated offers from the Russian delegation on several financial issues, including investment regimes, and competition policy.

Nonetheless, work was underway in other key areas, he added.

The talks on the multilateral part of the package for Russia's membership of the WTO were adjourned until Friday.

Agriculture, intellectual property protection in Russia, financial services and aviation industry tariffs were among the key obstacles during the last round in Geneva in April.

In May 2004, Russia reached an agreement on the WTO with its main trading partner, the European Union, one of series of parallel bilateral agreements that Moscow also needs to strike with concerned trading partners before it can join.

Russia is also close to an agreement with Tokyo and on Tuesday received the thumbs up from Mexico. But it has not managed to seal a crucial deal with the United States so far.



PHOTO: SAFKO SPINNING MILLS

The 11th annual general meeting (AGM) of Safko Spinning Mills Ltd was held on Tuesday in Habiganj. Chairman of the company SABM Humayun presided over the AGM.

Greenspan, Snow warn against China sanctions

REUTERS, Washington

Imposing punitive trade sanctions against China may slow the drive to persuade Beijing to adopt a more flexible currency and won't protect US jobs, Federal Reserve Chairman Alan Greenspan and Treasury Secretary John Snow warned on Thursday.

Clearly worried that spiraling US deficits were driving Congress toward trade action, Greenspan and Snow sought to tamp down the angry mood by pointing out the possible consequences for the United States.

Both said China should loosen the peg it maintains for its yuan currency against the dollar, in its own interest and that of the global economy, but said it would be futile to try to force Beijing to do so through trade sanctions.

"A policy to dismantle the global trading system, in a misguided effort to protect jobs from competition, would redound to the eventual detriment of all U.S. job-seekers, as well as millions of American consumers," Greenspan said.

Snow has led the Bush administration's drive to get China to ease the peg at which it has held its yuan-

-at about 8.28 to the U.S. dollar -- for nearly a decade. He said financial diplomacy was working and that China could and should adopt a more flexible currency, which would have the effect of making its imports more expensive relatively for U.S. consumers.

Trade action was not the way to go, though, he said. "Action on any of the punitive legislative proposals before Congress now would be counter-productive to our efforts at this time," Snow said.