

Govt to resume 5-year scheme to boost export

JASIM UDDIN KHAN

In a bid to boost the country's export earnings and diversify the export basket, the government is going to reintroduce the five-year Export Development Strategy.

Such a strategy was first introduced by the then government for 1995-2000 period. The successive government did not continue with the strategy, official sources said.

Under the strategy, the government is contemplating to set an ambitious export target for the fiscal year 2006-07 expediting export of traditional and new products.

"The country can earn US\$10 billion in the current fiscal year if it takes a strategy to bolster up export of potential products such as pharmaceuticals, ceramic, shrimp and agro products," a high official of the Ministry of Commerce told The Daily Star yesterday.

He said despite having huge potential, the local producers fail to reach new overseas markets due to lack of concerted efforts for marketing.

An inter-ministerial meeting with the Commerce Secretary Siddiqui Rahman in the chair was held at the Ministry of Commerce recently to fix the strategy soon.

The meeting asked all concerned to provide necessary recommendations for initiating the strategy while it was decided that a high-powered committee will be formed comprising government and private stakeholders to formulate the strategy.

The ministry official said the government will emphasise market access, product and export diversification, removing supply constraints and providing technical assistance in the new strategy. Trade related capacity development would be another area of importance.

Bangladesh has a unique three year export policy, he added. "A policy is formulated to propose commitment while a strategy forces the government to implement the planning," the ministry official explained.

The ministry will hold a second meeting on the issue next month where the committee will be formed for initiating the strategy.

The government has set an export target of about \$9.6 billion for the current fiscal year, with a growth of 12 percent over FY 2004-05. While the export earnings for the 2004-05 fiscal year may be recorded \$8.6 billion.

Woven garments still leads the export earnings with US\$3 billion followed by knitwear \$2.4 billion, frozen foods \$350 million and leather \$200 million.

Licences of 8 moneychangers cancelled

BDNEWS, Dhaka

Bangladesh Bank (BB) has cancelled the licences of 8 moneychangers for breaching rules.

According to a BB press release issued yesterday, the eight moneychangers of Dhaka, Chittagong and Manikganj, which received their licences under the Foreign Exchange Regulation Act 1947 for transaction in foreign exchange for travelling purposes, had their licences cancelled.

The moneychangers include Lubba Money Exchange, Rajdud Money Exchange, Steed Moneychanger, Diganta Money Exchange, Rifat Moneychanger, Oriental Money Exchange Ltd and SMT Money Exchange.

Uttara Finance fails to get SEC nod to issue rights shares

BDNEWS, Dhaka

Uttara Finance and Investments Ltd has failed to receive the Securities and Exchange Commission (SEC) approval to issue rights shares.

The SEC denied the Uttara Finance right to issue rights shares due to non-compliance with rules.

In a letter to the Uttara Finance, the SEC said the company's net profit and dividend fell 10 percent short of the forecast made in the prospectus during floatation of primary shares.

Besides, the issue price is not justified since the Net Asset Value (NAV) per share was lower than the proposed price and the declared dividend was lower than its estimate, the SEC said.

Copies of the letter were sent to the Bangladesh Bank (BB), Dhaka and Chittagong stock exchanges and the Investment Corporation of Bangladesh (ICB).

The SEC said the company also failed to file the cash flow statement, profit and loss account, balance sheet and notes to the accounts with certification from the auditors by March 30, 2005, as required under the rights issue rules.

Grameen One IPO sees 9 times oversubscription

STAR BUSINESS REPORT

Grameen One, the first scheme of the Grameen mutual fund, has received applications worth Tk 423.1 million against the public offering of Tk 45 million, an oversubscription by more than nine times.

The IPO (initial public offering) subscription opened on July 11, 2005 and ended on July 16 for the local subscribers while subscrip-

tion by non-resident Bangladeshis (NRBs) for Tk 5 million will begin from today and continue until August 7, 2005.

AIMS Bangladesh Ltd is managing the second privately-managed mutual fund in Bangladesh. The price of per unit of the fund is fixed at Tk 10, comprising a market lot of 500 units.

Grameen Bank has sponsored the close end scheme fund worth Tk 170 million, out of which the

sponsors' contribution is Tk 16.5 million and another Tk 103.5 million was raised through pre-public offer private placement with leading financial institutions of the country.

The prospectus was published on June 29, 2005 and subscription opened on July 11.

Yawer Sayeed, managing director of AIMS, confirmed the subscription status and expressed gratitude to Prof Mohammad

Yunus for introducing the issue.

He said the vision of Prof Yunus behind the fund was to create a dependable financial instrument for the poor clients of Grameen Bank, as well as the marginal people of the country.

Apart from investing in their own income-generating activities, the women borrowers of Grameen Bank may also be a part of the owners of the promising enterprises of the country, Sayeed added.

Exporters, govt to work on social compliance in garment sector

BDNEWS, Dhaka

The government and private sector yesterday agreed to form a national body to formulate guidelines on social compliance in garment sector.

The decision was taken at a high level meeting between top business leaders and officials of the commerce ministry.

A taskforce will execute the decisions of the national body, meeting sources said.

Bangladesh Garment Manufacturers and Exporters

Association (BGMEA) President Annisul Huq and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Fazlul Hoque represented the apparel sector in the meet.

Commerce secretary Siddiqui Rahman was in the chair.

Commerce ministry will head the national body with representation from Labour and manpower ministry, BGMEA, BKMEA, Association of Terri Towel Exporters, UNDP, ILO and foreign buyers.

The social compliance features

fabric quality, safety and security, working hours, wages, weekly holiday and workers welfare.

Local apparel sector came under pressure following the accident at Spectrum Sweater Industries.

Garment is the largest export earner for Bangladesh with 68 percent of the total export earnings coming from the sector. It also employs 2.1 million workers, almost 90 percent of them women.

The export earnings of Bangladesh from garment products stood at \$5.6 billion in 2003-04, compared to \$4.9 billion in 2002-03.

Nat'l Life declares 20pc cash, 15pc stock dividends

National Life Insurance Company Ltd has declared a 20 percent cash and a 15 percent bonus dividends for its shareholders for the year 2004.

The dividends were announced at the 20th annual general meeting (AGM) of the company in Dhaka recently, says a press release.

M Haider Chowdhury, chairman of the company, presided over the AGM.

The premium collection of the company for the year 2004 was Tk 217.27 crore.

The life fund and investment for the year 2004 increased to Tk 398.54 and Tk 315.76 crore respectively and the total asset of the company to Tk 487 crore.

The meeting unanimously approved the audited accounts of the company for the year 2004.

FBCCI ELECTION

Backstage talks on to reach consensus

STAR BUSINESS REPORT

With nearly a month left for the FBCCI biennial election, a section of business leaders are now busy doing backstage negotiations to reach a consensus and avoid the election.

Speculations are rife that a single panel from the chamber group and association group each will equally share the 24 directorships of the country's apex trade body this year.

Hectic group discussions at close-door sessions for the last few days seem to take the election within the grip of a handful business leaders, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) sources said.

Although 17 candidates from the association group have filed nominations, a panel of 12 candidates led by Mohammad Ali, an incumbent director who was nominated from Bangladesh Re-rolling Mills Association this year, has already been outlined.

"The other five candidates have agreed to withdraw their nomi-

nations," said a businessman who got his name on the list of 12.

August 2 is the last date of withdrawing nominations for the FBCCI biennial election scheduled for August 21.

Negotiations are on in the chamber group also to reach a consensus on a single panel, sources said.

Two senior Chamber leaders, both eyeing the presidency, held several meetings at a city hotel in the last few days but failed to reach a consensus, sources said.

A section of business chamber community is lobbying for Mir Nasir Hossain, nominated from Faridpur Chamber of Commerce and Industry, while Kamaluddin Ahmed, the incumbent first vice-president who was nominated from Cox's Bazar Chamber of Commerce and Industry, is also bargaining for the presidency.

Sources said Mir Nasir will get support from Mohammad Ali panel of the association group while Kamaluddin Ahmed will get support from the ruling party and Abdul Awal Mintoo, the incumbent president.

However, some candidates as

well as a portion of the voters expressed dissatisfaction over the idea of a consensus saying that it would cripple their rights to franchise.

The election board on Thursday finalised the nominations of 44 candidates, 27 from the chamber group and 17 from the association group, for 24 posts of directorship to the executive committee of FBCCI.

The board also published names of 14 directors, seven from specified chambers and seven from associations, who were nominated directly to the apex trade body.

Among the 38 executive committee members of FBCCI, 12 will be elected from chambers, 12 from associations, 7 from local chambers and the rest 7 from local associations.

As per FBCCI constitutional provision, the president will be elected from the chamber group this year.

The total 38 directors -- elected and nominated -- will choose the president and two vice presidents within 48 hours from the August 21 voting.



PN Iyer

New MD of Holcim Bangladesh

PN Iyer took over as the new managing director of Holcim (Bangladesh) Ltd with effect from July 1.

A joint meeting of the Board of Directors of Holcim Ltd, Switzerland and Holcim (Bangladesh) Ltd took the decision on the appointment, says press release.

Prior to the new assignment, Iyer had been working as a deputy chief executive officer as well as a vice president (Customer Care) of Holcim Bangladesh.

He is a commerce graduate from Kolkata University with post graduation in business management and rail transport management, and an alumnus of International Center for Management Development (IMD), Switzerland.

Iyer started his career in 1979 with Apollo Tyres of India, and later joined Raymond Cement in 1984.

US pharma giant resumes India operations

PALLAB BHATTACHARYA, New Delhi

US pharmaceutical giant Merck and Company on Friday announced its return to India two decades after having its exited saying change in Indian patent laws has made the domestic market lucrative.

Merck has set up a wholly-owned subsidiary to resume operations in India and this year the company plans to introduce two life-saving drugs and then develop medicines for such ailments as diabetes, according to the Managing Director of the company's Indian subsidiary Leonard Taura.

These drugs would be imported as there is no immediate plan to set up a manufacturing unit in India, he said.

The American company also plans to launch vaccines such as Pnemovax and Varivax by next year and four of its products are now undergoing registration studies, the Medical Director of Merck's Indian subsidiary Naveen Rao told reporters on Friday.

Taura said his company would also explore the possibility of undertaking research and development (R&D) work in India and is looking to enter into joint venture in marketing with Indian pharmaceutical companies.

China raises oil price over yuan revaluation

AFP, Beijing

China increased the price of gasoline and diesel Saturday for the second time this year, state media announced, two days after revaluing the yuan to allow it to appreciate by 2.1 percent.

"In order to guarantee the supply of domestic oil and improve energy efficiency, China decided to raise the price," Xinhua news agency quoted officials from the State Development and Reform Commission as saying.

Effective Saturday, the price of gasoline rose by 300 yuan (37 dollars), while diesel went up by 250 yuan a ton.

Egypt bombings threaten tourism bonanza

AFP, Cairo

Multiple bombings that killed at least 83 people in Egypt's largest Red Sea resort Saturday could deal a fatal blow to Egypt's vital tourism industry, as thousands of shell-shocked holidaymakers fled the resort vowing never to return.

The bombers struck Sharm el-Sheikh at the height of the summer tourist season only eight months after triple bombings on two other popular resorts further north killed at least 34.

Authorities were swift to issue statements aimed at reassuring the industry by claiming they were already on the trail of the perpetrators and stressing that holidaymakers had not cancelled their trips.

General Mohammed Zamzam, who heads the Egyptian airport

authority, said more than 6,000 tourists had flown in to Sharm el-Sheikh Saturday despite the deadly blasts and added that no flights to Egypt were cancelled.

"Of course, these attacks will have a negative impact on the industry but it is still too early to say what impact," tourism ministry spokeswoman Hala el-Khatib told AFP.

"In the light of what is happening in the world -- in London, Lebanon or Spain -- we are sure that people are not willing to give in to terrorism, to give their freedom away," she said.

But many tourists in the devastated resort were taking no chances and holidaymakers mainly from the Gulf, Europe and Russia were scrambling to get on the first bus out of the Red Sea resort.

"We were here last year. It's so nice here and the people are very

friendly. Now the feeling has completely changed. We will be scared to come here again, after such a chilling experience," Scotsman Jimmy Hayes told AFP on the scene.

Barely four hours after the blasts, groups of tourists could be seen dragging their luggage among the debris in the middle of the night to board the first outgoing coaches.

Issam Ibrahim, who runs a cafe near the site of Saturday's explosions, had no illusions on the effect the devastating attacks would have on the resort and the rest of Egypt as a tourist destination.

"(The bombers) really struck at the peak of the tourist season and in the most crowded areas. What they have achieved is that everybody is going to say: 'All these Muslims are terrorists, we're not going to visit them anymore!'"

ASIAN ECONOMIC MONITOR SINGAPORE REPORT

Looking for a better second-half

ANN/THE STRAITS TIMES

Hit by a triple whammy of slower exports, shrinking investment and slower consumer spending in the first quarter of this year, the Singapore economy is now looking forward to better prospects in the second half.

In this electronics exports-driven economy, pundits are betting on a rebound in global technology demand later this year. But with a recent slew of poor economic indicators, that recovery is now in question.

Private-sector economists recently downgraded their forecasts for the Singapore economy this year, from a median estimate of 3.8 percent to 3.5 percent. This was after the government cut the official growth forecast in May, from 3.5 percent to 2.5-4.5 percent.

Analysts cite weaker-than-expected manufacturing and trade data for May, which followed a manufacturing slump that started in the first quarter.

First-quarter growth was just 2.5 percent compared to a year ago, as Singapore's output of biomedical products dived.

Just not happening
GK Goh economist Song Seng Wun said recent economic indicators suggest that the expected electronics upturn may not materialise in the second half.

"We should now be seeing signs of a firmer rebound but it doesn't look like it's happening. This is not helped by high oil prices and excess inventory in some segments of the tech sector," he said.

What many in Singapore are banking on is a "shorter and shallower" IT downturn this time, compared with the previous dip in 2001.

There is "some continuing optimism" over the economy's prospects despite the weak first-quarter results, the Monetary Authority of Singapore (MAS) said in a survey of private-sector economists conducted in May.

Stronger consumer sentiment

This optimism is reflected by the resilient Singapore consumer whose confidence seems to have bounced back in the second quarter.

Private consumption slowed dramatically in the first quarter to just 1.9 percent growth, contributing to a 3.6 percent contraction in domestic demand.

All other indicators of the health of the consumer sector also deteriorated in the first quarter. Bank lending grew just 2.7 percent, compared with 4.5 percent in the preceding quarter.

Housing loans slowed for the fourth consecutive quarter despite the modest recovery in the residential property market, while lending to the transport and communications sector -- a proxy for car loans -- fell 5.8 percent.

But the latest retail sales figures for April were up 13 percent compared with a year earlier.

"After weakening in the second half of last year, consumer spending appears to have firmed back slightly, amid stable financial condi-

tions and steady housing prices," wrote Citigroup economist Sim Moh Siong.

As cash registers furiously ring up sales during the eight-week Great Singapore Sale which started at the end of May, retailers are also betting on aggressive discounts to entice the Singapore consumer.

Cheaper airfares into Singapore now available through the myriad budget airlines may also give the retail industry a boost.

With one in every two Singaporeans believing that the economy had improved this year, Singapore was among the top four most optimistic countries in Asia, ACSI Nielsen found in a survey on consumer confidence.

Rising rates
But rising interest rates, soaring oil prices and a further slowdown in the US economy may derail the expected recovery in the second half, economists said.

Domestic interest rates have risen in tandem with increases in US

rates and are likely to continue to do so, they said.

The MAS survey found that most economists are expecting the three-month interbank rate to rise to 2.5 percent by the end of this year, up from an earlier estimate of 2.28 percent.

But DBS Bank senior economist Dr Chua Hak Bin is expecting buoyant retail sales, a pick-up in loans to the commerce sector and job creation in the services sector.

The construction sector is also expected to turn around after contracting for the last four quarters.

"We expect second-quarter GDP growth to come in at about 3.1 percent, with the weak but positive manufacturing growth offset by steady services growth and a turnaround in construction activity. Our full-year GDP forecast remains at 4.2 percent," he said.

REUTERS, Washington

President George W Bush has created a new senior-level position to fight the global piracy and counterfeiting of American products ranging from Hollywood movies to Detroit auto parts, Commerce Secretary Carlos Gutierrez said Friday.

"Intellectual-property theft is a major problem around the world. We believe that it is costing US businesses about \$250 billion in lost sales" annually, Gutierrez in an interview with Reuters.

"Our businesses thrive on innovation, on ideas, on creativity. That's how our country has grown. And we cannot allow a world trading environment to be created where patents and trademarks and brands are not respected," Gutierrez said.

Bush has tapped Chris Israel, currently deputy chief of staff for Gutierrez, to head up the administration's anti-piracy efforts. China -- where 90 percent of music and movies are pirate copies -- will be a chief priority.

"Frankly, our goal is to reduce (China's piracy levels) to zero,

Gutierrez said. He declined to specify a timetable, but acknowledged it could be a lengthy effort.

Israel was a public policy executive at Time Warner Inc, a media company with strong interests in intellectual property rights, before joining the Commerce Department. He also has worked in Congress as a legislative aide.

Rep Adam Schiff, a Democrat whose California district is home to big entertainment companies like DreamWorks and Disney, said he hoped Bush's decision signaled a more serious campaign to stamp out intellectual property theft.

"Thus far, the administration really hasn't thrown its weight behind the anti-piracy effort," Schiff said.

"Thus far, the administration really hasn't thrown its weight behind the anti-piracy effort," Schiff said.

Gutierrez got a first-hand view on how readily available pirated films and music are in China during a visit earlier this month, when he was offered the chance to buy an illegal copy of the newest "Star Wars" movie for \$1, an aide said.