

Govt to hire 5 consultants to fix stance on Tata plan

JASIM UDDIN KHAN

The government yesterday decided to appoint five consultants for fixing its stance on proposed \$2.5 billion Tata investment plan.

The consultants will help the government determine gas and coal prices for the industrial giant's plants, investment incentive, process of land allocation, policy on open cast mining, power purchase and infrastructure development.

The decision was taken at a meeting on Tata investment held at the Prime Minister's Office with Kamal Uddin Siddique, principle secretary to the PM, in the chair, sources said.

Sources said the meeting has also decided that the government would invite Tata only after fixing the stances through discussion with the consultants.

Local or foreign professional consultants will be appointed to deal with such a huge investment plan.

"The government officials have not enough expertise to handle the US\$2.5 billion investment proposal under a package. They need tips from experts or organisations," said an official of the Ministry of Industries.

He said the consultants will be recruited soon to maintain the November 30 deadline set by the Indian conglomerate for signing the investment deal.

Meanwhile, officials of RWE Power Corporation of Germany, the Tata-appointed consultant firm, visited the Barapukuria Coal Mine project area yesterday.

RWE Power in a presentation expressed opinion in favour of opening cast mining system and said Barapukuria is suitable for the system.

The government-recruited mining consultant firm IMC-UK's representative also attended the presentation.

Sources said the government is yet to select the head of the negotiation committee after Zakir Ahmed Khan was assigned for a World Bank job.

Tata Group on April 20 this year

formally submitted a \$2.5 billion investment proposal for setting up a 1,000-MW power station, a steel mill with an annual production capacity of 4,20,000 tonne and a fertiliser unit with one million tonne capacity.

The proposed investment plan is the second highest, next to Singapore, among Tata's overseas investment programmes.

The government and the Tata Group on May 9 this year agreed to kick off formal negotiations on May 25 and wind it up by August 31 to clear the way for signing the investment contract before November 30.

Step taken to modernise rules for CIP status

BSS, Dhaka

The government has taken an initiative to modernise the rules of 'Commercially Important Person (CIP)' status and 'Export Trophy' to encourage businesspersons of the country.

The commerce ministry has already formed three product-based business promotion councils on ICT, and leather and light engineering industries under the export multi-dimension programme. The councils have started organising various training courses and workshops, an official handout said.

Activities of Bangladesh embassies abroad are being monitored to strengthen the export promotion drive.

The commerce ministry has also taken steps to formulate rules to encourage export of cut and polished diamond, potato and beef.

Under the programme for market development, the government organised five solo trade fairs and 33 international trade fairs since 2003. Bangladesh products are now getting tariff free access to 25 countries of the European Union, the handout said.

China FX reforms pick up pace

REUTERS, Beijing

China announced major currency market reforms yesterday to help banks and firms cope with the uncertainty springing from last month's landmark decision to scrap the yuan's decade-old peg to the dollar.

The central bank said that banks would be allowed to trade yuan currency forwards and swaps with each other in the onshore interbank market and that it would let more financial and import-export businesses participate in the spot foreign exchange market.

"To allow the market to play a greater role in the foreign exchange formation process and to play a basic role in resource allocation, the People's Bank of China has decided to speed up the development of the interbank forex market to provide more risk-control tools for both banks and companies," the bank said in a statement on its web site.

The central banks' governor, Zhou Xiaochuan, also made good on a promise to disclose some details of the basket of currencies to which the bank refers in managing the float of the yuan now that is no longer joined at the hip with the dollar.

"The currencies in the basket depend on the amount of foreign trade we conduct. The US euro zone, Japan and South Korea are our biggest trading partners now," Zhou said in Shanghai. "Hence, their currencies are naturally the main ones in the basket."

James Malcolm, a currency strategist with Deutsche Bank in Singapore, deduced that the dollar had a 30 percent weighting in the basket, the yen and euro 20 percent each, and the South Korean won 10 percent.

Based on that basket, Malcolm said the yuan had surrendered about 1 percent of its value in trade-weighted terms since it was revalued on July 21 by 2.1 percent to 8.11 per dollar.

Dollar prices cross Bafeda rate

STAR BUSINESS REPORT

Dollar prices crossed the rates fixed by Bangladesh Foreign Exchange Dealers Association (Bafeda) on the very first day after the association on Tuesday set the exchange rate of greenback at Tk 66 for inter-bank trading.

In the inter-bank foreign exchange market, the greenback sold at as high as Tk 66.30 yesterday, which was up by Tk .60 from the previous day's Tk 65.70.

Dollar prices for import payments fluctuated between Tk 67.15 and Tk 67.25.

However, Bangladesh Bank (BB) officials claimed the highest dollar price in the inter-banking trade was Tk 65.75 yesterday, although a Reuters report put the highest dollar price at Tk 66.30 and lowest at Tk 64.95 the same day.

Banking sources said only one

bank sold dollars at Tk 66.30 in the inter-bank foreign exchange market. BB, after being informed, put pressure on that bank and finally the price was lowered.

Bafeda in a press release mentioned the dollar-selling rate in the inter-bank market. According to the press release, Sonali Bank sold dollar at Tk 65.05, Agrani Bank at Tk 65.20, Pubali Bank at 65.70 and NBL at 65.75 yesterday.

Banking sources said only one

Uncertainty looms over FBCCI polls

SARWAR A CHOWDHURY

Legal complexities seem to push the election of the country's apex trade body to uncertainty.

Continuous writ petitions and a stay order of the High Court have cast the gloom over the future of the FBCCI election.

Speculations are also rife that it will not be possible to hold the election this year due to legal intricacies.

Since the publishing of the primary list of candidates, three writ petitions have been filed with the High Court (HC) until yesterday.

And more writ petitions will be filed with the Court in the coming days, trade body sources said.

Sources said an incumbent FBCCI director is likely to file a case against another incumbent Director Matlub Ahmed, if the election board accepts Matlub's nomination paper.

Submission of Matlub's nomination paper, according to the aggrieved director, violates the FBCCI constitution.

Although the FBCCI constitution does not allow floor crossing, Matlub submitted nomination paper from the chamber group this year crossing from the association group, the director said.

Matlub was elected director of the FBCCI from the association group in the previous election.

The FBCCI director will also file

writ petition with the HC challenging the voting rights of joint chambers.

"The joint chambers can be members of the apex trade body but they cannot be given voting rights," the director said seeking anonymity.

However, sources said since the announcement of the FBCCI election schedule, a section of businessmen have been trying to delay the election.

On August 1, the HC stayed the publication of a valid list of candidates and issued a show cause notice on the government and the FBCCI to explain within a week why the cancellation of the nomination paper submitted by Bazlur Rahman, vice-president of Narayanjanj chamber, would not be declared illegal.

The FBCCI election board cancelled his nomination paper alleging that the authorisation letter submitted for his candidature, said to be issued by Narayanjanj Chamber, was false.

Following a writ petition filed by the Bangladesh-China Chamber of Commerce and Industry (BCCCI), the HC on July 30 ordered the FBCCI to include BCCCI in its voter list and allow the chamber to contest for directorship in the FBCCI election.

On August 5, the FBCCI election board announced a fresh date for the biennial election.

The HC on August 8 stayed the FBCCI electoral activities following

the rescheduling of the polls.

Passing the stay order, the Court also issued a rule returnable within three weeks upon the FBCCI election board, directorate of trade organisation and the commerce secretary to show causes as to why the electoral activities would not be declared illegal.

The HC passed the stay order and the rule after hearing a writ petition filed by Dewan Sultan, director of Lakshimpur Chamber of Commerce and Industry, and Abdul Wahed, director of Chapai Nawabganj Chamber of Commerce and Industry.

The two directors filed the writ challenging the legality of the August 5 announcement of polls by the election board. Holding of the election as per the previous schedule was also demanded in the petition.

All electoral activities as per the rescheduling will remain suspended until the disposal of the rule.

Some business leaders alleged that the vested group is filing writ petitions with the HC so that the election does not take place in due time.

The tenure of the present FBCCI executive committee will expire on September 9 and as per the FBCCI constitution the election must be completed 15 days prior to the expiry of the incumbent committee.

Japan's 2004 exports post highest growth in 24 years

AFP, Tokyo

Japan's exports, which account for 10 percent of its economic growth, surged last year on expanding output in Asia and strong demand for cars, posting the highest growth in 24 years, a state-backed trade group said Wednesday.

Exports jumped 20.3 percent year-on-year to 565 billion dollars, marking the highest growth since 1980, the government-backed Japan External Trade Organization (JETRO) said in a report.

"This upsurge was fueled by increased procurements by Japanese-affiliated firms in East Asia and increased demand for Japanese cars and car parts in the United States and European markets," it said.

Japan's imports in 2004 expanded 19.2 percent to 454.7 billion dollars, the highest growth since 2000, led by soaring oil prices and rising imports from East Asia, JETRO said.

Mittal net profits drop 15pc

AFP, Rotterdam, the Netherlands

Mittal Steel, the world's largest steel maker, has reported a 15 percent decline in second quarter net profit and predicted slightly lower shipments in the third quarter.

Net profit dropped to \$1.09 billion (88 million euros) compared with \$1.3 billion the same period last year. Earnings per share came to \$1.57 per share. Most of the dividend will flow directly back to the Mittal family which still holds 88 percent of Mittal Steel stock.

For the first six months of the year Mittal reported a 23 percent rise in net earnings to \$2.237 billion from \$1.815 billion in second quarter 2004.



Judith Chammas, chargé d' affaires at the US embassy in Bangladesh, and Md Matiul Islam, chairman of Industrial and Infrastructure Development Finance Company (IIDFC) Ltd, pose for photographs after signing an agreement recently in Dhaka. Under the deal, US Trade and Development Agency (USTDA) will provide funds for a comprehensive project report and activity plan for developing Kuwaiti Moitree Hospital Facility into an American standard hospital by American Hospital Consortium under a long-term lease agreement with the Bangladesh government. S Bonnaffons of USTDA and PK Halder, vice president of IIDFC, are also seen.

Bangla-S'pore consultation to focus on trade

UNB, Dhaka

Bangladesh-Singapore consultation will be held in Singapore August 14-15 mainly focussing on how to enhance bilateral trade and investment and economic co-operation in potential sectors.

Foreign Secretary Hemayetuddin will lead Bangladesh team at the two-day talks seen important as a follow-up action after Prime Minister Khaleda Zia's March 20-22 visit to Singapore.

Singapore prime minister visited Bangladesh June 21-24 last year

when the two countries signed Investment Guarantee Agreement and decided on MFA-to-MFA consultations.

Bangladesh is seeking Singaporean investment, particularly relocation of their sunset industries. Though the two-way trade is insignificant, the balance of trade is in favour of Singapore.

From Singapore, Foreign Secretary Hemayet will go to Pakistan to attend the 31st Session of the Standing Committee of Saarc Foreign Secretaries in Islamabad, scheduled for August 17-18.

The Standing Committee meeting will review progress of various Saarc activities since the 12th Saarc Summit, held in Islamabad in January last year.

The Standing Committee meet will be preceded by a one-day session of the Programming Committee of Senior Officials on August 16. DG on SAARC affairs Ruhul Amin will attend the 26th programming meeting.

Hemayet will also attend the Bangladesh-Pakistan Foreign Secretary-level annual consultation in Islamabad August 19-20 to review bilateral issues, including matters of trade and economic co-operation.

Local software co to open marketing outlet in New York

STAR BUSINESS REPORT

In an attempt to enter the world's posh software markets, Millenium Information Solution Ltd (MISL), a local software solution provider, is going to open a marketing outlet in New York on August 15.

"MISL may encourage US software firms to come to Bangladesh for outsourcing purposes through the step," Mahmud Hossain, chief executive officer of the firm, said yesterday at a press conference at the Dhaka Reporters Unity auditorium.

"Primarily we have targeted such small and medium software companies in the USA, which are aggressively looking forward to low cost outsourcing," Hossain added.

As the country is not still included on the world's information technology map, leading global software-outsourcing firms feel less interest in Bangladesh, Hossain said.

He said the company's main objective behind setting up the kiosk at New York is to familiarise Bangladesh in the world's IT market. Besides, this initiative will not

only help local software experts get together with the non-resident Bangladeshi IT professionals, but also help the company get outsourcing orders from the US firms, he hoped.

Millenium is currently providing software services for local pharmaceutical companies, commercial banks, hospital management system, human resources management system and utility billing system.

MISL also provides off-shore/onshore software development services, e-commerce site developments and IT consultancy services.

British American Tobacco Bangladesh Ltd, Islami Bank Bangladesh Ltd, Al Arafah Islami Bank Ltd, West Zone Power Distribution Company Ltd, World Health Organization (WHO) and Ambee Pharmaceuticals Ltd are the major customers of the MISL.

Company directors Shaheen Hossain, Tanvir Hossain, Zakir Hossain, Saiful Islam and Saiful Maksud were also present at the press conference.

Indo-Pak trade talks report progress

AFP, New Delhi

India and Pakistan may expand shipping and air links as trade officials from both countries held a second day of meetings Wednesday to boost trade ties, a report said.

The talks came after the nuclear-armed rivals reached accord in the capital at the weekend on measures to cut the risks of accidental conflict as part of a slow peace process between the neighbours who have fought three wars.

The two sides made progress on

civil aviation and shipping agreements for expanding trade between the South Asian rivals, the Press Trust of India (PTI) said.

"There is some forward movement on improving air and sea links for which fresh civil aviation and shipping agreements would be entered into," an official source told the news agency. Both sides will meet again next month to thrash out the fresh agreements, the source said.

The Indian team was headed by Commerce Secretary S.N. Menon while Pakistan's side was led by acting

Commerce Secretary Syed Asif Shah. The nations also agreed to look at boosting banking cooperation and insurance support for exporters to spur trade.

Strengthening communication links was also discussed with India's leading private telecom companies Bharti and Reliance Infocomm exploring opportunities to partner with Pakistan Telecom in laying a fibre optic network from Lahore in northern Pakistan to the Indian border town of Wagah, PTI said.