

60 farm products to get 20-30pc export subsidy

STAR BUSINESS REPORT

The government is going to provide 20 to 30 percent export subsidy for 60 agro-products including vegetables. Bangladesh Bank in a revised circular yesterday listed the farm products eligible for the assistance and outlined the amount of subsidy for each item and procedures of subsidy disbursement. Local agriculture products, which

include vegetables, fruits betel leaf and betel nut, will get 30 percent cash export subsidy.

The circular said if local materials contribute 80 percent to processed agro-products, they [farm goods] will get 30 percent subsidy. In case of 70 percent contribution, the products will receive 20 percent subsidy.

BB has also sent a list of processed agro-products eligible for the subsidy to commercial banks. The list

includes biscuits, chanachur, juices, chips, pickles, vermicelli, noodles and spices.

The circular also said that an exporter will have to apply for subsidy within 180 days of getting the export earning from buyers.

If the exporters are members of Bangladesh Fruits, Vegetables and Allied Products Exporters Association or Bangladesh Agroprocessors Association, they will have to submit

certificates from those associations against their exports along with their application for subsidy money.

If an exporter is not a member of either of the associations, he or she will have to collect certificates from Export Promotion Bureau (EPB) while filing for subsidy amount.

Before paying off the subsidy demands banks will have to get each of the subsidy demands audited by a firm appointed by the central bank.

Jamuna Bank to float IPO

BDNEWS, Dhaka

The Jamuna Bank Ltd will float primary shares for raising over Tk 50 crore from capital market soon, sources at the Securities and Exchange Commission (SEC) said yesterday.

The bank will float 42,90,000 shares for public subscription with a 20 percent premium.

"We have applied a month ago," an official of the bank said.

When asked, SEC Chairman Mirza Azizul Islam said, "The decision will be taken shortly following the scrutiny of documents."

The bank has a paid up capital Tk 429 million, official sources said.

Fisons declares 50pc dividend

The annual general meetings (AGMs) of Sanofi-aventis group of companies, which are Aventis Limited, Fisons (Bangladesh) Ltd and Hoechst Marion Roussel Ltd, were held in Dhaka recently.

The shareholders approved the recommendation of the board of directors and declared a 50 percent dividend for Fisons (Bangladesh) Ltd. As a result, the government will receive Tk 23 million or Tk 2 crore 30 lakh in dividend for the year 2004.

Chairman of Bangladesh Chemical Industries Corporation Maj Gen (ret) Imamuz-Zaman, Bir Bikram, presided over the AGM of Aventis while Iftekharul Islam, managing director of sanofi-aventis Group in Bangladesh, presided over the AGMs of Fisons and Hoechst, says a press release.

The press release mentioned that the government holds significant shares in these companies ranging from 40 percent to 51 percent.

The Group of companies contributed a total of Tk 404 million or Tk 40.40 crore to the national exchequer in tax, VAT, customs duties in 2004.

Govt again urged to focus on SIM card tax issue

STAR BUSINESS REPORT

Cellphone operator AKTEL yesterday urged the government to re-focus on imposition of tax on all SIM (subscriber identity module) cards in order to accelerate the growth of the telecoms sector.

"As teledensity has a direct impact on the overall GDP of a country, the expansion process of telecoms sector would be faster and smoother if the authorities would kindly help the operators through further discussions on the issue," AKTEL Managing Director Ahmad Bin Ismail said addressing an Iftar party in Dhaka Sheraton Hotel.

Since 1997, he said, the AKTEL is continuing its effort to increase teledensity into all remote areas of the 61 districts under coverage.

Daewoo wins \$480m rig order

AFP, Seoul

South Korea's Daewoo Shipbuilding and Marine Engineering said Tuesday it has won a 480 million order to build a pair of oil drilling rigs for Singapore-based Frigstad Offshore.

The rigs, which can drill down to a maximum 10 kilometers (6.2 miles), will be delivered by December 2008 and June 2009 respectively for the Singaporean firm to operate off the Philippines, Daewoo said.

Samsung to set up mobile phone plant in India

AFP, Seoul

South Korea's Samsung Electronics Co said Tuesday it will establish a mobile handset production unit in India to tap into the country's handset market which held high growth potential.

It will set up Samsung Telecommunications India Co near Delhi. Production will start early next year, it said.

Samsung will move part of its mobile handset production facilities here to the Indian unit, which will have an annual production capacity of one million handsets.

The Indian operation, wholly owned by the South Korean company, will be Samsung's fifth overseas production unit, following two in China, one in Mexico and another in Brazil.

YARN IMPORT THROUGH LAND PORTS

BKMEA renews demand for reopening Benapole port

UNB, Dhaka

Knitwear exporters yesterday renewed their demand for reopening of Benapole land port for yarn import from India to protect the country's highest foreign currency earner sector.

"The future of the fast-growing knit sector will become uncertain if the government did not reopen the Benapole land port soon. Without reopening the land port, not only the progress but also the total industry will stumble," knitwear exporters said in a statement.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) in its statement

also refuted the claim made by Bangladesh Textile Mill Association (BTMA) on possible price hike of yarn in the local market.

BKMEA said the price of yarn has increased and it was being sold at US\$ 2.40-2.50 per kg, which was at \$ 2.15-2.25 only four weeks ago.

"Actually the price is much higher in the market... and it has recorded further increase by 10-15 percent per kg during the last two days," the BKMEA statement said.

Citing the local yarn price hike, the knitwear exporters requested the government to reopen the Benapole land port to import yarn from India quickly as well as to reduce pressure

on these ports.

"The growth of knit industry is around 30 percent but the spinning mills could not match such growth. That's why import has increased in the recent years and it is not possible to import huge quantity of yarn through only the seaport," the statement said.

It said Bangladesh imported 93,200 tons of yarn from India through seaport in 2004-2005, which will reach at 1,25,000 to 1,30,000 tons this year.

Earlier, the BTMA in a press conference on October 8 denied the price hike of local yarn and urged the government not to reopen the Benapole land port as it lacked proper infrastructure to check smuggling.

Bank holiday on Thursday

BDNEWS, Dhaka

Bangladesh Bank and all other scheduled banks will remain closed on October 13 (Thursday) on the occasion of holy Durga Puja, the greatest religious festival of the Hindus, said a press release of Bangladesh Bank.

Pizza Hut offers special Iftar

Pizza Hut, the global leader of the pizza industry, brings in special Iftar offer titled "Eat as much as you can" at Tk 299 only in Ramadan.

In the promotional campaign, customers will have an amazing opportunity to eat favourite line pan pizza (Beef Lovers, BBQ Chicken, Cheese Lovers, Simply Vegetable) and garlic bread as much as they want paying only Tk 299, says a press release.

Besides, customers will have unlimited refills of Pepsi for just Tk 50.

This is a special dine in offer valid only for this month of Ramada and customers can get this from 5pm to 7pm everyday.

This offer is available both in Dhaka and Chittagong outlets.

Since the first day of Ramadan, this year's special Iftar offer has already caught attention of food enthusiasts.

Saarc members try to put Safta in place

STAR BUSINESS REPORT

The Saarc member countries have hammered out their differences on three of the four major irritants hindering Safta and they are trying hard to overcome all the differences before the Saarc summit of the next month scheduled in Dhaka so that Safta should be put in place by January 1 next.

Pakistan and India have exchanged the lists of sensitive items to be kept out of the purview of their trade when the South Asia Free Trade Agreement (Safta) will be operational and a formula has been evolved to dispel the fears of the least developed countries (LDCs) of Saarc regarding Safta.

The member countries are engaged in consultations to develop a consensus on the rules of origin and mechanism for compensation for the LDCs of the bloc, according to a press report in Islamabad.

Bangladesh, Nepal, the Maldives and Bhutan constitute LDCs and they are asking for credible guarantees to save their weak economies from the adverse impact of Safta.

An exchange of formula proposals between the LDCs and non-LDCs has already taken place and it is expected that an understanding will be evolved within a couple of days on the subject.

The rate for the compensation being asked by Bangladesh and other LDCs is very high. However, other members are trying to strike a deal on it, sources said.

The first claim for compensation will mature by June 2007 in case Safta is implemented in January next year and the period in between will be sufficient to make fair assessment of the losses and compensation on that account for the parties on the question. This could provide basis for an understanding on this issue, the sources hinted.

The rules of origin mostly deal with the tariff on the value addition and the rules pertaining to the levy on import and export of certain items are being formulated by the customs authorities of the member countries.

The LDCs are keen to keep the tariff as low as possible so that their business houses should not suffer due to the new regime, Safta, the sources

said. The sources revealed that the four major agreements to facilitate Safta have been worked out but they are yet to be fine-tuned. Necessary work is being done on them these days.

The agreement on avoidance of double taxation, customs cooperation, promotion of investment in the member countries and establishment of Saarc arbitration council (SAC) are required to be ready before the final draft is signed, the sources said.

Commerce ministers from the Saarc countries are meeting in Islamabad on October 18. The high-level meeting will continue until October 22.

The commerce ministers' meeting will be the last meeting before the Dhaka summit.

The Dhaka summit on November 12-13 will also finalise the document to provide the bases for Safta.

The Islamabad meeting will also adopt a landmark resolution to have "a common position" to be taken in World Trade Organisation (WTO) all important meeting to be held in Hong Kong in December.



PHOTO: SANOFI-AVENTIS

Maj Gen (Ret) Imamuz-Zaman, Bir Bikram, chairman of Bangladesh Chemical Industries Corporation (third from right) and Iftekharul Islam, managing director of sanofi-aventis, Bangladesh, (second from right), presided over the AGM of Aventis and AGMs of Fisons and Hoechst respectively in Dhaka recently.

Post-MFA Era

Asia's textile exporters doing better than expected

AFP, Manila

Fears that China would swallow up between a third and 50 percent of all world textile trade with the end of a global export quota system earlier this year have not materialised, the International Labour Organization (ILO) said in a report Tuesday.

On January 1, all quotas on textiles and clothing exports came to an end, sparking fears that China would flood the market, undercutting competitors in Europe, the United States and crucially, many parts of the developing world.

In the event, however, Asia's textile exporting countries are coping better than first expected and forecasts of a labour and trade catastrophe have not panned out, with several factors limiting the damage.

Among them are the safeguards importing countries can invoke should China's export growth "create serious market disruption", the

report said. Another is the fact that "China is in the process of outgrowing its comparative advantage for the most labour-intensive manufacturing industries, and textile and clothing's share of employment and GDP is on a declining trend."

"It is evolving towards higher value-added industries. China is developing not only as a manufacturing hub but also as an important consumer market which is likely to absorb a much larger share of its own production, as well as total world imports," the report said.

In 2003, China accounted for 20 percent of total world textile exports and 28 percent for clothing.

The report, "Promoting Fair Globalization in Textiles and Clothing in a Post-MFA Environment," has been prepared for a meeting later this month in Geneva on the social and economic impact of the ending of the Multi-Fibre Arrangement (MFA).

In Asia, the countries predicted to be the main beneficiaries of the post-MFA trading environment were those that had suffered most earlier under its restrictions -- Pakistan, India and particularly China, the report said.

Those who had received preferential treatment -- Bangladesh, Cambodia and Sri Lanka -- were predicted to suffer.

While China has reaped benefits, the report cautions that its textile and clothing trade was artificially suppressed at the end of 2004 and artificially inflated in early 2005.

"In the first four months of 2005, Chinese textiles and clothing exports were up 18.4 percent, year-on-year. Exports to the US and the EU rose 70 percent and 45 percent respectively, although some of the increased market share may come from rerouting of exports away from Hong Kong and Taiwan" -- both of which saw export values decline, the report said.



MA Khaleque Tofazzal Hossain

Fareast Finance & Investment chairman, vice chairman

MA Khaleque and Tofazzal Hossain have been re-elected chairman and vice chairman of Fareast Finance & Investment Limited (FFIL), says a press release.

Khaleque is the founder and sponsor director of Prime Bank Limited and chairman of Prime Property Holdings Limited.

Tofazzal Hossain is a sponsor director of Shahjalal Islami Bank Limited, Taqaful Islami Insurance Limited and Managing Director of Ever Best Textile (Pvt.) Limited.

Tata Consultancy 2Q net profit up

AFP, Bombay

India's biggest software services exporter, Tata Consultancy Services, said Tuesday its second quarter net profit rose almost 21 percent from the a year ago on new business from existing clients.

Tata Consultancy net profit rose to 6.93 billion rupees (157 million dollars) in the quarter ending September 30, 2005 from 5.74 billion rupees (131 million dollars) a year ago, it said in a statement.

The earnings beat analyst forecasts of 6.72 billion rupees. In the first quarter, net profit rose to 6.1 billion rupees.

Total second quarter revenue rose 21.8 percent to 29.82 billion rupees (677 million dollars) compared to 24.48 billion rupees a year ago.

"The significant client acquisitions we had in previous quarters has resulted in significant ramp-up and growth this quarter," said S. Ramadorai, chief executive and managing director.

The company added 74 new clients last quarter and 5,596 employees in the second quarter, making it the first software company in India to employ more than 50,000 professionals.

In September, Tata Consultancy won a five-year 200 million euro (260 million dollar) contract for outsourcing work on ABN Amro's strategic banking platform which it said was the largest deal ever won by an Indian IT services company.

Oil prices up ahead of US inventory snapshot

AFP, Singapore

Oil prices rebounded in Asian trade Tuesday ahead of the release of the weekly US government report on oil inventories, dealers said.

At 11:20 am (0315 GMT), New York's main contract, light sweet crude for November delivery, was up 30 cents to 62.10 dollars a barrel from its close of 61.80 dollars in the United States Monday where it had slipped four cents.

The US Department of Energy (DoE) is due Wednesday to release its weekly report on petroleum stockpiles. Being the world's biggest energy user, the US report is closely monitored by the market.

"Obviously, the stocks with the greatest impact on prices remain the US stocks," French bank Societe Generale said in a report.

"The next report should show stockbuilds on crude and draws on products but gasoline deliveries will set the tone," the bank said.