Star BUSINESS

DHAKA WEDNESDAY NOVEMBER 9, 2005 E-mail: business@thedailystar.net

Bid to enter diamond cutting industry hangs in the balance

JASIM UDDIN KHAN

Local entrepreneurs' move to enter diamond cutting industry, which holds huge export potential for Bangladesh, hangs in the balance as the government is yet to join the Kimberley Process Certification Scheme (KPCS).

Kimberley Process is an international certification scheme that regulates the trade in rough or conflict diamonds.

The KPCS for international trade in rough diamonds was formed in 2002. Rough diamonds can now only cross border with an official certificate. The countries importing the diamonds check the sealing and the certificates of the packages.

The first meeting held to discuss the trade in conflict diamonds took place in Kimberley, South Africa, in May 2000 at the initiatives of African producing countries.

The KPCS was formed to stem the flow of conflict diamonds, also known as blood diamonds, that are used by rebels to finance wars against legitimate governments.

Several businesspeople initiated steps to establish cut and polished diamond industry in the country in early 1996 following the speedy growth of the industry in India and Sri Lanka.

Soon after the formation of KPCS, the government decided to join the scheme. But it has failed to join the KPCS due to bureaucratic tangles.

Following repeated requests from entrepreneurs, commerce ministry drafted a policy on diamond cutting and polishing early this year and sent it to Economic Affairs Committee for final nod. But the draft still awaits the go-ahead.

Earlier in 1996, the government conducted a study on potentiality of diamond cutting industry by appointing a consulting firm in collaboration with United Nation Development Programme (UNDP).

The consulting firm-- SL Mandawat-- in its study found tremendous potentiality of the industry in Bangladesh.

Entrepreneurs said the global diamond cutting industry is worth around US$ 15 billion with India enjoying major share.

In six-month period from April to September in 2005, India's finished diamond export grew by nearly 24 percent from approximately $5 billion to $6.3 billion.

Bangladesh's skilled workforce in traditional jewellery industry can heavily contribute to the diamond cutting trade, the entrepreneurs added.

Proprietor of Brilliant Hera Limited Onu Jaigirdar, who has been making efforts to start the business in the country since 1996, said inefficient bureaucracy stands in the way of diamond cutting trade when the government is spending a huge amount of money on diversifying exports.

Finished diamond can be a new item for Bangladesh's export basket, he added.

He said Russia, South Africa, Angola, Sierra Leon, Namibia, Canada and Australia are the sources of rough diamonds while India, Sri Lanka, Malaysia and Singapore are the major producers of the cut and polished diamonds.

Tk 5.4cr Danish grant for knitwear printing facility

Denmark has approved Tk 5.4 crore in grant for training and technical assistance in connection with the establishment of a printing facility for knitwear.

As part of the Danida Private Sector Development (PSD) programme, Neils Severin Munk, the Danish ambassador to Bangladesh, approved the amount, says a press release.

The Danish assistance is aiming to establish an all over printing factory for knitwear as a third-party facility, which gives the small and medium garment producers access to raw materials and services.

The facility will be established at Bhaluka as a joint venture between Clothing Partners International, Denmark and Consumer Products, Bangladesh.

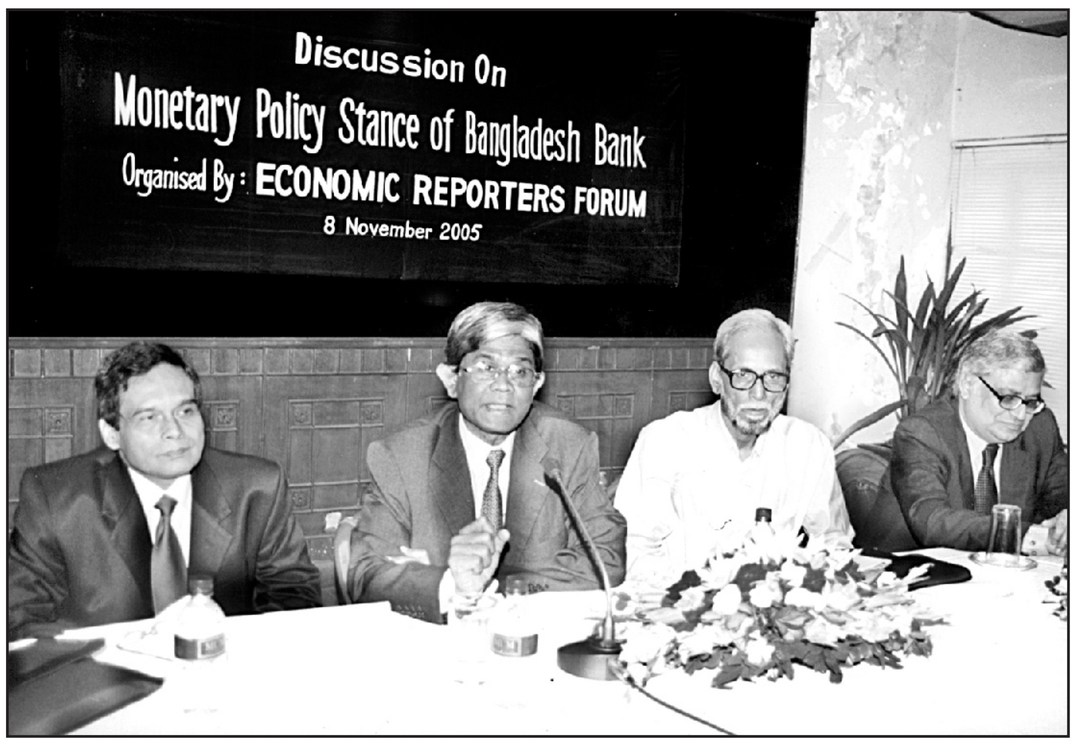

PHOTO: STAR

Bangladesh Bank Governor Salehuddin Ahmed (2-L) speaks at a discussion on 'Monetary Policy Stance of Bangladesh Bank', organised by the Economic Reporters Forum in Dhaka yesterday.

India, Pakistan agree to open bank branches

REUTERS, *Mumbai*

India and Pakistan have agreed to allow banks to open branches in each other's countries after a gap of four decades, the Reserve Bank of India said.

The move comes amid a hesitant peace process between the South Asian neighbours that includes talks on Kashmir, over which they have fought two of their three wars since independence from Britain in 1947.

"An understanding has been reached between the Reserve Bank of India and the State Bank of Pakistan on granting permission for opening two branches of banks from India in Pakistan and two branches of banks from Pakistan in India on a reciprocal basis," the RBI said in a statement Monday.

The bank said the two central banks would agree on the names of the banks in line with their bank licensing norms.

Pakistan also expressed its approval of the new policy.

"This is the pursuit of policy for easing tensions in the region," Ishrat Husain, governor of Pakistan's central bank, told Reuters in Luxembourg. "It promotes trade and commercial relations between the two countries."

Two Indian banks operated four branches in Pakistan and one Pakistani bank operated a sole branch in India from independence until the two countries fought their second war over Kashmir in 1965.

Majority of Thai large firms hit by kickbacks

ANN/ THE NATION

About 60 percent of Thai corporations have suffered fraud in their organisation, with secret commissions or kickbacks at the top of the corporate fraud list, a survey by KPMG Phoomchai Group found.

Despite the high level of fraud, respondents were reluctant to admit that their own organisations had found fraud a major problem, according to the survey, co-conducted by the Thai Institute of Directors Association (IOD) and the Stock Exchange of Thailand (SET) between January 2003 and May this year.

With respondents from 238 leading listed and non-listed firms, the survey found that 98 percent considered fraud a major problem for Thai business generally, while only 21 percent viewed the issue as a major problem within their own business.

"This is a kind of contradiction," ML Pakakaew Boonliang, director of the IOD, said at a press conference on Monday.

"Everyone fears that speaking about a fraud problem in their own organisation will negatively affect their image. This is a worry."

The survey found that the most common types of fraud occurring in Thai corporations were secret commissions or kickbacks. According to the survey report, the scammers are mostly found at the employee or non-management level and 73 percent are male.

The scammer profile shows that 55 percent are 26-40 years old, 65 percent earn a Bt25,000 monthly income or below, and 40 percent have two to five years of employment.

Kaisri Nuengsigkapian, CEO of KPMG Phoomchai, said that more than 50 percent of respondents were "C" level: chief executive officer, chief operating officer, and chief financial officer. This may explain that why accusations of fraud were most commonly directed at the non-management level.

SET senior vice president Sopawadee Lertmanaschai said this was the first survey of its kind, with respondents mostly at the management level who usually focus on non-management fraud rather than the large-scale fraud committed by management itself.

Pakakaew added that the survey results had found low-level fraud in secret commissions, while upper-level fraud committed by higher management - book cooking, money siphoning, and wrongly recorded inventory - was harder to detect.

Of the respondents, 98 percent saw fraud as a major problem in Thai corporations in general, and 61 percent suffered fraud in their own organisations during the survey period.

But only 21 percent admitted that fraud was a major problem in their company.

Of those 142 respondents that experienced various kinds of fraud, a majority or 67 percent detected one to three cases during the period. Secret commissions represent 32 percent of fraud cases, while lapping and kiting account for 27 percent.

Lanka to present pro-poor 2006 budget: minister

REUTERS, *Colombo*

Sri Lanka's 2006 budget will focus spending on health, education and post-tsunami reconstruction to help the poor while aiming for long-term economic growth of 8 to 10 per cent, Finance Minister Sarath Amunugama said Monday.

The left-of-centre government will also raise spending on rural development and offer a host of concessions to the software industry, he said, but, on the eye of his budget presentation to parliament, he gave no revenue forecast to add to last month's expenditure figures for 2006.

"The budget will put a lot of emphasis on tsunami reconstruction that will be included in infrastructure development projects," Amunugama told reporters. "There will be substantial funds for education, health and welfare."

10 local pharma cos take part in Madrid fair

Ten drug makers from Bangladesh participated in November 1-3 pharmaceutical fair titled 'Cphi world wide 2005' at Madrid in Spain, says a press release.

The companies that took part in the fair at the initiative of Export Promotion Bureau (EPB) included Hadson Pharmaceuticals Ltd, Beximco Pharmaceuticals Ltd, Beacon Pharmaceuticals Ltd, Orion Pharmaceuticals Ltd, SKF Pharmaceuticals Ltd, Reneta Pharmaceuticals Ltd, Globe Pharmaceuticals Ltd, ACI Ltd, Acme Ltd and Orion Laboratory Ltd.

Around 955 pharmaceuticals companies from 40 countries showcased their products in the fair.

Siemens to build 3G network in Qatar

Qatar Telecom (Qtel) has ordered 3G equipment from Siemens to build the first 3G network in Qatar, says a press release.

The contract includes Siemens swapping Alcatel MSCs to become the sole supplier for 2G and 3G core, as well as radio technology and a maintenance and operation package for the first year.

The network will be up and running in time for the Doha Asian Games in Qatar in December 2006.

Oil slips towards $59

REUTERS, *London*

Oil prices edged lower on Tuesday after two sessions of deep losses as mild weather dampened demand across the northern hemisphere.

US light crude oil slipped 26 cents to $59.21 a barrel by 1122 GMT, while London Brent crude fell 31 cents to $57.73.

On Monday, US crude touched an intra-day low of $58.60 a barrel, the weakest level since late July, and prices had also fallen by more than a dollar on Friday.

"We started coming down at the end of August," said Christopher Bellew of Bache Financial in London. "So we've been coming down for about 10 weeks. Oil trends tend to go on for much longer than that, so we have got a continuation of the downward movement, whether on warm weather or on weak demand."

US demand for heating oil was expected to be about 42 percent below normal this week as temperatures remained mild in the US Northeast, the world's largest oil consuming region, the US National Weather Service said on Monday.

In Japan, the world's third-largest oil consumer, where heating demand can soar in winter months, the weather was set to remain normal or warmer than normal the next two weeks.

US crude prices hit a record of $70.85 at the end of August, but have since fallen by more than $11 as the US oil industry recovers from hurricane damage and warm weather has further boosts oil inventories.

US stocks of distillates, including heating oil and diesel, were expected to have risen by 600,000 barrels last week, the first gain in seven weeks, analysts said in a Reuters survey.

They said US government data to be released on Wednesday was also expected to show a 1.0 million barrel gain in gasoline inventories and a 1.4 million barrel build in crude stocks.

US, China reach deal on textiles

REUTERS, *London*

The United States and China reached agreement on Tuesday on reining in China's booming clothing and textile shipments to the United States.

US Trade Representative Rob Portman and Chinese Commerce Minister Bo Xilai announced the deal at a joint news conference in London and hailed it as a success for both sides.

"I believe the textile agreement shows our ability to resolve tough trade disputes in a manner that benefits both countries," Portman said.

The accord is aimed at smoothing over a rough spot in the US-China trade relationship before President George Bush visits Beijing in the middle of this month.

China's exports of clothing and textile products to the United States jumped more than 50 percent in the first eight months of 2005 to nearly $17.7 billion following the end of a global quota system on January 1.

That prompted US textile producers to seek protection under a "safeguard" provision of China's 2001 entry into the World Trade Organisation. The measure allows WTO members to restrict the growth in imports from China to 7.5 percent annually when there is a market-disrupting surge.

The Bush administration has imposed safeguard curbs on billions of dollars of Chinese clothing imports this year. But because the curbs have to be renewed annually, textile groups have pushed for a comprehensive agreement that would limit imports until 2008 when the safeguard provision expires.

Cass Johnson, president of the National Council of Textile Organisations, said on Sunday the new textile agreement was expected to restrict 34 categories of clothing and textile imports from China through 2008.