

Star BUSINESS

E-mail: business@thedailystar.net

SAFTA KATHMANDU MEET

Dhaka for study on services sector before liberalisation

STAR BUSINESS REPORT

Dhaka is yet to decide on liberalisation of the services sector and will propose at Safta's forthcoming CoE (committee of experts) meeting a series of studies to assess the strength and weakness of the sector in each Sarc country.

This two-day Safta meet is scheduled to begin at the Nepalese capital Kathmandu on February 24.

Dhaka will also urge for a cost-benefit analysis of regional cooperation at the CoE meeting.

Bangladesh's stance was voiced yesterday at a preparatory meeting on South Asian Free Trade Area (Safta) held at the Ministry of Commerce with Commerce Adviser Mirza Azizul

Islam in the chair.

The ministry's high officials and representatives from different chamber and trade bodies as well as research and think tank organisations attended it.

India, Pakistan and Sri Lanka have long been seeking liberalisation of the services sector.

"We cannot take any decision on liberalising the services sector right now, as we do not know how different services can be regulated," said a commerce ministry high official who was present at the preparatory meeting.

Dhaka, however, decided to propose to the signatories of the pact on free trade in the South Asian region to revise long sensitive item lists, a factor that creates barriers to trade liberalisation. Items on the sensitive lists are

excluded from general tariff reductions.

It will also urge them to continue duty concessions for the products having preferential access under the South Asian Preferential Trade Agreement (Sapta).

"India, Pakistan and Sri Lanka have included some products in their respective sensitive lists on which Bangladesh is currently enjoying such preferential access. But, as per the Safta agreement, the Sapta concessions should maintain the same level under article 7(3) of the Safta deal," the official added.

India kept 865 products on its sensitive lists, while Pakistan included 1191, Sri Lanka 1065, Nepal 1313 and Bangladesh put 1249 products on such lists.

Bangladesh will seek immedi-

ate solution to non-tariff and para-tariff barriers during the CoE meeting.

The country will also ask for inclusion of the base rates in the customs notification of each country enabling the CoE to properly monitor the implementation of trade liberalisation programme (TLP).

The preparatory meeting also decided to choose the Export Promotion Bureau (EPB) as the designated authority for issuing rules of origin certificates.

It also welcomed the bid to incorporate Afghanistan in the Safta, a move that is expected to be finalised at the Ministerial Council meeting at Kathmandu on February 27.

US trade show begins tomorrow

STAR BUSINESS REPORT

A three-day annual US trade show begins tomorrow at Dhaka Sheraton Hotel in the capital.

The American Chamber of Commerce in Bangladesh (AmCham) in co-operation with the US embassy in Dhaka will organise the US Trade Show 2007.

The fair is aimed at enhancing trade relation between the US and Bangladesh, Andrew L Fawthrop, president of AmCham, told a press conference yesterday in Dhaka.

A total of 58 exhibitors will display their products and services in 101 booths. The show will remain open to the public from 10am to 8pm. The entry fee is Tk 20 per person. However, school students in uniforms and others students with identity cards will be allowed free of fee.

Soft drinks, health and beauty products, software, educational services, information technology, telecom solutions, banking instruments, textile machinery and food items will be put on display.

Dr AB Mirza Azizul Islam, adviser for Ministry of Finance and Planning, is expected to inaugurate the fair as chief guest, while Patricia A Butenis, US ambassador in Dhaka, is also scheduled to be present at the inaugural ceremony. US is the largest garment exporting market of Bangladesh products.

According to David W Renz, first secretary, chief economic and commercial officer of US embassy in Dhaka, Bangladesh exported goods worth \$3 billion to the US from January to November in 2006 while the US exports to Bangladesh reached \$300 million during the same period.

Emirates adds extra flights to tap air travel boom

STAR BUSINESS REPORT

Emirates is to increase the frequency of its daily flights to Bangladesh in an effort to cash in on the country's rapidly growing market for air travel.

The Dubai-based operator will raise its flight numbers to 14 a week from the existing 11 weekly flights from March 25 this year, Hanif Zakaria, area manager of Emirates Bangladesh, said at a press conference in Dhaka yesterday.

The increased flight frequency will add capacity for an extra 800 passengers and 41 tonnes of cargo a week.

Zakaria said: "The international aircraft passenger market in the country has been showing 8-10 percent growth where the growth rate is around 6-7 percent in neighboring countries," he pointed out.

Emirates is becoming more popular among the passengers here for its modern services, said Zakaria adding that currently 17 foreign and two domestic airlines are operating in Bangladesh where Emirates has between 25 and 30 percent market share.

He further said the new flights would help travelers, businessmen and expatriates. Earlier, Emirates increased its flight to 10 in September 2006 and to 11 in October due to huge passenger demand.

Zakaria said now Emirates operates flights in Bangladesh only through Zia International Airport and they are waiting for government approval to begin operation from Chittagong Shah Amanat International Airport.

Now the world's fastest growing airline, Emirates began operation in 1985. The airline currently flies to 87 destinations in 59 countries around the world, its website states.

In the fiscal year 2005-2006, Emirates carried 14.5 million passengers and one million tonnes of cargo.

Emirates started operation in Bangladesh in 1986.

Indian firm to buy Canadian aluminium maker for \$6b

PALLAB BHATTACHARYA, New Delhi

India's largest aluminium manufacturer Hindalco Industries promoted by Aditya Birla group, has announced the buying of the US-based Canadian firm aluminium producer Novelis for six billion dollars in the latest mega-buck overseas takeover by an Indian firm.

The all-cash deal between Hindalco and Novelis came just two weeks after the Tata Steel's 11.3 billion dollar acquisition of Anglo-Dutch steel giant Corus, the largest-ever foreign buy-out by an Indian firm.

Stocks placed on spot market slump

Sell-off drives indices lower

STAR BUSINESS REPORT

Shares in the five companies placed on the spot market by regulators on Sunday fell sharply yesterday, as investors tried to exit the stocks fearing the restrictions would continue to undermine their value.

The scale of the sell-off pushed the main stock indices in both Dhaka and Chittagong lower, with investors' concern about the five companies creating a general lack of confidence, traders said.

The benchmark DSE General Index dropped by 45.62 points, or 2.39 percent, ending the day at 1861.99 points. The CSE Selective Categories Index went down by 66.45 points, or 2.35 percent to 2757.94 points.

The DSE All Share Price Index also declined by 19.94 points, or 1.29 percent, to close at 1515.52 points while the CSE All Share Price Index fell by 51.13 points, or 1.20 percent, finishing at 4203.14 points.

On Sunday, the Securities and Exchange Commission (SEC) issued the directive to the Dhaka

Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) to place the shares of -- Brac Bank, Power Grid Company of Bangladesh (PGCB), Dhaka Electric Supply Company (DESCO), Summit Power and Eastern Cables -- under the spot market from yesterday [Monday]. The move was prompted by concerns over the scale of the gains recorded by the stocks in recent days.

On the spot market, securities are traded for same day trading and cash settlement, without the use of a financial adjustment facility. The adjustment facility allows an investor to buy any securities under A, B, G and N categories against sale proceeds of any securities under those categories in the same trading day.

Prices of the five companies shares went down heavily. Brac Bank shares price dropped by 9.63 percent to close at Tk 574.25 while DESCO fell 14.51 percent to Tk 664, Eastern Cables 14.87 percent to Tk 380.50, PGCB 14.26 percent to Tk

458.25 and Summit Power 6.77 percent at Tk 547.

"The retail investors lost confidence due to the SEC's intervention on public transactions of some specific issues," said a stockbroker, adding that before placing the five companies shares under the spot market, the SEC could issue an official warning to the investors.

"It's a free market economy and the SEC should not place them on the spot market. Ultimately such directives will not only force the market down but also hinder the capital inflow to the market and discourage foreign investment," he added.

The total turnover came down to Tk 98.72 crore on the DSE and Tk 18.88 crore on the CSE.

Of the 197 issues traded on the DSE, 77 gained, 106 declined and 14 remained unchanged while of the 107 issues traded on the CSE, 28 advanced and 70 declined with nine remained unchanged.

Corporate Bazaar concludes

STAR BUSINESS REPORT

The 3-day exhibition of corporate houses 'Corporate Bazaar 2007' concluded in Dhaka yesterday.

The second version of the show that began Saturday at the China-Bangladesh Friendship Conference Centre showcased products and services necessary for a business house.

More than 50 local and foreign companies took part in the show organised by Global Online Services Limited and South Asia Enterprise Development Facility (SEDF) of the International Finance Corporation (IFC), the private sector arm of the World Bank Group.

The companies that participated in the event included telecoms and IT firms, banks, airlines, office equipment manufacturers and distributors, advertising firms, security service providers, machinery and textile firms, hospitals and electronic firms.

According to the organisers, the main objective was to help improve the performance of small and medium enterprises (SMEs) through presenting business solutions at the show.

A specific zone co-sponsored by IFC-SEDF was also dedicated to one of the most important industries in the country - Ready Made Garments. The 'RMG Hall' was an opportunity for 14 IFC-SEDF partner service providers and partner financial institutions to promote their services, increase their outreach and assess existing market gaps in order to expand their range of products and solutions in the future.

Geetara Safiya Chowdhury, the industries adviser, who was present at the Corporate Leaders' Meet on the sidelines of the show on the opening day, said, "The Corporate Bazaar provides Bangladeshi SMEs an excellent opportunity to access services that will help them compete in the local and global market."

EU to propose lowering internal trade barriers

AFP, London

The European Commission will on Wednesday propose a package of new rules to lower trade barriers within the bloc that cost businesses as much as 150 billion euros per year, the Financial Times reported.

Citing a copy of the plans that it had seen, the business daily said that the proposals will mean that companies that seek to export to another EU member state will no longer have to prove that their products and services comply with that country's rules.

Instead, authorities in the receiving country will have to provide "scientific evidence" in order to enforce restrictions on the product or service in question.

According to the FT, some estimates of the additional cost to business of the barriers can be as high as 150 billion euros (195 billion dollars) per year, costs that are mostly borne by small and medium-sized businesses.

The newspaper said that EU member states have set up obstacles to trade in sectors ranging from used cars to the construction machinery.



PHOTO: STANDARD CHARTERED BANK
Tanim Noman Sattar, head of Wealth Management of Standard Chartered Bank, and Sylvia Yong, director (Regional Marketing) of Bumrungrad International Hospital, Thailand, exchange documents after signing an agreement recently. Under the deal, Standard Chartered 'Priority' customers will get special discounts on room rent and medicines, and other privileges from the hospital. Other senior officials from both the sides were also present.

Cellphone to make it easy sending money home

REUTERS, Barcelona

Mobile communications operators and banks joined forces on Monday to make it easier and cheaper for hundreds of millions of immigrants and migrant workers to send money home by using their mobile phones.

The aim is to reduce the transaction costs of sending small amounts of cash to just a few percent, from a current 24 percent for amounts as small as \$50.

"Out of the 6.5 billion people on the planet, less than one billion have a bank account. The only way to sustainably serve these people is through mobile communications," said emerging markets projects manager Ben Soppitt of the GSM Association, which groups the world's mobile carriers.

The GSM Association points out that close to 3 billion people have a mobile phone.

A group of 19 mobile operators with networks in over 100 countries and representing over 600 million customers will create a global system that could double the number of recipients of international remittances to more than 1.5 bil-

lion, while helping to quadruple the size of the remittances market to more than \$1 trillion by 2012.

Mobile operators are partnering with banks at a local or regional level. Payment card company MasterCard Inc, which has a 25,000 member-bank network will pilot a global hub that will link together national markets and the local payment systems run by mobile operators in partnership with those local banks.

EASY AS SENDING A TEXT MESSAGE

The idea is that people can load cash on their mobile, and order it to be sent to a mobile phone number in another country, where the recipient receives a message that money has arrived, making it as easy as sending a text message.

"We believe that this coming together of the mobile and banking industry is a giant leap in mobile commerce," said Sunil Bharti Mittal, chairman and managing director of fast-growing Indian operator Bharti Airtel.

"It will revolutionize the money transfer industry with its advantages, such as reach, ease of use, and lower transaction costs and provide immense benefits to peo-

ple in developing nations such as India," he added.

India is both the world's fastest growing mobile services market and the biggest recipient of overseas remittances in the world, accounting for around 10 percent of the world market.

State Bank of India, the country's largest, also participates in the project.

Smart Communications of the Philippines, another participant in the program, plans to launch several pilot projects in collaboration with mobile phone operators and banks in Bahrain, Italy and other countries hosting large Filipino migrant populations.

International remittances total more than \$230 billion a year and are a major source of income for many developing countries, the GSM Association said.

In a separate announcement, Vodafone and Citigroup said they planned to launch a Vodafone-branded mobile phone and Internet-based money transfer service for remittances, based on Vodafone's pilot of the M-PESA mobile money transfer service by its affiliate in Kenya, Safaricom.



PHOTO: COMMERCIAL BANK OF CEYLON
Commercial Bank of Ceylon Ltd has opened an offshore banking unit in Chittagong Export Processing Zone recently. Managing Director of the bank AL Gooneratne inaugurated the booth while Country Manager (Bangladesh) S Renganathan and senior officials, among others, were present.



PHOTO: STAR
Andrew L Fawthrop, president of American Chamber of Commerce in Bangladesh, speaks at a press conference in the capital yesterday to announce the schedule of the three-day US Trade Show 2007 that begins tomorrow at Dhaka Sheraton Hotel.

BB reserves 10pc SME refinancing fund for women

UNB, Dhaka

Bangladesh Bank has reserved 10 percent of its SME sector refinancing fund for women entrepreneurs at a maximum annual interest rate of 10 percent to encourage women entrepreneurs in trade, commerce and productive sectors.

The central bank has mobilised a fund of about Tk 340 crore contributed by the government and development partners as refinance facilities for the commercial banks to lend small and medium enterprises (SMEs), a senior central bank official told the news agency.

Bangladesh Bank apprised the commercial banks of its new guideline of utilising the fund facility at bank rate (5 percent) to sanction loans to their clients, according to a circular released Sunday.

It said the guidelines will be effective immediately after issuing the circular and applicable only for fresh loans to be sanctioned after

the circular.

"This is to ensure soft-term loan facilities for the women entrepreneurs for balanced and organised industrial development of the country," said the circular.

Bangladesh Bank has defined the business sector to be entitled to the fund in three sectors - services, trade and industrial - and set ceiling of amount of loan in accordance with the nature of business.

Commercial banks or financial institutions would be able to provide term loans or working capital to an individual entrepreneur between Tk 1,00,000 and Tk 50,00,000 having 100 percent refinancing facility at the bank rate.

Banks and financial institutions have been allowed to consider providing collateral-free loans of up to Tk 15,00,000 on personal guarantee.

"Consumer credit or personal loan will not be entitled to this facility," said the circular.



PHOTO: EMIRATES
Hanif Zakaria (L), area manager of Emirates Bangladesh, speaks at a press conference in Dhaka yesterday to announce the airline's move to increase the frequency of its daily flights to Bangladesh. Kazi Wahidul Alam, editor of the Bangladesh Monitor, a travel magazine, is also seen.

Adviser for hassle-free manpower export

UNB, Dhaka

Foreign Affairs Adviser Iftekhar Ahmed Chowdhury asked government outfits for overseas employment to fix the demand for profession-based Bangladeshi workforce in Asia, Europe and America.

Chowdhury, also in charge of the Ministry of Overseas Employment and Expatriate Welfare, told the officials concerned to take care so that common people seeking overseas jobs do not face any deception for their lack of understanding about the procedures of traveling abroad.

Addressing the officials of the Bureau of Manpower Employment and Training (BMET) and Bangladesh Overseas Employment Services Ltd (BOESL) yesterday, the adviser pointed out the demand for skilled manpower is gradually increasing with the slide in the demand for unskilled workforce abroad.

Stressing the need for aggressive exploration for the expansion of the overseas employment market, Chowdhury reminded that the country earned foreign exchanges amounting to more than USD 5 billion every year, "which shows that manpower export is a top sector of foreign exchange earning". Bangladeshi workforce is sent to around 46 countries around the world.

Last year, over 308,000 Bangladeshi workers were employed abroad, raising the number of the country's overseas workers to more than 46 lakh.

Chowdhury also assured that the government would examine the possibilities of opening consular offices or appointing honorary consuls to increase the export of manpower to countries where Bangladesh hasn't got its mission.

The adviser called for imparting quality training to workers and conducting welfare programme for the expatriate workers.

He said that the government would look into "effective coordination between the Ministries of Foreign Affairs and the Overseas Employment in order to expand the foreign employment market for Bangladeshi workers".