

Star BUSINESS

E-mail: business@thedailystar.net

IPO subscription of Golden Son starts today

STAR BUSINESS REPORT

The IPO (initial public offering) subscription of Golden Son Limited, a Bangladesh-Taiwan joint venture, starts today.

The Chittagong-based company, which received approval from the Securities and Exchange Commission (SEC) in January to float primary shares, will raise a total of Tk 6 crore from the public through IPO. The company will float a total of 60 lakh ordinary shares at Tk 10 each to raise the amount.

The subscription will close on Thursday while subscription for non-resident Bangladeshis (NRBs) will close on March 17.

Market sources said after a long period a manufacturing sector company is going to float primary shares in the market.

The 100 percent export-oriented company, which started its production in 2005, manufactures non-electrical cooker, hotpot, food warmer, toys, and tennis racket and ball for children.

Authorised capital of the company is Tk 50 crore and paid-up capital Tk 19 crore. The company also raised Tk 4 crore through private placement from Investment Corporation of Bangladesh, Trust Bank, Union Capital, Equity Partners and Karnaphuli Insurance.

Japan passes \$705b budget for '07

XINHUA, Tokyo

Japan's fiscal year 2007 budget, which totals 82.91 trillion yen (705 billion US dollars), was passed by the lower house early Saturday despite the oppositions' attempt to block it.

The budget, the first one under the Shinzo Abe administration, has been sent to the upper house. The ruling coalition aim to have it approved at the House of Councillors by the end of the month, i.e. before the start of fiscal 2007.

At the 480-member lower house chamber, the budget was approved by 337 votes to 125, with 462 valid votes being cast. The budget is required by law to be enacted within 30 days after approval by the lower house even if the upper house fails to endorse it, meaning it would take effect on April 1 at the latest.

"I'm glad to see the budget approved because it directly affects the daily lives of the Japanese people," Abe was quoted as saying by Kyodo News after the parliament session ended at around 4:00am local time (1900 GMT, Friday).

On Friday night, the opposition camp filed motions at the lower house plenary session before the vote for the budget, to dismiss the Budget Committee Chairmen Kazuyoshi Kaneko and the head of another lower-house committee.

The opposition criticised the ruling coalition of the Liberal Democratic Party and the New Komeito party forced a vote and pushed the budget through the lower house Budget Committee on Friday evening. Both motions were voted down, however, by the ruling majority at the plenary session.

The total national budget for fiscal 2007 will rise 4.0 percent from previous fiscal year, featuring a record-high 21.1 trillion yen (179 billion US dollars) allocated for social security-related spending.

China cuts overseas borrowing

ANN/ CHINA DAILY

Quotas will be slashed for short-term overseas borrowing by both domestic and foreign financial institutions to "maintain the basic balance of payments".

The State Administration of Foreign Exchange (SAFE) said on Friday on its website that domestic banks' quotas for foreign borrowing, or debt, will be reduced gradually to 30 percent of the 2006 level by the end of next March.

It said overseas borrowing by foreign banks and non-banking financial institutions could constitute up to 60 percent of the 2006 level within the same time limit. SAFE did not reveal the 2006 level.

The currency regulator also said that from April 1 it will include more types of borrowing in its short-term debt quota management regime, such as overseas institutional deposits.

Development bank for South Asia needed to remove poverty

Says local NGO

DU CORRESPONDENT

Setting up a development bank for the South Asians and infusing dynamism into the Saarc Development Fund can help eradicate poverty in the region, said a local NGO in Dhaka yesterday.

The NGO said the bank should be like a multilateral donor agency and it must provide unconditional soft loans for members to cut poverty.

Making Safta (South Asian Free Trade Area) effective and preparing a common sensitive list to face the global trade are also needed to fight poverty in the Saarc (South Asian Association for Regional Cooperation) bloc, the NGO said in a draft proposal.

Campaign for Good Governance or Supro, a network of local NGOs, unveiled the draft

proposal at a seminar on alleviation of poverty in the South Asian region. The final proposal paper will be prepared before the 14th Saarc summit scheduled for April 2-4 in New Delhi.

The Saarc nations must be freed from genetically modified (GM) foods, the draft said, adding that political unity among the South Asians is key to eliminating poverty by 2062.

Speakers at the seminar attributed the non-cooperation of member states in economic and social issues to the failure of the Saarc.

They observed political division in the bloc has led to its ineffectiveness.

Arms competition in the region is also increasing the rate of poverty, the speakers said. Around 40 per cent population is living below the poverty line in the region, although

poverty eradication is one of the priority pledges of the Saarc that came into being 22 years ago, the speakers added.

Coordinator of Supro Research Department Syed Aminul Haq presented the draft proposal, which was prepared on the basis of secondary data provided by different organisations such as UN and Social Watch.

Former finance minister Abul Mal Abdul Muhit, former state minister for religious affairs Moshraf Hossain Shahjahan, former advisers to the caretaker government CM Shafi Sami, Sultana Kamal, former state minister for foreign affairs Abul Hasan Chowdhury, former parliament members Dr Alauddin Ahmed, Abdul Mannan, Manoranjan Gopal and Sarder Sakhawat Hossain Bakul spoke.



Citigroup senior executive in Dhaka

Chris Bailey, director and regional head of Client Services, Citigroup Asia Pacific has arrived in Dhaka on a two-day official visit, says a press release.

During the visit, he is scheduled to meet senior officials and major clients of the bank. He will also conduct the internal assessment and training of the CitiService and Electronic Banking team to set expectations on client services roles and responsibilities.

A Citigroup professional for 18 years, Bailey has held senior postings in New Zealand, Peoples Republic of China and Hong Kong.

Indian carrier signs deal with GMG

ANN/ THE STATESMAN

Indian has recently entered into a code sharing agreement with the Bangladesh based airline, GMG Airlines and now can send its passengers between Kolkata and Dhaka on the flights of this airline.

According to the code sharing agreement holders of Indian's tickets will fly on the GMG flight with flight number IC-9001 from Dhaka to Kolkata and IC- 9002 from Kolkata to Dhaka.

The flight will operate everyday in the morning. Following the agreement, Indian will also be able to fly its passengers between Kolkata and Chittagong on the flights of GMG Airlines. Flight IC-9061 will come from Chittagong to Kolkata and IC-9062 will fly from Kolkata to Chittagong.

The flight will operate on Tuesdays, Thursdays and Sundays.

Tata, Corus to merge next month

AFP, New Delhi

Anglo-Dutch steelmaker Corus will merge with Tata Steel next month once the Indian company's shareholders approve the 13.7-billion-dollar takeover, Tata said Saturday.

The deal, India's biggest-ever foreign takeover, comes up for approval by Tata shareholders at a meeting next Wednesday.

Corus Group Plc will be delisted from stock exchanges in April after shareholders give the nod to the acquisition, chairman Ratan Tata told reporters in the eastern Indian city of Jamshedpur.

"Once the shareholders approve the proposal, Corus will be delisted from stock exchanges and would be function as a subsidiary of Tata Steel from April," the Press Trust of India quoted him as saying.

The takeover will make Tata Steel, the flagship of the Tata empire, the world's fifth-largest steelmaker, vaulting from 56th place after it beat Brazilian rival CSN in a bidding contest for Corus in January.

"An integration committee will be set up to oversee the merger of Tata Steel and Corus," Tata said at a function marking founder Jamshedji Nusserwanji Tata's 168th birth anniversary.

Tata said after a meeting with Corus chairman James Leng the committee would comprise representatives from both companies.

Leng is likely to be deputy chairman and serve as a director on the Tata Steel board, a company official who wished not to be named told AFP by telephone from Jamshedpur, where Tata's largest steel plant is located.

The combined entity will have annual output of around 25 million tonnes and more than 87,000 employees.

Tata said in Jamshedpur there would be no job cuts after the merger.

"Making Corus cost-competitive will not mean job cuts," the 68-year-old group chairman said.

Govt provides citizens with minimal information on budget, financial activities

Open Budget Index 2006 finds

STAR BUSINESS REPORT

Bangladesh government provides citizens with minimal information on yearly budget and financial activities, according to a study on public access to budget information and budgetary practices.

Unnayan Shamannay, a think tank, launched the study styled Open Budget Index 2006, conducted by MAbu Eusuf, an assistant professor of development studies at the Dhaka University, at a press conference at the non-governmental organisation's office in Dhaka on Thursday.

Dr Atiur Rahman, chairman of the Unnayan Shamannay, addressed the conference.

The Open Budget Index (OBI), an initiative of the Washington-based International Budget Project (IBP), has been prepared by 59 civil society organisations in 59 countries. The index rates countries on a scale ranging from zero to cent per cent, which have variations in providing information on budget to their respective citizens.

The index focused on public access to 7 main budget documents that included pre-budget statement, executive's budget proposal, citizen's budget, in-year reports, mid-year review, year-end report and auditor's report. The IBP developed the OBI, a survey instrument with 177 questions to collect comparative information on public access to budget information and budgetary practices involving governments.

Bangladesh scored 40 per cent out of possible 100 per cent on the OBI 2006. France has obtained the first position, which scored 89 per cent marks.

The main findings from the study on Bangladesh say that the national budget proposals provide some information to the members of the public, scoring 56 per cent out of a possible 100 per cent of the information the citizens need. A comprehensive picture of the government's financial activities should also be presented to the citizens, the study said, suggesting that there is room for improvement.

Bangladesh provides partial

information in its in-year reports, but it would greatly strengthen public accountability by publishing a comprehensive yearly review. This document should be made public with updates on what can be expected for the second half of the budget year. This has been promised by finance ministers, but never came into reality, it added.

The findings also said Bangladesh does not make its audit report public and provide any information on whether the audit report's recommendations are successfully implemented.

However, Bangladesh score on the Open Budget Index suggests that the public access to information has to be improved. The study also found that opportunities for citizen's participation could be increased, for example, the legislature does not hold public hearings on the budget in which they can participate.



PHOTO: BANGLALINK

A Banglalink Point was opened at the Mostafa Super Market at Jahaj Company Square in Rangpur recently. Senior officials of the mobile operator as well as local distributors were present during the inauguration.

US sees 'strong' global economy

AFP, Washington

US Treasury Secretary Henry Paulson said Friday that the global and US economies were "strong" and that volatility is a facet of stock markets following heavy losses on Wall Street.

Paulson, in an interview with National Public Radio, said the US economy was shifting gears into a more sustainable pace of growth.

"I begin by looking at the underlying economy. And we are looking at a global economy now, and it's actually strong now for two or three years, and it's as strong as I have seen it any time during my business career," Paulson said.

He spoke as a fresh wave of selling hit Wall Street Friday afternoon as economic concerns resurfaced and investors retrenched ahead of the weekend break.

It marked the third day of losses in the past four sessions and followed Tuesday's global stock rout which triggered the worst slump in US shares since the aftermath of the September 11, 2001 terror attacks.

Investors have cited worries about US and Chinese economic growth as reasons for the rout.

"In the US, we are in the process of making what I believe is going to be a successful transition from the level of growth which was unsustainable to one that is quite sustainable," the former Goldman Sachs chief executive said.

Paulson conceded there were some signs of weakness affecting the US housing market and manufacturing sector, but said consumers were still showing resilience and that US exports were robust.

"Labor markets are in fine shape. Low unemployment levels, adding a lot of new jobs. So the economy is strong," the Treasury chief said.

"There is volatility in markets. Markets at any one time don't necessarily reflect the economic fundamentals in markets ... certainly don't move in a straight line one way or the other forever. So as long as you have markets, you're going to have volatility," Paulson added.

High taxpayers to get airport privileges in ROK

ANN/ THE KOREA HERALD

Taxpayers who make honest returns of high taxes will be allowed to use VIP lounges at local airports and enter the country through faster customs service, the National Tax Service said yesterday.

The tax authority said the government is offering the lounge service to 40 faithful taxpayers.

In addition, a total of 250 high credit payers and their families can have speedier customs inspections, which have long been exclusive prerogatives for diplomats and high-ranking officials.

The NTS has chosen the faithful taxpayers based on revenue records and personal wants.

Individuals should be chief executives of firms that have fairly paid over 1 billion won (\$1.06 million) in corporate tax, or have paid over 100 million won in personal income tax be rewarded with the special privileges.

Toyota family says number one doesn't matter

AFP, Tokyo

Being the world's number one automaker doesn't matter unless the public is convinced of the business's quality, a member of Toyota Motor Corp's founding family says.

Toyota is forecast this year to surpass ailing US giant General Motors Corp in both sales and output for the crown of the largest automaker.

Vice President Akio Toyoda, a descendant of the family that founded the company as a textile maker in the 19th century, said the success would not go to its head.

"There is a telling episode. One

dentist claims he's the world's best on his entrance sign. A second one claims he's the nation's best, and a third claims he's the best in town," Toyoda told Saturday's Nikkei business daily.

"Patients opted for the best in town. I repeatedly say, let's become the best automaker in town."

Toyoda, the family's top-ranking member involved in day-to-day operations at Toyota, said the company's priorities remained reducing costs and quality control.

"The way we do business will not likely change much," he said.

Toyoda was the pioneer of environmentally-friendly hybrids, which

proved a major hit in the United States whose own automakers have spent the last decade focusing on gas-guzzling sports utility vehicles.

But Toyota has been careful not to gloat, fearing a protectionist backlash of the type seen in the 1980s when Japanese companies first made major inroads in the United States.

Toyota announced Tuesday it would build its eighth North American plant in the southern US state of Mississippi, creating some 2,000 new jobs at a time that the Detroit automakers are slashing their workforce.



Bangladesh Bank Executive Director Md Abul Quasem and Uttara Finance Managing Director S Arefin exchange documents after signing an MFA (Master Facility Agreement) in the capital recently. Under the deal, the company will participate in the central bank's IPFF (Investment Promotion and Financing Facility) project.

Opec expansion at risk if oil drops below \$50

AFP, Nicosia

Opec's 254-billion-dollar upstream expansion plan to raise production capacity risks being delayed if oil prices drop below 50 dollars a barrel, the cartel's secretary general has warned.

"My concern now is the price, because we are undertaking a lot of investment. If we don't have a reasonable price then that investment will not be finished," Abdalla el-Badri told the Middle East Economic Survey (MEES) in an interview to appear on Monday.

Asked what price capacity expansion is relying on, he said: "It's about 50" dollars a barrel for the Opec basket.

The price of the Opec basket, comprising 11 crudes, is currently hovering at around 58 dollars a barrel, but it dipped slightly below 50 dollars last month when world oil prices dived.

Opec plans to invest 130 billion dollars in upstream expansion by 2010 and a further 124 billion dollars in the five years after that to sustain its buffer of spare capacity, Badri said.

He said that while each member country worked with different price floor assumptions, the cost of construction, drilling, field operations, well workovers and other oil services was still rising fast.

"If (oil) prices go down and if costs go up then, in the future people will think twice before they undertake any project. So maybe instead of finishing them in two or three years they will finish them in five or six years," Badri said.

A number of oil producers have already been forced to delay or even cancel major projects because of high costs. Qatar cancelled a major gas project while Kuwait is to re-tender a new refinery project because of increased

cost.

Badri played down the possibility of Opec re-establishing a target price band because of the increased levels of market volatility, but suggested that even in the low-demand periods of the year, oil prices were now unlikely to move far below the 50-dollar mark.

He said that Opec compliance with the oil output cuts agreed in late 2006 was improving, but the results of the 500,000 barrels per day cut decided at Abuja and which took effect on February 1 would not be seen until the second week of March.

"Compliance is really improving from month to month. It's not a secret. It's 66 percent, and there is also room for improvement. I hope in March we will improve the percentage higher than January," he said.



PHOTO: IFIC

Mashiur Rahman, managing director of IFIC Bank Ltd, and Muzaffar Ahmed, president and chief executive officer of Credit Rating Information and Services Ltd (CRISL), sign a memorandum of understanding on behalf of their organisations recently. Under the accord, CRISL will conduct credit rating for the bank.