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ACU mulls multi-currency settlement options

Eight-member organisation's board meet begins in Dhaka

STAR BUSINESS REPORT

Members of eight-nation Asian Clearing Union (ACU) mull introducing multi-currency settlement options in the organisation's transactions. The ACU countries now settle entire payments of external trade only through US dollar.

Following recommendations of some members, the 36th board meeting of ACU, which began in Dhaka yesterday, formed a technical committee headed by Sri Lankan central bank chief to assess the possibility to introduce the multi-currency options.

The proposal of launching the multi-currency mode in the ACU came from Iran. Some other members also supported later. The ACU, basically a clearing and settlement organisation, was founded in 1974 with headquarters in Tehran.

The two-day Dhaka meeting also suggested establishing a backup data centre of ACU. An alternative data centre will be made as a backup of existing centre, which is now located in Iran.

The meeting also decided to work together to reduce trade gap among the ACU member countries.

Dr Salehuddin Ahmed, governor of Bangladesh Bank and chairman of Asian Clearing Union (ACU), presided over the meeting.

Yago Venugopal Reddy, governor of Reserve Bank of India, Ebrahim Sheibani, governor of the Central Bank of Islamic Republic of Iran, Ajith Nivard Leslie Cabral,



Salehuddin Ahmed, governor of Bangladesh Bank and chairman of Asian Clearing Union (ACU), speaks at the 36th board meeting of the organisation that began in Dhaka yesterday.

governor of the Central Bank of Sri Lanka, Bijaya Nath Bhatte, governor of the Nepal Rastra Bank, U Than Nyein, governor of the Central Bank of Myanmar, Daw Tenzin, managing director of the Royal Monetary Authority of Bhutan, and Yaseen Anwar, deputy governor of the State Bank of Pakistan, were present at the meeting.

The meeting over, Salehuddin told journalists that some ACU members suggested allowing other currencies in addition to US dollar to settle their payments.

"The newly formed technical committee on this issue will examine the possibility of introducing

the multi-currency options in ACU transactions," Salehuddin said.

The board meeting also decided the Maldives and Afghanistan will be the new members of ACU by 2008. The ACU board will also invite some central Asian and CIS countries to become members of the organisation.

Bangladesh is the major importer in the ACU region. In 2006, Bangladesh imported 17.7 percent of total imports in the ACU region, while it exported only 1.2 percent of total exports.

Salehuddin said the respective governments of the ACU countries can come forward to reduce the trade gap by implementing bilat-

eral and multilateral agreements.

The objectives of ACU include multilateral settlement of current account payments, conservation of forex, promotion of monetary cooperation among central banks, increasing relationship among banking system of member countries and providing currency swap arrangements.

The annual board meeting of the ACU is hosted by member countries in rotation.

The ACU transactions are growing since 1975 and it has not registered any defaulters so far. The central banks of the eight member countries, not their governments, are involved in its operations.

Bangladesh to take part in 'Asia on Show' in Sydney

UNB, Dhaka

Bangladesh is going to take part in the 'Asia on Show', one of the largest exhibitions in Sydney, beginning at Sydney Exhibition Centre, Darling Harbour on May 17.

Many Asian countries such as Brunei, China, India, Myanmar, Malaysia, Pakistan, Nepal, Sri Lanka, Singapore and Vietnam will also participate in the four-day trade fair.

Bangladeshi companies will showcase their products such as readymade garments, including woolen sweater, jute goods, silk items, ceramic tableware, towels, bed linen and other home textile products, leather fashion bags and handicraft, kitchenware and giftware in the Asia on Show.

It is hoped that Bangladeshi exporters will be able to attract potential Australian importers and take advantage of the duty free regime available in Australia for products from LDCs.

Bangladesh High Commission in Canberra in association with the Export Promotion Bureau of Bangladesh is facilitating and coordinating the participation of Bangladeshi companies in the show.

The first two days of the exhibition will be open to commercial and business people and the last two days will be open to all visitors, said a press release yesterday.

Etihad Airways opens new office

Etihad Airways Bangladesh opened its new office at Gulshan in Dhaka yesterday.

Khalifa Baital Ali Al-Mansouri, the UAE ambassador to Bangladesh, inaugurated the office, says a press release.

Among others, Geert W Boven, executive vice president (Sales & Services) of Etihad Airways, and Charles Phelps-Penry, regional general manager (Asia Pacific) of the airline, were present at the function.



Khalifa Baital Ali Al-Mansouri, the UAE ambassador to Bangladesh, cuts a cake to mark the opening of the new office of Etihad Airways Bangladesh at Gulshan in Dhaka yesterday. Geert W Boven, executive vice president (Sales & Services) of Etihad Airways, among others, is seen.

Adopt cautious policy to face inflationary pressures

ADB advises central bank

STAR BUSINESS REPORT

The Asian Development Bank (ADB) yesterday advised the central bank to adopt a cautious monetary policy and control budgetary borrowing with a more flexible exchange rates management to mitigate inflationary pressures.

The ADB in its Quarterly Economic Update, released yesterday, said point-to-point inflation rose by .6 percentage point between July 2006 and March 2007. The rise was due to growing food and non-food inflation, high monetary and private sector credit growth, government efforts to stem rising price of essentials, high fuel prices, and considerable increase in exports and remittances.

"Sound macroeconomic management, combining a cautious monetary policy stance by Bangladesh Bank and controlled budgetary borrowing, will be essential with more flexible exchange rate management to reduce inflation to more acceptable levels," the report stated.

Monetary policy also needs to counter inflationary trends generated by large foreign inflows

through exports and remittances, according to the report.

The report attributed rising food inflation to higher food-grain prices in domestic and international markets, reduced imports and lower domestic food production.

The ADB said the drive against hoarding and administrative efforts to control prices of essentials might have added to inflation by disrupting import and supply.

Besides, the recent increase in fuel prices could cause temporary inflationary pressures due to the rise in transport costs, the report pointed out.

The report also said congestion in the Dhaka-Chittagong transport corridor is reducing potential gross domestic product (GDP) of the country by one percent and costing Bangladesh 20 percent of its foreign trade potential.

The report found that the corridor, which covers 57 percent of the country's GDP and two-third of the nation's import-export flows, could play an important role in facilitating regional transport connectivity and the country's external trade.

The ADB also suggested that Bangladesh take a comprehensive development strategy for the super highway that also provides potential sub-regional link with Myanmar, Thailand, Northern states of India, and Bhutan and Nepal through India.

The bank forecast a GDP growth of 6.5 percent in the fiscal year 2007. However, it said Bangladesh has the potential of attaining more than 8 percent economic growth if the country can tap the opportunities in different sectors properly and develop infrastructure as per need.

"The country is doing well but it is still below its potential. If the country could maintain an 8 percent GDP growth, it would be a mid-income country by 2015," said ADB Country Director in Bangladesh Hua Du at the launching ceremony of the economic update in Dhaka.

About the prioritising areas in the upcoming budget, Hua Du said the government should emphasise ICT, poverty alleviation and infrastructure development in the next budget.

Four firms get SEC nod to float IPOs

DSE market capitalisation hits all time high at \$6b

STAR BUSINESS REPORT

One bank and three non-banking financial institutions got go-ahead from the Securities and Exchange Commission (SEC) yesterday to raise a total of Tk102.25 crore from the public through floating initial public offerings (IPOs).

The approval came at a meeting of the capital market regulator, sources said. The companies, which got the SEC nod, are Trust Bank Ltd, International Leasing and Financial Services Ltd, Paramount Insurance Ltd and Phoenix Finance and Investment Ltd.

The bank will raise a total of Tk70 crore including a premium of Tk29.34 crore by floating 2,934,000 primary shares of Tk150 each and a premium of Tk50 each.

The existing paid-up capital of the bank is Tk70 crore while the net asset value (NAV) per share is Tk164.8 and earning per share (EPS) is Tk52.50.

Through floating 500,000 ordinary shares, International Leasing and Financial Services will raise a total of Tk11.25 crore including a premium of Tk6.25 crore. The face value of the company's each share will be Tk225 including a premium of Tk125.

The company's existing paid-up capital is Tk18 crore while the NAV is Tk255 per share and EPS is Tk56.4.

Paramount Insurance will float 900,000 shares of Tk100 each to

raise a total of Tk9 crore from general investors.

The existing paid-up capital of the insurance company is Tk6 crore while the NAV is Tk129.05 per share and EPS is Tk16.5.

Phoenix Finance and Investment will raise a total of Tk12.50 crore through floating 1,250,000 primary shares of Tk100 each.

The company's existing paid-up capital is Tk21.11 crore while the NAV per share is Tk188 and EPS Tk37.26.

DSE MARKET CAPITALISATION HITS \$6 BILLION MARK

Meanwhile, market capitalisation on the Dhaka Stock Exchange (DSE) has crossed US\$ 6 billion mark, the highest ever in the history of the country's stock market.

The total market capitalisation on the DSE yesterday reached Tk417 billion, or \$6.04 billion. (One dollar = Tk69 approximately)

Besides, turnover on the DSE crossed Tk100 crore mark for a second consecutive day amid a rally of shares led by power and banking sectors.

The total turnover on the country's premier bourse rose to Tk129.71 crore yesterday from Tk117.36 crore on Monday.

Market analysts said the recently concluded first-ever international investors' conference in Dhaka, where foreign institutional investors showed keen interest in the country's growing stock market, helped the market go up.

Besides, the news of government move to list some 10 state-run enterprises on stock exchange as well as floatation of shares by big multinational companies like Grameenphone Ltd led to the buying spree on the bourse during the last couple of days, they said.

The DSE authorities at a press conference on Saturday expected that the listing of the state-run enterprises and other big companies including some in the gas, power and telecoms sectors on the bourse will reach the market capitalisation to US\$15 billion in the next two to three years.

Along with the turnover and market capitalisation, the price indices also went up. The DSE General Index rose by 13.95 points or 0.76 percent to close at 1842.91 points while the DSE All Share Price Index increased by 12.91 points or 0.83 percent to finish at 1554.50 points yesterday.

Of the issues traded on the DSE, 110 gained, 77 declined and 20 remained unchanged. A total of 6,919,390 shares worth Tk129.71 crore changed hands.

At the end of the day, Power Grid Company of Bangladesh (PGCB) topped the turnover leaders' list followed by Prime Bank Ltd, Brac Bank Ltd, Southeast Bank Ltd, Square Pharmaceuticals Ltd, Dhaka Electric Supply Company, Summit Power, United Commercial Bank Ltd, Eastern Cables and Shahjalal Bank Ltd. The PGCB topped the list with 250,050 shares worth Tk13.97 crore.

Thomson buys Reuters for 8.7b pounds

AFP, London

British financial information group Reuters agreed to be bought by Canadian group Thomson Corp. for 8.7 billion pounds on Tuesday in deal creating the biggest global force in the sector.

The takeover, pitched at 12.8 billion euros or 17.2 billion dollars, would elevate Thomson-Reuters above industry leader Bloomberg into first place and also hand Thomson ownership of Reuters' non-financial news and photo agency.

"The boards of Thomson and Reuters announce that they have today (Tuesday) agreed to combine the two groups," the pair revealed in a joint statement which said they would both recommend the transaction to shareholders.

The new company, to be called Thomson-Reuters, would be listed on the London and Toronto stock exchanges and headed by Reuters chief executive Tom Glocer. Thomson Corp. chairman David Thomson would keep his role.

Thomson's bid has won the crucial backing of the Reuters Founders Share Company which controls a "golden share" allowing it to block any takeover to defend the Reuters Trust Principles of editorial independence.

SoE buyers to get now 20pc rebate on full payment

UNB, Dhaka

From now on, buyers of the state-owned enterprises (SoEs) will get 20 percent rebate instead of previous 35 percent in case of full payment at a time to the government.

The Cabinet Committee on Economic Affairs (CCEA) took the decision yesterday approving a proposal of the Privatisation Commission (PC).

The CCEA also decided to increase the amount of performance guarantee as proposed by the PC.

Finance and Planning Adviser Dr. Mirza Azizul Islam, who presided over the CCEA meeting at Cabinet Division, told reporters that the decisions were taken as part of changes in the privatisation policy guidelines.

"All the decisions have gone in favour of the government and now the public interest could be protected in a better way," he said.

Another four proposals from different organisations also got the nod of the CCEA.

As per the CCEA approval, the Small and Medium Enterprises

(SME) Foundation will receive Tk 105 crore from the Asian Development Bank (ADB) endowment fund for the development of the country's SME sector.

The Chittagong Dockyard will build a 1,200 tons slipway in the dockyard through the private sector investment on build-operate-transfer (BOT) basis.

The Civil Aviation Authority of Bangladesh (CAAB) will modernise its radar system and the Bangladesh Jute Mills Corporation (BJMC) will re-tender some lots of equipment of the now defunct Adamjee Jute Mills.

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