Star BUSINESS

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LC opening rises 14.38pc in 11months

UNB, *Dhaka*

The rate of LC openings in the first 11 months of the outgoing fiscal year increased 14.38 percent over the corresponding period of last year.

According to Bangladesh Bank's figures, last year LC opened worth US$ 13958.17 million for the 11 months while the amount is US$ 159565.26 million this fiscal.

The opening of letter of credit (LC) for rice, wheat, sugar, milk foods, pulses, spices, edible oil (crude), and petroleum and petroleum products increased 107.55 percent, 42.17 percent, 170.24 percent, 10.73 percent, 24.32 percent, 87.87 percent, 38.02 percent and 14 percent respectively.

LCs worth US$ 238.73 million were opened for rice import, US$ 436.54 million for wheat, US$ 355.63 million for sugar, US$ 103.80 million for milk food, US$ 209.69 million for pulses, US$ 569.49 for edible oil (crude).

LC opening for importing capital machinery, which enjoyed zero-tariff facility for the outgoing fiscal year, was worth US$ 1375.29 million.

Oil prices lower on expectations of rise in US energy reserves

AFP, *Singapore*

Oil prices weakened in Asian trade Wednesday as the market waited for the weekly US energy report where expectations are for a further rise in petroleum reserves, dealers said.

At 10:20 am (0220 GMT), New York's main contract, light sweet crude for August delivery, was down nine cents to 67.68 US dollars a barrel from its close of 67.77 dollars in late US trades Tuesday.

Brent North Sea crude for August eased seven cents to 70.10 dollars.

"People are expecting an increase in inventory so traders are taking profits," said Tetsu Emori, chief commodities strategist with Mitsui Bussan Futures in Tokyo.

"For crude oil and gasoline (petrol), they are expecting a rise," he said.

The US Department of Energy (DoE) is due to release its weekly report later Wednesday with crude and gasoline reserves the main items closely watched by the market.

Gasoline reserves are in focus amid the current US summer driving season where demand typically peaks with many Americans taking to the roads for their vacation.

Venezuela consolidates oil industry control

AFP, *Caracas*

Venezuela Tuesday moved closer to nationalizing its oil-rich Orinoco River basin, as four foreign oil companies signed deals giving Venezuela the lion's share of the profits and two US companies pulled out altogether.

"ExxonMobil and ConocoPhillips are ending their participation in the exploration ventures," Oil and Energy Minister Rafael Ramirez said Tuesday at the signing ceremony with France's Total, Norway's Statoil, British Petroleum and US company Chevron.

The state-run oil company Petroleos de Venezuela (PDVSA) said it had raised its share in the exploration ventures from an average 39 percent to 78 percent on average in the deals.

Rahimafrooz launches jumbo IPS

Rahimafrooz yesterday launched jumbo IPS (instant power supply) in Dhaka, says a press release.

Rahimafrooz Group Director Niaz Rahim, Rahimafrooz Distribution Ltd's Parvez Saiful Islam and other senior officials were present at the launching function.

The jumbo IPS has the capacity to run AC, fridge, microwave oven, and water pump during power outage.

Now 6-KVA and 10-KVA capacity jumbo IPS is available in local market.

Bangladesh needs to make strategies for regional trade deals

Seminar observes

STAR BUSINESS REPORT

As Bangladesh is very much on the track of globalisation, it needs to formulate a future strategy for being part of any regional trade arrangements (RTAs) protecting domestic economic interests, speakers remarked at a seminar in Dhaka yesterday.

Emphasising diversification of exportable products, they said otherwise it would be too tough for the country to reap benefits an RTA offers.

Development Research Network (D.Net) and Oxfam, Bangladesh jointly organised the seminar on Regional Trading Arrangements: Opportunities and Pitfalls for Bangladesh at the CIRDAP auditorium.

"Bangladesh should not go for just making an RTA with other countries. Any RTA should be matched with domestic policy so that it can be justified to the poor," CPD Research Director Professor Mustafizur Rahman, who chaired the seminar, said, suggesting that before making any RTA, market access should be ensured so that all stakeholders are satisfied with a fair trade.

Dr Mostafa Abid Khan, deputy chief of Bangladesh Tariff Commission, presented the keynote paper.

Dwelling on prospects and barriers for Bangladesh's being part of a free trade pact, Khan said the trade-GDP ratio registered since 1990 shows that Bangladesh has been increasingly integrating itself to international trading system.

Despite all efforts, Bangladesh's export basket is still confined to a few products, while markets so far tapped are not beyond developed ones, such as EU and US, he pointed out, adding that Bangladesh's dependence on developed countries regarding international trade is still high, compared to other developing countries and its dependence on developing countries for its import is increasing rapidly.

"In such context, Bangladesh needs to take the changing international trade scenario into consideration while formulating its future trade policy," Khan observed.

Hence, the country should also examine whether it is necessary to engage itself more in RTAs and if so, what its interests are, he said.

Khan also suggested a study on core sensitive sectors, for which Bangladesh needs to be cautious in reducing tariffs.

While identifying the sensitive sectors, consumers' benefits and overall economic gains should also be taken into account, he said.

Dr Sajjad Zohir, executive director of Economic Research Group (ERG), asked for attaching more importance to services sector, which have huge potential to grow both nationally and internationally.

Dr Ananya Raihan, D.Net executive director, advocated such an RTA that ensures benefits for the common people.

Echoing Raihan's view, Anil P Tamby, country representative of Oxfam, Bangladesh, said, "Wrongly negotiated RTA can bring negative things for a country as well as for the poor people."

Sohel Ahmed Chowdhury, former commerce secretary, said capacity building of the government officials should be given top priority to gain something from international trade talks.

He sees frequent transfers as a major barrier for being a skilled negotiator in the international trade arena.

"In the recent past, we have ignored the Asean due to our misunderstanding about its benefits, although it is a vibrant regional pact," he also pointed out.

Naznin Ahmed, research fellow of Bangladesh Institute of Development Studies (BIDS), Linu Mathew Philip, CENTAD, New Delhi, India, A K M Masud Ali of MTF Alliance, SM Ahsan Habib, founder member of D. Net, Dhaka, and Manjur Ahmed, adviser to the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), also took part in the discussion.

PHOTO: STAR

CPD Research Director Professor Mustafizur Rahman speaks at the seminar on Regional Trading Arrangements: Opportunities and Pitfalls for Bangladesh at the CIRDAP auditorium yesterday.

Repeat Asian financial crunch unlikely, despite shocks

AFP, *Hong Kong*

Ten years after the Asian financial crisis stung unwitting investors, stock markets have returned to record highs and free-wheeling capitalism is back, prompting many to ask, can it happen again?

Probably not, according to analysts, who argue the fiscal psyche of the region was fundamentally changed by the social and economic upheavals of 1997 and 1998 that marked an end to decades of unprecedented regional growth.

David O'Rear, chief economist with the Hong Kong General Chamber of Commerce said there were no reasons why the same circumstances that led to the Asian crisis could not happen again but the odds are low.

"First and most important, the decision makers have been there, done that, and got the message," he said. "Experience is a great teacher and no one in Asia will forget the economic depression of the late 1990s."

The crisis was sparked on July 2 1997 when Thailand attempted to ease immediate pressure on its own faltering economy by floating its currency which had remained pegged within narrow trading band against the US dollar.

Other currencies followed suit and crashed under crippling debt levels and amid soaring interest rates. Governments were forced to slash budget spending and drastically reduce subsidies to business and the poor.

Widespread and often bloody protests erupted around the region, governments were thrown out of office and the International Monetary Fund (IMF) extended bailout packages to South Korea, Thailand and Indonesia.

The harsh econmic conditions tied to those packages had others, like Malaysia, rejecting IMF advances. Stock markets collapsed and bankruptcies beckoned.

Then, wars in Iraq and Afghanistan, the outbreak of bird oflu in 1997 and then SARS in 2003 compounded the problems and it was not until 2005 that the region's economy returned to an even keel.

PHOTO: STAR

Rahimafrooz officials are seen at launching ceremony of the company's jumbo IPS (instant power supply) in Dhaka yesterday.

DSE turnover, share prices decline after 10-day rally

UNB, *Dhaka*

Country's premier bourse Dhaka Stock Exchange (DSE) yesterday witnessed a decline in turnover and share prices after 10 consecutive days of rise, including a record-breaking transaction on Tuesday.

Market insiders attributed the decline to profit taking by the investors.

The DSE set a milestone as its turnover hit Tk 234.44 crore on Tuesday. The turnover, however, declined to Tk 158.15 crore yesterday.

DSE All Share Price Index (DSI) shed 17.06 points or 0.96 percent to close at 1753.29 yesterday against 1770.36 on Tuesday.

The DSE General Index also fell 17.47 points or 0.81 percent during the day to close at 2131.79 against 2149.26 on the last trading day (Tuesday).

DSE-20 Index (DS20), considered the blue chip shares, dropped 18.77 points or 0.99 percent to close at 2131.79 from 1891.56 on Tuesday.

Of the total 199 issues traded on the day, 66 gained, 103 declined and 30 remained unchanged.

Manila to sell corporate assets to cover tax shortfall

AFP, *Manila*

Substantial Philippine government stakes in the corporate sector including in brewer San Miguel Corp. are to be auctioned to cover shortfalls in tax collection, Finance Secretary Margarito Teves said Wednesday.

Manila hopes to raise an extra 105 billion pesos (2.26 billion dollars) from the sales to help meet its budget deficit target ceiling of 63 billion pesos this year, or around one percent of gross domestic product.

The deficit in 2006 was 64.8 billion pesos.

The government's remaining stake in San Miguel should raise 50 billion pesos when it is sold within the next three months, while its shareholdings in the top utility Manila Electric Co. should raise five billion pesos, he added.

Teves said the government also intends to push through with the sale of its remaining 60 percent stake in PNOC-Energy Development Corp (PNOC-EDC), a unit of state oil firm Philippine National Oil Co.

Freight forwarders assoc's adhoc committee

A 7-member ad-hoc committee of the proposed single trade association for freight forwarders, Bangladesh Freight Forwarders Association (BFFA), has recently been constituted with Helaluddin Akbar as its president, says a press release.

The body was formed at a meeting of representatives from the Association of Cargo Agents of Bangladesh (ACAB) and International Freight Forwarders Association of Bangladesh (IFFAB) under the help and supervision of the Task Force (B) on Chittagong Port Affairs.

The new committee will initiate the process of merger of ACAB and IFFAB and take necessary action to form the BFFA. It will also prepare a draft of the Freight Forwarders Licensing Rules in consultation with the National Board of Revenue (NBR), Customs and the Task Force (B) on Chittagong Port Affairs for submission to the NBR for notification as SRO.

The new body's president has been nominated from ACAB, while two vice presidents, Badrul Haque Chowdhury and Mohammed Faiz Khan are from IFFAB and ACAB.

Chowdhury is vice president for Chittagong region and Khan is vice president for Dhaka.

The other members of the body are Md Nasir Uddin Mahmud of ACAB (assistant general secretary, Dhaka), Akter Kamal Chowdhury of IFFAB (assistant general secretary, Chittagong), Sultan Ahmed of ACAB (joint treasurer, Dhaka) and Mostak Ahmed Talukder of IFFAB (joint treasurer, Chittagong).

ACAB President Captain Saifur Rahman and IFFAB President Rafi Omar will be coordinating the adhoc committee as advisers.

BRAC Bank rolls out new product for light engineering industry

STAR BUSINESS REPORT

BRAC Bank Limited yesterday launched a new loan product for light engineering factories to promote the potential import substitute industry.

The new product styled 'Sammriddhi', or prosperity, was launched at a press conference in Dhaka yesterday. The bank has launched the loan programme with the support of IFC- SEDF (International Finance Corporation's South Asia Enterprise Development Facility).

Under the scheme, light engineering factory owners will be able to get Tk 30 lakh-Tk 2 crore corporate loan and Tk 3 lakh-Tk 30 lakh SME loan, Khwaja Shahriar, head of Corporate Banking of BRAC Bank, told the press briefing.

Although interest rate has been fixed at 17 percent, borrowers will receive different types of facilities under the service, Shahriar said.

Describing a facility, Shahriar said the light engineering entrepreneurs will get collateral-free loan under the service.

Around 95 percent of SME loans disbursed so far by the bank are collateral-free, said Farzana Chowdhury, head of SME Banking of the bank.

Around 80,000 people are involved with 7,000 light engineering factories across the country, the bank officials said.

Rajeev Gopal, coordinator, sector development of IFC-SEDF, and Tanveer Rahman, manager (marketing communications) of BRAC Bank, among others, were also present at the press conference.

IMF delays consideration of gold reserves sale

AFP, *Washington*

The International Monetary Fund has delayed by one month a board meeting to discuss financial reform, including the possible sale of some of its valuable gold reserves, a spokesman said Tuesday.

"The current plan is to have a board discussion on the Fund income position in late July," IMF spokesman William Murray told AFP.

In early June, another spokesman, David Hawley, had said an initial board meeting to work on an income model "will take place later this month."

Revision of the IMF's financial model is a key element in the reform of the six-decade-old multilateral institution, which is seeking to redefine its role in a substantially changed global financial landscape.

The global lender has seen its operational income slump as debtor countries repay their Fund loans early and some countries are shunning its credit and the accompanying restrictions.

Murray said the work program plan was "just an aim ... not a hard timeline."

"The income model is still on track for initial board discussion," he said.

In late January, an IMF-appointed panel of leading experts called on the Fund to sell some of its gold reserves to assure its future.

The Fund has forecast a revenue shortfall of 165 million dollars for its 2007 fiscal year ended April 30 largely due to a larger-than-expected decline in outstanding IMF credit. For its fiscal year 2008, the income shortfall is expected to balloon to 224 million dollars.

The panel of experts predicted in January the deficit would climb to 365 million dollars by 2010. They suggested, among other measures, the sale of 400 metric tons of gold, which at the time could raise 6.6 billion dollars at current market prices.

The IMF has more than 3,200 metric tonnes of gold as part of its financial stockpile, but has resisted selling any.

IMF chief Rodrigo Rato appointed the panel in May 2006 to come up with ideas to avert a cash crisis for the global lender.

The committee was chaired by Andrew Crockett, former head of the Bank for International Settlements, and also included European Central Bank president Jean-Claude Trichet and People's Bank of China governor Zhou Xiaochuan.

Money from the gold sales should be put in an endowment fund, which could yield annual investment profits of 195 million dollars, the report by Crockett's panel said.

China asks Pakistan to protect its workers

AFP, *Beijing*

China called on Pakistan to step up its protection of Chinese workers in the South Asian country, state press reported Wednesday, following the brief kidnapping of seven Chinese people in Islamabad.

One male and six female Chinese, as well as two Pakistanis, were abducted from the acupuncture clinic where they worked in the early hours of Saturday by students from a radical mosque, before being released later in the day.

Students from the Red Mosque and Jamia Hafsa female seminary raided the clinic, which they alleged was being used as a brothel.

China's Public Security Minister Zhou Yongkang on Tuesday called on Pakistan to take further measures to ensure the security of Chinese workers and property, according to the Xinhua report.

"We hope Pakistan will look into the terrorist attacks aiming at Chinese people and organisations as soon as possible and severely punish the criminals," Zhou told visiting Pakistani Interior Minister Aftab Ahmed Khan Sherpao.

In response, Sherpao said Pakistan would take more rigorous action to safeguard the security of Chinese people and organisations in Pakistan, Xinhua added.

China has refused to comment on allegations the kidnapped workers were involved in prostitution, saying only they were running a business in Pakistan that had all the necessary legal licences.

PHOTO: STAR

Arif Mutahar (2-L), managing director of Dhaka Regency, speaks at a press briefing in Dhaka yesterday to announce the schedule of a nine-day international food festival beginning on July 5. Chairman and Executive Director of the hotel Musleh Ahmed (2-R), Executive Director Kabir Reza (L) and Executive Chef Ahmed Hossain are also seen.

HSBC launches new product for small firms

HSBC on Sunday launched a new product called Trade Up to offer trade financing to small and medium sized businesses that supply larger manufacturers of ready-made garments, says a press release.

Speaking about the launch, Steve Banner, chief executive officer of HSBC Bangladesh, re-iterated HSBC's commitment to supporting SMEs, which has made a great contribution to the economy.

Banner said, "With Trade Up, smaller businesses will now have access to international bank throughout their trade cycle."

Md Mahbub-ur-Rahman, corporate banking head, said, "Trade Up provide better support to RMG value chain suppliers, who play an integral part in the development of the RMG sector."

Rahman noted that HSBC had previously launched an import finance product for SME customers called Tradeline.

9-day int'l food festival at Dhaka Regency Hotel from July 5

STAR BUSINESS REPORT

A nine-day international food festival will begin at Dhaka Regency Hotel on July 5 to mark the formal opening of the newly launched hotel's restaurant.

The festival will remain open from 7pm to midnight at the restaurant, Grandiose, on the 6th floor of the five-star hotel from July 5 to July 13 for gourmets, officials told a press conference yesterday in the capital.

During the festival, the dinner will cost a person Tk 650 excluding services charge and VAT, the hotel officials added.

"Continental, Italian, Arabian, Thai-Chinese and Indian dishes will be available during the festival. Besides, the food lovers can also taste fresh juice, salad and different dishes from Lebanon, Mexico, Mongolia, Egypt, Spain and Morocco," said Arif Mutahar, managing director of Dhaka Regency.

The festival will also feature cultural programmes, he said.

Industries Adviser Geeteara Safiya Choudhury and Foreign Adviser Iftekhar Ahmed Chowdhury are likely to attend the launching of the food festival.

The Daily Star, The Jugantor, Channel i and radio Today are the media partners of the festival.

Replying to queries, Mutahar said British Bangladesh Investment Group, a consortium of Bangladeshi British nationals, owns the hotel.

"So far we have invested more than Tk 300 crore in hospitality business in Bangladesh and we have a plan for further investment. We have already started a feasibility study to set up more international standards hotels, resorts and motels in the country's tourism centres such as Cox's Bazar, Teknaf and Kuakata," he added.

The grand opening function of the hotel will be held at the later part of this year, he said, adding that now there are around 250 employees in the hotel. The number of staff will reach 500 before the grand opening, he also said.

Among others, Chairman and Executive Director of the hotel Musleh Ahmed, Executive Director Kabir Reza and Executive Chef Ahmed Hossain were present at the press conference.