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\$7b Saudi-Bangla oil refinery likely in 40 months

Deal on largest-ever FDI in private sector inked

STAR BUSINESS REPORT

The country's second crude oil refinery company is likely to come into operation in a span of 40 months as a US\$7 billion joint venture deal between a Bangladeshi company and a Saudi big investment company was signed yesterday.

The people close to the country's investment scenario believe it to be the single largest-ever foreign direct investment (FDI) in the first-ever crude oil refine industry in the private sector.

Eastern Refinery, a state-owned enterprise, is the present such lone unit to manufacture petroleum products.

Managing Director of the Cosmopolitan Group of Companies Nur-Nabi Bhuiyan and Chairman of Hitech International Group Dr Yasin S. Indekeri signed the agreement on behalf of their

respective sides at a ceremony in Dhaka.

The new venture, which is a petrochemical complex, will be a cent percent export-oriented one having a capacity of refining 300,000 barrels a day and 5.1 million tonnes a year, a quantity that is three times higher than that produced by Eastern Refinery Limited. The state-run company refines crude oil for the local market.

Before the signing of the deal, Dewan Sultan Ahmed, chairman of Cosmopolitan Oil Refinery Management Limited, a concern of the Cosmopolitan Group, and also a former vice president of FBCCI (Federation of Bangladesh Chambers of Commerce and Industry), said, "The Saudi company's initial investment will be \$3 billion, which is to be elevated to an amount of \$7 billion."

The Bangladeshi sponsor company's top official has expressed his

hope that the new plant will go into operation in 3 and quarter years.

Both the companies have already submitted Expression of Intent (EoI) letter to the Board of Investment (BoI) to implement the project, Dewan further said.

Echoing Dewan's hope, the Saudi group chairman Dr Indekeri said, "The refinery will go into production within 36 to 40 months."

BoI Executive Chairman Kamaluddin Ahmed and FBCCI's former president Yousuf Abdullah Haroon were present among others at the epoch-making signing ceremony.

Pointing to the fact that there is no equity partner either from the government side or local private company for the refinery plant, Dewan said, "Hitech International will provide \$3 billion as 100 percent equity of the proposed project. Cosmopolitan Oil Refinery Management Limited of

Bangladesh will be Hitech's joint venture partner and will endeavour and perform all local required activities and services."

He said the project will need 500 hectares of land in the coastal belt for the convenient entry of vessels with crude oil from Saudi Arabia.

Dewan said more than 1000 skilled and semi-skilled workers would be employed in the state-of-the-art technology run refinery.

Natural gas will be used as energy for running the plant, he said, adding that the Saudi company has already sought gas at a concession rate for more than 25 years.

Hailing the signing of the deal, Yousuf Abdullah Haroon said it is the right time to invest in oil refinery in Bangladesh. "We need energy security, so setting up of such oil refinery plant will contribute to forging future energy security."

CNG station owners demand retesting of cylinders in every 5 years

STAR BUSINESS REPORT

A demand for retesting the cylinders used in CNG-run vehicles in every five years from the date of manufacturing was raised at a press conference in Dhaka yesterday.

Compressed natural gas filling station and conversion workshop owners said the government should immediately retest 50,000 such vehicles plying across the country as five years have already passed after privatisation of the CNG sector in 2001.

They said there is no alternative to usage of appropriate cylinders in vehicles in the interest of averting explosion and thus loss of life and property.

They also urged the Bangladesh Road Transport Authority to issue vehicle fitness certificate only after obtaining appropriate test certificates for the cylinders installed in different CNG-run vehicles by their owners from manufacturers or authorised retesting centres.

Shafiqul Islam, president of Bangladesh CNG Filling Station & Conversion Workshop Owners Association, told journalists that 210 CNG filling stations had sprang up with around Tk110 crore since 2002.

CRISL clarification

In a clarification on a news report headlined 'BSRS board virtually ineffective' printed on January 24, Credit Rating Information and Service Limited (CRISL) said its observations and opinions mentioned in the report were applicable to the previous board of the Bangladesh Shipha Rin Sangstha (BSRS), not the current board.

"We wish to clarify that our rating report on BSRS covers the period from July 1, 2006 to June 30, 2007. Our observations and opinion related to the Board that existed during this period do not concern the composition or performance of the current board which started functioning from May 31, 2007," CRISL said.

Ensure farm inputs to achieve ambitious Boro output target

CPD discussion told



Chairman of Centre for Policy Dialogue (CPD) Prof Rehman Sobhan (L) speaks at a discussion in Dhaka yesterday. (From left) Agriculture Adviser Dr CS Karim, Director General of Bangladesh Institute of Development Studies Quazi Shahabuddin, former agriculture minister Matia Chowdhury and CPD Executive Director Mustafizur Rahman are also seen.

STAR BUSINESS REPORT

Timely availability of farm inputs must be ensured to achieve this year's ambitious Boro rice output target, a discussion organised by Centre for Policy Dialogue was told in Dhaka yesterday.

The farm inputs like seed, fertiliser, irrigation and electricity have to be ensured to attain about 17 percent higher production of Boro this season, compared to the last year's, speakers said.

They also stressed the need for timely supply of other two inputs-- agricultural credit and subsidy for diesel.

According to a paper presented by CPD's Head of Research Dr Uttam Deb, the government has set a target of producing 1.75 crore tonnes of rice in the current Boro season as against the production of 1.50 crore tonnes last season.

Some 45 lakh hectares of land have been brought under Boro cultivation this year. Of which, 12.50 lakh hectares are for hybrid rice, 31.25 lakh hectares for HYV (High yielding variety) rice and 1.25 lakh hectares for local boro rice.

"The target is achievable provided that all inputs are ensured for the farmers on time," Food Adviser AMM Shawkat Ali said.

Agriculture Adviser Dr CS Karim said besides inputs, nature's support is urgent to achieve the target.

CPD Chairman Professor Rehman Sobhan presided over the discussion at the Cirdap auditorium, where Dr Uttam presented the keynote paper on 'Input delivery strategy for higher Boro production'.

Matia Chowdhury, former agriculture minister and Awami League presidium member, Quazi Shahabuddin, director general of Bangladesh Institute of Development Studies (BIDS), and Dr Abdur Razzak, Dr Z Karim and Dr Asaduzzaman, agriculture scientists of BIDS, also spoke.

Uttam in his paper said two consecutive natural disasters floods and the cyclone have caused a loss of about 20 lakh tonnes of rice this season. The paper said there is no way but to boost Boro rice production to stabilise the already 'too high rice market'.

He said extra efforts for supply of inputs will be required to achieve this target. Pointing to the failure to plant on one-third of targeted land as yet, he said it must be done by February.

Some of the discussants, however, said a 17 percent jump in Boro rice production in one season is not possible.

CS Karim said the Ministry of

Agriculture has moved to ensure the required fertiliser and electricity for the peak Boro season.

"Poor farmers won't be able to buy fertiliser, if the market is opened," CS Karim said responding to some discussants' demand for opening the fertiliser market to avert crisis.

Rather, the government has increased the fertiliser distribution centres to 16,000 this year from earlier 4,500.

On the delay of releasing subsidy for diesel, the agriculture adviser said early release benefits the pump owners instead of the targeted farmers.

Matia Chowdhury said farmers at northern districts are not getting fertiliser. "The prices of TSP and Potash have increased manifold in the last two months," she said quoting newspaper reports.

She however echoed the agriculture adviser's views on opening of the fertiliser market, but asked the government for immediate release of subsidy for diesel.

Rehman Sobhan said the issue (agriculture) is crucial to stabilise the economy.

"The discussion will give us the guidance for future decision," he said and hoped that this could be done on other aspects of agriculture.

Foreign aid not needed for budget if reforms executed

Says NBR chief

JASIM UDDIN KHAN

The country will no longer need foreign aid to support the government's annual budgets in the near future if the economic reforms especially in the areas of revenue collection are executed, hoped the NBR chief yesterday.

Bangladesh's current economic activities have enough strength to support its national budget, said Muhammad Abdul Mazid, chairman of the National Board of Revenue.

"If the actual revenue from the overall economic activities can be realised and a transparent monitoring system is developed, there will be no need for foreign aid in formulating budgets very soon," the chairman told The Daily Star.

Now, the contribution of internal resources to Bangladesh's budget is around 86 percent, while foreign aid's contribution stands at 14 percent.

The size of Bangladesh's budget for 2007-08 is Tk 796 billion.

Referring to the robust growth

of telecoms sector, the chief of apex tax authority said mobile phone users in the country spend around US\$ 115 million a year on making calls.

Mazid said the NBR is undergoing massive reforms to generate revenue.

"The taxmen have the legacy to create panic among taxpayers. We directed the officials not to create panic."

The NBR chairman said due to the reforms the government is getting more revenue from income tax.



Muhammad Abdul Mazid

The NBR posted a 46 percent growth in income tax and 84 percent growth in other tax indices in five months of 2007-08.

The government's total revenue stood at Tk 39247 crore, Tk 36175 crore, Tk 31950 crore, Tk 28300 crore and Tk 24950 crore in FY 2006-07, FY05-06, FY04-05, FY03-04 and FY02-03.



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