

Stocks

DGEN ▼ 1.44% 2,761.05

CSCX ▼ 1.09% 5,517.53

(Friday closings)

Asian Markets

MUMBAI ▲ 2.10%
14,656.69

TOKYO ▼ 2.10%
13,094.59

SINGAPORE ▼ 0.80%
2,906.07

SHANGHAI ▲ 0.94%
2,801.82

(Friday closings)

Commodities

Gold ▼
\$912.50
(per ounce)

Oil ▲
\$125.10
(per barrel)

SOURCE: AFP
(As of Friday)

More News

**Perseverance makes
Alam's venture**



Mohammad Shah Alam exports bamboo made handicrafts to different parts of the globe. Shah Alam, along with his family members, workers and employees have been making these handicrafts in their houses in Borni Kishori and adjacent villages of Tangail for the last two decades and have already exported to countries including America, Canada, Germany, Italy and France.

B-4

**Run fair price shops during
Ramadan: Adviser**

Commerce Adviser Dr Hossain Zillur Rahman yesterday urged the leading business bodies of the country to run fair-price shops of essential commodities during the month of Ramadan to keep the prices of such commodities under control.

**Land reform seen key to
ensuring food sovereignty**

Speakers at a discussion in Dhaka yesterday demanded land reform and formation of farmers' cooperative to ensure food sovereignty.

B-3

International

Oil prices jump

Oil prices jumped higher Friday on renewed jitters over Iran's disputed nuclear program, as Israel's deputy Prime Minister, Shaul Mofaz, said Tehran was playing for time. Oil markets were further unnerved as Washington set the deadline for Iran to reply to an international offer of incentives for a freeze in its nuclear drive.

B-4

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Decision on FTA with India, Pakistan, Lanka likely today

JASIM UDDIN KHAN

The government will finally take a decision in a meeting today on signing of a free trade agreement (FTA) with its neighbouring trading partners India, Pakistan and Sri Lanka.

All the three countries are keen to ink such a pact in order to expand trade relations in the region.

The crucial meeting, due at the Ministry of Commerce with Finance Adviser Mirza Azizul Islam in the chair, will be represented by the officials from the ministries concerned.

Bangladesh Foreign Trade Institute (BFTI) has compiled a report on the possible risks for Bangladesh in signing such an agreement. Additionally, Dr Mustafizur Rahman, executive director of the Centre for Policy Dialogue (CPD), Dr Ananya Raihan, executive director of D-net, Selima Chowdhury Zahir, research fellow of Bangladesh Institute of Development Studies (BIDS) and Dr Selim Raihan, associate professor at Dhaka University,

Bangladesh import expenditure (in million US Dollar)

	India	Pakistan	Sri Lanka
2007-08 (till March)	2458	149.10	11.15
2006-07	2268	182.20	16.32
2005-06	1845	149.79	10.84
2004-05	2057	138.78	10.28

Bangladesh Export Earning (in million US Dollar)

	India	Pakistan	Sri Lanka
2007-08 (till March)	237.01	53.62	15.25
2006-07	289.41	61.06	14.82
2005-06	242.19	57.09	13.25
2004-05	143.66	64.09	11.11

have expressed opinions on the FTA to the ministry.

The government will review the opinions and research papers along with another research conducted by The World Bank, prior to taking the policy decision, ministry sources said.

According to the sources, most of the trade experts sup-

ported signing of FTA with the neighbouring countries, but suggested adding new products beyond those items already entitled to duty-free facilities under Safta (South Asian Free Trade Agreement).

"The goods which already get duty reduction under Safta should not be considered under the FTA negotiations.

The government should bargain for facilities for new products," Mustafizur Rahman of CPD said.

He said special and differential treatment (S&D) and relaxed rules of origin could be the important focus for the proposed FTA.

As the country has achieved little from many multilateral and regional deals, the government plans to improve its two-way trade with major trading partners, sources said.

As part of the plan, the government initially eyes an FTA with India, Pakistan and Sri Lanka.

"Bangladesh has to consider bilateral free trade agreements with its trading partners as regional agreements, such as Safta, fail to yield expected results," said Commerce Secretary Feroz Ahmed.

Many countries are now going for bilateral free trade deals, although they have many regional and multilateral trading agreements in place, he added.

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Parjatan Corpn to develop first-ever cable car

SAYEDA AKTER

Bangladesh Parjatan Corporation (BPC) is to develop the country's first-ever cable car, connecting two slopes at Mirinza in Banderban district, by the year-end.

Kazi Wahidul Alam, tourism analyst and editor of travel magazine Bangladesh Monitor, hoped that the number of tourists in the region will be doubled on the launch of the cable car.

A cable car is any variety of transportation systems relying on cables to pull vehicles along or lower at a steady rate.

The popular variety of cable car in South Asian countries is a ropeway conveyor that is a subtype of gondola lift, from which containers for goods rather than passenger cars are suspended in the air.

The concept of cable car comes at a time when Cox's Bazar is in a hard contest for the first place in the list of the seven natural wonders of the world with the world's longest sea beach remaining at the top of the nomination in recent weeks.

Shafique Alam Mehdi, chairman of BPC, said the cable car would attract the domestic tourists as well as the foreign tourists, helping the sector to grow.

"It will be a wonderful thing for the domestic tourists, as many of them have never been



The photo shows a cable car on the move between two hill tops. Bangladesh Parjatan Corporation (BPC) is to develop the country's first-ever cable car, connecting slopes of two hills at Mirinza in Banderban district by the year-end. The concept of cable car comes at a time when Cox's Bazar is in a hard contest for the first place in the list of the seven natural wonders of the world with the world's longest beach remaining at the top of the nomination in recent weeks.

on a cable car and the foreign tourists would be able to have fun in the area as well," he said.

He said the advertisement concerning the building of the cable car has already appeared in national dailies.

"It is primarily a project of the Ministry of Chittagong Hill Tracts Affairs and the cost of the project is approximately Tk 5 crore," said the BPC chief.

The cable car will run over more than one kilometre connecting two hills at Mirinza under Lama upazila in Banderban.

The cable car will be built as part of a BPC project titled

Mirinza Tourist Complex Project, under which an internal road between the two hills and a restaurant in Banderban have already been developed.

Nazrul Islam, head of the project and project engineer of Mirinza Tourist Complex, said building of the cable car would take six to eight months for completion.

He said BPC has already established a power substation at Mirinza as part of the infrastructure for launching the cable car.

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Foreign investments may drive small firms out

Insurers fear

Insurance industry at a glance

Life: 17, General: 43	
Combined premium:	Tk 3,257 crore (\$478mn)
Global ranking:	85
Per capita spending on insurance:	\$2.60
Insurance penetration:	0.60%
Global insurance premium:	\$3,723 bn
Indian market:	13 companies
Combined premium:	Rs 29,000 crore (\$7 bn)

SAJJADUR RAHMAN

Local insurance companies fear that allowing foreign investments into the country's insurance industry may force local firms, especially weaker ones, out of the business.

The interim government approved two insurance ordinances last week, aiming to bring massive changes in the 70-year-old insurance laws. Allowing foreign direct investment in the sector is among the major changes the new laws will bring about. The new rule will determine the level of foreign investment in the sector.

"It is impossible to disregard the risk that entry of foreign companies into the country's insurance industry may force local firms out of the business, rather than making them efficient," said Nasir A Choudhury, managing director of Green Delta Insurance Co Ltd.

"The local insurance companies should be protected for a certain period of time," Sabir Ahmed, executive vice president of Reliance Insurance Limited, said.

They, however, criticised the local companies, particularly the weak ones, for not getting merged.

The government last Sunday approved two ordinances -- Insurance Regulatory Authority (IRA) Ordinance 2008 and Insurance Ordinance (IO) 2008. The IRA Ordinance

2008 will repeal the Department of Insurance and the Insurance Ordinance (IO) 2008 will replace 1938 Act to guide the operations of the insurance companies.

Other major changes that these ordinances will bring about are an increase in paid-up capital for both general and life insurance companies. The amount of paid-up capital for any general insurance company has been raised to Tk 40 crore from Tk 15 crore, while it has been raised to Tk 30 crore for life insurance companies from Tk 7.5 crore.

The ordinances will come into effect after president's approval.

Industry people hailed the government initiatives, saying that it would help rectify the country's outdated insurance laws. But they expressed conservative views regarding foreign investments in the sector and the increase in paid-up capital base.

MR Khan, technical director of Tyser Risk Management (Bangladesh) Limited, said foreign investments should come in a controlled way.

"India can be a model for Bangladesh," Khan said, adding that India initially allowed 24 percent foreign investment, eventually raising it to 49 percent.

He, however, said the move would create an environment for healthy competition.

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Existing laws can protect customers' interests: REHAB

STAR BUSINESS REPORT

The realtors yesterday urged the government to backtrack from the promulgation of new ordinance for the housing sector.

"We do not need any kind of ordinance as the existing laws of the land are enough to regulate the real estate business," Tanveerul Haque Probal, president of the Real Estate and Housing Association of Bangladesh (REHAB), said at a view exchange meeting with journalists at a city hotel yesterday.

The government Tuesday approved in principle the ordinance titled "The Real Estate Management Ordinance 2008" which carries a provision for jail sentences or fines for the developers violating agreements with buyers.

Highlighting different loopholes of the new ordinance Probal said the promulgation of such ordinance will destroy the sector affecting the national economy.

The real estate sector is a major employer of huge manpower and a major consumer of different raw materials like MS rod, steel, electricity, gas and so on, he pointed out.

He made an assurance that any dispute with regard to agreements with buyers of plots and flats might be resolved through negotiations.

The problem is that sometimes some non-member companies of the REHAB do not follow the rules of apartment sales, but ultimately the REHAB has to bear the responsibility, Probal told the meeting, adding that the government should identify such companies to take punitive measures against them.

"The government can confer the certification power on the REHAB like BGMEA, BKMEA and BTMA to make all deals flawless for protecting customers' rights," he suggested.

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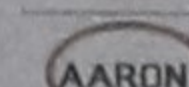
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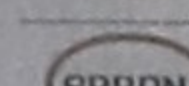
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