

Bangladesh must get ready for competition

Says leading South Korean businessman

STAR BUSINESS REPORT

Bangladesh's government, business community and civil society should brace themselves for competition in bringing in more foreign direct investment to the country, said a top South Korean businessman yesterday.

"Competition is everywhere, even in attracting FDIs," said Kihak Sung, chairman of Korea-Bangladesh Economic Cooperation Committee.

Sung was speaking at a seminar on 'investment climate and the current situation of Bangladesh economy' at the conference centre of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka.

Korea Chamber of Commerce and Industry and FBCCI jointly organised the seminar, in association with Korea-Bangladesh Chamber of Commerce and Industry (KBCCI).

FBCCI President AK Azad presided over the discussion, while South Korean Ambassador Taiyoung Cho spoke as the chief guest.

The seminar came as a follow-up to Bangladesh prime minister's visit to South Korea in April this year.

Cho said the visit, the first ever by a top Bangladeshi leader in around 15 years, has taken the relations between the two countries to a new high.

Azad said Bangladesh has offered

various liberal packages and incentives for the foreign investors such as full foreign ownership, tax holiday, accelerated depreciation, concessionary duty on imported capital machinery, complete legal protection and unrestricted repatriation of capital and profit.

He said Bangladesh is located between the emerging markets of South Asia and the fastest growing markets of Southeast Asia and ASEAN countries. "Thus the country offers tremendous opportunities in terms of geo-strategic location to foreign firms who intend to operate in the region."

The top business leader urged the Korean investors to invest in the major potential sectors including readymade garments, energy, telecommunications, fisheries, leather and light industries.

The external trade between Bangladesh and South Korea tilts heavily in favour of the latter, as Dhaka exported goods worth \$140.28 million in 2009-10 to Seoul, against imports of \$838.36 million.

The third largest economy in Asia and the 13th in the world, South Korea has invested \$1.1 billion in Bangladesh since diplomatic ties were established between the countries in 1972.

Given the dynamic diplomatic relationships between the two countries, the amount of investment is not

enough, said Cho.

The Korean envoy said Bangladesh has been registering 6-7 percent annual economic growth for a few years and is one of a few countries that have successfully evaded the global economic crisis. "I think we can buy more from each other," he said.

He said once completed, the Korea Export Processing Zone, the country's first private economic zone, will bring new experience in the area of EPZs and for Bangladesh economy as a whole.

"In terms of benefit, it will create around 350,000 jobs and help increase Bangladesh's export, exceeding \$1.1 billion a year," the diplomat said.

Cho urged all stakeholders to complete the EPZ project as early as possible, as 15 years have passed since the two governments had first agreed to set up the project.

He also suggested the Bangladesh government present the country as an attractive option for the international companies.

Sung, also the chairman and chief executive of Youngone Corporation, the first South Korean company to set up business venture in Bangladesh, said businessmen from both countries should explore and harness all available options to further trade relations.

He said the government's support is



AK Azad, president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), speaks at a seminar on investment climate in Bangladesh at the trade body's conference centre in Dhaka yesterday. Taiyoung Cho, ambassador of Republic of Korea, was also present.

crucial to attracting investment and export orders.

"Many successful global companies now want to bring their business to Bangladesh, so you have to seize the opportunity," he said.

An agreement between FBCCI and KCCI was also signed on the occasion to foster cooperation between the business communities of the two countries.

Mohammad Liakat Ali, member of

executive council of Board of Investment, presented a keynote paper on the current investment scenario in Bangladesh.

KBCCI Director ASM Mainuddin Monem also spoke.

Tax campaign opens in Ctg

A CORRESPONDENT, Ctg

The National Board of Revenue (NBR) yesterday launched a four-day programme to attract new taxpayers in Chittagong.

NBR Chairman Nasiruddin Ahmed inaugurated the campaign at three zones of the income tax circle of Chittagong.

On the first day of the programme, NBR collected about Tk 4.12 lakh from 211 new income taxpayers from the three spots.

The tax authorities are trying to increase the number of taxpayers, said Tax Commissioner Ramendro Chandra Boshak.

Any citizen can get his tax identification number from the three spots -- Akhter-Uz-Zaman Centre in Agrabad, Dhoniapara and Terri Bazar -- by spot assessment.

S Korea's Woori Bank seeks consortium for stake in parent

AFP, Seoul

South Korea's largest banking group Woori Finance Holdings needs a consortium of investors to establish a stable and independent governance structure, the head of its bank unit said Monday.

The state-run Public Fund Oversight Committee, which oversees government-held stakes, began accepting bids over the weekend for a 57 percent share, worth about six billion dollars, in Woori Finance.

The agency aims to pick a preferred bidder in the first quarter of 2011 and complete the sale within the first half of next year.

Woori Bank president Lee Chong-Hwi said it would "actively" seek to establish a consortium of investors to buy the stake in its parent.

"A consortium involving foreign and domestic investors, Woori employees and customers should be formed for independent privatisation," he said in a message to staff.

The government took control of Woori when the Asian financial crisis in 1997 forced South Korea to bail out troubled banks with massive sums.



Post and Telecommunications Minister Rajiuddin Ahmed Raju delivers his speech at a programme organised by Huawei Technologies Ltd at Sonargaon Hotel in Dhaka yesterday. Chairman of Bangladesh Telecommunication Regulatory Commission Zia Ahmed, Chief Executive Officer of Huawei Bangladesh Wonder Wong, Commercial Council to China embassy in Dhaka Lin Wei Qiang and Vice President of Huawei Technologies Dong Li Bin were also present.

BB asks banks to follow stock credit rules

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Bangladesh Bank (BB) has asked commercial banks to strictly follow rules in giving loans to the stockmarket.

In a circular sent to all banks yesterday, the central bank said some banks granted loans violating the single borrower exposure limit to several subsidiary companies formed for share brokerage or merchant banking.

No bank is allowed to give any individual, organisation or group loans exceeding 15 percent of its capital, according to the BB notice. The central bank directed the banks

to follow the guidelines strictly.

Earlier, BB asked the banks that had invested in the share market exceeding the limit to bring down their investment to fall in line.

Besides, reserves against credit to the stockmarket have been raised to 2 percent from 1 percent.

In another circular, the central bank asked the banks to phase out non-MICR cheques in Chittagong and Sylhet by November 30. The deadline is December 30 for other parts of the country. Earlier, the deadline was October 31.

SEC body to ease IPO process

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The consultative committee of Securities and Exchange Commission (SEC) yesterday formed a four-member committee to ease the process of initial public offering (IPO).

Now, an IPO needs 45 days to be complete, and the applicants face a number of hassles in submitting the subscription forms.

But, there has been a demand for long from the market for reducing the time frame and simplifying the complexities to accelerate the IPO process.

The committee is comprised of chief executive officers of the Dhaka and Chittagong stock exchanges and the Central Depository Bangladesh Ltd, and the president of merchant bankers' association.

The SEC consultative body also asked the committee to submit soon a set of recommendations on easing the IPO process.

After getting the recommendations, the consultative committee will advise the regulator to take necessary steps.

Apart from the IPO matter, several issues of the stockmarket were discussed at the meeting, presided over by SEC Member Mansur Alam, also the convener of the SEC body.

Alam told journalists that the much-talked about issue in the meeting was how to strengthen the supply side in the market, which is now crying for new securities amid arising demand from the investors.

The meeting also discussed the possibility of introducing a "price breaker" system in the stockmarket.

India lowers export price for onion at \$375

PALLAB BHATTACHARYA, New Delhi

India has reduced the minimum export price (MEP) for onions by \$50 to \$375 per tonne for November to encourage shipments amid arrival of new crops.

The onion MEP has been fixed at \$375 per tonne against \$425 per tonne in the previous month, said a senior official with the National Agricultural Cooperative Marketing Federation of India Ltd (NAFED).

Indian state-owned agriculture cooperative NAFED along with 13 other agencies involved in onion exports regulate exports by fixing the MEP every month.

The MEP has been lowered to boost exports in the current month as fresh arrival of onion is expected to increase from mid-November, the official added.

In July and September period, normally the lean season, the Indian government kept the MEP higher to curb exports and tame domestic prices.

India has shipped 10.10 lakh tonnes of onion so far (from April 2010 to March 2011), against 12.99 lakh tonnes in the same year-ago period. The crop's output is pegged at around 130 lakh tonnes in 2010-11.

Bangladesh, Malaysia and Singapore are the leading importers of onions from India.

Computer glitch halts Mumbai bourse

AFP, Mumbai

Trading on the Bombay Stock Exchange was temporarily suspended on Monday as computer glitches hit the high-performing bourse, officials said.

The exchange said in an emailed statement that business was suspended from 12:00 pm because of "technical problems faced by trading members in trade confirmation."

It had been due to reopen at 1:00 pm but that was put back to 2:30pm, the market said on its website.

When it reopened, the benchmark 30-share Sensex was at 20,382.66, up 350.32 points, or 1.75 percent, from Friday's close.

Shares are at three-year highs, with foreign investors piling into the Indian market as they chase high returns from the fast-expanding economy.

Biman ticketing goes online

STAR BUSINESS REPORT

Biman Bangladesh Airlines yesterday introduced an online reservation and ticketing system to allow travellers to book flights and seats on the internet.

An application, known as internet booking engine (IBE), allows travellers to make reservations on the airline's website.

"Biman's long-cherished dream of introducing the internet booking engine finally came true," said Biman Managing Director Muhammad Zakiul Islam at the launching ceremony at the national carrier's headquarters in Kurmitola, Dhaka.

Travellers will be able to reserve and buy tickets in advance, he said. At present, they have to collect and pay for the tickets by coming to the Biman office within 24 hours of their booking, the Biman MD added.

"Within two months, passengers will be

able to purchase tickets through the IBE in advance by credit card," he said. Gradually, Biman's travel agents will get the same facility.

The online ticketing system will help the national flag carrier to trim expenses. Travellers will also enjoy a 5 percent commission on their online purchase. At present, Biman pays 7 percent in commission to its travel agents for selling a ticket.

The Biman boss said the IBE would help travellers and tourism industry and support reservation through the internet.

IBE allows a passenger to specify their travel requirements, such as city of departure, destination, departure date, return date and class of travel. The passengers will also be able to get information on any flight schedule and book accordingly, Islam said.

The online system will also help consumers to book hotels, holiday packages, insurance and other services as well.



Khondker Fazle Rashid, managing director of Dhaka Bank, inaugurates an ATM booth of the bank at Gulshan in Dhaka recently. Rashid also opened another two booths at Uttara and Banani.

Dhaka seeks free trade with Islamabad

APP, Karachi

Bangladesh is seeking free trade, tariff waiver and cultural accords with Pakistan, said Foreign Secretary Mohammed Mijarul Quayes in Pakistan on Sunday.

He was talking in a meeting organised by Pakistan-Bangladesh Friendship Forum and Karachi Council on Foreign Relations and Economic Affairs.

"It is our effort to bring the entrepreneurs of both the countries closer," Quayes said. According to official data, the balance of trade has been in favour of Pakistan for the past 19 years. Bangladesh exported goods worth \$76 million to Pakistan in 2008-09, while Pakistan exported goods of \$288 million in the same period to Bangladesh.

The foreign secretary said he was sched-

uled to meet his Pakistani counterparts yesterday to discuss ways to enhance bilateral relations between the two countries. Besides, he said the platform Saarc will also be utilised to promote regional cooperation in all socio-economic factors.

"We have all the potential to grow, but there is need to explore the avenues of cooperation," Quayes said. Bangladesh has a rich experience in shipping lines from which Pakistan could get benefit of the expertise.

Earlier, Chairman of Pakistan-Bangladesh Friendship Forum Saad-uz-Zaman Siddiqui and Chairman of Karachi Council on Foreign Relations and Economic Affairs Moinuddin Haider highlighted the scope of the bilateral ties. They also sought more exchange of trade and cultural delegation to promote the bilateral relation.

US Ambac may go bankrupt

REUTERS, New York

Ambac Financial Group Inc, which was the second-largest U.S. bond insurer before suffering huge losses on risky mortgages, said it may file for bankruptcy protection this year after missing an interest payment on some debt.

Shares of Ambac slid as much as 59.8 percent.

In a regulatory filing, Ambac said it has been unable to raise capital to avoid bankruptcy. It said it remains in talks with senior bondholders about a consensual restructuring through the bank-

ruptcy process that preserves a \$7 billion tax benefit.

Ambac said if it cannot agree on a "pre-packaged" bankruptcy in the near term, it intends to seek Chapter 11 protection this year, perhaps without the support of creditors. It said this would cause \$1.62 billion of debt to be payable immediately.

The New York-based company had previously said it might seek a prepackaged bankruptcy, but that its liquidity might not run out until the first quarter of 2011.

Failure to win creditor support to restructure could lead to a lengthy reorganization in bankruptcy courts.



Abu Zafar Chowdhury, chief adviser to Dhaka Mercantile Co-operative Bank, opens the bank's 91st branch at Kotchandpur in Khulna recently.