

# Summit Alliance receives three vessels from CPA

STAFF CORRESPONDENT, Chittagong

The Chittagong Port Authority (CPA) yesterday handed three vessels to Summit Alliance Port Ltd to carry containers between the port and Pangaon inland container terminal in Narayanganj in the next five years.

The port authority earlier appointed the private firm to operate the vessels: Pangaon Express, Pangaon Vision and Pangaon Success.

Shipping Minister Shajahan Khan attended the ceremony as the chief guest, at New Mooring Container Terminal of the port where CPA Chairman Rear Admiral Mohammad Nizamuddin Ahmed handed over the vessels to Summit Alliance's Chairman Muhammed Aziz Khan.

The vessels would cut the transport cost of the containers bound for Dhaka and adjoining areas, the minister said.

Exporters and importers were less interested to use the river route due to shortage of vessels, he said, adding that the launch of the new vessels would certainly attract the businesses to make more use of the path.

Shipping Secretary Shafique Alam Mehdi was also present.

# Bikroy.com takes preorders for sacrificial animals

STAR BUSINESS REPORT

Bikroy.com, one of the largest online marketplaces in Bangladesh, is offering opportunities to buyers to place preorders and take delivery of sacrificial animals ahead of Eid.

The preorder of the local variety of cows and goats will begin on September 5 and will continue until September 15.

Customers will have to pay Tk 3,000 in advance as delivery charge to use the offer, the company said in a statement.

The customers can place orders from the hundreds of selected animals in the marketplace. On the day of the delivery, full payment has to be made to the seller. Cancellations of orders will result in an additional charge of Tk 3,000.

"Eid-ul-Azha can be a stressful time for both buyers and sellers. We are delighted to offer this service to our customers to reduce their hassles," said Misha Ali, marketing director of Bikroy.com.

# Japan lawmakers urge bourse, regulators to be tough on Toshiba

REUTERS, Tokyo

Japanese lawmakers on Wednesday called for a tough regulatory response to Toshiba Corp's second postponement of its annual results over accounting woes, saying the scandal could erode foreign investor confidence.

Regulators are likely to penalise the laptop-to-nuclear power conglomerate with a fine after an independent probe found that the company had overstated past results by \$1.2 billion over several years, sources familiar with matter have said.

Japan's regulators are, however, often perceived as softer than Western counterparts when punishing corporate misdeeds. "The scandal is a severe problem that could lead to a loss of credibility from foreign investors", Masahiko Shibayama, head of the Liberal Democratic Party's treasury and finance division, told reporters after a meeting of lawmakers and regulators.

The Tokyo Stock Exchange would consider putting Toshiba's shares on a watchlist for possible delisting if there were further delays in reporting results, Shibayama quoted a bourse official as saying in the meeting.

Forced delistings are, however, rare. Kazuhiko Toyama, who advised the government on new corporate governance guidelines that seek to improve shareholder returns, said a delisting would not be the answer.



SONALI BANK  
Prodip Kumar Dutta, managing director of Sonali Bank, presides over a meeting of the bank's asset liability committee at its head office in Dhaka.

# Spanish jobless claims rise for first time in 7 months

AFP, Madrid

Spain registered in August its first increase in jobless claims in seven months, data showed Wednesday, but with elections just months away the government dismissed it as a seasonal uptick that does not wipe away improvements over the past year.

Jobless claims increased last month by 21,679, or 0.54 percent, to 4.07 million, the labour ministry said in a statement.

August is traditionally weak for the Spanish jobs market as hotels and restaurants cut back on staff as the busy summer tourism season comes to an end.

The number of people without work rose mainly in the services sector, with increases also in manufacturing and in the construction, but declined in the agriculture sector as the harvest season began.

However the number of registered unemployed was down by 359,975 or 8.1 percent over August 2014, the biggest annual decline ever registered during the month of August, the labour ministry said.

Conservative Prime Minister Mariano Rajoy is betting on an improved economy to give him a boost as he prepares for what promises to be a hard-fought re-election campaign at the end of the year.



BTA  
Ardashir Kabir, chairman of Bangladesh Tea Association, and Iqbal Choudhury, president of Bangladesh Tea Estate Staff Association, exchange documents of a bilateral deal in Dhaka on Tuesday. The deal which will remain effective for two years raises the basic salary of the members of the staff association by 18.52 percent.



HOLCIM  
Sumanta Pandit, managing director of Holcim Cement, poses at an awards ceremony for the company's channel partners at International Convention City in Bashundhara, Dhaka.

# Corruption still a serious impediment to investment

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The US also said, with the vibrant private sector, Bangladesh, the world's eighth largest country by population, offers opportunities for investment, especially in energy, power, pharmaceuticals and information technology.

The other lucrative sectors for investment are telecommunications, and infrastructure as well as labour-intensive industries such as readymade garments, household textiles, and leather processing.

The government actively seeks foreign investment, particularly in energy, power, and infrastructure projects.

Bangladesh offers a range of investment incentives under its industrial policy and export-oriented growth strategy, with few formal distinctions between foreign and domestic private investors, the report said.

Bangladesh received \$1.5 billion in FDI in fiscal 2013-14, up from \$990 million in the previous year, the report said, referring to Bangladesh Bank data.

This is a nominal amount of investment compared to the total foreign investment that the entire South Asia region attracted, as India continues to dominate FDI inflows for the region. The government privatised some state-owned enterprises during the past twenty years, but many SOEs retain an important role in the economy, particularly in the financial and energy sectors.

Bangladesh allows private investment in power generation and natural gas exploration, but efforts to allow full foreign participation in petroleum marketing and gas distribution have stalled.

The telecommunications sector was liberalised during the last decade, leading to the development of a competitive cellular phone market. The government has been slow to allow greater competition for international connectivity and internet telephony.

In 2007, the government revised the International Long Distance Telecommunication Services Policy to legalise voice over internet protocol (VoIP), but has not yet implemented this policy, and restrictions remain on international video conferencing and voice chat.

The government has pursued ambitious plans for infrastructure development, particularly in the power sector, where it pledged to raise generation capacity to 20,000 megawatts by 2020. As of March 2015, government figures indicated an installed capacity of 11,600MW.

In 2009, the government began to develop a legal and regulatory framework for public private partnerships. In 2010, due to critical power shortages and chronic delays in implementing power projects, the government amended procurement requirements to allow unsolicited bids and expedited the approval of power generation projects.

Bangladesh also aims to formulate a coal policy to encourage investment in developing coal resources and coal-based power projects. However, administrative approval of the production plan of a foreign-owned, open-cast coal mine in northwest Bangladesh has remained pending since November 2005 due to local opposition and political pressure from civil society groups. On January 23, 2014, the prime minister announced six fast-track large infrastructure projects to address transportation and energy bottlenecks, among them a new self-financed Padma bridge project.

The landmark project will substantially improve inter-regional connectivity once completed. Prolonged and contentious public procurement processes continue to challenge government efforts to develop infrastructure projects.

While the government has improved the efficiency of the main seaport in Chittagong, the construction of a four-lane highway to connect Chittagong with the capital city of Dhaka is making only slow progress, the US report said.

At the luncheon meeting, David Meale, US chargé d'affaires in Bangladesh, said the American government wants to see strong bilateral commercial relationship to boost commercial interactions and expand commercial activities between the two countries.

"Our growing ties are visible in recent data," Meale said, adding that Bangladesh's exports to the US increased 11 percent to \$3 billion in the first six months of 2015 compared to the same period last year. The US investment in Bangladesh is around \$1 billion, he said.

# Second verdict on 1996-share scam on September 13

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In the case of Premium Securities, the accused traded shares of Beximco Pharmaceuticals, Bata Shoes, Prime Textile and Mita Textile through fraudulent means between July and December in 1996, according to the charge sheet, based on a government probe report on the scam.

The accused sold around 13.25 lakh shares of Beximco Pharmaceuticals through their brokerage house, but of them, 9.98 lakh shares were settled through the delivery versus payment (DVP) system, and the rest were unsettled.

It means the DVP was used as a tool to just increase the price of a certain company's shares, and in 1996, many companies' shares were traded in bulk through the DVP system, but those were never settled.

The accused traded 5.53 lakh shares of Bata Shoes, 2.74 lakh of Prime Textile and 1.11 lakh of Mita Textile. But of the traded shares, 30,000 of Bata Shoes, 5,000 of Prime Textile and 11,000 of Mita Textile remained unsettled.

Through such activities, they cheated general investors who ultimately had to incur losses after the crash, according to the probe report.

The share price index of the Dhaka Stock Exchange had risen as high as 3,648.75 points on November 5, 1996. The following day, it started falling and eventually came down to 462 points in May 1999.

The share prices of listed companies soared abnormally, even by several hundred times, before the crash.

After the price debacle, the government formed a probe committee in December 1996, headed by Aminul Islam who was vice-chancellor of Jahangirnagar University at the time. The committee submitted its report to the government on March 27, 1997, identifying a number of companies and some of the country's biggest brokers and influential individuals involved in market rigging.

On the recommendations from another probe panel on a fresh stockmarket crash in 2011, the Securities and Exchange Ordinance 1969 was amended in November 2012, empowering the government to set up special tribunals to try capital market-related cases.

The tribunal that gave verdicts on three separate cases so far began functioning in July this year.

# Foreign carmakers still driven to invest in China

AFP, Paris

Foreign carmakers that raced into China to profit from what has become the world's biggest automobile market by volume have no intention of backing out despite slowing sales as the Chinese economy shifts down.

While maintaining their upbeat view of the market's potential in the medium-term, auto manufacturers have had to make some adjustments.

They have lowered their forecasts for sales growth in 2015 and some have expressed concern about a looming price war, and the shares of the industry's giants have been getting hammered on world markets.

Car sales, a traditional barometer of the economic climate, advanced in China by nearly 14 percent in 2013 and 6.9 percent in 2014.

This year the forecast is gloomy with analysts predicting a sales increase of around 3.0 percent as China's economic growth has slowed from 7.4 percent last year.

Economists put China's first-half growth rate at around 6.3 percent, lower than the official 7.0 percent, according to a recent survey by Bloomberg News.

"I don't think we will see again the growth rates that we saw in the past," said Yann Lacroix, an expert on the automobile sector at insurer Euler Hermes.

The world's top carmakers all profited in the Chinese boom years. In 2014 Volkswagen sold 36 percent of its global production in China, General Motors 35 percent, PSA Peugeot Citroen 25 percent, BMW 20

percent and Mercedes-maker Daimler 16 percent.

But the current slowdown "does not affect the outlook for the Chinese market on the 2020 horizon, which remains excellent", said Flavien Neuvy, auto market analyst for Cetelem.

He pointed to the sustained expansion of the middle class in a country where many households are not yet car owners.

The world's number one carmaker Toyota, which has seen around 11 percent of its global sales in China, says at this stage it has not experienced any jolts from the country's stalling economy.

The US giant says it continues "to expect strong results in China for the rest of the year", while German auto kings Volkswagen and BMW have revised lower their sales growth estimates for 2015.

"Over the years, the German automobile manufacturers pulled out ahead of the competition, but now conditions are changing for them too," said Ernst & Young expert Peter Fuss.

"(Their) strong dependence on the Chinese market could turn out to be an Achilles heel," he added.

Another aspect of the Chinese market is the spectre of a price war and the need to adapt to new market conditions, according to PSA boss Carlos Tavares.

"Very soon we are going to be confronted with a new price war. To protect our margins and our shares of the market in the context of a price war, we need to anticipate cost reductions," he said back in July.

Since the start of the year in the domestic market, the cheaper all-

Chinese made cars have surpassed the vehicles made by joint ventures. China requires all foreign automakers to form joint ventures with local firms.

"If you want to attract new clients in China, you have to veer more towards 'low-cost' vehicles," said Lacroix.

After years of euphoria over booming China, the abrupt slowing in the market threatens to lead to overcapacity in the factories, an unknown situation up to now, analysts say.

"The level of growth will be less and that is going to redefine investment policies" in industrial infrastructure, said Meissa Tall, analyst at Kurt Salmon consultancy, while also noting "we're talking about slowing growth, not a recession."

Joint-venture factories turned out cars at 94.3 percent of capacity in the first quarter of this year compared with more than 107 percent in the same period a year earlier, according to a study by research firm Sanford C. Bernstein recently cited by the Wall Street Journal. Plants can surpass capacity by adding extra work shifts.

That has not discouraged carmakers who still want a stake in this huge market.

Renault, which has been somewhat absent from China up to now, is building a factory in the central city of Wuhan set to open next year. Its CEO Carlos Ghosn recently said that he was aiming for 3.5 percent of the market "as a first step".

The turbulence in the Chinese economy won't change that, said a source close to Renault, which remains "calm and confident" about the future of its models on China's roads.



FSIBL  
Syed Waseque Md Ali, managing director of First Security Islami Bank, opens the bank's 100th ATM booth on Atish Dipankar Road in Sobujbagh, Dhaka. Quazi Osman Ali, additional managing director, was also present.



WALTON  
SM Zahid Hasan, executive director (policy, human resource and administration) at Walton Group, receives the Best Employer Award 2014 in the electronics and consumer durables category from the officials of bdjobs, an online job portal.