

## HSBC results better than previous year

REUTERS, London

Europe's biggest bank, HSBC Holdings Plc, said on Friday its first-quarter results were better than those achieved in the same period last year.

The US, Hong Kong and the UK had all performed well and the bank's overall credit experience remains good, John Bond, HSBC executive chairman, said at the bank's annual shareholder meeting.

Bond retires after the AGM and will be replaced by Stephen Green, the bank's CEO since June 2003.

"When we reported our results for 2005 in early March we said that, although we remain mindful of the imbalances in the world economy, the outlook for 2006 was encouraging. So far, this has proved to be the case," Bond said in a statement.

"We have seen broadly based economic growth. The US economy has been strong and it is now clear that the spike in bankruptcy filings experienced in the final quarter of last year was a result of changes in bankruptcy laws rather than economic deterioration," he added.

## REFORM OF NCBS

# Sonali's paid-up capital raised to Tk 500cr

REJAUL KARIM BYRON

Sonali Bank's paid-up capital has been raised to Tk 500 crore as a part of the ongoing reform of nationalised commercial banks (NCBs).

The finance division informed Bangladesh Bank, Sonali Bank and other institutions concerned of the decision on Tuesday.

Presently Sonali Bank's paid-up capital is Tk 327 crore, which means the government will have to inject fresh money to the tune of Tk 173 crore.

The amount will be paid through direct budget allocation, a finance ministry source said.

A Sonali Bank high official said the government decision would strengthen its capital base and solve its liquidity crisis to some extent.

It will also increase the bank's ability to provide larger amount of loans, another source of the bank said.

According to a memorandum of understanding signed between the central bank and Sonali Bank, the bank cannot give large loan to a single borrower amounting more than five percent of the bank's paid-up capital.

At present, Sonali Bank can give as high as Tk 16.35 crore large loan to a single borrower with its Tk 327 crore paid-up capital. If the bank wants to lend a bigger amount than that, it will have to go for syndication with other banks.

Now, as the paid-up capital has been increased to Tk 500 crore, the bank will be able to lend as high as

Tk 25 crore as large loan.

However, there is still shortfall in the bank's total capital even after raising its paid-up capital. As of December 2005, Sonali Bank's required total capital was Tk 1,648 crore, which means the bank still has a Tk 1148 crore shortfall.

Finance ministry sources said the government will raise the bank's capital in phases.

Other two NCBs -- Agrani and Janata -- also have capital shortfall.

As of December 2005, Janata Bank's capital shortfall stood at Tk 404 crore and that of Agrani was Tk 2,319 crore. Sources said a process is on to corporatised the two banks in a bid to ultimately privatise them. The next decisions will be taken in line with that ultimate goal.

## BGMEA leaders visit affected RMG factories

BDNEWS, Dhaka

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) leaders yesterday visited at least 15 affected readymade garment (RMG) factories in Ashulia, Savar, the DEPZ and Gazipur.

BGMEA President Tipu Munshi, who returned home from US yesterday morning, led the team.

The affected garment factories include Universe Knitting Ltd, Dotcom garments, Shanta garments and Prosuka Deign.

During the visit the owners of the damaged garments were present.

BGMEA Vice President Abdus Salam Morshedi told the news agency that they have so far received reports from 20 affected garment factories.

The BGMEA leaders are demanding compensation from the government for the factories damaged during the three days of vandalism.

Morshedi said the total report with the assessment of financial losses in the affected garment factories would be completed by next week.

He also said, "Most of the factories resumed operation peacefully and without any untoward incident".

In reply to a question, he said new minimum wage would come into effect depending on how quickly the government acts to constitute a committee for fixing minimum wages for garment sector.

According to sources, 15 garment factories were severely damaged by arson attacks during the three days of agitation while more than hundred factories were partially damaged.

## Garment sector in Vietnam sews up profits

ANN/VIET NAM NEWS

Vietnam's garment exports sizzled in the early days of this month with projected sales reaching about US\$15 million per day.

Turnover for the entire month was likely reach US\$400 million, according to the Viet Nam Textile and Apparel Association (VITAS).

Total export revenue in the first five months of the year are likely to top US\$2 billion, up around 38 per cent from a year earlier and making the garment industry one of the fastest growing export earners in the country.

Growth was spurred by strong demand from such major importers as the US, EU, and Japan as well as orders from smaller markets like Canada and Turkey.

Vietnam earned some US\$1.74 billion from textile and garment exports in the first four months of the year, reported VITAS.

Exports to the US notched up nearly US\$1 billion, making it the leading market for Vietnamese garment exports and accounting for 58 per cent of total sales during the four-month period.

Clothing exports to the EU posted solid growth of 70 per cent with sales at US\$350 million, while exports to Japan earned US\$250 million.

## German trade delegates visit Eskayef plant in Tongi

A high-level German business delegation led by Peter Clasen visited the pharmaceutical manufacturing plant of Eskayef Bangladesh Ltd (SK+F) at Tongi in Gazipur on Thursday.

Eskayef Bangladesh Managing Director AM Faruque received the delegates and accompanied them to different manufacturing units of the plant, says a press release.

Faruque briefed the delegates on the plant's latest technologies and quality systems conforming to the highest standards of Current Good Manufacturing Practice (CGMP). This new facility is being designed and under construction with particular emphasis on meeting MHR standard of the UK in order to facilitate export to the European countries.

Clasen appreciated Faruque for maintaining top-class facility and quality system in Eskayef, showing his interest in facilitating potential business links with German pharmaceutical companies.

Faruque reciprocated his interest for possible business alliance with German pharmaceuticals companies.

## MADHYAPARA HARDROCK MINING PROJECT

# Authorities asked to fix glitches within 7 days

KONGKON KARMAKER, Dinajpur

Energy Adviser yesterday asked three authorities concerned of Madhyapara Granite Mining Company Ltd (MGML) to find out and fix its major and minor technical glitches within seven days during his official visit to the site.

Energy Ministry Adviser Mahmudur Rahman at a meeting here asked the officials of the contracted company Namnam, the consultant firm and Petrobangla to detect all the major and minor problems of the mining project.

He also asked them to fix the major technical glitches and keep one standby generator to avert any untoward incidents as happened on Tuesday last at Barapukuria coal mine site during his visit.

The Tk 1,275 crore Madhyapara Hardrock Mining Project was sched-

uled to go into production within May. Although Namnam was to hand over the project on May 29 as per the latest government approval, it failed to develop the site within the deadline. Initially, the mining project was supposed to be completed in 1998.

According to sources, machinery of the MGML, three of the five rock-crushing machines, arrived early May at the mining site. At least four months would be required to set up the rock crushers while the project authorities have completed the surface infrastructure like railway track for transporting hard rock, office buildings, underground pump station, skip hoisting tower and truck weigh-bridge.

Namnam repeatedly changed the deadlines-- first from October, 2004 to April, 2005, then to July, September 8, May 5 and finally to

May 29 of this year.

The company has been working to develop the field since 1993-94 and the project cost has now risen to Tk 1,275 crore from Tk 650 crore originally due to the delay.

Once the project is completed, Madhyapara mine will commercially sell 1.65 million tons of granite a year. The country annually imports 3.4 million tons of granite. Local production will save between \$38 million and \$58 million. The project has a life span of 45 years.

Madhyapara granite will, however, not be cheaper than the rocks that are commonly imported from India because of the increased project cost.

Namnam has so far extracted over 350,000 tons of granite and Petrobangla has sold nearly 200,000 tons.

## Gold rallies above \$650

REUTERS, London

Gold rallied above \$650 an ounce on Friday, lifted by buyers looking for a bargain, but analysts said the market remained vulnerable after its recent fall from 26-year highs.

Market players were wary about chasing prices much higher ahead of a long holiday weekend in the United States and Britain and much-awaited US inflation data later in the session.

"Today stabilization is the name of the game. Gold seems to be trying to establish itself in a range which is probably \$638-\$675 an ounce," John Reade, precious metals analyst at UBS Investment Bank, said.

"I doubt people will want to climb into this market and re-establish long positions ahead of the weekend...we might see people coming back onto the long side sometime next week."

Gold rose as high as \$655.10 an ounce before moving to \$652.40/\$653.20 by 0948 GMT. The metal closed at \$649.80/\$650.60 late in New York on Thursday, when it added more than one percent after the dollar weakened and fund selling subsided.

## Square Consumer to export \$2m products to Kuwait

Square Consumer Products Ltd will sell its 'Radhuni' and 'Ruchi' brand products worth US\$2 million to M Al-Meshal Co, a Kuwait-based business enterprise, which has already made an advance payment of \$150,000.

An export agreement to this effect was signed on Thursday in Dhaka between the two companies, says a press release.

Anjan Chowdhury, managing director of Square Consumer Products, and Md AEM Al-Meshal, chairman of M Al-Meshal Co, signed the deal on behalf of their companies. Other senior officials from both the sides were also present.

# India forms body to look into flexible labour laws in textile units

OUR CORRESPONDENT, New Delhi

Seeking to grapple with the contentious issue of flexible labour laws in textile industry, the Indian government has set up an official panel to examine this issue, Textile Minister Shankersinh Vaghela has said.

A group consisting of labour, commerce and textile ministers, state chief ministers and trade unions representatives has been formed for the purpose, he said here on Wednesday.

The issues before the panel include a proposal to increase the hours in a shift from nine to 12 hours and enhance working hours in a week from 48 to 60 hours, he said.

It would also look into a proposal

for allowing textile units to hire workers on contract for a short duration for executing seasonal orders, Vaghela said.

The textile has been demanding flexible labour laws due to the seasonal nature of garments and textile business but the government is treading cautiously since it is a political hot potato, given the strong views held by Left parties and their trade unions on the issue, industry sources said.

Vaghela said the textile industry has made a turn around and is emerging as a sunrise sector now. The sector would add 12 million jobs by 2010 to the current strength of 35 million.

The investment in textile sector

in 2004-5 was at Rs 14,850 crore which went up to Rs 30,032 crore in 2005-6. The sector requires an investment of Rs 140,000 crore between 2005 and 2010, the Textile Minister said.

He said as many as 25 textile complexes would be set up across the country by 2007 involving an investment of Rs 18,500 crore. So far, nine such complexes have been set up. Each complex would employ nearly 15,000 people.

Vaghela said textile exports are expected to touch 19.6 billion dollars in the current 2006-7 fiscal, up from 17 billion dollars in 2005-6. The country's target for 2010 is 40 billion dollars.



Anjan Chowdhury, managing director of Square Consumer Products Ltd, and Md AEM Al-Meshal, chairman of M Al-Meshal Co, a Kuwait-based business enterprise, sign an agreement on behalf of their companies on Thursday in Dhaka. Under the deal, the local company will sell its 'Radhuni' and 'Ruchi' brand products worth US\$2 million to M Al-Meshal.

## New MD of Premier Leasing International



Kazi Emdadul Hoque recently took over as the managing director of Premier Leasing International Ltd.

After obtaining his MSc degree from Dhaka University in 1970, he joined Uttara Bank Ltd in 1973 as a probationary officer, says a press release.

Hoque, who also held important positions in different banks and financial institution, participated in some professional training courses at home and abroad.

# US prefers to see WTO deal with Russia before G8 meet

## Says Portman

AFP, Washington

US Trade Representative Rob Portman said Thursday he would be happy to clinch a WTO deal with Russia before a July summit of the Group of Eight nations in Saint Petersburg.

But he said that stiff challenges still lie ahead before Russia can forge one of the final bilateral accords that stands in the way of it joining the World Trade Organisation.

Portman rejected criticism from some US lawmakers that the government is rushing to get the talks over before Russian President Vladimir Putin plays host to his G8 partners.

"Our timeframe is a successful resolution of outstanding issues," he told reporters.

"There is the expectation by some that this could be completed before the summit. That would be

good," Portman said.

"But we have no particular timeframe except that we would hope that we could see a resolution to these issues soon.

"We'd like it to be already done because we think it's important for Russia to become a member of the WTO, but we also have to work through the issues."

Rampant piracy of US goods in Russia has been a consistent headache in the talks. The United States also wants to see steep cuts in Russia's industrial tariffs and more access to its booming financial services sector.

Russia, however, has angrily accused the United States of moving the goalposts in the final stages of the negotiations.

The democratic and human-rights credentials of Putin's government have been receiving harsh criticism in Washington recently. Vice President Dick

Cheney did not pull his punches during a recent speech in Lithuania.

A high-ranking group of US lawmakers this month threatened to block Russia's WTO drive unless Moscow takes rapid action to address US trade complaints, especially in intellectual property rights and agricultural standards.

Portman, however, said the United States would benefit from having Russia inside the fold of the Geneva-based club of 149 nations.

"It's my strong view ... that it's important to have Russia inside the rules-based system rather than outside it," he said, citing the greater leverage that Washington would then enjoy in trade disputes with Moscow.

Russia still needs bilateral accords with Australia and the United States before it can join the WTO.



Ahmad Bin Ismail, managing director of mobile phone operator AKTEL, receives on behalf of his company the 'Telelink Telecommunication Award-2006' from Abdul Moyeen Khan, minister for science and information and communication technology. The award was given in recognition of better cellphone service provider in the country at a function organised by Bangladesh Mobile Phone Business Association recently in Dhaka.

# Oil prices rise in Asian trade

AFP, Singapore

Oil prices rose in Asian trade Friday as the market revisited longstanding concerns over Iran's nuclear programme and the start of the US summer driving season, dealers said.

They said losses earlier this week were temporary, providing a buy opportunity as the underlying firm tone of the market remained in place.

At 10:15 am (0215 GMT), New York's main contract, light sweet crude for July delivery was 18 cents higher at 71.50 dollars from its close of 71.32 dollars in the United States Thursday.

Brent North Sea crude for July delivery was flat at 70.71 dollars.

"The Iranian issue, even though it is off the front pages, remains there and will provide support to high prices," said Victor Shum, an analyst with energy consultancy Purvin and Gertz in

Singapore. "It will set somewhat of a high floor (for prices)," he said.

The fear is that Iran, the world's fourth-biggest crude producer, could halt exports should the United Nations impose sanctions on the Islamic republic.

Iran insists its nuclear programme is strictly for civilian energy production but the West suspects Tehran is planning to build nuclear weapons.

With the US summer driving season starting this weekend with the Memorial Day public holiday, when many Americans take to the roads for their vacations, oil prices are also expected to hold steady.

"The (Memorial Day) holiday in the US is the start of the summer driving season," said Shum.

"It's a long weekend, anything could happen. We will get to see how product demand in the US shapes up," he said.

The US Department of

Energy's (DoE) latest report showed gasoline reserves rose 2.1 million barrels to 208.5 million in the week to May 19. That was more than the predicted increase of 1.3 million barrels.

The DoE report also said crude oil reserves declined three million barrels to 343.9 million, three times the fall expected by analysts.

Forecasts of a potentially packed Atlantic hurricane season are also factors that will keep prices firm, dealers said. Last year, hurricanes Katrina and Rita devastated oil refineries and rigs along the US Gulf Coast, sending oil prices to then-record high points.

This year's hurricane season -- starting in June and ending in November -- will be "very active" but less severe than in 2005, according to a report issued Monday by the Miami-based National Hurricane Center.



AM Faruque, managing director of Eskayef Bangladesh Ltd, a pharmaceutical manufacturing company, briefs German delegates on the latest technologies and quality systems of the company's plant at Tongi in Gazipur during their visit to the plant on Thursday.