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# Star BUSINESS

DHAKA FRIDAY JUNE 30, 2006 E-mail: business@thedailystar.net

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## HSBC Asia Pacific CEO visits Dhaka



Michael RP Smith (OBE), president and chief executive officer of the Hongkong and Shanghai Banking Corporation Ltd (HSBC Asia Pacific) and chairman of Hang Seng Bank, visited Bangladesh between June 25 and 27.

Smith, who has been with the HSBC for 28 years, held different important posts in Asia, the UK, Australia, the Middle East and South America, prior to his appointment to head HSBC's Asian businesses in January 2004, says a press release.

During his stay, Smith, who is also the global head of Commercial Banking for the HSBC Group, visited HSBC Bangladesh's branches, met senior officials of Bangladesh Bank and country's leading industrialists.

While inaugurating a branch of the bank at Uttara in Dhaka on his last day of stay, he confirmed HSBC's commitment to continually invest and expand in the country.

## Rehab fair in New York begins July 7

STAR BUSINESS REPORT

Inspired by off-the-country sales from housing fairs since 2001, Real Estate and Housing Association of Bangladesh (Rehab) is going to organise another fair in New York from July 7, the association general secretary said at a press conference at National Press Club yesterday.

The 3-day 'Rehab Housing Fair, New York 2006', third of its kind, will take place at Manhattan Centre in New York.

A total of 43 developers and real estate companies are expected to participate in 47 stalls in the fair.

Tanveerul Haque Probal said the aim of the fair is to provide Bangladeshi expatriates in the US with quality housing in their homeland.

The four previous housing fairs abroad, two in New York, one in London and the other in Dubai, drew home Tk 295 crore only from spot sales and each of them attracted huge Bangladeshi expatriates, Rehab President Mohammad Abdul Awal told the press briefing.

Expressing optimism he also said, "From the previous fair in New York we received spot orders worth Tk 125 crore and we expect this year at least a double earning."

For the convenience of the buyers a branch of BRAC Bank will also be stationed there during the fair, he added.

Scheduled to be inaugurated by Bangladesh Ambassador to the US Shamsheer M Chowdhury, the fair will remain open for all from local time 4:00pm to 10:00pm on the first day. On the second and third day people can throng the fair from 12:00pm to 10:00pm.

Elaborating the role of Rehab, an association of 254 member developers, in building a well planned city, its leaders said they have been working relentlessly in this regard and so far they have sold 60 thousand units of apartments, 98 percent of which are in the capital.

Rehab Fair Committee (2006-2007) Chairman Syed Sirajul Haque, members Md Rezaul Karim Khan, Enamul Haque and Naimul Hassan were also present at the press meet.

## BGIC okays 15pc stock dividend

Bangladesh General Insurance Company (BGIC) Ltd has declared a 15 per cent stock dividend for its shareholders for the year 2005.

The dividend was announced at the 21st annual general meeting (AGM) of the company held on Tuesday in Dhaka, says a press release.

Chairman of the company Towhid Samad presided over the AGM, which was attended, among others, by directors, Managing Director AK Azizul Huq Chaudhuri and other senior officials.

# Local businesses not ready as Safta comes into force tomorrow

## Roundtable told

STAR BUSINESS REPORT

As the Safta comes into force tomorrow, local businesses at a roundtable yesterday said they are not ready for trade under the regional agreement.

They said as per the deal, all countries including Bangladesh have already prepared their sensitive lists of products to protect their own industries. But local entrepreneurs do not have details of negative lists of other countries, they said.

They also urged the government to take initiative to disseminate detail information on the benefit of Safta (South Asia Free Trade Area) so that they can export their products to other six south Asian nations from the very beginning.

They were speaking at a roundtable titled 'Bangladesh in SAFTA, Prospects and Challenges' in Dhaka. Bangladesh Foreign Trade Institute (BFTI) organised the seminar.

"We have to know the advantages of Safta. Ministry of commerce can provide the entrepre-

neurs with information on Safta," said Dhaka Chamber of Commerce and Industry (DCCI) President MA Momen.

"We are all concerned about Safta. But we have no clear ideas about the immediate and delayed benefits of the pact," said Syed Nasim Manzur, managing director of Apex Footwear Ltd.

He also said Bangladesh and Indian businessmen are facing visa problems, which will be one of the major barriers to trade under Safta.

Md Abdul Karim, secretary of commerce ministry, former commerce secretary Syed Alamgir Farouk Chowdhury and Sohail Mir Shahabuddin Mohammad also spoke. Shishir K Deb, chief executive officer of BFTI, and Mostafa Abid Khan of Bangladesh Tariff Commission presented keynote papers on Safta implementation and challenges.

Expressing his doubt about Safta implementation, Sohail Ahmed Chowdhury said it is very unfortunate that businesspeople

have a little knowledge about trade deals that government have signed with many countries.

Alamgir Faruk Chowdhury said unless non-tariff barriers are removed, the tariff reduction will bring little benefits.

The commerce secretary admitted that businesses lack adequate information on Safta.

He said the businesses have to know some major aspects of Safta like negative lists, duty structure and customs procedure.

He urged the stakeholders to use the trade related websites of International Trade Center (ITC) that EPB launched in Dhaka recently.

Under the Safta, India can be the big trade partner of Bangladesh, said the BFTI CEO. He said Bangladeshi products have a huge demand in Indian market. But due to non-tariff barriers such export potential is yet to be tapped, he added.

In his paper, Mostafa Abid also mentioned Bangladeshi products have demand in India, Sri Lanka and Nepal.



Mohammad Abdul Awal, president of Real Estate and Housing Association of Bangladesh, speaks at a press conference in Dhaka yesterday.

# Free trade spurs growth but widens inequality in Asia

## Says UNDP

AFP, Phnom Penh

Free trade has spurred record economic growth in the Asia-Pacific but also widened income inequality as unskilled workers are left behind by globalization, a UN report said Thursday.

"Asia's opening to the global market has propelled record economic growth and reduced income poverty in much of the region," the UN Development Program (UNDP) said in its 2006 Asia-Pacific Human Development Report.

The economy in the Asia-Pacific region, home to more than 60 per cent of the global population, expanded annually 7.9 per cent on average from 1980 to 1999, making it the fastest-growing region in the world.

Between 1990 and 2003, the region continued to grow 7.6 per

cent a year, surpassing 5.4 per cent in South Asia, 2.7 per cent in Latin America and the Caribbean and 3.2 per cent in the Middle East and North Africa.

This rapid economic growth came in tandem with "steady trade liberalization," the UNDP said, adding Asian governments should take credit for implementing liberalization, including lowering tariffs.

At the same time, however, free trade widened income inequality in the region as globalization benefited well-paid, skilled workers rather than poor, unskilled laborers.

"Asia and the Pacific have embraced globalization but globalization cannot embrace the region's poor without determined action on the part of governments," said Hafiz Pasha, director

of the UNDP's regional bureau for Asia and the Pacific.

Although free trade has helped reduce poverty, with the number of people living on less than one dollar a day falling by nearly a quarter of a billion, the UNDP said globalization "has exacerbated inequalities" within the region.

"One of the most disturbing outcomes is that for most developing countries in the region, a greater engagement with international markets has been accompanied by a rise in income inequality."

For poor countries, the textiles and clothing industry is the launch pad for their industrial development but the UNDP said competition from China was now threatening job opportunities in the poor nations.



Towhid Samad, chairman of Bangladesh General Insurance Company (BGIC) Ltd, speaks at the 21st annual general meeting (AGM) of the company on Tuesday in Dhaka. Directors and other senior officials are also seen.

## Lankan trade fair to begin in Dhaka July 13

In a bid to boost trade relations between Bangladesh and Sri Lanka, a four-day single country 'Sri Lanka Trade Fair 2006' will begin in Dhaka on July 13.

The Sri Lanka Export Development Board (EDB) in association with Sri Lankan high commission in Dhaka will arrange the show at Bangladesh-China Friendship Conference Centre, says a press release.

Around 40 cooperate and business houses from Sri Lanka will participate in the fair showcasing a wide array of products.

The show will remain open from 10am to 8pm everyday.

The fair aims at helping the businesspeople and the consumers have first-hand knowledge of the Sri Lankan products and services, and identifying goods having trade potential.

## Ethihad Airways opens Abu Dhabi sales outlet

Ethihad Airways, the national flag carrier of United Arab Emirates, has opened a new sales outlet in Abu Dhabi to help its customers purchase tickets and make enquiries easily.

The sales outlet at Abu Dhabi Marina Mall will also provide customers with information about the airline's global flights and packages, says a press release.

"It is important that we give our guests every opportunity to find out more about the airline by talking to our sales staff in locations convenient for them," said Raymond Korban, regional general manager (UAE, Oman) of the airline.

## Novartis launches new drug

Novartis has launched a calcium and vitamin D supplement named "Sandocal-D".

Vitamin D stimulates intestinal calcium absorptions and enhances the bone building process itself, says a press release.

Sandocal-D is a research product of Novartis, which is marketed globally. Each tablet sells at Tk 3.50.

## China expands free trade pact with HK

AFP, Hong Kong

China expanded its free trade pact with Hong Kong on Thursday, further liberalising trade in goods and services between the mainland and the former British colony.

The new agreement builds on the first three stages of the trade agreement established in 2003 when Hong Kong was suffering a sharp economic slowdown due in part to the devastating outbreak of SARS that year.

The fourth phase of the Closer Economic Partnership Arrangement (CEPA), aimed at giving Hong Kong greater access to mainland markets, was signed by Hong Kong Financial Secretary Henry Tang and China's Vice-Minister of Commerce Liao Xiaoli.

"CEPA has proved to serve as a platform and powerful engine for strengthening economic and trade ties between the mainland, Hong Kong and the former Portuguese enclave of Macau," said Jia Qinglin, the chairman of the Chinese People's Political Consultative Conference, in a trade and economic forum in Hong Kong.

The new provisions, effective from January 2007, will see a further relaxation of market access conditions in 10 areas including legal services, construction, tourism and air transport.

Hong Kong chief executive Donald Tsang said the Chinese authorities are also studying a further expansion of yuan business and transactions allowed in Hong Kong.

This would include allowing Hong Kong importers to settle their China bills directly yuan while Chinese financial institutions could issue bonds denominated in yuan on a pilot basis.

# 4 IPOs get SEC clearance

SARWARA CHOWDHURY

The Securities and Exchange Commission (SEC) has approved the initial public offerings (IPOs) applications of four companies to raise a total of Tk 53.2 crore from the capital market.

The companies, which got approval from the SEC, are the Industrial Promotion and Development Company (IPDC) of Bangladesh, LankaBangla Finance Ltd, Bangladesh Industrial Finance Company Limited (BIFC) and Prime Islamic Life Insurance Ltd.

The approval came at a meeting of the capital market watchdog in Dhaka yesterday.

The IPDC will raise Tk 27.80 crore including a premium of Tk 13.90 crore while the LankaBangla will raise Tk 9 crore, BIFC Tk 11.90 crore and Prime Islamic Life Insurance Tk 4.50 crore.

The IPDC will float 13.90 lakh shares of Tk 100 each with a premium of Tk 100 to raise the amount while LankaBangla, BIFC and Prime will float 9 lakh, 11.90 lakh and 4.50 lakh shares of Tk 100 each respectively to raise their amount.

However, the SEC is yet to announce the subscription date for the IPOs. "We will announce the subscription date very soon," said an executive of the commission.

Meanwhile, the SEC at the meeting also introduced a new category for newly listed companies in stock exchanges.

The regulatory body approved the introduction of 'N category' following a proposal placed by the consultative committee of the SEC.

"The new category will help investors to track the newly listed companies easily," said Mansur Alam, executive director of SEC.

He, however, said the trading of a newly listed company under N category will be only for a initial period. "The upgradation and degradation of the shares will be adjusted under the existing rules," he added.

# Share extra production costs as labour wages rise

## Knitwear exporters urge buyers

STAR BUSINESS REPORT

The country's knitwear exporters yesterday urged the buyers to share the additional expenditures for production that resulted from increase in labour wages and implementation of compliance issues.

The call came at a briefing session on recent incidents in RMG sector at a hotel at Gulshan in Dhaka.

Organised by Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), the briefing was attended by diplomats, buyers, government representatives, BEPZA representatives and media personalities.

"We urge the buyers, development partners and other agencies to raise the purchasing rate of our products so that we can cover up the enhanced cost," said BKMEA President Fazlul Hoque.

Dwelling on the last month's labour unrest in the readymade garments sector, he said, "How can we supply products at previous rate when we have increased labour wage to a significant amount in line with the demands placed by the RMG workers?"

Chief of the apex trade body of the knitwear industry in this connection reminded the buyers of their 'moral responsibilities' to raise the rate of Bangladeshi products rationally, as they are now buying the same products from India and Pakistan at a higher rate.

Hoque lamented that the exporting finished apparel item witnessed a downward trend in its prices while the prices of raw materials shot up to 20 percent in the last five years.

"So, it is not possible to pay the labourers a higher salary if we are

not paid adequately," he said.

Some of the buyers who attended the session denied affording to the additional charges caused by the compliance issues.

"In a free market economy it is not their responsibility to contribute to the compliance charges," a buyer said, suggesting that Bangladeshi garments sector should upgrade competitiveness to survive in a challenging world market.

"The only advantage the Bangladeshi apparel sector now enjoys is cheap labour rate, the other sectors are lagging far behind compared to the global scenario. Upgrading competitiveness may yield good results in lowering the production cost," said Razul Karim, vendor compliance officer of Gap International Sourcing Pte Ltd.

A buyer, however, agreed to the BKMEA plea to raise the purchasing rate.

"If the local garments sector implement the compliance issues and increase the labour wage, the buyers should also increase purchasing rate," a Bornemann, manager, Bangladesh Operations, KarstadtQuelle (Far East) and Co, told reporters after the session.

Delivering his written speech at the session, MA Baset, a BKMEA director, said that they had agreed on the proposed 11-point demand placed by the RMG workers.

However, he said many apparel units have already met the demands, some made an assurance to meet them while some are going on an implementation process.

When a buyer raise a question about any involvement of a third party in the RMG sector debacle, Fazlul Haque did not rule out the

possibility of such an involvement, but he said, "It's a duty of the government to find out any group who is behind the scene."

Mir Shahabuddin Mohammad, vice chairman of Export Promotion Bureau, Prasanta Bhushan Barua, member (Investment Promotion) of BEPZA, Mohammad Nurun Nabi, joint secretary, Ministry of Labour and Employment, David W Renz, first secretary, US Embassy in Dhaka, were present at the briefing session, among others.

## US posts 5.6pc growth in Q1

AFP, Washington

The US economy expanded at 5.6 per cent pace in the first quarter, the government said Thursday, revising upward its last estimate of a 5.3 per cent growth rate.

The Commerce Department's final estimate for first-quarter gross domestic product (GDP) was in line with market expectations.

The higher growth rate mainly stemmed from a downward revision to imports, reflecting the annual revisions to trade data. The change in net exports now cuts less than half its prior amount from growth.

The latest revision included an inflation estimate revised downward to 3.1 per cent from 3.3 per cent. The core inflation level, excluding food and energy, held at 2.0 per cent.

The report is the third and final estimate of GDP growth for the world's largest economy. The first estimate for the second quarter, expected to show a significant cooling, is set for release July 28.

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