

EC launches Asia-Invest Call

The European Commission has recently launched the Asia-Invest Call for proposals 2006-2007 on the EuropeAid Co-operation Office website -- <http://ec.europa.eu/comm/europeaid/cgi/frame12.pl>.

The Asia Invest programme aims to promote and support Euro-Asian business co-operation, says a press release.

The programme provides assistance to intermediary organisations to facilitate mutually beneficial partnerships between companies in Europe and Asia as well as to strengthen the framework conditions to increase trade and investment flows between the two regions.

The call for proposals has two deadlines -- October 6, 2006 and March 9, 2007 and the Commission will provide 20 million euros to implement the new phase of the programme.

The associated guidelines for applicants 2006-2007 are the main reference when preparing a proposal and careful attention should be paid to complete all parts of the application form and relevant annexes.

This information will be provided on the Asia-Invest web site in coming days: <http://ec.europa.eu/comm/europeaid/projects/asia-invest/html2002/howtoapply.htm>.

Toyota eyes alliance with GM

AFP, Chicago

Japanese auto giant Toyota Motor is considering proposing an alliance with General Motors to prevent its US rival from forming a three-way tie-up with Renault and Nissan, BusinessWeek magazine has reported.

Citing "people with knowledge of the Japanese auto maker's plans," the magazine said Toyota had "wargamed" a proposal to assist struggling GM, the world's largest auto maker, and head off a deal that would create a monolithic automotive group.

"Toyota has no interest in seeing an alliance like this (linking Renault, Nissan and GM) take place," an executive who asked not to be identified was quoted as saying.

Shell mulls selling Dominican assets

AP, Santo Domingo

Royal Dutch Shell PLC will consider selling its Dominican assets, including a 50 percent stake in the Caribbean nation's sole oil refinery, the company said Saturday.

The Anglo-Dutch company administers 137 service stations and maintains fuel distribution equipment and facilities in the country of about 9 million, in which it has operated for nearly 80 years.

"Shell will initiate a process of evaluation and revision of its complete business portfolio in order to determine if the interest shown will add value for the company's shareholders," the company's Dominican representative, Rafael Maradiaga, said in a statement.

He said "no final decision has been made."

The company did not name any potential buyers, but said it had received interest.

Shell announced the sale of some assets in the United States and several countries in the south Pacific in recent days, saying the company is, "focusing its portfolio toward fewer, larger-scale businesses."

CAs urged to be more responsible to better corporate governance

Safa int'l confce concludes

STAR BUSINESS REPORT

Bangladesh Bank governor yesterday urged the chartered accountants to be more responsible in improving corporate governance, saying concealing information has become one of the major problems in business activities.

"Concealing or lack of information is a major problem in corporate affairs in the country and you have a significant role to play in this regard," Salehuddin Ahmed told an international conference.

He was chairing a session on the sidelines of the international conference of South Asian Federation of Accountants (Safa) at Bangladesh-China Friendship Conference Centre in Dhaka.

Corporate governance needs to be improved for a healthy business, Salehuddin observed, stressing the need for developing the quality of social sector. "Private sector can't survive without services of the social sector and trust is very important in social capital."

Presenting a paper on 'Development of Social Sectors Science,

Technology and Entrepreneurship', Mohammad Shabbar Zaidi, president of the Institute of Chartered Accountants (ICA) of Pakistan, said 85 percent of the business firms represent small and medium enterprises (SMEs) but an accounting system for those has not been developed.

"We need to encourage private initiative in the development of our social sector. We also need to give private initiative more responsibility, space and freedom," he noted.

SME sector should be developed in the urban areas and educated youths need to be encouraged to initiate a process that can contribute to the GDP and help in solving the unemployment menace in the South Asia region, Shabbar Zaidi suggested.

Chairing another session on 'Human Resource Development for Capacity Building', Chairman of Brac Fazle Hasan Abed said South Asia is the worst region in the world in terms of nutrition and human resource development.

"We have a lot of wastage in our human resource development as

girl children are not treated equal to the boys. We need to be do better than what we are doing today," he said, underlining the need for providing better education to the children and addressing malnutrition of the mothers and children.

Earlier, a paper on human resource development for capacity building written by Md Habibul Rahman was presented and Rahul Roy, past president of the Institute of Chartered Accountants (ICA), India, was a commentator in the session.

In another session, a paper on 'Development of Social Sectors Education, Health and Poverty Eradication' written by Mirza Munawar Hussain, a fellow of the Institute of Cost and Management Accountants of Pakistan (ICMAP), was presented.

The two-day conference concluded yesterday which was jointly organised by the Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost and Management Accountants of Bangladesh (ICMAB).

World markets wary over Japanese interest hike

AFP, Paris

Japan's milestone decision on Friday to end its era of zero interest rates boded well economically for the Asian giant, but analysts held their breath over the risk of ripple effects on world markets.

The unanimous decision by the Bank of Japan's policy board to raise the overnight call rate target by a quarter point to 0.25 percent was the strongest sign yet that the Japanese economy has returned to normal after years of emergency measures.

The move also confirms Japan's return to the top rank of world economic powers, crowning a recovery marked by improved economic growth -- estimated at 2.1 percent in the year 2006-2007 -- and making monetary belt-tightening necessary to prevent inflation from taking hold.

But while the world's second biggest economy -- for years propped up by that of the United States -- has escaped from its long deflationary spiral, knock-on effects of the Japanese rebound might now be felt around the planet.

The rate change represents "concretisation of the (budgetary) rebalancing with the return to strength of the Japanese economy after 10 to 15 years of absence from the world scene," said Veronique Riches-Flores, chief economist at French bank Societe Generale.

But although this was good news for those who fear the US economic engine -- firing on all cylinders for several years now -- is running out of steam, the Japanese rate change could worry money market operators.

Japan is the last of the Group of Seven (G7) leading industrialised countries to take decisive action over interest rates -- the US and the European Central Bank have each done so several times, while Britain and Canada have also taken measures to fight inflation.

Friday's move, the first interest increase in Japan for almost six years, reflected a global trend of monetary tightening and an end to the era of easy credit.

Lanka opens lubricant market to new investment

AFP, Colombo

Sri Lanka Sunday invited both local and foreign companies to invest in the island's lubricant market as part of an effort to open up the petroleum sector.

The government's privatisation agency said new entrants can choose between setting up a blending plant and selling to the local and export markets, or simply importing and distributing products.

"With a view to creating healthy competition for quality lubricants, the government has decided to further liberalise the Sri Lankan lubricant market," the Public Enterprise Reform Commission said in a statement.

Firms should apply by August 28, the commission said.

The market for lubricants, used mainly in cars, trucks and machinery, in Sri Lanka is growing 10 percent a year and is valued around six billion rupees (60 million dollars).

The small market size however, has not deterred foreign firms including those from India and France from showing interest, according to industry sources.

The lubricant market is currently dominated by Chevron Texaco, locally known as Caltex Lanka Lubricants, which holds 80 percent and the balance is split between Indian Oil Corp., Servo, Mobil, Valvoline, British Petroleum/Castrol and Shell.

New BGMEA chief vows to ensure compliance in RMG units

STAR BUSINESS REPORT

The new president of the apparel sector's apex trade body has voiced his determination to ensure compliance in garment units in the interest of retaining the world market share of Bangladeshi apparel products.

SM Fazlul Huq formally took over the presidency of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday.

Terminating compliance as a crucial issue, he said, "It will be my first job to ensure compliance in the garment units."

Fazlul, managing director of Choice Group, becomes third of the three presidents of the BGMEA, sharing the same post for eight months each in line with a power-sharing consensus election held in February last year.

His investiture took place at BGMEA office after a regular board meeting. Tipu Munshi of Sepal Garment Ltd formally handed over the charge to SM Fazlul Huq.

Earlier, Annisul Huq of Mohammadi Group had served the first eight months of the shared tenure as president.

Fazlul, a veteran freedom fighter,



SM Fazlul Huq

took apparel business as his career in 1984 and served as the first vice-president of BGMEA in the 1993-1996 period. He also worked as a BGMEA director from 1991 to 1992.

The career businessman is a former vice-president of Chittagong University Central Students' Union (CUCSU) and is still involved with the Chittagong University as a member of the university's senate and syndicate.

Talking to The Daily Star, the BGMEA new president said he will give priority in ensuring the workers' rights through developing an acceptable dispute-settlement body.

US economy may face bigger risks due to oil

AFP, Washington

The upsurge in Middle East violence and resulting spike in crude oil prices poses new risks to the US economy, which is already cooling from higher interest rates and other factors, experts say.

With concerns rising about an expansion of the conflict now involving Israel and Lebanese-based Hezbollah, oil prices have hit fresh peaks, increasing a variety of costs at a time when many analysts have been calling for a "soft landing."

Recent reports on retail sales and consumer sentiment suggest the world's biggest economy is already retreating from its strong 5.6 pace of growth in the first quarter. But a jolt from energy costs could make the landing a lot bumpier.

"Given the unerving developments in the Middle East, the prospects for 80-dollar oil and record gasoline prices, a clearly deteriorating job market in the US and the steady erosion in the stock market, it

stands to reason that households will be much more cautious about spending in the future," said Bernard Baumohl, executive director of the Economic Outlook Group.

"The US has suddenly become vulnerable to a much more serious downturn in the second half of the year. Could geopolitical events suddenly turn a soft landing into a recession? Absolutely."

The latest developments pose new challenges for the Federal Reserve, which is trying to curb inflationary pressures even as the expansion cools.

Goldman Sachs analysts said in a note the recent data "point to slower growth." The investment group is calling for 3.0 percent growth in the second quarter but add that "the slowdown in retail sales over the past few months -- as well as more anecdotal measures of business confidence -- suggest that the risks to a trend growth pace in coming quarters are on the downside."



PHOTO: DHL

M Kamaluddin Chowdhury, managing director of Shahjalal Islami Bank Limited, and Desmond Quiah, country manager of DHL Express, exchange documents after signing an agreement in Dhaka on Wednesday. Under the deal, DHL has become the exclusive air express service provider of the bank. Deputy Managing Director of Shahjalal Islami Bank Muhammad Ali and National Sales Manager of DHL Express Md Miarul Haque and other senior officials were present.

G8 splits on nuclear energy

REUTERS, St Petersburg

The Group of Eight industrial nations approved a statement on "Global Energy Security" on Sunday that acknowledges splits over nuclear energy and climate change among the world's top economies.

"We recognize that G8 members pursue different ways to achieve energy security and the goals of climate protection," the section of the statement on nuclear energy says. The section was unchanged from a document obtained last week by Reuters.

"Those of us who have or are considering plans relating to the use and/or development of safe and secure nuclear energy believe that its development will contribute to global energy security, while simultaneously reducing harmful air pollution and addressing the climate change challenge," it says.

It includes a phrase German officials said was important to Berlin, which has committed to an early phase-out of nuclear energy by the early 2020s. "We are committed to further reduce the risks associated with the safe use of nuclear energy."

Nuclear energy, which is making a comeback worldwide, especially in Asia, produces no greenhouse gases and has been hailed by some environmentalists as a good way of protecting the climate while meeting growing demand for electricity.

Critics, however, say there is no good solution for the storage of dangerous nuclear waste. They also say nuclear power plants are vulnerable to terrorist attacks and result in an increased risk of nuclear weapons proliferation.

The statement also backs plans suggested by Moscow to create international centres in Russia to produce nuclear fuel for countries with atomic power plants and a US plan to create a multilateral nuclear fuel bank. All of these would be under the supervision of the UN nuclear watchdog.

"We intend to make additional joint efforts to ensure reliable access to low enriched uranium for power reactor fuel and spent fuel recycling," as part of the group's joint non-proliferation efforts, the text said.

The US and Russian ideas were first conceived as ways of under-

cutting arguments by countries like Iran which say they need their own national uranium enrichment programs to guarantee a fuel supply. Enrichment is a highly sensitive process that produces fuel for nuclear power plants or weapons.

The section on climate change said the G8 intends "to meet our shared and multiple objectives of reducing greenhouse gas emissions, improving the global environment, enhancing energy security and cutting air pollution in conjunction with our vigorous efforts to reduce poverty."

But it also highlights the split over the 1997 Kyoto protocol on climate change, saying that "those of us committed to making the Kyoto protocol a success underline the importance we attach to it."

The protocol encouraged richer nations to cut down on emissions of gases blamed for global warming, but the agreement has been hampered by US refusal to sign up to it.

French President Jacques Chirac urged G8 members to apply the protocol in order to protect the planet.

Cheap labour draws foreign companies to China's far west

AFP, Chengdu

Cheap labour and lower start-up costs are luring foreign companies to Chengdu, helping to revitalize an ancient city in western China determined to close the gap with the more prosperous east.

Chengdu, China's western cultural and economic capital for centuries, has engineered a partial revival by raking in record foreign investment over the last six years, and vaunts the presence of 78 blue-chip companies.

Motorola, IBM, Intel, Coca Cola and Toyota have led the charge of top brands that together have poured hundreds of millions in new factories, with Swedish retail giant Ikea and German software giant SAP set to be the newest arrivals.

Chengdu's economic boom can also be seen in the towering new five-star hotels which host a growing number of foreign trade delegations drawn to the river city, teaming with new restaurants and luxury retail boutiques.

"Companies are considering Chengdu because everything is cheaper here," Wang Yi, an official with the China Council for the Promotion of International Trade, told AFP.

"The start-up costs are much higher in the eastern areas of China and the competition is fiercer."

China's shoe industry is one sector that has already started moving operations to Chengdu in hopes of taking advantage of cheaper production costs despite greater logistical challenges.

Emmanuelle Hermandesse, manager for the Sino-French childrens shoemaker Great Yield, bets that in five years, Chengdu will rival the traditional eastern shoe powerhouses of Fujian, Zhejiang and Guangzhou.

"You're paying a little more for transportation, but you're making that up with cheaper labour," said Hermandesse, who just relocated her main factory from southeastern Fujian province to Chengdu.

Crisis to make Airbus stronger, says Boeing head

AFP, Paris

The head of aviation giant Boeing said Sunday that the current crisis of his rival Airbus and its parent company EADS would only make both stronger in the long run.

James MacNerney was referring to an EADS-Airbus management upheaval caused by delays to the Airbus A380 superjumbo airliner.

"In the end, the crisis will make EADS and Airbus stronger," MacNerney was quoted as telling the Paris newspaper Journal du Dimanche in an interview whose text was published in French.

"The two companies will remain strong competitors for Boeing," the Boeing president was quoted as saying in the interview, which also appeared in a number of other European newspapers.

Frenchman Christian Streiff was named head of Airbus earlier this month in place of Germany's Gustav Humbert, who resigned after Airbus announced it had run into manufacturing problems with its A380 superjumbo jet that would delay deliveries of the world's largest passenger aircraft.

The EADS-Airbus crisis, MacNerney said, was likely to favour Boeing's 747-8 model.

But the delays were likely to remain minimal "because the market and economic model of the two planes are very different, and it's a derivative of an aircraft that we have been making for many years," he was quoted as saying.