

Star BUSINESS

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Oil prices slump under \$59

AFP, New York

World oil prices sank under 59 dollars Tuesday, hitting their lowest points since mid-February as traders looked forward to healthy US inventories and lessened tensions over Iran.

New York's main contract, light sweet crude for delivery in November, tumbled 2.35 dollars to close at 58.68 dollars a barrel.

In London, Brent North Sea crude for November delivery plunged 2.02 dollars to a settlement of 58.43 dollars a barrel.

Both contracts are down one-quarter from record highs above 78 dollars reached in July and August.

"Many of the issues that helped push oil prices up in the summer are now doing the opposite," said Adam Sieminski, chief energy economist at Deutsche Bank.

"Oil market traders continue to worry that the global economy is slowing down and inventories are rising. The US hurricane season has fizzled and talks between the UN and Iran on uranium reprocessing are ongoing," he said.

Iran, the world's fourth-biggest crude producer, Tuesday suggested that France should lead a consortium to produce enriched uranium on Iranian soil, as a way out of the impasse with the West over its contested nuclear programme.

The offer from the deputy head of Iran's atomic energy agency came amid warnings that time was running out for Tehran to broker a deal with the European Union and escape possible UN sanctions.

"The Iranian situation seems to have got a lot calmer," Investec analyst Bruce Evers said.

HSBC named Asia-Pacific best bank in cash management

HSBC retained the title of the 'Best Cash Management Bank in Asia-Pacific' for the fourth year in a row, according to a recent poll of Euromoney, one of the leading journals of the world's capital and money markets.

The bank won every Asia-Pacific category in the '2006 Euromoney Cash Management Poll', says a press release. HSBC was voted number one in Japan, north Asia, southeast Asia, south Asia and central Asia.

Lawrence Webb, head of Payments and Cash Management (Asia-Pacific), said: "Winning the award for the fourth year in a row reflects how well our teams pulled together to retain this title, and illustrates our position in providing exceptional customer services and cutting edge solutions."

The poll surveyed around 1,700 companies globally as part of its annual ranking of the world's best providers of international cash management services.

WTO AID FOR TRADE PACKAGE

Govt set to undertake uplift projects to woo support

JASIM UDDIN KHAN

Availing of the aid for trade package the World Trade Organisation has offered to the globalisation-hit least developed countries (LDCs), Bangladesh government is now set to take up a number of uplift projects to woo such support, according to official sources.

The Economic Relations Division is examining three separate project proposals.

"Besides the Export Promotion Bureau, the ministries of agriculture and fisheries and livestock have prepared these project proposals following a commerce ministry directive," a high official of the Commerce Ministry said yesterday.

Several other ministries and division such as Ministry of Shipping, National Board of Revenue and Ministry of Finance will also submit some other project proposals under the package, the source added.

The Commerce Ministry invited project proposals under the WTO package from different ministries on April 16 this year at an inter-ministerial meeting as some developed countries had offered a huge amount of aid as package.

Meanwhile, the Commerce Ministry has decided to convene a meeting, which will be chaired by minister Hafizuddin Ahmed, within a short span of time to determine strategy of how Bangladesh could reap maximum benefit from the proposed aid for trade package.

This meeting will also deliberate on the suggestions made by Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Dhaka Chamber of Commerce and Industry (DCCI) and Centre for Policy Dialogue (CPD), a private think tank.

These organisations advised the government to take necessary actions, including formation of a national committee on 'aid for trade', for utilising the package.

Progress in the Bangladesh Trade Policy Review (TPR) that took place at the WTO headquarters in Geneva of Switzerland between September 13 and 15 and main features of the G-20 meeting in Brazil, where Bangladesh also took part, will come up for discussion, among other things, at the forthcoming meeting.

Meanwhile, representatives from different countries and donor agencies, including Japan, USA and

European Commission, had a number of meetings with Commerce Secretary Firoz Ahmed in the last couple of months to talk the aid for trade issue.

Sources said the British government has promised to hike the aid to \$750 million to the LDCs by 2010 under the WTO package plan, pushing the total European Union (EU) yearly contribution to \$2 billion until then. Japan has promised \$10 billion over three years and the US \$2.7 billion a year by 2010.

While talking to The Daily Star, a local trade expert said the WTO package will contribute to the capacity building of the LDCs' infrastructures besides meeting export standards of these countries.

Negotiations on the WTO Doha Development Round were suspended in July this year amid widespread differences among the members.

The Aid for Trade Task Force, which was formed early this year by the WTO, submitted their report in July this year where they suggested more focus on aid for trade package to poor countries.

Japanese to set up agro-based industry in Ishwardi

UNB, Dhaka

A Japanese company will establish an agro-based industry in Ishwardi Export Processing Zone with an investment of US\$ 500,000.

The 100 percent foreign owned company M/s Delicious Water Produce Ltd will manufacture 20,000 kgs of fruit and tomato and 10,000 kgs of paprika annually, creating employment opportunity for 33 Bangladeshis and two foreign nationals.

To this effect, Bangladesh Export Processing Zone Authority (Bepza) and M/s Delicious Water Produce Ltd have signed an agreement here recently.

Masud Ahmed, member of Investment Promotion of Bepza, and Hiroko Kawahara, chairperson of Delicious Water Produce Ltd, signed the agreement on behalf of their respective organisations, said a Bepza press release.

EU seeks new free trade areas

AFP, Brussels

European trade chief Peter Mandelson on Wednesday presented a more liberal trade strategy for the bloc, seeking new free trade agreement (FTA) partners in areas that will benefit European exporters.

"The key economic criteria for new FTA partners should be the market potential (economic size and growth) and the level of protection against EU export interests," including tariffs and non-tariff barriers, according to an executive summary of the new strategy, entitled "Global Europe: Competing in the World".

Based on these criteria, "Asean (the association of South East Asian Nations), (South) Korea and Mercosur (South America's biggest trade grouping with which negotiations are on-going) emerge as priorities," the report says.

"India, Russia and the Gulf Co-operation Council (negotiations also currently active) also have combinations of market potential and levels of protection which make them of direct interest to the EU."

China also meets "many of these criteria, but requires special attention because of the opportunities and risks it represents".

"Europe is the world's biggest export - but it needs a tighter focus on target markets, and a long-term commitment to competitiveness," the statement said.

For Mandelson "rejection of protectionism at home should be accompanied by activism in opening markets abroad".

The document, adopted by the European Commission on Wednesday, stressed that the EU's priority should be to guarantee that all new FTAs, including those involving the EU, "serve as a stepping stone, not a stumbling block for multilateral liberalisation."

Thursday.

"If the EU's Finnish presidency, which has been hostile to anti-dumping measures, had played its role better, the compromise could have been reached much earlier," said an EU source.

The decision was bound to raise the hackles of EU distributors who have denounced the sort of protectionism displayed by Italy, whose shoe industry has not well adapted to the new world market.

Brussels stressed that the tariffs will only apply to shoes with leather uppers which account for around one in ten pairs sold in the European Union.

Last year China exported 1.2 billion pairs of shoes to EU countries, 145 million of which were hit by the provisional anti-dumping measures.

For Vietnam the total EU import figure was 265 million pairs, 80 million of which were affected.

After a 15-month investigation, the commission found that shoe-makers in China and Vietnam unfairly benefited from state aid in the form of soft loans, tax breaks and cheap rents.

China's footwear manufacturers reject the EU's claims.

New president of ICSMB



Mohammad Asad Ullah has been elected president of Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) for the term 2006-07.

The Council of the Institute also elected Itrat Husain as senior vice president, Feroz Iqbal Faruque vice president and Md Shahid Farooqui as treasurer for the same term, says a press release.

One of the fellow members of the institute, Asad Ullah was the senior vice president of the ICSMB for the last one year.

African business climate changing fast: WB

AFP, Undated

Africa has the world's worst business environment but is reforming rapidly to scrap bottlenecks, red tape and antiquated laws, a World Bank report said Wednesday.

The Doing Business Report 2007 by the World Bank and private sector arm, the International Finance Corporation, surveyed the business climate in 175 countries and rated Sub-Saharan Africa as the worst region in the world to conduct business.

But it said Africa, the world's poorest continent, had made impressive strides in 2006 over the two preceding years when it "lagged behind all other regions in the pace of reform".

Referring to a ranking of regions based on their reforms, the report added: "This year, it (Africa) ranks third behind only Eastern Europe and Central Asia and the OECD high-income countries."

BIMSTEC TRADE EXPERTS' TALKS

Uncertainty looms over fixing date, sensitive lists

MD HASAN

Fate of the Bimstec trade experts' talks has experienced a jolt as the member countries are yet to fix a suitable schedule for holding its 12th meeting, which was due in September in Myanmar, aiming to resolve hurdles for implementing a complete free trade area (FTA).

"There has been no consensus on the date of holding the trade experts level meeting of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec), though 11 meetings of the trade negotiation committee (TNC) were held successfully in different member countries," a commerce ministry high official said, adding that progress in the TNC deliberations is not insignificant.

The official, however, lamented that member countries also failed to reach a consensus on two core issues rules of origin and sensitive lists.

"So at this moment it is difficult to say when the FTA pact will come into force, though trade among member countries under Bimstec was to come into effect from July 2006," he said.

The proposed big negative lists by the Bimstec member countries need more discussions to cut the lists so that the FTA pact can be implemented effectively, he said.

Sources said the three developing countries in the group Thailand, India and Sri Lanka proposed to bring about some changes in customs tariff. Along with such changes, India and Sri Lanka had favoured 35 to 40 percent value addition. But the least developed countries (LDCs) Bangladesh, Myanmar, Nepal and Bhutan want fixation of the rules of origin criteria merely on value addition basis.

"We are just continuing negotiations on negative lists and rules of origin for trading of goods. Apart

from this, we have to discuss other sectors like fisheries, investment, technology, energy, transportation and communications and tourism," the official observed.

Meanwhile, another official of the ministry anticipated uncertainty over holding of the Bimstec next meeting because of the existing Thai political situation.

He said, "Political situation in Thailand may cause delay in the talks".

The 7-nation regional economic group, Bimstec, was established in 1997 with a view to fostering socio-economic cooperation among the member countries. Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand are the group members.

The group eyes achieving its own free trade area by the year 2007.



PHOTO: BRAC BANK

Brac Bank Ltd recently signed a group insurance agreement with American Life Insurance Company (Alico) to provide life insurance coverage for expatriate Bangladeshis who send their money home through the bank. Under the deal, remitters will be insured for Tk 100,000 coverage against accidental death and Tk 10,000 against natural death with a coverage duration of 65 days from the date of remittance. Imran Rahman, managing director and CEO of the bank, and M Nurul Islam, regional senior vice president of Alico MEASA (East), signed the deal on behalf of their sides.

Vietnam's power sector lures foreign investors

ANN/ VIET NAM NEWS

Shares of companies in the electricity sector are attracting foreign investors' interest on all types of shares traded on the Ha Noi bourse, according to the Ha Noi Securities Trading Centre.

Three listed companies in the electricity sector, the Vinh Son-Song Hinh Hydroelectric Co (VSH), Pha Lai Thermal Power Co (PPC), and Khanh Hoa Power Co (KHP), have together accounted for 80.17 per cent of the total value of trades involving foreign investors.

The beverage sector came in at a distant second with Thang Long Wine Co (VTL) making up 5.24 per cent of transactions involving foreign investors, followed by Viet Nam National Reinsurance Corporation (VNR), accounting for 3.57 per cent.

Foreigners in the securities market have focused their investment on the power field because the Vietnamese stock market was still

developing and lacked a broader range of stocks representing manufacturing and other sectors, particularly shares of companies making high-quality goods, suggested Don Lam, general director of the VinaCapital Fund Management Co.

Since the Ha Noi stock market began operations, the number of foreign investor accounts has grown rapidly from only 287 in July 2005 to 419 in December 2005. In the first five months of this year, the number more than doubled, reaching 859.

However, the proportion of stock market transactions involving foreign investors remained small. From January to August, the volume of shares traded by foreign investors at the centre was 1,618,406, with a value of VND45 billion (US\$2.8 million), making up only 3.56 per cent of total value of traded shares.

Thai coup poses little economic threat to region: ADB

AFP, Tokyo

The coup in Thailand poses little threat to the Southeast Asian economies although Thai growth is set to slow after large public works projects were shelved, the Asian Development Bank's chief economist, Ifzal Ali, said Wednesday.

"The Thai coup has been viewed by financial markets as an idiosyncratic and Thai-specific event," said Ali, noting that the Thai baht and stock market had quickly bounced back after initial losses sparked by the putsch.

"This is not likely to have spillovers into the region. This is not 1997," he said, referring to the regional financial crisis almost a decade ago.

"This is a local political issue which hopefully will be sorted out within Thailand in the near future," Ali told reporters on a trip to Japan.

Ali said there were mixed messages coming from Thailand, voicing concern about remarks from interim prime minister General Surayud Chulanont saying he wants to focus more on gross domestic happiness than gross domestic product.

At the same time the 63-year-old former army chief had appointed the central bank governor as one of his key advisers, which has had a calming effect on financial markets, Ali added.

Even before the Thai coup, however, the Manila-based ADB had sharply revised down its forecasts for economic growth there to 4.2 percent from 4.7 percent for this year and to 4.0 percent from 5.5 percent for next year, he noted.

Thailand's economy has been suffering because of a long-running political stalemate under the previous administration of former premier Thaksin Shinawatra, who was ousted in the September 19 bloodless coup.

Retail revolution in India set to hot up

PALLAB BHATTACHARYA, New Delhi

Retail revolution in India is getting bigger and attracting top Indian corporate houses into the retail business.

After Mukesh Ambani's Reliance Group and Bharti Enterprises, the Tata Group on Tuesday announced it would invest up to Rs 400 crore as equity in Infinity Retail, which will sell consumer and electronics goods.

Infinity Retail will be a wholly-owned subsidiary of Tata Sons and will operate national chain of multi-brand outlets of consumer electronics and durables.

The Tatas have entered into a technical and sourcing agreement with Australia's largest retailer Woolworths for its retail foray.

"We are sharply focused on retail and our foray into consumer elec-

tronics and durables will further strengthen Tata's presence in the growing retail industry," said Tata Sons Managing Director R Krishna Kumar.

Retail consultancy Technopak Advisors has estimated the size of Indian retail industry at nearly \$ 300 billion and predicted its growth to \$ 427 billion in the year 2010. Kumar said as the market expands the Tatas will also look at investing in other retail formats.

This will be the second venture of the Tatas in retail segment after the Trent Ltd, which runs a chain of department stores under the brand name of Westside.

Meanwhile, Indian retail major Pantaloon said it will form a 50:50 joint venture with UK-based Alpha Airports Group Plc to develop travel retail and food catering business in airports in India.