

Star BUSINESS

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PRGF LOAN

IMF gives nod to sixth instalment

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International Monetary Fund (IMF) has approved disbursement of the sixth instalment of PRGF loan amounting to US\$49.7 million, according to an IMF press release.

A 33 percent less amount of loan has been sanctioned this time because of the Bangladesh government's failure in fulfilling some major conditions set by the lending organization.

Earlier on June 2003, the IMF approved the PRGF loan, which was said to be disbursed in seven instalments--\$75 million for each part.

The IMF executive board Friday approved the loan amount. The Board decided to extend the current Poverty Reduction Growth Facility arrangement to June 19, 2007 to allow the remaining sixth review to be completed.

In addition, the Board agreed to waive the non-observance of the

criteria of both quantitative and structural performances.

Following the Board's approval, Takatoshi Kato, IMF deputy managing director and acting chair, said Bangladesh achieved considerable progress in meeting the Millennium Development Goals and sustained growth with moderate inflation, which contributed to a significant reduction in poverty over the last five years.

Bangladesh, he observed, however, still faces formidable challenges in addressing infrastructural constraints and improving social services. He suggested that the authorities should maintain sound policies, speed up the pace of key structural reforms in the banking and energy sectors and reinforce their revenue mobilisation efforts.

Termining the privatisation of Rupali Bank a positive milestone, he stressed the need for stepping up reform efforts in the nationalised

commercial banks (NCBs) to further enhance financial intermediation and reduce contingent liabilities.

"The imminent divestment of Rupali Bank is a positive milestone and should be followed by steps to corporatise the remaining three state banks and hold their managements accountable against performance indicators", he said.

On containing losses in the energy sector, he said, fuel price adjustments and recent decline in international prices have helped in this respect.

It would be important to move towards a full pass-through of international oil prices, combined with targeted safety net programmes to mitigate the impact on vulnerable groups that would provide room for priority spending on social services and infrastructure, he explained.

US Q3 growth slumps

AFP, Washington

The US economy slumped to its worst growth rate since early 2003 in the third quarter, according to data that unleashed partisan point-scoring ahead of elections next month.

US gross domestic product (GDP) fell to an annual growth rate of just 1.6 percent in the three months through September, due to a cooling housing market and rising trade deficit, the Commerce Department said.

The first GDP estimate was much worse than the growth pace of 2.1 percent expected on Wall Street. It compared to second-quarter growth of 2.6 percent and a blistering 5.6 percent recorded in the first quarter.

Heading into the pivotal elections on November 7, the news added ammunition to the Democrats' campaign to retake control of Congress from President George W. Bush's Republicans.

"The headline news remains that growth slowed to 1.6 percent and the average American voter could care less that the deceleration was skewed towards residential investment spending and the trade deficit," Moody's Investors Service economist John Lonski said.

\$504.69m investment in EPZs in five years

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Country's investment volume in the export processing zones (EPZs) rose to \$504.69 million during the last five years.

According to the Bangladesh Export Processing Zones Authority (Bepza), investments in the EPZs reached \$979.89 million in the 2005-06 fiscal from \$475.20 million in 2001.

Out of these, in the last five years, investment in Chittagong EPZ stood at \$508.82 million, while there was \$420.98million investment in Dhaka EPZ, \$2.87 million in Mongla EPZ, \$40.93million in Comilla, \$1.50million in Uttara, \$4 million in Adamjee and \$810 thousand in Ishwardi EPZ.

Despite worldwide recession, the flow of foreign direct investment in the EPZs was significant in the last 60 months, sources said.

"The ever increasing investment growth in the EPZs reflects positive impact of the industrialisation," said a high official of Bepza.

He claimed, "This is happening because of Bepza's effective measures to protect congenial investment climate during the last five years".

During the period, the export volume of EPZs reached \$7016.02 million. The enterprises of EPZs exported goods worth \$ 11839.80 million up to June 2006 whereas it was \$4823.78million until June

2001. As per the Bepza statistics, export earning from EPZ was \$1077.03million in the 2001-02 fiscal, which stood at \$11839.80million in the 2005-06 fiscal.

Of the total export earnings, export earning from Chittagong EPZ stood at \$ 6901.53 million while it was \$4861.83million from Dhaka EPZ, \$49.90million from Comilla EPZ, \$22.67 million from Mongla EPZ, \$3.63 million from Ishwardi EPZ and \$230 thousand from Adamjee EPZ.

Bepza sanctioned 201 industrial plots to the local and foreign investors during the period.

Of the 201 plots, 84 were allotted

to foreign companies, 41 for joint venture investment and 76 plots were for Bangladeshi investors. Among the 201 sanctioned plots, 79 have already started production, according to Bepza.

During the last five years, 67 thousand Bangladeshi nationals were employed in the EPZs. At present, the number of Bangladeshi nationals working in the seven EPZs reaches 1.77 lakh from 1.09 lakh in the year 2001.

Moreover, the Bepza received investment proposals worth \$89625million during the first three months of the current fiscal, which may create 21 thousand jobs for the local people.

Iraq welcomes Chinese oil companies

AFP, Beijing

Chinese companies are welcome to bid for energy contracts in Iraq, but all deals reached under former dictator Saddam Hussein must be renegotiated, the Middle East nation's oil minister said Saturday.

Hussain al-Shahristani said three days of talks in China had revealed a keen interest in Iraqi oil, but he cautioned any deal would be subject to a new law expected to be passed before the end of the year.

"We welcomed this interest and will facilitate their participation within the framework of the oil and gas law that is being discussed in Iraq," he told reporters in Beijing.

The oil minister said he had talks both with leading economic decision-makers and with representatives of China's largest oil firms, including China National Petroleum Corp. (CNPC), the parent of PetroChina.

Following this week's talks, CNPC will meet with the Iraqi oil ministry next month for discussions on the development of the Ahdab oil field, an area the Chinese company first signed up with the Saddam regime to explore in 1997.

"If an agreement is reached very quickly, then they are expected to start work right away," al-Shahristani said.

For this contract, as for other contracts signed prior to the planned law, new terms have to be negotiated, he said.

"All contracts that were signed under Saddam Hussein, or after Saddam Hussein, will be renegotiated based on the oil and gas law," he said.

Nike doubles investment in Barcelona

AFP, Madrid

Sportswear company Nike has signed a new sponsorship agreement with Spanish giants Barcelona which will see them invest a minimum of 150 million euros over a five year period ending in 2013.

The agreement could be extended by a further five years after that the Catalan club said on its website.

The new agreement doubles Nike's financial involvement in Barcelona from the 15 million euros a year previously equalling what the company invests in English giants Manchester United.

On top of the minimum investment, will come bonuses and royalties based on results on the pitch and the sales of Barcelona team shirts which could lift the annual figure to 45 million euros, Spanish press reports said.



Mamoon M Shah, head of Personal Financial Services of HSBC Bangladesh, and M Mahmudul Hasan, general manager (Marketing and Administration) of Genetic Ltd, exchange documents after signing a memorandum of understanding (MoU) recently in Dhaka. Under the MoU, customers of Genetic will get privileged services from HSBC on their home loan applications and both the companies will run joint campaigns to promote home loan.

Tata's Corus acquisition reaffirms India's global presence

OUR CORRESPONDENT, New Delhi

The Tata Group's acquisition of Anglo-Dutch steel-maker Corus is a reaffirmation of the Indian corporate sector's aggressive bid to go global through inorganic growth to face up to competition, analysts said.

The main driving force behind these overseas acquisitions is the achievement of scale and size of operations to be globally competitive. Among other key reasons are to secure an easier reach to a much wider market, access to technology, leveraging well known international brands and tapping natural resources, they said.

The first nine months of 2006 have seen Indian companies announcing 116 foreign acquisitions with a total value of \$7.6 billion and the shopping spree spanning industries from information technology and outsourcing to liquor.

Indian companies acquired assets worth \$4.3 billion in 2005 and just \$863 million in 2004, marking a sharp rise in overseas acquisitions. Most of the investments and acquisitions by Indian firms overseas are in manufacturing sector rather than in services, according to the United Nations Conference on Trade and Development (Unctad).

State-owned energy major Oil and Natural Gas Corporation has made largest purchases of 2006 by acquiring oil interests in Brazil, Colombia, Syria, Sudan and

Angola. The Tatas have over the years made significant acquisitions across the world, taking over National Steel of Singapore, Millennium Steel of Thailand, Tetley Tea of Britain, Eight O'Clock Coffee of the USA, American energy drink company Glaceau and of course Corus.

The companies owned by big Indian industrial houses such as Ambanis, Birlas, Mahindras and Venugopal Dhoot made acquisitions abroad as did Indian pharmaceutical giants like Ranbaxy, Dr Reddy's Labs and Wockhardy. Dr Reddy's bought German pharmaceutical firm Betapharm for \$570

Maruti Q2 profit soars 40pc

AFP, Mumbai

India's largest carmaker Maruti Udyog, majority owned by Japan's Suzuki Motor Corp, said Thursday that second quarter net profit jumped almost 40 percent year-on-year, beating analysts forecasts.

Net profit for the June to September quarter rose 39.9 percent to 3.67 billion rupees (80 million dollars) on revenues that rose 12.5 percent to 35.4 billion rupees, it said in a notice to the Mumbai stock exchange.

million. Indian software major Wipro also acquired three technology firms in Portugal, Finland and the USA this year and is reportedly planning a dozen more.

Vijay Mallya has made an unsolicited bid to acquire Scotch whisky-maker Whyte and Mackay while Bharat Forge, the world's second largest maker of forgings for engines and chassis components, has bought six firms in Britain, France, Sweden and China since 2004.

Indian wind energy firm Suzlon bought for \$565 million the Belgian company, Hansen, which manufactures gearboxes.

Funds have not been constraint for Indian companies in going for overseas acquisitions despite capital controls that limit external borrowings. In August this year, Reliance Petroleum raised some \$1.5 billion abroad and Tata Steel is reported to have secured financial commitments to the tune of \$6.5 billion to acquire Corus.

Powered by strong domestic economic growth and low cost of production, Indian companies are aspiring to go global.

Canada won't offer amnesty to 0.2m illegal workers

AFP, Ottawa

Canada will not offer amnesty to an estimated 200,000 undocumented workers slogging in construction and blue collar jobs, fearing it would encourage more illegal immigration, an official said Friday.

"We remain committed to protecting the integrity of the immigration system," Citizenship and Immigration Canada spokeswoman Melanie Carkner told AFP.

Offering amnesty "would encourage illegal immigration and it's unfair to the hundreds of thousands of people who applied through legal channels and have waited patiently," she said.

Andy Manahan of Universal Workers Union Local 183 lamented the decision, saying it "is short-sighted" and could have "a great negative economic impact" on Canada's booming construction sector, which relies on foreign workers.

Unions, home builders' associations and community groups, which represent thousands of undocumented trade workers, have lobbied for an amnesty, pressing five different immigration ministers in six years for changes, but to no avail.

"We're looking for ways to make it easier for trades people and people who don't necessarily have a university degree to come here ... But, we're not going to allow people to jump the queue," Immigration Minister Monte Solberg told Parliament on Friday.

Many of the illegal workers are from Portugal, Argentina and El Salvador, according to reports.

"Canada's current immigration system favors academic qualifications and English language proficiency. It is biased, favoring white collar workers over trade workers," Manahan told AFP. "It needs to be reformed."

He wrote to Solberg in August asking to set up a pilot programme to legalize undocumented workers' status.

"If you look at the history of construction in Canada, there has been waves and waves of immigrants who didn't speak English, but many eventually became quite successful," he said.

In a reply, obtained by AFP, an immigration official said Solberg understands the difficulty and vulnerability of people working illegally in Canada and would ensure that "Canada's immigration policy is reoriented to meet the demands of our labour market."

But, Canada must also maintain its policies to "drive foreign workers to legal channels," the official wrote.

"Even a small increase in the number who decide to come here and stay here illegally based on the hope of regularization would simply recreate the very problem the (amnesty) proposal is supposed to fix."

In March, Portuguese Foreign Minister Diogo Freitas do Amaral made an urgent trip to Ottawa to investigate claims that Canada planned to deport thousands of Portuguese nationals.

The expulsion of several families working illegally in Canada, mainly in service sector jobs, made headlines in Portugal, a nation with a long history of emigration.

Workers from Bangladesh, 3 other countries to get KL calling visa

PTI, Kuala Lumpur

Workers from Bangladesh, India, Pakistan and Nepal flying into Malaysia can now apply for 'calling visas', a facility which is likely to reduce the waiting time for their employers here to receive them.

The calling visas are similar to the visa-on-arrival facility which is extended to tourists and businessmen, Deputy Home Affairs Minister Tan Chai Ho said.

They will no longer need to apply at the Malaysian High Commission, he said.

"Before they come here, their employers in Malaysia should have forwarded their names and details to the one stop centre at the immigration headquarters for processing and approval," Tan was quoted as saying by Star newspaper.

The arrangement is likely to cut down the waiting time for employers

here to receive their workers between one and two months to just one and two weeks, the paper said.

"Once approved and the bosses have received the work permits, they can then contact the workers to fly to Malaysia. They can apply for the visas when they reach KLIA," the minister said.

The system, implemented at KLIA for a few months now, had proven to be efficient, he added.

It will also enable better monitoring of workers at every state, including during the issuance and renewal of the permit.

The calling visa will cost US \$35 approximately for workers from India, Bangladesh, Pakistan and Nepal and will be applicable to workers from these regions only.

Foreign workers from Indonesia and other Asean countries can enter Malaysia without visas.



New CEO of Fidelity Assets & Securities

Mohammed NS Kabir recently took over as the chief executive officer and managing director of Fidelity Assets & Securities Company Ltd.

Prior to this appointment, he was deputy managing director of the same company, says a press release.

Toyota to build 2 plants in North America

REUTERS, Tokyo

Toyota Motor Corp will build two assembly plants in North America, Japan's Mainichi newspaper reported Saturday.

Toyota is considering building a plant in northern part of Midwest to assemble Yaris compact cars which are selling well, the Japanese daily said.

The plant, with the annual production capacity of 200,000 units, was expected to be operational in 2009, it said.

Toyota will also build another plant in North America to start producing sport utility vehicles around 2010, it said.

Toyota will decide where to build the assembly plants by the end of this year, the daily said.

Toyota officials were not immediately available for comment.



A street fruit vendor walks past an imported clothes shop in downtown Hanoi on Friday. Vietnam is expected to join the World Trade Organisation in January after approval of the terms of the country's accession.