

Star BUSINESS

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China okays local incorporation of 9 foreign banks

AFP, Beijing

China's banking regulator said Monday it had approved applications from nine foreign banks to incorporate their China operations locally, giving them easier access to millions of retail clients.

The nine foreign banks are Standard Chartered, Bank of East Asia, HSBC, Hang Seng Bank, Mizuho Corporate Bank, Bank of Tokyo Mitsubishi UFJ, Singapore's DBS Bank, Citibank and ABN AMRO, according to a statement published on the website of the China Banking Regulatory Commission.

The nine locally incorporated units are all registered in Shanghai, China's financial hub.

The commission said the nine banks accounted for 34 percent of all foreign bank branches in China, 55 percent of total assets held by foreign banks and 58 percent of profits achieved by foreign banks in China.

New regulations that took effect on December 11 allow foreign banks to conduct local currency business with Chinese citizens in line with China's commitments to the World Trade Organization.

Under the regulations, China will treat foreign banks the same as local lenders, but only if they incorporate locally.

This, however, also means they must maintain a cap on total outstanding loans in the local currency equivalent to 75 percent of total deposits.

Assets of foreign-funded banks in China totaled 105 billion dollars in September, accounting for 1.9 percent of all banking assets in the country, according to the Xinhua news agency.

US retailers count on post-Xmas sales

AP, Undated

Bargain hunters and latecomers flocked to stores this weekend as the retail industry made its last big push for pre-Christmas sales with increased discounts and other come-ons.

But the late-buying binge was not enough to meet sales goals, and retailers are now turning to post-Christmas business to make this season a merry one, according to one report from a national research company.

After a stronger-than-expected turnout on Black Friday, the day after Thanksgiving, stores struggled through the first two weeks of December as consumers shopped at a disappointing pace.

Mild temperatures throughout most of the country didn't inspire shoppers to buy winter items. And with Christmas falling on a Monday, the season became another nail biter for retailers as consumers procrastinated with a full weekend to shop before the holiday.

Based on data released late Sunday by ShopperTrak, sales for both Friday and Saturday generated a combined \$16.2 billion, with Saturday's business generating \$8.72 billion. But Martin expected Saturday's sales volume to surpass Black Friday's sales, which posted \$8.96 billion.

Average weekly sales for December compared with 2005 are up 4.3 percent, short of ShopperTrak's 5 percent holiday sales forecast.

This holiday season, consumers shopped early for flat-panel TVs, hot toys like T.M.X. Elmo and new consoles such as Sony's Playstation3, but held off on apparel, creating a mixed holiday picture.

Bright spots have been the online business and luxury stores. But many mall-based apparel chains were challenged by increased competition from department stores such as Federated Department Stores Inc.'s Macy's and J.C. Penney Co., which are benefiting from industry consolidation and fresh fashions.

Some stores were pulling out all the stops. Gap Inc., which has been languishing, took additional mark-downs on everything from T-shirts to hooded sweatshirts and jean jackets at its namesake stores. Long-sleeve T-shirts were slashed to \$9.99, from \$24.50 at a Gap store in Manhattan.

Those who delayed shopping saw big benefits in waiting. Other shoppers were already done, but came to the mall Sunday to see if any other items struck their fancy.

Japanese plan \$550m investment in car parts, interior goods

Hitachi Car executives due in Dhaka early Feb

JASIM UDDIN KHAN

Japanese entrepreneurs are eyeing about US\$550 million investment in car parts and car interior goods industry in Bangladesh, according to officials sources.

The plan of installation of such a factory here by a Japanese leading car and engine parts company like Hitachi Car Engineering Co was laid bare last week at a meeting in Tokyo between the company's Senior Engineer Masayuki Unezaki and Commercial Counsellor at the Bangladesh Embassy Abul Mansur Md Faizullah.

This factory would cost US\$300 million, the meeting sources said.

A group of executives of the company is learnt to have decided to visit Bangladesh by early February to place a formal proposal to the government for setting up a branch factory here.

During the meeting with the Bangladesh Embassy official, Masayuki Unezaki said being a

large used car importing country, Bangladesh has a good potential for Japanese car parts manufacturing industry.

"Bangladeshi consumers need regular engine and parts backup for Japanese reconditioned cars, which is now fulfilled by costly imports from Japan. If the company can install its branch office at Bangladesh, the cost of such imports would be reduced by around 40 percent," Masayuki added.

According to the sources, Bangladesh imports as many as 3,000 cars every year on an average, 80 percent of which are reconditioned ones.

In another development, the manufacturer of world famous Toyota brand car, Toyota Motor Corporation, now mulls setting up of a jute-based car interior textile industry in Bangladesh at a cost of \$250 million.

The company has already conducted a study to assess the

feasibility of the industry and found it suitable.

Senior Executive of the Toyota Motor Corporation Hajime Sakauchi informed the commercial wing of the Bangladesh Embassy that they would conduct a further study before getting the project finalised.

The company senior official also hinted at an immediate visit of a top representative to Bangladesh in this connection.

Besides, car parts manufacturing company Japanese Automotive Parts Group has expressed desire to extend its support to the initiative to set up car interior textile goods industry by using jute.

A director of the group said the scenario of car interior textile and other goods is changing fast worldwide as consumers are now preferring environment-friendly natural fibre to artificial one in interior decoration.

Thai central bank admits currency control error

AFP, Bangkok

The Bank of Thailand said Monday it had underestimated the impact of its draconian currency controls on the stock market, which is reeling from last week's record losses.

"We anticipated a certain impact for the (stock) market. But we didn't expect it to be this much," central bank governor Tarisa Watanagase said in an interview with the English-daily Bangkok Post published on Monday.

The Thai stock market nosedived 15 percent on Tuesday, the biggest one-day drop by value in the 31-year history of the bourse, due to panic selling over the currency rules imposed to curb the Thai baht's rise.

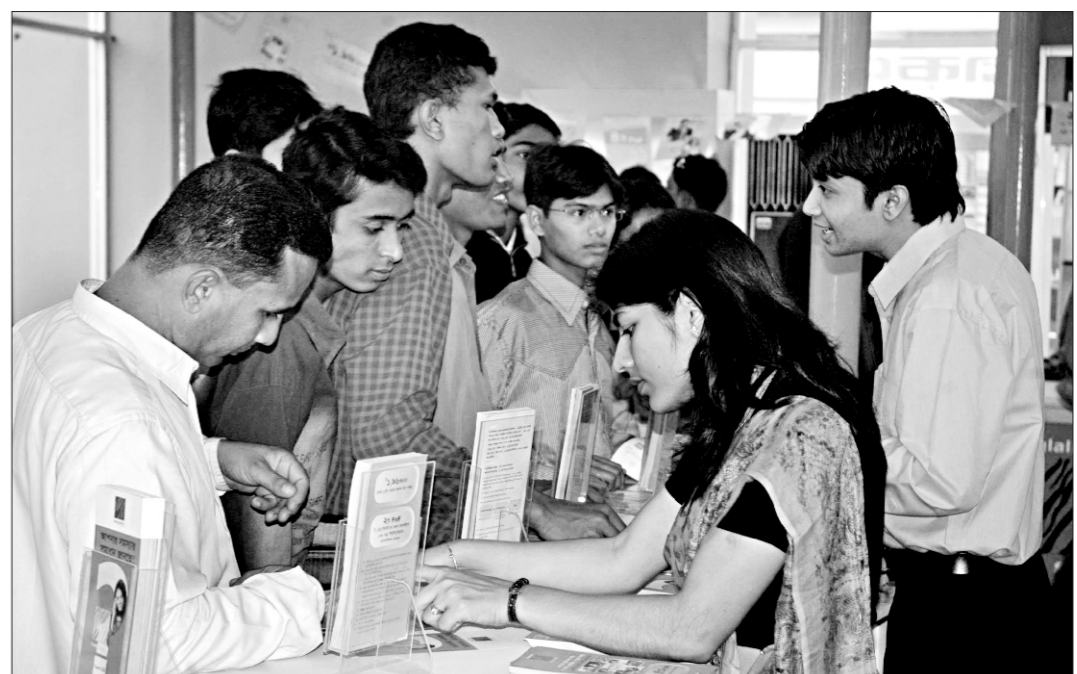
Facing the stock losses amounting to a staggering 23 billion dollars on the day, Finance Minister Pridiyathorn Devakula backtracked on the capital measures on Tuesday evening, in an embarrassing policy U-turn.

"The lesson that we have learned is that market panics occur more than we thought, that the herd mentality of investors is strong," said Tarisa, the first woman to head the central bank.

"We will need to consider investor psychology more," said the governor, who took the helm of the Bank of Thailand in October after Pridiyathorn left the top job to join the military-backed government as finance minister.

Since Tuesday's stock debacle, the market has rebounded and the Thai baht has fallen to the 36.00 level to the dollar from a new nine-year high of 35.12 last Monday.

The Stock Exchange of Thailand (SET) composite index rose 3.63 points or 0.53 percent to close at 683.94 on Monday, while the Thai baht finished at 36.38-41 to the dollar.



Visitors crowd a stall of a mobile phone operator at Dhaka International Trade Fair-2006 in the capital.

DHAKA INT'L TRADE FAIR Cellphone operators attract visitors

STAR BUSINESS REPORT

Mobile phone operators have announced special discounts and gifts at their stalls at the Dhaka International Trade Fair (DITF) 2006, attracting a large number of visitors.

Banglalink, one of the operators, is offering a free mobile handset to every 25th SIM buyer from its stall at the 12th version of the fair at Sher-e-Bangla Nagar in the capital.

"The sales have increased significantly following the free handset offer and we have so far distributed record 36 handsets a day under the offer," said a customer care official at Banglalink stall.

Banglalink is also offering the Tk 1,150 SIM card of 'upper link' package free of cost as the company is only taking Tk 500 deposits from customers, the official added.

The offers are available only at the fair.

Besides, the operator is also providing potential customers with photographs, which are required to buy SIM cards. The Banglalink stall has necessary arrangements to take photographs of the customers with digital camera.

The government-run cellular phone operator Teletalk sets an ambitious target. "In the previous fair, we sold connections worth Tk 1 crore. So, we expect to cross the figure this year too as more people are buying Teletalk SIM cards this time," said Jakir Hossain, the owner of Summit Corporation Limited that sells Teletalk connections at the fair.

The operator is also offering Tk 5,000 discount on its 'silver number' service under which customers can choose their connection numbers.

CityCell is offering Tk 50-300 free talk time for new subscription at the fair.

The largest cellphone operator, Grameenphone, has also set up a stall at the fair. The operator is offering various services including customer care services and flexi load facility at the fair, a Grameenphone official said.

The month-long DITF, the largest trade extravaganza in the country, is scheduled to conclude on January 2. A total of 418 companies, including 53 foreign ones from seven countries, are showcasing their products.

Tickets are available at the entrance at Tk 10 for an adult and Tk 5 for a child.

The fair remains open to visitors from 10:00am to 9:00pm on weekdays and from 10:00am to 10:00pm on holidays.



PHOTO: BANK ASIA

Syed Anisul Huq, president and managing director of Bank Asia Ltd, receives on behalf of the bank an ICAB National Award-2005 for Best Published Accounts and Reports from Dr Salehuddin Ahmed, governor of Bangladesh Bank, at a function on Friday. Faruq Ahmed Siddiqi, chairman of Securities and Exchange Commission (SEC), and ASM Nayeem, president of the Institute of Chartered Accountants of Bangladesh (ICAB), were also present.

Credit climate in Asia very favourable: StanChart chief

ANN/ THE STAR

Standard Chartered plc chairman Mervyn Davies believes the credit environment in Asia is very positive with no credit bubble in sight.

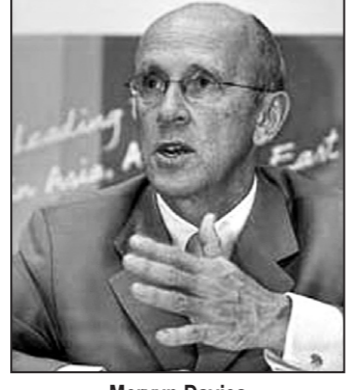
This is contrary to what some experts say. They fear of a credit bubble burst that may swing many Asian economies to the situation in 1997.

"We believe the world economy is in good shape."

In Davies' opinion, there will be no financial crisis hitting Asian economies although some problems can be expected in individual countries.

"The credit environment in Asia is very favourable," he told Malaysia's StarBiz in an interview during his recent trip to Kuala Lumpur.

Davies argued the Asia of today was different from that of a decade ago, as Asian corporations had low



Mervyn Davies

gearing levels and consumers were high savers.

He also believes there is "enormous growth potential" in markets such as China and India even though challenges exist.

"Asia is in a better shape than 10 years ago although problems would be there. Today, I believe there

would be no credit bubble burst," he said.

Formerly the group CEO of the global bank, Davies recently assumed the chairmanship. Based in London, he travels extensively to the bank's network of offices in Asia, Africa and the Middle East.

On the world scale, he sees a "period of global economic stability" and not a large-scale recession as feared by some analysts.

But he said the growing threats of terrorism, challenges in eradicating poverty and world economic sustainability were issues that the world had to contend with.

These are real challenges the world faces, and the world would continue to look at the US for guidance, he said.

"The US has its own issues, but we do not foresee an economic slowdown. Instead, we believe the world economy is in a good shape," Davies said.

Emirates demands compensation for Airbus 380 delay

AFP, Dubai

Dubai-based carrier Emirates, the single largest carrier for Airbus's delayed A380 superjumbo aircraft, has demanded compensation from the European manufacturer, its president said in comments published Monday.

"We expect compensation because we have sustained enormous financial damages because of these delays. Compensation is now our right," Sheikh Ahmed ben Sayed al-Maktoum was quoted as saying by the government daily Al-Bayane in Dubai, without specifying the amount.

His comments marked the first time an Emirates business official has publicly demanded compensation for the delivery delay of the 43 A380 aircraft it has ordered.

Repeated production problems have set Airbus two years behind schedule and the company has informed Emirates, which ordered nearly one-third of the A380 aircraft under production, that the first delivery will not be made before August 2008 instead of October 2007.

The delivery date of the first A380, the double-decker plane which is designed to carry between 555 and 840 passengers on distances of up to 15,000 kilometres (9,300 miles), has been delayed three times since September 2005.

"After the first delay, we had the option of canceling our order but we did not do it because the consequences would have been worse," Sheikh Ahmed said.

"The problem is that there is no alternative. It was difficult to consider canceling the order and buying new planes on the market, because the delivery would have coincided with the A380s' arrival. The margin of maneuver was very limited."

Anlima Yarn Dyeing approves 5pc dividend

Anlima Yarn Dyeing Ltd has approved a 5 percent dividend for its shareholders, says a press release.

The approval came at the 11th annual general meeting (AGM) of the company held in Savar, Dhaka on Sunday.

Chairman and Managing Director of the company Mahmudul Hoque, among others, was present at the AGM.



PHOTO: DBBL

Dutch-Bangla Bank Ltd (DBBL) opened its 37th branch on Savar Bazar Road in Savar, Dhaka on Wednesday. Managing Director of the bank Md Yeasin Ali and senior officials, among others, were present at the opening ceremony.

China to keep yuan stable

AFP, Beijing

China will keep its currency, the yuan, at a stable and reasonable level, the central bank said Monday after its last key policy-making meeting before 2007.

The People's Bank of China also said in a statement posted on its website that it will maintain tight lending policies and a prudent monetary policy in the months ahead.

It will "allow market supply and demand to play a fundamental role

in the formation of the yuan exchange rate," it said in the statement, issued after the fourth quarter meeting of its monetary policy committee.

The yuan should remain at a stable though "reasonable and balanced level," it added.

The central bank also said it intends to "reasonably control of bank credit growth and optimizing lending structure," characterizing these as key policy objectives.

The monetary policy meeting, chaired by central bank governor

Zhou Xiaochuan, determined that in the next stage the central bank should "maintain a prudent monetary policy... and price stability."

The central bank said China will "actively stimulate domestic consumption, optimize its investment structure ... and push for a basic equilibrium in its balance of international payments."

China's economy is still expected to grow by 10.5 percent this year on the back of a steep rise in fixed asset investment and bank lending.



PHOTO: ONE BANK

Chairman of ONE Bank Ltd Sayeed Hossain Chowdhury inaugurates the 22nd branch of the bank at Kakrail in Dhaka on Thursday. Directors, managing director and other senior officials are also seen.



The 11th annual general meeting (AGM) of Anlima Yarn Dyeing Ltd was held in Savar, Dhaka on Sunday. Chairman and Managing Director of the company Mahmudul Hoque, among others, was present at the AGM.