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BUSINESS
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Mori's visit to encourage more Japan investment

Businessmen for reaping maximum benefit

Business leaders hope that the visit of Japanese Prime Minister Yoshiro Mori will encourage more investment from the Asian giant in Bangladesh, reports UNB.

They rate the visit as having more economic significance than political for the country.

Investment in the manufacturing sector and easy market access are among the issues, which the official talks should focus on apart from parleys for continued infrastructure development assistance they feel.

Since the business community does not have any formal involvement with Mori's itinerary during his 26-hour stay here, they want the government to negotiate its best to reap maximum economic benefit out of the visit.

They say that apart from continued official development assistance, Bangladesh needs more investment from Japan, especially in the manufacturing sector where Japanese presence is still quite insignificant.

Bangladesh may be a destination for Japanese small and medium investments, if not for the big ones, they feel.

Japanese actual investment would amount to about US$57 million against 25 units in Bangladesh while approved Japanese investment in the country would amount to nearly $900 million.

The business leaders suggest that the government should also negotiate for facilitated market access of Bangladeshi products in Japan.

Bilateral trade is now heavily tilted towards Tokyo with Bangladesh importing more than five times of its exports to Japan.

Bangladesh's imports from Japan totalled US$493.98 million in fiscal 1998-99, while its exports were only $9285 million.

Shrimps, woven garments and leather are the major export items from Bangladesh to Japan while imports from Japan include vehicles, transport, equipment, base metal, machinery and mechanical appliances, electronics, textiles and textile articles.

Metropolitan Chamber president Latifur Rahman said that Bangladesh, with its market size and infrastructure supports, can attract small-scale Japanese investments worth US$5-10 million each in the manufacturing sector.

Except for the troubled KAFCO, Japanese investment in manufacturing is almost zero at present . However, they have some trading companies operating in Bangladesh, he added.

Small and medium-scale investments can make their way into Bangladesh if state-level talks focus on the matter, because the Japanese private sector values relations with governments, the MCCI chamber chief said.

He said Japan has already got major partnership investments in automobiles and electronics in neighbouring India. Considering Bangladesh's market size, Japanese investors may choose the country as a better location for small and medium-scale investment, he felt.

Former president of Dhaka Chamber MH Rahman said Bangladesh's business community is looking forward to having more Japanese investment in the manufacturing sector, technical assistance and market access.

"We have reasons to be very happy to see the prime minister of a developed nation like Japan coming here," he said.

Japanese investment in the manufacturing sector is nothing special here, he noted and said Bangladesh, being an Asian nation, may expect more Japanese investment in the sector.

Rahman suggested that Japan, taking into account the performance and cost-effectiveness of Bangladeshi workforce recruited in other countries, could consider setting up of a technical training centre here.

Vice-president of the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) M A Mumin pointed to higher tariff that restricts the entry of Bangladesh products into Japan.

As a least-developed country (LDC), Bangladesh can expect concessional market access to Japan like that to USA and EU, he argued.

Aktar Hussain, MD of Rangs Electronics Ltd, and Kirk Lim, Senior Manager, Sony Singapore, are seen along with others at the launching ceremony of the two-day Sony Product Seminar & Exhibition 2000 at a city hotel Thursday. —Rangs Electronics photo

Anisur Rahman Sinha, President of BGMEA, addresses the inaugural ceremony of the 'Export Marketing Workshop on Garments, Pro-actively Improving Your EU Market Position' organised by CBI, the Netherlands, in cooperation with DCCI and GTZ at DCCI Business Institute (DBI) on Thursday. Aftab ul Islam, President of DCCI (3rd-L), Hajo Provo Kluit, Commercial Secretary, Netherlands Embassy (3rd-R), JFL Trip (2nd-R) and Marechal Desmat (R), CBI Consultants, Mamun-ur Rahman, Director-DCCI (2nd-L), and Benajir Ahmed, Director -DCCI (L),were also present. – DCCI photo

Simens announces handset exchange programme

For the very first time in the country's GSM industry, Siemens Bangladesh Ltd has announced a mobile phone handset exchange programme. For a limited period, the users of Siemens' highly-popular S6 can exchange their sets for the very sophisticated and small C25 at an extremely attractive price, says a press release.

At present there are 40,000 customers in Bangladesh who are using the S6. But the demand for the smart C25, the smallest phone in its class, has been growing steadily. In view of this rising interest, Siemens has offered this new option to its customers.

In addition, customers even with faulty S6 handsets are being offered special prices for spare parts in order to facilitate this exchange.

Despite its extremely light feature, the Siemens C25 packs heavyweight features like dual band, voice mail and 100 hours standby besides being extra-easy to use.

The exchange programme is on at the Siemens Gulshan office located at House 39B, Road 115.

To provide more robust support to its customers and to enhance user satisfaction, Siemens has decided to revise the prices of some mobile phone spare parts downward. The parts are upper and lower shells, keypad, chargers, batteries, interconnectors etc.

Indian Railways struggling to meet financial targets

NEW DELHI, Aug 18 : Indian Railways, the world's second largest railway system, is likely to fall short of key financial targets set out under a five-year economic blueprint, says AFP.

The financial load on the railway system has increased because its money-spinning freight traffic — accounting for nearly 70 per cent of revenue — has grown relatively slowly, according to a state Planning Commission document seen here today.

Freight traffic grew just 3.2 per cent, against a target of five per cent, in the first three years of a five-year-plan launched in March 1997.

Freight revenues are essential to subsidising the passenger sector, so as to keep ticket prices artificially low.

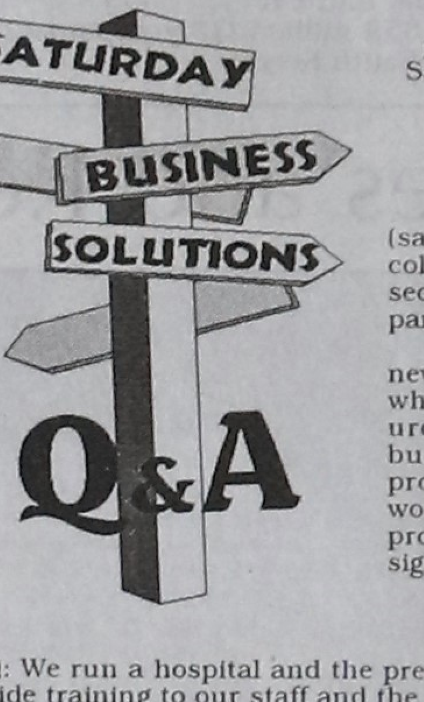
Slow growth in freight traffic, coupled with faster growth in unprofitable passenger traffic, has upset the balance of cross-subsidisation between the two, the planning commission said, adding that freight volume would have to grow eight per cent over the next two years to redress the problem.

"This seems highly unrealistic and becomes a crucial problem to be tackled," it said.

More than 11 million people ride every day on India's railway system, which covers 107,000 kms (66,800 miles) across the country. With about 1.6 million workers, it is also the country's biggest employer.

The commission document suggested a rationalisation of subsidies and a more focused policy of infrastructure development.

"The railways have a large shelf of projects particularly under the categories of 'new lines' and 'gauge conversions' (track broadening), having a huge throw forward of 200 billion rupees (4.6 billion dollars) and 90 billion rupees respectively.



Do you have business problems? Write to us at:
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Sarwar Ahmed, MBA (sarwar@asia.com) hosts this column. He heads a business sector of a multinational company in Bangladesh.

The Daily Star introduces a new business solution column which will appear every Saturday. While running your business, you come across problems and wish someone would help. This column will provide you with possible insights to solve your problems.

FIRST, HEAL THYSELF ...

Q: We run a hospital and the pressing problem today is - we provide training to our staff and the next moment they go away. Our patients never seem to be happy with us. What should we do? - *Worried Director*

A: To answer your first query - training people who leave when opportunity knocks - how well do you pay your staff? One of the major problems in our country is finding the right, qualified person to do the job.

If you spend money training them up which is basically upgrading their knowledge and skills, their value to you also goes up. Look around you. What does the market pay to such qualified people? Are you paying enough?

There is another way around. Do your employees feel happy working for you? Even if you are not the best pay master, other factors like working conditions, climate, trust and teamwork can compensate for the less than market price payroll (but not too less!).

Look at your competitors - check what they pay to their staff - and pay your people equally well. Create a working environment where people feel 'at home'.

Patients come to a hospital for a cure, and a lot of attention!! Who are your patients? From a marketing point of view, do not try to be everything to everybody.

You will never succeed in pleasing every one that comes to your hospital. So what can you do to ensure that most of your patients leave happily? Decide first - what are your strengths. Don't offer child-birth and cardiac care in the same hospital - why?

You know better than I do that these two cases need entirely different kinds of knowledge, skills and talents.

Decide on what services you can specialize in and stick to them. It is quite tempting to do too many things and that is our mistake. Select a few areas of expertise in which you are good and go to make these even better!

Ensure that you have back up support you like having doctors available on call, equipment, supplies etc.

Seriously, why not ask your patients why they are not happy? You will be surprised with what they tell you. They can tell you what you need to do, and do it well.

Rangs holds Sony product show in city

The Sony Product Seminar and Exhibition 2000 was inaugurated at a city hotel on Thursday.

Managing Director of Rangs Electronics Ltd, Aktar Hussain, and Senior Manager of Sony Singapore, Kirk Lim, jointly opened the seminar and exhibition, says a press release.

The seminar was attended by the Directors of Rangs Electronics Ltd, Mahbubul Gani, and Sachimi Hussain, General Manager, Sabur Ahmed, a team of Sony high officials from Singapore, Eddy Lim, Richard Thong, Diana Soh, Pereira Leon Gerard, Wen Dou Wu and E C Yeo.

All departmental heads, area managers, branch in-charges and dealers of Rangs Electronics Ltd. from Dhaka and all over the country also attended the seminar.

Different new product presentations were made by Sony experts on Sony Wega FD Trinitron flat screen television, HiFi, HiFi VCDs, VCD decks, DVDs, video cameras, still image video cameras, lime telephones, cordless telephones, CD players, walkmans, radios, wireless headphones, batteries and a number of accessories.

In his welcome address, the managing director said that the prime objective of the seminar was to share the ideas and exchange information on Sony's latest innovation in the world of digital technology. Besides, it was also aimed at creating awareness in the minds of prospective customers of Sony products.

He mentioned that during the last 50 years, Sony has set a standard for quality and innovation in entertainment technology. In the next fifty years digital technology will change the whole world.

The managing director said Rangs Electronics Ltd is committed to fulfil the desires and dreams of the new generation customers who are growing up in the digital age.

He also mentioned that the electronics industry would soon become a very high-tech one. In anticipation of this, the Rangs Electronics' factory has already been modernised suitably and it can claim to have a factory capable of assembling the latest models of colour televisions, he added.

The two-day Sony Exhibition 2000 will also remain open for all today from 10 am to 9 pm in the Ball Room of Dhaka Sheraton Hotel.

E-biz set to boom in India despite snags

BOMBAY, Aug 18: Electronic commerce is poised for a boom in the Indian market over the next few years despite snags in infrastructure and a small base of internet users, experts said today, reports AFP.

"We will see a radical transformation of Indian industry through e-business. Despite grim warnings, e-commerce is here to stay," J. Rajagopal, managing director of consultancy firm KPMG told reporters.

Rajagopal said Indian industry is now at a crossroads due to the infiltration of information technology in the economy.

"We have more than a million Internet users now. This number is set to grow rapidly. "E-commerce transactions were worth 4.5 billion rupees last year (104 million dollars). They are expected to grow to 35 billion rupees in three years," he said.

Bikram Dasgupta, chairman of Globsyn Technologies, said the key drivers of e-business in India will be the addition of bandwidth, new cyber laws and the growing number of Internet access points such as cyber cafe.

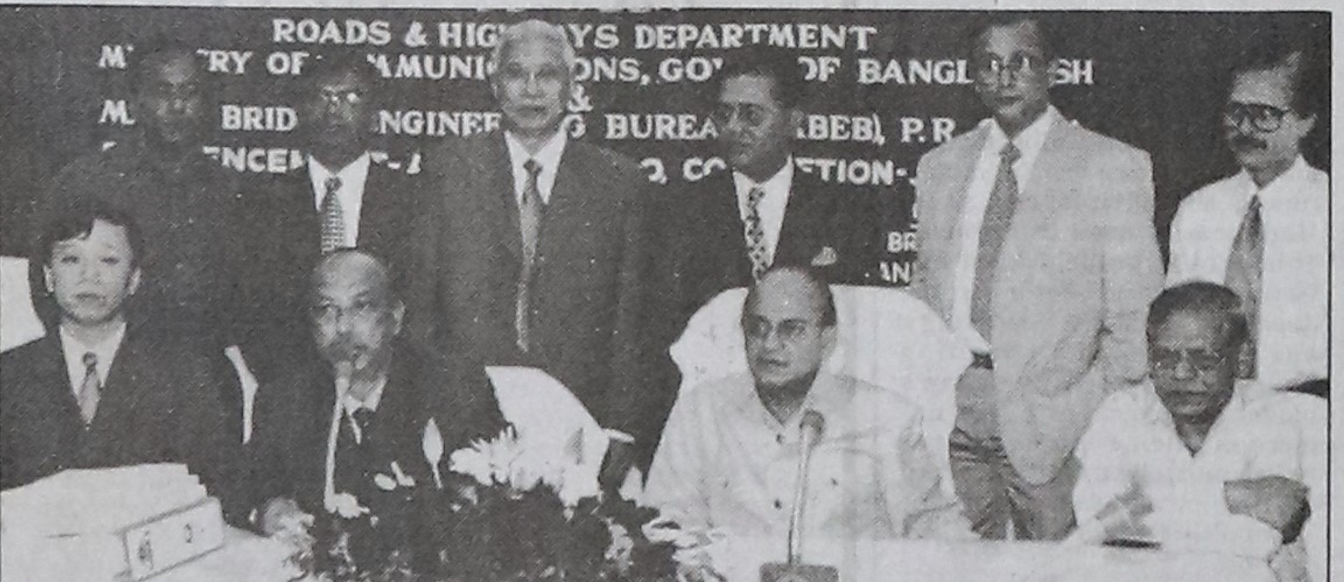
"Information technology access through television and the convergence of mobile phones and Internet will also drive e-business in India," he said.

Venture capitalist Pradip Shah said e-business in India will see "some winners and a lot of losers over the next few years."

"A lot of people are getting in as entry barriers are few. In time many vertical portals will fold on to horizontal portals. There will be failures, but many, many successes."

He shrugged off gloomy forecasts about the limited potential for e-commerce in the Indian market.

"India will make it in the e-world. Many of the analysts of doom have got it all wrong. There is money to be made in e-commerce."



Communications Minister Anwar Hossain Manju is seen at the signing ceremony of the deal on Paksey Bridge construction project with Major Bridge Engineering Bureau, a Chinese construction firm, on Thursday.

Lanka falling far short of economic potential

WASHINGTON, Aug 18: Sri Lanka is falling far short of its economic potential and has been outstripped by regional rivals due to its bloody civil war and inefficient bureaucracy, a World Bank report published said, reports AFP.

The report, released here and in Colombo, said that despite steady macroeconomic performance in the last decade, Sri Lanka had slipped well behind states like Singapore and South Korea, which in the 1960's were its equals in terms of income per capita.

Dannis Ang, Vice President of New Horizons Asia Pacific, speaks at the 3rd Career Night programme held at National Museum auditorium in the city Wednesday. – New Horizons photo

IMF cautions Philippines on budget deficit cap

MANILA, Aug18: The International Monetary Fund (IMF) has cautioned the Philippines to stick to budget deficit target for this year and make efforts to reduce it next year, the central bank said, reports AFP.

Manila posted a 47.694 billion peso (1.06 billion dollar) deficit in the first half, overshooting its target by 42 per cent and putting in peril its full-year estimate of 62.5 billion pesos.

After a long delay following a review of the country's fiscal and monetary performance, the IMF executive board on Monday approved the release of a 314 million dollar loan instalment from a 1.4 billion dollar loan facility.

The IMF board noted the country's economic recovery, low inflation, and stronger external position, according to acting chairman Shigemitsu Sugisaki's summary statement released by the central bank here.

"To preserve these gains, and in order to restore market confidence, which has been affected by the earlier delays, further progress through the remainder of the programme period was seen as essential," Sugisaki said.

Falling investment, demand shake India's business confidence

'Delay in policy change hurting economy'

NEW DELHI, Aug 18: Business confidence in India is waning as calling investments in the economy constrain industrial demand and exert pressure on its balance on payments, a leading industry association said, reports Reuters.

The Associated Chamber of Commerce and Industry (ASSOCHAM) said in a statement that the government's delay in modifying policies to lure investments was costing the economy dear and could impact medium-and long-term growth.

" .... though most economic indicators show a modest performance in the first quarter of the current year, possibilities of sustaining the recovery are receding as the government tails to grapple with the larger issues and policy interventions get stuck in the slow incremental change mode," it said.

India's hitherto strong year-on-year growth rate in industrial output slowed to 5.4 per cent during April-June 2000 from 5.7 per cent in the year-ago period.

ASSOCHAM said the government's inability to reverse the declining trend in foreign direct investments of the past two years was exerting pressure on the country's balance of payments position, especially with erratic foreign portfolio investments.

The recent monetary tightening by the central bank, which pushed up interest rates and squeezed liquidity in the market, had further dampened investment expectations, it said.

Last month, the Reserve Bank of India (RBI) raised key interest rates -- its Bank Rate by 100 basis points and banks' cash reserve ratio (CRR) by 50 basis points -- in a bid to shore up the rupee which plunged to record lows against the dollar.

Banks were quick on the draw to raise prime lending rates across the board.

The industry body said the rupee's fall was on account of a sharp rise in imports -- both oil and non-oil -- and declining foreign investment inflows.

Foreign funds sold $315 million worth Indian equities in July, but have been net buyers worth $173 million in August.

"The response to this (the rupee's fall) has been a liquidity squeeze by the central bank, which threatens to push up interest rates in the economy. This is certainly bad news for an economy already hit by an investment slumps.

ASSOCHAM said the policy response to the trends in the external sector threatened the overall growth prospects.

"The squeeze on liquidity and the subsequent increase in interest rates will reduce profits of corporates and further discourage investment ," it said.

IMF urges nations to watch debt risks

WASHINGTON, Aug 18: The International Monetary Fund, in its latest effort to strengthen the world financial system, yesterday urged countries to watch risks associated with issuing bonds and tell investors more about their plans, reports Reuters.

A set of draft guidelines on public debt also said countries needed an adequate institutional framework to issue securities. Debt should be properly structured in terms of its maturity, its currency and its interest rates, it said.

The 28-page document, published on the IMF's web site (www.imf.org), will be discussed by debtors and creditors and a final version should be ready by spring next year.

"The draft guidelines are designed to assist policymakers in considering reforms to strengthen the quality of their public debt management and reduce their country's vulnerability to international financial shocks," the IMF said.

"Vulnerability is often greater for smaller and emerging market countries because their economies may be less diversified, have a smaller base of domestic financial savings and less developed financial systems and be more susceptible to financial contagion.

Emerging market debt problems were a recurrent theme in the world financial crisis of 1997-99 as South Korea teetered on the brink of default and Russia fumbled over the cliff, defaulting on some domestic debt and devaluing its currency.

Since then countries have stepped up their efforts to prevent new crisis, stressing the need for transparency, universal data standards and responsible fiscal practices.

New Horizons observes 3rd Career Night programme

New Horizons Computer Learning Centre, Dhaka observed its 3rd Career Night programme at National Museum auditorium in the city Wednesday, says a press release.

Dannis Ang, Vice President, New Horizons Asia Pacific, was the chief guest while Mahbub Zaman, CEO of Data Soft Systems Limited, attended the function as special guest. The programme was presided by the chairman of New Horizons CLC Dhaka Dr Habibur Rahman.

Speaking on the occasion, Dannis Ang mentioned that all types of business houses are after information, because the productivity of any organisation totally depends on latest information.

New Horizons Computer Learning Centres are the highest revenue-generating independent computer learning centresin the world. It has more than 250 centres in 50 countries.

The CEO of Data Soft Systems Limited said e-commerce could contribute a lot to Bangladesh's economy.

New Horizons CLC has been in the Bangladesh IT industry since August 1999. Its Dhaka centre, a Microsoft Certified Technical Education Center (CTEC), has also earned certificate from New Horizons California, USA.