

BPMA opposed to further investment in paint sector Market already saturated

STAR BUSINESS REPORT

Bangladesh Paint Manufacturers' Association (BPMA) yesterday sought government protection urging it not to encourage foreign investment in the sector. They said the government has allowed an Indian company to set up a factory in Bangladesh and market its products, which will pose serious threat to local companies.

"The step would seriously hurt the local industry," said BPMA General Secretary BB Roy, at a press conference at National Press Club in the city yesterday.

He said the market is already saturated and there is no reason to allow another company for setting up a plant.

There are around 38 paint factories in the country and some 50 relatively small producers are already competing in the market.

The present size of the local market is around Tk 300 crore which did not increase substantially over the past few years mainly due to poor per capita income.

Against an annual demand of 35,550 tons of paint in the country, local entrepreneurs claimed, some 38 companies have a cumulative production capacity of 61,000 tons in one shift, about double the present capacity.

BB Roy said despite surplus production, the Indian company, Asian

Paint, has been allowed to produce paints of common standards which would destroy local factories.

Other leaders present in the conference apprehended the company may sell paints at undercut prices in the local market sacrificing profits to throttle the local manufacturers.

They said the turnover of Asian Paints, one of the leading paint manufacturers of India, is around Rs 1500 crore annually and is able to produce paints at low price.

Citing bitter experience of lead acid battery exporters of the country, the entrepreneurs said the foreign company's intention is to destroy the local factories and dominate the market of this region.

They demanded scrapping of the Board of Investment (BOI) permission.

A BPMA leader said company was scheduled to start commercial production by December 31 last year, but was still to install its production unit.

"The approval will automatically stand scrapped unless BOI extends the approval," the leader added.

Kazi Atahar Uddin of Aqua Paints, Md Tajik Karim of Alkarim Paints & Chemicals Ltd, Nurul Haq Khan of Elite Paint, N Islam Dipu, Director of Federation of Bangladesh Chambers of Commerce & Industries (FBCCI), and Ramzul Seraj, among others, were present at the press conference.

Sony Ericsson hopes to sell 60,000 mobile phone sets this year

STAR BUSINESS REPORT

Against the backdrop of growing mobile phone market in the country, Sony Ericsson the new joint venture in the cellular set business expressed its optimism to have a good market share in the coming years.

"The recent growth of mobile subscribers in Bangladesh is extremely good. I am sure Sony Ericsson will have a good part of its business growth in Bangladesh in the coming years," Kazuo Nakai, the visiting Vice President and Head of Asia Pacific region for Sony Ericsson Mobile Communications International AB, told a press conference yesterday.

Kazuo Nakai arrived in Dhaka on Sunday to see the business of his company here and discuss business issues with the country's mobile phone operators.

Country Manager of Sony

Ericsson AB, Bangladesh Anwar Hossain also spoke on the occasion held at a city hotel.

Ericsson and Sony merged in October last year with the view to

strengthening the position in the global mobile phone sets market. Currently the company is outsourcing its product that will be available in the market from middle of this year.

About the merger of the two companies, the Sony Ericsson Asia Pacific region head said it was natural choice for the two companies to opt for merger as the technology-based Ericsson was rich in infrastructure and Sony had a wide customer base with its consumer electronics products.

"It was quite natural for the two companies to go for a merger to have a good share of the growing mobile telephone market," Nakai said.

Anwar Hossain said Ericsson and Sony both were having good business in Bangladesh and sold about 50,000 sets last year. "We have set a target to sell 60,000 sets this year."

He also said that the new mobile phone sets of Sony Ericsson brand, which is yet to be launched, will have lot more features to attract the customers. Meantime, many of the old sets of Sony and Ericsson available in market will be phased out in next one year, he added.



Kazuo Nakai (L), Vice President and Head of Asia-Pacific region for Sony Ericsson Mobile Communications International AB, and Country Manager of Sony Ericsson AB-Bangladesh Anwar Hossain are seen at a press conference held at a city hotel yesterday.

Prime Bank, ATDP-II sign MOU to support agribusiness

Prime Bank Limited and ATDP-II/The Louis Berger Group Inc. signed a memorandum of understanding (MOU) in the city, recently to assist agri-business credit clients, says a press release.

The MOU was signed by Syed Naser Bukhtear Ahmed, Managing Director (Current Charge) of the bank and James Dawson, Chief of Party, ATDP-II. M Shahjahan Bhuiyan, DMD, and Motior Rahman, EVP of the bank and Shamsul Tawhid, Financial Consultant of ATDP-II, were present at the signing ceremony.

Under the MOU, ATDP-II will analyze the potential agri-business proposals and forward viable ones to the bank for considering finance. They will also provide technical assistance and help develop marketing, distribution and sale linkage between agri-business clients and export buyers.

Prime Bank Limited will appraise the loan proposals referred by ATDP-II and sanction loan if the proposals considered viable as per credit norms and requirements of the bank.

Agro-based business entrepreneurs are the principal employers and the backbone of Bangladesh economy. However, they have limited access to financial support.

The ATDP-II identified the lack of technical support and credit facilities as two of the main obstacles to the country's economic growth.

The ATDP-II clients, who need working capital and term loan to develop and expand their business, can now seek financial support from the bank. On the other hand, the bank's clients, who need technical support, which ATDP-II is able to provide, can now access those facilities.

Prime Bank Limited has planned to provide loan facilities to agri-business under its Small and Medium Enterprise (SME) Credit Scheme.

Taiwan jobless rate hits record high

AFP, Taipei

Taiwan's 2001 jobless rate is estimated to have hit a historic high amid growing business closures and cutbacks, the United Daily News reported here Monday.

The island's unemployment rate last year reached 4.5 per cent as the December rate remained high at over 5.0 per cent, the paper quoted officials from the Directorate General of Budget, Accounting and Statistics (DGBAS) as saying.

But the December jobless figure was slightly lower than the 5.28 per cent recorded in the previous month, said the DGBAS officials.

The DGBAS anticipated the country's unemployment would ease further ahead of the Lunar New Year in mid-February as some found work after the launch of the island's first computerised lottery earlier this month.

However, Taiwan's accession to the World Trade Organization could keep its unemployment at the 5.0-per cent level amid fierce competition from foreign enterprises, the DGBAS officials said.

Slowing domestic and overseas demand has forced nearly 5,200 Taiwanese factories out of business last year as the economy hit bottom, according to the economic ministry.



Managing Director (Current Charge) of Prime Bank Limited Syed Naser Bukhtear Ahmed and James Dawson, Chief of Party, ATDP-II, sign an agreement on behalf of their respective organisations in the city recently. M. Shahjahan Bhuiyan, Deputy Managing Director, Md. Motior Rahman, Executive Vice President of the bank, and Shamsul Tawhid, Financial Consultant to ATDP-II, are also seen in the picture.

Colombo to review controversial Airlanka deal with Emirates

AFP, Colombo

Sri Lanka Monday announced plans to review the controversial sale of its national carrier to Emirates airline of Dubai and said the new government was moving towards an open skies policy.

Aviation Minister Tilak Maperane said the March 1998 privatisation of the country's national airline, then known as Airlanka, had "probably created a monopolistic situation" that was detrimental to the expansion of the industry.

"The agreement (with Emirates) itself will have to be re-examined and see if they have been given a monopoly situation and then we will have to renegotiate the agreement," Marapone told reporters here.

Emirates bought 40 per cent of Airlanka for 70 million dollars, but paid only 45 million dollars initially and won a concession to pay the balance of 25 million dollars in two and a half years.

However, Emirates was given total management control for 10

years together with concessions on fuel and the right to retain "national carrier status" which gave it privileges under bilateral air services agreements.

Prime Minister Ranil Wickremesinghe, who came to power following December elections, had warned his government would not honour commitments of the former administration on the sale of Airlanka.

Emirates went on to change the name of the local airline to SriLankan and has since shifted most of the airline's administrative operations to its home base Dubai.

The ruling United National Party has also reported the Airlanka sale to the independent commission of bribery and corruption. The case is pending.

Wickremesinghe warned the World Bank in 1998 against insuring the Emirates investment in Airlanka against political risks.

"I am telling the World Bank: 'Go with your eyes open,'" he said at the time. "We will renegotiate the deal when we come to power. We are making our position very clear

so that no one can say that we didn't warn them."

SriLankan airlines is currently losing heavily. Four of SriLankan's jetliners were destroyed on July 24 when Tamil Tiger rebels mounted a daring attack on the island's only international airport.

The new aviation minister said the government was keen to move towards an open skies policy to make Colombo the aviation hub of South Asia.

The new government was also reconsidering a ban on domestic flying, imposed since 1996, in a bid to boost the industry.

"We will have a set of legal and institutional reforms in place within 100 days to improve the aviation industry," Marapone said.

He said the country's civil aviation department will be turned into an "authority" to give it administrative flexibility to hire experts to improve safety standards.

The administration of civil aviation matters through a government department did not allow it to hire technical experts at market rates, he said.

Farm products export earning up by 15.89pc

BSS, Dhaka

Export earnings from agricultural products increased by 15.89 per cent in the first five months of the current 2001-2002 financial year compared to the corresponding period of the previous fiscal.

According to Export Promotion Bureau (EPB), export earnings from agriculture products during July-November this fiscal was US dollar 10,940,000, 15.89 per cent higher than the export earnings of US dollar 9,444,000 in the first five months of the previous financial year.

The earnings also exceeded the export target of 10,420,000 for agri products for the period by US dollars 520,000.

The earnings increased from the exports of vegetable, battle leaf, potato, coconut, fine rice and spices to 40 countries, including Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Qatar, Bahrain, Oman, Singapore, Germany, Canada, Italy, the Philippines, the Netherlands, France, Sweden, Venezuela, India, Malaysia, Pakistan, Bhutan, Belgium, Iran, Greece, Australia, Hong Kong, Nepal, Finland, Thailand, Guyana, Japan, Madagascar and Switzerland.

The government has stepped up its efforts to increase the export earnings though it declined due to global recession after September 11 terrorist attack on the United States, official sources said.

S&Y to launch VIP card

The S&Y Company Ltd, franchisee of Benetton Group SpA of Italy, will celebrate its fifth anniversary by launching VIP Card for most valued customers, says a press release.

The cardholders will be entitled to special discounts, previews and promotions of all United Colors of Benetton and Sisley products.

The card will also be valid at selected Benetton and Sisley stores around the world.

Russia seeks alliance with Central Asian gas producers

AFP, Moscow

Russian President Vladimir Putin called on Monday for the creation of an alliance of gas producers grouping Russia and the ex-Soviet Central Asian states of Turkmenistan, Kazakhstan and Uzbekistan.

"It is time to seriously think about creating a Eurasian alliance of gas producers," Putin said at talks in Moscow with Turkmen President Saparmurat Nyazov.

The Russian president said such a move would allow the four countries to coordinate the volume and destination of their gas exports using a unified pipeline distribution system.

The gas alliance would ensure stability both for producers and consumer nations, "of course taking into account the interests of all sides involved in this business, Turkmenistan, Russia, Kazakhstan and Uzbekistan," he said.

"Its creation would allow us to conduct effective control over volumes and direction of exports, and would guarantee a balance between the production and consumption of natural gas, and also its export through a single channel," Putin told Nyazov.

Japan economy to deteriorate further, says BOJ governor

AFP, Tokyo

Japan's economy is crumbling fast amid slack demand and falling prices, and will slump further as the government implements drastic structural reforms, Bank of Japan (BoJ) governor Masaru Hayami said Monday.

"The economic deterioration is extensive, including a fall in exports and capital expenditure, as well as weak private consumption. Under these circumstances, prices will continue to be in a falling trend," Hayami told a quarterly meeting of BoJ regional managers.

Prices would continue to slide, as dire economic conditions forced companies to cut more jobs, pushing the unemployment rate higher. This would further dampen consumer sentiment, pressuring prices in a vicious cycle, he said.

A raft of structural reforms, advocated by the government to lift the nation out of recession, would further hurt the economy in the short term.

"The most important policy issue is that we should not lead (these economic

pressures) to cause a deflationary spiral," he said.

But minutes released Monday from a central bank policy board meeting in December revealed greater concern over the demise of Asia's largest economy.

"It was necessary to give priority to preventing a spiral deterioration of prices and demand (while reforms are implemented)," a member said, according to the minutes.

"(Another) member expressed the view that Japan's economy was already in the early stages of a deflationary spiral," it said.

The government hopes to accelerate its reform drive to prevent the economy from deteriorating with increased speed, pressured by continued deflation.

Finance Minister Masajuro Shiokawa said in a speech to mark the start of a 150-day parliament session.

"The economy has worsened further as industrial production and corporate capital spending falls and personal consumption remains sluggish," he said.

Meanwhile, Hayami said Japanese banks, weighed down by a mountain of bad loans, must clean up their accounts to regain financial health, adding the central bank is already providing enough liquidity to the markets in case the financial system is destabilised by the process of bad debt write-offs.

At the policy meeting on December 18-19, the board voted eight-to-one to ease monetary policy by more than doubling the level of money it authorises banks to deposit as reserves and increasing monthly purchases of government bonds by a third to pump more money into the banking system.

The minutes showed members discussed the desirability of injecting public cash into the banking system to help fund bad loan write-offs.

"(A) member said that concrete measures such as removing NPLs (non-performing loans) from banks' balance sheets and improving banks' financial strength were important, and public funds should be promptly injected if necessary," the minutes said.



Borji Mattsson, Ambassador of Sweden to Bangladesh, met Tapan Chowdhury, President of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), yesterday in the city.

Argentina for single Mercosur currency

AFP, Buenos Aires

Argentine Foreign Minister Carlos Ruckauf said Sunday the government was considering the possibility the four South American countries grouped in the Mercosur trade bloc could eventually adopt a common currency.

"It is a goal that has to be agreed between the four countries in Mercosur," he told Buenos Aires' Radio America.

The issue could figure on the agenda of a Mercosur summit to be held in Montevideo next month.

Mercosur groups Argentina, Brazil, Paraguay and Uruguay, with Chile and Bolivia as associate members.

Malaysia opens \$131m railway project

AFP, Kuala Lumpur

Malaysia will spend "billions" on a high-speed electrified railway linking it to Singapore in the south and Thailand in the north, Prime Minister Mahathir Mohamad said Monday.

The track would be part of an ambitious pan-Asia link which is also expected to boost efforts to make Malaysia a regional shipping hub.

Mahathir was speaking at the opening of a link project, which cost 500 million ringgit (131 million dollars), stretching 31.5-kilometres (19.6-miles) from Kulai in Johor state to the Port of Tanjung Pelepas (PTP).

Even though the whole scheme would cost "billions of ringgit", it would be a good investment and contribute towards developing the economy, he was quoted as saying by the official Bernama news agency.

"It will take some time to complete and will incur a huge cost but I think it is a wise investment."

Mahathir said once the electric rail project was completed, travelling time between Kuala Lumpur and Singapore would take about two hours 30 minutes compared to about seven hours now.

At present a slow rail system constructed during British colonial days and managed by national railway firm Keretapi Tanah Melayu plys the two points and is often plagued by derailment.



Murshid Kuli Khan, Managing Director of Janata Bank, inaugurates one-stop service at Mohamadpur corporate branch of the bank on Sunday. General Managers M. Fariduddin and Anwarul Haque Quereshi and other executives were present on the occasion.