

Market potential lures European investors abroad

AFP, Paris

European investors searching for overseas outlets are these days lured abroad as much by vast market potential in the booming economies of countries such as China and India as by a search for cheap labor, OECD analysts have found.

A just-released OECD study of recent trends in foreign direct investment (FDI) also revealed that France, often depicted as being excessively regulated and unfriendly to private enterprise, was a strikingly more attractive destination for foreign investors last year than the United States, a bastion of free-wheeling capitalism.

It is also attracting huge sums for purchase of residential property. France garnered 47 billion dollars' worth of FDI last year to 39.9

billion for the United States, 14.6 billion for Britain and 12.9 billion dollars for Germany, according to the Organization for Economic Cooperation and Development.

For the OECD, foreign direct investment covers overseas mergers and acquisitions, the construction of new production plants and capital transfers to foreign-owned enterprises.

Pierre Poret, head of the OECD's investment division, says France is not fundamentally more appealing than its European Union partners Britain and Germany.

But neither is it so hostile to free enterprise as it is sometimes said to be.

"The reality is that French laws on foreign direct investment are liberal and even more open than the OECD average," he says. "There is

little room for restricting foreign investment."

There are cyclical factors involved as well, he added, noting that France is still attracting foreign merger and acquisition activity in traditional manufacturing operations rather than high-tech, Internet-related businesses.

He pointed to the four-billion-euro (4.5-billion-dollar) purchase last September of French packaging and aluminum group Pechinim by Alcan of Canada.

Britain and Germany by contrast enjoyed "huge peaks" in high-tech investment in 2000 -- 119 billion dollars in Britain and 198.3 billion in Germany -- and are now experiencing a fall-off in such flows that followed the bursting of the Internet bubble.

Then, too, FDI flows into France

reflect purchases of land and homes by foreigners drawn to the country's temperate climate -- notably in the south -- as well as its unspoiled countryside, deserved gastronomical reputation and a comparatively generous health insurance regime.

The OECD study likewise highlighted what it said could be "a paradigm shift" in corporate strategy on the part of investors in Europe who look abroad.

They are not only looking for low production and labor costs," Poret says. "They are looking for markets. China is such a huge market that it's important to be present there to seize growing business opportunities."

The OECD report spoke of an increasing interest in selling "to the host country market and producing locally".



PHOTO: UNION CAPITAL
The 6th annual general meeting of Union Capital Limited was held recently in Dhaka. The company has declared a 20 percent stock dividend for its shareholders for the year 2003.



PHOTO: ONE BANK
ONE Bank Limited Chairman Sayeed H Chowdhury (3rd from left) receives equity shares of Vanik Bangladesh Limited from its Chairman Mohammad A Moyeen (centre) recently in Dhaka. First Vice-chairman of ONE Bank Zahur Ullah and Director of Vanik Bangladesh Ltd Mahbubul Anam and managing directors of the two organisations were also present.

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KL brings high-tech ICT benefits to rural areas

AFP, Kuala Lumpur

Malaysia will create several new "cyber-cities" to expand its rapidly growing Internet technology industry and spread the benefit to all Malaysians, the government announced at the weekend.

The move is the second phase of the Multimedia Super Corridor (MSC) project south of Kuala Lumpur, which has attracted more than a thousand companies, close to 20,000 jobs and a software-driven industry worth 6.5 billion ringgit (1.71 billion dollars) since its inception in 1996.

Located in Cyberjaya, the MSC was designed as a hub for multimedia products and services and was the brainchild of former premier Mahathir Mohamad as part of a plan to turn Malaysia into a developed nation by 2020.

The main aim during the first phase of the project was to attract foreign IT companies and develop new applications for software.

The MSC's "Next Leap", spanning 2004 to 2010, would see the setting-up of Cyberjaya-linked high-tech centres throughout Malaysia, Prime Minister Abdullah Ahmad Badawi said at the launch Saturday.

"This will help bring economic growth to rural areas as well as revitalise other industrial areas around the country," he said.

"This will also help to narrow the existing regional economic and digital divide in our country," he said.

Initially, the government would create so-called "mini-MSCs" in

Bayan Lepas, Penang and in the Kulim High Technology Park in Kedah, he said.

Other cyber-cities and cybercentres would be announced later when their infrastructure was ready, he said.

"Eventually it is envisioned that all new and existing cyber-cities and cyber-centres will work as a synergistic network with Cyberjaya as its hub," he said.

Selected cities and areas outside Cyberjaya would be wired up during the project's second phase, with rural clinics and hospitals being able to use the 'tele-health' programme, Abdullah said.

Blood tests, X-rays and other medical examinations could be electronically delivered to specialists in major cities to analyse for better, quicker and more cost-effective health-care, Abdullah said.

"With these applications, we can show them how technology is important. They will begin to understand what the MSC project is really about and they will see why the government needs to invest in the use of computers and ICT," he told a news conference.

Abdullah said the government had decided to abandon the 'smart school' project -- building schools from scratch linked to the Internet and using Web-enabled teaching methods.

As an alternative, he said the government would equip all 10,000 existing schools in the country with the latest ICT facilities and ensure they used Web-enabled teaching and learning methods by 2005.

CURRENCY

Following is Sunday's (July 4, 2004) forex trading statement by Standard Chartered Bank									
Sell		Currency		Buy					
TT/ID	BC			TT Clean	OD Sight Doc	OD Transfer			
61.3000	61.3500	USD		59.6050	59.4295	59.3588			
75.5576	76.6200	EUR		72.5333	72.3203	72.2337			
113.4540	113.5466	GBP		108.4096	107.9811	107.9818			
44.7735	44.8100	AUD		41.6281	41.5059	41.4562			
0.5729	0.5734	JPY		0.5453	0.5437	0.5431			
50.1596	50.2005	CHE		47.9101	47.7694	47.7122			
8.2095	8.2162	SEK		7.5526	7.5304	7.5214			
45.6692	45.7073	CAD		44.6312	44.5001	44.4489			
7.8891	7.8755	HKD		7.6324	7.6100	7.6008			
35.9890	36.0183	SGD		34.6279	34.5262	34.4849			
16.8254	16.8391	A3D		16.0968	16.0496	16.0304			
16.4763	16.4897	SAR		15.7681	15.7218	15.7030			
10.5903	10.5990	DKK		9.4802	9.4524	9.4411			
208.7093	208.8795	KWD		194.3367	193.7659	193.5339			

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Taiwan	Nor kroner	NZ dollar	Malaysian ringgit
45.7	58.35	102.35	40.675	6.9126	0.6963	3.80

Local Interbank FX Trading

Local interbank market was subdued. US dollar continued to ease against the Bangladeshi taka due to increased supply in the market.

Local Money Market

Money market was active. Call money rate eased and ranged between 2.50 and 2.75 percent compared with 2.50-3.00 percent previously.

International Market

International market was closed on Sunday. The dollar fell sharply on Friday as unexpectedly weak reports on US

factory orders and durable goods bolstered the market's view that the Federal Reserve can raise interest rates at a measured pace. Most currency strategists had looked for the Fed to be more aggressive in tightening monetary policy as that would enhance the lure of US dollar-based assets for global investors. Employment figures are regarded by the market as a key gauge for the US central bank to judge whether the economy has picked up enough strength to warrant raising rates.

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