

HSBC agrees to buy 20pc stake in China bank

AFP, Shanghai

HSBC has agreed to buy a 19.9 percent stake in Bank of Communications, China's fifth largest bank, in a deal that would put the global banking giant firmly ahead of its rivals in the booming Chinese market, officials said Tuesday.

The deal between HSBC and the Shanghai-based lender is reportedly worth 1.69 billion dollars, making it the single biggest purchase by a foreign investor in China's bad debt-plagued banking sector. Both sides have refused to confirm that figure.

"The 19.9 percent of stake purchase (by HSBC) is for sure," said Song Feng, a spokesman at the Bank of Communications.

Song and HSBC spokeswoman Zhang Dandan said that more details would be forthcoming at a joint press conference Friday in Beijing, with a signing ceremony to be conducted separately.

HSBC, originally set up in Shanghai in 1865 as Britain led the Western powers in carving out trade and other concessions from the then Chinese imperial authorities, has been seeking to build its presence in the country as Beijing prepares to open up the banking sector under its World Trade Organisation obligations.

The deal with state-owned Bank of Communications ensures HSBC a head start over rivals seeking access to China's more than one trillion dollars in household savings deposits ahead of the sector's deregulation in early 2007.

India considers 6.2-7.4pc growth acceptable for this fiscal

AFP, Bidadi, India

An economic growth rate for India of between 6.2 to 7.4 percent this fiscal year would be "acceptable," Finance Minister Palaniappan Chidambaram said Tuesday.

Speaking at the inaugural function of Toyota Motor's transmission facility in this southern Indian town, Chidambaram noted that the economy grew at a "heart-warming rate" of 8.2 percent in the previous fiscal year to March 2004.

"On the back of 8.2 percent growth, any growth between 6.2 percent and 7.4 percent (for this fiscal year) is perfectly acceptable," he said.

Last year's economic growth was the highest achieved in more than a decade.

"In the first part of this year Indian industry (output) has done well," Chidambaram said. "During the April-May period it has grown 7.5 percent compared to 5.3 percent last year."

He noted that the output of six core manufacturing groups -- including power, coal, cement, crude oil and petroleum -- had grown by more than 10 percent in the first quarter while exports were up 28 percent year-on-year and imports up 30 percent.

"Foreign exchange reserves stood at 120 billion rupees. But there is only one concern --- the monsoon. Mercifully those concerns have receded and with all our prayers it will be a good monsoon this year aiding agricultural production," Chidambaram said.

"The monsoon is encouraging. It is delayed but reports are encouraging. I am sure it will make up for the delay," he said.

Thai firm to distribute software of Technohaven

Tech Plus Company Limited will distribute Technohaven Leasing & Investment System (TelISTM) software, a financial software application developed by Technohaven, in Thailand.

An agreement to this effect was signed between Technohaven Company Limited and Tech Plus Company recently in Bangkok, says a press release.

Habibullah N Karim, managing director of Technohaven, and Ekgachai Tantichativat, managing director of Tech Plus Co. Ltd., Thailand, signed the deal.

The software will automate financial and operating lease, hire purchase, asset management, central accounting, payroll and other functional areas of leasing companies.

Tech Plus will deploy the system in Cathay Lease Plan Limited, a leading leasing and finance company in Thailand.

Export growth hits 6-yr high

Rise in price, volume leads to 16pc rise in earning

ZAHIDUL HAQUE

Riding on duty-free access to Canadian and Australian markets, the export earning growth hit a six-year high of 16.10 percent in the just concluded 2003-04 fiscal with both volume and prices increasing.

The country fetched \$7.6 billion in the last fiscal surpassing the target by 2.2 percent. The targeted amount was \$7.4 billion. Anticipating the growth, the government stuck to its original target without revising or slashing.

The highest export growth achieved in the last five years (from 1998-99 to 2002-03) was 12.43 percent in fiscal 2000-01, well short of this year's achievement.

"Price index of Bangladeshi products and export volume rose 3.82 and 12.28 percent in the last fiscal," EPB Director Towfique Khan Majles told The Daily Star

(Value in million dollar)			
FY	Export earnings	(+) Increase (-) Decrease	Growth in %
1998-1999	5312.86	+151.66	+2.94%
1999-2000	5752.20	+439.34	+8.27%
2000-2001	6467.30	+715.10	+12.43%
2001-2002	5986.09	- 481.21	- 7.44%
2002-2003	6548.44	+ 562.35	+ 9.39%
2003-2004	7602.99	+1054.55	+16.10%

Source: EPB

yesterday.

He said the surge in export was mainly due to duty-free concession extended to Bangladeshi products in Canadian and Australian markets.

The products that registered growth in FY2003-04 over the previous year and crossed the strategic targets are woven garments, knitwear, frozen food, textile fabrics, ceramic tableware, engineering and agricultural products, home textiles, footwear and leather.

Export earnings from woven garments, knitwear and frozen foods -- major export items of the country-- witnessed 8.59 percent, 29.88 percent and 21.27 percent growth.

Woven garments fetched \$3538.07 million (target \$3500 million), knitwear \$2148.02 million (target \$1890 million) and frozen foods \$390.25 million (target \$370).

Among the other high performing items, export from engineering products witnessed a huge 224.32 percent growth, followed by home textiles with an 89.82 percent growth.

In 2003-04, engineering goods fetched \$41.87 million, which was \$2.85 million in 2002-03 while home textile exports rose to \$135.49 million from \$83.03 million.

Tea, chemical products, electronics and petroleum byproducts recorded growth in FY2003-04 compared to FY2002-03 but failed to achieve the targets.

Tea export was 1.19 percent behind the target, petroleum byproducts fell 40.29 percent short of goal and electronics goods trailed by 32.73 percent.

Export earnings from raw jute, bicycle, jute goods, handicrafts and computer software recorded negative growth in FY2003-04 and also failed to achieve the targets.

Among these low performing items, earnings from handicrafts declined by 29.41 percent, jute by 3.35 percent and jute products by 4.17 percent.

Among the other items, earnings from camera parts, acrylic yarn, golf shaft, cotton yarn, sports footwear, cigarettes, padding, polyester thread and leather bags increased during the FY2003-04 compared to the previous year.

On the other hand, earnings from tents, printed materials, zipper, corrugated cartons, jute footwear and luggage and fashion goods declined in 2003-04.

The government has fixed this fiscal year's export target at \$8,565 million.

Asean urged to speed up economic integration to face China, India

AFP, Kuala Lumpur

Malaysian Prime Minister Abdullah Ahmad Badawi on Tuesday urged the 10-member Association of Southeast Asian Nations (Asean) to speed up economic integration to better compete with China and India.

Abdullah said it was crucial for the region to pool its resources and create a mass market of half a billion people to "position itself in competing with China and India, the two giants of Asia that are coming up very, very quickly."

He told a two-day economics conference here that Malaysia did not view China as a threat but more of an opportunity due to its huge consumer market

and as a challenge for the country to improve its competitiveness.

"A big economy like China is certainly an opportunity for us if we do not do the same thing that China does in producing goods cheaply because of the advantage of cheap labour cost," said Abdullah, who is also finance minister. "We can find a niche for ourselves by producing quality goods using high technology. We need to be competitive."

UBS head of Asia-Pacific economics Jonathan Anderson told the conference that Asia has rebounded strongly after the 1997-98 regional financial crisis but economic integration remained a huge

challenge.

"It is clear that Asia is back on its feet but Asean today remains a distressingly fragmented place. Asean needs to compete as a whole rather than individual states," he said.

Asean comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

The regional grouping hopes to have its own free trade area beginning 2010 and a European-style single market 10 years later. It is negotiating with China to create the world's biggest trade zone and similar plans are in the works with South Korea and India.

Fish farming faces flood fury in Trishal

STAR BUSINESS REPORT

The raging floods have played havoc with fish farming at Trishal in Mymensingh, causing huge loss to farmers.

Most fish ponds at Trishal, known for farming pangas fish, have been washed away. Farmers put the preliminary loss at Shimulia village alone at around Tk 50 lakh.

The owner of Khan Fishery Farm at the village said he has lost some Tk 7 lakh as three of his enclosures have been washed away by the floodwaters.

Shimulia apart, fish farms in Dhanikhola and Motibhatia villages in the upazila have gone under floodwaters.

Besides, about 1000 acres of cropland producing Aus paddy have been devastated at Shimulia village.

Brazil wins \$10b from WTO victory

REUTERS, Brasilia

Agricultural powerhouse Brazil Monday saw a \$10 billion trade boost from what President Luiz Inacio Lula da Silva called a victory in world trade talks to end rich nations' farm subsidies.

Lula's center-left government led poor nations in the World Trade Organization (WTO) talks that reached a deal at the weekend to end billions of dollars in export subsidies.

"The key number is zero for export subsidies," Brazilian Foreign Minister Celso Amorim told reporters.

Amorim expected the elimination of the subsidies to create around \$200 billion in extra trade for developing nations. He saw up to five percent, or \$10 billion, of that going to Brazil.

A top exporter of sugar, coffee, meat, orange juice and soybeans, Brazil formed the G20 bloc of poor nations at WTO talks in Cancun, Mexico last year to dismantle rich nations' farm subsidies. The Cancun talks collapsed as the G20 tried to push agriculture into the center of talks.

Wal-Mart faces first unionised work force

AFP, Montreal

Quebec officials have accredited a trade union at a Wal-Mart in the French-speaking province, raising the possibility of the first unionised work force at a branch of the retail giant in North America.

The Quebec Labour Relations board gave the go-ahead for union representation for more than 150 workers at the store in Saguenay, 200 kilometres (140 miles) north of Quebec City.

"It's the first union at a Wal-Mart in North America," said Marie-Josée Lemieux, president of the local chapter of the United Food and Commercial Workers Union.



PHOTO: STAR

National Board of Revenue (NBR) Chairman Khairuzzaman Chowdhury (centre) speaks at a daylong 'Orientation workshop on revenue activities' in Dhaka yesterday as Economic Reporters' Forum (ERF) President Monowar Hossain (left) and General Secretary Nurul Hasan Khan (right) look on. ERF and NBR jointly organised the workshop.

3-day knitwear extravaganza to wear off post-MFA threat

SARWAR A CHOWDHURY

With the post-MFA (multi-fibre arrangement) regime set to stage next year, knitwear producers are going to hold a three-day exposition in late next month in a bid to increase their market share in the international arena.

The exhibition, first of its kind, will be held at Dhaka Sheraton Hotel from September 22 to 24, and is expected to pull a large number of foreign buyers by showcasing a variety of export-oriented knitwear products.

"The main objective of the fair is to familiarise foreign buyers of our knitwear products which have almost 75 percent value addition," said Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)

President Fazlul Hoque.

"Besides, the fair is also aimed at increasing our market share in the US market as there is tremendous potentiality in the quota-free regime after this year," he told The Daily Star.

In the last fiscal year knitwear sector fetched US\$2.14 billion, out of which the contribution of the US market is only \$350 million, the BKMEA leader said.

"We are a big player in the EU, but in the US market our share is very small compared to woven products from Bangladesh," he said.

"The knitwear sector is emerging strongly in the US market and we want to tap our due share. I hope the exposition will help us achieve our goal," Hoque added.

He said the knitwear exhibition Knit

Exposition 2004 to be organised under the aegis of BKMEA, will have around 80 stalls. "But the figure may increase depending on the response from the producers."

The fair will be participated by BKMEA members, knit garment producers, local and foreign yarn and knit fabrics producers, suppliers of knit garments and manufacturers and suppliers of knitting and dying machinery.

Some stalls will be reserved for service sectors such as shipping lines, airlines, courier services, software developers, banks and insurance companies.

Prime Minister Khaleda Zia is expected to inaugurate the exhibition.

Faulty system hinders revenue collection

NBR-ERF workshop told

STAR BUSINESS REPORT

Reluctance to pay tax coupled with a faulty collection system hinders revenue collection in Bangladesh, speakers observed at a workshop in Dhaka yesterday.

People must realise that development of a country is not possible without people's participation through tax payment, revenue officials told the workshop.

Economic Reporter's Forum (ERF) and National Board of Revenue (NBR) jointly organised the daylong 'Orientation workshop on revenue activities' at NBR office.

Members of ERF, a Dhaka-based organisation of economic reporters, participated in the workshop, which includes presentations on revenue system and open discussion.

Officials of the NBR focused on major obstacles to the tax collection process including people's reluctance to pay tax and tendency to evade tax through misdeclaration of taxable

goods and under-invoicing.

They also pointed out some other problems such as submission of improper documents by taxpayers and lack of co-ordination in the collection system.

Addressing the workshop, NBR Chairman Khairuzzaman Chowdhury laid emphasis on minimising the communication gap between the taxpayers and revenue officials.

He said increasing efficiency of the officials, gradual change in tax structure and strong measures to control corruption could bring dynamism in the revenue system.

"It is true that NBR cannot always fulfil its target of revenue income, but if we compare the yearly achievement with that of previous years, a significant improvement is seen," NBR Member (Customs) Ali Ahmed said.

ERF President Monowar Hossain, General Secretary Nurul Hasan Khan and members of the NBR were present at the workshop.

Hub for no-frills airlines in Malaysia by this year

ANN/ THE STAR

The Malaysian government's plans to set up a hub for no-frills airlines will be completed by this year, either at the KL International Airport (KLIA) or at the Sultan Abdul Aziz Shah, Airport in Subang Jaya, Transport Minister Chan Kong Choy has said.

"The fact that we have not made any announcements yet does not mean that we are not moving, we are moving very aggressively. We will announce it when the time is right," he told reporters when asked the status of the government's decision to turn Malaysia into a hub for low-fare carriers after opening the World Maritime Forum here Monday.

On Malaysia Airlines plans to set up a low-fare carrier, he said: "I have not received such plans, but I will want to meet both MAS and AirAsia."

throats."

"I'm not trying to say that they are doing it now, but they don't have to. As far as we are concerned, national interest and the interest of the aviation industry has to come first," he added.

On the improving the competitiveness of Malaysia's ports, Chan said there were efforts to attract industries to set up operations near Port Klang and Port of Tanjung Pelepas (PTP) to increase traffic at the ports.

"We are working towards setting up free trade zones and commercial zones so ports will not be dependent on transshipment alone. At present 97 percent of PTP's operations are dependent on transshipment," he said, adding that these zones would enhance the position of ports.

Chan said he was confident that Port Klang and PTP, ranked at 12th and 16th among the top 20 ports in the world, would retain their positions.

Habib Bank AG Zurich opens office in Dhaka

Habib Bank AG Zurich (HBAGZ) has opened its representative office in Dhaka.

To mark the opening of the office in Motijheel commercial area, the bank hosted a dinner at a hotel in Dhaka recently, says a press release.

MY Chowdhury, chief executive vice-president of HBAGZ, who is also responsible for the bank's business development and other administrative matters of South Africa, Bangladesh and UK branches, gave a brief description of the bank's background and activities.

AQ Siddiqui, representative of HBAGZ in Bangladesh and also former managing director of Sonali Bank, was also present.

Among others, former commerce minister Amir Khosru Mahmud Chowdhury and former governor of Bangladesh Bank LR Sarkar attended the function.

HBAGZ was incorporated in Switzerland in 1967.

Toyota Motor opens \$54m transmission facility in India

AFP, Bidadi, India

Toyota Kirloskar Auto Parts, a joint venture between an Indian firm and Japan's Toyota Motor, Tuesday opened a 2.5 billion rupees (\$5.4 million US dollars) facility to make automobile transmission parts.

The facility in the southern Indian city of Bidadi, 40 kilometres (25 miles) southwest of the technology hub of Bangalore, has the capacity to produce 160,000 units every year with a workforce of about 550 people.

"One hundred percent of the products will be exported" to the parent Toyota Motor Corporation, said Akio Toyoda, senior managing director of Toyota Motor.

"The main destination for transmission products made in India will be Asean nations," he said. "This fact signifies that Toyota's Indian operation is formally integrated into our global operations."

Toyoda said the component manufacturing bases of Toyota around the globe would help create a basic infrastructure for the automobile industry and also contribute to the economic and social development of the nations involved.