

Refrigerator

TRANSKOM ELECTRONICS

Dhaka: 8110163, 9882192, 9896285, 9569613
Chittagong: 637669, 653758, Bogra: 66215
Khulna: 720304, 723695

Star BUSINESS

DHAKA THURSDAY NOVEMBER 18, 2004 E-mail: dsbusins@gononet.com

Washing Machine

TRANSKOM ELECTRONICS

Dhaka: 8110163, 9882192, 9896285, 9569613
Chittagong: 637669, 653758, Bogra: 66215
Khulna: 720304, 723695

Chittagong Port witnesses fresh congestion

STAFF CORRESPONDENT, Ctg

Chittagong Port witnessed a fresh congestion of cargo containers yesterday, the first working day after a six-day Eid holiday. Port officials said the long holiday caused a disorder in the operational activities, triggering the congestion.

Talking to The Daily Star, Chairman of Chittagong Port Authority (CPA) Shahadat Hossain said, "After the imposition of penal rent from November 10 delivery of cargo containers expedited, but a fresh congestion occurred due to the long holiday."

"We hope the congestion will ease within three to four days," the chairman added. According to officials reports, a total of 15,660 containers remained stranded at the sheds yesterday against the capacity of 13,500 containers.

Space congestion has also slowed down the unloading of containers from the vessels, which anchored at port jetties, officials said.

AB Bank declares 5pc stock dividend

Arab Bangladesh Bank Limited (AB Bank) has declared a 5 percent stock dividend for its shareholders for the year 2003.

The declaration was made at the bank's annual general meeting held in Dhaka recently, says a press release.

Faisal Morshed Khan, chairman of the bank, presided over the meeting.

Among others, Sajedur Seraj, vice-chairman of the bank, Asgar Karim, Sayed Golam Kibria and Golam Sarwar, directors and MA Awal, managing director (acting), were present.

New free trade plan for Asia Pacific

ANN/THE STRAITS TIMES

Asia-Pacific leaders attending the annual summit here this week are being asked to consider establishing a Free Trade Area of the Asia Pacific (FTAAP).

The proposal will be discussed when leaders, including Prime Minister Lee Hsien Loong who arrived here yesterday, meet for the 12th Asia Pacific Economic Cooperation (Apec) Leaders' meeting on Saturday and Sunday.

The Apec Business Advisory Council, the grouping's business lobby, mooted the idea, which has the support of summit host Chile.

Its backers think it will help to accelerate progress towards the trade liberalisation goals mapped out at the Apec summit in Bogor, Indonesia, in 1994.

During that landmark meeting exactly a decade ago, the Apec economies agreed to implement a non-binding tariff-cutting plan to achieve free trade and investment among developed member economies by 2010 and developing members by 2020.

What makes the FTAAP proposal different from the Bogor agreement, which operates on the Apec principle of consensus, is that it is envisioned as a negotiated agreement which will be binding on member economies.

India's economy to grow 6.0 to 6.5pc: finance minister

AFP/NEW DELHI

Indian Finance Minister Palaniappan Chidambaram said Wednesday growth may slow to between 6.0 and 6.5 percent this fiscal year due to patchy monsoon rains and high global oil prices.

India's economy expanded 8.2 percent in last fiscal year to March 2004, the fastest rate in more than a decade, as good monsoon rains boosted farming incomes in the agriculture-dependent nation.

Whilst a 6.0-6.5 percent growth rate would be considered very respectable by many, India would still lag behind China which recently forecast growth of some 9.0 percent this year.

"Deficient rainfall in some parts of the country and the unprecedented hardening of international crude oil prices are likely to moderate output growth," said Chidambaram.

\$40m post-MFA action plan on the cards

MONIUR MAHMUD

The government will soon finalise a \$40 million 'Post-MFA Action Programme' to help garment exporters face challenges in the quota-free era beginning in January next year, commerce ministry officials said.

"We are discussing some aspects of the action programme with development partners and it is at the final stage," Commerce Secretary Md Aminur Rahman told The Daily Star.

Post-MFA (multi-fibre arrangement) action programme will be announced soon, he said noting that stakeholders are involved in the

process.

The readymade garment sector will face an adverse situation in the open market regime, the commerce ministry observed in a working paper prepared for a meeting of the National Committee on Exports.

Issues including opening the RMG sector to foreign investors outside the export processing zones and offering electricity and gas at subsidised rates to export-oriented units are supposed to be discussed in the next meeting of the National Committee on Exports.

"Making raw materials available at international prices and ensuring efficiency at ports to reduce lead-

time problem are key factors for the knitwear sector to face the challenges in the quota-free era," said Fazlul Huq, president of Bangladesh Knitwear Manufacturers and Exporters Association.

Bangladesh's RMG sector that fetches around 75 percent of the country's total export income will face stiff competition with China, India and some other countries when the quota system will phase out.

Of the total earnings from the garment sector, around 80 percent come from the USA and European Union countries, according to Export Promotion Bureau statistics.

BKB to extend Tk 50cr loan to 91 tea gardens in Sylhet, Ctg

M SHAMSUR RAHMAN from Hong Kong

Bangladesh Krishi Bank (BKB) will extend Tk 50 crore in agri development loan to 91 tea gardens in greater Sylhet and Chittagong regions for a period of five years from FY 2004-'05 to 2008-'09.

A memorandum of understanding (MoU) to this effect was signed between Bangladesh Tea Association, BKB and Bangladesh Tea Board recently in Dhaka, says a press release.

BKB Managing Director AKM Sajedur Rahman, Chairman of Bangladesh Tea Association M Wahidul Haque, and Chairman of Bangladesh Tea Board SAHM Tawhid signed the MoU on behalf of their organisations.

The loan will be utilised for tea cultivation on 2,720 hectares of new land and re-planting on 2,575 hectares of land.

Hyundai Motor works out cost-cutting programme

AFP, Seoul

South Korea's largest auto company, Hyundai Motor, has embarked on a cost-cutting programme as the country's currency, the won, continues to firm against the US dollar, putting pressure on exports.

The Hyundai Motor group, one of the country's largest exporters, said Wednesday the won's steady gain was forcing a change in its business plans.

"Along with cost-cutting measures, employees are asked to strain every nerve in the face of the won's further appreciation," a Hyundai Motor spokesman told AFP.

A stonger won makes South Korea products more expensive abroad. More than half of Hyundai's overseas sales are realised in dollars.

The won closed at 1,081.40 won against the dollar here Wednesday, just off a 7-year high as exporters and currency dealers unloaded their dollar holdings amid growing downward pressure on the US currency.

Singapore cuts 2004 growth forecast after Q3 slowdown

AFP, Singapore

Singapore cut its growth forecast for this year to 8.0-8.5 percent from 8.0-9.0 percent Wednesday following a sharp slowdown in the third quarter and warned of uncertainties on the economic outlook for 2005.

However, the government maintained next year's forecast at 3.0-5.0 percent, with officials and economists saying the general slowdown was not a cause for major concern following a period of very strong growth.

Gross domestic product (GDP) in the September quarter grew at a slower-than-expected rate of 7.5 percent from a year ago, according to the trade and industry ministry.

The figure was down from 12.5 percent in the three months to June and showed an annualised quarter-on-quarter contraction of 3.0 percent, ending four successive quarters of double-digit expansion.

EU battles over stability pact reform

AFP, Brussels

The European Union overhauled Tuesday with proposals to overhaul its ineffective budgetary but put off concrete action until January at the earliest in the face of big divisions.

At talks here, EU finance ministers also grappled with embarrassing revelations that Greece joined the eurozone in 2001 using bogus economic data.

The meeting of all 25 EU nations was held after eurozone finance ministers late Monday expressed their disquiet at "excess volatility" on currency markets, with the euro hovering near record highs against the dollar.

The debate about reforms to the EU's Stability and Growth Pact, which has been left in tatters by the refusal of countries including France and Germany to obey its deficit ceiling, did achieve some progress, officials said.

"We had a good exchange of views and some convergence seems to have appeared," Dutch Finance Minister Gerrit Zalm, whose country holds the rotating EU presidency, told a news conference.

Asia's largest mobile tech show kicks off in HK

M SHAMSUR RAHMAN from Hong Kong

With a view to promoting worldwide adoption and growth of 3G mobile phones, the ninth Annual 3G World Congress and Exhibition started in Hong Kong on Tuesday.

3G is the industry jargon of third generation mobile technology which is capable of transmitting voice, data and video to subscribers' mobile sets.

Around 105 companies representing all segments of the industry are showcasing the latest 3G innovations and services in the Asia's most established and largest mobile technology exposition in the Hong Kong Convention and Exhibition Centre.

"We are witnessing a tremendous momentum growing behind 3G and the large number of industry decision-makers attending this year's event underline this," said Daniel Kirwin, managing director (Asia) of

the Institute for International Research (IIR), the event organiser.

The fair is expected to draw more than 1,000 delegates and 5,000 visitors representing the largest gathering of mobile professionals ever convened at an event in Asia.

As the 3G continues its global roll out, the fair offers delegates the opportunity to consider 2G-to-3G migration issues relating to CDMA2000, W-CDMA and China's proposed TD-SCDMA technologies. Some 143 senior industry speakers are participating in the event to discuss the latest issues, technologies and emerging trends in mobile industry.

The topics under discussion include development trends in China; prospects for 'Push to Talk' technology; whether WIMAX will be complement to or compete with 3G; the future direction for paid contents such as music, games and video; the emergence of mobile business applications; the implica-

tion of VoIP for mobile and the role of artificial intelligence in revolutionising mobile phone design.

An array of industry representatives from around the world attended the discussion including Agnes Nardi, managing director of 3Hong Kong; Bajoo Narbuto, president director and chief executive officer (CEO) of PT Telkom, Indonesia; Carl Henric Svanberg, president and CEO of Ericsson; Douglas Li, CEO of SmartTone; Dr Irwin Jacobs, chairman and CEO of Qualcomm; Lothar Pauly, president and CEO of Siemens.

Among others, Lucy Hood, senior vice-president (Content and Marketing) of News Corp; Lutz Schade, executive vice-president of T-Mobile International; Marc Rouanne, chief operating officer of Alcatel; Sun Yafang, chairperson of the board, Huawei Technologies and Zhang Fan, CTO, China Unicom, will speak at the ninth edition of the 3G Congress.



BKB Managing Director AKM Sajedur Rahman (3rd from left), Chairman of Bangladesh Tea Association M Wahidul Haque (2nd from left), and Chairman of Bangladesh Tea Board SAHM Tawhid (4th from left) exchange documents after signing a memorandum of understanding (MoU) recently in Dhaka. Under the MoU, BKB will extend Tk 50 crore in agri development loan to 91 tea gardens in Sylhet and Chittagong regions for a period of five years from FY 2004-'05.

S Asian states need openness with regional trade deals: WB

BSS, Dhaka

The World Bank has advised South Asian countries to keep them 'open' with regional trade agreements so as not to divert trade or cause market distortions that penalize other developing countries.

No South Asian country has a bilateral trade deal with a developed country, Bangladesh border protections remain among the world's highest, although reductions were announced in 2004, the bank observed.

Economic growth in South Asia declined to 6 percent in 2004, from 7.5 percent in 2003, said a World Bank report titled "The Global Economic Prospects 2005: Trade, Regionalism and Prosperity," launched yesterday.

Excluding India, the report says, growth in the region is projected to rise to 6.00 percent in 2004 from 5.6 percent in 2003, supported by robust manufacturing in

Bangladesh and Pakistan, and strengthening services and agricultural sector growth in Nepal and Sri Lanka.

The World Bank found that India's services sector made strong advances, supported by productivity gains and greater market penetration. "The manufacturing sector continued to post high growth."

Besides Sri Lanka, the report said, no South Asian country has liberalized trade or FDI rules prior to the 1990s.

The region remains only minimally integrated to world's capital markets. Net inflow of FDI, although higher than the early 1980s, is less than 0.8 percent of the GDP, the lowest among developing regions, the report observed.

"South Asian exports as a share of world trade remained low up to 2000, as the region's countries maintained the world's highest level of average applied tariffs. But this is changing," it said. "Trade as a share

of GDP remains smaller in South Asia than in any other developing region," bank's Chief Economist for the South Asia region Shanta Devarajan said.

He further said: "But things are changing, including prospects for greater intra-regional trade, as indicated by the recent Safta agreement. The challenge is to ensure that regional integration does not occur behind the wall of protection."

Multilateral market openings, which are being sought in the Doha Round of WTO negotiations, hold the promise of greater potential gains to all developing countries, the report says.

"A multilateral agreement is the only way to open agricultural markets and reduce or end subsidies in rich countries," says Francois Bourguignon, World Bank's Chief Economist. "The reforms are of critical importance to the poor but they are not on the table in regional trade talks," he said.

US sees growing importance of G20; wants to avoid dollar spat

AFP, London

US officials see a growing importance of the Group of 20 economic gathering and plan to use this week's Berlin forum to push progress efforts, while hoping to avoid a row over the sagging dollar.

The G20, which includes the Group of Seven wealthy industrialised nations and large developing countries including China and Brazil, opens a meeting Friday in Berlin of finance ministers and central bank governors.

Washington views the gathering as an occasion to discuss key efforts of economic collaboration, such as debt relief for the poorest nations, reforms at the International Monetary Fund and so-called "collective action" clauses that would allow for an orderly process in case of bond defaults.

"Each (G20) meeting has more

and more significance as a forum for discussion," said a US Treasury official speaking to reporters ahead of US Treasury Secretary John Snow's departure for Europe for the gathering.

Washington has acknowledged the need to extend economic coordination efforts beyond the G7, and played a role in inviting China to sit in at a recent G7 finance ministers meeting in Washington in acknowledgement of the growing economic clout of Beijing. And they also see a benefit to including other big emerging economies in talks.

"It's a very good forum for discussing emerging market issues, the success of collective action clauses, further reforms in the IMF," the official said. "I think there will be more discussion of a proposal to reduce the debt of the poorest countries."

The US delegation, headed by

Snow, has been attempting to deflect criticism about the weak dollar and the big deficits blamed for the currency's slide, and instead wants to focus on economic growth initiatives.

Aides to Snow argue that instead of talking about US budget and current account deficits, the focus should be on what they see as a more fundamental problem of the "growth deficit" of many US trading partners.

"I think you will see a collaboration on pro-growth policies, similar to what you see in the G7," the Treasury official said.

US officials hope to get an endorsement of the "Agenda for Growth" blueprint agreed upon by the G7 last year in Dubai, contending that such efforts will help remedy the global economic imbalances that have caused jitters about the dollar.

HOLIDAY HANGOVER

Businesses yet to pick normal pace

STAR BUSINESS REPORT

Trade and businesses in the capital were yet to gather normal pace yesterday, the first working day after a marathon six-day Eid holiday.

According to businesspeople, normalcy will return to trade and businesses from Saturday.

Banks witnessed thin transactions. Shopping malls remained closed and production in garment factories was low.

Private companies also experienced little activities as people took leave after the official Eid holiday. However, investors found an upward trend on the stock markets.

"The shop owners will start opening their stores from Saturday,"

said Amir Hossain Khan, president of Bangladesh Dokan Malik Samity, an association of shop owners.

President of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Fazlul Haque said: "Performance in the garment production units was very poor due to low attendance, although business activities officially started Wednesday."

"It seems works will not start in full swing before Saturday," he added.

After a long break, trading on Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) resumed yesterday with gainers outnumbering losers.

DSE General Index rose by .85

percent or 15.06 points to close at 1784.33 points while CSE All Share Price Index increased by 1.74 percent to close at 3179.58 points.

DSE-20 Index went up by 0.08 percent to close at 1967.61 points while CSE-30 Index rose by 0.095 percent to close at 3086.44 points.

Of the 167 issues traded on DSE yesterday, 105 gained, 43 declined and 19 remained unchanged. Trade volume on the DSE amounted to Tk 26.17 crore while 15,14,292 shares and debentures were exchanged in 9055 trades.

On CSE, of the total 55 issues traded, 27 gained, 20 declined and 8 remained unchanged and some 314,672 shares and debentures worth Tk 5.42 crore were exchanged.

Indian textile mills ramp up for life after quotas

REUTERS, Ahmedabad, India

Among the millions around the world whose lives will change when global textile quotas expire at the end of the year are the illiterate women garment workers of India's Gujarat state.

The end of a system that has capped poor countries' textile exports to the rich world for more than 40 years is inspiring the women to set their sights on selling their colourful hand-woven products to leading retailers in the United States and Europe.

To that end, the Self-Employed Women's Association (SEWA), a grouping of informal-sector rural women workers, plans to move into a modern composite mill to produce garments that meet global quality standards.

"It's an opportunity that we

don't want let go. We are trying to get our unit started by January so that we are there to take our share in the post-quota period," said Rema Nanavaty, who heads SEWA's garment venture.

SEWA, whose members have been making clothes in run-down buildings that still bear the scars of a major earthquake that devastated the western Indian state in 2001, has received inquiries from top retailers such as Wal-Mart Inc.

"This can be a big opportunity and we intend to cash in on that by setting up a big unit," Nanavaty said.

China is expected to be the big winner from the shake-out of the \$350-billion-a-year global trade in textiles and clothing.

It could triple its share of the US market for imported clothes to 50 percent once it is freed of export

quotas, according to a World Trade Organisation study.

But India should also do well. The Geneva-based trade watchdog reckons India could quadruple its share of the American market from 2002 levels to 15 percent.

Anticipating a surge in demand leading Indian textile firms such as Arvind Ltd and Raymond Industries Ltd, are ramping up capacity and upgrading technology.

India's textiles industry directly employs nearly 35 million skilled and unskilled workers. Its overseas sales of more than \$11 billion account for about 24 percent of the country's total exports.

Welspun India Ltd, the world's fifty-largest Terry towel maker, is more than doubling manufacturing capacity in western India to scoop up new market opportunities.



Faisal Morshed Khan, chairman of Arab Bangladesh Bank Limited, presides over the annual general meeting of the bank held recently in Dhaka. The bank has declared a 5 percent stock dividend for its shareholders.

Kmart to buy Sears in \$11b deal

REUTERS, New York

Discount retailer Kmart Holding Corp will buy department store operator Sears, Roebuck & Co in a surprise \$11 billion deal that creates the third-largest US retailer, the companies said on Wednesday.

The new company, Sears Holdings, will have about \$55 billion in annual revenue and nearly 3,500 retail stores.

The companies, both of which have been struggling, said in a joint statement the merger, expected to be finalised by next March, was expected to generate significant cost

savings but could also trigger sales of "nonstrategic real estate assets."

The deal came as a surprise to many analysts, who were uncertain of the motives behind the merger.

"They both bring to the table diverse opportunities, but it's not clear if they are merging to make them more able to stand up to Wal-Mart's greater strength or if this is a real estate deal," said Kurt Barnard, president of the Retail Consulting Group.

Sears shares jumped more than 12 percent in pre-market trading, while Kmart shares advanced 2.75 percent. Kmart shareholders will receive

one share of new Sears Holdings common stock for each Kmart share; Sears shareholders will have the right to choose either \$50 in cash or 0.5 share of Sears Holdings for each Sears share.

The \$50-per-share cash price represents a premium of 10.6 percent over Sears' closing price of \$45.20 on the New York Stock Exchange on Tuesday.

Based on Kmart's closing price of \$101.22 on Nasdaq on Tuesday, the stock swap values Sears at \$50.60 a share, a premium of nearly 12 percent over its Tuesday close.