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Korean investment hinges on govt nod for KEPZ

Says South Korean chamber

STAR BUSINESS REPORT

The South Korean Chamber of Commerce and Industries (KCCI) say that the Koreans are waiting for the government to remove the impasse of operating licence for the Korean Export Processing Zone (KEPZ) so that they can invest more in Bangladesh.

"We want to invest in Bangladesh. You do not have to woo us. We are ready to be your partners in creating wealth and employment opportunities," says Kihak Sung, KEPZ chief and leader of a 35-member team of the KCCI, in a statement made to The Daily Star.

The KCCI team, consisting of top entrepreneurs of Korea, was supposed to visit Bangladesh on September 28 to participate in a business seminar organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI). However, the seminar had to be cancelled at the last moment due to the wildcat strike of Bangladesh Biman on September 27.

KEPZ sources said that the KCCI team's plan was to visit India, Pakistan and Bangladesh to explore new investments. While the team visited India and Pakistan, they could not come to Bangladesh. Other than participating in the seminar, the team was supposed to visit Dhaka and Chittagong export processing zones.

Kihak Sung in his statement said while the two countries share some common features such as lack of resources and huge population, both the countries achieved success in the garments sector through partnership, adding that the business relation between Korea and Bangladesh has grown over the past 25 years.

"My company Youngone was the first of the early investors (in Bangladesh) in the apparel industry efforts. We have been successful and growing over these 25 years to employ 35,000 persons and now we are the largest exporter of the country," he said.

"Most Korean investors in Bangladesh are within the export processing zones. These zones have proven to be the appropriate approach to investment in labour intensive export oriented industries. My experience indicates that the foreign investors face a number of problems that are very difficult to solve within the domestic tariff area," he said referring to the problems regarding labour unions, land and customs.

"During the 1995 visit of the Bangladesh prime minister to Korea, the question was posed how can the volume of investment from Korea be increased? The conclusion reached by the two governments was that a special export processing zone should be developed, owned and operated by a private company to attract Korean and other investors. The existing EPZs were filling up, it was felt better carried by the private sector, and there were advantages in marketing for investors to have a national orientation to the zone," Sung said describing how the idea of KEPZ was conceived.

Later on, Youngone submitted a proposal for the KEPZ and the government passed the necessary legislation for such private EPZ. Youngone purchased land by 1999 for a zone of almost 2500 acres.

"Unfortunately the licence to operate the zone has not been issued and so the joint agreement of the prime minister of Bangladesh and the president of Korea has yet been fulfilled," Sung pointed out.

Korean investors can provide Bangladesh with investment resources, technology, export oriented investments and thereby create hundreds of thousands of jobs, he said. "We worked with you to do this in the garment sector and we are confident that there are many more opportunities in other sectors too," Sung added.

MICROENTREPRENEURSHIP AWARD

Nomination process gets good response

The Global Microentrepreneurship Awards (GMA) programme launched by Citigroup Foundation and the United Nations Capital Development Fund (UNCDF) in Bangladesh has received substantial number of nominations from all over the country.

The award was announced in four categories -- Best Micro Finance Institution (MFI) of the Year, Most Innovative Business of the Year, Best Woman Microentrepreneur of the Year and Best Microentrepreneur of the Year, says a press release.

A screening committee will now screen the applications received in all four categories. Twenty best finalists, five in each category, will be first drawn out of the initial screening from more than 400 applications before the winners are finally selected and announced by the distinguished jury panel in mid November.

The year 2005 has been announced as the International Year of Microcredit for building inclusive financial sectors to achieve the millennium development goals.

Diversified non-RMG goods needed to increase exports

Speakers say

STAR BUSINESS REPORT

Diversification of non-RMG products is needed, as Bangladesh has failed to up its exports of non-apparel items in the post-MFA regime, speakers observed at a project launching ceremony in Dhaka yesterday.

They said in the trade liberalisation era, the dismal performance of non-RMG sectors seems to suggest that trade reform measures have not been successful for the country.

They were speaking at the launch of a project titled 'Linkage between Trade, Development and Poverty Reduction', which will be implemented by Unnayan Shamannay, a local NGO, and CUTS, India in the next two years in Bangladesh.

The main feature of the proposed research is that it will point out a number of trade liberalisation issues that are hindering formation of a pro-poor trade policy, the speakers said.

They said the countries that liberalised their trading system quickly without any domestic maintenance mechanism would not be able to harvest as much benefits as they expected.

After 1982, Bangladesh took up more than three trade liberalisation measures as per the World Bank and International Monetary Fund suggestions. But there was no strategy to reduce poverty in terms of trade liberalisation, they added.

The speakers also said a caucus of political representatives should have been formed for accelerating the export of non-RMG goods.

MA Razzaque of Economics Department of Dhaka University presented a keynote paper on 'Trade, Development and Poverty Reduction: Bangladesh Perspective'.

Razzaque said exports from Bangladesh increased from $1.5 billion in 1990 to $8.6 billion in 2005.

He said, "If only value addition is considered, the share of export in GDP increased from 4.4 percent in 1990 to about 8 percent in 2004. Apart from RMG, the response of other export items has been very weak, only around one percent," he added.

The impressive performance of the export sector is often attributed to trade libaralistion measures in Bangladesh, he said. But RMG export growth in quota era was the main driver of good export performance, he added.

Mustafizur Rahman, research director of Centre for Policy Dialogue (CPD), said, "As per LDCs Trade Policy-2004, we had to change some portion of our policy. But if the domestic policy does not follow international trends, it will not support sound trade."

Atiur Rahman, chairman of Unnayan Shamannay, said, "A proper trading system can help reduce poverty. But we have to find out our domestic problems in the policy formation".

He said, "We received lots of commitment from developed countries before entering market economy. But those commitments are yet to be fulfilled."

The domestic policy as well as international policy should represent a sound trade policy, said Faruk Khan MP.

Syed Sujauddin Ahmed, chairman of Bangladesh Tariff Commission, and GM Kader MP also spoke at the function.

PHOTO: STAR

Atiur Rahman (2-L), chairman of Unnayan Shamannay, an NGO, speaks at the launching ceremony of a project titled 'Linkage between Trade, Development and Poverty Reduction' yesterday in Dhaka. (From left) Mustafizur Rahman, research director of Centre for Policy Dialogue (CPD), Faruk Khan MP and GM Kader MP are also seen.

StanChart's seminar with inter-bank market players

Standard Chartered Bank's Global Markets team recently organised a seminar with the country's major inter-bank market players on "Emerging Trends in South Asia".

Sundeep Bhandari, Standard Chartered Bank's regional head of Global Markets for South Asia region, was the keynote speaker at the discussion. He provided an overview on the recent developments in South Asia and highlighted critical areas of treasury business. At the interactive session, participants outlined the various opportunities and challenges existing in the local inter-bank market.

Alamgir Morshed, head of Global Markets of Standard Chartered Bank, and Ashrafullah, executive secretary of Bangladesh Foreign Exchange Dealers Association, among others, were present at the seminar.

100 TOP BRANDS

US brands top global ranking

STAR BUSINESS REPORT

US brands bagged eight of the top ten ranks in 'The 100 Top Global Brands' list, which was published recently in an Indian magazine -- BusinessWeek.

Finland's Nokia is in the seventh position and Japan's Toyota has the ninth ranking in the top chart.

Like the previous year, the US-owned Coca-Cola, Microsoft, IBM, GE and Intel held the top five positions respectively while the Netherlands-owned Heineken captured the 100th position.

The US-owned eBay, England-based HSBC, South Korean company Samsung, US-owned Apple, Switzerland-based wealth management company UBS and the US-owned internet brand Yahoo are among this year's top gainers in the BusinessWeek's annual ranking list.

A total of seven new companies including US-owned UPS and Google, Switzerland-owned Novartis, Spain-based Zara, South Korean companies Hyundai and LG, and Italian company Bulgari have made their entry into the chart of 100 top brands.

Those that lost the most ground include Japanese electronics company Sony and camera manufacturing company Cannon, US-owned Morgan Stanley and Hewlett-Packard, and Germany-based car manufacturing company Volkswagen.

The annual ranking of the world's most valuable brands showed that US labels are still potent by occupying 53 positions while Germany is in the second position by bagging only nine ranks.

BusinessWeek has teamed up with Interbrand, a leading brand consultancy, to publish the ranking of the top 100 global brands on the basis of dollar values.

Korean electronics giant Samsung has posted the biggest gain in value of any Global 100 brand, with 186 percent surge over the past five years.

The No 20 Samsung surpassed the No 28 Sony in this year's ranking, a far more entrenched rival that once owned the electronics category.

Brand values were determined using the method Interbrand pioneered 17 years ago and has since used to value more than 3,500 brands. Value is calculated as the net present value of the earnings that the brand is expected to generate and secure in the future for the time frame from July 1, 2004 to June 30, 2005, the BusinessWeek said.

In order to be included in the top global brands' list, a brand had to be valued at greater than $2.1 billion. They were selected according to two criteria: First, the brands had to be global, generating significant earnings in the main global markets. Second, there had to be sufficient marketing and financial data publicly available for preparing a reasonable valuation, the business magazine added.

Moli Capita Centre shopping mall opens today

A new shopping mall, Moli Capita Centre, will be launched at Gulshan in Dhaka today, says a press release.

The mall, developed by Capita Land Development Ltd, will house the showrooms of nine renowned firms -- Ecstasy, Mayasir, Khan Brothers, New Jarowa House, Crocodiles, Bata, Lubnan Richman, One Stop Mall and GMG Airlines.

Mokaram Hossain Khan, managing director Capita Land Development Ltd, said the mall has been decorated with the theme of 'Arabian Nights', where discounts and free gifts will be available in Ramadan.

KL to make biofuel mandatory by '08

REUTERS, *Kuala Lumpur*

Malaysia, the world's top palm oil producer, will make a palm oil-based fuel a mandatory additive at petrol pumps by 2008, a newspaper said on Thursday, part of government efforts to cut its diesel subsidy bill.

With crude oil prices expected to remain high, Malaysia is seeking to encourage national use of a biofuel that is made from 95 percent diesel and 5 percent processed palm oil.

Oil stays below $63 as US demand eases

AFP, *Singapore*

Oil prices fell in Asian trade Thursday on signs that consumer demand in the United States, the world's biggest energy user, may be easing, dealers said.

At 11:00 am (0300 GMT), New York's main contract, light sweet crude for delivery in November, was down 44 cents to 62.35 dollars a barrel from its close of 62.79 dollars in the United States Wednesday.

Figures released by the US Department of Energy (DoE) on Wednesday showed total demand in the country was down 2.9 percent over the last four weeks from a year ago.

The decline was attributed to the damage caused by Hurricanes Katrina and Rita as well as the impact of higher oil prices which was starting to hurt consumer demand, dealers said.

French bank Societe Generale said the decline was due to "much higher prices and the damage to the transportation and retail stations infrastructure."

The DoE in its report also said crude stocks were down 300,000 barrels at 305.4 million barrels in the week to September 30.

Gasoline (petrol) inventories dropped 4.3 million barrels to 195.5 million and distillates, used for diesel and heating oil, fell 5.6 million barrels to 128 million.

"The data were mixed but the most bearish (negative for prices) was the drop in consumption. It's a big deal," AG Edwards analyst Bill O'Grady said.

Demand for gasoline was 2.6 percent lower than a year earlier, the figures showed.

"We saw oil breaking 63 (dollars), which was a pretty major support area. Now the door is open to 58/60 (dollars)," O'Grady said.

S'pore PM to push for FTA talks during China visit

AFP, *Singapore*

Singapore Prime Minister Lee Hsien Loong said Thursday he would push for the start of negotiations on a free-trade agreement with China when he visits the country later this month.

Lee told the Foreign Correspondents Association of Singapore that officials from both countries have agreed on the need for a free-trade pact but talks have yet to begin.

"It hasn't started so I hope I will be able to give it a push," the prime minister said.

Lee, in a major policy speech in August, said that relations with China were "back on track" and announced a visit there to further strengthen ties.

Relations had been strained after Lee made a "private and unofficial" visit to Taiwan in July last year, a month before becoming prime minister. He was deputy premier at the time.

China, which regards Taiwan as part of its territory awaiting reunification by force if necessary, reacted angrily to the visit.

Diplomatic ties have since been repaired, with the chairman of the National People's Congress (parliament), Wu Bangguo, visiting Singapore in May and Vice Premier Wu Yi arriving here last month.

Singapore government figures show bilateral trade has increased more than four-fold from 11 billion Singapore dollars (6.0 billion US) in 1996 to 53.5 billion Singapore dollars last year.