Star Business

DHAKA TUESDAY JUNE 20, 2006 E-mail: business@thedailystar.net

Indian May exports grow 29.6pc

AFP, *New Delhi*

India's exports surged by 29.6 percent in May from the same month a year earlier to 9.36 billion dollars but the trade deficit swelled on rising oil import costs, the trade ministry said Monday.

The deficit for May, the second month of the fiscal year, rose almost 6.1 percent from May 2005 to 3.84 billion dollars.

Imports rose 21.7 percent to 13.19 billion dollars with oil imports accounting for 4.15 billion dollars, an increase of 27.3 percent from the same month a year earlier.

India imports about 70 percent of its energy needs.

In April exports stood at 8.35 billion dollars while imports were valued at 12.56 billion dollars for a trade deficit of 4.21 billion dollars.

The trade ministry has forecast a 20 percent rise in exports for the current fiscal year ending March 2007 to 120 billion dollars as the country earns more from services such as outsourcing and manufacturing.

For the year ended March 2006 annual exports jumped 25 percent to cross the 100-billion-dollar mark.

India's share of global trade stands at just under one percent.

Desco shares get tepid response from block market investors

SARWAR A CHOWDHURY

Although Dhaka Electric Supply Company (Desco) made its debut on the country's bourses on Sunday, the state-owned company did not get expected response from the investors in the block market trading.

The power distribution company yesterday sold only 35,550 shares on the block market of Dhaka Stock Exchange (DSE) and 1,650 shares on the block market of Chittagong Stock Exchange (CSE) through its selling agent ICB Securities Trading Company Ltd.

On Sunday Desco sold off 105,900 shares to general investors on the DSE while 13,400 shares on the CSE.

The Desco shares got lukewarm response mainly due to confusion among the general investors following a High Court order regarding the direct listing regulations followed by the company.

A High Court Division Bench on Sunday issued a stay order on the operation of Direct Listing Regulations 2006. The bench also served a three-week show cause notice on finance secretary, commerce secretary, Securities and Exchange Commission (SEC) chairman and DSE president and CEO as to why the direct listing regulations should not be declared illegal.

The show cause notice came after Sheikh Mahmud Kabir, an investor, filed a writ petition on May 25 challenging the direct listing regulations of the DSE.

"General investors were in uncertainty whether the trading of Desco shares would be held yesterday or not," said Nurul Alam, chief executive officer of ICB Securities.

However, normal trading of Desco shares on the bourses will start from tomorrow while there will be no trading of its shares today.

Some DSE members said fixing a lowest price for the Desco shares was a major reason behind the tepid response from the general investors.

They said on the first trading day, the ICB Securities at one stage stopped selling shares at price quoted below Tk 250. But, as per the rules, the market will determine the price, not the issuer, and even Desco cannot fix the lowest price, they said.

"It is a violation of direct listing rules," said Ahmad Rashid Lali, senior vice-president of the DSE.

The seller agent, however, said it acted as per the direction of the seller. "The Dhaka Electric Supply Authority (Desa), the owner of the Desco shares, on Sunday directed us in written statement to sell shares at market price but not less than Tk 250," said Nurul Alam.

He said the lowest price was fixed at Tk 250 to check any syndicated move to lower the market price of the Desco shares. "The lowest price was reasonable and fixed on the basis of price range quoted in the price building process," he added.

MICROENTREPRENEURSHIP

Citigroup awards nomination closes July 7

The last date of receiving nominations for 'Citigroup Microentrepreneurship Awards' is July 7, 2006, says a press release.

The winners in five categories - `Best Innovative Micro Business of the Year', `Best Woman Microentrepreneur of the Year', `Best Microentrepreneur of the Year', `Best Microfinance Institution (MFI) of the Year' and `Best Program for the Hardcore Poor' - of the award programme of Citigroup Foundation, the philanthropic arm of Citigroup, will be announced at the end of the selection process and through a grand finale in September 2006.

All nominations for five categories of awards with complete information are requested to be sent to Palli Karma Shahayak Foundation (PKSF).

The Citigroup Microentrepreneurship Awards programme is locally managed by PKSF and Citibank NA Bangladesh.

More information is available with Akond Md. Rafiqul Islam, assistant general manager- operations of PKSF, at 9126240 ext: 1115 or at www.asia.citibank.com/bangladesh/corporate or www.pksfbd.org.

Economy facing 14 problems: BUP

STAR BUSINESS REPORT

The non-government research organisation, Bangladesh Unnayan Parishad (BUP), identified 14 problems in the Bangladesh's economy.

The problems were presented at a post budget discussion yesterday at Jatiya Press Club.

The problems include massive poverty and corruption, discrimination in the society, terrorism in the name of Islam, lack of confidence in Jatiya Sangsad and election commission, population boom, lingering fuel and water crises, devaluation of local currency, rise in inflation and absence of participatory democracy, food security and social safety net.

BUP Chairman Dr Quazi Kholiquzzaman Ahmad chaired the discussion. BUP Executive Director Dr Ahsan Uddin Ahmed, Director Saleh Ahmed and banker M Taher Uddin also participated in the discussion.

The speakers said though these problems are hindering the progress of the national economy, there was no reflection of those in the budget placed before the parliament.

Even those are not reflected in the policy guidelines of the government's development programme, they pointed out.

They observed that the problems must be resolved in the interest of economic growth.

"There are three major risk factors in the economy which include rising fuel price, decline in foreign currency reserve and price hike of essential items," Kholiquzzaman said, making an observation that fuel crisis cannot be solved only through increase in the price of kerosene.

Kholiquzzaman said, "We cannot say that there was no progress in the last three decades but the country cannot achieve the desired goal ignoring the above problems. Those are the basic problems and the budget should have some directions to solve those immediately."

He also called upon the government to bring reforms on the basis of reality, saying "We are going to opposite direction and the country is heading towards a conflicting situation".

'Europe has no alternative to Russian energy'

AFP, *Moscow*

The European Union has no reliable alternative to Russia for energy imports, former German chancellor Gerhard Schroeder said Monday in a speech that emphasized Russia's role as a stable energy supplier.

"There is no reliable alternative to Russia," Schroeder, hired in March as a top executive for a Gazprom-led pipeline project, told a conference in Moscow organised by the Renaissance Capital investment group.

Europe depends on Russia for around a quarter of its gas imports and a third of oil imports.

"There is no more stable region in the world than Russia to provide oil and gas," said Schroeder, who served as chancellor between 1998 and 2005.

He added that potential foreign investors "should make an allowance for Russian pride" and said that "Russian companies should have the same opportunities in the European market as the EU have in Russia."

"The energy partnership between Russia and Europe will benefit both sides," he said.

The former German chancellor now heads the shareholders' committee for a consortium made up of Russia's state-controlled Gazprom and German energy giants BASF and E.ON that is building a gas pipeline under the Baltic Sea between Russia and Germany.

Russian President Vladimir Putin has called the energy sector the country's "holy of holies" and said Russia should get compensation from Europe for allowing access for European companies to its energy reserves.

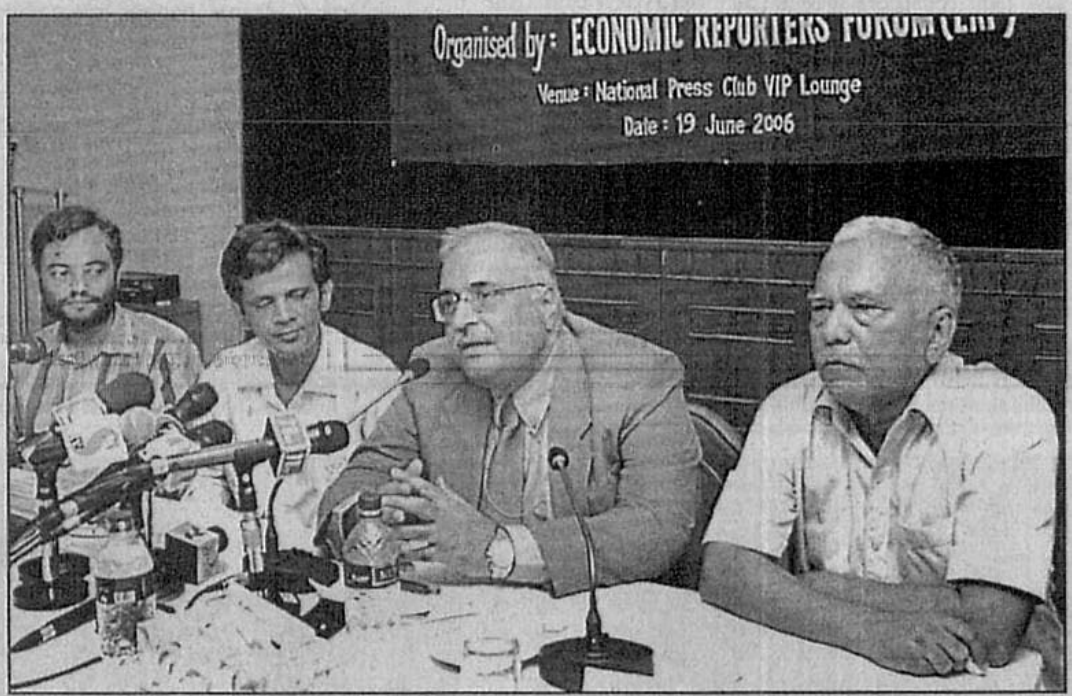

PHOTO: STAR

Debapriya Bhattacharya, executive director of Centre for Policy Dialogue (CPD), speaks at a post-budget discussion organised by Economic Reporters' Forum in Dhaka yesterday.

Vietnam state telecoms giant targets US market

AFP, *Hanoi*

State-owned giant Vietnam Posts and Telecommunications group will open a branch in the United States hoping to provide a wide range of services there soon, an official said Monday.

A VNPT branch will be set up by September or October, a group official in charge of the project told AFP, declining to be named.

"We are studying the market to see what kind of services will be appropriate," he said, adding the group received the Vietnamese government's green light in April.

"We will apply (with American authorities) to offer telecom services in the US market, but this can only be done once Vietnam becomes a full member of the World Trade Organisation," he said.

Vietnam's posts and telecoms sector has gone through major changes over the last few years and is to face intense pressure to modernise when the country gains entry to the WTO, which Vietnam has targeted for this year.

Nokia, Siemens to merge telecoms activities

ABU SAEED KHAN, *from Singapore*

Finnish telecoms giant Nokia and German Siemens yesterday announced a merger of their telecoms equipment and network activities. The new entity will be a 50-50 joint venture and it will be called 'Nokia Siemens Networks'.

This joint venture is registered in the Netherlands and it will be headquartered in Finland with Nokia controlling the board. Three of the future five divisions of the new company will be based in Munich, the hometown of Siemens. Nokia hopes to close this deal before January 1, 2007.

Its finalisation is, however, subject to customary regulatory approvals, the completion of standard closing conditions and the agreement of numerous detailed implementation plans.

Nokia Siemens Networks will be the second largest company in mobile infrastructure and services business, third in fixed infrastructure and the third largest in the overall telecoms infrastructure market, according to UK's research firm Ovum.

Simon Beresford-Wylie, Nokia's current chief of networks division, will be the chief executive while Peter Schönhofer, executive board member of Siemens Austria, will be the chief financial officer of this new entity. Nokia's CEO Olli-Pekka Kallasvuo will serve as chairman.

"We believe the partnership with Siemens is the most effective way to build the scale and broad product portfolio necessary to compete globally," Olli-Pekka Kallasvuo said in a statement.

Nokia Siemens Networks has an instant portfolio of fixed and mobile network products and professional services. The comprehensive portfolio comprises next-generation network-convergence products including IP multimedia subsystems, second generation GSM/EDGE access, third generation WCDMA/HSDPA access, mobile core, fixed broadband, transport, IPTV, WiMAX and low-cost mobile voice products.

Nokia Siemens Networks estimate cost synergies of 1.50 billion euros annually by 2010. The key areas for synergies are the elimination of overlapping functions, consolidation and better utilisation of sales and marketing organisations, reduction of overhead costs, sourcing benefits, and greater efficiencies in research and development. Over the next four years, headcount reductions are thought to be in the range of 10 percent to 15 percent from the initial combined staff base of 60,000 (40,000 from Siemens and 11,000 of those in Germany).

China's middle class going for total makeovers

AFP, *Beijing*

Image is everything in modern China and in a drab-looking office in the capital, a steady stream of housewives, single women and even men file through its door daily to seek a complete makeover.

Among them, seated in front of a mirror, 29-year-old housewife Fanny watches attentively as consultant Li Lei places dozens of fabrics in different shades of red, orange, yellow, green, blue and purple one at a time on her chest.

"I hate shopping. I find it very difficult because I don't know how to choose the type of clothes that suit me, but I have to attend a lot of business and social functions with my husband and I don't want to make any fashion mistakes," explains the housewife.

Dressed in a bright green silk top and gray flared out skirt with her hair tied up in a bun, she declines to give her last name to avoid having friends find out she is here, but says she came to the Ximan Colour Image Center after seeing an advertisement on TV.

She is one of many as Chinese embrace the idea of image consultants as they attempt to adapt to a fast-changing economic and social order.

For 2,600 yuan (325 dollars) -- at least three months' salary to most blue collar workers in Beijing -- the image center advises clients on what colors and style of clothes look good on them, how to apply makeup and what hairstyle suits their face.

Style savants can also sort out well-matched outfits from a client's closet or accompany him or her on a shopping trip to get a whole new wardrobe if they buy the full package of services costing 10,000 yuan.

Clients can also be advised on posture, body language, speech and mannerisms.

Money and increasing exposure to the outside world after decades of isolation are spurring the trend and has created a new profession of image consultants.

"Everyone is paying more attention to appearance," says Yan Xiuzhen, chairwoman of the China Hairdressing and Beauty Association.

"With economic development, people are involved in more social and business activities. In the past women and male business executives paid little attention to their image, now they do," she says, adding, "People's image also reflects a country's image."

Philippines raises forecast for farm sector growth

AFP, *Manila*

Better rice yields and favorable weather this year should lead to a five percent rise in Philippine farm sector output, better than the government's initial four percent forecast, Agriculture Secretary Domingo Panganiban said Monday.

The new forecast would be more than double last year's growth pace for a sector that accounts for about a fifth of the domestic economy.

"For the first half of 2006, agriculture may grow anywhere between 4.5 to 5.0 percent. Based on the advance indicators, crop production may expand by 7.0-7.5 percent," Panganiban told a news conference.

Lack of skills key reason for unemployment of youths, women

Seminar told

STAR BUSINESS REPORT

Top business leaders and labour experts at a seminar yesterday identified lack of proper training and professional skills as key reasons for unemployment of women and youths in the country.

They recommended a public-private partnership to assess the total needs of the workforce, and sectorwise and market-driven training for employments by setting up more business enterprises to boost the economy.

The recommendations came at a roundtable on 'Partnerships for Employment and Youth' jointly organised by Dhaka Chamber of Commerce and Industry (DCCI) and United Nations Development Programme (UNDP) at a city hotel.

The roundtable is part of a consultative process for a preparatory assistance project to facilitate the Ministry of Youth and Sports and the Department of Youth Development in formulation of a full-fledged project 'Employment and Empowerment of Women and Youth supporting the PRSP.'

UNDP is funding the project while United Nations Office for Project Services (UNOPS) is providing technical assistance.

According to Bangladesh Bureau of Statistics (BBS), around 38 percent of the 60.6 million strong labour force of the country are unemployed.

There is disproportionately greater incidence of underemployment among women when youth employment is at an all time high with rising trends, which needs a serious consideration and an immediate action to reduce their vulnerability, said Suvira Chaturvedi, chief technical adviser to UNOPS/UNDP.

"The rate of unemployment is high, but when you look for someone skilled for your factory, you don't find them," said Rashed Maksud Khan, a ceramic trader who is also a former president of DCCI, at the roundtable.

He observed that NGOs have contributed to the micro-credit sector, but these organisations have not taken enough initiatives to train up the youths and the women in the rural areas.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Fazlul Haque said the garments industry will need at least 2 lakh workers in the next one year if the present 31 percent growth rate in the sector continues, but there is no institute to train them up.

"The workers employed in the industry learn their professional skills after they join their workplace, which is not productive enough," he said, adding that setting up professional institutes for the existing labour force is now a must in the interest of both industrial and agricultural growth.

Presiding over the seminar, DCCI President MA Momen said experiences suggest that the people with vocational trainings are more employed than those who have graduated from the universities in general education.

"So, need-based vocational education is more important to reduce unemployment in the country," he noted.

He said private sector will welcome the collaboration with the UNDP in imparting professional training to the youths and women.

Considering capital money a major problem for the small and medium entrepreneurs, Nitol Group Chairman Motlub Ahmed urged the government to simplify the legal procedures in getting money from the banks.

The discussants suggested that zone-wise agro-based industries can be set up on the basis of availability of products professional training could be given on that basis.

Larry Maramis, deputy resident representative of UNDP, SM Waliur Rahman, director general of Department of Youth Development, Idris Mia, joint secretary, ministry of youth and sports, also spoke at the roundtable.

Navana launches Fortuner vehicle in local market

STAR BUSINESS REPORT

Navana Limited, the sole distributor of Toyota brand vehicles in Bangladesh, yesterday launched Fortuner, a new model Jeep-type passenger vehicle, in local market.

The new model Sport Utility Vehicle (SUV) with a roomy cabin for seven passengers is designed for urban lifestyle, Navana officials said at the launching ceremony.

It is a fourth generation car with re-designed environment-friendly engine, Saiful Islam Shumon, director of Navana Limited, said at the inaugural programme.

He also said the 2,700 cc petrol-run vehicle consumes one litre fuel to travel eight kilometers in city areas.

Auto gear, duel air conditioners, leather seat, remote control system to open doors, and anti-theft system are the other features of the car, Shumon said.

Fortuner is a product of Thailand plant utilising the world-famous TPS (Toyota Production System), the officials said.

Shafiul Islam, chairman of Navana Group, said one unit Fortuner is selling at Tk 49,75,000.

Kenji Suzuki, general manager and chief representative of Toyota Tsusho Corporation, among others, was also present at the launching ceremony.

PHOTO: STAR

Officials of Navana Limited, the sole distributor of Toyota brand vehicles in Bangladesh, pose for photographs with the newly launched Fortuner, a new model Jeep-type passenger vehicle, in Dhaka yesterday.

Japan lifts ban on French poultry imports

AFP, *Tokyo*

Japan on Monday lifted a ban on imports of French poultry including foie gras following a four-month suspension due to concerns about bird flu.

"We have confirmed the purification of the disease in France," the farm ministry said in a statement.

Japan, however, will continue imposing a ban on imports of poultry from the southwestern region of Landes, where 10 percent of establishments vaccinate birds. Japan does not want to import vaccinated poultry.

Japan is the fourth largest importer of French foie gras after Spain, Switzerland and Belgium, buying nearly 400 tons last year.

Foie gras, literally "fatty liver," is made by forcing metal pipes down the throats of geese and ducks to feed them so their livers expand, a practice criticised by animal rights groups and banned partially or entirely in 15 countries.