Star
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Oil prices dip but supply concerns remain

AFP, *London*

World oil prices eased slightly on Friday but remain supported by supply concerns in Nigeria and the United States as well as tensions in the Middle East amid strong demand, analysts said.

New York's main contract, light sweet crude for delivery in September, fell 10 cents to 74.44 dollars per barrel in electronic deals before the official opening of the US market.

In London, Brent North Sea crude for September delivery lost 13 cents to 74.88 dollars per barrel in electronic trading.

Prices are winning support from "a combination of Nigeria's disruptions and the latest US inventory report which had quite a large drop in gasoline stocks and not much movement on the crude front", Global Insight analyst Simon Wardell said in London.

"And the market is reacting to the situation in the Middle East."

Wardell added there was an increasing realisation that Asian demand does not appear to be weakening.

"Chinese economic growth has been incredibly high in the second quarter," he said.

Tobin Gorey, commodities strategist at the Commonwealth Bank of Australia in Sydney, said the market was still feeling the ramifications after Royal Dutch Shell declared 'force majeure' on crude deliveries from Nigeria's Bonny oilfield for July and August. The move means contracts might not be honoured during those two months.

The Anglo-Dutch giant declared force majeure after a leak in an oil pipeline in southern Nigeria cut output by 180,000 barrels per day.

Separate disruptions blamed on unrest in the Niger Delta brought Nigeria's total production loss to 675,000 barrels per day, or 26 percent of the country's normal daily output, according to an industry source.

"It's not a short-term problem," Gorey said.

UAE investment team arrives tomorrow

Focus on real estate, tourism, power, infrastructure, telecoms

UNB, *Dhaka*

A 10-member UAE investment and business delegation, headed by Khalifa Mohammad Al Muhairi, member of Board of Directors of Abu Dhabi Chamber of Commerce and Industry, will arrive in Bangladesh tomorrow on a two-day visit.

The potential investors, who include members of leading enterprises from the United Arab Emirates, are eyeing real estate, tourism, banking and insurance, financial services, oil and gas, power, infrastructure and telecommunications sectors.

The UAE delegation will hold meetings with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the Board of Investment (BoI). The delegation will also visit Dhaka Export Processing Zone (DEPZ) and some industrial parks.

Bangladesh has an abundant supply of natural gas and low cost labour force, even by regional standards, which is a lucrative aspect for investment here.

Despite enormous increase in the prices of petroleum products, the country was able to register nearly 7 percent economic growth during the fiscal 2005-06.

Of late more and more multinational companies are investing in Bangladesh as most of the Bangladeshi products enjoy complete duty- and quota-free access to European Union, Japan, USA, Australia and most of the developed countries.

A number of UAE entrepreneurs have already invested in Bangladesh. Among them, Dhabi Group has invested in telecommunications and banking, Belhasa Group in infrastructure and property development and RAK Group in ceramics.

PHOTO: STAR

Ghulam Mostafa (2-L), managing director of Kollol Group of Companies, and Roger Lye (2-R), business manager (exports) of Nestle Asean (Malaysia) Sdn Bhd, exchange documents after signing an agreement yesterday in Dhaka. Under the deal, Kallol Distributions Ltd, a concern of Kollol Group, will market confectionaries of Nestle Asean in Bangladesh.

Kallol to market Nestle Asean (Malaysia) products

STAR BUSINESS REPORT

Kallol Distributions Ltd, a local distribution company, yesterday signed an agreement with Nestle Asean (Malaysia) Sdn Bhd to distribute its confectionaries in Bangladesh.

Ghulam Mostafa, managing director of Kollol Group of Companies, and Roger Lye, business manager (exports) of Nestle Asean (Malaysia) Sdn Bhd, signed the agreement on behalf of their organisations.

Under the agreement, Kallol Distribution Ltd will market Nestle Asean's 'Kit Kat', Milk Bar, 'Smarties', 'Crunch' and 'Milo' brand products in Bangladesh.

Naquib Khan, supply chain director of Nestle Bangladesh, Anisul Haque, general manager of Kallol Distributions, and Syed Muhaimin Ahmed Roomy, manager (Business Excellence & Business Development) of Nestle Bangladesh, also attended the programme.

Kallol Distribution Ltd distributes products of 25 global consumers brands, including 16 watch brands, in Bangladesh having an annual turn over of around US$50 million.

WAGE NEGOTIATION

Hyundai Motor workers reach accord

ANN/ THE KOREA HERALD

Hyundai Motor Co. and its workers reached a tentative accord in the annual wage negotiations while Ssangyong Motor Co.'s labor union vows to fight against a possible layoff of nearly a sixth of its production staff.

Although the agreement by the nation's largest company-level union is usually followed by wage settlements at other carmakers, it may be a bit early to generalise.

Hyundai Motor union tentatively agreed on a 5.1 per cent increase of base pay and other conditions to end a month of partial strikes that cost the nation's largest automaker about 1.3 trillion won (US$1.36 billion) in lost production.

The nation's No.4 carmaker Ssangyong Motor has not even begun the annual wage talks because its union refused to discuss the carmaker's plan to cut almost 1,000 jobs.

The company informed the union twice this month that it plans to reduce idle labor amounting to 986 workers - 782 in production and 204 in administrative staff.

The union also opposes major shareholder Shanghai Automotive Industrial Corp.'s appointment of Phillip Murtaugh as one of Ssangyong's chief executives, claiming that the Chinese carmaker put the restructuring expert in charge for mass layoffs.

Citigroup named best bank in Asia for 7th consecutive year

Citigroup has been awarded the title of the best bank in Asia by the editors of Euromoney magazine for the seventh consecutive year, says a press release.

Euromoney is one of the world's leading monthly financial magazines, focusing on banking industry.

The award covers corporate and investment banking, consumer banking and private banking. Citigroup also picked up the best equity house in Singapore and best debt house in India and Taiwan.

Commenting on the award, the editors of Euromoney said: "Citigroup is once again Asia's best bank, a position it has held for the past seven years. Citigroup's corporate and investment banking division reported record revenues and its consumer banking strength, awareness of its brand, its regional network and product offerings are second to none...Citigroup has also developed a significant private banking business in Asia Pacific serving more than half of the region's billionaires outside Japan."

"We are very pleased to receive this accolade, which ultimately is made possible only by the confidence of our clients. They place their faith in Citigroup day in, day out, so it is particularly heartening to have received this award for a record seven years," said Robert Morse, CEO of Corporate and Investment Banking, Asia Pacific.

India clears framework deal for free trade with 5 African states

PALLAB BHATTACHARYA, *New Delhi*

Close on the heels of collapse of WTO trade talks, India has cleared a framework agreement for free trade with Southern African Customs Union (Sacu) as part of its policy to enhance economic engagement with Africa.

The approval to the agreement was given at a meeting of the Indian cabinet here on Thursday night.

Briefing reporters after the meeting, Information and Broadcasting Minister Priyanranjan Dasmunsi said as an interim measure, a limited scope agreement would be concluded between India and the five-nation Sacu, providing for exchange of tariff concessions on a selected list of products for both sides.

Sacu comprises South Africa, Namibia, Botswana, Swaziland and Lesotho.

The trade pact assumes significance in view of renewed thrust on regional trade arrangements following the failure of negotiations on global free trade at the World Trade Organisation in Geneva last week.

India's major exports to Sacu are cereals, primary and semi-finished iron and steel, transport equipment, machinery and instruments, pharmaceuticals, articles of apparel and clothing accessories, natural or cultured pearls, precious or semi-precious stones, gems and jewellery.

India imports from Sacu gold, iron and steel, organic and inorganic chemicals, metal scraps, pulp and water paper.

Officials here said the failure of WTO trade talks in Geneva and bleak prospects of multilateral trade liberalisation in near future are likely to lead to a rush of bilateral and regional FTAs.

India is considering a trilateral free trade agreement (FTA) with Sacu and Mercosur countries of Latin America including Argentina, Brazil, Uruguay and Paraguay. This is being pushed by the joint forum set up by India, Brazil and South Africa.

New Delhi is also expected to pursue aggressively other trade accords with regional forums like Asean, Safta (South Asia Free Trade Area), Gulf Cooperation Council, Mercosur besides countries like Japan, Thailand and Mauritius.

The FTA with Asean (Association of Southeast Asian Nations) has run into trouble following the Asean's objections to India's restricting the negative list of imports to 854 items from the original list of 1,454.

Asean says 854 items on the negative list account for some 30 percent of Southeast Asian countries' exports to India and wants this list to be drastically cut to around 60 items, which India has rejected.

Indian commerce ministry officials say New Delhi's options are limited as it cannot liberalise import of its sensitive agriculture items, including palm oil, pepper, tea and coffee, which form majority of the 854 items placed on the negative list for FTA with Asean.

Malaysia and Indonesia, which want to export palm oil to India duty-free, has rejected India's compromise offer of permitting the same through Tariff Quota Restriction.

Trade officials of India and Asean are likely to meet in Kuala Lumpur next month when New Delhi could offer another compromise solution by offering phased cut in import tariffs of sensitive items.

India, Bhutan sign trade, transit deal

AFP, *new delhi*

India and Bhutan signed Friday a new accord on trade and transit that gives the landlocked Himalayan kingdom more entry and exit points for commerce, New Delhi announced.

The 10-year agreement also simplifies procedures for import and export between the two neighbours, India's commerce ministry said.

Indian Trade Minister Kamal Nath and Bhutan's Minister for Trade, Industry and Power Lyonpo Yeshey Zimba inked the deal that replaces one that expired in March.

It provides for transit and four new entry and exit points for Bhutanese goods including the port cities of Mumbai in the west and Chennai in the south, on top of 12 existing entry points.

Two hydro-electric power deals were also signed, with energy-starved India pledging to import a minimum of 5,000 megawatts from hydel power-rich Bhutan by 2020.

"It is expected to boost the economic growth of Bhutan while helping augment electricity supply in India," a Bhutanese statement said.

The agreements were signed during the six-day visit of Bhutan's monarch, Jigme Singye Wangchuck, to India.

Tokyo lifts US beef ban

ANN/THE DAILY YOMIURI

The Japanese government on Thursday officially decided to lift the ban on imports of US beef, which was reinstated in January following the discovery of backbone material that could transmit mad cow disease in a shipment.

A government panel comprising officials of the Agriculture, Forestry and Fisheries Ministry and the Health, Labor and Welfare Ministry held a meeting to approve the resumption of imports, which were halted on Jan 20.

But consumers may have to wait until mid-August to see US beef on general sale as a senior official of the Agriculture, Forestry and Fisheries Ministry said demand for US beef remained low.

Global mobile phone shipments post 22.5pc growth in Q2

ABU SAEED KHAN

The worldwide mobile phone shipments in the second quarter of 2006 posted 22.5 per cent growth over the corresponding period of the previous year, although it fell just short of an all-time high with volume of 237.8 million units, says IDC, a research firm in Massachusetts, USA.

IDC's report titled "Worldwide Mobile Phone Tracker" says that 470.7 million units of mobile handsets have so far been shipped in 2006. It suggests the industry may be close to shipping one billion handsets by the end of this year.

Nokia has retained its leadership with 33 per cent global market share through the shipment of 78.4 million handsets during Q2 of 2006. It posted 4.3 per cent sequential quarterly growth and a 28.9 per cent increase from last year's Q2. Nokia launched the 3250 music phone in March 2006 and sold one million units in less than four months. It has made Nokia the world's largest digital music player manufacturer.

The Finnish company has already become the world's biggest digital camera maker through its wide range of camera phones. Now it is swallowing the digital camcorder market through the highly innovative N-series devices. The enterprise market has also welcomed Nokia's E-series devices, which is a blow to Blackberry.

Motorola has aggressively stepped up its challenge by closing the gap with Nokia by shipping 51.9 million handsets and securing 22 per cent market share. It was Motorola's sequential increase of 12.5 per cent over 1Q06 and 53.1 per cent growth from last year.

Motorola's success is driven by its iconic RAZR models. Last week it announced a major milestone with the shipment of the 50 millionth RAZR V3 handset. Since its introduction in Q4 of 2004, Motorola posted an industry-leading performance in handset sales up 42 per cent versus the Q4 2003 shipments. And in its Q2 2005 sales, the Motorola RAZR V3 had sold more than five million units globally, a record that was topped in the Q3 of 2005 with sales of over 12 million units globally.

If Motorola continues this pace it would overtake Nokia in the first half of 2007, predicts Neil Mawston of Boston-based Strategy Analytics. He advises Nokia to more rapidly and simultaneously improve the entry and mid-tier product offerings in terms of both designs and numbers.

Motorola, however, lacks couple of strategic advantages that Nokia has acquired over the years. Nokia offers the widest choices of handsets for each segment of every market. That gives the Finnish vendor a phenomenal branding advantage worldwide. Nokia's strength is attributed to its capillaries of distribution, which has become the differentiating factor for a fast moving consumers product like mobile phone.

"What's the point of making cheaper phones if they are not available everywhere?" says Mauro Montanaro, Nokia's vice president of Customer and Market Operations in South East Asia and Oceania. Citing from Nobel laureate Amartya Sen's Poverty and Famines: An Essay on Entitlement and Deprivation Montanaro emphasises a robust distribution chain to effectively serve the emerging markets.

Motorola is also struggling in the environment front. Greenpeace has recently accused Motorola of not keeping the commitment to phase out all toxic brominated flame retardants (BFRs) from its mobile phones by mid 2007 and to provide a phase out date for the hazardous plastic PVC by March 2006. "But after follow-up talks on their progress we received a letter on 15 May 2006 stating that Motorola cannot phase out BFRs and PVC from their products," said Greenpeace in an official statement.

Nokia has already removed PVC from all new models and all new components will be free of BFRs from 1st January 2007, according to Greenpeace. It also says that Sony Ericsson has already removed BFRs from all their models except one. "Both LG electronics and Samsung are currently behind on their promises but still working towards elimination of these toxic chemicals," Greenpeace says.

However, Samsung has suffered a 9.4 per cent quarter-over-quarter decrease in 2Q06, with the majority of the loss coming from Europe, Middle East and Africa. It, however, increased shipments into Asia-Pacific and the Americas, and worldwide shipments were up 8.2 per cent from a year ago. The market share gap between Motorola and Samsung opened to its widest point since 1999, as the Korean vendor keeps on missing the boom in emerging GSM markets, says Strategy Analytics.

Sony Ericsson has all the reasons to celebrate as it defeated LG Electronics and clawed back the fourth position for the first time in two years. It posted 33.1 per cent year-over-year growth in the second quarter of 2006. The company continued to build on the success of its Walkman-branded phones by launching a number of new devices, including the first UMTS Walkman phone (the W900), and announcing the W850, which will also be UMTS capable.

A 1.7 per cent decrease from last quarter was felt primarily in LG's CDMA handset shipments. In North America, which has historically been a strong market for LG, shipments dropped from 6.5 million units in Q1 to 4.3 million units in Q2. On a positive note, LG shipments of WCDMA handsets went up 170.0 per cent in Q2, and HSDPA handset shipments into Europe, coupled with its newly announced plans to ship into the U.S., accounted for the company's growth. Worldwide shipments were up 26.4 per cent year on year slightly ahead of total market growth.

Worldwide mobile phone shipments and market share

Vendor	Q2 2006 Unit Shipments	Q2 2006 Market Share	Q2 2005 Unit Shipments	Q2 2005 Market Share	Year-over-year change
Nokia	78.4	33.0%	60.8	31.3%	28.9%
Motorola	51.9	21.8%	33.9	17.5%	53.1%
Samsung	26.3	11.1%	24.3	12.5%	8.2%
Sony Ericsson	15.7	6.6%	11.8	6.1%	33.1%
LG Electronics	15.3	6.4%	12.1	6.2%	26.4%
Others	50.2	21.1%	51.2	26.4%	-2.1%
Worldwide Total	237.8	100.0%	194.1	100.0%	22.5%

Source: IDC Worldwide Quarterly Mobile Phone Tracker, July 20, 2006. (Unit shipments are in million)