Star BUSINESS
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India lifts ban on sugar export

PTI, *New Delhi*

India has lifted the ban on sugar exports in view of the high domestic production, projected to be about 24 million tonnes in the current season.

"We have got firm estimates of production for the sugar year. We have taken into account all these facts and have come to the decision of lifting the ban," Union Finance Minister P Chidambaram told reporters Thursday.

Domestic prices have also come down, he said after a meeting of the Cabinet Committee on Prices. The government had imposed a ban on sugar exports in July last year as part of measures to check rising prices of the commodity.

The move to lift the ban follows the decision in December when the government allowed only those traders who had imported raw sugar for processing to export the sweetener.

Dollar at 13 months highs above 120 yen

AFP, *Tokyo*

The dollar held firm at 13-month highs above 120 yen in Asian trade Friday as market fears of hard landing for the US economy subsided, dealers said.

The dollar rose to 120.56 yen in Tokyo afternoon trade from 120.43 yen in New York late Thursday.

The euro rose to 1.2897 dollars after 1.2892 and to 155.47 yen from 155.30, recovering from earlier weakness as participants locked in profits on the dollar's recent advance.

In New York, the US currency rose above 120 yen on Thursday for the first time since December 2005 as US data, including a bigger than expected fall in weekly jobless claims, eased worries over the economic outlook there.

"Dollar-buying sentiment remained very strong," said Kosuke Hanao, head of forex sales at HSBC in Tokyo.

"There seems to be an atmosphere indicating that the (dollar's upward) momentum is likely to continue for now," Hanao said.

"The dollar's strength was also backed by expectations that a rate hike in the euro would be delayed," he said.

ECB president Jean-Claude Trichet avoided the word "vigilant" when talking about ECB policy in a news conference on Thursday, saying only that the central bank was "very closely monitoring" inflation.

Currency players interpreted that change in wording as a signal that the European central bank is likely to leave interest rates unchanged at its February meeting, as it did on Thursday.

The market is now waiting nervously for a Bank of Japan interest rate meeting next week, with views still divided on the chances of a hike.

"Some market players say a possible rate hike in the yen next week would encourage them to buy back the yen but the interest rate differential between the yen and other currencies is still too wide," Hanao said.

Mitsubishi Motor eyes production in Russia

AFP, *Tokyo*

Japanese automaker Mitsubishi Motors said Friday it was considering assembling cars in Russia but denied a report that it is set to partner with PSA Peugeot Citroen Group of France on the project.

"We have started the feasibility study of local assembly as a business option in accordance with growing sales in the country," the company said in a statement.

Mitsubishi Motors has already had "preliminary contacts with relevant ministry" of the Russian government, it said.

But a company spokesman denied a news report that the company was considering joint production with Peugeot Citroen in Russia.

"There is no such fact," the spokesman said. "We have just started a feasibility study there by ourselves."

The Nikkei business daily said Friday that the two firms are considering building a 50 billion yen (415 million dollar) factory with an annual output capacity of 200,000 vehicles.

The plant could start operating as early as 2010, producing the next generation of Mitsubishi's Lancer midsize sedan the daily said.

Exports to India up 22pc in four months

JASIM UDDIN KHAN

Bangladesh's exports to India rose 22 percent during the first four months of the current fiscal year.

The total earning from export to India during the July-October period of 2006-07 increased to $83.58 million against $68.71 million during the corresponding period of the previous fiscal year.

Commerce ministry sources said the positive growth in export was due mainly to increased export of some non-traditional items.

A high official of the commerce ministry said banks in the north-eastern Indian states earlier could not open letters of credit (L/Cs) for importing goods from Bangladesh due to some restrictions on L/C opening imposed by Indian government. But now they can open L/Cs, which is helping facilitate trade between the two countries, he explained.

Exports of betel nut, accumulator battery, woven garments and jute sacks experienced robust growth.

However, major traditional products including raw jute and frozen fish did not see positive growth.

A latest statistics from the Bangladesh embassy, New Delhi said export earning from chemical fertilizer rose to $17.90 million in the first fourth months from $12.78 million of previous year's corresponding period.

Export earning from raw jute decreased to $8.30 million from $9.87 million and frozen fish $7.62 million from $9.61 million.

In 2005-006 fiscal year, India restricted import of jute products from Bangladesh by pushing up import duties substantially and imposing other non-tariff barriers.

The restriction was imposed to discourage Indian importers as import of jute products from Bangladesh rose by more than 500 percent during April-November period in 2005-06 financial year.

The country's export to India shot up by 68 percent amounting to US$241.96 million in 2005-06 fiscal year, which was only $143.66 million in 2004-05.

Some non-tariff barriers such as mandatory testing, inadequate banking facility and poor infrastructure at land ports are hindering Bangladesh's export to India, local exporters said.

PHOTO: MITHUN KNITTING AND DYEING

The 15th annual general meeting (AGM) of Mithun Knitting and Dyeing Ltd was held in Chuadanga recently. The AGM that declared a six percent dividend was also attended by Md Rafiqul Haque, director and chief executive officer, Director Md Mahbub-ul Haque, Managing Director Md Mozammel Haque and Company Secretary SM Shahid-ul-Arafin.

Egypt, Turkey unite to face East Asia textiles

AFP, *Cairo*

Egypt and Turkey took further steps Thursday to boost their industrial cooperation, with a view to helping their textile industries compete with East Asia.

"Egypt and Turkey in the textile and clothing sector can have this type of partnership and this will give enough advantage for them to compete with the rest of the world," said Turkish Industry Minister Kursad Tuzman in Cairo.

Tuzman signed a memorandum of understanding on Wednesday with his Egyptian counterpart to set up an industrial park in Egypt catering to Turkish investment, ahead of the implementation of a bilateral free trade pact.

Tuzman came to the Egyptian capital with a business delegation representing some 100 Turkish companies.

Turkish investment in Egypt has accelerated since the ratification by both countries' parliaments of the December 2005 free trade agreement.

"It will increase our competitive advantage within Turkey and within Egypt and it will affect our capability to compete with China and the rest of the world," Egyptian Industry Minister Rashid Mohammed Rashid said.

The free trade agreement is expected to be implemented around March this year, starting with the lifting of all tariffs on Egyptian industrial goods exported to Turkey.

Over 12 years, further tariffs will be lifted gradually, with an eye to protecting fledgling Egyptian industries from their more developed competitors in Turkey.

Both countries' textile industries are threatened by a reduction of worldwide textile quotas that has swamped developed markets with products notably from China.

Turkey hopes to take advantage of inexpensive Egyptian energy, labor and raw materials, while Egypt is looking forward to increased investment and technology transfer.

Egypt is also part of the Qualified Industrial Zones (QIZ) agreement, which gives products made in Egypt with some Israeli input tariff-free access to the US market -- something Turkish textile makers want to take advantge of.

Turkish investment in Egypt has so far has focused heavily on textiles, but Rashid predicted that other industries will follow.

Bilateral trade stood at one billion dollars (770 million euros) in 2005, with the balance tipping heavily in Turkey's favour, but the industry ministers predicted that this figure could triple by 2011.

Malaysia, US close to signing free trade deal

AFP, *Kuala Lumpur*

The United States and Malaysia are "within striking distance" of forging a free trade pact by the end of March but are still working out differences in sensitive areas, a senior US official said Friday.

The two sides this week started a fourth round of talks for a free trade agreement (FTA) in San Francisco and US Assistant Trade Representative Barbara Weisel said they were "considerably closer" towards concluding the deal.

"There still is work to do and some not insignificant challenges ahead," Weisel told reporters in a video-conference from San Francisco.

"But we believe the progress we have made this week has put us within striking distance of concluding this agreement within the next few months and within our Trade Promotion Authority timeframe," she said.

The US is racing to conclude the FTA before President George W. Bush loses his trade-negotiating authority, which allows deals to be fast-tracked by presenting them to Congress for a simple vote without amendment.

The deal must be submitted to Congress for consideration 90 days before the authority expires, meaning an accord must be struck by March 30.

"We are going to try to conclude by then ... We are determined to do everything we can achieve that goal," said Weisel, adding that at least two more rounds of talks are needed.

She said both sides were starting work on "tailored approaches" to accommodate areas that Malaysia considers sensitive.

The US wants to include labor and environmental standards in the deal, despite quibbles by Malaysia, and there is some wrangling over the services sector.

Government procurement is also an issue, with the US seeking access for companies to lucrative Malaysian state contracts, which currently favour the country's majority ethnic Malays and indigenous groups.

"The Malaysian government has, as in the case of labour and environment, not reached a decision as to whether it is comfortable including those," Weisel said.

"On government procurement, we've had that discussion now for a couple of months. I think we're pretty clear about what their concerns are," she added. "We'd like to try to start that discussion when Malaysia is ready to do that."

Opposition to the FTA has been growing among Malaysian activists and others who say the talks lack transparency and that livelihoods could be damaged.

Vietnam's labour export stronger in 2006

XINHUA, *Hanoi*

Vietnam sent 78,800 local people to work abroad in 2006 up from 70,600 in 2005, according to official sources Friday.

The country's big labour markets include Malaysia, South Korea, China's Taiwan and Japan, said the Overseas Labour Management Department under the Ministry of Labour, Invalids and Social Affairs.

Vietnam is expected to send 10,000-20,000 employees to Qatar, Saudi Arabia and United Arab Emirates this year.

The country is expanding its labour export market to the United States, Italy, Australia and the Middle East, while further tapping traditional ones, in a move to realise its target of annually sending 100,000 people to work abroad in the 2006-2010 period.

As of early last year, over 400,000 Vietnamese people were working in more than 40 countries and regions, generating combined annual income of around 1.6 billion US dollars, the department said.

Foreign visitors to Japan hit record high in 2006

AFP, *Tokyo*

The number of foreign visitors to Japan hit a record high of 8,107,684 in 2006, led by tourists from other Asian nations, the government said Friday.

The total was up 8.8 percent from 2005, topping the eight million mark for the first time, the justice ministry's immigration bureau said.

South Korea accounted for 29.2 percent of the total and Taiwan 16.7 percent, the bureau said. China, excluding Taiwan and Hong Kong, shared 12.1 percent and the United States 10.4 percent.

More than 70 percent came from Asian nations, the bureau said.

The number of Japanese who travelled abroad in 2006 edged up 0.8 percent from the preceding year to 17,535,053, the bureau said.

It was the second highest annual total after a record 17,818,590 registered in 2000 before the September 11 terrorist attacks on US targets in 2001 led to a global slump in overseas travel.

Intel plans new China plant

REUTERS, *Beijing*

Intel Corp, the world's top chipmaker, plans to invest in a major new plant in China to make leading-edge chips, its biggest investment in the country to date, two sources with knowledge of the plan said.

The plant will make 65-nanometre multi-core processors, the sources, who asked not to be identified, told Reuters. This would make it Intel's first such manufacturing facility in Asia.

Intel, which has invested about $1 billion in China to date, already has major test and assembly plants in Shanghai and the interior city of Chengdu.

One source said the investment in the new plant would total a "couple billion" dollars. Both sources declined to give further details of the project, such as the location and timing, although one said the investment could be announced in coming months.

Chip sophistication is measured by how small individual circuits are, with 65-nanometre considered one of the most advanced technologies in mass production today.

An Intel spokesman in Asia had no comment on Friday.

Intel is in the midst of a major overhaul, including price and job cuts and new product roll-outs, as it works to stave off recent advances by rival Advanced Micro Devices Inc., which has gained market share in the last few years.

Intel, which entered the China market in 1985, has over 6,000 employees working on assembly, testing, research and development and sales and marketing in 16 cities there, according to the company's Web site.

Until now, most foreign chipmakers have used China for lower-technology test and assembly work, with few doing more sophisticated production in the market.

Limit imports of handloom items

Weavers urge govt as handloom clothing fair starts

STAR BUSINESS REPORT

Weavers have urged the government to impose restrictions on imports of handloom products to save the local handloom industry that meets 40 percent domestic clothing demand.

They also sought immediate government measures for the revival of the traditional sector.

The suggestions came yesterday at the inaugural ceremony of the 26-day 'Tant Bostro Mela 2007', or handloom clothing fair, in Bangladesh Silpakala Academy premises in Dhaka.

Muhammad Mahbubur Rahman, textiles and jute ministry secretary, inaugurated the fair. Abu Zafar, acting chairman of Bangladesh Handloom Board, was also present.

Participants from across the country are displaying their products in 82 stalls in the fair that is open to all without entry fee from 9am to 10pm everyday.

Handloom products including saree, bed cover, lungi, shawl and shirts are put on display in the fair, organised by Bangladesh Handloom Board.

"The government should ban imports of handloom products immediately," said Mohammed Hanif, owner of Hanif Silk Industries.

Most Benarashi saree units face ruination due to lack of policy support, Akhther Hossain Khan, a weaver leader, said.

Handloom is the second rural employment generation sector after agriculture.

Oil rebounds from 19-month low

REUTERS, *London*

Oil bounced back from a 19-month low under $52 a barrel on Friday, drawing breath after a 15 percent slide so far this year on weak demand for heating oil and fund selling.

Some traders have begun to bet that Opec, supplier of over a third of the world's oil, will act to support prices.

U.S. crude rose 78 cents at $52.66 a barrel by 1158 GMT, recovering some ground after a 4 percent slide on Thursday that saw it close at $51.88, the lowest settlement for a front-month contract since May 2005.

London Brent crude climbed $1.04 at $52.74.

"The decline in the last week or so is hugely exaggerated," said London-based oil analyst Geoff Pyne.

"The difficulty is U.S. heating oil stocks are very big and every day that goes by is a day closer toward the end of winter ... and that is holding back the chances of a substantial rebound," he added.

Analysts attributed Friday's rebound to short-covering ahead of the long holiday weekend in the United States. Floor trading at the New York Mercantile Exchange will be closed on Monday for Martin Luther King Jr. Day.

Analysts said the rally would be short-lived as the market had room to fall further.

"The dramatic and impulsive decline...suggests that the downside remains in focus," Barclays Capital analysts said in a report.

"Beyond the short term, in the absence of a run above $57.50, crude oil remains vulnerable to the downside and further weakness toward $50 over the rest of the month."

The slide has rung alarm bells within Opec. Some ministers have said in the past that prices should be kept above $60.

Opec President Mohammed al-Hamli, also the UAE oil minister, told Reuters on Thursday that the group is deeply concerned by the drop in oil prices this year and stands ready if necessary to bolster the world market.

EU unveils a new energy policy

XINHUA, *Brussels*

The European Union (EU) unveiled a comprehensive common European energy policy, which highlights the need to secure supply, fight climate change and build a competitive energy sector.

The new energy package, drafted by the European Commission, sets out a number of targets by 2020: a 20 percent drop in the EU's greenhouse gas emissions compared to 1990, a 20 percent share of renewable energies in the energy mix, and improving energy efficiency by 20 percent.

The EU executive seeks to put in place an internal energy market with open competition and effective regulation by January 2009, which could cut costs for citizens and companies, stimulate energy efficiency and investment, and improve security of energy supply.

EU energy giants such as Germany's E.ON could be broken into smaller parts under the proposed "unbundling" plan, which aims to separate networks of production from energy transport and distribution so as to eliminate market discrimination.

If endorsed by EU governments and the European Parliament, the sweeping package will form the basis for new EU energy legislation which is to be translated into national laws.

The 27-nation block should commit to cutting carbon dioxide and other greenhouse gases emissions by at least 20 percent by 2020, setting an example for the rest of the world in the fight against climate change, the commission said.

But the commission would push for an international agreement for all developed countries to cut emissions by 30 percent by 2020. If other countries, agree to the 30 percent target, so will the EU.

PHOTO: BEPZA

Prashanta Bhushan Barua, member (Investment Promotion) of Bangladesh Export Processing Zones Authority (Bepza), and Ahamed Karim Chowdhruy, local representative of M/S Hong Kong Denim (Pvt) Ltd, exchange documents after signing an agreement in Dhaka on Wednesday. Under the accord, the Hong Kong-based apparel company will invest US$ 16 million to set up a denim factory in Karnaphuli EPZ. Bepza Executive Chairman Ashraf Abdullah Yussuf was also present.

UK proposes extra holiday for millions of workers

AFP, *London*

Britain's government on Thursday unveiled plans to allow nearly six million low-paid workers to receive eight days' more holiday a year.

Under the plans, workers would see Britain's minimum holiday entitlement increased to 28 days from 20.

The move is aimed at preventing employers from including eight public holidays as part of the 20-day annual break they offer to staff.

Such behaviour by employers has meant that in reality, millions of British workers are being given just 12 days off a year, excluding public holidays such as Christmas Day and Easter Monday.

Britain's government said it planned to introduce the extra leave in two stages, increasing the minimum entitlement by four days in October and by another four days in October 2008.

"People work hard and they deserve a decent break. We want to make sure everyone gets the holidays they are entitled to," Employment relations minister Jim Fitzpatrick said in a statement.

The increase would meanwhile put the annual leave of British workers closer to that earned by their European counterparts.

Compared with the current minimum allowance of 20 days in Britain, workers in Ireland are entitled to 29 days while those in Austria received 38.

A total of 5.9 million workers would benefit from the announcement, according to the government.

Meanwhile it said that the cost to business of the extra holidays was expected to be about 4.0 billion pounds a year, or roughly 0.4 percent of the nation's total wages bill.

Toshiba exits Canon TV venture

AFP, *Tokyo*

Japan's Canon Inc. said Friday that it had agreed to buy Toshiba Corp.'s stake in their joint venture making a new type of flat television panel because of a legal wrangle in the United States.

Austin, Texas-based Nano-Proprietary Inc. is suing Canon for allegedly breaking their 1999 patent license agreement for key technology in the production of surface conductor electron emitter display screens (SED).

The US firm argues that the agreement does not allow Toshiba access to its intellectual property so the venture cannot be transferred the license rights.

Canon said in a statement that in an effort to avoid a long legal battle it had decided to go it alone in SED panels, buying Toshiba's 50 percent stake for an undisclosed sum.

The purchase price is believed to be around 10 billion yen (83 million dollars), the Nikkei business daily reported.

SED television sets are due to be introduced in Japan in the fourth quarter of 2007.

Canon said the move "represents a major change in the relationship between Canon and Toshiba."

But it added: "Each company is expected to make every effort for the smooth launch of its television business based on the high image quality achieved by SED technology."

Nano-Proprietary signed a non-exclusive license agreement with Canon in 1999 for a 5.6 million dollar up front payment.