

DSE turnover hits new high as political tension eases

SARWAR A CHOWDHURY

Turnover on the Dhaka Stock Exchange (DSE) yesterday reached Tk 92.33 crore, the highest after 1996's bubble and bust, thanks to the latest developments in the political scenario following the appointment of a new interim government chief.

On November 13, 1996, the DSE turnover hit Tk 106 crore.

"This is the result of an end to the deadlock over the election," Salahuddin Ahmed Khan, chief executive officer of DSE, said, adding that investors were in upbeat mood as the political tension has eased.

He also referred to the rally of blue chips of financial and power sector companies. "During the last of couple of months, the market witnessed an upward trend when there had been hopes for the posi-

tive developments on the political front. On the contrary, the market saw a downtrend when political tension had escalated," he added.

Market analysts said institutional investors such as banks and other financial institutions, which play important role in keeping the market vibrant, were very much interested in investing in the market yesterday.

"It was expected. The investors got their confidence back to put money on the securities," said Moin Al Kashem, senior vice-president (merchant banking) of Prime Finance and Investment Limited.

Another high official of a DSE broker said the investors welcomed the state of emergency as they thronged the market. The investors now see positive signs in the country's bickering politics, he added.

He, however, said prices of some shares increased irrationally.

"But, I hope the prices will get corrected in the coming days," he added.

Along with the turnover, the indices also rose sharply. The DSE General Index rose by 74.94 points or 4.73 percent to close at 1656.93 points while the DSE All Share Price Index increased by 57.84 points or 4.44 percent to close at 1359.20 points yesterday.

Besides, DSE-20 Index, comprising blue chips, was also up by 58.40 points, or 4.17 percent, to close at 1456.04 points.

A total of 21,787,126 shares of 192 issues worth Tk 92.33 crore changed hands on the DSE. Of the issues traded, 177 gained, only five suffered losses and ten remained unchanged.

Power Grid Company of Bangladesh (PGCB), the state-owned power company, topped the turnover leaders followed by

Southeast Bank, Prime Bank, Exim Bank and The City Bank.

The PGCB topped the list with 412,650 shares worth Tk 10.78 crore.

Like DSE, trading on the Chittagong Stock Exchange (CSE) also closed higher yesterday with gainers dominating losers.

The CSE All Share Price Index increased by 3.75 percent to close at 3815.24 points while the CSE-30 Index shot up by 4.02 percent to close at 3451.53 points.

CSE Selective Categories Index also went up by 4.03 percent to close at 2498.21 points.

A total of 83 issues were traded yesterday. Of them, 78 gained, three declined and two remained unchanged. A total of 6,312,454 shares worth Tk 21.39 crore changed hands on the bourse.

BracNet launches free online classifieds

bracNet, a joint venture between Brac, and US-based gNet DDH LLC, recently launched an online classifieds section on its web portal bracnet.net, says a press release.

Users can post all sorts of free advertisements online for anything they want to buy, sell or rent.

Similarly, browsers may also search for deals online from among the free postings. The easy-to use service is open to all.

The web portal offers the service for job searching to finding friends or life partners, or from clearing off old CDs, and books to buying new apartments, the release added.

Honda to set up second plant in India

AFP, New Delhi

Japan's Honda Motors plans to set up a 200-million-dollar car plant in India to take advantage of the South Asian country's rapidly-growing vehicle market.

The new plant will be Honda's second in India and will be built in the western state of Rajasthan, the Press Trust of India reported.

It will have an initial production capacity of 50,000 units, a report said Saturday.

The company, which already has a manufacturing facility in Noida, a satellite city of the Indian capital New Delhi, has signed a letter of intent with the Rajasthan state government for the new plant, the news agency said.

The plant is expected to focus on the manufacture of small cars, seen as the fastest-growing segment of the Indian market.

Honda now sells its sedan models, such as the Accord, in India.

The world's car makers have been investing heavily in India as they seek to make big inroads into one of the world's fastest-growing vehicle markets and offset lacklustre sales at home.

Some 1.1 million passenger cars rolled off assembly lines in 2005 and that figure is forecast to reach two million by 2010, according to industry figures.

India's paper industry poised to grow 100pc in 10 years

PTI, Hyderabad

The Indian Paper Industry is poised to grow from 7.2 million tonnes in 2005-06 to 13.95 million tonnes in 2015-2016, according to Pradeep Dhole, newly elected President of the Indian Paper Manufacturers Association (IPMA).

The demand for paper is witnessing a healthy growth of 7 to 8 percent compared to 5 percent in the past. However, with only 7.2 kgs per capita consumption as compared to 350 kgs in developed countries and 42 kgs in China, the paper industry in India, holds a huge potential for growth, Dhole said.

Pradeep Dhole, who is Divisional Chief Executive of Hyderabad-based ITC Ltd (Paper Boards and Speciality Paper Division) and has taken over the mantle of IPMA president from R R Vedarah, Managing Director Ballarpur Industries (BILT) said in a release here.

Singer to use resource planning software of Swedish firm

Singer Bangladesh Ltd will use Enterprise Resource Planning (ERP) application of Industrial & Financial Systems (IFS), a Swedish company that develops business software.

An agreement to this effect was signed between Singer Bangladesh and the IFS in Dhaka yesterday, says a press release. The project implementation cost is around Tk8 crore.

Mahbub Jamil, vice president of Singer Corporation and chairman & managing director of Singer Bangladesh Ltd, and Jayantha De Silva, vice president of IFS (South Asia), signed the deal on behalf of their companies.

Among others, officials of ICE Technologies, the local agent of IFS, attended the agreement signing ceremony.

Jute yarn, twine export on the rise

MAMUN AL MOSTOFA

With robust growths in jute yarn and twine exports during the last five years, earning from the spinning sub-sector is on the rise, giving a boost to the jute industry.

In 2005-2006 fiscal year, export earning from yarn and twine was Tk 1162 crore, an 21.55 percent up from the previous year, according to Bangladesh Jute Spinners' Association (BJSa).

"Quality products as well as efficient management of the spinning mills have contributed to the growths," said BJSa Secretary Shahidul Karim.

"Currently, Bangladesh meets more than 90 percent of international demand for jute yarn and twine, while neighbouring India supplies the remaining amount," Karim said.

In 2004-2005, the jute yarn and

twine earning saw a huge growth of 55.96 percent while in the previous year, 2003-04, the growth rate was 7 percent. In 2002-2003, export earning clocked around 5 percent growth while 2001-2002 experienced 18.97 percent growth.

During the 80s and early 90s, the synthetic fibre drove the natural fibre out of market, but the green movement in recent years has signalled the revival of jute industry, said Karim.

The spinning industry of Bangladesh is now a vibrating one with 52 spinning mills operating. In 1979, the country had only 11 spinning mills.

The demand for yarn and twine was 3 lakh to 3.5 lakh tons in the international market in 2005-06 while the Bangladeshi manufacturers exported around 2.61 lakh tons, BJSa officials said.

US, S Korea resume free trade talks today

AFP, Seoul

The United States and South Korea resume long-running free-trade talks on Monday with hopes receding of a deal between two countries whose annual trade already tops 70 billion dollars.

Some 15,000 troops will guard against possible violent protests as negotiators, now meeting for a sixth time, try to forge agreements ahead of the next round of talks in February.

Key sticking points have been left off the agenda as the two sides spend five days trying to strike bargains on less important issues.

Major disagreements over US anti-dumping and countervailing rules, and South Korean non-tariff barriers to the auto and drug markets, will be left on one side, the foreign ministry said in a statement.

"Excluding core issues of contention from negotiations at this round, the government will focus

on trying to agree on other issues," the statement said.

But time is short, with Washington needing an agreement no later than early April before President George W. Bush's powers to fast-track free-trade deals expire in June.

A free-trade agreement (FTA) with South Korea would be the United States' biggest deal since the North American NAFTA pact in 1994, marrying two economies whose bilateral trade in 2005 was 72 billion dollars.

South Korea, dependent on trade for 70 percent of its gross domestic product, estimates the pact can raise its GDP by two percentage points.

But talks have been difficult with a long list of demands on both sides.

The United States wants to get rid of South Korean tariffs and other market-access restrictions on US services and goods, including autos and pharmaceuticals.

WB warns India against full float of rupee without safeguards

PTI, New Delhi

The World Bank and industry chamber Federation of Indian Chamber of Commerce and Industry (FICCI) have warned the government against full float of rupee without putting in place necessary safeguards.

"Past experience especially the East-Asian crisis, calls for better management of risks," World Bank and FICCI said in a joint study titled Developing Markets for Long-Term Finance.

While acknowledging India's readiness to go in for full capital account convertibility, the study said the government would have to ensure compliance of sound risk management practises before moving toward in this direction.

The government would also have to meet global standards relating to capital adequacy norms, banking supervisions and mecha-

nism for close monitoring and regulation of short-term exposure and reduced dependence on one-way inflows, it said.

India faces three key challenges as it moves to the next generation of financial market reforms. It includes developing long-term local currency debt markets and new financial instruments to serve the needs of firms and households, World Bank acting Country Director for India Fayez Omar said.

He also said the third challenge was developing the necessary markets and mechanisms, such as derivatives and securitisation, that could enhance the risk-bearing capacity of the economy and maintain stability.

The study emphasised that sustaining the economic growth at 8 percent and making it more inclusive would depend on augmenting the supply of long-term funds, especially for the infrastructure sector.

Nine in 10 Singaporeans fear losing jobs to foreigners

AFP, Singapore

Nearly nine out of 10 Singaporeans fear foreign professionals will take their jobs, and oppose efforts to woo them to the city-state, the Sunday Times reported.

More than half the 448 people polled by the paper's publisher, Singapore Press Holdings, believe the city-state has allowed enough foreign talent in and should stop trying to attract more.

Singapore has aggressively stepped up efforts to attract more talented foreign professionals to boost its labour pool and address a baby shortage.

The government has said attracting talented foreign migrants is crucial to Singapore's long-term competitiveness.

But the campaign has triggered insecurity among locals.

The survey showed 43 percent believe the government is more concerned about foreign talent than its own citizens and doubt the move will help create jobs.

Recent moves by the government to hike healthcare charges and school fees for foreigners should address the perception that the government cares more for them, MP Halimah Yacob was quoted as saying in the report.

"This change will create a sharper distinction between the rights and privileges of citizenship compared with non-citizens," she said.

Official statistics show 18 percent of the 4.4 million population are foreigners.

Tibet to subsidise low-income people

ANN/ CHINA DAILY

More than 230,000 farmers and herdsmen in Tibet with an income of less than 800 yuan (100 U.S. dollars) a year will receive subsidies in 2007, according to local authorities.

The Finance Department of Tibet Autonomous Region will allocate 36.8 million yuan for subsidies this year, a government spokesman said.

The local government began offering subsidies -- a total of 9 million yuan -- to low-income people in 2005, benefitting 83,000 farmers and herdsmen who reported a yearly income below 300 yuan.

To extend the benefits of the policy to more people, the government raised the annual income threshold from 300 yuan to 500 yuan last year.

In 2006, the Finance Department provided 37 million yuan in subsidies to local people whose income was less than 500 yuan a year. A total of 200,000 people benefited from the move.

The government has decided to again raise the income barrier this year, from 500 yuan to 800 yuan, and it is expected that more than 230,000 people will get benefits, the spokesman said.

The annual income of farmers and herdsmen in Tibet posted 13.1 percent growth last year to reach 2,350 yuan -- the largest increase in a decade. However, there are still hundreds of thousands of people in Tibet who need assistance from government, he said.

Factory in Karnaphuli EPZ to employ 2,025 locals

UNB, Dhaka

China and Japan will invest US\$ 6.598 million to set up a finished leather footwear and leather goods and related component plant in Karnaphuli Export Processing Zone.

The joint venture company, known as M/s Paolo Footwear (BD) Ltd, will annually produce 15 lakh pairs of shoes. It will also create an employment opportunity for 2,025 Bangladeshis and 27 foreign nationals.

An agreement to this effect was signed between Bangladesh Export Processing Zones Authority (Bepza) and M/s Paolo Footwear (BD) Ltd here recently.

Prashanta Bhushan Barua, member (Investment Promotion) of Bepza and Cheng Tang Huang, Managing Director of Paolo Footwear (BD) Ltd, have signed the lease agreement on behalf of their respective organisations, said a press release.

Venezuela to nationalise whole energy sector

REUTERS, Caracas

Venezuelan President Hugo Chavez said on Saturday the country's entire energy sector had to be nationalized, reinforcing his socialist revolution and possibly giving himself more targets for state takeover.

But he said he would permit foreign firms to hold minority stakes in energy deals.

The anti-U.S. leader, in power since 1999, announced this week he would nationalize power utilities and the country's biggest telecommunications firm, confirming his status as the catalyst of Latin America's swing to the left.

"We have decided to nationalize the whole Venezuelan energy and electricity sector, all of it, absolutely all," Chavez said in his annual state of the nation address to parliament, potentially opening up more projects for state acquisition in the No. 4 crude exporter to the United States.

Chavez's growing control of Venezuela's economy is accompanied by his political influence. After the opposition boycotted elections, he has 100 percent support in parliament and dominates the judiciary.

The president was reinaugurated this week for a term that runs through 2013, and has said only his supporters can work in the army and huge oil industry. He uses his presidency to spar with Washington, which he accuses of bloodthirsty imperialism.

Chavez is a close ally of Cuba and Iran, whose president, Mahmoud Ahmadinejad, visited Venezuela on Saturday. Chavez said Venezuela and Iran agreed to push for a cut in world oil supplies to counter plunging prices.

Chavez has already pursued oil and gas projects and power utilities but left no leeway on Saturday for a private company to hold a majority in operations anywhere in the energy sphere.



PHOTO: BEPZA

Prasanta Bhushan Barua, member (Investment Promotion) of Bangladesh Export Processing Zones Authority (Bepza), and Cheng Tang Huang, managing director of Paolo Footwear (BD) Ltd, a China-Japan joint venture, exchange documents after signing a lease agreement recently in Dhaka. Under the deal, \$6.598 million will be invested to set up the footwear plant, Paolo Footwear (BD), in Karnaphuli EPZ. Ashraf Abdullah Yussuf, Bepza executive chairman, among others, was present.

Asean, China sign key economic deal

AFP, Cebu, Philippines

China and Asean signed a landmark economic cooperation deal Sunday that will further open market access in key services sectors.

The deal was signed as Chinese Premier Wen Jiabao met the 10 leaders of the Association of Southeast Asian Nations on day two of Asean's annual summit meetings.

The accord, which comes into effect later this year, will liberalise sectors ranging from tourism and telecoms to energy and computers, as China looks to bolster its economic and trade clout in the region.

Wen described the agreement as a "major result for our economic

and trade cooperation".

"We are friendly neighbours and also important strategic partners," he said. "China's development cannot be separated from Asean's, and Asean also needs China."

The agreement will open the doors to China's multi-billion-dollar service industries including banking, information technology, real estate, health, engineering, education, transport and construction.

Lu Jianren, an economist with the Chinese Academy of Social Sciences (CASS), told a seminar in Beijing recently that "both China and Asean have their respective edges" when it comes to services.

"China is competitive in computer services, Singapore in finan-

cial, legal and exhibition services and Thailand in tourist services," he said.

Asean and China signed a framework agreement on comprehensive economic cooperation in 2002 and are expected to form a bilateral free trade area by 2010.

Together they have a combined economic output of two trillion dollars and trade estimated at 1.2 trillion dollars, the Manila-based Business World newspaper said recently.

Asean groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Thailand struggles to maintain economic credibility

Say analysts

AFP, Bangkok

Poor timing and backtracking by Thailand over amendments to its foreign ownership rules could damage both the economy and the government's credibility, analysts warned.

Amendments to the Foreign Business Act limiting foreign investors to holding 50 percent of the shares and 50 percent of the voting rights in companies here were approved by the post-coup government on Tuesday.

But the next day Finance Minister Pridiyathorn Devakula made an apparent U-turn and said that the telecom industry, originally thought to be the target of the amendment, would not be affected, causing confusion among investors.

"The government rushed to amend the act without cautious consideration, and without listen-

ing to strong concerns of the foreign investors," said Suthiphand Chirathivat, head of the Economics Research Centre at Chulalongkorn University.

"Then, the policy U-turn made investors wary, and they again questioned the credibility of the government's policy," Suthiphand told AFP.

The amendment apparently stemmed from discontent over a controversial deal between ousted premier Thaksin Shinawatra's telecom giant Shin Corp and Singapore's state-linked Temasek Holdings.

Temasek's 3.8-billion-dollar takeover of Shin Corp last year sparked public protests that eventually led to the military ouster of Thaksin on September 19.

The Commerce Ministry has declared the deal illegal, and other investigations into the sale are still

underway.

But the amendment came at a fragile time for the Thai economy.

Investors had earlier panicked after the Bank of Thailand unveiled draconian capital control measures on December 18, sparking a record 15 percent sell-off in stocks the following day.

Just hours later, the government backtracked and the market recovered much of the lost ground within a week, but investors were left nervous about the outlook for Thailand.

Business sentiment suffered another blow on New Year's Eve when eight bombs ripped through Bangkok.

The government and the junta blamed political enemies for the blasts, which killed three and injured dozens, and Prime Minister Surayud Chulanont has warned of more possible attacks.



PHOTO: SINGER BANGLADESH

Mahbub Jamil, vice president of Singer Corporation and chairman & managing director of Singer Bangladesh Ltd, and Jayantha De Silva, vice president of Industrial & Financial Systems (IFS-South Asia), a Swedish company that develops business software, exchange documents after signing an agreement yesterday in Dhaka. Under the deal, Singer Bangladesh will use Enterprise Resource Planning application of the IFS.