Star BUSINESS

E-mail: business@thedailystar.net

WEEKLY HOLIDAY

FBCCI to propose Sunday

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) will formally propose to the government today or tomorrow to fix the weekly holiday only on Sunday instead of Friday and Saturday.

The country's apex trade body at a board meeting yesterday took the decision with the federation's president Mir Nasir Hossain in the chair.

The FBCCI will place the proposal before Industries Adviser Geetiara Safia Chowdhury, Mir Nasir said.

"We had a meeting with the industries adviser earlier when she suggested that we place the proposal before her for taking necessary steps in this regard. We hope the adviser will take necessary measures to curtail the holidays," he said.

The industries adviser will place the proposal before the chief adviser, Mir Nasir added.

The FBCCI chief said it is the urgent need to readjust the holiday in order to keep pace with the foreign businesses.

Meanwhile, Chittagong Stock Exchange in a press release said it has decided in its board meeting on Wednesday to request the caretaker government to declare Sunday as the weekly holiday.

AKTEL may offload shares in 3 years

TM CEO says

MD HASAN, *back from Kuala Lumpur*

AKTEL, a Bangladesh-Malaysia joint venture mobile service provider in the local market, is likely to offload its shares in capital market within the next three years.

The company has been working on this issue for the last six months and also has taken some measures to form a competent management as part of its preparation for initial public offering (IPO).

"Although we have been working on the issue for six months, we need a strong management having expertise on the market," Yusof Annuar Yaacob, chief executive officer of Telekom Malaysia (TM) told The Daily Star at the TM headquarters in Kuala Lumpur last week.

"We will come in the market in a span of two to three years," he laid bare the company's plan.

In the meantime, the company has already communicated the matter to Bangladesh's prime bourse, Dhaka Stock Exchange (DSE).

There exists enthusiasm among the investors about share-offloading by any of the four mobile phone companies now in operation in the country, according to the market insiders.

"It is too early to comment on the matter because we have just started working on it," a DSE high official said, hinting at an immediate meeting between the two sides.

On the off-loading of AKTEL shares, Group CEO of TM International Dato Abdul Wahid Omar said to this correspondent during his visit to Kuala Lumpur,

"It would be better for us if we are enlisted in the market as the first mobile company".

He, however, cautiously expressed his concern if there is enough liquidity in the Bangladesh's capital market.

The DSE source said the existing market behaviour indicates that such liquidity is now sufficient.

"The share market will definitely be strengthened on arrivals of the cellphone companies because the transaction will also show a significant rise," the bourse official opined.

Yusof Annuar Yaacob is also hopeful of getting 'tremendous response from the investors'.

Narrating his Sri Lankan experience, he said the market price of TM's Dialog, a cell phone company, surged from 12 rupees to 27 rupess within a year over there.

TM started its telecoms business in Bangladesh in 1996 in association with a local AK Khan & Co. Limited and launched mobile phone operation under the brand name AKTEL the following year. The Malaysia-based company owns a total of 70 percent shares of AKTEL.

PHOTO: GRAMEENPHONE

Yasir Azman, head of Sales (Dhaka region) of Grameenphone Ltd, and DM Khaled Osman, head of Operations (GPC Franchise), cut a cake to mark the inauguration of a Grameenphone centre at Nodda in Baridhara, Dhaka recently. Other senior officials were also present.

CORUS TAKEOVER

Tata says no guarantees over jobs

AFP, *London*

Indian tycoon Ratan Tata said Saturday he could give no guarantees over the safety of jobs, following his firm's successful bid for Anglo-Dutch steelmaker Corus Group Plc.

In an interview with British business daily the Financial Times in Mumbai, Tata said he could give no assurances because his company had only researched Corus "on paper" and had yet to examine their plants in detail.

"I wouldn't even attempt to do so because it would be wrong of me to give those assurances or to deny that was so," he was quoted as saying.

"But I would say that we're not a company that would first look at jobs."

Tata's comments come after Britain's largest steel trade union demanded a meeting with the tycoon seeking assurances he will remain committed to expanding Corus after his 13.7 billion dollar bid.

Community, which describes itself as the main union in Corus representing 80 percent of its British employees, also sought government backing for the steel industry's attempt to ward off "accelerated or slow demise" and protect jobs.

Tata told the FT Tata Group, where he is chairman, would apply to Corus the lessons it had learned from upgrading its 100-year-old Indian operation to improve margins and productivity.

"Our plan would be to try to make the UK operations more profitable," he added.

The FT said to make the deal work, Tata Steel would to have to drastically improve Corus' efficiency as the European manufacturer's margins were seven percent less than the Indian firm despite having a greater capacity.

Tata Steel's managing director has previously said the merger -- which would create the world's fifth-largest steelmaker -- was not about job cuts, yet also that no one in the world had job security.

Corus -- created by the 1999 merger of Dutch firm Hoogovens and British Steel -- employs 47,300 people worldwide, including 24,000 in Britain and 11,400 in the Netherlands.

It is Europe's second-largest steel maker and the world's ninth-largest, producing around 18 million tonnes per year.

Tata Steel employed about 39,650 people as of March 2005, according to the company's latest corporate sustainability report. It is the biggest private steel firm in India.

India mulls hiking FDI caps in aviation, retail, petroleum

PALLAB BHATTACHARYA, *New Delhi*

India is examining in right earnest the possibility of hiking the foreign direct investment caps in petroleum, aviation and retail sectors besides opening up commodity exchanges to investors from abroad.

A comprehensive review of the FDI regime will be undertaken next month and the move to liberalise the retail sector for FDI assumes significance in view of a number of leading Indian industrial groups like the Tatas, Reliance and Bharati entering the booming and huge retail market in tie ups with global retail majors in the last few months.

The review of FDI in retail could also see overseas retailers in multi-brand products in the segment, as against the current rule allowing 51 percent FDI in only single brand. Multi-brand retail in stationery goods, sports goods and electronics is already under active consideration of the government. In wholesale cash-and-carry segment, 100 percent FDI is permitted.

Reliance Industry is understood to be in talks with French retail major Carrefour while the Tatas are planning negotiations with British retail behemoth Tesco to cash in on the burgeoning retail market in India. Bharti has already tied up with American retail giant Wal-Mart.

The retail sector in India is estimated at 300 billion dollars and is forecast to grow to 427 billion dollars by 2010 and 637 billion dollars by 2015.

In the petroleum sector, the government proposes changes in FDI regime easing the stipulation of divestment of 26 percent equity in favour of Indian entities within five years.

In aviation, where 100 percent FDI is now allowed in setting up green-field airports, 74 percent in existing airports and 49 in airlines, the government would consider setting up of a separate chapter for policy on air traffic services and cargo handling at airports.

At present, all aviation activities, barring airports and airlines, are grouped in one segment.

The government will also take a call on liberalising FDI in asset reconstruction segment where the current equity limit is capped at 49 percent through approval of Foreign Investment Promotion Board.

Meanwhile, Tata Chemicals and Ireland's Total Produce agreed to form an equal joint venture to distribute fresh fruits and vegetables in India to retailers and wholesalers in India. Food and grocery is estimated to make up about two-thirds of India's retail sector and much of it is in small neighbourhood stores.

PHOTO: PRIME BANK

Prime Bank Ltd has received Safa Best Presented Accounts Award 2005. Md Mukhter Hossain, executive vice president of the bank, received the award on behalf of the bank from Indrajith Fernando, president of South Asian Federation of Accountants (Safa), at a function held recently in Sri Lanka.

Beijing limits foreign home ownership

AP, *Beijing*

Foreigners in Beijing will be limited to buying a single home for their own use under new curbs imposed amid efforts to slow a surge in housing costs, newspapers reported Saturday.

Foreign home-buyers in Beijing will have to prove they have lived in China for a year for work or study, and will be barred from renting out the property, the Beijing Morning Post and China Daily newspapers said.

China's government is trying to restrain a jump in housing prices and cool an investment boom that Chinese leaders worry could spark inflation or a financial crisis.

Beijing has mainland China's largest population of long-term foreign residents, including tens of thousands of Western and Asian business people, diplomats and others. The reports gave no indication whether other cities would impose similar curbs.

The communist government began allowing Chinese families to buy homes in the 1990s, and later let foreigners buy real estate. The government still officially owns all land in China, but buyers of apartments and houses receive deeds valid for up to 70 years.

The government warned last July that it would restrict foreigners' purchases in an effort to restrain prices and ensure adequate supplies of low-cost housing.

Restrictions in the capital also apply to buyers from Hong Kong and Macau, which are Chinese territory but are treated as foreign economies by regulators, according to the reports.

Spending by developers on apartments, office buildings and other real estate projects nationwide jumped by 21.8 percent last year, according to the government.

Under a measure that took effect Thursday, developers will pay a value-added tax of up to 60 percent on new projects.

Chinese leaders also worry that heavy spending on real estate, fueled by easy bank credit, could ignite inflation or cause a debt crisis if builders of ill-conceived projects default on their loans.

Delhi, Tokyo wind up first round of trade negotiations

AFP, *New Delhi*

India and Japan Friday wound up their first round of discussions with an agreement on the terms of negotiations for a comprehensive free trade deal within two years, Indian officials said.

The two sides during the talks in New Delhi set up four working groups which will focus on talks on trade in goods, services, investment and bilateral cooperation, the officials said in a statement.

"The second round of the negotiations will be held in April in Tokyo," the statement said.

The visiting delegation was headed by Japan's deputy Foreign Minister Mashaharu Kohno, with Indian commerce secretary Gopal Krishna Pillai leading the talks for New Delhi.

The negotiations follow an agreement in Tokyo in December between Indian Prime Minister Manmohan Singh and his Japanese counterpart Shinzo Abe to conclude free-trade talks within two years.

Japan's mid-sized drugmakers to merge for survival

AFP, *Tokyo*

Two medium-sized Japanese drugmakers, Mitsubishi Pharma and Tanabe Seiyaku, said Friday they would merge on October 1 to survive tough competition at home and expand into the growing global market.

The merger will create Japan's fifth biggest pharmaceutical company in terms of revenue as their combined sales totaled 407.8 billion yen (3.4 billion dollars) in the year to March 2006, the two companies said in a statement.

Mitsubishi Pharma Corp. is currently ranked ninth and Tanabe Seiyaku Co. 11th among Japan's drugmakers.

"Tanabe Seiyaku and Mitsubishi Pharma will establish status as an international drugmaker by combining their strong capabilities to develop new medicines and accelerating business moves overseas," the statement said.

"We will also aim to enhance our presence on the domestic market," it added.

The statement warned that the government's policy to restrict prices of medicines in Japan would "weed out pharmaceutical companies which lag behind in the global competition."

The new firm, called Mitsubishi Tanabe Pharma Corp., will be created with Tanabe taking over Mitsubishi Pharma. One Mitsubishi Pharma share will be exchanged for 0.69 of a Tanabe share in the process.

Mitsubishi Pharma's parent company, Mitsubishi Chemical Holdings Corp., will take a stake of more than 50 percent in the merged firm and make it a subsidiary, the statement said.

The new firm will aim to chalk up 470 billion yen in revenue in the year to March 2011.

Dollar climbs on US jobs report

AFP, *New York*

The dollar benefited from healthy US job numbers Friday that reinforced the Federal Reserve's appraisal of solid growth combined with quiescent inflation, traders said.

By 2200 GMT, the euro had fallen under 1.30 dollars to trade at 1.2963, against 1.3022 late Thursday in New York.

The dollar was trading at 121.07 yen, against 120.77 on Thursday. The Japanese currency has been in focus ahead of a Group of Seven (G7) meeting in Germany.

US employers added 111,000 jobs in January, according to the Labor Department's closely watched nonfarm payroll report. That was weaker than the 150,000 new jobs expected by Wall Street analysts.

But the agency revised upward its estimates for job creation in December to 206,000 from 167,000, and to 196,000 in November from 154,000.

The unemployment rate climbed to 4.6 percent from 4.5 percent in December, while average hourly wages, a key gauge of inflation, rose 0.2 percent in January to 17.09 dollars.

Immediately after the announcement, the euro shot up to a four-week high of 1.3064 dollars, while the pound briefly touched a nine-day high of 1.9748 dollars.

But the US currency soon recovered much of those losses, as the headline readings were offset by the substantial revisions to back data.

"For the short-term traders looking for immediate gratification, the (payrolls) number was disappointing when set up next to the 150,000 print expected," John Kicklighter of Forex Capital Markets said.

"Alternatively, economists and position traders saw the number as proof positive that the stabilization the Fed has linked between employment and economic growth is genuine," he said.

"For both parties though, the upward revision to a five-month high 206,000 new hires was a considerable surprise and likely the shining statistic from the whole gauge."

Russell Bloom at Thomson IFR Markets agreed. "The upward revision in December jobs was a bright spot in the data and some dollar bulls are taking heart," he said.

Beata Caranci, senior economist at TD Bank Financial Group, said the report was what Federal Reserve policymakers were looking for because it signals employment and income growth with little inflation pressure.

"This is one of the best outcomes the Fed could have expected," she said.

"There's not any threat of wage-push inflation but still a significant number of people employed."

On Wednesday, the Federal Reserve said US economic momentum was picking up while inflation pressures were easing. The central bank left its base rate at 5.25 percent.

One concern for the Fed, which has retained a warning on inflation and potential rate hike, is whether a tight labor market will lead to wage-driven inflation.

But the Fed was also watching for signs of economic weakness as a result of deep slump in housing last year, leaving some to expect a rate cut sometime in 2007. Lower borrowing costs would diminish the dollar's appeal for investors.

PHOTO: DBBL

Md Yeasin Ali, managing director of Dutch-Bangla Bank Ltd (DBBL), inaugurates the bank's relocated Khulna branch at Sena Kalyan Bhaban on KDA Avenue recently. Senior officials of the bank were also present.

Saudi airline statement on reservation policy

Saudi Arabian Airlines reservation policy requires re-confirmation 72 hours before the departure or at a closer date, says a press release.

For unknown reasons, a large number of passengers, who have come to Bangladesh on home leave, have started crowding airline offices for re-confirmation, long before their departure dates.

They are not only going through unnecessary suffering by standing long time in a queue under the open sky but also embarrassing staff of the airline.

For re-confirmation of reservation passengers may visit the airline offices, the release added.

Emirates bags top awards

Emirates airline has bagged 'Best Airline for First Class' award for the second year in a row in the annual 'Global Traveller's GT Tested Awards for 2006'.

Global Traveller's annual GT Tested Award is one of the world's most comprehensive business and leisure traveller polls, showcasing the best and brightest in airlines, hotels, destinations and travel service providers, as voted by magazine readers, says a press release.

The airline also recently got 'Best Business Class to the Middle East' award by Business Traveller readers in the 2006 Readers' Choice Best in Business Travel Awards as well as 'Best Airline for Flights to the Middle East' from Executive Travel magazine's 2006 Leading Edge Awards readers' survey.

Nigel Page, Emirates' senior vice president, said customer service has always played an important role in the growth of the airline and these awards serve as significant validation from the discerning first and business travelling community.

Technical level talks on Doha Round resume next week

PTI, *London*

Technical level talks on the Doha Round of negotiations will resume next week, putting an end to the impasse over the WTO talks even as India's Commerce Minister Kamal Nath warned that the round could not perpetuate structural flaws in global trade and subsidy in agriculture.

"The continuation of talks is important but content of talks is equally important," Kamal Nath told PTI.

The Doha Round of negotiations of World Trade Organisation were suspended in July last year as key member countries such as the US, EU, India and Brazil failed to bridge differences over cutting farm subsidies and reducing tariffs.

Kamal Nath, who played a key role in championing the cause of the developing countries and reviving the stalled talks in Geneva last week, said, "bilaterally we have been discussing how the process should be hastened and how the process should be made effective. From next week, we will have talks at technical level."

He cautioned the developed countries that this round could not perpetuate structural flaws. "This is a development round and leadership of this round lies in the developed countries and if developed countries are looking at salvaging their economy by virtue of distorted trade with developing countries, it will not work.

"Developed countries must ensure healthy economy in developing countries. With their own market contraction in their country, the only market is in developing countries and more healthy the economy is in developing countries, more market will be open to developed countries."

Volvo 2006 profits leap 24.5pc

AFP, *Stockholm*

Swedish heavy lorry maker Volvo AB said on Friday its net profit leapt 24.5 percent in 2006 to 16.318 billion kronor (1.8 billion euros, 2.4 billion dollars), on the back of record sales.

Turnover for the group -- which owns the Renault VI and Mack Truck brands -- rose 7.0 percent to a record 248.135 billion kronor from 231.191 billion in 2005, the company said in a statement.

But the results were below analysts' expectations, according to a survey carried out by market research group SME Direkt. Market watchers had forecast net profit of 16.464 billion kronor and sales of 250.579 billion.

"2006 was eventful, with extensive product launches and major changes in the industrial system, particularly towards the end of the year. Despite this, we posted the best year in history, in terms of sales and earnings," chief executive Leif Johansson said in the statement.

The group's pre-tax profit was up 12.67 percent for the year to 20.299 billion, compared to 18.016 billion in 2005.