

# Star BUSINESS

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## Western Marine to expand its shipbuilding facilities in Ctg

Western Marine Shipyard Ltd, a local shipbuilding company, is going to expand its existing shipyard facilities in Chittagong, says a press release.

The Western Marine officials say they have already started physical works for expansion of the shipyard from existing 3-acre compound to 10 acres.

The shipyard, located near Shikalbaha power plant at Kolagaon union under Patiya upazila of the district, is to be upgraded to automatic one by installing modern technologies.

The expansion will also help groom up manpower for the growing shipbuilding industry, the officials added.

Western Marine has already received an order from a European country to build five 4100-tonne cargo ships. The company will start building the vessels from September this year.

Experts say the expansion serves as a testament to the growing shipbuilding industry in Bangladesh.

## Sonargaon Textiles okays 10pc cash dividend

Sonargaon Textiles Ltd has approved a 10 percent cash dividend for its shareholders for the year 2006.

The approval came at the 21st annual general meeting (AGM) of the company held on Thursday in Barisal, says a press release.

Managing Director of the company AKM Azizur Rahman presided over the AGM, which was also attended by directors Bazlur Rahman, Md Khalilur Rahman Chowdhury and Kh Anisur Rahman, among others.

## Brown rules out joining euro soon

AFP, London

British Prime Minister Gordon Brown on Monday again ruled out joining the euro in the near future, while calling on the European Union to look outwards, not inwards.

As finance minister, Brown -- reportedly more Eurosceptic than his predecessor Tony Blair -- drew up "five tests" or self-imposed criteria to ensure that joining the Euro is in Britain's economic interests.

Speaking at his first monthly press conference as premier, he said he wanted a European economy which is "open, not closed and one that continues to reform in the interests of the whole of the people of Europe, rather than one that is stuck in an old groove."

"We are not proposing to either have a major new assessment of the euro or to join the euro at this stage," he told reporters.

"As far as Europe is concerned, I've always been pro-European, I've always wanted to see a single market work effectively for the British people.

"That's why I'm so convinced that the way ahead for Europe is to see itself as part of the global economy, not to look inwards but to look outwards."

It is the first time since taking office on June 27 that Brown has addressed the issue publicly.

# Stringent conditions on export of 8m RMG pieces to India go

## STAR BUSINESS REPORT

India in a fresh version of proposal has relaxed many of its stringent conditions on allowing import of eight million pieces of readymade garments (RMG) from Bangladesh.

From now on Bangladesh is free to export the RMG products made of either Bangladeshi or any other country's fabrics to its neighbouring country.

According to the primary proposal by India, of the six million pieces of RMG products from Bangladesh, three million pieces were allowed to be made by Bangladeshi fabrics and the rest ones by Indian fabrics.

Under the new proposal, the restriction on export of these items through some six specific land ports

goes and the sea, air and land routes may be used for this purpose.

The visiting Indian delegation led by State Minister for Commerce Jairam Ramesh placed the latest version of proposal to Finance and Commerce Adviser Mirza Azizul Islam when it met him at his office Sunday.

The Indian team also proposed to sign a memorandum of understanding (MoU) in this regard during its current visit here, but Bangladesh refused as it required some formalities, a high official of the commerce ministry said.

He said, "Yes, we got their proposal lifting most of the conditions they set earlier on duty-free RMG products. But before signing a MoU, it needs vetting from law ministry, Council of Advisers and finally from the Chief Adviser."

On completion of the formalities, this MoU would be inked in New Delhi in the next one and half months, the official told The Daily Star.

The latest proposal from India has already been sent to the law ministry for its nod, he said.

The conditions like introduction of quota monitoring system and prior permission from the Indian Textile Committee before export of the RMG items, which New Delhi conveyed Dhaka through a letter to the commerce ministry on November 8, 2006, are now lifted.

Indian Commerce and Industry Minister Kamal Nath in 2005 promised Bangladesh to allow a duty-free entry of eight million pieces of RMG products to give a boost to the Indo-Bangla trade besides reducing trade imbalance.



PHOTO: SONARGAON TEXTILES

Managing Director of Sonargaon Textiles Ltd AKM Azizur Rahman (C) presides over the 21st annual general meeting (AGM) of the company held on Thursday in Barisal. Directors, among others, were present at the AGM.

# China, Malaysia, S'pore vie for India's place as top outsourcing hub

PTI, New Delhi

India, which has emerged as the back-office of the world in recent years, is expected to face stiff competition from countries like China, Malaysia and Singapore even as the global outsourcing industry is pegged to reach a market size of USD 1,430 billion by 2009-end.

A survey conducted by global consultancy firm Frost and Sullivan has ranked India as the top destination for shared services and outsourcing (SSO) across various verticals. The country is followed by China, Ireland, Singapore, Malaysia, Mexico, Czech Republic, Poland, the Philippines and Canada.

Low labour costs and abundant supply of skilled manpower are the key factors behind India's sustenance as the top outsourcing destination globally. Outsourcing sector in India is experiencing consolidation and SSO providers are moving up the value chain, expanding their onshore presence to strengthen global delivery capabilities, the report said.

But there is a threat from countries like China which is fast emerging as an attractive destination for outsourcing IT, research and development and procurement services, it added.

India's growth is beleaguered by factors like high attrition rates, poor infrastructure, rising wages and appreciation of rupee against US dollar, the report said.

"SSO is no longer just about cost arbitrage, instead SSO operators are adding value through their skill sets and competencies wherever they are located," Frost & Sullivan Vice-President Asia-Pacific (ICT Practice) Nitin Bhat said.

The study also forecasts the global SSO market will grow at a compound annual rate of 15 percent to reach a market size of USD 1,430 billion by end-2009.

Malaysia, which boasts of excellent infrastructure and low attrition rates, also makes for an ideal outsourcing hub, the Frost and Sullivan study said. The south-east nation is already a strong player in banking, financial services and

insurance (BFSI), transportation and energy verticals.

Besides, companies such as Dell, Satyam and IBM have recently made outsourcing investments in Malaysia, making it a hub catering to the technology sector, it pointed out.

The study covered Fortune 500 and Forbes 2000 companies and was conducted across seven major industry verticals -- banking, financial services and insurance, technology/ICT, healthcare industry, transportation and logistics, energy, fast-moving consumer goods and media and entertainment.

A report by audit firm PricewaterhouseCoopers (PWC) has also said although India remains the most favoured destination for outsourcing, countries like Singapore were gaining favour.

A number of financial services companies, including Barclays and Credit Suisse have expanded their support operations with the Monetary Authority of Singapore. Actively promoting the country as a financial centre.

## FBCCI team to attend meet of Confederation of Asia Pacific Chambers

UNB, Dhaka

A business delegation of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) left Dhaka for Australia yesterday to attend the 73rd Council meeting of the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI).

The meeting will be held on 25-27 July at Perth in Western Australia.

FBCCI President Mir Nasir Hossain will lead the four-member delegation.

Members from 23 Asia Pacific countries will attend this meeting. CACCI is a regional organisation of apex chambers of commerce and industry and business associations, representing the interest of more than three million business enterprise in Asia and Pacific.

Apart from attending the meeting, the FBCCI business delegation will meet private sector leaders from CACCI member countries and the business leaders of Western Australia.

## US gives up hope for Thai trade deal

AFP, Singapore

The United States has given up hopes of a free-trade agreement (FTA) with Thailand because of the political situation since last year's coup, a US official told a Singapore newspaper.

"In the case of Thailand, FTA negotiations stalled before the coup," US Trade Representative Susan Schwab said in an interview with the Straits Times published Monday.

"With the coup, it obviously became impossible to proceed. We have given up having an FTA with Thailand," she said.

The United States announced in November that free trade talks had been suspended until a democratic government was in place.

The junta has promised to hold elections by the end of this year, but since taking power the army-installed government has pressed ahead with free-trade deals that had been negotiated under ousted premier Thaksin Shinawatra.

Thailand signed an FTA with Japan in April, and has moved to speed up talks with India.

## Laos tries to stabilise exchange rates

ANN/VIENTIANE TIMES

The Bank of the Lao PDR, the central bank of Laos, is trying to stabilise the exchange rate in the country as much as possible, hoping for a rate fluctuation this year of no more than 5 percent.

The bank governor, Phouphet Khamphounvong, said: "The central bank will control the exchange rates in the country, and will not allow the Lao kip to strengthen against the US dollar or weaken against Thai baht over 5 percent."

In the first six months, the Lao kip was 0.99 percent stronger against the US dollar. In June this year one US dollar was worth 9,599 kip, down from 9,695 kip of December last year.

# EU urges greater China effort on product safety

AFP, Beijing

The European Union's top consumer protection official on Monday urged China to move more aggressively against the makers of dangerous goods that have raised global fears over Chinese-made products.

"Yes, there has been improvement (in China) but... there is a need for more stepped-up reforms of the market and market surveillance," Meglena Kuneva, the European Commissioner for Consumer Protection, told reporters in Beijing.

If even "one percent" of consumer products prove unsafe, "this is still dangerous for European consumers and also for Chinese as well," Kuneva said following a meeting with Li Changjiang, head of China's top product-quality watchdog.

dog.

China has come under increasing pressure from its trading partners following reports of a number of Chinese-made goods that posed health risks.

Reports in the United States of poisonous pet food ingredients, dangerous toys and drugs, fish pumped with banned antibiotics and other products from China have led to a spate of recalls and bans there.

"I encourage and will continue to encourage at every possible level -- political, technical, personal -- our Chinese partners to do more to defend the good name and the good quality of Chinese products," she said.

Kuneva also called for deeper Chinese participation in an EU system known as RAPEX that

enables rapid international exchange of information on potentially dangerous products.

"We know if we prove this system is good enough, this is one clear way for more intense regulation and trust in the market," she said.

China's involvement in the system has so far been only marginal, EU officials said.

While repeating Chinese government assertions that safety fears are being overblown abroad, Li pledged China would do more to crack down on unsafe goods and increase international cooperation.

"China will try to improve its work in order to guarantee the quality of our exported products," said Li, who heads the General Administration of Quality Supervision, Inspection and Quarantine.

# US downplays trade deal with Asean

AFP, Singapore

The United States is not ruling out a free-trade agreement (FTA) with Southeast Asia but it is too early to discuss the issue, Trade Representative Susan Schwab said in remarks published Monday.

In an interview with The Straits Times in Singapore, Schwab said Washington was focused on using the Trade and Investment Framework Arrangement (TIFA) inked with Asean last year as a base to boost further cooperation.

"In the past, we had used the TIFA format as a building block to a free-trade agreement," Schwab told the newspaper.

"At some point, we could build towards an Asean-wide FTA. I don't think any of us has ruled that out, but at this stage of the game, it is premature talking about it," she

said.

The US inked the TIFA in August 2006 with the 10-member Association of Southeast Asian Nations (Asean), a deal seen as a precursor to a full free-trade agreement.

Under the TIFA, the United States and Asean will establish a formal ministerial dialogue aimed at expanding trade and investment.

"We are working with our Asean partners to build on that TIFA," Schwab said. "The idea is for TIFA to help further economic integration among Asean members, not just between Asean and the United States."

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

# Toyota, Mazda, Honda set to resume output

AP, Tokyo

Carmakers Mazda and Honda and more than half of Toyota's shuttered assembly lines will restart at least some production over the next two days because a key parts supplier damaged by a major earthquake resumed operations Monday.

Factories of Toyota Motor Corp. and other major automakers have been shut because of damage sustained at piston-ring maker Riken Corp's plant in Kashiwazaki, in north-central Japan, near the epicenter of the magnitude 6.8 earthquake on July 16.

Riken restarted production of some auto parts on Monday after workers replaced damaged equipment and restored the factory's gas and water supplies, a company spokeswoman said on condition of anonymity, citing protocol.

"We resumed production today, although there is a delay in some lines," Riken said in a statement. Production of key parts, including piston rings and seal rings, have nearly returned to normal, the company said.

Toyota said Monday 20 of its 31 auto assembly lines will be running by Tuesday.

Toyota's 12 factories in Japan

have been idle since Thursday leaving about 46,000 vehicles in limbo, which may climb to about 55,000, Toyota President Katsuaki Watanabe told reporters.

Mazda Motor Corp., an affiliate of Ford Motor Corp., will start operations Monday evening at one of two factories in Japan, according to spokeswoman Aya Takahashi. The other factory will resume work Tuesday, she said. The company's output loss from the suspension is 4,500 vehicles, she said.

Honda Motor Co. also said Monday that two of its automobile plant and a motorcycle factory will resume production Tuesday. Two other auto production plants will remain closed, Honda said.

Nissan Motor Co. has halted some plants during Tuesday.

Mitsubishi Motors Corp. said Monday it expected to procure enough parts to reopen its domestic plants on Wednesday and Thursday. It was too early to say whether production would continue Friday, the automaker said in a statement.

Toyota shares fell 1.19 percent to 7,470 yen (\$62), Honda lost 1.98 percent to 4,460 yen (US \$37), and Mazda dropped 1.97 percent to 695 yen (\$5.70).

# Intel to tap India's rural heartland

AFP, Jaipur, India

Intel marketing veteran John McClure likes to tell the story of an unschooled Indian farmer who wanted to catch and store rain to water his crops but didn't know how to go about it.

The farmer's daughter figured out a way by researching the subject at an Internet-equipped community centre in their village after school hours and helped him design a "rain-harvesting solution," he says.

That's a simple example of how technology can improve the lives of the 700 million mostly-illiterate people who live in India's vast hinterland, said McClure.

The executive is at the helm of an Intel effort to take computers to the country's 650,000 villages.

"We are focused on getting as deep inside India as possible," the South Asia marketing director said in an interview in the northern

Indian desert city of Jaipur.

"It's a frontier we do want to conquer while not missing anything in between," added the 38-year-old.

The world's largest microchipmaker, whose products power eight out of 10 computers sold globally, has tied up with state governments and Infrastructure Leasing and Financial Services (ILFS) in a programme to spread computer literacy in the countryside.

Intel, which also unveiled a portable personal computer designed for school children Saturday, will provide technology support, educational content and wireless connectivity to 100,000 rural community centres over the next year.

It will also help lay a broadband network across rural India and develop local-language Internet content.

But the rural push is not driven by a sense of charity.

Intel is betting that children in the villages who experience firsthand the benefits of technology will buy a computer when they grow up and take up a job or go into business.

"There's an altruistic element to it but there's also a business element," McClure said. "By investing in these areas -- maybe ahead of the curve -- we will pull more users into the PC purchasing market faster."

India's villages are home to 70 percent of its billion-plus population, yet their contribution to national economic output has declined over the past two decades to as low as 20 percent from more than half.

The countryside is yet to receive its share of the dividend from an investment-, spending- and technology-led economic boom that has produced nine percent growth rates for each of the past three years.

Prime Minister Manmohan

Singh's Congress party-led government, which came to power in 2004, is trying to change that by pumping money into rural infrastructure and boosting bank loans.

"To address inclusive growth is incredibly important for the Indian economy to keep growing at a healthy clip," said McClure. "Making technology available in rural areas is a critical element of that."

ICICI Bank, India's largest private bank, is giving computer loans to customers identified by Intel's dealerships while it expands lending in the countryside.

"The small guy needs technology to make his business easier, faster and more efficient," Chandok said. "Equipment finance is a key proposition here."

India's installed computer base is just 30 million, small for the second-most populous nation in a world where one billion PCs have been sold, said R. Ravichandran, South Asia sales director at Intel.



PHOTO: CITYCELL

Mobile phone operator CityCell and Huawei Technologies Ltd have recently entered into an agreement under which CityCell customers will now be able to repair and replace their Huawei brand handsets not only from Huawei handset service centres but also from CityCell's customer care centres and customer care points across the country. Tarikul Hasan, chief of Customer Care of CityCell, and Tu Peng Bear, service manager of Huawei Technologies, signed the deal.