

Star

BUSINESS

E-mail: [business@thedailystar.net](mailto:business@thedailystar.net)

Lanka to issue \$500m int'l bond

ANN/THE ISLAND

The Central Bank of Sri Lanka, on behalf of the Government of Sri Lanka, is due to issue an international bond amounting to US dollars 500 million in international markets in 2007.

The funds that will be mobilized through the proposed bond issue are to be used for financing the infrastructure development programmes of the Government.

The Central Bank of Sri Lanka has invited proposals from the selected banks and investment houses to act as Joint Lead Managers on July 02, 2007. In response, 12 international banks and investment houses submitted their proposals and made presentations. After the evaluation process, the Monetary Board of the Central Bank of Sri Lanka has now selected three proposers, namely, J P Morgan, Barclays Capital and HSBC as Joint Lead Managers/ Bookrunners/ Underwriters to this bond issue.

The debut sovereign bond is also expected to serve as a benchmark for other corporate borrowers in Sri Lanka which have the capability of raising money in international capital markets.

US job growth unexpectedly low

AFP, Washington

The US jobs market softened dramatically in July, with employers adding a weaker than expected 92,000 jobs, after 126,000 the previous month, and unemployment rising up a notch, the Labor Department said Friday.

It was the weakest jobs gain in the world's biggest economy since February and fell far short of the Wall Street consensus forecast of 135,000 new jobs.

The 4.6 unemployment rate in July was the highest since January and confounded forecasts it would hold steady at 4.5 percent for the fourth consecutive month.

In addition, the new jobs data for the two prior months was revised slightly lower. The economy created 126,000 jobs in June, down from the 132,000 initially estimated, and 188,000 in May, down from 190,000, the Labor Department said.

Economists closely monitor the new jobs data as a more accurate indicator of the health of the jobs market than the unemployment rate. They say the economy needs to create between 110,000 and 140,000 new jobs each month to absorb growth in the number of people seeking work.

NRBs still reluctant to remit money thru' official channels: ADB

STAR BUSINESS REPORT

The non-resident Bangladeshis (NRBs) are still unwilling to remit their money home through official channels, thanks to slower and cumbersome documentation process of the banks, said Asian Development Bank (ADB).

"The process of sending remittances through banks is slower and more cumbersome than with informal channels," the ADB said, adding that paperwork and documentation requirements are huge and the expatriate workers find these difficult to accomplish.

The ADB in its June quarterly economic update on Bangladesh said, "While a week, on average, might be required to receive remittances sent through banks, most informal channels do not take more than three days."

According to ADB, the hundi system, an illegal way of channeling money, relies on trust and goodwill and is efficient. Hundi operators maintain complete secrecy of transactions. The system requires much less documentation compared to the banking channels. It is also more profitable as the remitters get a premium exchange rate, which is often significantly higher than the official rate.

According to various estimates, remittances sent through the official channels constitute only 50 percent of the total remittances including that remitted through hundi.

The Bank also observed that "absence of investment opportunities, political instability, and inadequate social security is also discouraging the inflow of remittances through official channels."

However, the multilateral lending agency has recognised the role of remittances in poverty alleviation and said contribution of remittances is higher than the combined flows of FDI (foreign direct investment) and foreign aid.

According to the economic update, over 3.8 lakh workers migrated for foreign employment in 2006, which was 51 percent more than in 2005. Around 3.35 lakh workers left the country during the first half of 2007, on an average more than 1,850 a day.

Remittances increased by 25 percent annually in fiscal years 2006 and 2007 due to rise in oil prices, some policy actions, and improvement in banking and anti-money laundering activities worldwide, the Bank said.

ADB said remittances have increased very rapidly during the last decade. "If the country can sustain the present pace in migration, remittances will continue to rise."

But some challenges remain on the way to the growth, the Bank cautioned, adding "the global economic slowdown, particularly in the developed countries and Middle East, may have an adverse impact on labour recruitment from labour-exporting countries."

Future economic downswings may

result in layoffs or depressed wages for low-skill labourers, it said. Because, unskilled and semiskilled workers migrate from Bangladesh. This type of labour is available in other least developed countries too, ADB said.

"Unless Bangladesh can slowly move to exporting skilled labour, a potential threat of losing to other countries always exists."

Private commercial banks can offer better remittance services to the recipients in the rural areas by expanding their networks in collaboration with licensed micro-finance institutions or even post offices, the ADB suggested.

The wide network of mobile phone companies can also be used for distributing remittances, the Bank said. The six cellphone operators have a good number of kiosks, billing centres and regional offices nationwide. These outlets, equipped with computers, printers and internet access, can be used to channel remittances in rural areas where there are no bank branches.

The Bank said the Philippines has been a major success in implementing a mobile phone-based remittance distribution system, which can be introduced in Bangladesh.

The ADB said market-oriented floating exchange rate system has provided a good incentive for official transfer of remittances, and discouraged illegal trade to a large extent.



PHOTO: BEPZA

Prasanta Bhushan Barua, member (Investment Promotion) of Bangladesh Export Processing Zones Authority (Bepza), and Ngan Hung Tak, president of South China Group Goldtex Ltd, exchange documents after signing a lease agreement on Monday in Dhaka. Under the deal, the company will expand its textile manufacturing plant in Dhaka EPZ with an additional investment of US\$5 million. Brig Gen Ashraf Abdullah Yussuf, Bepza executive chairman, among others, is seen.

Japan, SKorea agree on open skies deal

AFP, Tokyo

Japan and South Korea have reached an open skies agreement, giving the two countries' carriers the freedom to increase flights as they wish, officials said Friday.

The agreement is the first of its kind for Japan but it makes a major exception by not including Tokyo's busy airports.

Under the agreement, the two Asian nations will be able to increase the number of passenger and cargo flights and the destinations where airlines fly without seeking government permission.

Both Japan and South Korea have been trying to expand flight capacity as they battle rivals to the south to be Asia's top aviation hub.

Currently, flights between the two nations operate from 26 locations in Japan and seven in South Korea.

Japanese and South Korean officials reached the agreement in a three-day meeting that ends Friday, the Japanese transportation ministry said.

"The South Korean side agreed to our proposal late Thursday," said a ministry official.

Japan insisted that the agreement not include Tokyo, where both Narita and Haneda airports are operating at full capacity.

Japan and South Korea in 2003 started flights between Haneda and Seoul's Gimpo, both domestic airports which are more centrally located, to accommodate a rising number of business travellers and tourists between the countries.

Japan has been expanding its airports and will later this year start "shuttle flights" from Tokyo Haneda, which is Asia's busiest airport, to Shanghai.

South Korea has also been vying to make Incheon International Airport near Seoul more of a regional hub.

CRAB renews deal with Indian rating agency ICRA

Credit Rating Agency of Bangladesh (CRAB) Ltd has renewed its technical cooperation agreement with Indian rating agency ICRA for another 3 years, says a press release.

Mashur Rahman, managing director of CRAB, and PK Choudhury, vice chairman and group CEO of ICRA, signed a deal recently in this effect on behalf of their sides.

ICRA (Investment Information and Credit Rating Agency) has been providing technical support for CRAB from 2004.

PATENT RIGHT India, Pakistan to jointly fight for basmati rice

PALLAB BHATTACHARYA, New Delhi

India and Pakistan have agreed to jointly fight a battle in global trade forums for basmati rice to check against patenting of the commodity by other countries, ending their dispute over the premium long-grain aromatic rice.

Wrapping up the two-day Commerce Secretary-level talks here on Wednesday evening, the two countries decided to work together on using geographical indication for basmati rice to check against its patenting.

Geographical indications like those made available to champagne or Scotch whisky factor in the specific characteristics of a product produced in a certain part of the world and ensure it is not copied in the form of a patent on variants.

Pakistan had questioned India's recent notification to allow Super Basmati rice with Islamabad claiming that it had developed the variety and India has no right to export the same under that brand name.

A joint statement issued after the talks said the two countries intended to set up a technical committee for filing joint geographical indication applica-

tion for basmati.

Basmati rice has a lucrative market in Europe and the United States and India and Pakistan are eyeing for a slice of that.

India also agreed to expedite the process relating to certification of cement import from Pakistan by making changes in regulation to accept third party certification for import of the commodity.

The two countries also decided to allow their banks to open two branches each in the other country. The State Bank of India and Bank of India have applied for opening branches in Pakistan whose United Bank and National Bank want to start operations in India.

The applications of these banks would be processed either by December 31 this year or within six months, said the statement.

The bilateral trade between India and Pakistan is officially estimated at two billion dollars now but much more trade takes place through third countries like Dubai and Singapore.

Sri Lanka earns more by selling less tea

AFP, Colombo

Sri Lanka's tea export volumes fell by 10 percent in the first six months of this year, but earnings rose marginally by three percent, a commodity broker said Thursday.

Tea, Sri Lanka's main export commodity, earned 439 million dollars from January to June this year, a three percent increase compared to the same period last year.

However, the volume of "Pure Ceylon Tea" exported fell to 136.9 million kilogrammes (301.18 million pounds) in the first six months of this year, down from 153 million kilogrammes last year, Asia Siyaka brokers said.

The island's total tea production slipped 12.7 percent to 143.63 million kilogrammes over first six months of 2006. Much of the fall was due to strikes by the 400,000 workers in the industry demanding higher pay.

The total tea crop last year was 310.8 million kilogrammes.

Sri Lanka's record 2005 harvest of 317.2 million kilogrammes made it the

world's number-four producer behind China, India and Kenya. Sri Lanka is the second largest tea exporter after Kenya.

Sri Lanka, which is better known for its high quality aromatic tea known by the country's previous name Ceylon, is made with tender leafs and buds of the plant botanically known as Camellia sinensis.

Oil prices ease

AFP, London

World oil prices eased on Friday as traders paused for breath following a week which saw New York crude strike a record high 78.77 dollars per barrel on concerns over US energy supplies.

New York's main futures contract, light sweet crude for delivery in September, fell 19 cents to 76.67 dollars per barrel in electronic deals on Friday before the start of US floor trading.

In London, the price of Brent North Sea crude for September delivery slid 37 cents to 75.39 dollars per barrel in electronic trade.

China launches food price investigation

AP, Beijing

China's government announced an investigation Friday of sharply rising food prices, accusing companies of hoarding and threatening social stability.

Communist leaders are alarmed at a jump in politically sensitive food prices, which hit China's poor majority especially hard. Authorities have ordered measures to increase supplies of pork and other basic goods.

Investigators will look into why prices of grain, vegetable oil, pork, beef, mutton, and poultry are rising so fast, the National Development and Reform Commission said on its Web site.

Food prices in June were up 7.6 percent from the same month last year, driven by a 74.6 percent jump in prices for pork, China's staple meat.

"Some industry groups have organized coordinated price rises and some companies have colluded to raise prices," the NDRC statement said. "This seriously disrupts normal price order and influences social stability."

Pork prices have risen especially quickly, but consumers also have seen the cost of other basic goods including vegetable oil and instant noodles rise.

US, China agree on product safety plan

AP, Beijing

Beijing and Washington have agreed to cooperate more closely on product and food safety, the two governments announced.

That move came as U.S. officials wrapped up a visit that coincided with the recall of nearly 1 million Chinese-produced toys tainted with lead paint.

U.S. health officials visited Beijing this week to work on agreements to improve safety of food, animal feed, drugs and medical devices amid a flurry of recalls or warnings about Chinese-made goods in the United States and elsewhere.

The two sides will work more closely on product safety and would seek to sign cooperation agreements as soon as possible, according to statements from China's General Administration for Quality Supervision, Inspection and Quarantine and the U.S. Department of Health and Human Services.

"Our vision ... aims to increase cooperation and information-sharing between the U.S. and Chinese governments on these safety issues," Mike Leavitt, the U.S. secretary of health and human services, said in his agency's statement issued late Thursday.

UAE deports striking workers

AFP, Dubai

The United Arab Emirates (UAE) has deported two dozen striking foreign construction workers who had been demanding a pay hike and were refusing to return to work, the Gulf News daily reported on Friday.

Around 500 workers began a protest late last month demanding a rise of 300 dirhams (82 dollars, 60 euros) a month from their current wages of between 500 and 700 dirhams, the papers said.

Labour ministry official Maher al-Obaid was quoted as saying that most of the workers had agreed to go back to work.

"Some 120 workers demanded that

they should be given a salary increase or their work permit be cancelled. After deportation of the first batch of workers, many of them decided to go back to work," he said.

The company had earlier agreed to give the workers a 50-dirham increase.

The right to strike or even to form labour unions does not exist in the UAE.

The newspaper said that around 600 workers at another company who went on strike on Monday over deduction of food allowance were continuing their protest on Thursday.

The workers had been transferred to new accommodation which did not

have cooking facilities, and the firm was charging them nearly half of their wages to provide catering services, Obaid said.

No details were given about the nationality of the workers, but hundreds of thousands of Asians work in the economy, not only in construction but also in domestic service and other jobs.

Out of a population of about four million, less than 20 percent of the people in the UAE are nationals.

Last November the prime minister, Sheikh Mohammad bin Rashed al-Maktoum, ordered sweeping measures to protect the rights of thousands of foreign labourers in the UAE.



PHOTO: CITYCELL

Mobile phone operator CityCell has recently signed an agreement with Techview under which the IT company will sell CityCell's wireless internet connection 'mycitycell 200M'. Raihan Faiz Osmani, manager (Sales and Distribution) of CityCell, and Mohammad Shohail, director (Technical Services Division) of Techview, signed the deal.