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MCCI for policy review to woo FDI in industrial sector

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry (MCCI) has suggested that the government should review its policy so that foreign direct investment (FDI) is encouraged in the industrial sector.

It also advocated rigorous screening of all FDI proposals in order to discourage those who do not commit to bring latest technology.

"Bangladesh's liberal FDI policy has done a little to bring new technology in the country. Bulks of the FDIs are in the services sectors, which do not provide much opportunity to promote technological capacities of local firms," remarked the Chamber News, a monthly publication of the MCCI, in its August issue referring to the UNCTAD LDC Report 2007.

The UNCTAD report was revealed on July 20 where Bangladesh ranked 5th in attracting FDI among the 50 LDCs in value term but in term of per capita income Bangladesh ranked 34.

The Chamber News in its editorial pointed out that about 81 percent of all FDI went to services sector and the other 19 percent went to manufacturing sector in 2005-2006.

Within the services sector, 44 percent went to telecommunications sector, 30 percent to gas exploration sector, 21 percent to banking sector, 4 percent to power generation sector and 1 percent to insurance sector.

More budgetary allocation for science and technology is needed, the metropolitan chamber recommended, lamenting that historically, such allocation in the country has been very low.

The MCCI publication in its editorial also sought intensification in research efforts at the BCSIR (Bangladesh Council of Scientific and Industrial Research) in areas of manufacturing and at various agricultural and related research centres for the development of crop and horticulture.

It asked the government to pursue donor agencies for enhancing aid for research and development.

Such aid may be provided under the Aid for Trade programme of the World Trade Organization (WTO), it suggested.

The Chamber News suggested that the government should undertake appropriate legislation to take advantage of the exemption from implementing the general provisions of the TRIPS Agreement until 2013 and the further extension until 2016 for implementing TRIPS provisions on patents on pharmaceutical products and related processes for the LDCs.

The world's 50 poorest countries, categorised by the United Nations as 'least developed' (LDCs) and inhabited by 767 million people, face the risk of increasing marginalization, said the UNCTAD report.

Quoting the report, the Chamber News said the LDCs are lagging far behind the rest of the world regarding the acquisition of knowledge and technology, which is necessary to achieve sustained economic growth and reduce poverty.

It further referred to the report that pointed to the fact that most of the LDCs remain locked into low value-added commodity production and low-skill manufacturing.

China economy may see slower growth in second half

ANN/ CHINA DAILY

China's economy may expand slightly slower in the second half of 2007 than the first half, an official with the State Information Center said Saturday.

China's gross domestic product will likely grow by 11.3 percent this year, Fan Jianping, forecasting department chief of the center under the National Development and Reform Commission, said at an investment forum.

China's GDP expanded 11.9 percent in the second quarter this year, lifting first-half growth to 11.5 percent, the National Bureau of Statistics announced in July.

The official forecast that China's trade surplus will soar 55 percent year-on-year to 275 billion U.S. dollars this year despite rising yuan and scrap of or cut in export rebates.

Fan estimated the urban fixed asset investment will rise 26.1 percent this year, 1.6 percentage points higher than a year ago.

"The high growth in fixed asset investment will make the current problem of overproduction more serious in the future," Fan said.

The industrial output is likely to grow 17.6 percent in 2007, one percentage point higher than in 2006, he said.

Fan said the growth momentum in retail sales will continue in the second half, boosted by rapid income rise expectation and increasing stronger consumer confidence.

He said the retail sales for the whole year will likely grow by 15.8 percent, 2.1 percentage points higher than last year and the highest growth since 1997.

Prescheduled berthing from today at Ctg port

STAFF CORRESPONDENT, Ctg

A prescheduled berthing system, known as fixed day window berthing, comes into effect today at Chittagong Port.

The Marco-Bridge of PIL will take window berth at the jetty of New Mooring Container Terminal (NCT) at 12.30pm, heralding the new berthing system, port sources said.

Chittagong Port Authority (CPA) allowed four feeder vessel operators carrying goods between Chittagong-Singapore and Chittagong-Colombo routes to take the advance schedule of berthing.

Under the new system of international standard, arrival and berthing of a vessel at the port will be fixed around one month ago to help both importers and exporters make plan for shipment.

The system is also expected to save time and money.

The feeder operators that have already got approval for the window berthing are PIL, Sea-Consortium, OEL and local HRC Shipping. Eight feeder vessels of each of the four operators will be able to take window berthing.

After introduction of window berthing, CPA will keep the jetty free and ready for the vessels scheduled for taking berthing. Besides, any vessel failing the schedule of the window berthing for three times will face berth-out and penalty as well.

PHOTO: BGMEA

World Bank Country Director Xian Zhu receives a crest from BGMEA President Anwar-Ul-Alam Chowdhury during his courtesy visit to the latter's office in the capital yesterday.

US House okays taxes on oil firms

AP, Washington

Declaring a new direction in energy policy, the House on Saturday approved $16 billion in taxes on oil companies, while providing billions of dollars in tax breaks and incentives for renewable energy and conservation efforts.

Republican opponents said the legislation ignored the need to produce more domestic oil, natural gas and coal. One GOP lawmaker bemoaned "the pure venom ... against the oil and gas industry."

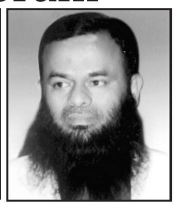
The House passed the tax provisions by a vote of 221-189. Earlier it had approved, 241-172, a companion energy package aimed at boosting energy efficiency and expanding use of biofuels, wind power and other renewable energy sources.

PHOTO: BANK ASIA

Bank Asia Ltd Chairman M Syeduzzaman yesterday inaugurates the bank's relocated corporate office at the Tea Board Building, 111-113 Motijheel C/A in Dhaka. Vice Chairman Arifur Rahman Sinha, Directors Murshed Sultan Chowdhury and Farhan Haq Chowdhury, and President & Managing Director Syed Anisul Huq were also present.

New chairman, vice-chairman of Islamic banks forum

Abu Nasser



Nazrul Islam

Islami Bank Bangladesh Chairman Prof Abu Nasser Muhammad Abduz Zaher and Exim Bank Chairman Nazrul Islam Majumder have been elected chairman and vice chairman of Islamic Banks Consultative Forum (IBCF), according to a press release.

Prof Abu Nasser is also the managing director of Ibn Sina Pharmaceuticals Industry. Nazrul Islam is also the chairman of the NASSA Group.

Record oil prices widen rich-poor gap

AFP, Paris

Record high oil prices, while having little effect on the world's industrialised nations and benefiting oil-producing emerging economies, are taking a toll on poor countries that rely on imports, analysts say.

World oil prices this week hit a record high when New York crude prices reached 78.77 dollars per barrel on news of sliding American crude reserves.

"You cannot say that this has had any effect on the world economy," said Philippe Chalmin, an economics professor at Paris Dauphine university.

"Rich countries have been remarkably good at adapting to significantly higher oil prices" over the past four years, said Francis Perrin, director of the "Le petrole et le gaz arabes" publication.

That situation is likely to continue. Demand for oil has soared in recent years due to the needs of emerging economies, in particular China, and because of the growing world economy.

It is rising today much faster than production capacity, which is likely to keep up the pressure on prices and prevent a return to price levels of five years ago, when a barrel was worth around 25 dollars.

But despite soaring prices today, the International Monetary Fund has just raised its forecast for world growth to 5.2 percent for 2007 and 2008 and says that while it recognises that high oil prices present a risk, it is not alarmed.

Industrialised countries are today much less dependant on oil than they were 30 years ago, said Manouchehr Takin from the Centre for Global Energy Studies.

They diversified their energy sources after the oil crises of the 1970s and 1980s, with some turning to nuclear power, and they also improved their energy efficiency.

Takin however said that if oil prices climb beyond 80 dollars the trend could have a psychological effect and curb growth and accelerate inflation.

Oil-producing economies such as Algeria, Venezuela or Libya have profited handsomely from high prices,

But many analysts say that the price rises are a calamity for developing countries that rely on imports for their energy needs.

Their oil bills have ballooned, worsening their deficits and hampering their fight against poverty.

Claude Mandil, the head of the International Energy Agency watchdog, warned recently of a "catastrophe" for the world's poorest countries that had forced the state to provide subsidies for oil.

He said the cost of these subsidies was five times higher than the savings made when rich lender nations wrote off poor countries' debts.

The Organisation for Economic Cooperation and Development said in its latest report on African economic perspectives that because of high oil prices, inflation had climbed beyond 10 percent in many of the continent's countries that relied on oil imports.

Kuwait says Global growth, instability fuel record prices

Another report from Kuwait City adds: Opec-member Kuwait said on Sunday that recent record-high oil prices were due to continued growth and instability in major oil producing regions.

Nawal Al-Fuzaia, Kuwait's representative at the Organisation of Petroleum Exporting Countries (Opec), told state news agency KUNA that demand was increasing from China, India and the United States for "petrol products, particularly in the transport sector such as cars, aeroplanes."

Opec expects that global demand for oil will rise by up to 1.3 million barrels per day next year, Fuzaia said.

She added prices also rose because of "political instability...in the Middle East and the rising tension between the United States and Iran over the Iranian nuclear issue."

Fuzaia declined to predict where prices were likely to go next as it was "difficult to predict oil prices, particularly in the short term," adding that Opec worked to maintain balance in the market and between producers and consumers.

Kuwait says it has oil reserves of 100 billion barrels, meaning the Gulf Arab state has the world's fifth largest reserves after Saudi Arabia, Iran, Iraq and the United Arab Emirates.

Kuwait, whose officially stated oil reserves constitute about 10 percent of global crude reserves, is pumping around 2.4 million barrels per day (bpd) and oil income contributes more than 95 percent of public revenues.

Based on the official figure, oil reserves can last for more than 100 years based on current production levels. The emirate produces just under one billion barrels of crude annually.

Cambodia needs broader-based economy: WB

AFP, Phnom Penh

Cambodia's economy is too narrowly focused on its garment sector, World Bank chief Robert Zoellick said Sunday, suggesting it needs to build on its successes to draw investors to other industries.

"Cambodia has a particular opportunity and need to develop a global brand," Zoellick said at the end of a two-day visit to the country, which has carved out a lucrative niche by selling itself to buyers as a labour-friendly textile producer.

"It's been able to stay in the game and grow, in part because for some buyers there is special value to the social responsibility that it's included in that industry," he said.

Cambodia's garment sector continues to expand, employing some 330,000 people in more than 200 factories and accounting for 80 percent of the country's export earnings.

But Zoellick said that this is "too narrow a base on which to develop" and that to attract other businesses, it was essential for Cambodia to create the right investment climate.

"Cambodia is a small country. It needs to be distinctive to get on the map and I believe it can be distinctive by emphasising its heritage, better labour practices, better transparency, fighting corruption," he added.

"This is all important if Cambodia is going to draw foreign investment and create jobs."

Economic growth has been projected at 9.0 percent this year by the International Monetary Fund.

While it continues to expand at a healthy rate, the economy has shrunk from a growth high of 13.5 percent two years ago and relies almost solely on garments and tourism to drive it.

Dethroned US carmakers' grip weakens

AFP, Detroit

After two years of cost-cutting, profits are beginning to recover for General Motors and Ford but a soft economy is sharpening competition in the critical truck segment.

As they head into their annual summer gathering this week in northern Michigan, American carmakers are no longer king of the road: For the first time, foreign rivals rule over their home turf.

The market share for new-vehicle sales among US brands dropped to 48.2 percent in July, the first time it has fallen below 50 percent, according to data released ahead of the annual management briefing seminar in Traverse City, Michigan.

Meanwhile, Asian carmakers grabbed 44.6 percent and European competitors took 7.3 percent of the US market.

Overall sales in the United States dipped to their lowest level in more than nine years in July, according to industry tracker Autodata.

And sales are not expected to increase much in August, said Paul Ballew, general director of market analysis at General Motors (GM) Corp.

Ellen Hughes-Cromwick, corporate economist at Ford Motor Co., pointed to softening in the economy in recent months.

"Home prices are still falling across the country," she said. "(The) new-vehicle sales environment clearly remains challenging."

The monthly sales decline came just as GM and Ford were beginning to show signs of recovering from the terrible beating they took over the past two years, when they suffered a combined loss of more than 25 billion dollars.

On Tuesday, GM reported an 891-million-dollar quarterly profit, while Ford posted profit of 750 million.

Chrysler, the third leg of Detroit's Big Three automakers and the just-divested US arm of DaimlerChrysler, is not due to publish its second-quarter earnings until late August, but last year posted an operating loss of 1.5 billion dollars.

Since the end of 2005, GM and Ford have cut their payrolls by more than one third, or by more than 60,000 jobs, as part of their restructurings.

Chrysler has eliminated 6,000 jobs this year in its North American operations as part of its recovery plan.

Harley Shaiken, a labor expert at the University of California-Berkeley, said that GM and Ford's sales and profits numbers underscored the dilemma facing American manufacturers as they try to negotiate additional concessions from the United Auto Workers union in contract talks that began in late July.

"The numbers cut both ways," he said. "The profit numbers complicate the negotiations. The workers see the numbers and see the sacrifices they've already made."

They must be wondering about demands for more concessions, he added.

"But the sales numbers underline the financial realities remain pretty severe," Shaiken said. "There is no question the improvements in productivity and job cuts aren't going to do the trick without the right products. Detroit's real weakness is in the product," Shaiken said.

The decline in market share came as American carmakers slashed sales of vehicles to fleets maintained by daily rental companies as part of efforts to restructure and boost the value of their vehicles in the eyes of finicky, fashion-conscious buyers.

Apollo Hospitals plans big India expansion

ANN/ THE STATESMAN

Apollo Hospitals has chartered out a massive expansion plan with multi-location hospitals in Mumbai and plans to set up a full-fledged orthopaedic hospital in Chennai soon, a top official of the company said today.

"We have tied-up with Western Hospitals in Mumbai and will set up Centres of Excellence at various places. Each hospital will have 250-300 beds," Ms Preetha Reddy, managing director, Apollo Hospitals told reporters here on the sidelines of a Press conference on the progress of the 'Save a Child's Heart' initiative.

She said about Rs 600 crore has been allocated for the expansion in Mumbai and they were in the process of finalising and acquiring land in New Mumbai, Thane, South Mumbai and Nasik. Apollo would also be setting up an orthopaedic hospital in North Chennai with 200 beds at an investment of about Rs 110 crore, Ms Reddy said.

Unemployment in Norway at record low

XINHUA, Stockholm

Registered unemployment in Norway was at a record low of 51,000 persons, or 2.1 percent of the total work force in July, said reports reaching here from Oslo yesterday.

This is in reality full employment, Norwegian Broadcasting (NRK) reported, quoting economists.

"There are always some who quit a job before securing a new one, and then there are those who spend some time after completing studies, before they get work," said Handelsbanken economist Shakeb Syed.

At the same time there are 25,100 advertised vacancies nationwide, according to NRK.

Nokia launches 8 handsets in Bogra

STAFF CORRESPONDENT, Bogra

Nokia launched eight cell phone sets in Bogra yesterday.

The models of the five easily affordable, two classic and one premium handsets include Nokia 1200, Nokia 1208, Nokia 1650, Nokia 2630, Nokia 6500, Nokia 2760 and Nokia 8600.

Speaking at the launching function at Hotel Naz Garden, Prem Chand, general manager of Nokia Emerging Asia, said, "Innovative cell phone sharing technology, contemporary design and easy-to-use features combine in these new products to empower consumers in entry markets," said Prem Chand, General Manager, Nokia Emerging Asia.

PHOTO: STAR

Models show off Nokia mobile phone sets at a launching function in Bogra yesterday.

PHOTO: BATA

Bata Bangladesh Managing Director J D Hearns recently inaugurates a new Bata City Store at Uttrara (close to Bangladesh Medical College) in Dhaka. Other senior officials are also seen.