

# Star BUSINESS

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## World stocks boost

AFP, London

Global stocks ended a volatile week on a high note on Friday after Federal Reserve chief Ben Bernanke and US President George W. Bush reassured jittery investors.

After another week characterised by major swings in sentiment, most major stock markets ended higher on Friday, with Wall Street showing gains in midday trading.

Investors reacted to a speech by Federal Reserve chief Bernanke, his first since turmoil gripped global financial markets at the start of August, in which he said the US central bank stood ready to stabilise credit markets.

Losses by banks who made bad investments linked to US subprime loans have led to fears of a liquidity shortage in the banking sector that could lead to damaging increases in the cost of borrowing.

President Bush also unveiled Friday a series of federal government measures to help "subprime" Americans -- those with poor credit history -- to keep their homes after a sharp rise in the number of defaults and foreclosures.

Andreas Huerkamp, equity strategist at Commerzbank, said that both speeches were of importance.

"They noted that they have to tackle the problem from two sides -- the monetary as well as the fiscal side," he said.

In midday trading, the Dow Jones Industrial Average climbed 0.74 percent to 13,363.10, the tech-heavy Nasdaq composite rose 0.86 percent to 2,587.37, while the broad-market Standard Poor's 500 index advanced 0.91 percent to 1,470.93.

## India's retail lending up 30pc

ANN/ THE STATESMAN

Though the Indian financial sector does not have a sub-prime market, retail lending has increased by more than 30 per cent year-on-year between March 2006 and March 2007, underscoring need for a caution, an ASSOCHAM Eco Pulse (AEP) study has shown.

As per the AEP study on 'retail lending', ICICI Bank's retail advances increased by 39 per cent as on 31 March 2007, constituting 65 per cent of advances. Centurion Bank of Punjab has focused on the growth of retail business, with its retail loans accounting for 68 per cent of net advances. Punjab National Bank's retail credit constitutes 22.7 per cent of its net credit. Retail loans of State Bank of India constitutes 21.50 per cent of its total loan book.

"In the backdrop of increased focus on retail strategy and volatility of the financial markets, the Indian banks need to be more cautious while making disbursements in the retail sector.

## Tk 98.9cr multi credit arranged for Creative Paper Mills

Dhaka Bank Ltd with the help of seven other banks and financial institution has arranged a Tk 98.9 crore syndicated term loan facility for Creative Paper Mills Ltd.

A syndicated term loan agreement to this effect was signed on Tuesday in Dhaka between the banks, financial institution and Creative Paper Mills, says a press release.

Dhaka Bank is the lead arranger and agent bank in the syndication, while other participating banks and financial institution are Dutch-Bangla Bank Ltd (DBBL), Eastern Bank Ltd, First Security Bank Ltd, NCC Bank Ltd, Premier Bank Ltd, Uttara Bank Ltd, Union Capital Ltd.

The proposed project is a paper-manufacturing unit, which will have an annual production capacity of 42,000 tonnes of different kinds of paper such as newsprint, offset and poster paper.

Shahed Noman, managing director (MD) of Dhaka Bank, Md Yeasin Ali, MD of DBBL, Ali Reza Iftekhar, MD of Eastern Bank, AAM Zakaria, MD of First Security Bank, Md Nurul Amin, MD of NCC Bank, Abu Haniff Khan, MD of Premier Bank, Shaikh Aminuddin Ahmed, consultant (CRM) of Uttara Bank, Mohammad Hafiz Ahmed, MD of Union Capital, Hasanul Morshed, chairman of Creative Paper Mills, and Tabibul Huq, managing director, were present at the signing ceremony.

## Flight crisis forces 1000 outbound workers to postpone trips everyday

### Travel agents say

#### STAR BUSINESS REPORT

Some one thousand overseas-bound Bangladeshi workers have to postpone their travels every day due to shortage of flights of airlines operating in the country, travel agents said yesterday.

Flight crisis especially for low-income workers has deepened over the last six months as manpower export has almost doubled during the period, members of Association of Travel Agents of Bangladesh (Atab) told a press conference in Dhaka.

Manpower export will face a setback unless Biman Bangladesh Airlines Ltd leases at least two big aircraft within the next 15 days, the Atab members said.

Biman carried almost 30 per cent of total Middle East-bound passengers in the recent past, but now the national flag carrier carries only 10 per cent of them.

Atab also put forward 11-point recommendation to ease the flight crisis to the chief adviser yesterday.

The association leaders also alleged most airlines charge extra fares taking the advantage of flight shortage.

The flight crisis of Biman is one of



MA Muhaimin Saleh, president of Association of Travel Agents of Bangladesh, speaks at a press conference in Dhaka yesterday.

the major reasons behind the recent crisis for foreign-bound workers, said MA Muhaimin Saleh, president of Atab.

Earlier, Biman carried 4.50 lakh passengers every year whereas now it can carry only 1.50 lakh, added Saleh.

The travel agents said both local and foreign airlines have the capacity to carry only 2,500 passengers per day, although the number of

overseas-bound Bangladeshis has increased to 3,500 a day.

As a result, additional 1,000 people have to face flight crisis, they added.

"Many workers face expiry of visa due to delayed flights," Saleh said. He also urged the government to allow all airlines operating in Bangladesh to increase their flight frequencies.

## Hyundai Motor workers vote to strike

AFP, Seoul

Workers at South Korea's largest carmaker Hyundai Motor have voted to go on strike this week, a company spokesman said Saturday.

Almost two-thirds of Hyundai's 44,800-strong union voted to authorise a strike as early as Tuesday after 50 days of negotiations broke down.

The union is seeking an 8.9 percent pay increase, an extension of the retirement age from 58 to 60 and a halt to the allocation of work to overseas plants -- demands that management say are "unacceptable."

Hyundai Motor president Yoon Yeo-Cheol has urged workers to drop "excessive demands which have undermined competitiveness" of the world's sixth largest auto company.

The union has already gone on strike twice so far this year, first over a disputed bonus in January and again in June to protest the signing of the US-South Korea free trade agreement.

Not a year has passed without a strike since the union was formed in 1987 in the wake of a pro-democracy popular uprising.

Strikes at Hyundai Motor last year alone cost the company 115,683 vehicles worth 1.6 trillion won (1.7 billion dollars).

## AirAsia to buy 25 Airbus

AFP, Kuala Lumpur

Southeast Asia's largest low cost carrier AirAsia will order 25 Airbus A320s to meet passenger demand, officials said Friday after announcing plans to launch a new budget airline in Vietnam.

"We will need another 25 A320s, we will make an announcement in the next two weeks to increase our A320 fleet," Chief Executive Tony Fernandes told AFP, citing increased passengers and new routes.

Officials estimate the purchase cost to be around 1.6 billion dollars based on the list price of the model.

Malaysia's AirAsia, which on Thursday posted a 41.5 percent rise in fourth quarter profits, also said they will team up with the state-owned Vietnam Shipbuilding Industry Corporation (VinaShip) to form Vina AirAsia in a 30-million-dollar deal.

"We have signed a Memorandum of Understanding with Vinashin today (Friday) to form Vina AirAsia," Fernandes said.

"Vietnam, with a pro-business leadership and a 84-million population, is a fertile place for AirAsia to expand its business. We are seeing a tourism boom and we want to be part of it," he added.

A contract will be formally signed on September 20, Fernandes told AFP, and Vina AirAsia planned to begin flying in July 2008, with possible routes to southern China from its hub in Hanoi.

Pham Thanh Binh, chairman and chief executive officer of Vinashin, told AFP that the company was excited to be forming a partnership with AirAsia.

"We will be the first budget carrier in Vietnam," he said.

## Manufacturing confidence up in Korea

ANN/ THE KOREA HERALD

Korean manufacturing confidence for September improved for the second month, but more than half of the nation's manufacturers were pessimistic about business conditions the following month (October), the central bank said Thursday, according to Yonhap News Agency.

According to the Bank of Korea, the business survey index (BSI) for manufacturers advanced to 95 for September from 89 of August. A reading below 100 means pessimists outnumber optimists.

The September BSI was the highest since reaching 97 in April last year.

"Business confidence among large corporations, smaller firms, exporters and companies targeting the domestic market all improved from a month earlier," the central bank said in a statement.

The index for large companies went up from 98 in August to 103 for September. The BSI for September rose above the 100-level mark for the first time in one and a half years, meaning optimists outnumber pessimists.

## Six banks raise interests on deposit

#### STAR BUSINESS REPORT

Six commercial banks have increased interest rates on deposit, while four others have cut the rate.

Besides, two banks have raised their lending rates and two others reduced the rate, according to a Bangladesh Bank report based on 48 commercial banks.

The banks that hiked the interest rates on deposit in August are: Bangladesh Krishi Bank, Bangladesh Shilpa Bank, Southeast Bank, One Bank and BRAC Bank.

And the banks that lowered such rate are: Islami Bank Bangladesh, The City Bank, Oriental Bank and Dhaka Bank.

The interest rate analysis during

the last three months showed that 12 commercial banks slashed the interest rate on savings and different long-term deposits. On the contrary, some banks went for raising such rate.

According to statistics, the banks that have reduced the rate are: National Bank, Sountheast Bank, City Bank, Exim Bank, Social Investment Bank, Mutual Trust Bank, Jamuna Bank, Premier Bank, Shahajalal Bank, Bank Al-Falah, Hongkong Shanghai Banking Corporation (HSBC) and Commercial Bank of Ceylon.

The banks that hiked interest rates are Southeast Bank, Habib Bank and State Bank of India.

Besides, Commercial Bank of Ceylon has reduced lending rate,

while Standard Chartered Bank has raised the rate.

The banks in need of cash money usually encourage deposits through offering higher interest on deposit.

However, some banks have decided to cut the interest rates to discourage deposits in the wake of a recent huge liquidity arisen out of investment scarcity.

However, some banks still face liquidity crisis.

Recently, Bangladesh Bank has taken initiatives to reduce the spread, a gap between the interest rates of deposit and loan. The central bank asked 27 commercial banks to ascertain reasons why their spread is high.

## China growth offers 'good opportunity' for US, E Asia : Bush

ANN/ CHINA DAILY

US President George W Bush said China's rapid economic growth has provided a "good opportunity" for the United States as well as other countries in the Asia-Pacific region.

US President George W Bush was speaking at the 89th Annual American Legion Convention in Reno, Nevada on Thursday.

"Is China an issue for the world? Absolutely. But I don't view it as a negative issue, I view it as an opportunity to work with one of the really significantly growing economies in the world," Bush said during a round-table interview with Asian media on the eve of his visit to Australia next week.

"First, I view that a growing middle class in China is good for US exporters; it provides opportunity," said the US president, who will attend the 15th economic leaders' informal meeting of the Asia-Pacific Economic Cooperation (Apec) forum, scheduled to be held in Sydney on September 8-9.

"By the way, it's not only good for

US exports, it's good for Australian exporters, and it's good for Japanese exporters, and it's good for Singaporean, Malaysian -- anybody who is making a product somebody wants, it's just a good opportunity," he added.

On US-China relations, Bush stressed that it is important for the two countries to have a strategic relationship that allows for engagement and helps both to deal with issues such as trade deficits.

In response to a question, the president dismissed the notion that Washington has been distracted from engagement in Asia because of the war on terror and issues like Iraq.

He said relations between the United States and the Asia-Pacific region have never been better. "This just doesn't happen without work," he said.

As to the upcoming Apec meeting, Bush said he was looking forward to discussing trade with other leaders of Apec economies.

## China's civil aviation industry 'developing too fast'

ANN/ CHINA DAILY

The civil aviation authority warned the air transport industry is developing "too fast", and is confronted with "huge pressure to ensure safety".

"The fast pace needs control by scientific measures otherwise, any disaster could severely hamper the industry's healthy development," according to a statement which quoted the head of the CAAC Yang Yuanyuan as saying.

Passenger and cargo throughput has increased by nearly 20 per cent year on year, about 6 percentage points above forecast. More aircraft coming on stream has also been "excessive", the CAAC said.

Statistics show that the number of aircraft between 1996 and 2000 was 111 and between 2001 and 2005, 336.

In the first six months of this year, 56 more aircraft have been added. It is estimated that the net increase between 2006 and 2010 will hit a record 725.



Dr Ahmad Mohamed Ali, president of Islamic Development Bank, lays the foundation stone of multistoried Islami Bank Research Academy Complex on Friday in Rajarbag, Dhaka. Senior officials of Islami Bank Bangladesh Ltd were also present.

## WTO to probe Chinese industrial subsidies

AFP, Geneva

The World Trade Organisation said on Friday it will investigate whether Chinese industrial subsidies breach international trade rules following a complaint by the United States and Mexico.

The US and Mexico's complaint targets tax breaks they claim China offers to its companies if they buy Chinese supplies instead of imported goods and other tax benefits that appear to be based on the export performance of companies.

The WTO's Dispute Settlement Body (DSB) accepted the complaint after China blocked an initial request in July, as the Asian giant was allowed to do under the global trade body's rules.

US officials have argued that state subsidies for steel, paper, information technology and other industries allow China to export its goods cheaply and prevent US companies from competing fairly.

For its part, China said it was

"deeply regrettable" that the US and Mexico have persisted in their complaint, and stressed its confidence that the relevant measures were consistent with its WTO obligations.

"China has showed good faith to find a positive solution to this dispute throughout such consultations and is still ready to do so in a reciprocal way with the complainants," it said.

The complaint comes amid growing pressure in Washington to respond to a burgeoning trade deficit with China and concerns that Beijing is flouting rules used by most trading partners.

The US, together with Canada and the European Union, also requested a WTO panel in September 2006 to help settle a dispute over automobile parts. The complainants accuse China of imposing charges that unfairly discriminate against imported parts.

The complaint is ongoing and a judgement is expected in January

2008.

Washington has also been holding talks with Beijing since April 2007 over what it claims are unfair Chinese measures regarding the commercialisation and distribution of some audiovisual products, though as yet it has not sought recourse to the WTO.

China on Friday also blocked a separate complaint by the United States accusing it of violating intellectual property rights, the WTO said.

The US lodged its complaint at the Geneva-based global trade body on August 13. The DSB will be obliged to adopt the complaint at its next meeting on September 14, unless the US withdraws it in the meantime.

"In pursuing this action, the United States seeking to eliminate significant structural deficiencies that give pirates and counterfeiters in China a safe harbour to avoid criminal liability," the US trade office said when the complaint was first launched.



Senior officials of Dhaka Bank Ltd, Dutch-Bangla Bank Ltd, Eastern Bank Ltd, First Security Bank Ltd, NCC Bank Ltd, Premier Bank Ltd, Uttara Bank Ltd, Union Capital Ltd and Creative Paper Mills Ltd pose for photographs at a syndicated term loan agreement signing ceremony on Tuesday in the capital.