

Star BUSINESS

E-mail: business@thedailystar.net

DUTY-FREE EXPORT OF 8M PIECES OF APPARELS TO INDIA

RMG makers' hopes high as Dhaka, Delhi sign MoU tomorrow

STAR BUSINESS REPORT

Local apparel exporters have high hopes as Dhaka and New Delhi sign a memorandum of understanding (MoU) tomorrow on duty-free entry of eight million pieces of Bangladeshi apparels into India a year.

The garment exporters see the move as a step forward to enter an alternative market, which will ease dependence on the traditional US and European markets for readymade garments.

Abdul Wahab Mian, joint secretary, commerce ministry, and Mukta D. Tomar, deputy high commissioner, Indian High Commission, will sign the MoU on behalf of their countries in Dhaka.

Anwar-ul-Alam Chowdhury Parvez, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said although the quantity of export is very negligible in terms of total export of the country, in the long run India may emerge as a major export destination for Bangladesh.

Fazlul Haq, president of

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said India holds potential to become a major readymade apparel market for Bangladeshi exporters.

Annisul Huq, former president of BGMEA, said the process of exporting garments under duty-free arrangement should be transparent.

Earlier, the council of advisers last month approved the modalities of the MoU.

After the MoU is signed, documents will be sent to Indian authorities. It will not take more than one month to start export of the duty-free RMG products to India, commerce ministry sources hoped.

Although India made the offer two years ago under the South Asian Free Trade Agreement (Safra) framework, the authorities took time to reach a consensus on modalities for export.

As per the final decisions, Bangladeshi exporters are now free to export the RMG products made of either Bangladeshi or any other country's fabrics.

According to the primary proposals by India, a portion of RMG products from Bangladesh should have been made by Bangladeshi fabrics and the rest ones by Indian fabrics.

Under the new proposals, 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 export.

Indian Commerce Minister Kamal Nath in 2005 promised to Bangladesh that his country would allow a duty-free entry of its eight million pieces of RMG products to boost bilateral trade.

Bangladesh's exports hit over US\$ 12 billion last fiscal year (2006-07) with around 75 percent of the earning coming from the readymade garment sector.

The major export destinations for the \$10 billion industry are the US and Europe.

The country's garment entrepreneurs are eagerly looking for alternative markets to reduce their dependency on limited markets.

Banglalink, Parjatan sign MoU to boost tourism

Mobile phone operator Banglalink and Bangladesh Parjatan Corporation (BPC) will work together for the development of the country's tourism industry. The operator has also become the official partner of the tourism organisation to support its activities across the country.

A memorandum of understanding (MoU) to this effect was signed between BPC and Banglalink in Dhaka on Thursday, says a press release.

Chairman of BPC Md Hafizur Rahman Bhuiyan, CEO and Managing Director of Banglalink Rashid Khan and senior officials from both the sides were present at the signing ceremony.

HK exchange chairman calls for single China market

AFP, Hong Kong

China and Hong Kong should create a single stock market to take-on the world's leading bourses, the head of the southern city's exchange said in an interview published Friday.

Hong Kong Exchanges and Clearing (HKEx) chairman Ronald Arculli said he would welcome a single listing and trading platform that would cover Hong Kong, Shenzhen and Shanghai, the South China Morning Post reported.

"This means companies could list on all three exchanges, while investors could freely trade on any of the markets," he said. "We can also work out some investment products to be traded on all three exchanges."

Arculli added that under the proposed model, the exchanges could maintain different shareholding and company structures, but create a single listing system.

The plan comes as Hong Kong is pushing for closer ties with mainland exchanges in an effort not to be sidelined by the booming Shanghai stock market.

Last week, the city's government announced they had upped their stake in the HKEx and on Wednesday Financial Secretary John Tsang raised the possibility of future share swaps between Shanghai and Hong Kong exchanges.

HSBC to buy stake in Vietnam insurer

AFP, Hong Kong

HSBC has agreed to buy a 10 percent stake of a leading Vietnamese insurance company, as the global banking giant continues its Asian expansion strategy.

HSBC said in a statement it will pay 255 million US dollars for the stake in Vietnam Insurance Corporation (BaoViet), the country's leading insurance and financial group.

The London and Hong Kong-listed bank will provide the Hanoi-based company technical assistance, training and will second some staff as part of the deal, in an effort to tap into the expanding insurance market in Vietnam.

"This investment and strategic partnership with BaoViet reflects a growing commitment to Vietnam, and is in line with HSBC's stated strategy of targeting investment at high growth markets with international connections," said Stephen Green, chairman of HSBC Holdings.

"Vietnam is one of the fastest growing economies in Asia, with average GDP growth of more than 7 percent in the past 10 years. We are honoured to be able to play a leading role through this landmark transaction in the first equitisation of a major state-owned enterprise in Vietnam."

Pragati Life Ins okays 12pc dividend

Pragati Life Insurance Ltd has declared a 12 percent dividend for its shareholders for the year 2006.

The dividend was approved at the seventh annual general meeting (AGM) of the company on Thursday in Dhaka, says a press release.

Chairman of the company Syed M Altaf Hussain presided over the AGM, which was attended, among others, by directors and managing director.

Oil prices ease in Asia after striking fresh record at \$80

AFP, Singapore

Crude oil prices pulled back below 80 dollars a barrel in Asian trade Friday on profit taking after striking fresh record peaks overnight due to a hurricane in the United States, dealers said.

At 3:20 pm (0720 GMT) New York's main contract, light sweet crude for October delivery, dropped 42 cents to 79.67 US dollars a barrel from its record close of 80.09 dollars in late US trades Thursday.

The October contract hit a new intraday high of 80.20 dollars Thursday, two cents higher than Wednesday's record, as Hurricane Humberto battered Texas and dragged on across Louisiana as a tropical storm.

Oil prices surged in US trades on fears the storm could damage oil production facilities in the US Gulf Coast.

Brent North Sea crude for

October delivery fell 17 cents to 76.95 dollars.

Victor Shum, a Singapore-based analyst with energy consultancy Purvin and Gertz, said crude oil prices hit new record peaks after the storm cut off power supplies to a number of refineries in the US Gulf of Mexico region.

But prices retreated after investors judged the damage had been limited, he said.

"The shutdown of the refineries is likely to be very temporary and inevitably there will be profit-taking after the record highs," Shum said.

But he said prices will remain under pressure in the near-term because September is the peak hurricane month in the United States, the world's biggest energy consumer.

Winter in the northern hemisphere is also nearing which means demand for heating fuel would peak.

"In the near term, there are limited downside risks to the oil

market," Shum said.

"Hurricane Humberto is a reminder that we are in the peak hurricane month, and if we look ahead into the coming winter months, petroleum demand also typically peaks," he said.

"So oil supply and demand fundamentals are likely to remain tight, and these strong fundamentals have attracted investors back into the oil market."

Shum said concerns over the fallout from the crisis in the US subprime credit market appeared to have dissipated, and US President George W. Bush's announcement of a partial US troop pullout from Iraq would have limited impact in the short term.

"I think the longer term question is in the aftermath of an actual troop withdrawal. Are we going to see a resurgence of violence in Iraq which may lead to bigger concerns?" he said.

Square Pharma declares 50pc cash, 50pc stock dividends

Square Pharmaceuticals Ltd has declared a 50 percent cash dividend and a 50 percent stock dividend for its shareholders for the year that ended on March 31, 2007.

The dividends were announced at the 41st annual general meeting (AGM) of the company held on Wednesday in Dhaka.

Chairman of the company Samson H Chowdhury presided over the AGM, while directors Ratna Patra, Samuel S Chowdhury, Kazi Harunar Rashid, Kazi Iqbal Harun, KM Saiful Islam and senior officials, among others, were present.

Contribution of SMEs to Malaysian GDP rising

ANN/THE STAR

The contribution of small and medium enterprises (SMEs) to Malaysia's gross domestic product is expected to rise to 37 percent by 2010, up from 32 percent in 2005.

According to the SME Annual Report 2006 released by Bank Negara's National SME Development Council on Thursday, the SMEs contribution in total export accounted to about 19 percent in 2005 and the government hoped to increase it to 22 percent by 2010.

The report also said the programmes and initiatives for SME development would, therefore, be intensified to achieve the targets.

In recognition of the importance of the SME sector, the government has made the development of SMEs a high priority. Strategies under the Ninth Malaysia Plan are focused on acquiring technologies to propel SMEs up the value chain in the manufacturing, agriculture and services sectors. The priority accorded to developing domestic SMEs is further reiterated in the Third Industrial Master Plan.

The government has allocated 3.7 billion ringgit (US\$1.06 billion) this year to implement about 189 programmes for the SME sector.

Indian inflation stays below central bank target

AFP, New Delhi

India's annual inflation stayed well below central bank targets for a third week in a row, data Friday showed, paving the way for an easing of monetary policy in the fast-growing economy.

The wholesale price index, India's closest watched cost-of-living monitor, showed annual inflation slowed to 3.52 percent for the week ended September 1, down from 3.79 percent a week earlier.

The inflation drop, in an economy which has been growing by over nine percent, was helped by falling prices of foods such as pulses and vegetables as well as some manufactured goods.

Inflation stood at 5.34 percent in the corresponding week a year ago.

The data marked a third week in a row that inflation was below the bank's medium term inflation target of four to 4.5 percent.

New SME helpline centre launched

A new SME helpline centre was launched on the premises of Bangladesh Women Chamber of Commerce and Industry (BWCCI) office at Gulshan in Dhaka on Thursday, says a press release.

The lunching ceremony of SME Helpline Outreach Centre was jointly organised by BWCCI and the SME Cell under the industries ministry.

Mohammad Ayub Miah, additional secretary to the industries ministry and managing director of SME Foundation, inaugurated the centre. BWCCI President Selima Ahmad was also present at the function.

The new SME helpline center is among the 32 centers being established to facilitate SMEs with the required information.

The helpline center will be equipped with a personal computer, printer, fax modem, a photocopier and internet facilities. It will also focus on capacity building, training and business information for women entrepreneurs.



PHOTO: MASTHEAD PR

Mobile phone operator Banglalink and Bangladesh Parjatan Corporation (BPC) signed a memorandum of understanding (MoU) on Thursday in Dhaka to work together for the development of the country's tourism industry. Chairman of BPC Md Hafizur Rahman Bhuiyan, CEO and Managing Director of Banglalink Rashid Khan and senior officials from both the sides were present at the signing ceremony.

China hikes interest rate to slow economy

AFP, Beijing

China's central bank announced Friday its fifth interest rate hike this year, after a slew of data showed the world's fourth-largest economy was still racing ahead with inflation at a decade high.

Both deposit and lending rates would rise by 27 basis points on Saturday, in a bid to "strengthen credit management, bring about reasonable growth in investment and stabilise inflationary expectations," the central bank said.

"The fact that this rate hike came within one month after the last rate hike, on August 21, indicates a stronger will of the authorities to use market-oriented tools to manage the economy," said Hong Liang, an economist with Goldman Sachs.

After the hike, the key one-year lending rate will be 7.29 percent, up 117 basis points from last year, while the one-year deposit rate will stand at 3.87 percent, up 135 basis points from late 2006.

The move comes after data was released this week showing the economy was still racing ahead,

with the consumer inflation rate at 6.5 percent in August, the highest in more than a decade.

One of the main worries of policymakers is the fact that high inflation pushes real interest rates into negative territory.

This means that people lose out by putting money in banks, preferring to invest in stocks and real estate, conjuring up the spectre of a devastating asset bubble.

The trouble is that even after the rate hike, bank savings will still imply an annual loss of about three percent.

"Under the circumstances, 27 basis point hikes don't have enough of an impact on the financial market," said Yi Xianrong, an economist at the Chinese Academy of Social Sciences, the nation's top think tank.

"With a negative interest rate, the central bank should speed up the frequency and enlarge the range of the interest rate hikes."

China said earlier Friday urban fixed asset investment rose 26.7 percent in the first eight months of 2007 compared with a year earlier. Economists said this implied a 27.3

percent rise in August alone.

Even after this weekend's rate hike, the chances are the Chinese juggernaut will rumble on.

"Overall, the economy is expanding fast, and liquidity has not been brought under control at all," said Xue Hua, a Shenzhen-based economist with Merchants Securities.

Xue estimated growth this year in the world's fourth-largest economy would hit 11.3 percent, making 2007 the fifth consecutive year of double-digit expansion.

The economy grew at 11.9 percent in the second quarter of this year and 11.5 percent in the first half.

Economic growth in the 1.3-billion-people economy is helped enormously by a trade surplus which, according to data released earlier this week, hit a near-record 24.97 billion dollars in August.

While foreign trade gets most of the attention, investments form the crucial other part of the equation, and the data published Friday revealed where some of the trouble spots are.

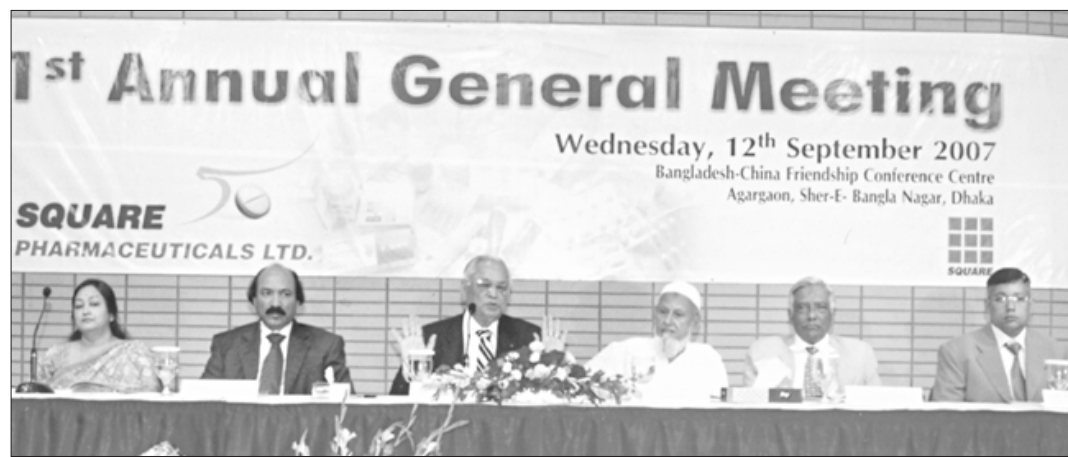


PHOTO: SQUARE PHARMACEUTICALS

The 41st annual general meeting (AGM) of Square Pharmaceuticals Ltd was held on Wednesday in Dhaka. Chairman of the company Samson H Chowdhury presided over the AGM, while directors Ratna Patra, Samuel S Chowdhury, Kazi Harunar Rashid, Kazi Iqbal Harun, KM Saiful Islam and senior officials, among others, were present.

Japanese firms fail to meet Chinese norms

ANN/ THE YOMIURI SHIMBUN

Japanese companies operating in China lag behind in dealing with the strict application of Chinese National Standards for industrial products manufactured and marketed in China.

China started making legislative arrangements for regulating the quality of industrial products in the mid-1990s. The Chinese National Standard is called Guojia Biazhun (GB). A number of laws stipulate GBs for product quality, consumer rights, advertisements and Chinese character styles, among others.

GBs are similar to Japanese Industrial Standards but different from JIS because they can be enforced to ban the manufacturing, selling and importing of products that do not meet the relevant GB standard.

The Japan Technical Communicators Association (JTCA) sent a mission to China twice between the autumn of last year and this spring to inspect the current array of GBs and their application. The mission found that Japanese-affiliated firms are falling behind their US and European counterparts in complying with GBs. For this reason, the association has established a subcommittee on Chinese markets to gather more information and hold seminars on the matter.

The GBs set out detailed standards for product manuals, warranties, service manuals, packaging, labeling, nameplates and product displays.

The biggest difference between Japan and China is the strictness in

China of the rules regarding product accessories and annexed documents. Instruction manuals, for example, are regarded in Japan as having no more significance than as a set of operating instructions, but in China they are regarded as an integral part of a product along the lines of a contract document.

Satoshi Kuroda, chairman of the JTCA's subcommittee on the Chinese market, said: "The functions of a product should correspond completely with what is

FDI in Vietnam to hit \$13b in 2007

ANN/VIET NAM NEWS

Foreign direct investment in Vietnam is likely to reach US\$13 billion by the end of the year, beating the target by \$1 billion, according to the Ministry of Planning and Investment's Foreign Investment Agency.

The prediction is based on the results of the first eight months of the year, in which FDI hit \$8.32 billion.

A number of foreign-invested projects were also in the pipeline, according to the agency, worth a total of \$50 billion. Noteworthy was a \$5 billion project by Taiwan's Foxconn Group to develop hi-tech industries in Viet Nam. Late last month, the group launched two new manufacturing facilities worth a combined \$80 million in the northern province of Bac Ninh.



PHOTO: BWCCI

A new SME helpline centre was launched on the premises of Bangladesh Women Chamber of Commerce and Industry (BWCCI) office at Gulshan in Dhaka on Thursday. Mohammad Ayub Miah, additional secretary to the industries ministry and managing director of SME Foundation, inaugurated the centre. BWCCI President Selima Ahmad was also present.



PHOTO: PRAGATI LIFE INSURANCE

The seventh annual general meeting (AGM) of Pragati Life Insurance Ltd was held on Thursday in Dhaka. Chairman of the company Syed M Altaf Hussain presided over the AGM, while directors and managing director, among others, were present.