

International Business News

Vietnam workers strike at South Korean garment plant

AFP, Hanoi
 Nearly 1,500 Vietnamese workers went on strike at a South Korean-owned garment plant demanding more money amid rising prices, and half of them remained off work Monday, a company official said.
 The workers at SH Vina Company in southern Long An province walked out last Thursday demanding an additional 150,000 dong (about 10 dollars) monthly travel allowance amid high inflation driven by surging fuel prices, he said.
 "Consumer prices have gone up sharply, and fuel prices also went up recently," said personnel department officer Huynh Thanh Tra. "The salary is not low, but it's hard for worker to make a living under such conditions."
 Half of the employees returned to work Monday, accepting a new 80,000 dong monthly allowance, but the remainder had stayed away, said Tra.
 "The price increases have had a really bad impact on our workers, and in turn on our company's business," Tra told AFP.
 Communist Vietnam is now fighting spiralling inflation, with consumer prices rising more than 15 percent year-on-year in February, a decade high, driven in part by world oil prices above 100 dollars a barrel.

Gold price hits fresh record high in London

AFP, London
 The price of gold rose to a record high 984.95 dollars an ounce Monday, extending gains on the back of a weak dollar and its safehaven status amid concerns about rising inflation, dealers said.
 They said that against a backdrop of inflation and fears the US economy could be at risk of recession, investors were looking to gold and other precious metals for safety.
 Gold later slipped back to 981.35 dollars.
 On the London Bullion Market, the price of gold closed at 971.50 dollars on Friday.

Thai inflation jumps to 5.4 pc

AFP, Bangkok
 Thailand's inflation rate jumped to a 19-month high of 5.4 percent in February due to surging prices for energy and food, the Commerce Ministry said Monday.
 The figure was higher than the market's forecast of 3.5 percent and marked a sharp rise from January's inflation rate of 4.3 percent.
 "Inflation in February increased due mainly to rising oil prices. High oil prices continue to affect prices of other consumer goods, including meat and vegetables," said Kanang Duangmanee, researcher at Kasikorn Research center.
 Overall food and beverage prices rose 7.9 percent year-on-year, but meat prices soared 25.0 percent while fruit and vegetable prices rose 15.1 percent. Prices of eggs and dairy products increased 10.7 percent.



AFP
 An Afghan girl weaves a carpet in her modest home in the Kala Fatullah district of Kabul on February, 26 2008. Afghan carpets, made mostly in the north of the country, are one of the war-ravaged country's few exports and can fetch thousands of dollars each on the international market. Many Afghan children work because they have to help support their poverty stricken families.

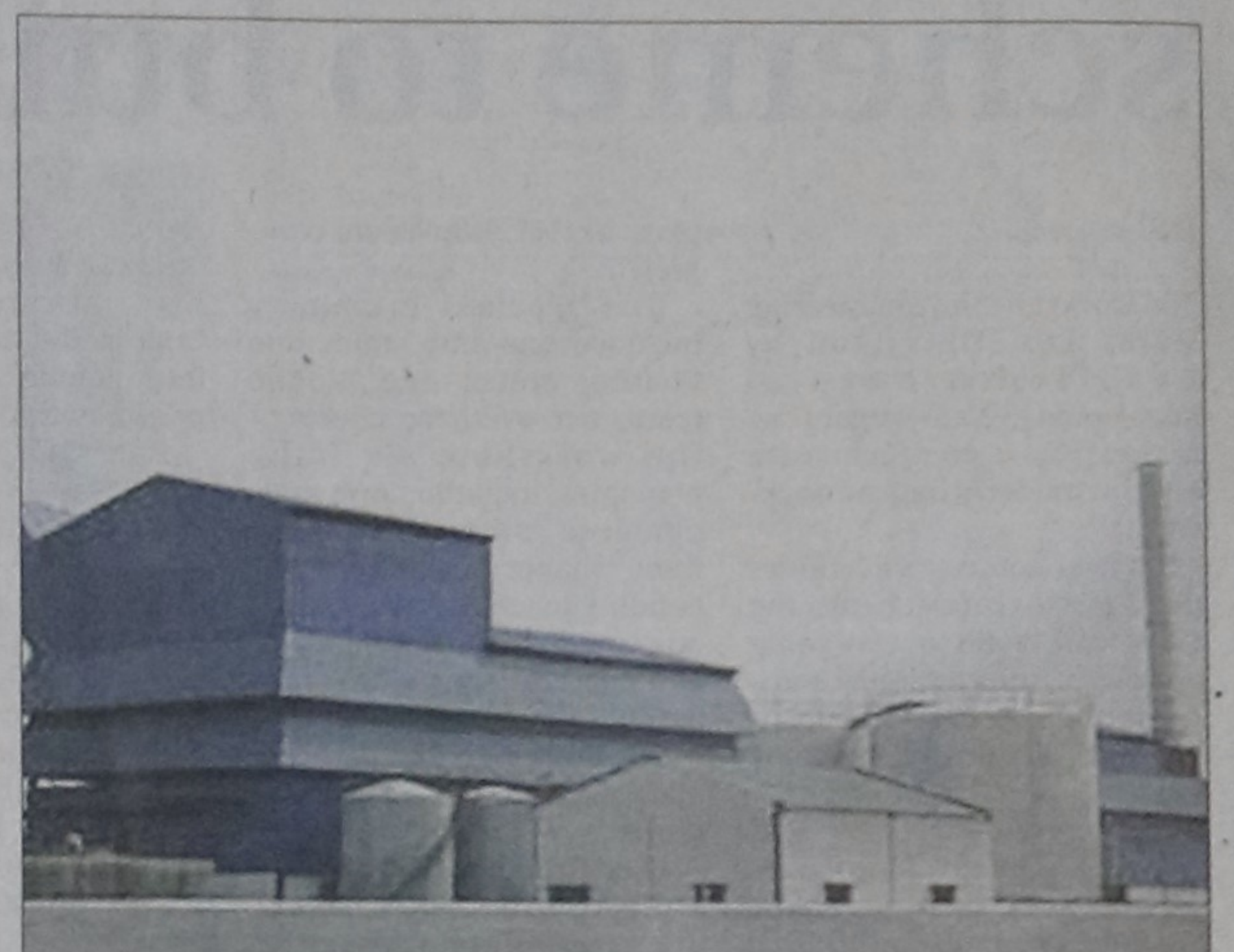
Virgin mobile enters Indian telecom market

ANN/THE STATESMAN
 Virgin Mobile, part of British communications group Virgin Media, Sunday launched youth-oriented mobile services in India through telecom operator Tata Teleservices Ltd (TTL).
 The deal brings a tie-up between two of world's leading business leaders - Ratan Tata of the Tata Group and Sir Richard Branson of the Virgin conglomerate.
 Branson, chairman of the Virgin Group, launched the Virgin Mobile brand in Mumbai. TTL will launch Virgin Mobile in 50 cities initially and in more than 1,000 cities by the year-end, Branson told reporters during the launch.
 The maverick millionaire expects to get five million subscribers over the first three years with special value-added services and handsets priced between \$50-\$125.
 "India is an exciting market. There are more than 215 million Indians aged between 14-25 years. Over the next three years, we expect this segment to be adding over 50 million new youth subscribers and to have revenues of over Rs 350 billion. We will target 10 per cent of the urban youth market," Branson told reporters.
 Branson also expressed his intention to enter into India's GSM mobile services space as well. He said: "As the government rolls out more GSM network, Virgin Group would like to enter into the GSM field as well."
 "It's a pain to do GSM at the moment because the network is completely full. If more capacity comes there, we plan to venture into that area as well," he added.

INVESTMENT

The quiet industrial zones

SOHEL PARVEZ
 The first thing you notice is the lack of tea stalls, buses and hurrying workers that normally crowd the roads outside the country's industrial zones.... then there is the quiet.
 Seven years since it opened, promising thousands of new jobs in shiny new factories large parts of the Mongla Export Processing Zone remain a wasteland, over run by wild trees and bushes.
 Only 11 factories are up and running and of the hoped for 22,000 new jobs, only 250 have materialized.
 "We are in trouble because of the absence of a gas connection and a proper road infrastructure. Investors initially prefer the EPZ, but leave the place due to these shortcomings," said Hafizur Rahman, general manager of Mongla Export Processing Zone.
 "We have lost many potential investors in the last seven years," he said.
 The Mongla EPZ is one of the eight export-oriented industrial enclaves set up in the country. It started operation in 2001 with the aim of generating employment in the southwestern part of the country.
 It is a product of a policy introduced in the 1980s, when the EPZs were introduced to promote local and foreign investment, diversify exports, generate employment and transfer technology, offering various facilities to investors such as investment guarantee, 10 years tax holiday, duty free import and export of products and relief from double taxation.
 But while there have been notable successes in Dhaka, Chittagong and Comilla, other EPZs remain largely unused. In Uttara EPZ in Nilphamari, Rangpur and Iswardi EPZ in Pabna, Rajshahi hoped for investments have not arrived. In the case of Uttar, set up five years ago to provide employment in the munga-prone area, only 8 of the 154 plots have been allocated.
 These failures have put into



The entrance of Mongla Export Processing Zone (left). While EPZs in Dhaka and Chittagong have been great successes, several of the zones away from the large metropolitan areas have struggled to attract investments. The new SG Oil factory at the Mongla EPZ (right).

question the usefulness of establishing EPZs outside the main metropolitan areas, where some suggest their location has been chosen to solve regional employment problems rather than to satisfy the needs of potential investors.
 "The site selections were not proper to attract the investors," said Zaid Bakht, research director of Bangladesh Institute of Development Studies. "These EPZs were developed to encourage the establishment of agro-processing industries but infrastructures such as transport and support services were not developed properly to woo investors," he added.
 Bakht suggested the creation of storage facilities, adequate electricity supplies and special fiscal incentives to make the EPZs vibrant.
 "In future, the government should select the site on a commercial basis," he said. "Apart from the EPZs, the government should also go for setting up special economic zones so that it can meet the demand for both the domestic market and global market."

EXPORT EARNING OF EACH EPZ		
EPZ	Start Year	Export Earnings (FY 2006-07) Million US\$
Chittagong	1983-	971.54
Dhaka	84	1033.0
Mongla	1993-	3
Comilla	94	1.31
Uttara	2000-	46.01
Nilphamari	01	0.08
Ishwardi	2001-	2.23
Adamjee	02	9.47
Karnaphuli	2001-	02

Source: BEPZA

Theoretically the Mongla EPZ is well situated, located less than a kilometer away from the Mongla Sea Port. Yet so far it has received just US\$ 3.56 million in investment with only 27 out of 124 plots allocated on the 460 acre site.
 Out of total export earnings from EPZs of \$2063 million in the fiscal year 2006-07, earnings from Mongla stood at \$1.31 million.
 "I am a bit frustrated. The EPZ suffers from a number of limitations. There are not enough facilities to attract investors. I am here because all

my businesses are in Khulna," said Ghalib Kapadia, owner of the Tara Exim Corporation that has started to weave terry towel at the EPZ recently.
 Ghalib said one major problem is the lack of decent links with commercial hubs such as Dhaka and Chittagong. "The port is virtually inactive. Besides, there is no airport so the journey for buyers is arduous and they cannot visit and return in a day," he said.
 However Hafizur Rahman, general manager of the EPZ is hopeful of receiving increased investments in the coming

days with an India-based edible oil refinery, SG Oil, to start production this month.
 Hafizur also pinned hopes on Tara Exim and other units processing locally available raw materials such as coir (rough material made from the shells of coconuts) and shrimp shells, a byproduct of the shrimp industry.
 "I believe, all these units will have a significant impact on bringing new investments to the EPZ," he said. "Now if the gas connection is put in place and Padma Bridge is constructed, the EPZ will see an investment boom."
 Chief Adviser Fakhruddin Ahmed, last month, announced the construction of 5.58km railway-cum-road based Padma bridge next year to establish a direct road link between the southwestern region and other parts of the country.
 Rajeev Ranjan, chief executive of SG Oil, said. "It's an attractive investment site. It's the nearest place to India. Besides, rents for water, electricity and land are lower compared with the other EPZs,"
 BEPZA executive chairman

Brig Gen Ashraf Abdullah Yussuf said investment in the smaller EPZs is coming at a higher rate compared with the previous days. "You cannot expect these to attract investment like Dhaka EPZ," he said.
 The BEPZA chairman said the tariffs for using land, electricity, water and other utility services at Mongla and Ishwardi have already been reduced to encourage investment.
 He said Mongla and Uttara EPZ suffered from the lack of gas connection. Moreover in Mongla the water had high levels of salinity, while in Uttara the water had too much iron.
 "But we are not sitting idle. We are encouraging those industries that are immune to such problems," he said.
 In his clean, well ordered office just in from the EPZ gates, Hafizur is keen to stress the positive. "It's your choice. You can take a photograph of the wild trees grown here or look into the industrial units, many of which are running based on local raw materials," said Hafizur.
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COMMODITIES

Sri Lanka tea growers set for party as prices soar

AFP, Colombo
 The tea industry in Sri Lanka, the world's second biggest exporter of the crop, is looking forward to good times again as prices soar on a global commodities boom.
 Mounting production costs and growing demand are combining to reverse a three-decade old trend toward lower prices, according to industry officials, and that means drinkers will likely have to pay more for their brew.
 Dilhan Fernando, director of Dilmah Tea which sells more than 500 million dollars of tea in over 90 countries, expects strong prices to halt the long slide in tea prices and boost earnings for producers.
 "We have never had it so good. The climate has changed and we are seeing consumers willing to pay more for their teas," he told AFP.
 Sri Lanka earned a record 1.03 billion dollars in 2007 selling the commodity overseas and expects to earn more this year.
 "Tea will be a bull market in 2008," said Kaison Chang, of the United Nations Food and Agriculture Organisation (FAO).

retails at five dollars, about 15 percent more than last year," said Fernando.
 "In some markets our fancy teas are selling 40 percent more than a year ago, which is good because tea prices in packed form usually move up by between two to three percent a year," Fernando said.
 Sri Lanka's high quality aromatic teas, sold as "Pure Ceylon Tea" are made with tender leaf and buds of the plant botanically known as Camellia sinensis. Ceylon is the former name of Sri Lanka.
 Russia and former Soviet republics are the largest mar-

kets for Sri Lankan tea and account for nearly a fifth of the total tea exports, followed by the Middle East and North Africa.
 Brokers said growing disposable incomes in oil exporting countries, where tea is part of the basic food basket for many families, would also lift local demand this year.
 "These markets are likely to enjoy relative economic stability as oil prices would remain strong in a year that econo-



A foreign shopper (L) is assisted by a salesman as he browses through shelves of packets of products of Sri Lankan tea manufacturer Dilmah Tea in a department store in Colombo. The tea industry in Sri Lanka, the world's second biggest exporter of the crop, is looking forward to good times again as prices soar on a global commodities boom.

"Tea will be a bull market in 2008," Kaison Chang of the United Nations FAO