

## Stocks

DGEN	1.09%
3,023.88	
CSCX	1.67%
4,976.52	

## Currencies

	Buy TK.	Sell TK.
USD	68.00	69.00
EUR	102.91	107.60
GBP	135.38	140.55
JPY	0.66	0.69

## Commodities

Gold	\$992.50 (per ounce)
Oil	\$106.54 (per barrel)

SOURCE: AFP (As of Friday)

## More News



### Cartoons draw in business

SW Multimedia is part of a new wave of Bangladeshi animation companies hoping to gain a share of the multi-billion dollar global animation market. Hand animation is very labour intensive and Bangladesh has an edge in costs.

### Appointment of PSI firms soon

The government is likely to decide on appointment of PSI firms at a meeting on Thursday. Only one audit firm remains alive in scrutiny by the PEC.

B-3

## International

### Malaysia's polls shock rattles investors

Weekend elections that have reshaped Malaysia's political landscape will reverberate in the stock market and could dampen investor confidence, economists said Sunday.

B-2

### Jewellery trends Adapting to record Gold prices

Jewellery-lovers these days are being targeted by a new trend for slinky jewellery due to record prices.

B-4

## Bangla Biz Lexicon

Bhori - a widely used unit to weigh gold in Bangladesh's jewellery stores. A bhori is equivalent to 11.664 grams.

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# Foreign investors oppose trade unions in factories

JASIM UDDIN KHAN

Foreign investors in and around Chittagong Export Processing Zone (CEPZ) have warned that the introduction of trade unions at factory level will hold back further investment in the port city.

Foreign investors in the area from Japan, Korea, Malaysia and Thailand also warned that the move could disrupt production in existing enterprises.

However, workers' representatives said the introduction of unions would help safeguard workers' rights.

In the CEPZ, 87 industrial units have so far formed workers' associations and the rest are in the process to do so.

"In true sense, trade union has no problem but in Bangladeshi style it is dangerous. We do not want to see the legacy of the trade unionism in our plants," said Yasufumi Matsuo, executive director of Op-Seed Co. (BD) Ltd, an electronics and electrical goods manufacturing company.

The company management has urged the EPZ authorities not to introduce the traditional trade unionism in the EPZ.

Matsuo said if the union is directed by external forces, there will be chaos at the factory and production will witness a serious setback.

raise their voice for their basic needs from inside the factory," he said.

Ashish Chakraborty, assistant general manager and company secretary of Mamiya-OP that makes golf shafts, said they are apprehensive about the aftermaths of introducing

"The government should ensure that no external elements will be able to spread anger among the workers in the name of their rights in future. We fear the workers' unions will be used to destabilise factories in Chittagong," Lim said.

However, Zaheda Aktar, a leader of a newly formed workers' association of a factory, said such associations will help safeguard the workers' rights.

As the government will have control over the associations, these will not hamper production and discourage foreign investment to any extent, she added.

When asked, General Manager of the CEPZ Ataul Hoque said there is no alternative to formation of workers' associations.

"We are holding regular meetings with the management of different factories to make them understand that such associations will not hamper their production," Hoque added.

[jasim@thedailystar.net](mailto:jasim@thedailystar.net)

## General Manager of Chittagong EPZ Ataul Hoque said there is no alternative to formation of workers' associations

"Bangladeshi workers are not that literate. Anyone outside the factory can ignite them by spreading rumors that can lead them to burst into violence," he explained.

He suggested that Bangladesh Export Processing Zones Authority (Bepza) introduce a system so that trade unions cannot hamper normal production at any factories. "Workers themselves should

workers' welfare association.

"Introducing workers' unions was not mandatory when the factories were set up, but now the investors have to accept the unions as a must. These may create problems in future," he said.

Sho Sui Lim, general manager of a zipper manufacturing plant outside the CEPZ, said they were instructed to form workers' welfare association.

## China inflation likely to hit 8.3pc

AFP, Beijing

China's inflation is likely to hit a new 11-year high of 8.3 percent last month on the back of rising food prices, state media reported Sunday, triggering speculation of a modest hike in interest rates.

Severe winter weather which crippled transport networks, and the Lunar New Year festival which traditionally brings a surge in demand, were also seen as helping drive up the price of food and other basic commodities.

The estimate of 8.3 percent was given by the Bank of China, the country's second largest lender, and reported by the state news agency Xinhua.

It came ahead of Tuesday's publication of official inflation data from the National Bureau of Statistics, which is used by authorities to decide whether to tighten monetary policy.

## Dhaka asks Tokyo to lift export ban on mangoes



JASIM UDDIN KHAN

Dhaka has officially asked Tokyo to lift the ban on export of mangoes from Bangladesh to Japan, raising hopes for local mango growers.

The Bangladesh move came after Japan lifted the export ban on Indian mangoes. India will join the group of the Philippines, Thailand, Brazil and Hawaii to send the fruit to otherwise restricted Japan market.

Bangladeshi Commercial Counsellor Abul Mansur Md Faizullah recently met officials of Japanese foreign ministry and urged Tokyo to lift the ban on Bangladeshi mangoes.

During the meeting Faizullah told Japan officials that Bangladesh's climate and soil are similar to those India's and the qualities Bangladeshi mangoes are also excellent.

Special taste, size and colour of Bangladeshi mangoes have a huge potential in Japanese market.

Faizullah however said procedures to enter Japanese fruit market are very complicated since exporters need to meet environment and food safety issues.

Though the initial task seems very difficult, Bangladesh has potential to export other fruits as well, Faizullah said.

Bangladesh will soon submit proposals to Japanese authorities to lift the ban on fruits.

Bangladesh has already prepared a plan of action and Botanical Research Centre's Gazipur and Chapainawabganj branches will conduct primary survey soon.

The agriculture ministry has formed a team, which will confirm the availability of germ-free mangoes.

Bangladesh Agriculture Research Institute also informed the agriculture ministry that it will give assistance to identify mangoes for export to Japan.

"We will be able to provide guideline on processing of mango so that it can match Japanese standards," said M Harun-ur-Rashid, director general of Bangladesh Agriculture Research Institute.

# Winners and losers as Asian rice price spirals higher

AFP, Hong Kong

The soaring price of rice has triggered a supply and demand crunch that is hurting some of Asia's neediest nations, forcing them to spend more on imports, industry experts and officials say.

For the likes of Thailand and Vietnam, the world's two biggest exporters of the grain, the rising demand is a money-spinner with rice now selling at more than 500 dollars a tonne in Bangkok and nearly as much in Hanoi.

But from Bangladesh to the Philippines, from India to Indonesia, the squeeze is bad news as they seek to balance cost with the imperatives of feeding hungry populations and averting social chaos.

"Every Asian government is well aware of the close relationship between political stability and the stability of the rice price," Jonathan Pincus, the UN Development Programme's chief economist in Vietnam, told AFP.

"So every government in the region will be doing all it can to maintain price stability, particularly for basic food grains."

At the end of February, Thailand's benchmark rice was trading at more than 500 dollars a tonne, a rise of more than 100 dollars from a month earlier and up from just 325 dollars a year ago.

Exporters in Vietnam meanwhile were setting prices at 460 dollars a tonne last month, the state news agency VNA said -- up more than 50 percent from a year ago.

"It's a global issue. All cereal prices are going up," said Andrew Speedy, the UN Food and Agriculture Organisation's Vietnam representative.

"This is quite serious. It's hurting everybody, especially the poor."

In the first two months of 2008, Vietnam's rice exports brought in 150 million dollars, an increase of 78 percent from a year ago.

Much of the output is destined for the Philippines, whose President Gloria Arroyo asked Vietnamese Prime Minister Nguyen Tan Dung last month to guarantee stable supplies.

Unable to meet its own needs, the Philippines will import up to two million tonnes of rice this year, accord-



Workers stockpile new arrivals of imported rice from Vietnam at a Manila warehouse of the National Food Authority recently. The soaring price of rice has triggered a supply and demand crunch that is hurting some of Asia's neediest nations, forcing them to spend more on imports, industry experts and officials say.

ing to the government.

Last year its harvest was 6.44 million tonnes, National Food Authority spokesman Emmanuel Salonga said, but it needs 11.8 million a year.

"Our population is growing and arable land is being converted to other uses so we cannot cope with demand," he said.

Indonesia's rice production has been outpaced by its population growth for more than a decade, said Mangara Tambunan from the country's Centre for Economics and Social Studies.

"The government has to open the door to more imports. It should not be so reticent," he said. Last year, Indonesia

imported 1.5 million tonnes.

To ensure stability, a government agency buys and releases stocks and sets import duties. Heavily subsidised rice is also sold to millions of the poorest families, yet even those prices are rising.

"They're trying to get producers to sign long-term contracts," the UNDP's Pincus

said, referring to Indonesia and the Philippines.

"But who's going to sign a long-term contract now for rice deliveries when prices are rising so quickly and so steadily? No one wants to be left without adequate stocks, and that contributes to driving up the price."

"They're willing to pay a higher price for future deliveries because they don't want to be caught short."

In Bangladesh, which has a population of 144 million, the price of rice has doubled in a year, vastly outpacing income levels, said Ruhul Amin, deputy head of the government's food planning unit.

"People are cutting all their other spending to focus only on food," Amin said, but with 40 percent of the population relying on a dollar a day or less, the poorest are struggling to survive.

"They have to survive on a pittance, and the rises are causing a general feeling of gloom and depression," he said.

This year Bangladesh will need to import some three million tonnes due to damage caused by floods in mid-2007 and November's devastating cyclone.

Some of that is coming from neighbouring India, but otherwise New Delhi has halted exports of non-basmati rice to keep its own domestic prices in check.

India allowed the export of 3.2 million tonnes of non-basmati rice in the first half of the current financial year, but since October no new contracts have been signed.

The move has upset the All India Rice Exporters' Association. "Farmers react to high prices by producing more," said its president, Vijay Sethia. "Restricting trade just distorts the price signal."

For now, some nations appear insulated against rising prices. China, Japan and South Korea are largely self-sufficient and protect their rice sectors via steep import tariffs or heavy subsidies.

In Japan, the price of high-quality rice is even waning with falling demand as younger Japanese turn to bread and Western-style dishes.

As for China, its severe cold snap earlier this year is unlikely to impact production much as it was not the planting season.

## Industrial, company laws to be reviewed

### Mahub Jamil tells Ficci meet

STAR BUSINESS REPORT

The government is contemplating reviewing the industrial and company laws to remove any loopholes, targeting more FDI (foreign direct investment) for the country, said the special assistant for industries and civil aviation.

"Some loopholes, which are considered obstacles to FDI, would be removed through the review of the current industrial and company acts", Mahub Jamil yesterday told the monthly luncheon meeting of the Ficci (Foreign Investors' Chamber of Commerce and Industry) which he headed once.

He also reiterated that the consumers' rights protection act would be finalised by the month-end.

Drawing the foreign investors' attention to the improved law and order situation, Mahub Jamil urged them to come up with more investment proposals.

He admitted the present power supply situation, but hastened to assure the foreign investors of developing infrastructures like Mongla Port and international airports.

Besides, urea fertilizer will properly be distributed to farmers, the drive against the

corrupt be continued, the tanneries from the city's Hazaribagh area be shifted to Savar and special economic zones be established, Jamil further assured them.

"We will change the face of Zia International Airport (ZIA) within this year as a committee for improving the condition of this international airport has been working now," he said.

He said the committee has been trying to find out the ways and means on how to bring 22 different agencies working in the ZIA under one umbrella for the improvement in the operation of the country's premier airport.

"It is for the first time that a committee has been working to make Biman, the national flag carrier, more profitable," he said.

Held at a city hotel, the Ficci meet was chaired by Ficci Vice President and Managing Director of Siemens Bangladesh Limited Rudolf P. Klink.

Klink laid emphasis on infrastructural development to attract more foreign investment.

"The government should formulate a comprehensive trade policy to attract FDI in the country," he suggested.