

International Business News

Bimstec Delhi meet Friday

ANN/THE NATION

Foreign ministers from seven countries in south and southeast Asia will meet in New Delhi this week to forge stronger ties and map out transportation and trade links, the Thai foreign ministry said.

The ministers from Bangladesh, Bhutan, Burma, India, Nepal, Sri Lanka and Thailand, as part of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec), will be discussing methods of cooperation in 13 sectors, including transportation, energy, tourism, terrorism, trade and investment.

The meeting, which will take place on Friday, Aug 29, will highlight India's proposal to establish a joint weather and climate centre as well as an energy centre, said International Economic Affairs Department deputy director-general Surasak Chasukonthip. The issues of global climate change and the food and energy crises will also be discussed, since both regions have the potential and resources to produce alternative energy, he said.

Established in 1997, Bimstec was formerly named using the first initial of its founding members - Bangladesh, India, Myanmar (Burma), Sri Lanka and Thailand - but the name was changed to reflect the nature of cooperation during the first Bangkok Summit in 2004.

Bimstec also aims to build land links connecting south and southeast Asia, but there are no clear plans for this yet.

BHP Billiton chief says investors 'on the sideline' over Rio bid

AFP, Sydney

Investors were sitting on the sidelines as they waited for the world's largest mining company BHP Billiton to overcome regulatory hurdles in its hostile takeover of rival Rio Tinto, BHP said Sunday.

The Anglo-Australian giant's chief executive Marius Kloppers said while he believed the bid of 3.4 BHP shares for every Rio Tinto share was attractive, it was still up to shareholders to determine whether it went ahead.

Kloppers acknowledged that the ratio of the value of Rio Tinto shares to BHP Billiton shares this month fell to under three for the first time since the bid was launched.

The chief executive said this could be linked to the strong performance of BHP - which last week posted a 14.7 percent rise in annual profit to 15.39 billion US dollars - but said some investors were waiting for the outcome of regulatory rulings.

"I think it's a combination of how our commodities versus Rio's commodities have developed," he told Australian Broadcasting Corporation television.



A Pakistani woman carries bags of flour on her head after she bought them at state-controlled rates at the Sunday Bazaar in Lahore yesterday. A wave of economic woes has plunged millions of families below the poverty line.

Kuwait's NBK opens first branch in Dubai

AFP, Kuwait City

The National Bank of Kuwait, the Gulf emirate's largest bank, announced on Sunday the opening of its first branch in the booming emirate of Dubai.

NBK Chief Executive Officer Ibrahim Dabdoub said the new branch, the first in the United Arab Emirates, is part of the bank's successful expansion strategy in the region.

The bank now has more than 50 branches in 13 foreign countries including the United States, Britain and France. In recent years it has acquired banks in Iraq, Qatar, Turkey and Egypt.

Founded by Kuwait's leading merchant families in 1952 as the Gulf state's first commercial bank, NBK maintains the highest financial strength rating among Arab banks and emerging market banks from international rating agencies. NBK reported a record net profit of 661.3 million dollars in the first six months of 2008, a healthy 21 percent increase over the same period last year.

China, South Korea agree to expand economic ties

AFP, Seoul

South Korea and China on Sunday agreed to further expand cooperation to better tackle global economic challenges on the eve of their leaders' summit here, officials said.

Strategy and Finance Minister Kang Man-Soo and his Chinese counterpart Zhang Ping held an annual ministers' meeting in the South Korean capital to reach the agreement, Kang's ministry said in a statement.

"As globalisation and bilateral economic cooperation deepen, both countries agreed on the need for policy coordination to effectively cope with unstable global economic factors, such as high oil prices," the statement said.

The ministers discussed topics also including investment, the environment, aging societies and cooperation in communications services, it said.

China is South Korea's largest trade partner, with two-way trade worth more than 145 billion dollars last year.

Seoul had invested a total of 22.54 billion dollars in China as of end-2007 and the two sides are studying a possible free trade agreement.

MICROINDUSTRY

Milk campaign churns out profit

SOHEL PARVEZ

Forty-year-old Zulekha Begum has now mastered the art of whipping up a well-balanced feed. She uses various items such as husks of wheat and pulses, oil cakes, dark molasses, and salt to prepare the feed for cattle to increase milk yield.

Like Zulekha, Arjina, Rekha and many other women in 26 villages in Birampur upazila of Dinajpur, 400km northwest of Dhaka, also know how to care for and feed cows to ensure higher yield of milk and earn more.

Farida Yasmin and her mates in Chakhabanta Nalkura village are now taking lessons on cattle rearing from a village-level veterinary doctor, Mahinur Islam. He has formed a new milk producers group, inspired by the increased earnings of his colleagues.

"In the past, I usually got one call a day to treat ailing cows in the village. But now I receive at least five calls a day. Forming such a group and providing training have enabled me to increase my earnings," said the village-level veterinary doctor or 'paravet'.

A paravet is a community veterinarian who is not certified but is responsible for providing animal health care and animal production advice to people in their communities.

Islam trains the women in cattle rearing for free with an aim to profit from people's increased awareness. In other words, people will come to him with queries regarding cow rearing and his consultation practices will increase his earnings.

The total number of producers' groups in Birampur upazila now stands at 29, including the group trained by Islam.

Paravets voluntarily formed 14 and the remaining 15 were formed with assistance from a non-government organisation Practical Action Bangladesh (PAB), which started intervening in the milk pocket of Dinajpur district to aim at developing an integrated marketing system under one of its projects titled 'Cold Milk for Hot Profits.'

Dairy industry stakeholders

said the formation of such milk producers' associations and bestowing training on fodder could help milk processors, especially the liquid milk processors who are hunting for new milk hubs to meet the high demands for liquid milk, mainly in the urban areas.

Official estimates show that milk production stood at 2.28 million tonnes in fiscal 2006-07, up 0.44 percent from 2.27 million tonnes from a year ago.

However, four liquid milk processors - Milk Vita, BRAC, Akij and Rangpur Dairy - manage to process about 70 million litres a year against the total processing capacity of about 140 million litres.

In Birampur and Dinajpur upazila, apart from the 29 groups, a majority of the farmers are producing milk on a commercial basis and are engaged in rearing cows to supplement their income.

But most farmers are not able to pocket the gains due to a lack of an integrated marketing system that involves all the stakeholders of the milk industry, according to PAB.

"Our aim is to play a supportive role in creating a sustainable community based on an integrated milk marketing system, which will create a win-win situation for all stakeholders and take the milk industry a step ahead," said Mirza Khalil Zibrani, senior regional officer of PAB, which had initially targeted 300 dairy farmers, some paravets, milking-peopple, and other players, to build an integrated system.

Such initiatives proved successful as 11 milkmen are collecting milk at certain designated points and at higher prices from these milk producers' groups from these 29 associations by using lactometers to examine the quality of milk.

Earlier, milk producers usually had to travel to distant markets to sell their produce at lower prices, as there had been mistrust between the two groups in the absence of any testing instrument such as the lactometer.

Milk producers said such associations and training sessions have not only helped them record increased milk production but also to earn more as they are able to determine the milk price by assessing the market situation.

Rekha and her mates from Postompur village sell their produce to a milk collector at a designated place in the village. The bottom picture shows a man collecting milk in a carrier for ease of transport.

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Last year, accumulated milk production from all the associations increased by over 43 percent to 350 litres from 250 litres, the PAB official added.

"We sell a litre of milk at Tk 20-22 nowadays. But we had to sell each litre of milk at Tk 15-16 previously, even though we directly went to the market with our produce," said Zulekha Begum, one of the members of the milk producers' association in Charharirampur village of Birampur.

Begum, another housewife in the area, has two traditional variety cows and she said the milk yield of her cows has increased by nearly two litres reaching about 6 litres, due to providing better quality of feed.

She added, together with all other members of the group, they are now capable of supplying 45 litres of milk daily.

Problems linger.

Dairy farmers here face the dearth of working capital to invest in improving the cow breed due to unavailability of funds from formal financing sources such as banks.

"The formation of an association has benefited me. But what I need now is sufficient fund so that I can invest in improved breeds," said Rekha, a housewife from Postompur village.

Officials of PAB, who have taken the initiatives to improve the breed of cows through artificial insemination, said they are trying to link producers with formal financing institutions such as banks. They also plan to ask big processors such as Milk Vita and Rangpur Dairy to collect milk from the area.

"We are currently bringing in more farmers into this network so that they can supply hefty quantities of milk regularly to these large processors," added the officials.

MA Kabir, managing director of Rangpur Dairy, observed that the system developed in the region is encouraging. "We have expanded our milk collection drive up to Thakurgoan. We will consider collecting milk from the region in coming days."

A senior official of Tetra



Pack, one of the world's biggest food companies, said milk sourcing has become an important factor for processors to meet growing demand.

"Working with people having a minimum level of education on cow rearing appears to be easier than working with those having no education," the official said.

"We want to set up a dairy farm after we generate a reasonable amount of savings," she said.

savings of the association now stands at Tk 25,000.

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BRANDING

'Made in China' brand reaps Olympic dividend

AFP, Beijing

The Olympics had a negligible direct impact on China's economy, but analysts say the near flawless organisation of the Games was a priceless 17-day advertisement for the "Made in China" brand.

Billions of television viewers saw athletes performing in gleaming high-tech stadiums in a city rebuilt by some of the world's most renowned architects, projecting the image of a modern and cutting edge economy.

For a country traditionally seen as a low-cost manufacturing hub which had been damaged by scandals over shoddily made toys sent to the United States and spoiled food

shipped to Japan, the Olympics was a timely rebranding exercise.

"If you go back 12 months, 'brand China' was in tremendous difficulties with toxic toys and a number of other issues," said Beijing-based Greg Paull, who runs market research firm R3.

"They've come a long way in a year," he said.

A virtually glitch-free Games in terms of organisation could bring profound changes in the way China is seen by the rest of the world.

"China's amazing haul of gold medals has mirrored its spectacular economic growth to signal to the world that China has truly arrived," said Seth Grossman, a Shanghai executive with media com-

munications agency Carat China.

"From the grandeur of the opening ceremony to the self-assured way Chinese athletes expected to win in so many events, China exceeded every expectation."

Paull said many Chinese companies would be able to use the Olympic dividend to expand outside their domestic market and make their mark on the global stage.

He cited the example of sportswear maker Li Ning, whose founder lit the flame at the Olympic opening ceremony on August 8 after a spectacular skywalk around the top of the "Bird's Nest" stadium.

"Companies like Li Ning that are looking to expand globally are going to use the

Olympics as a chance to do that," said Paull.

China is the world's fourth-biggest economy, and while the government says it spent over 40 billion dollars on hosting the Games the concrete impact on the economy was always going to be minimal.

"It won't do much to lift growth as the Chinese economy is so huge," said Qiu Qingdong, an economist with Guodu Securities.

Even for the city of Beijing, the economic impact of tourism and other spending has been limited.

Beijing hotels have complained of receiving fewer visitors than they expected, with the occupancy rates for three-star hotels and lower lingering under 40 percent.

according to the Beijing Statistical Bureau.

"Before the Games, people were anticipating a business boom in tourism, benefiting hotels, airlines and local restaurants," said Li Wei, an analyst with Standard Chartered.

"Now it's becoming clear that the impact wasn't all that big. I don't think industries like that are likely to benefit greatly from one month of Olympics and Paralympics," he said.

But to many analysts measuring the impact of the Olympic Games, it was never going to be a simple question of, say, August tourism revenue.

Instead they focused on the big picture, the profound

changes taking place in China and their effect on the rest of the world.

"Analysing the one-off macroeconomic impact, or the economics of the Games', is not really an issue of such great importance," Daniel Chui, head of investor communications at JF Asset Management said in the China Daily.

Focusing on the little figures might even distract attention from the fact that we are witnessing an epoch-defining event, he argued.

"The Beijing Olympics are another milestone in China's transformation into an efficient, market-oriented and financially sophisticated economy and a more open society," he said.