TRANSCOM

U DIBITAL

**Golden Son Limited** 

think electronics... think U DIBITAL

DHAKA WEDNESDAY OCTOBER 22, 2008

### Stocks DGEN 2,824.57 CSCX 5,632.74

#### Asian Markets

MUMBAI		4.50%
	,	10, 683.39
токуо		3.34%
TORTO		9, 306.25

0.95% SINGAPORE 1,920.79

SHANGHAI 0.78% 1,958.53

#### Currencies

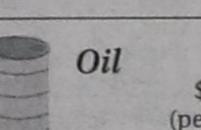
	Buy Tk		Sell Tk	
寧	USD	68.25	69.25	
10	EUR	89.42	93.80	
完	GBP	115.60	120.65	
222				

SOURCE: STANDARD CHARTERED

### Commodities



\$779.72 (per ounce)



\$73.96 (per barrel)

SOURCE: AFP

(Midday London Trade)

#### More News

**Customer comes first** 



As soon as the new real estate ordinance was approved in principle by the cabinet in late July, industry leaders began to oppose the law, saying it would destroy the sector that contributes around eight percent to the GDP.

#### Increased output seen key to RMG market edge

Raising productivity and aggressive drive for both product and market diversification are keys to being competitive in the global RMG market in case of economic recession, observed noted economist Wahiduddin Mahmud.

#### International

#### India, Pakistan resume Kashmir trade

India and Pakistan began trading between their respective parts of Kashmir for the first time in six decades on Tuesday, raising hopes of a drop in tension in the disputed Himalayan region. A convoy of 13 trucks carrying mostly apples set

### Contact Us

off on a historic trip.

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

# Toxic milk scare hurts sales

SOHEL PARVEZ

Sales of powdered milk suffered a massive slump in the last couple of days as consumers refrained from buying amid scare over the presence of melamine in the product, manufacturers and retailers said yester-

Many consumers are now buying liquid milk instead of powdered milk to feed their children after eight brands of powdered milk were found to be melamine-positive by the chemistry department of Dhaka University (DU) early this week.

However manufacturers of the brands such as Arla Foods and Nestle Bangladesh denied the DU findings, claiming that their products are 'free from melamine and safe for consumption'.

The claim is yet to clear the doubt of the consumers, majority of whom have shelved their plans to buy powdered milk as the DU chemistry department stays 'confident' over its findings about the presence of melamine in those brands.

"The market has been slowing down tremendously because people are in doubt. I will keep on telling people that my product is safe and free from melamine," Laurent Therond, managing director of Nestle Bangladesh, told The Daily Star, referring to Nestle's test results in Thai, Indian and Singaporean laboratories.

"For me it's no negotiation about safety for consumers. Nestle is the biggest food company in the world and we cannot afford in any place in the world to play with the safety, Therond said.



The Nestle executive's claim came couple of days after the DU chemistry department said it had detected melamine in eight brands including Nestle's dairy brand Nido fortified instant.

Melamine was also known to be detected in Dano of Arla Foods, Red Cow, Diploma and Anlene of New Zealand Dairy Product Bangladesh and in three brands from China -- Yashili-1, Yashili-2 and Sweet Baby-2.

In Bangladesh, foreign brands controlled majority of the powdered milk market of nearly 25,000 tonnes or over Tk 1,000 crore last year, with Dano leading the market, according to industry people.

The Nestle Bangladesh executive expressed doubt over the DU findings, saying, "It might have been for them the first time they were doing (such) research.

He said Nestle Bangladesh sent the same batch of milk, as was sent to DU, to laboratories abroad and found no melamine. "We also tested our products after the melamine crisis started in China," he said, add-

Describing the global finan-

cial crisis as the crisis of confi-

dence, Commerce Adviser

was not the real crisis for devel-

oping countries such as

Bangladesh as the country

followed the "pragmatic econ-

depreciate the local currency

against the dollar. We can make

the decision when we will sit

the month to discuss the major

Governor Salehuddin Ahmed

has said the reserves of the

central bank are stable. The

advised some private banks to

reserves whereas Pakistan's

\$12 billion, Salehuddin said.

declined to \$4.5 billion from

The BB has \$5.7 billion in

"I don't think the rise in

exports depends only on the

depreciation of the local cur-

rency against the dollar. We

should also think of other fac-

tors before taking such an

In the 1990s, Bangladesh

had exported 300 varieties of

products. The figure rose to 600

now, meaning huge diversifi-

Policy Dialogue (CPD) Dr

Rehman Sobhan termed the

US financial recession "casino

Chairman of the Centre for

"In taking a political deci-

sion, one party should discuss

with the leaders of the other

political parties in parliament,'

said Sobhan, pointing to the

expectations from the next

elected political government.

cation in exports, he said.

capitalism".

important decision," he said.

streamline their accounts.

Bangladesh Bank (BB)

economic sectors," he said.

"I don't think it's time to

ing that Nestle got its milk examined in SGS Laboratory in Thailand and India.

The company that imports milk directly from New Zealand also tested its products at its laboratory in Singapore, the executive said.

"No where in the world Nestle has found any of its products being adulterated with melamine," said Therond, expecting that the result of the re-test, as decided by the government, will not be melamine-positive.

"We are suffering. Sales have slowed down tremendously. For Nido, our sales to distributors have dropped by 80 percent," he said. Ahmed Kabir, country man-

ager of Arla Foods, manufacturer of Dano brand powdered milk, also said their sales slumped by around 80 percent in the last couple of days. "Customers have become

doubtful about the powered milk. It has affected the overall dairy market," he said.

"I am confident that my avoid risk," she said. product is completely free from melamine," he said, citing a

test result from Eurofins Group of Laboratories, Germany.

The country chief of Arla Foods, which has already cut much of its production, said overall daily sales of powdered milk have dropped by around 75 percent from the beginning of the week.

The market growth was posted negative in the first six months of the year due to high price in the global market. And the recent melamine scare may deepen the loss, he said.

Retailers also said sales of powdered milk recorded massive fall due to consumers' worry.

"I used to sell around 30 kg of powdered milk a week ago. But now the volume stands at about 10-12 kg a day," said Mohammad Nur Nabi Bahar, a retailer at Karwan Bazar kitchen market, yesterday.

Nadera Sultana Nadi, a working woman, said she has stopped feeding her five-yearold baby boy on powdered milk.

"Now I buy liquid milk to

sohel@thedailystar.net

# Golden Son expands with garment accessories

SARWAR A CHOWDHURY

Golden Son, a listed engineering company, has set up a garment accessories manufacturing unit as part of a plan to expand business into the import-dominated market.

The Bangladesh-Taiwan joint venture manufactures fabric belt, elastic, ribbon and twill tape that the ready-made garment producers import from other countries, including China.

"There is hardly any local entity of such accessories manufacturing unit. All these items are import-based and it's a several thousands crore taka market. Therefore, I take the opportunity," said Managing Director of Golden Son Belal Ahmed, who also eyes to make a Tk 50 crore turnover only from Chittagong market by this year.

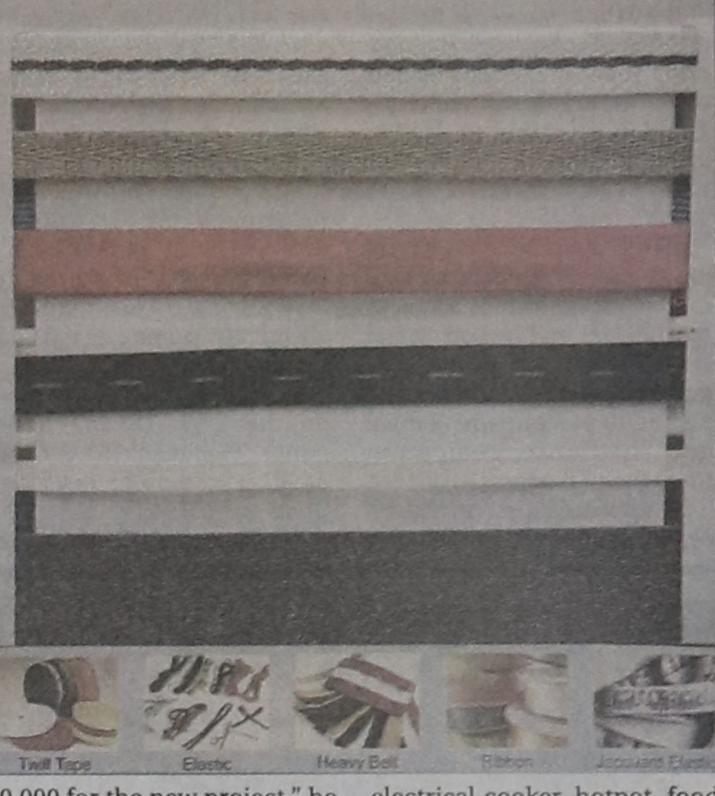
Presently, the company is producing the garment accessories in a limited quantity in the new factory, as it needs a huge investment to go into full swing production.

Chittagong-based Pacific Jeans is the customer of Golden Son's garment accessories. "We have also received orders from India. But, it will be very tough for us to maintain the orders without further enhancement of production capacity," Belal said.

Initially the new unit was set up with technical assistance from a Taiwanese company on a profit or loss share basis. Golden Son will enjoy 60 percent profit or loss, while the Taiwanese company will enjoy the rest 40 percent.

Golden Son and People Trust Machinery Group of Taiwan recently signed an agreement to set up the unit. Under the agreement, Taiwanese company provided machinery worth US\$ 55,000 to the local company, while the latter provided land, infrastructure and power facilities.

'In addition, we have also imported machinery worth \$



70,000 for the new project," he electrical cooker, hotpot, food said, adding that a Tk 20-Tk 30 crore further investment is accessories, has already needed to complete the new entered into an agreement factory to utilise its full capac- with an Australian company ity of production.

Corporation of Bangladesh has recently granted Tk3 crore loan to the Chittagong-based Golden Son to meet a portion of the firm's investment least a container of nonrequirement, Belal said.

we will further import machinery worth \$ 1 lakh," the top official of Golden Son said, expressing his hope to compete with China, a major exporter of garment accessories to Bangladesh.

Golden Son has decided to issue the borrowed money from the ICB as debenture, which is subject to approval by the Securities and Exchange Commission.

Meanwhile, the company, also a manufacturer of non- sarwar@thedailystar.net

warmer, toys, and fan and for exporting one of its prod-The Investment ucts to Australian and New Zealand markets.

Under the deal, Green Brothers (Wholesale) PTY Ltd of Australia will purchase at electrical cooker per month up "After receiving the money, to 2015 from Golden Son. Each container will contain

products worth \$ 55,000 to \$ 60,000.

Presently, the Golden Son, which was listed on the stock market in 2007, is exporting its products to Taiwan, the United Kingdom, Canada, South Africa and Singapore.

The existing authorised capital of the company is Tk 50 crore and paid up capital is Tk 25 crore.

# Aziz discounts fallout from financial turmoil

STAR BUSINESS REPORT

Finance Adviser AB Mirza Azizul Islam said Monday the Bangladesh economy would not be adversely affected by the global financial recession as the country's financial sector is "well-managed".

An optimistic Mirza Aziz said the major parts of the economy such banking, remittances and ready-made garment exports had maintained an upward trend.

"The banking sector is strictly monitored so that the government can take immediate steps in case of any fallout from the global financial crisis," he said. Aziz was speaking at a tele-

vised programme that highlighted the global economy and its links to Bangladesh, at Sonargaon Hotel as chief guest. Private television channel NTV and Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) jointly arranged the programme.

FBCCI President Annisul Huq moderated the discussion, which was broadcast live.

"Bangladesh exports mainly the basic RMG products. There are no risks of a fall in demand in the segment. The inflow of remittances will not fall as most Bangladeshi unskilled workers are employed in the Middle East," Aziz said.

"The economy may take a hit if the current global recession prolongs," the adviser

said. In the question-and-answer session, Aziz said the prices of petroleum products would be cut soon as global prices were on the decline.

AFP, London

World oil prices dipped on Tuesday on profit-taking, after recent gains made in the expectation that the OPEC crude producers' cartel will unveil plans to cut output later this week. Hossain Zillur Rahman said it

New York's main contract, light sweet crude for delivery in November, handed back 48 ! cents to 73.77 dollars a barrel in electronic deals. The contract expires at the close.

Brent North Sea crude for December delivery fell 63 cents to 71.40 dollars a barrel.

Oil had risen almost 2.5 together in a meeting at the end of dollars on Monday, and rallied in earlier Asian trading on Tuesday, on signs that OPEC will announce output cuts at a meeting in Vienna on Friday in a bid to shore up falling prices amid a global financial crisis. central banker said he had

Crude futures have halved in value from record highs of above 147 dollars struck in July, prompting calls from key OPEC members that it should cut production targets to protect the cartel's revenues.

On Tuesday, Iran's oil minister said Tehran believes OPEC should cut production by between two million and 2.5 million barrels a day, and that prices could go higher than 150 dollars a barrel.

"The market should find a stable condition, and given the eight to 10 percent decrease in demand and also given the oil stockpile I think a decrease of : AFP, Paris between two and 2.5 million barrels a day can bring a stable status to the market," Gholam Hossein Nozari said at a press conference in Tehran.

He added: "Given inflation and the current circumstances of the market, the current oil price is very low, and 150 dollars should not be out of the question.

# OECD countries take aim on tax havens



A goldfish swims in a jar as a French company employee watches the Cac-40 index yesterday. French stocks surged 2.73 percent.



Representatives of 20 of the world's leading economies meet Tuesday to discuss how to crack down on so-called tax havens, with the global financial crisis boosting calls to tighten the screws.

The meeting of 20 Organization for Economic Cooperation and Development

(OECD) countries had been scheduled for sometime, but the financial crisis has brought a great sense of urgency to the meeting.

"We cannot resolve the financial crisis by introducing more regulation and leaving pockets of non-regulation to prosper," said Pascal Saint Amans, head of the OECD's international tax division.r

#### While they are not the cause of the crisis, the 50 tax havens across the world that are estimated to hold 10 trillion dollars of financial assets are seen as having contributed to the insta

The countries will publish an open letter in which they will underline their wish to crack down on tax havens.

bility of the financial system.

Tax havens are countries with a tax structure established to allow wealthy individuals or companies to pay less, or even no tax.

They attact overseas investors because money can be parked there with a high level of secrecy and protection from international tax investigators.

For Christian Chavagneux, author of a book on the subject, the offshore centres contributed to the global financial crisis by allowing banks such as Britain's Northern Rock or the US investment bank Bear! Washington. Stearns to hide their losses.

stability as they play host to most hedge funds, many of which are based in the Cayman Islands. These non-regulated speculative funds have been selling their assets in the past two weeks, owing to the fall of ! Bank the stock markets and raw materials prices.

According to the lobby group, Transparency International France, there are approximately 50 tax havens worldwide in which more than 400 banks, two-thirds of hedge funds and two million top corporations have stashed some 10 trillion dollars of financial assets -- four times France's gross domestic product (GDP).

## Asia to beef up crisis fund

ANN/DAILY INQUIRER

With or without funding from the World Bank, the Association of Southeast Asian Nations (Asean) plus China, Japan and South Korea (Asean+3) will pursue new initiatives to reinforce the region's defences against the worst global financial meltdown in 80 years.

Aside from setting up a regional facility to help Asean countries experiencing liquidity problems, talks are under way to turn into a multilateral scheme the US\$84-billion Asean bilateral swap arrangement under the Chiang Mai initiative, Philippine officials said on Monday.

Finance Secretary Margarito Teves said there was a "convergence of ideas" on pursuing the establishment of a regional facility to assist Asean countries during an Asean+3 meeting held on the sidelines of the meetings hosted by International Monetary Fund (IMF) and World Bank on October 11 in

Teves said the Asean+3 meet-They also affect the system's ! ing was arranged by the World Bank and chaired by Thai Finance Minister Suchart Thada-Thamrongvech. It was attended by representatives of the Asean, the World Bank, the IMF and the Asian Development

"This is going to be an Asean+3 initiative," Teves said at a news briefing. "The World Bank does not have anything to do with it because the World Bank doesn't have a regional facility."

The finance secretary said the World Bank group had initially indicated willingness to provide a \$10-billion seed money for such a regional fund as earlier announced by President Gloria Macapagal-Arroyo.