



Visitors flock to stalls on the concluding day of the BCS Digital Expo 2009 at Bangladesh-China Friendship Conference Centre yesterday.

# Polyester chip plant in the pipeline

STAR BUSINESS REPORT

On the back of increasing demand for synthetics in textile and apparel industry, Malek Spinning Mills Limited plans to set up a polyester chip manufacturing plant with Tk515 crore investment.

Polyester chip, a derivative of petroleum, is used for producing non-cotton clothing (synthetic fibre and fabric), plastic bottles, packaging materials, high-tensile cords for tyres, strings for rackets and shatter-proof glasses.

The plant under the name of NewAsia Synthetics Ltd will enter commercial production within next two years with a production capacity of 300 tonnes of polyester chips per day in the first phase,

officials said yesterday.

"In the second phase the production capacity will reach 600 tonnes a day," A Matin Chowdhury, managing director of Malek Spinning, told a group of journalists while briefing on the new project.

He said in textile sector 60 percent of the world's production is based on synthetics, whereas in Bangladesh the figure is less than 10 percent due to non-availability of synthetic materials locally.

"World textile fibre consumption trebled over the last five decades. While cotton consumption increased by one and a half times during the period to reach 26.4 million tonnes in 2007, other fibres (85 percent polyester)

increased eight times to reach 45.7 million tonnes," he said, citing data from International Cotton Advisory Committee.

Chowdhury said the market share of cotton fell from an average of 62.4 percent in the 1960s to 39.8 percent in the 2000s.

"A polyester chip manufacturing plant in Bangladesh will definitely help textile and clothing industry as presently the entire requirement is met by imports from India, Korea, China, Middle East and Singapore," he said.

Presently, local synthetic yarn producers, beverage companies and printing and packaging industries need around 400 tonnes of polyester chips a day.

Chowdhury said two types of

imported raw materials -- MEG and PTA -- will be used for producing polyester chips.

He said of the Tk515 crore investment, some Tk175 crore will be raised from public through both pre-initial public offering (IPO) or private placement and IPO.

A road show for private placement will be held on April 1 at Dhaka Sheraton Hotel.

The company will borrow Tk300 crore from banks and financial institutions.

Malek Spinning Mills, established in 1999, fetched Tk235 crore in turnover in 2008, and its subsidiaries include Salek Textile Limited, Knit Asia Limited and Rahim Textile Mills Ltd, which is a listed company.

## Sudan to hire more workers from Bangladesh

UNB, Dhaka

Sudanese Foreign Minister and Deputy Secretary General of the ruling National Party Dr Nafie Ali Nafie said the recruitment of Bangladeshi workers and import of jute from the country would increase in the coming years.

He held out the assurance when Foreign Minister Dipu Moni, now in Kuala Lumpur to attend a 3-day general assembly of Malaysia's ruling party, called on Dr Nafie yesterday.

Dipu Moni informed her Sudanese counterpart that Bangladesh has immense resources of trained and semi-skilled workers, which Sudan could exploit for its economic and infrastructure development.

She also mentioned that garments and other manufactured goods are available in Bangladesh.

She stated that Bangladesh would open its diplomatic mission in Sudan soon, which would further strengthen the existing "excellent bilateral relations".

## Merkel warns of unsustainable recovery threat

AFP, London

German Chancellor Angela Merkel said throwing too much money into reviving global economic growth would make the recovery unsustainable, in comments published Saturday.

Merkel snubbed calls to spend more public money in Germany as part of a coordinated international stimulus effort, in an interview with the Financial Times newspaper.

She told the British business daily that the business of putting the global economy back in order would not be finished at Thursday's G20 summit in east London.

"This crisis did not come about because we issued too little money but because we created economic growth with too much money."

## Bull or bear market? Wall Street undecided

AFP, New York

The Wall Street resurgence of the past weeks has pundits pondering: Has a new bull market begun after 17 months of horrific losses? Or is this just another heart-breaking "bear market" rally?

Bulls and bears both claim evidence in their favor after three consecutive weekly gains for the main US indexes.

Over the week to Friday, the Dow Jones Industrial Average lifted 6.84 percent to 7,776.18 and the Standard & Poor's 500 index rallied 6.17 percent to 815.94.

The technology-heavy Nasdaq posted a weekly gain of 6.03 percent to end Friday at 1,545.20.

The major indexes have rallied at least 20 percent from lows hit in early March, giving rise to claims that the bear is dead and a new bull market has arrived.

Robert Brusca at FAO Economics called the 20 percent jump "a technical signal to kill the bear market."

Not so fast, say the bears.

Even with hefty gains, the Dow index of blue chips and broad-market S&P 500 index remain down more than 40 percent from all-time highs

hit in October 2007. Hence, the bear is still alive, by these measures.

Bob Dickey at RBC Wealth Management said it is too soon to call a new bull market despite the snapback.

"In olden times, these moves may have qualified as a new bull market, but in this day of much higher volatility, it will take more of a gain to reverse the bear trend, which, according to our measures, would take a move above 8,500 on the Dow to become official," he said.

"That would mean waiting for a move of over 30 percent from the lows in order to create more bullish confidence."

Still, he said the horrendous selloffs may have led to "major market lows," in early March, "which makes us lean heavily in favour of a more meaningful uptrend than the bounce we have had so far."

In the coming week, the market must grapple with a grim economic realities: March US auto sales are expected to show more hefty declines, and Friday's payrolls report is likely to reflect staggering new job losses, making it harder to sustain a recovery.

But many analysts say

there are hopeful signs that the US economy may be stabilizing after a long and deep recession, which could mean the stock market will find its footing as well.

"Despite the doom and gloom outlook by some economists and the pessimistic feel on Main Street, recent economic data has shown signs of improvement," says Kathy Lien at Global Forex Trading, citing upturns in consumer spending and several indicators on manufacturing.

"Although this is partially due to the overly pessimistic forecasts, the data also suggests that the economy could be stabilizing."

Larry Kantor at Barclays Capital says markets are ready to look forward to rosier times.

"We believe that the latest rally will have stronger legs, and thus marks an inflection point," he said.

Kantor said the aggressive efforts by policymakers around the world and a massive decline in inventories sets the stage for better economic output.

"Reflecting all of this, we are now recommending that investors become more aggressive and take risk across a broader range of assets," he said.



## Southeast Bank Foundation's new project director

STAR BUSINESS DESK

Southeast Bank Foundation has recently appointed Ayesha Shireen Rahman as its project director, according to a press release.

Ayesha, a post-graduate in Physics from Dhaka University and a post-graduate in Technical Change and Industrial Strategies from Victoria University of Manchester, UK, is a former principal of Govt Jagannath Collage.

## US rejects reports of rifts

AFP, Washington

The United States on Saturday dismissed reports of rifts with and between top European powers ahead of the Group of 20 economic crisis summit in London next week.

The run up to the meeting, on April 2, has seen suggestions that several nations like France and Germany are balking at US calls to tackle the crisis with more fiscal stimulus instead of regulation.

## ROK plans deregulation to fend off slowdown

ANN/THE KOREA HERALD

The government plans to suspend current regulations deemed to be hindering business activities for two years as part of efforts to fend off an economic slowdown.

Prime Minister Han Seung-soo said Friday the "extraordinary" freeze may apply to rules regarding investment, business licensing, plant construction, the minimum wage and a range of public utility charges beginning July 1.

"This is an unprecedented, extraordinary measure that no country has ever tried," Han said after a meeting of policy coordination with Cabinet ministers.

"It is a vital step to overcome the economic crisis as early as possible," he added.

A task force of government officials and private experts will be formed next month to review regulations. The list of regulations subject to temporary suspension will be finalised in May, his office said.

It is the latest in a series of deregulation efforts by the Lee Myung-bak administration, which advocates greater business freedom and less government intervention.

In January, the government decided to expand the "sunset" provision under which all regulations will be automatically repealed within a specific timeframe unless reauthorised.

It aims to weed out irrele-

vant and unnecessary rules that remain enforced simply out of bureaucratic inertia.

The prime minister pledged to continue with efforts to remove bureaucratic red tape to boost economic efficiency and government accountability.

"Revitalising private investment is a key to combating the unprecedented economic crisis," he said.

While the sunset provision takes time and is a complicated legal process, the temporary suspension can be implemented more quickly and more easily, his office said.

Suspension can also be used as a litmus test to the impact of terminating regulations by allowing the government to assess side effects and interest conflicts that may arise when they cease to exist.

"Along with expansion of fiscal spending, we decided to introduce this framework for faster and substantial effect in stimulating the economy," Minister of the Prime Minister's Office Kwon Tae-shin told reporters.

For example, the government can put on hold the minimum wage rule to allow companies to hire more people who are willing to work for less than 4,000 won per hour. Government economists hope to end the uniform wage regulation because of different job conditions in different sectors.

But its abolition will face

fierce opposition from labour unions and will take years to revise.

By temporarily suspending the wage rule, however, more people will immediately be able to land jobs such as building guards and sweepers, the office said.

Also, the government is considering deferring utility payments for households and struggling small companies. Officials also think of discontinuing suspension of electricity and water supply for homes that fail to pay fees.

Kwon said the government plans to finalise the necessary legal proceeding by the end of June so that they can take effect July 1. Suspension of some rules that requires law revision will be implemented from next January after parliamentary approval.

AFP from SEOUL adds: South Korea's economy shrank a revised 5.1 percent in the last quarter of 2008 from three months earlier, its biggest drop in a decade, the central bank said Friday.

Although better than an earlier estimate of a 5.6 percent contraction, the fourth-quarter figure marks the steepest fall since the first quarter of 1998, when GDP fell 7.8 percent in the aftermath of the Asian financial crisis.

Year-on-year, gross domestic product (GDP) contracted 3.4 percent in the October-December period in line with predictions, the Bank of Korea said.

## Pubali Bank approves 30pc stock dividend

STAR BUSINESS REPORT

The Board of Directors of Pubali Bank Limited recommended 30 percent stock dividend for its shareholders for the year 2008, subject to the approval of its annual general meeting (AGM) scheduled for May 14, 2009.

The decision came at the bank's board meeting at its head office in Dhaka on Wednesday.

The bank issued 40 percent stock dividend to its shareholders for 2007.

Presided over by Chairman Hafiz Ahmed Mazumder MP, the meeting was attended by its directors.

The meeting also approved the bank's profit and loss account and balance sheet for the year ending on December 31, 2008.

Managing Director Helal Ahmed Chowdhury was present among others.

## China aviation giant spins off defence branch

AFP, Beijing

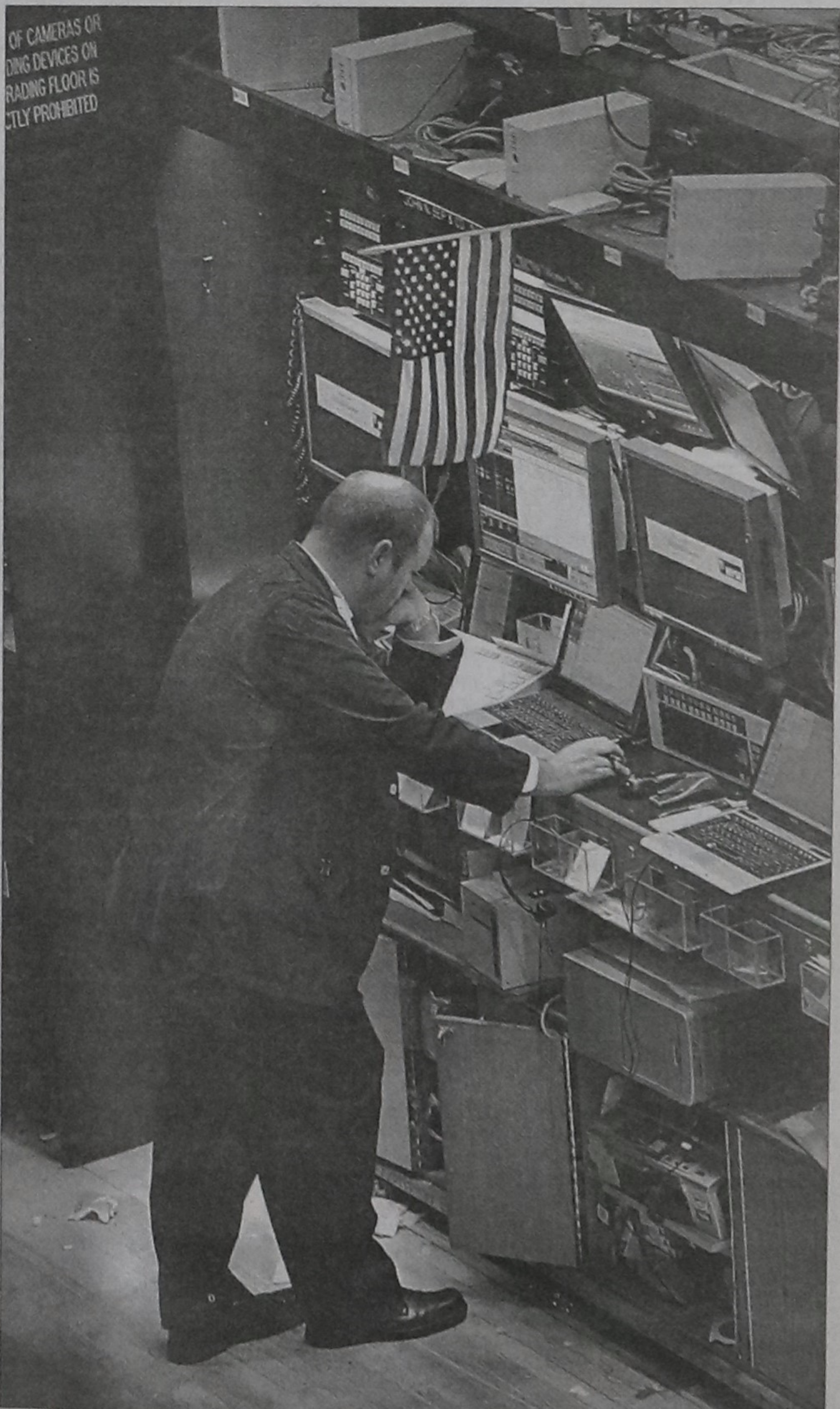
China's largest aircraft maker has spun off a 7.3 billion dollar independent defence manufacturing branch that will seek to produce top military hardware for global markets, state media said Friday.

The Aviation Industry Corporation of China (AVIC) established the aviation defence branch office Thursday in Beijing to separate the plane manufacturer's civilian and defence operations, Xinhua news agency said.

The new branch will take over most of AVIC's defence business and oversee 10 assembly plants and research institutes which have combined assets of 50 billion yuan (7.3 billion dollars), the report said.

"We are trying to become a world leading defence products supplier by expanding our overseas market for export," the report quoted Wang Yawei, general manager of the defence branch, as saying.

Building combat aircraft, including China's home-made third generation fighter jet the J-10, will remain a core task for the branch, it said.



A trader works at the New York Stock Exchange on Friday. Stocks tumbled, slipping at the end of a three-week advance.



Rupali Chowdhury, managing director of Berger Paints (BD) Ltd, inaugurates a new Berger ColorBank outlet in Narayanganj on Monday. The company also launched four more outlets in the district.

BERGER PAINTS