

International Business News

Asia-Pacific ministers claim progress in free trade talks

AFP, Tokyo

Ministers from the Asia-Pacific nations said on Sunday they had made "significant progress" toward free-trade goals set in 1994 as they closed a two-day meeting in Japan.

The trade talks in Hokkaido are the year's first ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) forum ahead of the 21-member club's annual summit in Yokohama, southwest of Tokyo, in November.

The year 2010 is the target for the region's economic powers -- such as the US, Japan, New Zealand and Australia -- to achieve free and open trade goals set by APEC 16 years ago in Bogor, Indonesia, while developing nations have until 2020.

The ministers said in a statement they "look forward to a strong and credible report that will show the significant progress that has been made toward the Bogor Goals".

The ministers agreed to promote cooperation on international standardisation and make the smooth flow of goods and services as well business travel easier. They will also strengthen intellectual property rights, the statement said.



Thai Prime Minister Abhisit Vejjajiva arrives to attend the World Economic Forum on East Asia being held in Ho Chi Minh City yesterday. Thailand is "back" after recent deadly unrest, the Thai premier said on his first trip abroad since the end of crippling antigovernment protests. "We are back, stable and secure," he told the forum, a gathering of global business leaders and regional politicians.

Iran central bank denies 45b euro conversion

AFP, Tehran

Iran's central bank chief has denied reports the bank was converting 45 billion euros of its foreign exchange reserves into dollars and gold ingots, the economic daily Pool said on Sunday.

"These reports are incorrect. I categorically deny reports appearing in foreign media," the newspaper quoted Central Bank Governor Mahmoud Bahmani as saying.

Iran's English language Press TV channel's website reported on Wednesday that the bank was converting 45 billion euros of its reserves into dollars and gold ingots.

The report, also widely carried by Iranian newspapers, said the bank's new monetary policy came against a backdrop of a new phase of economic recession in Greece and Spain which had caused a drop in the value of euro against the dollar in global markets.

The Iranian bank had earlier replaced a substantial part of its dollar reserves into euros following the financial crisis in the United States two years ago, the website said.

BP chief vows to stay

REUTERS, Venice, La./Ispenacola Beach, Florida

BP Chief Executive Tony Hayward said he did not plan to quit over the massive Gulf of Mexico oil spill, as the energy giant's bid to contain the crude appeared to reach a turning point.

Public and political pressure has been mounting on London-based BP to cap its gushing seabed oil well and take full financial responsibility for the cleanup and damage caused to Gulf coast fisheries, wildlife and tourism.

Hayward became a lightning rod for Americans' anger with BP when he told struggling Gulf Coast residents last month, "I would like my life back," a remark widely seen as insensitive and which rekindled speculation he may not survive the crisis.

"It hasn't crossed my mind. It's clearly crossed other people's minds but not mine," Hayward told The Sunday Telegraph in an interview when asked if he had thought of stepping down as head of BP due to the outcry over the oil spill.

Reliance board okays up to 26pc stake sale

REUTERS, Mumbai

India's No. 2 mobile carrier Reliance Communications, burdened by debt and the cost of rolling out 3G services in a fiercely competitive market, said on Sunday its board had agreed to sell an up to 26 percent stake.

Reliance Comm, controlled by billionaire Anil Ambani, also said in a statement its board approved pursuing other "appropriate strategic consolidation opportunities."

The company did not disclose any timeframe or details for a possible deal, but said its board had approved the issue of equity to strategic or private equity investors at a premium to the prevailing market price.

"This could be an enabling provision to accommodate any of the potential deals being discussed in the market," said SP Tulsian, a Mumbai-based independent investment analyst.

Reliance Comm said last week it had received proposals from international telecoms firms to buy a strategic equity stake, after a newspaper report said Abu Dhabi-based Etisalat was eyeing a 25 percent stake for 180 billion rupees (\$3.9 billion).

INTERVIEW

The green apparel maker

REFAYET ULLAH MIRDHA

Three major issues -- environmental protection, compliance and ethical business practices -- must be addressed to sustain fierce competition in Bangladesh's apparel business.

Strict implementation is paramount now, observes Shafiq Ul Hassan, managing director of Echotex Ltd, an export-oriented readymade garments factory.

The same is true for international buyers, as they are the consumers, he adds.

"Otherwise, you'll not survive in the business for long," he says.

The Metropolitan Chamber of Commerce and Industry recently awarded Hassan in recognition of his contribution in saving the environment through ethical business practice.

The company was also nominated last week for the National Environmental Award 2010 from the environment and forest ministry.

Hassan, a chemical engineer from the UK, set up an effluent treatment plant (ETP) at his factory in Chandra Polli Bidyut at Kaliakoir, Gazipur, on the very first day of its operations to keep environment pollution at bay. Echotex, a British-Bangladesh joint venture, was established in 2009.

ETPs are used in factories to drain chemical dyes so as not to destroy the quality of water, animal and fish species.

Hassan says many garment owners in the country began operations without ETPs. However, on pressures from the government and foreign buyers, now many move to set up such treatment plants.

The planet does not belong to an individual -- it belongs to inhabitants of the earth, he says. "So, it's the responsibility of all to save the environment."

"It's very easy to destroy, but very difficult to build," Hassan says. He has plans to invest \$1 million to update the ETPs in his factory in the next three years. At present, the company is able to dye 15 tonnes of fabric a day. 7.5 lakh litres of water is treated in the factory everyday.

The proposed updated ETPs will have a zero discharge capacity, meaning the treated water would be so pure that anybody can drink it, the Echotex MD says.

The company also has plans to expand



Shafiq Ul Hassan

operations in the next five years, as growing demand from international buyers backs the sector, he says.

Around 30 lines, or 1000 more sewing machines, will be added to the existing 30-line factory.

At the same time, the company also plans setting up a spinning mill, according to

Hassan. It eyes \$22 million turnover this fiscal year.

Echotex is not Hassan's first venture in apparels. He has been running Echo Sourcing, an outsourcing British-Bangladesh apparels company, with his British partner Para Hamilton, since 1996.

Hamilton, chairperson of both Echo

Sourcing and Echotex, supervises product designs from the company's London office.

Echo Sourcing purchases 95 percent of Echotex's production.

Last year, Echo Sourcing earned \$35 million from the sale of goods. Its major buyers are New Look, Debenhams, Fat Face, Peacock and Primark, Hassan says. Echotex mainly produces printed women's T-shirts.

Born in a remote village in Sunamganj in 1958, Hassan left for the UK in 1971, when he was a student of class VII at Saint Gregory School, Dhaka.

He previously worked for Fair Pattern Ltd, a UK-based sourcing company, and later for Brac, a Bangladeshi nongovernmental organisation, before starting Echo Sourcing.

"I worked day and night to set up Echo Sourcing," he says, adding that the company made a lot of profit when New Look started placing orders in bulk quantity.

The company won the hearts of buyers for quick delivery of orders, he adds.

"We used to outsource a lot of apparel items during the early years of operations. At that time, buyers used to give only 15 days of lead-time. We were somehow able to send the items before this 15-day lead time," he says.

Now, the number of Echotex's working employees reaches 4,000 from 300 at the beginning.

Being a compliant factory, it never faced labour unrest as it paid salaries and other benefits to its workers on time. Moreover, the company serves lunch to 4,000 members of the staff a day.

Serving lunch has double benefits -- it saves working hours and ensures good health of the workers, Hassan says.

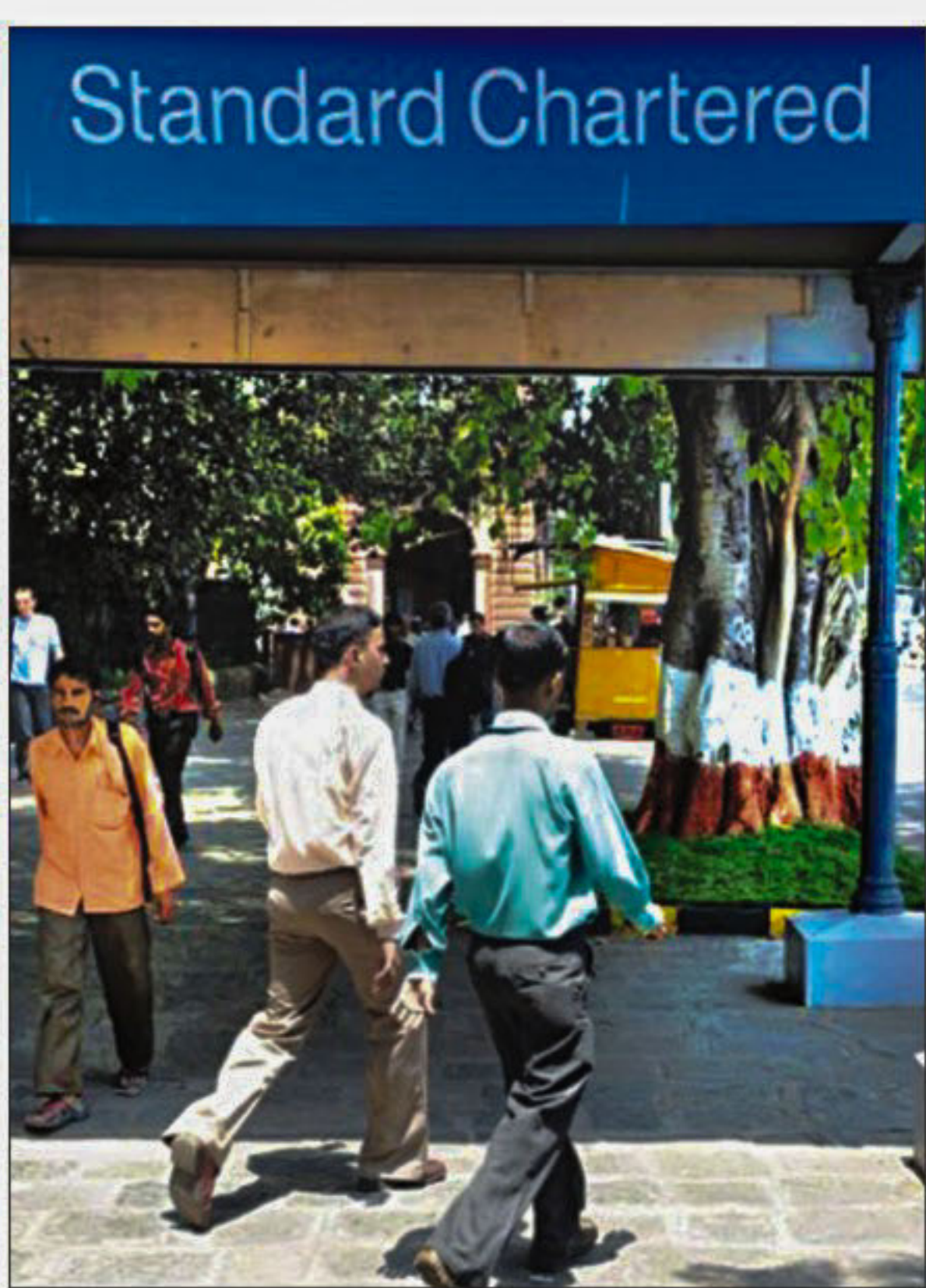
"Workers' welfare is the main practice of the company's corporate social responsibility."

The instigation of unrest by outsiders is a major concern for the garments sector, he says. "Other concerns, like a shortage of energy and power and poor infrastructure, are manageable, but influence from outsiders is difficult to manage."

According to Hassan, business should not become big for the sake of becoming big -- it should incorporate environmental protection and ethics. "Business, not in volumes, but for quality." reefat@thedailystar.net

BANKING

Foreign banks to strengthen foothold in India



Large foreign banks like Standard Chartered and Goldman Sachs are focusing more on the high-growth market in India. Standard Chartered has recently raised \$530 million in a share sale through Indian Depository Receipts, which gives the Indians an opportunity to get a global exposure to banking.

AFP, Mumbai

Foreign banks have been in India for more than 150 years but more overseas lenders are now queuing up to set up operations, amid signs that tough restrictions on entry may be eased.

Five to eight foreign banks are seeking to come to India, a source familiar with the industry said, with the country viewed as attractive because of gaps in the market and a buoyant economy that has created wealthier clients.

"India is in focus. It is a high-growth market," added Abizer Diwanji, head of financial services at consultancy KPMG India. "Foreign banks are building their base here, focusing on high-net-worth clients".

Last week Britain's Standard Chartered Bank raised 530 million dollars in a novel share sale through Indian Depository Receipts, which gives Indians an opportunity to get a global exposure to banking.

The London-based lender, which as The Chartered Bank opened its first overseas

bank in the eastern city of Calcutta in 1858, called the fund-raising issue -- which was oversubscribed by more than double -- a "homecoming."

Australia's third-largest bank, ANZ, has been given the go-ahead for retail and wholesale banking operations. Credit Suisse, which already has an Indian investment banking, wealth management and mutual fund arm, is following suit.

Embattled bank Goldman Sachs is also keen to enter India.

"India is a real market of substance," ANZ's chief executive for Asia Pacific, Europe and America, Alex Thursby, has said.

The presence of foreign banks has brought changes to the way India banks. They were instrumental in bringing automated teller machines (ATMs) and credit cards to India.

But they have still played a limited role in India's vast lending space, which has traditionally been dominated by state-run banks, mainly due to restrictions and entry barriers in place until economic liberalisation in the early 1990s.

Operations still cater to a niche market of

wealthy clients in big cities, offering specialised products, forex and financial transaction facilities, advisory and wealth management services.

Thirty-four foreign banks are currently operating in India with Citibank, Standard Chartered and HSBC currently accounting for 70 percent of their total business.

In the last five years to March 2009, foreign banks have seen a net profit compounded annual growth of 27 percent, led by interest and fee-based income, a report from Mumbai-based HDFC Securities shows.

India has concentrated on consolidating its domestic banking system over the last five years but the Reserve Bank of India says the next phase of expansion will see foreign banks' role "gradually enhanced in a synchronised manner".

A spokeswoman declined to comment on how many overseas banks are looking to set up but said they would clear applications as they come in.

"We do not hold these back," she told AFP.

The RBI has approved an average 15



bank-branch licences every year for the past few years, which is above its commitment of 12 to the World Trade Organisation.

But predictions about when foreign banks will arrive is difficult to assess.

One issue that could delay entry is the current trouble in the eurozone, which could affect strategic decision-making.

"Typically, foreign banks are dependent on the fortunes of their head office," said one banking analyst.

Foreign banks could also face stiff competition from Indian lenders, despite the country having a relatively low penetration of financial services, as more private banks have come into the sector in the last decade.

Interest margins for banks have been falling since 2000, according to a report by investment bankers and securities firm Execution Noble, as banks fight for market share across the board.

In the decade to September 2009, private banks doubled their market share to 20 percent, while foreign banks slipped from eight percent to six percent, said Execution Noble's Aditi Thapliyal.