

International Business News

Malaysia, India to begin free trade mid-2011

AFP, Kuala Lumpur
 Malaysia and India announced Wednesday that a long delayed trade accord between the two countries would take effect by July 2011, doubling two-way trade to 15 billion dollars by 2015.

"I'm glad to officially announce that the agreement will come into effect in 2011. That will signify a huge strategic move... and establish a strategic and stronger bilateral relationship," Prime Minister Najib Razak told a joint news conference after a meeting Indian counterpart Manmohan Singh.

"I'm very confident when this agreement comes into force, the trade targets that we have set, which is basically 15 billion dollars by 2015, will be attained if not earlier," Najib said.

The Comprehensive Economic Cooperation Agreement (CECA) will cover trade in goods and services, investment and economic cooperation and will be signed by the two sides by January, according to a joint-statement.

Singh arrived in Malaysia Tuesday for a three-day visit in a bid to bolster ties with Southeast Asia's third largest economy.

BAT cigarettes posts sales boost from emerging markets

AFP, London
 British American Tobacco said on Wednesday that revenues "grew well" in the first nine months of 2010, aided by emerging markets, but cigarette volumes slid amid tough trading conditions.

The world's second-biggest maker of cigarettes added in a trading update that it was on course for good profits growth this year.

"Group revenue for the nine months grew well, driven by the favourable impact of exchange rate movements, continued good pricing and the acquisition of Bentoel in Indonesia in June 2009," BAT said in the statement.

Amid the tough trading environment, volumes were also hit by an increase in illicit trade in some markets, notably Turkey, Romania and South Africa, as well as a loss of sales in Pakistan after the floods.

The London-listed company acknowledged that overall volumes fell to 526 billion cigarettes in the nine months to the end of September, compared with 533 billion in the same period of last year.

"The challenging economic conditions, excise driven price increases and high unemployment have led to some softening of our volumes," said BAT chief executive Paul Adams in the statement.



AFP
 Job applicants queue up at a counter for job vacancies offered by different local companies during a job fair at a mall in Manila yesterday. The Philippines is creating more jobs but too many skilled people are still unable to find work, economic planning minister said.

VW profit leaps 10-fold to 2.2b euros

AFP, Frankfurt
 Volkswagen, the biggest European automaker, said on Wednesday that its third-quarter net profit leapt more than 10-fold to 2.2 billion euros (3.0 billion dollars) on strong demand and strict cost controls.

Despite the gain, VW did not raise its full-year outlook however, even though the targets are considered prudent by many analysts.

"Increased demand for our group models and our disciplined cost management led to these strong results, which have strengthened our sound financial base," a statement quoted VW finance director Hans Dieter Poetsch as saying.

After reporting nine-month results on Friday, VW said that third-quarter sales jumped by 18.4 percent to 30.7 billion euros, and operating profit climbed to 1.985 billion euros from 278 million in the third quarter of 2009.

That period marked the low point in the recent global auto sector crisis.

Looking ahead, VW warned the sharp rebound would ease, saying that growth seen "in the first nine months of 2010 will not continue as strongly in the fourth quarter."

Korean Air doubles profit in Q3 on higher traffic

AFP, Seoul
 South Korea's main flag carrier Korean Air said Wednesday its net profit more than doubled in the third quarter from a year earlier due to a sharp rise in passenger and cargo traffic and a stronger won.

Net profit was 583.8 billion won (520.3 million dollars) in July-September compared with 264 billion won a year earlier, Korean Air said in a statement.

Revenue rose 26.2 percent year-on-year to 3.13 trillion won and quarterly operating profit rose more than three-fold to a record 358.1 billion won.

Increased international passenger and cargo traffic was the main reason for the strong third-quarter performance, the airline said.

The won's rise against the dollar also reduced the cost of repaying foreign currency debts.

"Outbound travel traffic rose 23 percent in the third quarter compared to a year earlier, while cargo traffic remained strong since the second half of 2009 due to increased exports of semiconductors and automobile parts," the statement said.

BB crafts credit for public jute mills



A man carries raw jute out of water in Madaripur. Bangladesh Bank plans to help boost the country's jute sector.

REJAUL KARIM BYRON
 Bangladesh Bank (BB) is set to provide a Tk 500 crore credit to 16 state-owned jute mills to boost the sector.

The allocation was agreed upon at a meeting, chaired by BB Deputy Governor Nazrul Huda yesterday.

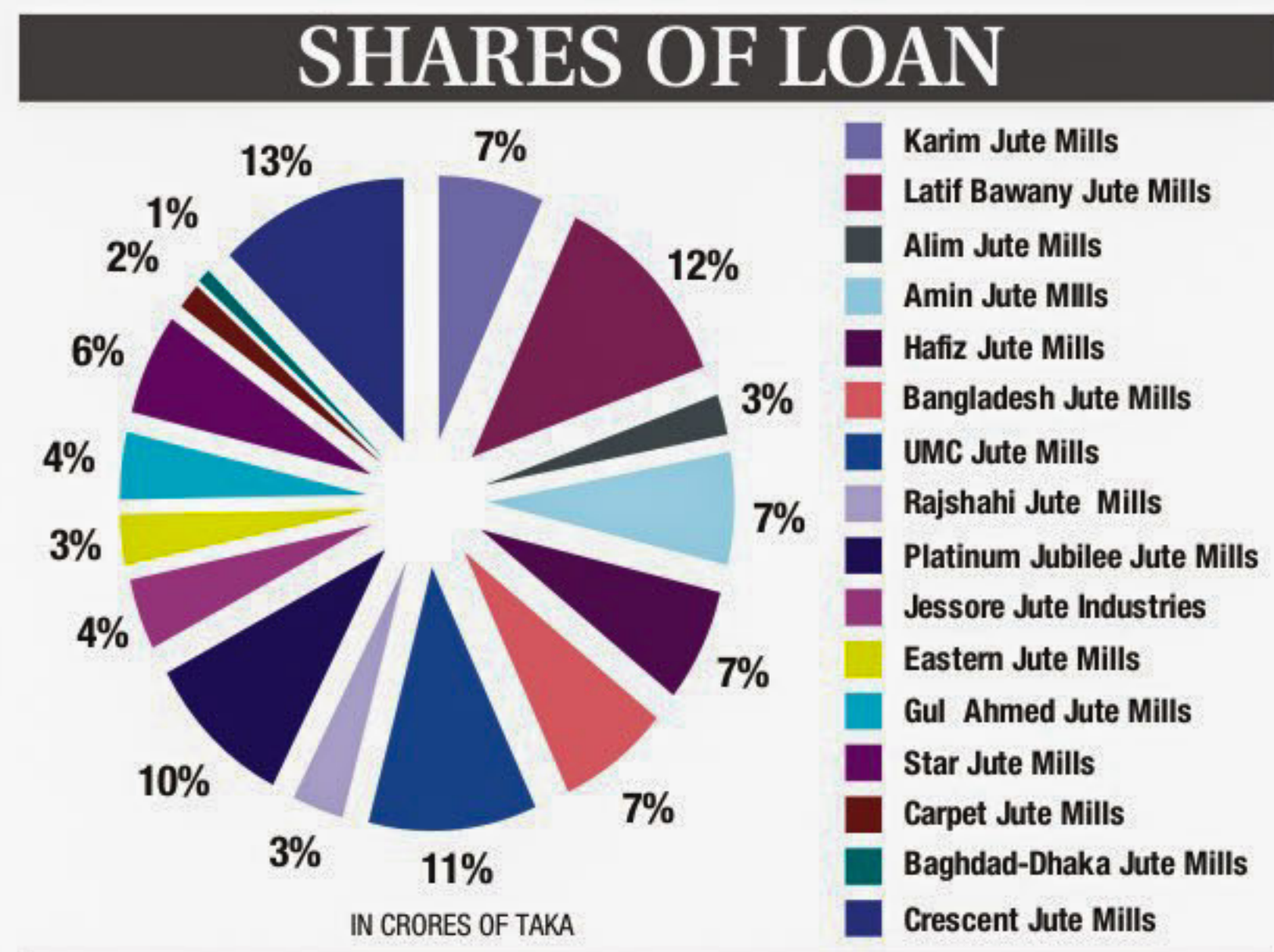
Earlier, BB's board of directors approved the refinancing facility for the mills to help them tackle a fund crisis.

The credit will be distributed through Sonali, Janata, Agrani and Rupali banks. High officials of the four banks and Bangladesh Jute Mills Corporation (BJMC) were present at yesterday's meeting.

Huda told The Daily Star that a new prospect for the jute sector has been created now. To make use of the opportunity, the jute mills are being given the facility at a low interest rate.

In response to queries, Huda said private jute mills are already enjoying such facility and the central bank has no further credit plans for them.

The jute mills will get the refinancing facility at 9 percent interest



rate. However, if any unit fails to pay the interest, it will have to pay the interest according to the market rate.

Sonali Bank will distribute Tk 110 crore to three jute mills, Janata Bank Tk 264 crore to eight mills, Agrani Bank Tk 63 crore to four mills and Rupali

Bank will disburse Tk 63 crore to one mill.

Of the 24 jute mills under BJMC, 16 are operating now, financed by state banks. The banks were not interested in making any fresh investment in those mills as they had huge liabilities.

DEVELOPMENT

Tech explosion holds promise for Africa

AFP, Johannesburg
 Ask web entrepreneur Stefan Magdalinski why he moved from London to Cape Town two years ago, and he points to a map that illustrates the technological revolution reshaping Africa.

The map shows the 14 undersea fibre-optic cables that will link the continent's Internet service providers to the servers of Europe and Asia by mid-2012, increasing the capacity of its cable Internet connections almost three-fold from today and nearly 300-fold from 2009.

The cables are drawn in different colours and in thicknesses that represent their capacity -- from the thin gray line showing the 120-gigabit cable that was Africa's only fibre optic link in January 2009, to the broad orange swath showing a 5,120-gigabit cable set to launch in 2012.

With its violet, yellow and orange cables swooping down the continent's west side and its blue, brown and red lines tracing the northern and eastern coasts, the map looks like an expressionist painter's vision of Africa.

"If that doesn't look like an opportunity for transformation, fun and profit to you, I don't know what is," Magdalinski says.

Magdalinski is the CEO of Mocality, a business directory designed for the mobile phone.

His goal is to create the largest online business database in Africa -- from upmarket stores in swank shopping centres to neighbourhood shops housed in corrugated metal shacks -- and bring it to shoppers on their cell phones.

He is one of many entrepreneurs in Africa tapping the twin trends of growing cell phone ubiquity and exploding Internet bandwidth, developments that promise to transform the way the continent does business and communicates.

The digital divide is still a persistent problem for Africa, where only 9.6 percent of people are Internet users, compared to 65 percent of Europeans.

The cost of Internet and phone services is also higher in Africa than anywhere in the world, despite the region's poverty, accord-



AFP
 African students use mobile phones after class at the Witwatersrand University in Johannesburg. Converging booms in internet and cell phone technologies in Africa hold the promise of economic growth.

ing to the UN International Telecommunications Union (ITU).

But as undersea cables increase Internet providers' capacity and decrease their reliance on slow satellite connections, the cost of getting online is falling.

And as technology allows users to access the Internet with ever-cheaper cell phones rather than computers, more and more people will use their mobile phones to get online in Africa, the world's fastest-growing mobile market with 333 million mobile subscribers, up from 88 million five years ago.

These converging booms in Internet and cell phone technologies hold the promise of economic growth, since studies show a link

between rising broadband and mobile penetration and economic development.

"Every day, European mobile companies are calling me about the opportunities in Africa," says Antonie Roux, CEO for Internet global operations at Naspers Group, a South African multi-media company.

"We are seeing things happen in Africa first," says Jon von Tetzchner, co-founder of Opera Software, a Norwegian company that makes a mobile browser.

Von Tetzchner cites mobile banking as an example of Africa's emerging tech savvy.

A programme called M-PESA launched by Kenya's Safaricom network three years ago pioneered mobile cash transfers, and the popularity of the service has soared.

M-PESA essentially turns cell phones into bank accounts by letting users make and receive payments on their mobiles and cash in at small cell phone shops.

In July the service had almost 12 million customers, up from 52,000 when it launched. Mobile banking services in Rwanda, South Africa and Uganda have seen similar growth.

"I'm very excited about the fact that we are seeing so many people doing banking on their mobile," Von Tetzchner says.

"In other parts of the world this isn't possible. This is actually Africa jumping ahead, and by doing that giving access to banking to a lot of people that do not have it today."

Govt to combat music piracy

JASIM UDDIN KHAN

The government is set to bring about changes in the Import Order to restrict the import of compact discs and digital video discs to protect the country's Tk 150 crore music industry against rampant piracy.

A ministerial committee headed by Commerce Secretary Ghulam Hussain held a meeting last month, where the decision was taken to make amendments to the related section of Import Order 2009-2012.

"Eighty percent of local trade of the music industry is executed through unauthorised copying. Piracy is destroying the music industry," said Kumar Biswajit, president of Music Industry Owners Association of Bangladesh.

Unscrupulous profiteers are usurping the intellectual property of artists, musicians and composers through unfair practices, Biswajit said. This is also the reason why the industry has been failing to raise its production standards, he added.

The law-enforcement agencies, along with the anti-piracy task force comprising home ministry and cultural ministry officials, carry out regular drives to uproot malpractices in the sector, but piracy goes unabated.

The law-enforcement agencies seized 61,187 CDs in October alone.

"Law enforcers, including the police and RAB, have long been cracking down on music pirates. But some groups/individuals are continuing their reckless operations," said Major Masum Ahmed, convener of the anti-piracy taskforce.

Police urged the industry people to prepare a list of suspected music pirates and hand the list to the police, so that they can take necessary action against them.

Selim Khan, managing director of Sangeeta Ltd, a top music production house, said around 15 lakh music CDs are produced and distributed by about 250 production houses a year.

Although the production houses generated jobs for about 2 lakh people and invested about Tk 400 crore, many shops are finding it hard to survive due to large-scale unauthorised copying, Khan added.

Businessmen import discs, mainly from China, Thailand and Singapore, and copy popular music on them.

The government is also contemplating revisions to the copyright act. The commerce ministry plans to install the latest technology to stop people from freely downloading copyrighted audio and video performances to personal computers and cellphones via internet.

The ministry also plans to put in place a dedicated anti-piracy wing at the home ministry to bolster anti-piracy crackdowns.

Magistrates will be deployed to lead mobile courts to seize pirated CDs and DVDs, and punish the culprits. The ministry is weighing options to impose some restrictions through issuance of additional licences in the retail trade of CDs and DVDs.

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