Hasina calls for broader partnership with Japan

UNB, *Osaka*

Prime Minister Sheikh Hasina yesterday called for a comprehensive economic partnership agreement between Bangladesh and Japan to best utilise the bilateral business relationship.

Addressing a dinner hosted by Osaka Governor Toru Hashimoto at the New Otani Hotel here, Hasina said Bangladesh and Japan can embark on a glorious journey for mutual benefit of the two countries.

Hasina said 87 percent of the Japanese businessmen have expressed their readiness to invest in Bangladesh. Bangladeshi goods exported worldwide in the last fiscal year were worth $17 billion which is expected to surpass $20 billion in the current fiscal, she added.

"Bangladesh fortunately continues to receive from its expatriates large remittances which in the current year will be around $14 billion."

Due to Bangladesh's location as a bridge between the South and South East Asia with regional connectivity, it has the potential to become the hub of bustling economic activity in the region, Hasina said.

"I invite you most cordially to come to Bangladesh and participate in the joint efforts for prosperity of a significant corner of the globe," she told the Japanese investors. Power, renewable energy, petrochemicals, IT, infrastructure, transportation and textiles are the sectors wherein Japan can invest, she said.

Hasina said Japan has consistently been helping Bangladesh in its socio-economic development ever since it earned freedom in 1971. Japanese investment has also contributed to Bangladesh's development and progress, she said, adding that Bangladesh now enjoys a healthy investment and business climate.

She said this has been possible because of Bangladesh's liberal investment policies, including tax holiday, concessionary duty on the import of machinery, remittance of royalty, allowing 100 percent foreign equity, unrestricted exit policy, full repatriation facilities of dividend and capital on exit, etc.

Bangladesh enjoys a healthy investment and business climate because of liberal policies, including tax holiday, concessionary duty on the import of machinery and remittance of royalty: Hasina

The prime minister noted that despite the recent global economic crisis and the impacts of climate change, Bangladesh's annual GDP growth rate hovered around 6 percent, stockmarket remains stable and export growth was 4.11 percent in fiscal 2009-10.

She further said that the current balance of trade is in favour of Japan with export of $1.047 billion to Bangladesh, compared to imports worth only $330 million. "This difference, you will agree, needs to be corrected with increased Japanese investment and relocation of Japanese industries in Bangladesh."

Hasina said Bangladesh today thrives on healthy macroeconomic fundamentals, socioeconomic stability, cheap labour, a domestic market of over 150 million people and a South Asian market of 1.5 billion.

She said Goldman Sachs has included Bangladesh in their list of "Next Eleven"; JP Morgan in their "Frontier Five"; and Standard and Poor's as well as Moody's have placed Bangladesh ahead of all countries in South Asia except India.

Even JETRO has found Bangladesh as the second best profit-making destination for Japanese businesses in Asia, she said.

The prime minister sought Japanese investment in the infrastructure projects earmarked for implementation under the public-private-partnership policy (PPP) adopted by Bangladesh. Such infrastructures include highways, subways, monorails, railroads, power stations, a world class international airport and another sea port.

Earlier, Hasina arrived in Hiroshima by air and after visiting Hiroshima Memorial Museum and Park came to Osaka by a Shinkansen (bullet train).

Hartal dampens business

MD FAZLUR RAHMAN

Public transports came to a halt, private cars remained in safe garages and financial institutions served sparse clients, as the countrywide hartal called by the main opposition yesterday heavily disrupted business life in the capital.

But small businesses, footpath shops and day labourers bore the brunt.

Bangladesh Nationalist Party (BNP) called the strike, known as hartal, to protest the eviction of its Chairperson Khaleda Zia from her long-time house in Dhaka cantonment.

This was the second hartal of the opposition in the last 16 days, after it staged a nationwide strike on the same grounds on November 14, three days before Eid-ul-Azha.

Dhaka roads that usually remain clotted with traffic and people looked almost bare. No long-route bus left Gabtoli, Shyamoli and Kalyanpur terminals. Only a handful of buses defied the strike to ply inside the city.

All the supermarkets and major shopping zones kept their shutters down. Although banks and other financial institutions opened their backdoors, the turnout was thin.

Aminul Islam, a warm-clothes seller at Paltan, the heart of the country's political activities, could not sell a single piece of item until 3pm although he opened his shop at 9am.

"As buses are n4ot plying, people can't come," he said.

Unlike the past strikes, many roadside shops could start their business in the morning amid a huge number of security personnel, who successfully could keep the strike-supporters at bay in the Paltan area, but their sales were low.

Abul Hossain, a T-shirt seller in the same area, said the sales were quite low. "Many shops opened, but there were no clients."

Bulbul Ahmed, a rickshaw-puller, usually starts his day at 8am, but yesterday he was hesitant and started taking trips at 1pm, only to less trouble-prone areas.

Until 2:30pm, he could manage only two trips, as most city-dwellers opted against going out.

"I don't know how much I will be able to earn today," said Ahmed, who lives in Hazaribagh with his wife and a 10-year-old school-going daughter.

The office-goers and many other city-dwellers with no option of staying at home had to go through difficulties to reach their offices and other destinations, as only a few public transports were available.

"I had to spend 10-time higher fare to reach office, as I got no bus," said ABM Nahidur Rahman, who works for a brokerage house in Motijheel.

Although economists and business leaders cannot exactly estimate how much loss a strike causes to the country's $100 billion economy, they said such losses hold back development efforts.

The country's knitwear makers, who fetched over $6 billion in exports in the last fiscal year, said the strike particularly hit their preparations to complete increasingly higher orders and deliver on time.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the country's apex trade body, has termed the losses of the shutdown massive, urging the opposition party to find alternative ways of protest.

The economists said any strike has both tangible and intangible impacts and badly hits the country's industrial and services sector.

The country's services sector, which accounts for over 50 percent of the country's gross domestic output (GDP), is severely affected by any strike, said Mustafizur Rahman, executive director of Centre for Policy Dialogue (CPD), a think tank.

The strike also erodes confidence of entrepreneurs and investors, he said, urging the political parties to consider other political programmes instead of a complete shutdown.

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AMRAN HOSSAIN

Policemen take rest in front of shuttered shops at Bijoy Nagar in Dhaka during hartal yesterday.

EU launches probe into Google 'abuses'

BBC ONLINE

The European Commission has launched an investigation into Google after other search engines complained that the firm had abused its dominant position.

The body said it would look into whether the world's largest search engine lowered the ranking of competing services in its results.

The probe follows complaints by firms including price comparison site Foundem and legal search engine ejustice.fr.

Google said it would work with the Commission to "address any concerns".

Earlier this year the attorney general of Texas launched a similar investigation following complaints from firms including Foundem.

The objections in both cases are from competitors which allege that Google manipulates its search results.

"The European Commission has decided to open an antitrust investigation into allegations that Google has abused a dominant position in online search," the body said in a statement.

It said the action followed "complaints by search service providers about unfavourable treatment of their services in Google's unpaid and sponsored search results coupled with an alleged preferential placement of Google's own services."

The Commission's investigation does not imply any wrongdoing by Google.

"Since we started, Google we have worked hard to do the right thing by our users and our industry," said the firm in a statement.

"But there's always going to be room for improvement, and so we'll be working with the Commission to address any concerns."

Google offers two types of search result - unpaid results produced by the firms algorithms that are displayed in the main body of the page and "ads", previously called sponsored links.

The investigation will try to determine whether the firm's method of generating unpaid results adversely affects the ranking of other firms, specifically those providing so-called vertical search services.

These are specialist search providers, and can include sites that offer price comparison, for example.

Foundem alleges that Google's algorithms "remove legitimate sites from [its] natural search results, irrespective of relevance".

Google says that there are "compelling reasons" why these sites are "ranked poorly".

For example, it said, Foundem "duplicates 79 percent of its website content from other sites."

"We have consistently inform-ed webmasters that our algorithms disadvantage duplicate sites," the firm said.

Foundem, in a complaint filed in February, argues that it is penalised by Google and that the firm promotes its own services instead.

The Commission will also look into allegations that Google manipulated elements of its system that determine the price paid for ads from these sites.

Global growth to slow: Citi

STAR BUSINESS REPORT

The global economy will grow at a pace below than the current year's, by about 3.4 percent in 2011 and 3.8 percent in 2012, and Asia will continue to lead the global recovery, the Citi forecast yesterday.

"2011 is likely to be another year of strong but uneven global growth," said the international financial conglomerate in its annual flagship report 'Prospects for Economies and Financial Markets in 2011 and Beyond'.

The expansion will be lower than the 2010 rate of 3.9 percent, but still be above the 1999-2008 average of 2.9 percent, it said.

The report forecasts the expansion will remain uneven, more so than in prior recoveries. It said the emerging markets in Asia are likely to once again outperform, as China and India continue to undergo transformational booms, not just in 2011, but for many years.

Industrial country deleveraging and continuation of multi-decade transformational booms in China and India, the healthier state of company balance sheets relative to consumers in industrial economies and diverging monetary policy and fiscal worries will help Asia maintain the lead.

The Citi expects GDP growth in Asia excluding Japan to slow to 7.6 percent in 2011 from about 8.8 percent in 2010. However, GDP growth in Asia excluding Japan should remain about twice the global average, and account for roughly half of the total global growth.

On the United States, the world's largest economy, the report said moderate recovery should continue but with subpar contributions from the consumers and especially housing, where downside risks linger. Low inflation and limited declines in unemployment are expected to keep monetary policy focused on accommodation through and beyond 2011.

On India, the Citi report said its growth has recovered to near pre-crisis levels with FY11 GDP likely to come in at 8.4 percent and rise further to 8.6 percent in FY12.

"While base effects are likely to result in the headline inflation coming off from 8.5 percent levels currently to about 6 percent in 2011, we reiterate our concerns on stickiness in food inflation."

The report said global growth is rarely uniform, but the current recovery is more uneven across major economies than usual.

While global growth in 2010 (3.9 percent year on year) has been well above average (2.9 percent), the countries that recorded strong growth accounted for only about 50 percent of global GDP, it said.

For roughly half the global economy, 2010 was not a particular good year. "And for 2011, we expect that only about 45 percent of global GDP will be in high-growth economies," the Citi said.

BRAC BANK

Ahsan Kabir, vice president of National Association of Small and Cottage Industries of Bangladesh, and Mohammad Mamdudur Rashid, deputy managing director of BRAC Bank, exchange documents after signing a memorandum of understanding to work jointly for the betterment of the SME sector, especially for women entrepreneurs, in the capital yesterday.

Canada growth slows to 1pc

AFP, *Ottawa*

Canada's economy grew one percent in the third quarter, slowing dramatically since the start of the year, official data showed Tuesday.

Business investment in plants and equipment recorded the strongest quarterly increase so far this year and consumer spending also pushed up domestic demand, Statistics Canada said.

But, according to the government agency, lower exports and a slowing housing market restrained growth.

Analysts had expected economic growth of 1.4 percent in the quarter.

The main sources of growth were manufacturing of mostly durable goods, mining of copper, nickel, lead and zinc, and the public sector. Construction and retail trade also contributed to the rise in gross domestic product (GDP).

GM completes sale of Nexteer unit to Chinese entity

AFP, *Detroit, Michigan*

General Motors said Monday it had completed the sale of its Nexteer equipment unit to Chinese-based Pacific Century Motors, an entity that includes the Beijing municipal government.

The Michigan-based Nexteer, once called Saginaw Steering Gear, was part of GM for nearly 90 years before being spun off with parts giant Delphi Corp. under the US auto giant's restructuring.

"It's a landmark deal," said Robert Remenar, a former GM and Delphi executive who will be Nexteer's chief executive.

"It's the largest Chinese investment in the global automotive supply chain," said Remenar, who added that the deal will help Nexteer expand operations in Michigan and abroad.

Neither GM nor Nexteer's new Chinese owner disclosed the terms of the deal. The deal, which is effective Tuesday, was originally signed in July.

"It's not a merger or an acquisition," Remenar said. "It's the creation of a new entirely new entity."

He said Nexteer offered its Chinese investors an opportunity to purchase a company with advanced technology and customer roster that includes automakers in North America, Europe and Asia.

The new firm called Automotive PCM was formed by PCAS and Beijing E-Town International Investment & Development Co., Ltd., an affiliate of the Beijing municipal government.

The owners will get Nexteer's electric power steering system, said to improve fuel economy by eliminating the need for the hydraulic steering pump.

Nexteer has 8,300 employees and serves more than 60 customers in every major region of the world, selling steering systems to GM, Fiat, Ford, Toyota, Chrysler and PSA Peugeot Citroen, as well as automakers in India, China and South America.

GM recently launched a massive share offering that highlights its new traction after a government-backed bankruptcy restructuring.