

Star BUSINESS

DHAKA THURSDAY FEBRUARY 10, 2011, e-mail: business@thedailystar.net



From right, Yukio Okamoto, statutory auditor of Mitsubishi Motors Corporation, Osamu Masuko, president, and Romo Rouf Chowdhury, managing director of Rangs Ltd, are seen at a press conference at Sonargaon Hotel in Dhaka yesterday.

Mitsubishi up for expansion in Bangladesh

SAJJADUR RAHMAN

Global automobile giant Mitsubishi Motors has made a bid to increase its market share in Bangladesh, which it believes has a big potential to grow as an emerging market for cars.

This is part of the Japanese carmaker's new business plan. Mitsubishi said it would target a 37 percent jump in sales of Mitsubishi-brand vehicles to 1.37 million vehicles by 2013/14, according to media reports. It now looks to emerging markets for its rapid expansion.

In Bangladesh, it will start assembling sedan cars. The 1,300cc sedan cars will be the latest addition to the current Mitsubishi Pajero and Mitsubishi Pajero Sport production in Bangladesh.

Osamu Masuko, global president of Mitsubishi Motors, who is in the city on a three-day visit, shared his company's expansion plan with The Daily Star in an interview yesterday.

State-owned Progoti Industries Ltd has been assembling Pajero vehicles since 1985 and the new Sport model is expected to hit the market in two to three months.

The automaker has already signed a deal with Progoti to assemble sedan cars. Localisation of com-

ponents of the cars will get priority and Mitsubishi will invest for that, said Masuko.

"Bangladesh government and Mitsubishi have agreed to study the possibility of the assembling project," Masuko said.

The feasibility study will take six months to complete and Progoti will start assembling the cars after that, he said. Prices of the cars will decrease after the assembling but he did not disclose further details on it.

In Thailand, all big carmakers have plants, where cheap labour is a blessing for them. It is likely that full components will be brought from the Southeast Asian country for now -- to assemble cars in Bangladesh.

Mitsubishi will gradually transfer technology to Bangladesh and believes the country will benefit from it and save foreign currency being spent on imports of car parts.

"Bangladesh has to localise components to save foreign currency being spent on imports," said Masuko.

Presently, Bangladesh's annual car consumption is around 30,000 units dominated by reconditioned Japanese cars.

Rangs Motors, the market leader in the branded car segment and sole

distributor of Mitsubishi vehicles, has a 38.6 percent share of the new-car market.

"It is an easy target to sell 200,000 units a year in the next five to 10 years," Masuko said considering the country's population size and growing economy.

He cited the example of Korea-based Hyundai Motor that became a global player due to transfer of technology by Mitsubishi Motors.

"It took 39 years to transfer the technology to Hyundai. If we start here today it will take at least 10-15 years to do that," said Masuko.

Mitsubishi and Rangs Ltd have also announced the plan at a formal press conference at Sonargaon Hotel yesterday.

Yukio Okamoto, statutory auditor of Mitsubishi Motors, and Romo Rouf Chowdhury, managing director of Rangs Ltd, were present at the press conference.

Despite being a potential country for car making, Chowdhury said manufacturing is not taking place largely due to an unfavourable tax structure. "The tax rate is the same for imported and manufactured vehicles," said Chowdhury.

sajjad@thedailystar.net

Flippant comments trigger stock violence

STAR BUSINESS REPORT

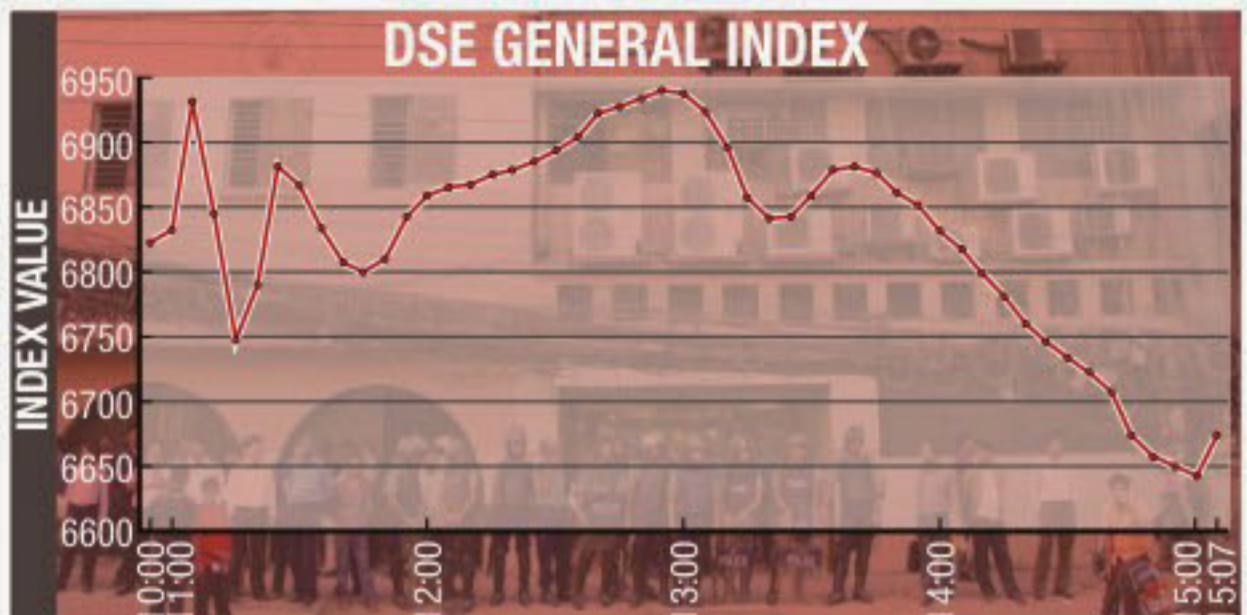
Stocks tumbled yet again yesterday as some contentious comments on the share market by the chief of a parliamentary standing committee sapped investors' confidence.

Only after a day's rise, the benchmark index of Dhaka Stock Exchange (DSE), General Index (DGEN), went down 149 points or 2.2 percent to 6,673 at the end of a four-hour trading session -- taking hundreds of demonstrating investors to the streets for a fourth day.

AHM Mostafa Kamal, chief of the parliamentary standing committee on finance ministry, on Tuesday said the market index was 2,700 points in 2009, but touched 10,000 points in around two years, so retail investors will have to bear the losses until the index comes down to 3,000 to 3,500 points.

Kamal also described Prime Minister Sheikh Hasina's allegation of BNP behind the ongoing stockmarket crisis as 'a political statement'.

The agitating investors said the comments cast a negative impact on the market, which showed signs of a comeback on Tuesday, following the finance minister's positive message and active participation of the institutional investors.



Finance Minister AMA Muhith on Tuesday noon said the stockmarket would return to a stable situation this week. He also urged the investors to refrain from panic selling.

Market insiders said the rising trend could not be sustained, as selling pressure, especially by retail investors, dominated the trading board.

"After his [Kamal] comments, the investors who went into a buying spree following the finance minister's assurance were thinking twice to buy shares; rather they were trying to quit the market," said a market insider, asking not to be named.

"Although the institutional investors tried to support the market with heavy buying, their efforts were not enough to absorb the huge selling pressure," he said.

Protests in Motijheel against the fall in share prices show that the street

demonstration is becoming part of life for many retail investors whose dreamy days are now gone with the stockmarket volatility. Whenever the stocks slump -- now a common feature of the Motijheel Street -- investors take to the streets, stage demonstrations, chant slogans, set fire to paper and wood, block traffic and engage in violence.

They did the same yesterday but only after the regular closing of trading at 3:00pm, stopping traffic from Shapla Square to Ittefaq crossing for an hour.

Yesterday's only new dimension to the agitation was investors' demand for resignation and punishment of AHM Mostafa Kamal.

Although the market started on a positive note and maintained the pace through the half way, it witnessed a free fall in share prices in the remaining session leading the DGEN not only to lose its earlier gains, but also closed down at the end.

Govt signs 360mw power deal with Marubeni

STAR BUSINESS REPORT

The government yesterday went into an agreement with a Japanese corporation to set up a 360-megawatt combined cycle power plant and associated substations in Haripur by August of 2013.

Electricity Generation Company Ltd (EGCL), an enterprise of Bangladesh Power Development Board, signed the deal with Marubeni Corporation of Japan at Biddut Bhaban in Dhaka.

Kazi Nazrul Islam, company secretary of EGCL, and Hidekatus Mizushima, general manager of Marubeni Corporation, inked the \$376 million deal.

Japan International Cooperation Agency (JICA) will finance the project.

"This project is our major anchor to the development of the power sector, said Tawfiq-e-Elahi Chowdhury, energy adviser to the prime minister.

Takao Toda, chief representative of JICA Bangladesh Office, said the project is expected to be complete within

Elevate your home décor with designer furniture from

KODA™
Singapore

242 Gulshan Link Road, Dhaka 1208
t: 8822511-2. m: 01713 186 770-1
www.kubebd.com

Opening soon

MTB EXCHANGE UK LIMITED
you can remit with us

@ 25 Whitechapel Road, London E1 1DU, United Kingdom

A fully owned subsidiary of Mutual Trust Bank Limited, Bangladesh

SAMSUNG

Watch your TV come alive!

With Samsung 3D LED TV, enjoy viewing like never before.

- 3D Hyper Real Engine
- Wide Color Enhancer Plus
- Mega Contrast Ratio

Visit our **Samsung Brand Shop** and distributor outlets to feel the difference.

Authorized Distributors: **electra INTERNATIONAL LTD.** **SINGER Plus** **TRANSKOM DIGITAL**

UA40C7000 UA46C7000 UA55C7000