Stalemate lingers over Barapukuria mining

STAR BUSINESS REPORT

Mining suspension at Barapukuria Coal Mine Company Ltd (BCMCL) is set to linger, as striking workers and their Chinese employers are yet to find a common ground to end the impasse.

Leaders of Barapukuria Coal Mine Labourers-Employees Union and top officials of the Chinese contracting and sub-contracting companies sat for talks at the secretariat in the city yesterday. But they could not reach any agreement although the two sides talked until 8pm, deepening the crisis.

"We talked for hours, but the Chinese company did not seem eager to accommodate our demands," said Robiul Islam, president of the union.

"We got assurance neither from the government, nor from the contractors or subcontractors," he said.

Shariful Haque, general secretary of the Union, said they would sit again at 12pm tomorrow to reach an agreement.

Production has remained suspended since August 23 at the coal mine as contractual miners and staff of the company went on strike demanding regularisation of their jobs.

State Minister for Land Mostafizur Rahman took steps as a local parliamentarian to end the deadlock and brought together the striking leaders, employers and government representatives for discussion.

The mining company employs about 954 workers. Of them, 57 are foremen, 191 skilled workers and 706 ordinary workers.

Officials said the strike is seriously affecting production. The mine produces coal worth Tk 3 crore a day.

On August 21, the leaders of the miners' and workers' union announced the programme at a press conference at Dinajpur Press Club to realise their demands.

The union leaders said that they have been forced to launch the strike as their several attempts to negotiate with the district administration and BCMCL authorities were in vain.

Their demands include fixing weekly holidays and annual holidays with pay, developing ordinary workers into skilled workers, festival bonus with three-day holidays and setting compensation rate for the workers killed in any accident at Tk 5 lakh.

Earlier, State Minister for Power and Energy Muhammad Enamul Huq separately sat in a meeting with the Chinese employers and talked with them for over an hour.

Later, the four leaders of the Union joined them. In the middle of the discussion Huq left. He could not give any concrete answer whether the talk will end in any agreement.

The state minister for land also left later. "Some of the demands of the workers are logical," he told reporters.

Huq said the Chinese employers are not backtracking. "They do not want all ordinary workers to graduate to skilled workers immediately. They want to do that for some workers at a time."

Mohammad Mejbahuddin, energy secretary; Hossain Monsur, Petrobangla chairman; Jamal Uddin, deputy commissioner of Dinajpur; Lu Weijun, mission director of CMC, the main contractor; Qin Ronghong, general manager of XMC, the subcontracting company; Mohsin Ali Sarker, an adviser to the Union; and Mohammad Quamruzzaman, managing director of BCMCL, were also present.

Stocks fall for a second day

STAR BUSINESS REPORT

Stocks declined for a second day due to sluggish participation of institutional investors triggered by credit crunch.

The benchmark general index of Dhaka Stock Exchange, DGEN, closed on 6,141.80 points, after declining by 51 points or 0.83 percent.

The DSI index lost 0.79 percent while the DSE-20 blue chips index went down 0.74 percent.

Investors' presence at different brokerage houses was comparatively thin on the day as people's Eid holiday mood is still prevailing in the city.

The turnover was poor, as most investors were yet to take active part in trading following the long vacation, said a stockbroker.

The central bank has increased the interest rate on repo to 7.25 percent from 6.75 percent while the reverse repo rate went up to 5.25 percent from 4.75 percent. This is the fourth time in the last eight months that BB intervened into the market through the tool of the monetary policy.

Investors reacted negatively to this rate hike fearing further liquidity dearth in the stockmarket. Specially increasing repo rate will make short-term borrowing more expensive for the banks and financial institutions, said LankaBangla Securities.

Due to that rate hike, flow of credit may be more restricted and the money market would become more expensive, it said.

Akter H Sannamat, a chartered accountant and a market analyst, observed that the exposure limit of banks will face troubles after the government signs a new banking law. "The capital market is a speculative market. Risks and volatility exist here."

Sannamat said the central bank should be friendlier to encourage increased participation of institutional investors in the stockmarket.

He also added that the country's industry cannot be developed without the development of the stockmarket.

Investors are waiting for the forthcoming talks between the premiers of Bangladesh and India expecting some positive results that can impact on the economy and influence the bourses positively, said an analyst.

Turnover on the DSE floor stood at Tk 372 crore, 21.9 percent lower than the previous day's value.

Of the total 258 issues traded on the DSE, 34 advanced and 207 declined. Fourteen securities remained unchanged. Among the DSE-20 blue chips, only two closed positive.

Titas Gas was the most active share and topped the turnover leaders with 3.42 lakh shares worth Tk 28.84 crore changing hands.

Phoenix Finance First Mutual Fund was the biggest gainer of the day, posting a rise by 4.44 percent, while the EBL NRB Mutual Fund was the worst loser, slumping by 9.78 percent.

Sukamal Sinha Chowdhury, general manager for SME department of Bangladesh Bank, and Md Mehmood Husain, managing director of Bank Asia, pose with the participants of a daylong training programme, organised by Bank Asia, on the prospect of SME financing and role of private commercial banks, at the bank's training institute at Panthapath in Dhaka recently.

BANK ASIA

SINGER

AM Hamim Rahmatullah, managing director of Singer Bangladesh Ltd, and Mohammad Ziaul Hoque Mridha, lawmaker from Brahmanbariya 3, attend the opening of exclusive dealer shop of Singer at Ashuganj recently.

What's up, doc? Investors knock at China hospitals

REUTERS, *Beijing*

The black Audi parked at Beijing's best-regarded hospital bears a licence plate of a province about 1,000 miles away -- testimony to the willingness of Chinese to go the extra mile to get top-notch healthcare.

But the cure sometimes seems as painful as the disease -- even for the rich -- as the healthcare system is riddled with crowded hospitals, too much bureaucracy and too few nurses.

That's where private investors see an opportunity, especially with the government showing its willingness to allow foreign investment in the hospital sector.

They have the remedy, they say, for a higher fee.

"Chinese used to think that their entitlement to healthcare meant they had to crowd into a crowded public facility, get very short visits with the doctor, may be line up from five o' clock in the morning," said Roberta Lipson, CEO of healthcare company Chindex.

"These folks -- who are staying at five-star hotels when they travel, taking trips to Europe, wearing designer clothes, eating at fancy restaurants -- finally realize that in healthcare they can have a choice as well."

Originally aimed at expats, Lipson's four hospitals in China have seen increasing numbers of well-heeled local patients willing to pay more for better care.

Potential foreign investors in the sector range from big hospital groups in the West to private-equity funds looking for profits from turning around loss-making Chinese hospitals.

Other beneficiaries would be the pioneers who already operate the roughly 100 foreign-invested clinics and hospitals in China, such as Parkway Holdings of Singapore.

Successful investors could see a return of about 20 percent, says

AFP

Chinese people buy various items on sale at an old outdoor market in Beijing on Thursday.

private-equity investor Yan Zhang, who together with Chinese partners is seeking $60-$100 million in funding to invest in a hospital.

"Healthcare reforms in China will represent one of the largest private-equity opportunities anywhere. There are 13,000 hospitals in China, and all of them will need development capital of some sort."

Late last year, China said it would encourage foreign investment in the hospital sector. Most investors still await detailed guidelines, for instance on how to structure the investments or tap insurers, before taking the plunge.

Vice premier Li Keqiang chaired a special meeting of healthcare policy advisers this summer to get things moving. That set off a round of official visits to the few legitimate private hospitals to see how they work.

Healthcare spending in China has been growing rapidly and the country's pharmaceutical sales are expected to rise over 20 percent annually in coming years, research firm IMS says.

China currently spends about 5 percent of its GDP on healthcare, while the global average is 9 percent. While communist China once promised cradle-to-grave healthcare, those promises stagnated after economic reforms began 30 years ago.

To remedy that, Beijing injected $125 billion as part of its stimulus package to provide a very basic level of care to all citizens.

The Peking Union Medical College Hospital in Beijing shows both the problems and the potential of the healthcare system.

With a reputation as the best hospital in the capital, it attracts patients who drive hundreds of miles for care.

Workers constructing the hospital's new wings thread their way through the wheelchairs waiting outside on the sidewalk. Crowds mill about the doors at all times and in all weather.

People's willingness to travel -- and spend -- to see the right doctor has excited investors, who foresee profits from upgrading the country's notoriously crowded and unfriendly hospitals.

The government hopes that private money flowing into big city hospitals will free up badly needed funds to upgrade county hospitals and rural clinics.

However, investors must be careful to define a clear-cut ownership structure among partners, including the local governments, said Gordon Liu, a professor at Peking University and adviser on China's healthcare reform.

"At the beginning it may not be a problem if the project is small, but if it grows fast to a big project, there may be a problem if you cannot define the government ownership share."

Ironically, Peking Union itself was originally founded by foreigners, in the waning years of the Qing dynasty.

But since the Communist rule began in 1949, the Chinese healthcare system has functioned as an offshoot of the state, and the popular perception now is that bribes are necessary to get decent care.

The healthcare reform has rolled out basic insurance to rural dwellers and built new clinics in the counties and townships, but has run up against a lack of skilled workers.

"I think they realize the pressure they have to provide good quality basic level of care which is accessible to every Chinese person," Chindex's Lipson said.

"That's a huge undertaking. They shouldn't try to attack high-end service at the same time, or niche requirements, or elective procedures which are better left to the private sector."

So far, the few private Chinese players have focused on elective procedures because they cannot tap the state-backed health insurance system.

Chindex hospitals and other clinics that cater to expats have mastered overseas insurance billing to get around that problem.

Some cities are slowly moving to allow state insurers to reimburse care at private facilities - a big positive for potential investors.

Toyota to halt Camry exports to North America

AFP, *Tokyo*

Japan's Toyota will stop exporting its Camry sedan to North America and fully shift to local production for the vehicle, regarded as one of its signature cars in the United States.

A Toyota spokesman confirmed the move on Monday as the automaker's latest Camry hybrid went on sale across Japan.

He refused to say if the long-anticipated move was an effort to grapple with the strengthening yen, which has seen Japan's biggest automakers shift more production overseas to maintain competitiveness.

"Production of the Camry was mainly carried out overseas anyway and Japan's exports were only meant to fill the gap between local production and local sales", a Toyota spokesman said on Monday.

Exports of the Camry from Japan have been steadily falling in recent years. In 2008 Toyota exported 8,200 Camry units from Japan to North America, but this fell to 3,200 in 2010, when global Camry sales exceeded 690,000.

The automaker has exported just 20 units since the beginning of this year.

The yen is hovering near a post-war high against the dollar, pushed up by safe haven demand as risk-averse investors seek a refuge from markets roiled by worries over the health of the US and European economies.

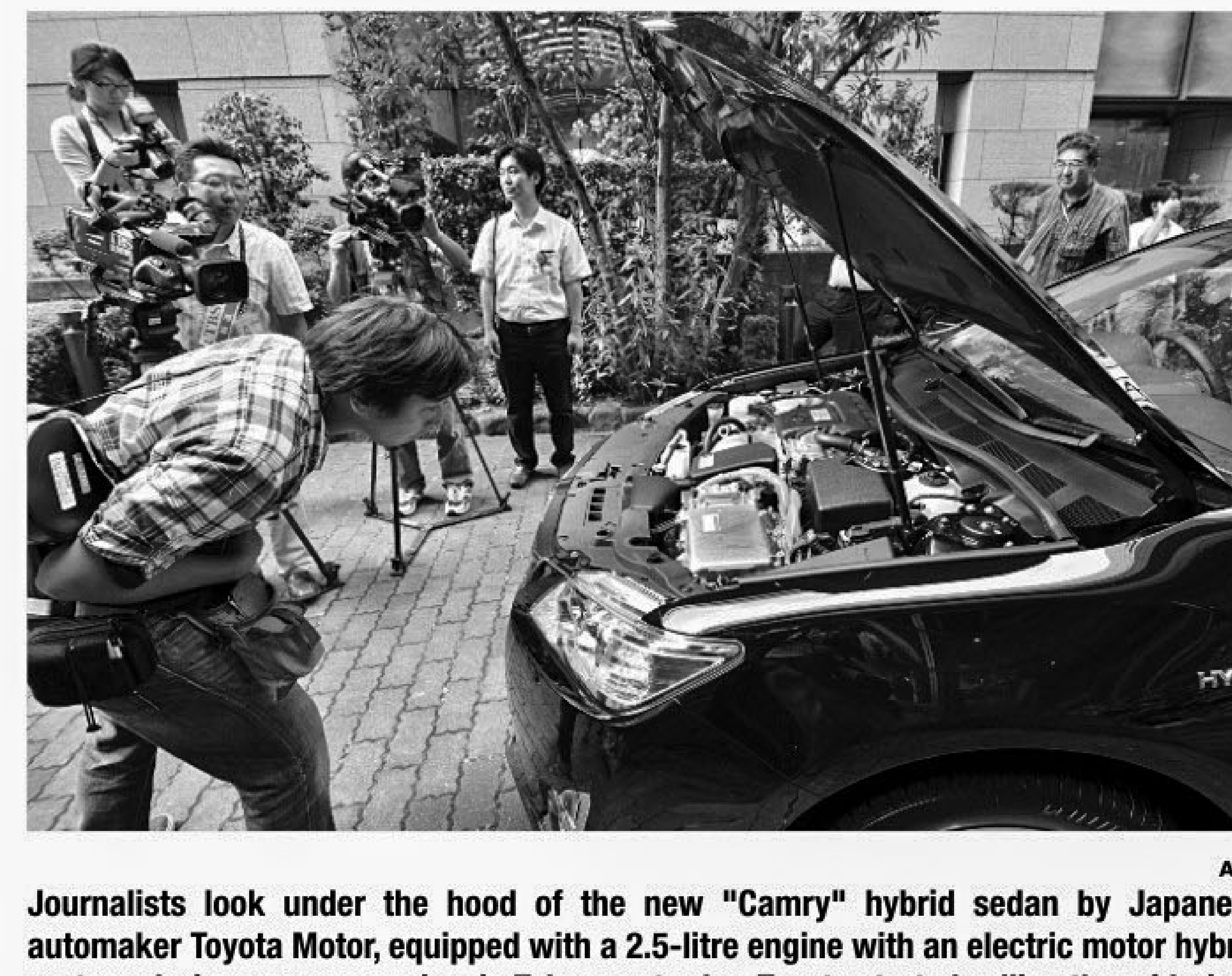
A strong domestic currency erodes the repatriated profits of Japan's exporters, prompting fears that more jobs will move overseas and contribute to a hollowing out of Japanese industry.

The nation's new finance minister Jun Azumi said Monday that the yen's recent strength is not economically justified, and makes life difficult for Japan's exporters.

He added that he will try to forge a consensus among the Group of Seven industrialised nations that "excessive yen rises" do not benefit the world economy, when finance officials meet in France later this week.

Azumi's predecessor Yoshihiko Noda oversaw three interventions to weaken the yen with little lasting impact during his time as finance minister. Noda was confirmed as Japan's sixth premier in five years on Friday.

Azumi also said he wants to cut Japan's corporate tax, which is currently around 40 percent, as previously proposed by Tokyo, and offer incentives for Japanese firms to keep operating in the country despite the yen's rise.



AFP

Journalists look under the hood of the new "Camry" hybrid sedan by Japanese automaker Toyota Motor, equipped with a 2.5-litre engine with an electric motor hybrid system, during a press preview in Tokyo yesterday. Toyota started selling the mid-sized flagship sedan from September 5.