Light engineering sector to get a boost from govt

Business promotion council likely in December

The government is going to set up a business promotion council for light engineering sector in December to give a much needed boost to this potential

The formation of the council is now in the final stage and it is likely to be set up by next month, a commerce ministry

"We are now scrutinising various matters and holding meetings with different bodies concerned to set up the

The government earlier formed similar business promotion councils for information and communication technology (ICT) and leather sectors

"The main objective is to facilitate faster growth of these sectors so that they can contribute more to the national economy," the commerce ministry

Bangladesh Engineering Industries Owner Association (BEIOA) leaders said the promotion council will be helpful to the industry as well as to the govern-

"The sooner we get this council the better for us," said Abul Hashim, president of BEIOA. He, however, expressed his dissatisfaction over the delay in its

A committee headed by Habib Abu Ibrahim, vice chairman of the Export Promotion Bureau (EPB), prepared the memorandum and articles of associacommerce ministry in April this year.

The light engineering sector has been contributing to the national economy by manufacturing a wide

range of import substitute items.

The sector manufactures spare parts for cement factories, paper mills, jute mills, textile mills, sugar mills, food processing and plastic industries, fertiliser factory, railway, shipping, printing industry, marine transport, automobile, gas pipeline fittings, construction related machinery and materials for pharmaceutical industry.

The BEIOA president identified lack of knowledge about product quality and marketing as major obstacles to the growth of light engineering industry in

Most light engineering plant owners and their workers are illiterate or halfeducated and they have no idea of how to make their products exportable and

Hashim admitted that they also have dearth of modern technologies that makes it difficult for them to compete

He stressed the need for setting up a separate testing institute for the sector to maintain standard and improve the quality of products.

The government established business promotion councils for ICT sector in March and for leather sector in September this year



A vendor walks past covered roadside stalls at Baitul Mokarram Market in Dhaka yesterday. Business activities are yet to return to normalcy after Eid.

Sri Lankan Airlines to increase flights to India

AFP, Colombo

Sri Lanka's national carrier is to increase its flights to Indian destinations from next month, taking advantage of a temporary open skies policy, the airline said Thursday

From December, SriLankan Airlines will operate seven flights a week between Colombo and the Indian capital New Delhi, up from six.

Flights to the western financial hub of Bombay and the southern city of Trichy will go up from four to five, the airline said

"SriLankan Airlines will add new flights to Delhi, Bombay, Bangalore, Madras and Trichy between December and February under the Indian open skies policy that will prevail during this period," the airline said in a statement.

Indian aviation authorities allowed only 4,500 seats a week for SriLankan Airlines to Indian destinations, but with the limited open skies offer, the

ADB lends \$90m to Vietnam for water project

AFP, Manila

The Asian Development Bank (ADB) said Thursday it will lend 90 million dollars to Vietnam for a water infrastructure project in the south.

The loan will go to a project to address the critical water situation in and around urban and industrial areas in southern Vietnam, particularly the Saigon and Vam Co Dong river basins,

Under the project, additional water will be provided to the two river basins for salinity control and domestic, municipal, and industrial use in Ho Chi Minh City, and for irrigated agriculture in the surrounding provinces.

Hong Kong grows 4pc on strong post-Sars revival

AFP, Hong Kong

Hong Kong's economy recorded better-than-expected growth of 4.0 percent in the third quarter on a revival in consumer confidence and a surge in tourist arrivals following Sars, official data showed Friday.

Quarter-on-quarter, the economy jumped 6.4 percent on a seasonally adjusted basis after shrinking 3.7 percent in the second quarter.

Economists had forecast the economy would expand 2.55 percent in the three months to September

The territory's gross domestic product contracted 0.5 percent in the second quarter, battered by the outbreak of Severe Acute Respiratory

Syndrome (Sars). Hong Kong recorded strong growth of 4.5 percent in the first quarter before the worst of the deadly virus was felt

EU, India to double trade by 2008

India and the EU pledged Friday to nearly double bilateral trade from the current 27 billion euros (32.2 billion dollars) to 50 billion euros by 2008 by knocking down trade barriers and

The pledges were made at the fourth EU-India Business Summit organised jointly by five industry lobby groups, the Indian government and the European Commission, which has drawn more than 350 businesspeople and trade and government officials.

We agree that we can take current levels of bilateral trade to 35 billion dollars by 2005 and 50 billion dollars by 2008," said Indian Foreign Minister Yashwant Sinha.

However, the sudden cancellation due to illness of a visit to India by Italian Prime Minister Silvio Berlusconi at the head of the European delegation damp-

"We are very happy to be here despite the unfortunate illness of Mr Berlusconi. We wish him a speedy recovery. I want to thank our Indian hosts for understanding," EU External Affairs Commissioner Chris Patten told

The 12-member eurozone is heading

for recovery after a prolonged slump,

but risks remain notably the record

surge of the euro, the Organisation for

Economic Cooperation and

After teetering on the brink of

recession this year, growth should rise

to 1.75 per cent next year and 2.5 per

cent in 2005, it said, adding that the

iobless toll will peak at nine per cent in

And a day after EU finance minis-

ters let France and Germany off the

hook over ballooning deficits, the

OECD also warned against any loosen-

The completion of a merger between

Russian oil giant Yukos and its smaller

rival Sibneft, expected to have been

reached Friday, has been suspended,

A joint company statement said the

decision had been taken "by mutual

agreement" of the major shareholders of

the two oil companies, which were to

combine into the world's fourth-largest

the two companies announced.

oil and gas producer.

ing of the strict budget rules agreed by

2004 and inflation will remain low.

Development said Wednesday.

"I am delighted that despite everything most high-level meetings are going ahead including our political meetings tomorrow (Saturday)," he Berlusconi, whose country currently

holds the revolving presidency of the meeting along with Indian Prime Minister Atal Behari Vajpayee and European Commission President Romano Prodi. The Italian premier was also to have

held day-long bilateral talks with Indian officials Friday but these were The EU presidency is being repre-

Minister Margherita Boniver. "The EU and India have enjoyed an important business partnership. We have the same values on terrorism,

both recognize the important role the

United Nations ... has to play," said

sented by Italian Deputy Foreign

India and the EU said they will try to bridge the differences of the failed World Trade Organization (WTO) talks in October in Cancun, Mexico.

Eurozone heads for recovery,

"Recent indicators suggest that the

economy turned the corner over the

modest initially as household senti-

ment has remained poor due to deteri-

orating job prospects," said the Paris-

appreciation could hamper the recov-

ery," it warned in its report on the

eurozone, which comprises all

European Union members except

Britain, Sweden and Denmark. The

euro has risen by 20 per cent in barely

two years, it noted, warning that the

currency's rise could continue. "Global

current imbalances may prompt

Russian oil giant Yukos stalls

of both companies," said the statement

The statement did not explain why

the decision was reached, but it came

amid a massive government inquiry into

Yukos that has seen its top shareholder

and former chief executive Mikhail

within minutes of the announcement,

while other major stocks such as the

United Energy System power grid,

traded heavily on the Russian stock

market, dropped by 3.5 percent within

Yukos shares fell seven percent

 $Khodorkovsky\,thrown\,behind\,bars.$

merger with Sibneft

received by AFP.

"However, further exchange rate

but risks remain: OECD

"I am struck by the extent to to which we face a shared challenge. I refer of course to the challenge of globalisation. An unlovely word but an inescapable concept. There is no point wrangling about what went wrong in the World Trade Organistaion meeting in Cancun," Patten said.

"We look forward during this visit to turning things around by talking.'

India, during the Cancun negotiations, led a bloc of developing countries that demanded richer nations trim subsidies to their farmers

A customs cooperation pact is expected to be signed on Saturday between India and the 15-member EU, which is India's largest trading partner accounting for 25 percent of its imports

Patten said the Europeans also hoped to open negotiations with India on a maritime deal to cut freight costs.

"We are looking at mea increase India's trade opportunities with the EU. At the moment it is quicker and and cheaper for an EU company to transport goods from Bangkok or Shanghai than it is from Bombay or Madras," said Patten.

realignments between the major

currencies and this may result in a

further appreciation of the euro in

"If so, this could weaken the

Investment meanwhile is set to

recover, although here again there are

risks notably a slowing of house price

rises which have surged at record rates

"The conditions for a sustained

investment recovery now look to be in

able wealth effects on household

spending stemming from soaring

house prices in some countries may be

Yukos is Russia's largest oil and gas

producer and a joint company with

Sibneft would have created the world's

The news is likely to send ripples

It also remains unclear whether

companies such as ExonMobil, which

had been keen to buy into Yukos, will

remain interested in the Russian energy

The suspension of the merger came

one day after prosecutors broadened

their investigation into Khodorkovsky,

who is already charged with embezzle-

ment and tax fraud.

throughout the global energy market.

fourth-largest energy giant.

place. On the other hand, the favour-

effective terms," it said.

in some countries.

tapering off," it said.

momentum of the recovery."

Russia to repay IMF debts two years early

AFP, Moscow

Russia can repay in full its debts towards the International Monetary Fund (IMF) two years early, by 2006, the deputy finance minister Alexei Uliukayev was quoted by Interfax as saving Wednesday.

Under its debt repayment schedule, Russia must repay its borrowings to the IMF, which stood at 6.5 billion dollars on January 1 2003, by 2008.

The deputy finance minister added that Moscow had no intention to seek fresh loans from the Washington-based multinational Russia's foreign debt is forecast by

the end of this year to fall to 119 billion dollars, or 27.5 percent of gross domestic product, from 122 billion dollars (35 percent of GDP) in 2002.

At the end of 2000, it stood at 158 billion dollars, or 90 percent of GDP. Uliukayev also said that Russia

next year intended to reimburse debt owed to countries that are not members of the Paris club of sovereign creditors: Kuwait, Turkey, the former Yugoslavia and Malta.

Cashing in on record central bank reserves that have accumulated on the back of profits from oil and natural gas exports, Russia has been paying off its foreign debts early.

Lankan tea prices steady on good demand

REUTERS, Colombo

Sri Lanka tea prices were steady at the latest auction on Tuesday, with good demand for low-grown teas from Middle Eastern buyers and small volumes keeping prices for high-growns

The anticipated gross sales average was 159 rupees (\$1.67) per kg, compared to 159.23 rupees per kg last week, Forbes and walker Tea Brokers said in a state-

"The crop intakes in the high-grown sector indicated a marginal increase compared to last week whilst the lowgrowns indicated no significan change," it said.

Intake from the temperate highgrown regions has been less than usual after a local holiday curbed plucking. Among high-growns, best Broken

Orange Pekoe Fannings from the Western planting region gained five to eight rupees, while those from Nuwara Eliya were mostly firm, with some appreciating up to eight rupees. Among-low-grown teas, which are

favoured by the Middle East, leafy teas slipped, with best Pekoes declining up to 10 rupees and well-made Orange Pekoes losing five rupees on balance. Flowery Broken Orange Pekoes

stood out among the tippy teas, with prices firm or marginally lower.

Brokers said there were 6.7 million kg on offer at this week's sale, which was held a day early because of a holiday and 6.3 million kg will come under the

base to grab China market

French finance minister says

European companies should use Japan as a base to develop the Chinese market, taking advantage of Japanese experience in running factories and joint ventures there, visiting French Economy and Finance Minister Francis Mer said Friday

"To set up in Japan is to learn with the Japanese how best to succeed in China." Mer told reporters on a threeday visit to Japan to promote French scientific research and incentives to do business in France, before heading to Beijing Saturday.

Mer was accompanied by executives from seven large French companies, mostly in the hi-tech and telecoms sectors, including Alcatel and France

The minister also noted Japan would China as an economic power because Japan's role is indispensable in transferring technology

"When you see the manner in which Japan and China are finding how they can complement each other, I don't have the feeling that the Japanese will

particularly suffer from the development of China," Mer said.

Europe should use Japan as

China's development depends on building infrastructure and Japan is one of the world's three biggest makers of machinery, along with Germany and the Japan is thereby in a privileged

position to contribute to China's enormous infrastructure needs, he said.

Major steelmakers Nippon Steel, JFE and Kobe Steel have reported sharp improvements in their earnings results in the six months to September, which they attributed partially to the expansion of the Chinese market.

Japan's trade surplus has been increasing in recent months and the Japanese finance ministry has noted China is one of the principal reasons for Japan ran a trade surplus of 544

billion ven (5.0 billion dollars) with China, including Hong Kong, in the year to March, but had a trade deficit with mainland China.

For its part. China has become the largest exporter to Japan, replacing the United States, which had held the top

position until the year to March 2002 since the end of World War II.

In the year to March, Japan imported 7.96 trillion yen worth of Chinese products, not counting goods from Hong

"Chinese production is now significant in terms of volume, not just growth rates," Mer said, adding his Japanese counterparts agreed with him during the visit that China is now a considerable engine of growth for Japan and

A month does not pass by without an announcement of a plant opening by a Japanese company in China or a tie-up to produce goods aimed at not only China's emerging middle-class but Japan and the rest of the world.

Japan's leading computer maker Fujitsu Ltd. announced in October the creation in Shanghai of a wholly owned

In the same month electronics giant NEC Corp. unveiled a plan in which it said: "We will make China the global production base of NEC's thirdgeneration products.

US gets time before WTO adopts ruling against steel tariffs

The European Union and seven other countries have agreed to delay the adoption of a WTO ruling against US steel tariffs, in a possible sign that Washington is preparing to drop the measures and avoid retaliatory sanctions, officials indicated on Friday.

World Trade Organisation (WTO) members will now adopt the decision which states that Washington's safeguards on selected steel imports flout international rules and should be amended, on December 10 -- nine days later than initially planned, confirmed a WTO spokesperson.

"All nine parties in the dispute have agreed to (this)," he said.

An EU trade official said the United

complained about the US tariffs to the WTO last year -- the EU, Brazil, China, Japan, New Zealand, Norway, South Korea and Switzerland -- to postpone the formal adoption

"If the additional delay will allow the United States to totally abolish their protectionist measures -- thus stopping the EU and the other countries from implementing retaliatory sanctions -that would be preferable for everybody,' said the official.

In June 2002, Brussels warned it would automatically slap tariffs worth 2.2 billion dollars (1.9 billion euros) on a range of US imports five days after the

Oil prices hold firm after US inventories drop

REUTERS, London

World oil prices held firm in thin holiday trade Thursday, buoyed by a fall in US crude and heating oil inventories ahead of next week's OPEC meeting.

Benchmark Brent Blend oil futures in London closed up 23 cents at \$28.70 a barrel. Many traders were on the sidelines with the US markets shut until Monday for the Thanksgiving holiday.

"The market is very quiet and volume is poor," said one floor dealer on London's International Petroleum

Exchange. "We are holding yesterday's data-driven gains.

On Wednesday, the US government reported a sharp drop in crude oil inventories of 4.9 million barrels to 289.1 million, putting them five percent

While half the decline was isolated in the US West Coast region, mitigating its impact, heating oil supplies also fell 800,000 barrels, watched closely for signs of any signs of shortage in the northern hemisphere winters.

below the five-year average.

India imposes custom duty on Nepal's pashmina trade

AFP, Kathmandu

Nepalese industry expressed concern Thursday for its famed but struggling pashmina trade after neighbouring India imposed a duty of 10 percent on its unfinished

Nepal exports about 30 percent of its pashmina shawls to India where they are dyed and embroidered before being re-exported, mostly to Western markets.

India imposed the 10 percent duty last week, said Purusottam Ojha, joint secretary at the ministry of commerce, industry and supplies.

"We have asked the Indian government to waive the excise duty to develop Nepalese exports to India and generate employment in Nepal," Ojha told AFP.

Nepal's pashmina industry has been slipping due to lower international demand for the luxury shawls and an overall economic slump in the kingdom as a seven-year Maoist

insurgency intensifies Nepalese shawl exports which accounted for 81 million dollars a year in the late 1990s fell to 13.6 million dollars in the 2002-2003 fiscal year, said Shankher Pandey, president of the Nepal Cashmere Shawls

Association. The number of people employed by the industry has similarly dropped from 60,000 to fewer than 15,000, he

Pashmina, renowned for its silkiness, is wool from the underbelly of the changrya goat native to the high reaches of the Himalayas.

"The completion of the merger between Yukos and Sibneft has been put on hold in accordance with a mutual