

SPIRALLING PRICES OF ESSENTIALS

Action against syndicate by June, says Hafiz

Meet with bazaar committee soon to fix prices

STAR BUSINESS REPORT

The government will identify the people responsible for spiralling prices of essentials, including sugar, and take stern action against the syndicate by June, Commerce Minister Hafiz Uddin Ahmed said yesterday.

"The intelligence agencies have informed us that a syndicate was working to increase the prices of essentials," the minister told BBC Bangla radio.

But he declined to name the syndicate members for the greater interest of investigation. "At the primary stage, we do not want to disclose the names," he said.

He also said his ministry is work-

ing to bridle prices of essentials by next month.

UNB adds: The commerce minister yesterday said he will soon meet the bazaar committee of the capital city to fix the prices of daily necessities considering the plight of the fixed income people.

"We'll soon meet the bazaar committee and fix the prices of essentials," he told the news agency after visiting Khwaja Garib Newaz Market at South Jatrahari. During the minister's visit, most of the wholesale traders closed their shops.

The minister said the prices of onion, garlic and ginger are already coming down and there is no extortion in the market.

On Wednesday, he said prices of

essentials would come down by the next month as necessary measures have been taken to this effect.

Asked to elaborate, Hafiz said: "This is not an exact science that when I say on a given day that the prices will come down, it will start doing so. This follows 'supply and demand' rule of the economy."

"Prices of many items are already coming down, he said, but warned if the fuel oil prices are raised, prices of essentials will rise again.

The minister said in the coming budget session, the country's legislators may discuss the fuel price-hike issue and put forward their valuable suggestions.

"I think the MPs will give their suggestions," he said.

Earlier in the morning, the commerce minister visited Nimsar Hat of Comilla and talked to some traders and farmers learning that there is much difference between prices of vegetables there and in the capital.

"In Comilla, I was told that the wholesalers are making money while in Dhaka the wholesalers say that the farmers are getting higher prices for their produce," he said. "I am rather confused about who is actually making more money."

Hafiz said farmers were selling one kilogram of 'Korolla' at Tk 8 to the wholesalers at Nimsar Hat, but at Khwaja Garib Newaz Market at South Jatrahari, 'Korolla' was selling at Tk 16 per kg.

Oil prices continue to rebound

AFP, London

Oil prices rebounded on Friday as concerns resurfaced over major crude producers Iran and Nigeria, dealers said.

In London, Brent North Sea crude for July delivery advanced by 18 cents to 69.85 dollars per barrel in electronic deals.

New York's main contract, light sweet crude for delivery in June, firmed by 11 cents to 69.56 dollars per barrel in electronic deals before the US market's official opening.

In volatile trade on Thursday, crude futures had risen as geopolitical tensions outweighed fears of a global economic slowdown caused by rising inflation.

"It's rebounding as there are many potential problems still ahead of us," said Victor Shum, a Singapore-based analyst at energy consultancy Purvin and Gertz.

"These issues over Nigeria and Iran are not resolved," Shum added. Iran, the world's fourth-biggest crude producer, is locked in a war of nerves with Western powers led by the United States trying to rein in its nuclear program.

Tehran has insisted its nuclear research programme is devoted to civilian energy production.

Civil unrest against foreign-owned oil installations have also cut Nigeria's crude exports by some 20 percent.



Visitors gather at a stall at the four-day textile fair styled 'Tex-Bangla Exposition 2006' at Bangladesh-China Friendship Conference Centre in Dhaka yesterday. The show ends tomorrow.

Saarc nations differ over non-tariff barriers

XINHUA, Kathmandu

Differences have surfaced among seven members of the South Asian Association for Regional Cooperation (Saarc) over the issue of non-tariff barriers (NTBs) and safeguard measures after they tried to defend NTBs as safeguards, a Nepali English newspaper, The Kathmandu Post, reported yesterday.

According to the report, the differences surfaced during the meeting of Safta sub-group on NTBs on May 16-17 in Kathmandu, which is aimed at working out measures and guidelines to do away with the existing NTBs in Saarc, as per the directives of the South Asian Free Trade Area (Safta) Council of Ministers.

To resolve the differences, the sub-group asked each member state to identify NTBs and para-tariff barriers that have been hindering its

trade with other Safta contracting states.

They have also been asked to forward national positions on ways to address those barriers. "The members have been asked to submit that position papers at the Saarc Secretariat within a month," a government source was quoted by the report as saying.

Talking to the newspaper, the source added the meeting failed after larger importing countries tried to defend NTBs as their legitimate safeguard measures.

During the meeting, the technical experts from Nepal, India, Bangladesh, Sri Lanka, Pakistan, the Maldives and Bhutan discussed such issues as quality standard, standard accreditation and laboratory measures, among others.

Besides the national position, the sub-group has also asked each member to inform about the number of testing laboratories they have

along with certified standards and testing methodologies.

They have also been asked to identify their expertise and weaknesses on the subject.

This is necessary for harmonising the accreditation system and also to acquire technical assistance from able members," the source said.

Under the Safta arrangement, least developed countries (LDCs) can seek technical assistance from able developing members.

According to the source, the sub-group has decided to convene the next meeting in July.

"We expect the next meeting to finalise Safta guidelines on NTBs," the source said on condition of anonymity.

Once finalised, the sub-group will be asked to forward guidelines to the Committee of Experts (CoE) for endorsement.

The meeting of CoE has been scheduled for October this year.

Poland, India sign deal to boost trade

AFP, Warsaw

Poland and India signed a cooperation agreement Friday aimed at boosting trade and investment between the two countries, officials said.

"I'm confident that signing this agreement starts a new chapter in our trade and economic engagement in Poland," Indian Commerce and Industry Minister Kamal Nath told journalists at a joint press conference with Polish Economy Minister Piotr Wozniak.

Trade between Poland and India was worth 512 million dollars in the first 11 months of 2005, according to Polish economy ministry.

Nath said the figure should be higher. "We should be talking billions and not millions," he said.

"I believe it's time that our warm political relations have an equally large economic content," Nath added.

Wozniak said that Polish Prime Minister Kazimierz Marcinkiewicz had Friday accepted an invitation to visit India at a still unspecified date.

Wozniak hoped the agreement signed between the two countries "will be a new impulse in our economic relations."

"We will be starting from sectors we have cooperated in for decades: the defence sector and related products, and extraction and trading in coal. We are going to rapidly expand our cooperation to other sectors."

Wozniak said he particularly wanted Polish firms to be involved in major infrastructure projects in India.

Mittal boosts Arcelor bid to \$32.94b

AFP, Paris

Mittal Steel said on Friday that it had raised its hostile takeover bid for Arcelor to 25.8 billion euros (32.94 billion dollars) from 18.6 billion euros.

Mittal Steel, which launched a takeover attempt for Arcelor on Thursday, said the new offer was worth 34.0 percent more per share than the terms of its initial offer as reflected in the share prices of the two companies on Thursday.

However, the new terms appeared to raise the total valuation of Arcelor by 38.7 percent from the value of the offer first indicated when Mittal Steel revealed its plan in January.

And the new terms replace a mainly share offer with three options, one of which is an all cash offer of 37.74 euros per Arcelor share. Arcelor stock had closed on Thursday at about 32.0 euros.

Trading in shares in Arcelor had been suspended on Friday, pending the announcement. When trading was resumed at mid-day, Arcelor shares gained 12.97 percent to 36.14 euros on the Paris stock exchange.

In Amsterdam, shares in Mittal Steel fell 1.98 percent to 26.79 euros.

Mittal Steel also said that the interest held by the Mittal family in the new entity would be about 45.0 percent, or less than a straight majority, should the bid succeed.



PHOTO: BGMEA

Bangladesh ambassador to the USA Shamsher Mobin Chowdhury (L) shakes hands with US Senator Sam Brownback (R-KS) while BGMEA President Tipu Munshi (R) looks on. A three-member delegation of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) led by its president now visits US to lobby to get duty free access of Bangladesh apparel products to US market under Tariff Relief Assistance for Developing Economies (TRADE) Act.

Top central bankers to advise IMF on fund-raising

AFP, Washington

The IMF said Thursday it had appointed an illustrious panel of advisors, including former Federal Reserve chief Alan Greenspan, to come up with ideas to avert a cash crisis for the global lender.

The committee will also include European Central Bank president Jean-Claude Trichet and People's Bank of China governor Zhou Xiaochuan, the International Monetary Fund said.

IMF chief Rodrigo Rato said he was "delighted" to have such senior figures on board to advise the organisation, which in a report this month said it was facing a funding gap because fewer countries are resorting to its bailouts.

"I look forward to their offering recommendations that can command the support of the membership for a new financing model for

the IMF that will allow us to continue to play our central role in the international monetary system," Rato said.

The committee is to be chaired by Andrew Crockett, former head of the Bank for International Settlements, which has been dubbed "the central banks' central bank" for its role in setting the rules of global finance.

The IMF panel will also comprise Mohamed El-Erian, chief executive of the Harvard Management Company; South African Reserve Bank governor Tito Mboweni; Bank of Mexico governor Guillermo Ortiz; and Hamad Al-Sayari, head of the Saudi Arabian Monetary Agency.

The IMF's finances have become strained as more and more clients emerge from years of economic crisis, during which they became reliant on its bailouts, to stand on their own feet.

The IMF gets its liquidity for

emergency bailouts from the annual subscriptions paid by its members, led by the United States, Europe and Japan.

The total available now stands at about 200 billion dollars, and is not affected by the funding review.

But on a day-to-day basis, the IMF largely derives its operating income from interest payments on credit extended to member states. When fewer states take out IMF credit, the Washington-based organisation earns less.

To plug a shortfall, the IMF said this month it would transfer its reserves of 8.7 billion dollars into a new investment account to generate extra returns on the bond markets.

But the IMF noted that it needs to come up with long-term solutions to its funding problems.

Japan's economic growth slows but beats forecasts

AFP, Tokyo

Japan said its economic growth slowed in the first quarter from the fast pace of late last year as consumer spending cooled and imports rose but it was still a better performance than expected.

There were also signs of a further easing of deflationary pressures, which, together with an upgrade from the central bank on the economic outlook, reinforced expectations that an end to zero interest rates is close.

Japan's gross domestic product (GDP) grew 0.5 percent in the three months to March from the previous quarter, when the economy had expanded a revised 1.1 percent, the Cabinet Office said.

On an annualized basis, GDP grew 1.9 percent, slowing from a revised 4.3 percent pace in the previous quarter.

It was the fifth straight quarter of

growth as Asia's largest economy recovers after a slump stretching back over a decade.

The GDP figures were better than market expectations for a 0.3 percent quarterly rate and a 1.2 percent annualized pace.

Analysts said it was no surprise the economy had shifted down a gear after the rapid growth of late last year which was never likely to be maintained.

"Growth remained quite healthy in the first quarter," said Hiromichi Shirakawa, chief economist for Japan at Credit Suisse.

"The previous quarter's very strong growth was not sustainable," he added.

"Looking ahead our biggest concern is the US economy. In the first quarter (Japan's) exports remained quite robust but they could slow down in the second half of the year," he warned.

A slowdown in exports and con-

sumer spending were partly behind the weaker overall growth, as were import costs which climbed on the back of rising oil prices and stronger domestic demand.

Private consumption, which accounts for nearly 55 percent of the Japanese economy, grew 0.4 percent, stronger than expected but down from an increase of 0.6 percent in the previous quarter.

Japanese Finance Minister Sadakazu Tanigaki said the figures indicated the recovery remained intact but he stopped short of declaring an end to deflation.

"The economy continues to grow, supported by demand from the domestic private sector, while individual consumption and business investment increased," he said.

On the outlook for prices, he said: "It is improving slowly although I still cannot say the economy has overcome deflation."

IMF chief nominates new deputy

AFP, Washington

International Monetary Fund chief Rodrigo Rato Thursday nominated a new deputy to succeed Anne Krueger, who is stepping down after five years in the job.

US national John Lipsky, vice chairman of JPMorgan Investment Bank, would take over as the IMF's first deputy managing director from September if confirmed by the Fund's executive board.

Lipsky, 59, worked at the IMF for 10 years until 1984 before leaving for Wall Street.

"Since then he has enjoyed a highly successful career working as an economist on financial markets," Rato said in a statement.

"This breadth of skills and experience will enable him to make a major contribution in the period ahead as we implement the Fund's medium-term strategy," he said.

US Treasury Secretary John Snow said Lipsky was "an excellent choice and a worthy successor to Anne Krueger".

Reckitt Benckiser declares 42pc dividend

Reckitt Benckiser (Bangladesh) Ltd has declared a 42 percent dividend for its shareholders for the year 2005.

The dividend was announced at the 45th annual general meeting (AGM) of the company held on Thursday in Dhaka, says a press release.

Colin Day, chairman of the company and CFO of Reckitt Benckiser plc, presided over the AGM, which was attended, among others, by Chander M Sethi, regional director for Reckitt Benckiser South Asia, Ata Safdar, managing director of Reckitt Benckiser (Bangladesh), and Rashid Umer Siddiqui, finance director and company secretary.

Tata Motors, Videocon plan Rs 2,150cr investment in West Bengal

PALLAB BHATTACHARYA, New Delhi

West Bengal's Marxist Chief Minister Buddhadeb Bhattacharjee could not have asked for a better beginning in his second successive stint in the top post as two major Indian industrial houses-- Tata Motors and Videocon -- announced on Thursday a combined investment of nearly Rs 2,150 crore entailing 35,000 new jobs.

It's official now. The Tata Motors most eagerly-awaited project to manufacture a family car costing just a little over 2,000 US dollars will be set up in West Bengal by 2008 with an investment of Rs 1000 crore, Tata Group Chairman Ratan Tata said.

A prototype of the four-door five-seat car to be manufactured at the West Bengal plant is undergoing tests at a Tata facility in the western Indian city of Pune, Tata told media persons after a meeting with Bhattacharjee in Kolkata.

Tata's announcement assumes significance as some in India's automobile industry had expressed skepticism if such a cheap car can be made with viability.

Currently, Maruti Udyog Limited, a joint venture between Japan's Suzuki Motor Corporation and Indian government, manufactures

the cheapest car in India -- an 800 CC compact hatchback -- that sells for about 5,000 dollars.

Asked if the Tata Motors would be able to stick to its 2,000 dollar-odd price tag as promised, Ratan Tata said, "We hope to do that."

The Tata Group chairman said the car with rear engine would be available from 2008 in both diesel and petrol variants and the project would create 10,000 jobs at the plant and vendor chains.

It was not clear if the company would sell the car in overseas market.

"West Bengal is one of the most industry and investment-friendly states and I think some one has to turn this belief into reality. We look forward to the opportunity of revitalising the automobile industry in the state," Tata said.

Beside the car project, Tata also announced that Telco Construction Equipment, a subsidiary of Tata Motors, would set up a Rs 250 crore heavy automobile equipment manufacturing unit at Kharagpur in West Bengal.

Ratan Tata said the group's investment in the state would send a positive signal to other investors.

Buddhadeb said, "We have already prepared a fiscal incentive package for the Tatas which is comparable to other states. Land

acquisition for the two projects of the Tata would be over in two to three months."

The Videocon Group Chairman Venugopal N Dhoot also met Buddhadeb and later announced Rs 900 crore investment in West Bengal -- a Rs 100 crore liquid crystal digital television manufacturing unit and a Rs 800 crore information technology park in Kolkata. The two projects would generate employment for 25,000 people.

"This is for the first time any company in India will start manufacturing LCD TVs. This will be the sixth LCD TV manufacturing unit in the world. The LCD TV technology is much more advanced than plasma TV technology," said Dhoot whose company acquired multinational Thomson's colour television tube plants worldwide two years ago.

Videocon has tied up with a Japanese company for technical expertise for the proposed project in Kolkata. He declined to name the Japanese company saying there is a confidential agreement between them.

At present, Videocon Group manufactures colour televisions, air conditioners, washing machines, microwave ovens at its unit in Salt Lake in Kolkata, which was taken over from Philips India in 1999.



PHOTO: RECKITT BENCKISER

The 45th annual general meeting (AGM) of Reckitt Benckiser (Bangladesh) Ltd was held on Thursday in Dhaka. Colin Day, chairman of the company and CFO of Reckitt Benckiser plc, presided over the AGM, which was attended, among others, by Chander M Sethi, regional director for Reckitt Benckiser South Asia, and Ata Safdar, managing director of Reckitt Benckiser (Bangladesh).