



## ADB DG for South Asia due today

Kunio Senga, director general of South Asia Department (SARD) of Asian Development Bank (ADB), will arrive in Dhaka today on a three-day official visit.

During the visit, Senga will hold dialogues with finance minister, principal secretary to Prime Minister's Office, ERD secretary and other senior government officials on sector and policy reforms, says a press release.

Accompanied by ADB's South Asia Regional Management Team members, Senga will participate in a roundtable on ADB's Bangladesh Country Programming for 2007-2009. He will also hold consultations with the private sector and development partners.

ADB's SARD region comprises Bangladesh, Bhutan, India, the Maldives, Nepal and Sri Lanka.

## Indian cotton, yarn fabric show begins tomorrow

A three-day Indian cotton and yarn fabric show-2006 will begin at Dhaka Sheraton Hotel tomorrow.

The Cotton Textile Export Promotion Council, India (TEXPROCIL) with the assistance of Indian High Commission to Bangladesh is organising the fair, said a press release.

Commerce Minister Hafizuddin Ahmed is expected to inaugurate the exhibition at 10:30am.

## Florida court quashes \$145b tobacco award

AFP, Florida

Florida's Supreme Court on Thursday tossed out a landmark 145-billion-dollar punitive damage award against cigarette makers to hundreds of thousands of smokers, calling it "excessive" under the law.

The decision by the state's highest court, upholding an appellate judgment that overturned the initial decision, is a victory for tobacco companies, which could have been compelled to make the payments to as many as 700,000 sick smokers in Florida.

"The trial court erred in allowing the jury to determine a lump sum amount before it determined the amount of total compensatory damages for the class," the ruling said.

The Florida high court agreed, meanwhile, to reinstate compensatory damages of 2.85 million dollars to Mary Farnan and 4.02 million to Angie Della Vecchia, two individuals who developed cancer and were plaintiffs in the initial lawsuit.

An appellate panel in 2003 overturned a 2000 decision ordering tobacco companies -- including Altria's Philip Morris USA and RJ Reynolds Tobacco Holdings Inc. -- to compensate hundreds of thousands of sick smokers in Florida for misleading them about the risks of smoking.

The latest ruling lifts considerable uncertainty facing the industry, especially for Altria, which is seeking to spin off its Kraft Foods division.

## Malaysian factory output up 5.5pc in May

AFP, Kuala Lumpur

Malaysian industrial output in May rose 5.5 percent year-on-year due to growth in the manufacturing and electricity sectors as mining sector production fell, data showed Friday.

The Statistics Department said the year-on-year increase reflected 8.3 percent growth in the manufacturing sector and a 3.0 percent rise in electricity while mining dropped 3.7 percent.

# GROWTHS IN REMITTANCE, EXPORTS BoP turns positive in April

STAR BUSINESS REPORT

Growth in remittance and exports have contributed to an overall positive balance of payment (BoP) in April of the just concluded fiscal year.

Overall BoP recorded a surplus of US\$ 43 million at the end of April, which was negative until March, according to Bangladesh Bank statistics.

Exports saw a 20 percent growth during July-April period of 2005-06 financial year over the same period of the previous fiscal.

Export earning amounted to US\$ 8,365 million in the first 10 months of

the last financial year, which was \$ 6,961 million during the same period of fiscal year (FY) 2004-05.

On the other hand, remittance inflow maintained over 25 percent growth, reaching around five billion dollars in the just concluded fiscal year mainly due to increase in skilled labour abroad and government's efficient move against money laundering.

Trade balance recorded a smaller deficit of \$ 2,519 million during July-April period of the last fiscal, which was \$ 2,935 million during the same period of FY 2004-05.

Despite larger service and

income deficit, current account balance recorded a surplus of \$ 285 million in the first 10 months of the last financial year against the deficit of \$ 767 million during the same period of FY 2004-05.

In the face of declining foreign aid during July-April period of the last financial year, net foreign direct investment (FDI) also saw a negative growth.

According to official statistics, net FDI amounted to \$ 500 million during July-April period of the just concluded financial year, which was \$ 625 million during the same period of FY 05.



(From left to right) Helel Ahmed Chowdhury, additional managing director of Pubali Bank Ltd, Abbas Uddin Ahmed, managing director of The City Bank Ltd, Mamun Rashid, Citigroup country officer (Bangladesh), and Robert Annibale, global director of Citigroup Microfinance, are seen at a conference organised by Citibank NA in Dhaka yesterday.

# Japan wants to relax guidelines on mergers

AFP, Tokyo

Japan's trade ministry wants to relax guidelines on mergers as the current rules could discourage companies from tying the knot, an official said Thursday.

The ministry would like an increase in the size of the domestic market share threshold -- the market share allowed for a company after a merger -- from 35 percent to 50 percent, said Ichiro Abe, a deputy director at the Ministry of Economy, Trade and Industry.

"The current market share limited in the guidelines may prevent companies from trying to merge," Abe said, confirming an earlier report in the London-based Financial Times.

**BoJ to tighten rules on executives' finances**

Another report adds: The Bank of Japan said Friday it will ban its executives from investing in most types of financial products following

a scandal over its governor's personal investments.

They will be forbidden from trading stocks or investing in private funds, the central bank decided, based on recommendations from an advisory panel.

The panel also suggested top central bankers' assets are handled by third parties, such as a trust.

The new rules also require the governor, deputy governors, six other policy board members and six executive directors to disclose their assets.

BoJ executive director Hajime Mizuno said: "We want to make all the changes effective by the end of this month, at the latest."

The changes come after BoJ governor Toshihiko Fukui admitted to profiting while in office from an investment in a scandal-tainted fund operated by Yoshiaki Murakami, who has been indicted for alleged insider trading.

Fukui has not broken any laws

nor the central bank's own internal rules, but he has taken flack for the timing of his decision in February to pull out his investment -- just ahead of the end to the BoJ's ultra-loose monetary policy.

The governor has repeatedly apologized and said he will donate to charity his nearly 25 million yen (215,000 dollars) in the Murakami fund, which includes his original 10 million yen investment, profit and dividends.

He also said he would return 30 percent of his 2,036 million yen (17,600 dollar) monthly salary for six months.

Fukui first made the investment in 1999 when he was in the private sector after quitting the central bank in an unrelated scandal.

He has pledged to improve transparency, as under current rules the Bank of Japan governor does not have to disclose personal investments.

# Asean economic unity to boost local stability

AFP, Sydney

Creating an Asean Economic Community would increase regional stability and provide an alternative to China for major companies looking to invest in Asia, an Australian government report released Thursday said.

The report, from the Department of Foreign Affairs and Trade, said the 10-member Association of Southeast Asian Nations (Asean) would create a powerful trading bloc if its plans for economic integration by 2020 went ahead.

The report described ASEAN's vision as "wide-ranging and inspiring" but warned Asean members must overcome concerns about loss of sovereignty to pursue unity in response to economic threats from regional powerhouses China and India.

"A cohesive Asean Economic

Community should be a potent force for regional stability and economic vitality in the Asia-Pacific region," the report said.

The report, compiled by the department's economic analytical unit, said economic integration could make Asean "an alternative to China as a regional production base for transnational corporations".

Asean leaders launched "Asean Vision 2020" to forge closer economic integration at a summit in Bali in 2003. But the report said the regional grouping's consensus decision-making process sometimes meant such goals were not followed through.

It said the rapid emergence of China and India provided a compelling argument for accelerating the speed of economic integration.

Foreign Minister Alexander Downer said economic unity would increase two-way trade between

Australia and ASEAN members that already stood at 55 billion dollars (41 billion US) in 2005.

He said it would also enhance the importance of negotiations launched last year to create a free trade zone involving Australia, Asean members and New Zealand known as AANZFTA.

"The combination of an Asean Economic Community and a comprehensive AANZFTA could make a significant contribution to prosperity in the Asia-Pacific region," he said.

Australia has made a concerted effort to forge closer ties within Asean in recent years, last year dropping its opposition to signing the grouping's non-aggression pact in return for a seat at the inaugural EastAsia Summit.

Asean groups Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

## Investors vow to arrange more funds thru' securitisation

STAR BUSINESS REPORT

A day after the launch of the world's first securitisation of a fund of US\$ 180 million for micro-credit by Brac, investors of the fund yesterday said they will continue their efforts to offer more funds through securitisation to help cut poverty.

At a conference the investors also vowed to work further to involve more financial institutions like commercial banks in the securitisation process.

Citibank NA organised the conference with The City Bank Limited and Pubali Bank Limited in Dhaka.

Mamun Rashid, Citigroup country officer-Bangladesh, Robert Annibale, global director of Citigroup Microfinance, Helel Ahmed Chowdhury, additional managing director of Pubali Bank Limited, Abbas Uddin Ahmed, managing director of The City Bank Limited, among others, were present.

Manum Rashid said hoped leasing and insurance companies will also be involved in the securitisation process step by step.

Micro-credit is a step to lessen poverty and Citigroup wants to enhance its participation with this process, said Robert Annibale.

Abbas Uddin Ahmed said \$180 million securitised fund will add extra space to micro-credit disbursement of Brac (Bangladesh Rural Advancement Committee), a leading NGO.

## BKMEA seeks buying house support to up RMG prices

BDNEWS, Dhaka

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Fuzul Hoque has sought support from local buying houses to increase unit price of garment products to meet the additional wages for the workers.

He was speaking at a meeting Wednesday night between the BKMEA and the local buying houses. Representatives of local buying houses Qaium Reza Chowdhury, Masudur Rahman, S Alam and KI Hossain were, among others, present.

Fuzul said the trend of decreasing price of garment items is worrying the exporters, especially the small and medium manufacturers.

Qaium Reza Chowdhury raised the obstacles to getting license of their association.

## Microsoft mum on aiming at Apple's iPod

AFP, San Francisco

Software colossus Microsoft remained tight-lipped on Thursday regarding media reports that it intended to unleash its own version of Apple Computer's popular iPod MP3 player.

Unofficial word that the Redmond, Washington, company was gearing up to market a handheld digital music and movie player in time for the Christmas shopping season set the Internet abuzz with talk of an "iPod killer".

"The stories you are seeing are based on speculation and rumors and, as such, we didn't participate," Microsoft said in a two-sentence release. "We don't have anything to announce at this time."

News reports cited unnamed entertainment industry executives that contended they were briefed this week on a Microsoft plan to go head-to-head with Apple's market leading iPod player and iTunes online music store duo.

## Agrani Ins approves 5pc cash dividend

Agrani Insurance Company Ltd has approved a 5 per cent cash dividend for the year 2005.

The dividend was approved at the sixth annual general meeting (AGM) of the company held recently in Dhaka, says a press release.

Chairman of the company Zaker Ahmed presided over the AGM, which was also attended by directors, shareholders and other senior officials.

# Dhaka, New Delhi to develop infrastructure to boost trade

## Joint working group meet ends in Agartala

UNB, Dhaka

Bangladesh and India have decided to modernise and upgrade existing infrastructure, including roads, to boost their bilateral trade, official sources here said yesterday.

The agreement was reached at the two-day joint working group meeting on trade that concluded in Agartala on Thursday.

Elias Ahmed, commerce ministry additional secretary, led the eight-member Bangladesh team while VPC Shastri, India's commerce ministry joint secretary, led his country's delegation.

"We have decided to modernise and upgrade our existing infrastruc-

ture including road connectivity to further boost the trade between the two countries, especially between the northeastern states of India and Bangladesh," said Shastri after the meeting.

Termining the meeting 'very successful', he said: "It is our constant endeavour to reduce the huge bilateral trade gap existing between the two nations."

The meeting also discussed issues relating to tariff and non-tariff barriers.

"The northeastern states of India have huge resources and raw materials and these can be exported to Bangladesh. After due processing, the finished products

can be made available to the people of the region at much cheaper rates," Shastri mentioned.

Elias Ahmed said northeastern states of India and Bangladesh have common culture and lifestyle and these similarities could easily help enhance bilateral trade.

Customs officials of both the countries will soon meet and review the performance of land customs stations.

The meeting also discussed the recommendations of the taskforce constituted by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and Federation of Indian Chambers of Commerce (FICCI).

# India puts privatisation plans on hold

PALLAB BHATTACHARYA, New Delhi

Indian Prime Minister Manmohan Singh has put plans on hold to sell shares of some major state-owned companies after a key component of his coalition threatened to pull out.

The decision puts a question mark on the country's privatisation programme after the cabinet had recently approved a proposal to sell ten percent stakes in two big public sector companies--Neyveli Lignite Corporation (NLC) and National Aluminium Corporation (NALCO).

A statement issued to the media by prime minister's media adviser Sanjaya Baru on Thursday said there have been representations from some of the constituents and allies of the United Progressive Alliance (UPA) about the process of disinvestments in some public sector enterprises.

"Taking into account their concerns, the PM has decided to keep all disinvestment decisions and proposals on hold pending further review," he said.

Earlier on Thursday, Dravida Munnetra Kazhagam (DMK), a powerful constituent of the 19-party ruling coalition, threatened to quit the UPA if the government went

ahead with divesting ten percent stakes in the NLC located in the southern state of Tamil Nadu ruled by the DMK.

DMK President M Karunanidhi said in a statement, when the (federal ) government is not accepting the demand of workers of the NLC (not to divest stakes), the DMK is thinking whether to continue in the union (federal) government and be a party to the decision.

Left parties, whose support is vital for parliamentary majority of UPA government, have also strongly resisted the share sale in the NLC and NALCO.

Analysts said the decision to put on the back burner all disinvestment proposals would block an estimated Rs 10,000 crore that would have come in through sale of government's shares in some state-owned companies to fund social sector schemes.

They said the DMK stand was influenced by political factors in Tamil Nadu where main opposition leader J Jayalalitha, chief of AIADMK, had strongly criticised the move to divest stake in NLC and hit out at Karunanidhi for being a party to the decision.

Industry sources said the decision to put on hold all

disinvestments decisions reflects the difficulties in pushing through big-ticket economic reforms in the face of pressures and pulls from ruling coalition allies.

The Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industry (CII) voiced 'deep concern' over the government's decision to put on hold disinvestments decisions, saying it could send 'wrong signals' about the future of reforms.

FICCI chief SK Poddar said disinvestments of public sector companies' shares had played a crucial role in the development of Indian capital market since the reforms were ushered in 1991.

The shares of Maruti Udyog, the largest carmaker of India in joint venture with Suzuki Motor Corporation of Japan, which were divested by the government, had emerged as one of the pivotal scrips shortly after these were listed in stock markets, he pointed out.

CII President R Seshayee said since large public investments were needed in critical areas like health, education and infrastructure, the government could face major resource crunch without disinvestments.

# Tatas to raise stake in Tata Steel to retain management control

OUR CORRESPONDENT, New Delhi

Apparently being concerned over takeover of European steel rival Arcelor by India-born non-resident steel tycoon Laxmi Niwas Mittal, Tata Sons, India's Rs 85,000-crore industrial house, said on Wednesday that it would raise its stake in its group company Tata Steel to retain management control.

"The steel industry is highly fragmented and considerably vulnerable. The only safeguard is to increase promoters' stake over time," Tata Group Chairman Ratan Tata said a day before the arrival of Mittal, owner of the world's largest steel maker, in India with a possible investment plan in new projects.

Ratan Tata told a meeting of shareholders of Tata Steel in Mumbai that the Tata Steel would issue preferential equity shares and warrants to Tata Sons, the parent company and largest stakeholder of the group, taking the promoter

holding to 33.6 from 26.8 percent at present.

"Given the right price, investors have a right and privilege to sell their stakes. Therefore, we are increasing our holdings in the company to ensure that management control remains with the Tata Group," he said.

Tata's remarks came barely a week after Mittal Steel succeeded in a 25.6 billion euro deal to acquire Luxembourg-based Arcelor and Mittal himself said afterwards that he was eyeing acquisitions in India and China.

Tata Steel is among the top five steel manufacturers in India which include state-owned Steel Authority of India, Essar Steel, JSW Steel and Ispat industries and is the largest in the private sector with an annual capacity of more than five million tons. The capacity is expected to go up to about eight million ton on completion of ongoing expansion at TISCO's plant in Jamshedpur.

# Mittal Steel to invest \$6.5b in India

AFP, Bhubaneswar

The world's largest steelmaker Mittal Steel on Friday said it would invest more than 300 billion rupees (6.5 billion dollars) on a new plant in southeast India.

The 12-million tonne plant in ore-rich eastern Orissa state will be completed in two phases, company chairman Lakshmi Mittal told reporters in state capital Bhubaneswar during a day-long visit to India.

Mittal said that depending on developments in the market, the total investment in time could be as much as 8.7 billion dollars.

"We want a long lasting relationship with Orissa and as we understand, it is India's steel destination," Mittal said after meeting the state's Chief Minister Naveen Patnaik.

South Korean steel giant POSCO is building an 12-billion-dollar steel plant in the state, which has an estimated one-fourth of the country's iron ore reserves.



The sixth annual general meeting (AGM) of Agrani Insurance Company Ltd was held recently in Dhaka. Chairman of the company Zaker Ahmed presided over the AGM, which was attended, among others, by directors and other senior officials.