Star BUSINESS

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Tata Steel takes Corus Group in giant leap for corporate India

AFP, *New Delhi*

Indian group Tata Steel won the hand of Anglo-Dutch company Corus on Friday in a proposed 6.39-billion-euro deal,creating a global giant and marking the biggest ever foreign foray from the emerging Indian economy.

The ambitious expansion highlights the power and international aspirations of corporate India, which is regarded by many economists as a future powerhouse in the world economy.

The board of Corus Group recommended acceptance of the terms valuing it at 4.3 billion pounds, equivalent to 8.07 billion dollars, and was pitched at 455 pence per share.

Goldman Sachs analysts said they expected the market to hang on for a higher offer from Tata, using the argument that Corus was the last available steel asset in Europe.

They added that an improved Tata bid was more likely than a rival approach because Corus said it had been in talks with a number of companies since last August.

The takeover would create a steel group ranking in the top half dozen in the world on the basis of production figures in 2005.

Tata and Corus said that they would now form the fifth-biggest steelmaker, but data from the International Iron and Steel Institute places them in sixth position in terms of production volumes in 2005.

The takeover, dependent on shareholder and regulatory approval, comes amid a shake-up in the global steel sector.

Ericsson profits climb in Q3

AFP, *Stockholm*

Ericsson, the world's largest supplier of mobile telecommunication networks, reported Thursday a 17 percent rise in third quarter net profit amid strong growth in all sectors, but earnings were lower than expected.

Despite the weaker-than-expected numbers, Ericsson shares climbed by 0.94 percent to 26.85 kronor in late morning trading on the Stockholm stock exchange.

The Swedish company posted a net profit of 6.2 billion kronor (842 million dollars, 670 million euros), up 17 percent on the same quarter a year earlier.

Sales rose by 13 percent to 40.8 billion kronor, but were below analysts' forecasts of 41.7 billion.

Pre-tax profits were also lower than analysts' forecasts of 8.9 billion, coming in at 8.8 billion kronor excluding restructuring costs of 2.9 billion and capital gains of 3.0 billion.

The capital income was generated by the sale in September of its defence business Ericsson Microwave Systems, and its 40 percent holding in Saab Ericsson Space.

CEO of IDLC Securities

Kh Asadul Islam Ripon has joined IDLC Securities Limited, a subsidiary of Industrial Development Leasing Company (IDLC) of Bangladesh Limited, as chief executive officer, says a press release.

Asadul started his career by joining Premium Securities Limited. He also worked for Peregrine Capital Limited.

Asadul moved to Union Capital Limited in late 2002. Later he became a director of SES Company Limited, a subsidiary of Union Capital Limited.

Current account balance surplus rises on remittance growth

STAR BUSINESS REPORT

The current account balance surplus increased in the first two months -- July and August -- of this fiscal year (2006-07) mainly due to growth in remittance.

Trade imbalance also declined in the same period caused by export growth, according to Bangladesh Bank statistics.

Despite larger service and income deficits, current account balance recorded a bigger surplus of US$414 million in July-August of FY 2006 against that of $99 million in the same period of FY 2005.

Trade balance also recorded a smaller deficit of $148 million in July-August of this fiscal compared to the deficit of $352 million during the same period of the previous financial year.

Remittance inflow maintained over 24 per cent growth in the first three months of this fiscal. Remittances in July to September period of FY 2006 stood at $1328 million, which was $1071 million during the same period of the last fiscal.

Besides, non-resident Bangladeshis (NRBs) are sending more money home ahead of Eid-ul-Fitr, contributing to growth in remittance.

The total remittances reached around five billion dollars in the last fiscal mainly due to increase in skilled labour force abroad and government's efficient move against money laundering.

On the other hand, exports saw a 31 percent growth in July-August of FY 2006 over the same period of the previous fiscal while import payments registered a 17 percent growth over the corresponding period of the previous fiscal.

Export earnings amounted to $2301 million in the first two months of FY 2006 against $1753 million during the previous fiscal's corresponding period.

Import payments in July-August of FY 2006 increased by $394 million to $2709 million compared to $2314 million during the same period of FY 2005. Of the total import payments during the first two months of FY 2006, imports under cash and for EPZ stood at $ 2553 million, under loans/grants $13 million, under direct investment $9 million and short term loan by Bangladesh Petroleum Corporation at $132 million.

Meanwhile, fresh opening of LCs (letter of credits) in July-August of FY 2006 increased by $322 million or 13 percent to $2777 million against $2454 million during the same period of FY 2005.

PHOTO: DHAKA BANK

Prime Minister Khaleda Zia gives away 'Beautification Award 2006' to Managing Director of Dhaka Bank Ltd Shahed Noman at a function at the Prime Minister's Office in Dhaka recently. The award was given in recognition of the bank's contribution to various beautification works in the capital. Dhaka City Corporation Mayor Sadek Hossain Khoka is also seen.

India aims high at 10pc growth in 2007-2011

AFP, *New Delhi*

India, the world's second-fastest growing major economy after China, set an ambitious target of attaining 10 percent annual growth within the next five years.

The announcement by Prime Minister Manmohan Singh, a former World Bank official, came less than a month after India beat most forecasts reporting 8.9 percent growth in the first quarter to June (March-April).

"The 11th plan (2007-2011) is going to be historic in many ways," Singh told a meeting of the national policy-making Planning Commission.

"This is the first time since the planning process began that we will be aiming for a growth rate of 10 percent in the final years of the plan," he said.

India's economic plans hark back to the era when the country followed communist-style five-year programmes.

The country registered growth of 8.4 percent for the financial year to March 2006.

Economists have said that India must achieve double-digit growth to be able to significantly improve living standards in the country of 1.1 billion people where at least a quarter of the population live below the poverty line.

Singh said the ambitious target was achievable on the back of buoyant foreign capital inflow, moderate inflation, brimming foreign exchange reserves and a comfortable current account deficit, pegged at 3.1 percent of the GDP.

"We could have not asked for a better start. We will be finally emerging into the front ranks of fast-growing developing countries," Singh said in a speech giving the finishing touches to India's upcoming five-year plan.

A Commission draft paper on the five-year cycle was critical of India's past performance for failing to address the needs of the poor.

"Our growth has not been sufficiently inclusive and failures in this area are significant," the document unveiled at the meeting, attended by economists and government advisors, said.

China economy starts to slow as cooling measures take hold

AFP, *Beijing*

China's economy expanded at a slower pace with growth of 10.4 percent in the third quarter as extensive efforts to apply the brakes showed signs of working, official data showed Thursday.

Following a series of highly publicized economic and political measures by the central government, the third-quarter performance helped slow economic growth for the first nine months of 2006 to 10.7 percent.

Asia's second-largest economy and the world's fourth biggest had grown by a red-hot 11.3 percent in the three months to June and by 10.9 percent in the first half, a much faster pace than the 10.2 percent recorded for all 2005.

"The momentum of fast growth has started to come under control," National Bureau of Statistics spokesman Li Xiaochao said at press conference to release the data, with analysts giving cautious backing to the assessment.

"The government will probably see this as the situation they wanted to achieve," said Chen Xindong, a Beijing-based economist for BNP Paribas.

"The Chinese government does not want to kill the growth momentum but they don't want the economy to continue accelerating, so from that point of view the outcome is in line with their objectives," Chen said.

Thursday's data showed fixed asset investment, one of the key economic drivers, had slowed to 27.3 percent growth in the nine months to September, compared with 30.9 percent in the second quarter alone.

Britain to cut low-skilled worker visa schemes

AFP, *London*

Britain will cut two work permit programmes for low-skilled workers from outside Europe within a year, effectively eliminating about 18,000 visas, The Independent reported on Friday.

The two schemes to be cut are the agricultural workers' visa scheme, which admits about 16,000 people every year, and a separate scheme for other economic sectors, which allows about 1,800 people into Britain each year, the newspaper reported, citing Liam Byrne, the government immigration minister.

Employers will instead be encouraged to seek out potential employees first from Britain, and then from the 25-member European Union, within which migrant workers can move to Britain with no restrictions.

"It makes sense anyway, if they have the skills to do them, to give jobs to people who already have the right to come here freely," Byrne was quoted as saying in the newspaper.

"So in line with this position we will be phasing out schemes for low-skilled migration from outside the EU."

Nestle sales up 9pc in 9 months

AFP, *Switzerland*

The Swiss food group Nestle said Thursday that sales for the first nine months rose by 9.1 percent to 72.2 billion francs (45.4 billion euros, 56.9 billion dollars), from 66.2 billion, in line with analysts expectations.

The company posted above-target organic growth, i.e. on a comparable basis with respect to the scope of its activities and exchange rates, of 6.1 percent during the period.

Nestle also said it is confident that for the full year it will reach the upper end of its long-term organic growth target range of 5-6 percent, as well as achieving improved margins in constant currency terms.

In a company statement, Nestle chairman and chief executive Peter Brabeck-Letmathe said: "Our strong growth has continued into the third quarter of 2006.

"We are still facing volatile raw material and energy prices, but overall, I feel comfortable in reconfirming our reaching the upper end of our long-term organic growth target of between five and six percent, combined with an improvement of the EBIT (earnings before interest and tax) margin in constant currencies for the full year.

"We have also continued to make progress in our transformation into a nutrition, health and wellness company through our active business portfolio management and the announced changes in our top management."

Google profit nearly doubles

REUTERS, *San Francisco*

Google Inc on Thursday said quarterly profit nearly doubled and revenue rose 70 percent, fueled by growth on company-owned Web sites and overseas, as the Internet search leader tightened its grip over the online search market.

Its shares rose 8 percent as the Mountain View, California- based company topped Wall Street's consensus expectations. That left the stock, which had a lackluster first half of 2006, up 11 percent for the year and in striking distance of a record.

Google Web sites, such as Google.com and Google News, helped power growth, while foreign markets rose to 44 percent of revenue from 39 percent a year earlier as the company gained in countries such as Britain and Germany.

"Google right now seems to be running on all cylinders. They're executing phenomenally well," said Jay Wong, a portfolio manager at Payden & Rygel Investment Management.

Net income for the third quarter rose 92 percent to $733.4 million, or $2.36 per diluted share. Analysts had been looking for a net profit, on average, of $2.13 per share, according to Reuters Estimates.

India mulls free market access for all LDCs

Bid to woo support in multilateral trade talks

PALLAB BHATTACHARYA, *New Delhi*

India plans to offer phased duty-free and quota-free (DFQF) market access to all least developed countries (LDCs) from the next year in a bid to woo their support in multilateral trade negotiations.

The Indian commerce ministry proposes granting DFQF, which would, however, not be extended to 776 sensitive items covered under South Asian Free Trade Area (Safta) and India-Asean Free Trade Agreement, sources said.

The concessions to the LDCs will not be more favourable than what has been negotiated for the LDCs under Safta and the tariffs will be gradually phased out to zero in equal annual instalments over five years.

The commerce ministry contends that giving the unilateral tariff concessions will create the necessary political goodwill for India among the 50 LDCs in Asia, Africa and Latin and Central America and help it secure their support on key issues of concerns to New Delhi, said the sources.

The imperative for India to be proactive on unilateral tariff concession is more in view of China having already offered such preferential access to exports from 39 LDCs in Africa.

In view of this, it is necessary for India to give greater market access to LDCs to help their dependence on developed countries, said the sources.

The LDCs comprise an important bloc at the World Trade Organisation talks and at the Hong Kong ministerial meeting in December last year some LDCs had threatened to use veto if they were denied DFQF access.

The Hong Kong meeting has given time until 2008 to start the duty-free quota-free scheme with developing countries allowed to phase in their commitments. Members facing difficulties are allowed to provide market access for at least 97 percent of products originating from LDCs.

Preferential access has helped LDCs boost their exports from below world average in 1990s even though the rate of this growth has been slow, trade analysts say.

However, the gains of this access has been uneven with Bangladesh and Angola accounting for more than 35 percent of total LDC exports in 2004.

Dollar near two-week lows after data

AFP, *Tokyo*

The dollar was mixed in Asian trade Friday, remaining close to two-week lows against the euro and yen following disappointing US manufacturing data, dealers said.

The dollar edged up to 118.34 in Tokyo afternoon trade from 118.17 late Thursday in New York.

The euro rose to 1.2637 dollars from 1.2626 and to 149.46 yen from 149.21.

The greenback fell to two-week lows of 118.07 yen and 1.2639 per euro overseas after the latest US data reinforced expectations of US interest rates holding steady for the time being, dealers said.

The Philadelphia Federal index of manufacturing conditions dropped to minus 0.7 points in October, well below expectations of 7.0.

Commonwealth Bank currency strategist Besa Deda said in a note issued in Sydney that while the survey was lower than the minus 0.4 reading of September, the details were generally stronger than the headline weakness.

"Our central view is that the Federal Reserve will pause with rate hikes in the near term. But upside risks to US interest rates remain," Deda said.

At the same time US weekly jobless claims fell to their lowest level in almost three months, down 10,000 to 299,000.

Dealers said recent data had backed up predictions that the US economy is experiencing a soft landing and that the Federal Reserve is in wait-and-see mode, with a 'no change' decision seen as a done deal next week.

"The dollar will remain around (two-week) lows until the end of this week as traders wait for the Federal Reserve Meeting next week," said Hidenori Kato, head of foreign exchange sales at Societe Generale.

He added the market was also keen to hear a speech from Bank of Governor Toshihiko Fukui later Friday for leads on the outlook for further rises in Japanese interest rates.

Fukui was likely to reiterate his previous comments but there was a chance his remarks would fan expectations of a further interest rate rise here which could boost the yen, Kato said.

Citigroup, Bank of America profits rise

REUTERS, *New York*

The nation's largest banks, Citigroup Inc and Bank of America Corp. , on Thursday posted higher third-quarter profits, helped by growth in credit cards and other consumer businesses.

Shares of both companies closed lower, leading broad declines in the banking sector. Investors fretted about the longer-term implications of rising short-term interest rates, and weakened lending results at less-diversified rivals such as Washington Mutual Inc.

"Fundamentals for banks are very challenging," said Adam Compton, research analyst at RCM Global Investors in San Francisco, which invests more than $120 billion. "Even if you're growing loans, it's not helping revenues because funding costs have risen so much."

On the New York Stock Exchange, Citigroup closed down 32 cents, or 0.6 percent, at $49.87, while Bank of America fell 55 cents, or 1 percent, to $53.26. The Philadelphia KBW Bank Index fell 0.7 percent.