

## South Asian CEOs set to form regional grouping

AFP, New Delhi

South Asian corporate chiefs plan to launch a forum to push for free trade and investment in the region ahead of a seven-nation summit in Islamabad, an Indian trade leader said Friday.

Ajay Khanna, deputy director general of the Confederation of Indian Industry, said the chief executive officers will set up the forum by video conference and draft a joint statement for the seven nations' leaders.

"We want to build South Asia as

a manufacturing and outsourcing hub for the world. We want to remove all barriers in the way of the tremendous intellectual talent here," he said.

"We are basically interested in a South Asian economic union which can be achieved by harmonising the industry standards," he said.

Khanna recommended a regional bank to mould economic policy, more cooperation in tourism and a lifting of restrictions on people's movement within the politically troubled region.

He added that close cooperation will enable the smaller South Asian nations to accelerate their economies as they would be able to tap into the vast Indian economy which in the second quarter saw booming 8.4 per cent growth.

Hopes for strong trade in the region have been fanned by the warming ties between India and Pakistan, whose rivalry has repeatedly set back progress of the South Asian Association for Regional Cooperation (Saarc).

South Asian foreign ministers were meeting Friday in Islamabad to hammer out the draft South

Asian Free Trade Agreement and an agreement on fighting poverty.

Only five per cent of the international trade of Saarc countries -- Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka -- is within the region, Khanna said.

In comparison, it is around 65 per cent in the European Union and 22 per cent in Asean, the Southeast Asian bloc, he said.

Saarc heads of state and government are due to open a summit Sunday for the first time in two years.



PHOTO: BASIS

Shafquat Haider, vice-president of Bangladesh Association of Software and Information Services (Basis), presides over the 5th annual general meeting of the association held in Dhaka recently. Among others, S Kabir Ahmed, Zillur Rahim and Mustafa Jabbar, directors, TIM Nurul Kabir, treasurer, Mustafa Rafiqul Islam, secretary general of Basis, were present.



PHOTO: FIRST SECURITY BANK

Nasim Sikder, chairperson of First Security Bank Limited, inaugurates the new premises of the bank's Bangshal Branch on North South Road shifted from Bangshal Road in Dhaka recently. Among others, directors Monowara Sikder, Salahuddin Khan, Harunur Rashid Siddique, AKM Enamul Hoque and Managing Director Syed Ashraf Ali were present.

## China confiscates 186 tons of US beef

AFP, Beijing

China has confiscated 186 tons of US beef products in Beijing during a meat market inspection amid fears the meat could be contaminated with mad cow disease, state media reported Friday.

The Beijing Youth Daily said the beef, seized Thursday, will be disposed off after being examined on advice from the Ministry of Agriculture.

China was one of more than 30 countries that suspended US beef products last week. The ban applies to all cow-related products except milk and other dairy prod-

ucts, leather and gelatin used for photography.

The Beijing Agriculture Bureau recently issued a string of prevention and monitoring orders and a city-wide market inspection is currently being carried out, the paper said.

The disease so far has not been found in the city or anywhere in China.

It was the second seizure of beef products in a week following the confiscation of 60 kilograms, all from Washington State where the mad cow disease case was found, on a US cargo ship in Ningbo, in Zhejiang province.

## Citibank, HSBC to issue credit cards in China

AFP, Beijing

Citibank and HSBC have become the first foreign banks to receive approval to issue credit cards in China through local partners, state media and bank officials said Friday.

In a statement, Citibank said it will soon issue dual currency credit cards through its partner Shanghai Pudong Development Bank, in which it holds a 4.62 per cent stake.

"The new credit card will be the first to be issued with foreign bank management and technology that can be settled both in yuan and US dollars," the two banks said in a joint statement.

A Citibank spokeswoman said the first cards will be issued in a few weeks.

A Bank of Shanghai official in the credit card department said that the bank has received regulatory permission to team up with HSBC to provide similar services. HSBC has an eight per cent stake in Bank of Shanghai.

The International Finance News, citing China Banking Regulatory Commission officials, said the two banks' applications to start issuing cards have been approved by the top banking regulator and its Shanghai branch respectively.

## Gold edges higher at start of new year

REUTERS, London

The gold price edged higher in Europe at the start of the new year on Friday, with selling on the morning fixing paring gains.

Gold was trading at \$415.75/\$416.25 at 6:07 a.m. EST, having fixed at \$415.20, after a 10-minute fix where dealers tried in the area just above \$416 before settling on a price nearly a dollar lower.

"It was very quiet until the fix," one London bullion market trader said. "That's the one move of the morning."

Prices had opened the new year

with tight range trade in Asia. Bids were ranging from a low of \$414.75 to a bid high of \$415.50.

Prices in Europe remained above Wednesday's New York close of \$414.80/\$415.30, with both New York and Tokyo markets shut until Monday.

Given quiet trade, dealers said the market was unlikely to surpass the 1996 peak of \$417.70 an ounce today.

"Monday morning could be interesting," the trader said. "The funds jammed up prices for the close of the year. The question is, have they any more money to buy? There could be a retracement."

## Yearly Forex Roundup 2003

### International FX Market

#### US dollar

US stepped into the year 2003 with a chilly start, intensified by the September 11 terrorist attacks on the World Trade Center. US dollar was on the defensive against most major currencies as the investors were wary of terrorist attacks, uncertainty over the duration Iraq War and huge current account deficit of USD 500 bio. The low yield of the Greenback also failed to attract the investors, who continued to shift their assets from United States.

Federal Reserve kept the interest rate unchanged for most of H1 despite the prediction of rate-cut. But on June 25, members of the Federal Reserve's rate-setting Open Market Committee lowered the overnight bank lending rate by a quarter percentage point to 1.00 percent, a 45 year low. This was the 13<sup>th</sup> rate cut in the federal funds since the easing of cycle started in January 2001. But dollar continued to edge lower against most of major currencies throughout the world. Market expects the US dollar to weaken further against most of the currencies.

#### Euro

The European single currency appreciated in value during the year 2003. It rose by 20.6 percent throughout the year to its all time high of 1.2462. Dealers attributed the rise to the depreciation of the US Dollar, rather than the inherent strength of the euro itself.

European Central Bank (ECB) lowered its interest rate on H1 to 2.00 percent from 2.50 percent. Further rate cut seemed likely ECB kept the rate unchanged till the year-end and maintained its advantage of higher yield advantage because of the lower rate of US dollar. Mr. Jean Claude Trichet, was appointed president of the ECB in October, replacing Mr. Wim Duisenberg. Market expects Euro to test \$1.30 level by H1 2004.

#### Japanese yen

The Japanese currency noticed an upward surge in 2003. It rose by 14.16 percent throughout the year. But its rise was limited as Bank of Japan continued to intervene throughout the year.

Starting the year 2003 at 120 levels against the US dollar, yen rose as high as 106.75 by the end of the year. Bank of Japan intervened several times at various levels to curb the rise of the Japanese currency as yen's strength would hinder the export led recovery of its economy. Bank of Japan spent more than 10 trillion yen in FX market to curb the strength of its currency. Interest rate remained unchanged throughout the year at almost 0 percent. The Japanese currency is likely to remain range-bound because of the intervention fear by Bank of Japan.

#### Pound sterling

Pound sterling also experienced upward movement throughout the year. It rose by almost 14.88 percent against the US dollar in 2003.

Pound rose as high as 1.7754 against the US dollar, a new 11 year high in 2003. In H2, GBP started to weaken following the unexpected cut in interest rates, reinforced by weak data releases. Bank of England slashed its interest rate by 50 bps to 3.25 percent. It gained momentum since September and rose to its 11 year high and is expected to get stronger in 2004.

--Standard Chartered Bank

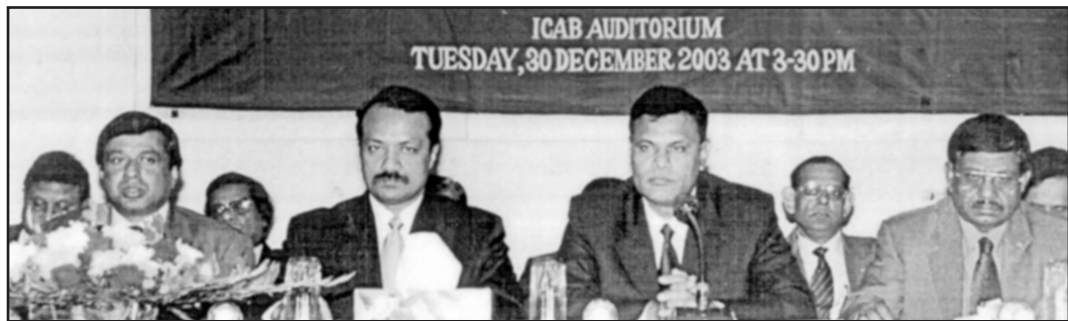


PHOTO: ICAB

(From Left) Akhtar Sohel Kasem, president of Institute of Chartered Accountants of Bangladesh (ICAB), Nasiruddin Ahmed, vice-president, AK Gulam Kibria, CR Mazumder, vice-president, and NI Chowdhury, secretary (CC) of ICAB, pose for a photograph at the 31st annual general meeting of the institute held in Dhaka on Tuesday.



PHOTO: NISHU ADVERTISING

Officials and representatives of Butterfly Marketing Limited, a home appliances marketing company, pose for a photograph in front of the twin towers in Kuala Lumpur after attending the annual marketing conference-2003 held recently in the Malaysia capital.

## STOCK