

Call money rate steady

BSS, Dhaka

The inter-bank money shot up to its high at 9 per cent yesterday as some banks experienced liquidity problems, fund managers said.

The call money rate touched its intra-day high at 9 per cent and in most deals ranged between 6 per cent and 8.50 per cent, they said.

The demand for call money rose at the end of last week due to, what fund managers said, higher government's borrowing from banking system through treasury bills.

Saarc countries

to form Youth

Employment

Summit network

Country coordinators from seven South Asian nations have signed a memorandum of understanding to form Saarc Country Youth Employment Summit (YES) Network recently.

Chandrababu Naidu, chief minister of Indian state Andhra Pradesh, formally announced the formation of the network at the YES Hyderabad Regional Forum held at Hyderabad in India from December 14 to 18, says a press release.

The secretariat of the forum will be set up at Hyderabad.

Eastern Cables

earns Tk 116.38cr in 32 years

BSS, Chittagong

Eastern Cables Limited, a concern of Bangladesh Steel and Engineering Corporation (BSEC) has earned Tk 116.38 crore profits in 32 years since its inception till December 2003.

The company deposited Tk 2.97 crore in the national exchequer as import duty, VAT, income tax, license fees and other taxes during the period.

Industries Minister Matiur Rahman Nizami was informed this while visiting the unit here Wednesday. The minister viewed the production activities of domestic cables, LT power cables, HT power cables, aluminum cables and other products manufactured in this unit.

Later, the minister held an opinion exchange meeting with the concerned officials and workers of this unit.

The minister also visited the complexes of General Electric Manufacturing Company Ltd and Chittagong Dry Dock Ltd, two other units of BSEC here.

Japan's Mazda

Motor to expand

China operation

AFP, Tokyo

Major Japanese automaker Mazda Motor Corp is hoping to grab five per cent of China's rapidly growing car market by setting up a sales holding company and production firm, a news report said Saturday.

Mazda, owned 33.3 per cent by US auto giant Ford Motor, is projecting the production and sale of 200,000 vehicles in China by 2007, raising its market share from three per cent, the Nihon Keizai Shimbun said.

The sales holding company will oversee sales of three passenger vehicles produced by FAW Car Co. and FAW Hainan Motor Co., subsidiaries of Mazda's partner, the First Auto Work Group Corp., the newspaper said.

It will also oversee sales of locally manufactured Mazda vehicles.

"The arrangement will improve the product line of Mazda dealerships in China helping boost sales," the business daily said.

Mazda and Ford will begin joint production of vehicles by 2007, the Nihon Keizai said, adding that further details of the production firm have not been decided.

Mazda and Ford, however, are likely each to take a 25 per cent stake in the firm, with Chongqing Changan Automobile Co., a Ford production partner in China, contributing the remaining capital, the Nihon Keizai said.

A production plant with an annual output capacity of 200,000 units will be built near Shanghai at a total cost of about 50 billion yen (467.3 million dollars), the report said.

Mazda will produce 100,000 units of the successor to its popular subcompact Demio, and the remaining output will be allocated to Ford subcompacts, it said.

Forex reserves hit 8-year high

STAR BUSINESS REPORT

Foreign exchange reserves hit an eight-year high of US\$2.65 billion yesterday.

After hitting the highest \$3.077 billion in June, 1995 the reserves started declining in 1996 and slid to only \$1 billion in 2001.

However, the reserves showed a steady recovery in the next couple of years and crossed the \$2.50 billion-mark in the second half of 2003.

The strong reserves reflected higher remittance and export

earnings, disbursement of foreign aid and foreign investment, government officials said.

The country witnessed a high remittance growth in last fiscal year. In the first five months of 2003-04 fiscal, expatriates remitted \$1.285 billion which was 4.33 per cent higher than that of the corresponding period of the previous year.

Bank officials said the flow of remittance is increasing ahead of Eid-ul-Azha.

The country received \$209.2 million in foreign aid in the first

four months of the current fiscal year. Besides, export earnings saw a 10 per cent growth during the period.

Foreign direct investment is also increasing. According to Bangladesh Bank, the country received \$15 million in FDI in the first two months of the current fiscal year which was \$7 million in the corresponding period of the previous year.

However, the foreign exchange reserves will lose about \$200 million following payment to the Asian Clearing Union (ACU) this week.

Mercantile Bank cuts lending rates again

Mercantile Bank Limited has reduced lending rates for the second time in last three months.

The rates will now range from 7 per cent to 14.5 per cent, which were 10 per cent to 16 per cent earlier, says a press release.

The bank also decided to allow concessional interest rates for its prime customers. It also adjusted its interest rates on deposits.

Emirates wins two awards in India

Emirates, the Dubai-based international carrier, has won two top distinctions at the Galileo Express Travel and Tourism (ET&T) Awards in Mumbai, India. These were the first-ever Indian travel and tourism awards staged by a non-governmental organisation.

Emirates bagged top honours in two of the four airline categories of the Express Travel & Tourism (ET&T) Awards: 'Best International Airline West-Bound From India 2003' and 'Most Innovative Marketing Campaign.'

The Awards have been introduced to recognise exceptional performance in the Indian travel and hospitality sector and have been accredited by the auditing firm Deloitte Touche Tohmatsu.

Tk 100cr PKSF loan for Asa

Palli Karma Sahayak Foundation (PKSF) has signed an accord to provide Tk 100 crore loan to Asa, a non-government organisation.

Of the total, Tk 60 crore will be used for rural micro credit programmes and Tk 40 crore for urban micro credit programmes, says a press release.

However, the PKSF has provided Tk 20 crore to Asa as third instalment of the deal at a programme.

PKSF Managing Director Saleh Uddin Ahmed and Asa Founder and Managing Director Md Shafiqul Haq were present at the function.

Taka remains weak against dollar

BSS, Dhaka

The Bangladesh taka remained at its record low level against the US dollar yesterday, the second trading day of 2004, as some banks faced setback in dollar earnings through remittance and exports.

Dealers said the dollar began 2004 Friday with a modest lift against the euro from strong US economic data, although analysts said the greenback remained under pressure on worries about the US current account deficit.

The taka touched its record low at 59.12 against the US dollar in thin inter-bank trading yesterday as some private banks were badly in need of dollar funds and faced pressure to pay their import payments.

But in most deals, the dollar was traded between 59.05 taka and 59.10 taka yesterday, dealers of leading commercial banks said.

"We experienced strong dollar-buying spree as some banks faced short-fall in dollar earnings through remittance and exports."

Country attains self-sufficiency in medicine

BSS, Dhaka

The country has attained self-sufficiency in medicine and presently about 96 per cent of its domestic demands is met by productions in the local pharmaceutical industries.

State Minister for Health and Family Affairs Mizanur Rahman Sinha said this in Dhaka.

He was addressing as the chief guest at a seminar on 'Export Publicity of Bangladeshi Pharmaceuticals to the West' jointly organised by US based the Bangladesh-American Pharmacist Association (BAPA) and the Pharmacy Graduates Association (PGA) Wednesday.

He said locally produced medicines maintain international standards and Bangladeshi medicines are now exported to 52 countries in Asia, Europe and America.

Murad Hossain, director, Pfizer Pharmaceuticals Inc of New York, USA presented keynote paper at the seminar. Selim Azad Chowdhury, executive president of Bangladesh Pharmaceutical Society and Ishrak Ahmed, general secretary of PGA also spoke on the occasion.

Re-rolling, steel millers keep striking

Ignore commerce minister's assurance to look into their problems

STAR BUSINESS REPORT

Re-rolling and steel mill owners are adamant to continue their indefinite strike until their demands are met, although Commerce Minister Amir Khorru Mahmud Chowdhury yesterday assured them of looking into their problems.

The minister at a meeting in Dhaka assured them of fulfilling their legitimate demands.

Bangladesh Re-rolling Mills Association (BRMA) President Ali Hossain and General Secretary Shaful Hossain and Bangladesh Steel Mills Owners Association (BSMOA) General Secretary Sheikh Masudul Alam were present at the meeting.

The commerce minister said development works are being hampered due to unusual price hike of rods and their inadequate supply.

The steel mill owners went on strike on December 23 and re-rolling mill owners followed them on December 27 to press home nine-point demands that include reduction of duties on raw materials and simplification of regulations for melted steel scrap imports.

BRMA and BSMOA have called the indefinite strike shutting down production of MS rods and other steel products in their factories.

Real estate companies have already expressed their concern over the high price of rods. They said rod price has shot up by 40 per cent in recent months.

More than 300 re-rolling and steel mills meeting 100 per cent domestic demand of MS rods are now in serious crisis due to price hike of raw materials, the mill owners told the commerce minister.

They said imposition of heavy

duties including VAT on steel products coupled with irregular supply of gas and electricity to the mills are also responsible for the crisis.

The BRMA president said the government should reduce heavy tax burden apart from withdrawing import restrictions on ship and melting scraps.

The BRMA general secretary said the rod manufacturers are being forced to buy raw materials at higher prices due to some restrictions on scrap import and it is not possible for them to run their mills profitably.

The ship-breaking industry, which supply raw materials to re-rolling mills, is also facing a tough time due to unusual price hike of old ships in the international market. Many ship-breaking industries in Sitakunda, Chittagong have already shut-down.

EPB to hold three single country fairs in Yangon, Sydney, Toronto

ZAHIDUL HAQUE

Encouraged by last year's single country fairs organised in two countries, the government is going to hold three similar fairs in three continents in the next four months.

The fairs aimed at expanding markets for Bangladeshi products will be arranged in Yangon, Sydney and Toronto, sources in the Export Promotion Bureau (EPB) said.

The trade shows are billed for March 1-4 in Yangon, Myanmar, April 4-7 in the Australian city of Sydney and May 9-12 in Toronto, Canada.

"We are organising the fairs to help local manufacturers display their products and make business contacts with the buyers," said an official of EPB.

EPB recently held a meeting with leaders of different chambers and trade associations and discussed the preparations for the

single country shows.

Last year the government organised two similar fairs, one in Yangon in March and another in Paris in November.

"The response was excellent. Almost all the participating companies received significant amount of export orders during the fairs and afterwards," the official said.

A total of 25 companies participated at the three-day show in Paris.

Bangla-German Latex Co Ltd, a joint venture condom manufacturing company which participated at Paris show signed an agreement with Freedom Latex of France during the fair. Under the deal the French company will import condoms worth \$1.5 lakh annually.

Bangladesh Jute Mills Corporation (BJMC) showcasing various jute goods at the fair also attracted customers from France as well as

some African countries.

Besides, Picard Bangladesh Ltd, a leather goods producing company, and Rahimafrooz Batteries Ltd are expecting to make separate business deals with Carrefour, a French chain-store giant, within a few days, EPB sources said.

Products of Monno and Shinepukur Ceramics have also attracted customers while local software company Anupam Infotek Ltd has been able to set up business links with five French companies during the fair, the EPB official said.

Some Bangladeshi companies signed contracts with their Myanmar counterparts during Bangladesh single country fair in Yangon in March.

Businesspeople think Bangladesh fertiliser, jute and jute products can find way to neighbouring Myanmar where Bangladesh already exports pharmaceuticals, textile fabrics and leather goods.



PHOTO: RAHIMA FOOD
Rahima Food Corporation Limited Chairman MA Rouf Chowdhury presides over the company's 13th annual general meeting held at Ruppangji in Narayanganj recently.

World carmakers hope for healthy year

Asian manufacturers to be big gainers

BBC ONLINE

The global car industry is due for a pickup in 2004, a survey of 100 top bosses in the auto industry says.

But carmakers will have to wait until 2006 for profits to return to peak levels, the executives warn.

The 100 people surveyed by audit and consultancy firm KPMG - from 19 carmakers and 81 suppliers - saw Asian manufacturers as 2004's big gainers.

Detroit's drought could finally come to an end too, they said, as the need for heavy incentives slackened.

The improved expectations come just days ahead of the high-

light of the US industry's year, the North American International Auto Show, which kicks off in Detroit on Sunday.

But it is not all good news either for the US or the industry as a whole, the KPMG survey found.

Of the 100 executives questioned, 36 said 2003 would prove to have been the worst year for profits in recent times - and 13 said 2004 would be even worse.

Meanwhile, the prediction of 2006 for a return to peak profitability is a repeat of the consensus in the survey a year ago.

That year, executives foresaw that the business would be back in a boom by 2005.

And despite falling incentives - only 38 of the respondents saw the need to bribe customers into the showrooms increasing, against 63 in 2001 and 48 in 2002 - US carmakers are set to keep losing market share.

The improving US economy is instead likely to prove good news for Asian carmakers, particularly Toyota - now the number three seller ahead of Chrysler - and Nissan but also Korean marques.

European vendors are set to gain less from an expanding US market, those surveyed said, predicting at the same time that merger activity in Europe would accelerate.



PHOTO: STAR
Federation of Bangladesh Chambers of Commerce and Industry (FCCI) President Abdul Awal Minto visits a stall at the Dhaka International Trade Fair-2004 yesterday.

India repays \$2b in foreign loans ahead of deadline

AFP, New Delhi

India's central bank announced on Friday that the government had taken advantage of its strong foreign exchange reserves position to pay 2.0 billion dollars in foreign debt in advance.

"The government prepaid bilateral loans of 576.84 million dollars and currency pool loans of 1,437.05 million dollars to the World Bank ahead of their due dates in the three months to December," the Reserve Bank of

India said in a statement.

The government has also decided to prepay a loan worth 93.6 million dollars to Italy.

The Indian government bought the foreign exchange to repay these loans by issuing bonds worth 95 billion rupees to the central bank -- 4.69 per cent 2008 bonds for 65 billion rupees and 5.64 per cent 2019 bonds for 30 billion rupees, the statement added.

Any residual rupee requirements will be met out of the gov-

ernment's cash holding, said the central bank.

India, which 12 years ago launched economic reforms in a desperate move to shore up foreign exchange reserves that had slumped to an all-time low, is now confronted with reserves that have ballooned to over 100 billion dollars.

Soaring reserves are a sign of confidence in the economy, forecast to grow by 7.0 per cent in the year to March, making it among world's fastest-growing.

Singapore economy expands in Q4

REUTERS, Singapore

Powered by rising production of computer chips, disk drives and pharmaceuticals, Singapore's economy expanded for a second straight quarter, but the momentum is slowing.

Official data released Friday showed gross domestic product grew at an annualised rate of 7.9 per cent in the fourth quarter -- weaker than the market's median expectation for an 11.2 per cent rise.

The fourth-quarter estimate, flagged by Prime Minister Goh Chok Tong on Wednesday, was weaker than a brisk 17.3 per cent annual expansion rate in the third quarter, when the trade-reliant economy rebounded from a SARS-induced slump.

"You have your key manufacturing sector doing okay. As we move into the first quarter, probably you'll get the typical slowdown in orders," said Joseph Tan, an economist at British investment bank Standard Chartered.

"But overall there's no reason to be overly pessimistic because at this point in time we are still seeing some strong numbers coming through from the US," he said.

The Ministry of Trade and Industry, which released the data,

said Singapore's 2004 growth would be between three and five per cent -- in line with market forecasts.

For 2003, Singapore's \$89 billion economy grew 0.8 per cent, the slowest among Asia's major economies. That reflected the fallout from an outbreak of the Severe Acute Respiratory Syndrome virus that emptied nine out of every 10 hotel rooms, dried up tourism and slowed factory orders.

The 2004 growth outlook could pave the way for Goh, prime minister since 1990, to hand power to Deputy Prime Minister Lee Hsien Loong. Goh said last week he would be comfortable making way for Lee -- son of founding prime minister and elder statesman Lee Kuan Yew -- if the economy were growing at three to four per cent.

Growth in 2003 was about half the pace of 2002, and manufacturing investment commitments in the year were \$550 million (\$294 million) short of the government's 2003 target of \$58.0 billion, official data showed.

Singapore has already recovered sharply, growing at its fastest pace in eight years in the July to September quarter, following the end of an outbreak of SARS which killed 33 people and battered tourism from March to May.

EU Commission offers closer ties with Libya

AFP, Brussels

The head of the European Union's executive has invited Libya to join the trade and aid partnership between the EU and the countries of the Mediterranean basin, the bloc said on Friday.

The offer was made during a telephone conversation on Tuesday between European Commission President Romano Prodi and Libyan leader Moamer Kadhafi and follows an announcement by Tripoli earlier in December that it was giving up its quest for chemical, biological and nuclear weapons.

"The time has come for Libya to join the circle of EU friends," the Commission quoted Prodi as saying.

Prodi was ready to receive Kadhafi in Brussels as soon as possible to formalise Tripoli's membership of the Euro-Mediterranean Partnership, the Commission said in a statement. Kadhafi had replied he was ready to consider such a move.

The Euro-Mediterranean Partnership links the 15-nation EU to 12 countries around the Mediterranean -- Morocco, Algeria, Tunisia, Egypt, Israel, Jordan, the Palestinian Authority, Lebanon, Syria, Turkey, Cyprus and Malta.

One of its main aims is to create an area of shared prosperity through the progressive establishment of a free-trade area coupled with EU aid for economic transition.