

Safta to help attract more investment to South Asia

Foreign minister tells CJA function

STAR BUSINESS REPORT

The economic integration of South Asian nations through implementing Safta (South Asian Free Trade Area) will help them attract more foreign investment to the region, Foreign Minister M Morshed Khan said yesterday.

"The region is itself a big market with a population of 1.3 billion. If a person buys a product worth one dollar, it's a market of 1.3 billion dollars. So the economic integration will bring in substantial foreign investment in South Asia," he said.

The foreign minister was speaking as chief guest at the certificate awarding ceremony of a four-day

training workshop on 'Budget Reporting' organised by Commonwealth Journalists Association (CJA) at the National Press Club in Dhaka.

In a bid to turn South Asia into a free trade zone, all the seven members of Saarc (South Asian Association for Regional Cooperation) struck the Safta agreement on Tuesday in Islamabad during the 12th Saarc Summit.

According to the landmark deal signed by the foreign ministers of Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, Safta will come into effect from January 1, 2006.

"Safta is a reality today, and it is

something more than what we are seeing today," Morshed said.

"There has to be a common platform where there will be lot of complementarities instead of unnecessary, uneconomic competition, and we want to have a planned growth for the region rather than think about only one country."

He said for the first time the leaders of South Asia have realised they will have to unite and integrate, otherwise they will perish.

Turning to Bangladesh's efforts to woo foreign direct investment, the minister said a congenial atmosphere has already been created for foreign investors.

About the ongoing reforms in

many sectors within the country, he said reforms are meaningless if their fruits cannot reach consumers. "Reforms must be designed to alleviate poverty and benefit commoners."

Morshed Khan said the level of corruption in Bangladesh is "insignificant" compared to that of multinationals like Worldcom and Enron. "The corruption of one Worldcom or Enron is larger than cumulative corruption of Bangladesh."

CJA President Hassan Shahriar, its Vice-president and Senior Correspondent of the London-based Financial Times Martin Mulligan and Bangladesh Chapter President Farid Hossain also spoke at the function.

Spectra Convention Centre opens

STAR BUSINESS REPORT

Spectra Convention Centre, a privately owned multipurpose conference centre was formally opened at Gulshan in Dhaka on Wednesday.

Spectra Group Chairman Khan Mohammad Aftabuddin inaugurated the centre, which started trial operation three months back.

The conference centre is equipped with all modern facilities for holding all types of social functions, corporate events and cultural programmes.

"The centre has the capacity to accommodate 1,000 guests at a time for any kind of events," Aftabuddin said at the inaugural function.

Corporate bodies can arrange conferences, meetings, product launching and display, trade fairs and dinner parties at the centre built on one high land.

The centre is also offering facilities of arranging wedding and birthday parties, barbecue, dinner parties and fashion shows.

Colombo gets EU tariff breaks for good labour practice

AFP, Brussels

The European Commission said Wednesday it was granting additional trade benefits to Sri Lanka in recognition of the country's efforts to protect basic labour standards for its workers.

Sri Lankan exports to the European Union will enjoy further tariff benefits to reward Colombo's attempts to clamp down on forced labour, employment discrimination and child labour, and to protect union rights, Brussels said.

EU Trade Commissioner Pascal Lamy said Sri Lanka was "making good progress towards full compliance with the core labour standards" as defined by the UN's International Labour Organisation, "even if this situation will have to be carefully monitored".

India okays strategic oil reserve

REUTERS, New Delhi

India's cabinet approved Wednesday a proposal to build strategic storage facilities for five million tons, or 37.5 million barrels of crude oil, a government spokeswoman said.

The facilities will meet India's crude oil needs for two weeks. Oil ministry officials said the storage capacity would be gradually raised to meet 45 days' demand.

"It would be located in three rock cavern storages. Two would be near Mangalore and another near Visakhapatnam," spokeswoman Sushma Swaraj said.

She said the ministries of finance and oil would work out the mechanism of financing the storage facilities, which would be managed by the government.

The capital cost of building the facilities would be around 16-50 billion rupees (\$362 million), while the annual cost of servicing the debt and operations would be eight billion rupees (\$175.59 million), a government statement said.

India's oil minister Ram Naik visited the Bryan Mound Strategic Reserves in Texas in June last year and later sent a technical team to study the storage system.



PHOTO: STAR
Spectra Group Chairman Khan Mohammad Aftabuddin (third from right) along with directors cuts a cake to formally inaugurate the Spectra Convention Centre, a privately owned multipurpose conference centre, at Gulshan in Dhaka on Wednesday.

Indo-Pak trade may boom with improving relations

REUTERS, Mumbai/Karachi

Improving relations between nuclear-armed India and Pakistan could open a window of opportunity for commodities trade and greatly benefit the neighbours, traders said Wednesday.

India and Pakistan reached a breakthrough agreement on Tuesday to open formal talks and expressed confidence about settling the Kashmir dispute, which brought the rivals close to a fourth war two years ago.

"We simply want trade with India as freight cost and delivery time is far less," said Jan Muhammad, a cotton trader in Karachi.

Unlike consumer goods, where Indian industry may overshadow Pakistan, commodity trading between the two countries should not harm Pakistan.

"Pakistan may be a little scared in trading industrial and consumer

goods with India as they have a large small-scale sector, but they shouldn't have the same kind of fear for commodities trading," said Abhijit Sen, professor of economics at the Jawaharlal Nehru University in Delhi.

Relations have warmed gradually since April, when Indian Prime Minister Atal Behari Vajpayee, 79, launched what he called a final bid for peace in his lifetime.

Traders said the bilateral trading list could include commodities such as sugar, wheat, soymeal, tea and cotton, with more additions possible provided the nations agree to open their rail and road routes for trading.

The two countries re-opened road, rail and air links in recent weeks for transporting people, but have yet to revive the links for moving goods.

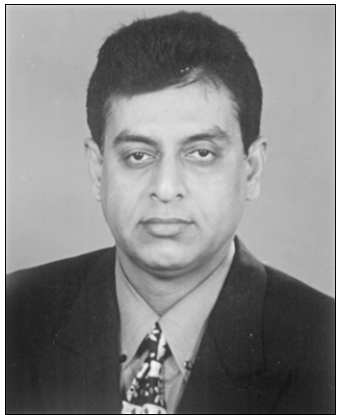
Pakistani mills have booked about 150,000 cotton bales from India for the first time in several

years after local prices touched record highs in recent months, but the commodity is being moved by ship -- a more expensive mode of transport than road or rail.

In recent years the two nations have traded sugar, but both now have surplus production. Nonetheless, a drop in production in either country could induce traders to import from their neighbour, given prompt supply and attractive prices, traders said.

Indian sugar could be the cheapest for Pakistan due to low transportation costs, said New Delhi-based Vinay Kumar, managing director at the National Federation of Cooperative Sugar Factories.

The Indian tea industry, hurt by falling exports and rising output, is upbeat about the peace talks. Producers in India, the world's largest tea producer, are already anticipating a sharp jump in sales to Pakistan, the third-biggest importer.



Electrical goods makers' assoc president re-elected

Enayet Hossain Chowdhury has been re-elected president of the Bangladesh Electrical Merchandise Manufacturers Association (BEMMA) recently, says a press release.

Chowdhury is the proprietor of Gloria Electrical Industries and a director of Federation of Bangladesh Chambers of Commerce and Industry.

Mohiuddin Ahmed and Md Mujibur Rahman Howlader have also been elected senior vice-president and vice-president of the association.

Reckitt Benckiser starts partnership with Save the Children

Reckitt Benckiser, a multinational company, has launched a new partnership with Save the Children, starting the company's social responsibility.

A partnership agreement to this effect was signed between the two organisations, says a press release.

Chief Executive Officer of Reckitt Benckiser Bart Becht and Chief Executive Officer of International Save the Children Alliance Burkhard Gnarig signed the agreement recently.

Reckitt Benckiser has also launched its global charity initiative.

As a part of this initiative, the partnership kicked off with a donation of 100,000 pound sterling for three consecutive years to support the activities of Save the Children in Bangladesh, India and Kenya.

Int'l trade fair opens tomorrow in Dubai

Bangladesh, 24 other countries take part

The International Autumn Trade Fair 2004 opens tomorrow at the Dubai International Exhibition Centre showcasing a diverse range of consumer goods from 25 countries including Bangladesh.

The 18th edition of the annual five-day fair is being organised by Al Fajer Information and Services of the United Arab Emirates.

Over 525 exhibitors have confirmed participation and the show will see a turnout of more than 5,000 overseas trade delegates, says a press release.

This year the show will have country pavilions of Bangladesh, India, China, Hong Kong, Iran, Turkey, Indonesia and Mauritius. Other countries participating include Thailand, Taiwan, Vietnam, Malaysia, Cyprus, Algeria

and Pakistan.

A total of 32 exhibitors from the UAE are also participating at the fair, said Satish Khanna, general manager of Al Fajer Information and Services at a press conference on Wednesday at the Dubai World Trade Centre.

"Such a large turnout of overseas trade delegations will definitely give a shot in the arm of the local economy, particularly the hospitality and local transport sector," he said.

Khanna said trade visitor turnout for this year's show is expected to cross 15,000, compared to last year's 14,496.

The fair will be open to trade visitors only. However in the evening of the fifth day, general public

will be allowed entry into the fair.

The fair will showcase consumer goods including cosmetics, foodstuff, electronics, household appliances, plastic household products, toys, stationery, electrical, handicrafts, carpets, garments, textiles, house wares, kitchenware, sanitary ware, novelties, machinery and machine tools, hardware accessories as well as diary products.

China is the leading exhibitor at the show with 227 participants while Hong Kong is taking part in the show with 41 companies.

The Bangladesh pavilion will feature products of 17 companies on a 150-square-metre area. Jute goods will be one of the main attractions.

US sees new retaliation threat from major trading partners

REUTERS, Washington

US trade officials said Wednesday they expected the European Union and other trading partners to seek permission to retaliate on possibly hundreds of millions of dollars of American exports after the United States failed to win more time to comply with a WTO ruling.

John Veroneau, general counsel in the US Trade Representative's office, told Reuters US officials were unable to convince the EU and other trading partners to give the United States more time to repeal the so-called "Byrd amendment," which was declared illegal by the World Trade Organisation one year ago.

The EU and other trading partners face a Monday deadline to put their retaliation request on the agenda for the WTO Dispute Settlement Body's next meeting on Jan. 23rd.

The Byrd amendment, which distributes to US companies the money raised by anti-dumping duties on "unfairly traded" imports, was approved by Congress in 2000 and immediately

challenged by the EU and 10 other trading partners as a violation of WTO rules.

Previously, the funds went into the general treasury instead of flowing to companies that brought anti-dumping cases against low-priced import competition.

Opponents charge the provision encourages US companies to file more anti-dumping cases by giving them a government subsidy in addition to import protection.

In the past three years, the Bush administration has doled out about \$710 million to US ball bearing, steel, seafood, pasta, candle and other companies under the programme.

US Customs, which administers the program, paid out \$150 million to companies in early December. Another \$90 million in payments are on hold pending the outcome of a court case.

The United States missed a Dec. 27 deadline for repealing the program, which enjoys strong support in the US Congress. However, the Bush administration is expected to recommend again eliminating the

measure as part of its annual budget plan, which is due out by early February.

The EU has been the most vocal about threatening to retaliate, but other countries that challenged the Byrd amendment also could take that step.

Those were Japan, Canada, Australia, Brazil, Chile, India, Indonesia, South Korea, Thailand and Mexico.

"Right now, we expect some but not necessarily all to seek authorization to suspend concessions," Veroneau said, using WTO jargon for retaliation.

EU officials have not yet indicated how much trade retaliation they could seek. However, Veroneau said he was skeptical trading partners could prove they had suffered any lost trade because of the programme.

Unless they can prove lost trade, countries are not entitled to retaliation under WTO rules, he said.

The matter is expected to go to a WTO arbitrator to decide what if any retaliation countries can impose.

CURRENCY

Following is yesterday's forex trading statement by Standard Chartered Bank						
Sell		Currency	Buy			
TT/OD	BC		TT Clean	OD Sight/Doc	OD Transfer	
59.1500	59.2000	USD	58.2550	58.0839	58.0144	
75.2033	75.2669	EUR	72.6323	72.4190	72.3323	
107.9951	108.0874	GBP	104.9347	104.6265	104.5013	
46.0779	46.1168	AUD	43.9534	43.8243	43.7718	
0.5651	0.5655	JPY	0.5448	0.5432	0.5425	
47.9219	47.9624	CHF	46.3150	46.1790	46.1237	
8.2164	8.2234	SEK	7.6250	7.6026	7.5935	
46.1352	46.1742	CAD	44.7737	44.6421	44.5887	
7.6269	7.6334	HKD	7.4970	7.4750	7.4661	
35.0207	35.0503	SGD	34.1872	34.0868	34.0460	
16.2357	16.2495	AED	15.7323	15.6861	15.6673	
15.8988	15.9123	SAR	15.4106	15.3653	15.3469	
10.4448	10.4536	DKK	9.4599	9.4321	9.4208	
Exchange rates of some currencies against US dollar						
Indian rupee	Pak rupee	Lankan rupee	Thai bath	Nor kroner	NZ dollar	Malaysian ringit
45.58	57.4	98	39.075	6.8427	0.6705	3.80
Local Interbank FX Trading			Local Money Market			
Local interbank market was active. US dollar remained almost unchanged against Bangladeshi taka due to matched demand and supply.			Money market was active. Call money rate remained almost unchanged and ranged between 4.00 and 5.00 per cent.			



PHOTO: UTTARA FINANCE
Rashid-ul Hasan, chairman of Uttara Finance, presides over the 50th board meeting of the company in Dhaka recently. Matur Rahman, chairman and managing director of Uttara Group of Companies and vice-chairman of Uttara Finance, other directors and SM Shamsul Arefin, managing director, were also present.