

Mosharraf made acting chief of energy watchdog

UNB, Dhaka

Md Mosharraf Hossain has been made acting chairman of the Energy Regulatory Commission (ERC) and he will discharge the duty until a new chairman takes over.

An official release yesterday said the process is underway to appoint a new ERC chairman.

Earlier, the government appointed two ERC members with Mosharraf Hossain being the senior one following the recommendations of a selection committee, headed by former caretaker government's Advisor Hafizuddin Khan.

However, the government did not appoint the chairman since the proposed person could not meet the criteria. The government then formed a fresh selection committee only to appoint the chairman and it sought applications from the aspirants.

The third member of the ERC will be appointed after a year so that tenures of all members of the commission do not expire altogether.

The commission now has begun its initial activities with an acting chairman and a member.

Formation and functioning of the commission had long been a pressing suggestion of the donor agencies.

One Bank to buy Tk 4 cr equity share of Vanik

One Bank Limited has agreed to buy equity share of Vanik Bangladesh Limited (VBL) worth Tk 4 crore.

A memorandum of understanding (MoU) to this effect was signed between the two organisations in Dhaka yesterday, says a press release.

Syed Nurul Amin, managing director of One Bank, and Sayyed Husain Jamal, managing director of Vanik Bangladesh Ltd, inked the agreement.

As per the MoU, One Bank will have a seat on the Board of Vanik.

China economic reforms hailed at Apec meet

AFP, Pucon, Chile

China won rare praise for its economic reforms at an Asia-Pacific ministerial meeting here Friday while the United States was spared criticism for stiff counter-terrorism laws perceived as unfriendly to trade, officials said.

The assessment was made by independent experts commissioned by the Asia-Pacific Economic Cooperation (Apec) forum to study plans framed by the two countries to achieve free trade and investment.

"China's economic reform accomplishments are remarkable and historic, especially as it also must balance the many other political, economic and social challenges it faces," according to a report on the world's most populous nation tabled at the Apec trade ministers meeting which opened at this Chilean resort town Friday.

Hank Lim, an expert from the Singapore Institute of International Affairs who prepared the report, said China had "performed well" on its principal commitments to the World Trade Organisation (WTO), especially in tariff reductions, the phase-out of non-tariff measures and liberalization of the service sector.

India's space agency wins \$10m EU contract to launch satellite

AFP, Bangalore, India

India's space agency has won a 10-million-dollar contract to launch its first satellite for the European Union, the space chief said Saturday.

Madhavan Nair, head of the Indian Space Research Organisation, said the two sides signed an agreement to send a European satellite into orbit from the Indian-built Polar Satellite Launch Vehicle by the end of next year.

Nair said it would be the first EU satellite to be launched by India, which has sent some of its own satellites into orbit from the European cosmodrome in French Guiana.

Nair said his agency was also negotiating with Singapore to send a satellite into space as India seeks to become a player in the lucrative global launch market.

Salt production deficit may cross 1.5 lakh tons

STAR BUSINESS REPORT

With more than 1.5 lakh metric tons production shortfall this season, the country's salt market may become unstable in coming months leading to price hike of the essential item.

Hit hard by unfavourable weather, the local salt production is unlikely to cross the 800,000-ton mark this season against the target of 950,000 tons, sources said.

Mill owners said the demand-supply gap could cross three lakh metric tons this fiscal as the domestic demand is estimated at over 11 lakh tons.

Salt is now selling at Tk 12-14 a kg at markets in Dhaka. Sources said the present price is normal but it may rise during rainy season when there will be no production.

Domestic salt output was calculated at around 729,000 tons until last month. The production may continue for just another one

month.

"So we'll definitely face a shortfall in salt production," said Paritosh Kanti Saha, president of Bangladesh Labon Mill Malik Samity (Salt mill owners association).

Saha attributed the situation to unfavourable weather condition and said the government may have to import salt this season to meet the huge deficit.

Salt is not imported officially as an average one lakh ton deficit every year is met by salt smuggled into the country from India and Myanmar.

"Such a shortfall may create an adverse impact on local salt market unless preventive measures are taken by the government," another salt mill owner said.

Salt production remained off for many days in March and April because of the rainfalls in Cox's Bazar and Teknaf's salt producing zones, he added.

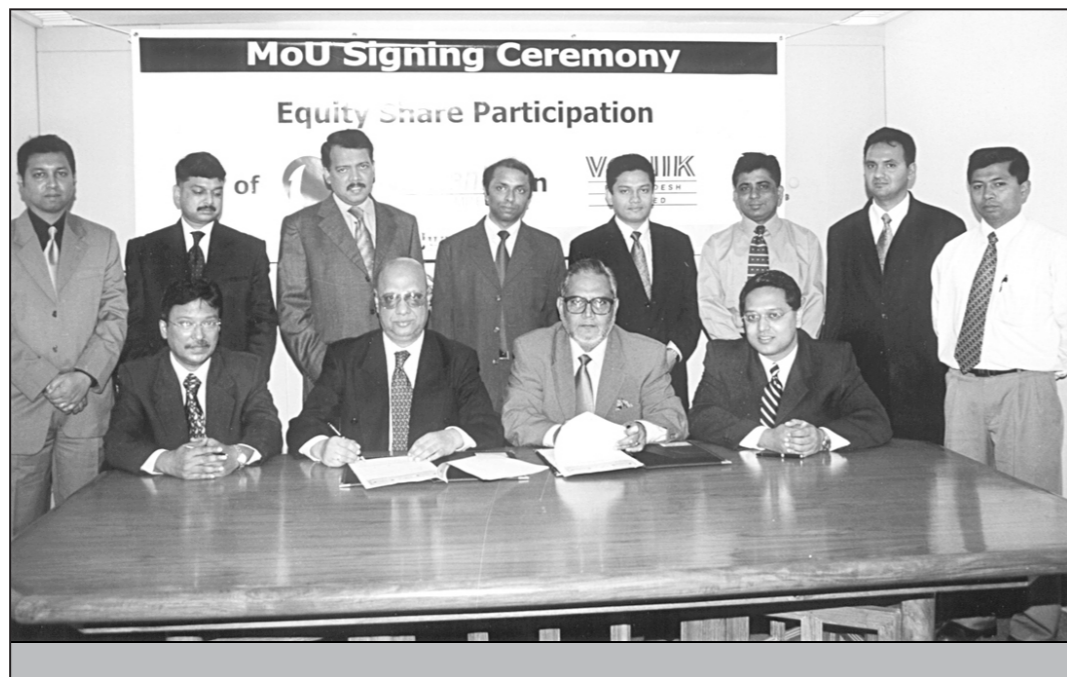
The official statistics suggested that the country's salt production marked a declining trend over the last few years.

The highest salt output was recorded at 1,179,000 tons in the 1998-99 fiscal year. Last year's production was 810,000 tons. Salt output could not meet the domestic requirement in the last few years.

According to food ministry sources, the domestic demand for salt was 9,20,000 tons in 2002-03 fiscal year. The demand for this fiscal has been estimated at 1,150,000 tons.

Mill owners said the production deficit would encourage smuggling of salt from neighbouring countries.

Presently, salt is produced on about 58,000 acres of land in Cox's Bazar and nearly 40,000 people are engaged in the salt farming.



Syed Nurul Amin (second from left), managing director of One Bank Limited, and Sayyed Husain Jamal (second from right), managing director of Vanik Bangladesh Limited, sign a memorandum of understanding in Dhaka yesterday. Under the deal, the bank will buy Tk 4 crore equity share of Vanik.

Global oil prices retreat as Opec output boost sinks in

AFP, London

Crude oil prices fell for a third straight day Friday, retreating further from records earlier in the week, as supply fears eased after Opec's decision to raise its output ceiling.

New York's reference light sweet crude July contract fell 79 cents a barrel to 38.49 at the close, moving down further from Tuesday's all-time record high above 42 dollars a barrel.

The decline was a sign of easing jitters in the oil futures markets in the wake of the Opec cartel's decision to boost production quotas by 2.5 million barrels per day.

New York prices have tumbled nearly four dollars in the past three days after hitting an intraday record of 42.45 a barrel.

US gasoline futures on the New York Mercantile Exchange meanwhile fell 5.75 cents to 1.1779 dollars per gallon (3.78 liters).

The price of benchmark Brent North Sea crude oil for July deliv-

ery fell 73 cents per barrel to 35.67 dollars at the closing in London.

Markets tensions also were eased this week by strong US inventory figures for crude oil and gasoline going into the North American vacation season. This has helped dampen some of the speculation that has pushed up prices.

"We have ample near-term supply of both gasoline and crude," said analyst Jim Still at Refco.

"A lot of anxiety has been lifted ... and there's still heavy fund selling."

Still, there was some trepidation in the market about how much impact the Opec decision will have.

The Organization of Petroleum Exporting Countries is already pumping well over its official output ceiling of 23.5 million barrels per day (bpd).

So their agreement Thursday to raise the ceiling by 2.0 million bpd next month and by another 0.5 million bpd in August would do

little more than bring output quotas in line with actual production, analysts said.

"Opec's decision to raise quotas to 25.5 million bpd at the June 3 meeting will provide some relief but is unlikely to bring prices substantially lower," said Standard Chartered analyst Helen Henton.

"Opec is already producing in excess of the new quotas. It has sufficient capacity to meet current demand forecasts but there is little room for disruption and demand forecasts for 2004 may yet prove too low."

Fears of terrorist disruption to supplies from oil kingpin Saudi Arabia were likely to ensure prices did not fall far, market watchers said.

"With the majority of spare capacity located in Saudi Arabia, the risk is that supplies could be disrupted at a time when demand is booming and Opec is perceived to have insufficient capacity to fill the gap," Henton wrote in a research note.

GQ Ball Pen declares cash dividend, bonus share

GQ Ball Pen Industries Limited has declared 20 percent cash dividend and 20 percent bonus share for the year 2003.

The declaration was made at the company's 22nd annual general meeting held in Dhaka recently, says a press release.

Qazi Saleemul Huq, chairman of the company, presided over the meeting.

Among others, directors of the company Salma Huq, Syed Sadullah Ahmed, Enam Ul Haque, AB Siddique and Mainul Huq and Executive Director Masud Reza Bhuiyan were present.

Prime Bank, Navana Ltd sign MoU

Prime Bank Limited has signed a memorandum of understanding with Navana Ltd (CNG Unit).

Under the deal, customers of Navana Ltd will avail themselves of credit facilities from Prime Bank for conversion of vehicles from carbon based fuel to CNG (compressed natural gas).

M Shahjahan Bhuiyan, managing director of Prime Bank, and Shaiful Islam (Kamal), chairman of Navana Ltd, signed the deal on behalf of their organisations in Dhaka recently, says a press release.

Jobs surge suggests strong US economic expansion

AFP, Washington

A report Friday showing a surge of 248,000 jobs in May marked a third straight month of growth in the crucial US labor market and suggests the US economic expansion is in high gear, analysts said.

The Labor Department report, which topped expectations for 225,000 new jobs, also revised upward its estimate for job growth in April to 346,000 from a prior estimate of 337,000. And the estimate for March was boosted to 353,000.

Since August 2003, some 1.4 million net jobs have been added, the agency noted.

The unemployment rate, based on a separate survey, held steady at 5.6 percent, the government said, in a sign that there remains some slack in the labor market.

But economists argued that the report suggested the world's largest economy was moving on a sustainable path by creating jobs.

Joel Naroff at Naroff Economic Advisors said the so-called jobless recovery of 2003 appears to be fading fast.

"We had a jobless recovery for a long time and now businesses have decided that they really need those people, and it is a really good report. I think it indicates the expansion is full blown and sustainable."

In light of the recent data, analysts expect the Fed to move away from its stimulative policy that has brought the base rate to a 46-year low of one percent, but the pace of rate hikes is uncertain. The next Fed meeting is June 29-30.

EU's bank unveils major boost in funding for renewables

AFP, Bonn

The European Union's investment arm on Friday unveiled a major increase in lending for renewable energy, taking available credits for solar, wind, geothermal and other sources of clean power to as much as 700 million euros (840 million dollars) a year by 2010.

The lending will be made available to electricity producers and other enterprises to help meet a target by which renewables will account for 22 percent of the EU's electricity generation by 2010.

The announcement was made by the European Investment Bank (EIB) at the Bonn conference on renewable energies, which ended here Friday.

A spokesman for the EIB said the bank lent 1.9 billion euros (2.28 billion dollars) for energy generation in the EU 2003.

Lending for renewable sources of energy within this mix would increase by "up to 50 percent" according to demand, she said.



Qazi Saleemul Huq, chairman of GQ Ball Pen Industries Limited, presides over the company's 22nd annual general meeting held in Dhaka recently. The company has declared 20 percent cash dividend and 20 percent bonus share for the year 2003.

BUDGET PROPOSAL FOR 2004-05

Reconditioned car importers demand duty cut

STAR BUSINESS REPORT

Reconditioned vehicles importers have urged the government to reduce import duty on different types of vehicles in the next fiscal year's national budget.

Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida) in its budget proposal for 2004-05 fiscal year sought a revised duty structure for new, reconditioned and used vehicles.

The association proposed 15 percent import duty on maximum nine-seated old microbus, up to five-ton capacity pick-up, truck and delivery van and maximum 15-percent bus.

Besides, Barvida proposed 7.5

percent duty on 16-32 seated bus and zero duty on 33 or more seated bus, including double-decker.

In the proposal, the association said import of reconditioned vehicles has declined by 60 percent in the last two years because of irrational import duty structure.

As the government imposed similar duties on used and new vehicles and withdrew the depreciation valuation system in the budget of FY 2002-03, import of reconditioned vehicles drastically declined, Barvida leaders said.

According to Barvida, the association members used to import around 17,000 to 18,000 vehicles annually before the introduction of new duty structure. Now the number has come down to the level of

7,000 to 8,000.

Barvida in the budget proposal submitted to the National Board of Revenue urged the government to reintroduce the depreciation valuation system which helps importers make reconditioned cars available at low price.

Barvida president Abdul Mannan Chowdhury said before the budget of FY02-03 importers were entitled to have 20 percent depreciated value for 1-year-old vehicles, 32.50 percent for 2-year, 45 percent for 3-year and 50 percent for 4-year-old vehicles.

The withdrawal of the depreciation valuation system was a barrier to import of reconditioned car, which is popular among middle income people, he said.

"Reconditioned cars are environment-friendly. Countries like New Zealand and Australia are the highest reconditioned car importers from Japan," the Barvida president said.

Since 1977, Bangladesh imported over 7 lakh reconditioned vehicles such as private car, bus and truck. About 200 Barvida members along with 600 sellers are engaged in the reconditioned vehicles business.

BUDGET QUIPS

"What is economic diplomacy?"

"When diplomats in foreign missions are required to promote the economic interest of the businesspeople."

"In that event, it won't be a bad idea to privatise the foreign office."



M Shahjahan Bhuiyan, managing director of Prime Bank Limited, and Shaiful Islam (Kamal), chairman of Navana Ltd, exchange documents after signing an MoU on behalf of their respective organisations in Dhaka recently. Under the deal, customers of Navana Ltd (CNG Unit) will avail themselves of the credit facilities from the bank for conversion of vehicles from carbon-based fuel to CNG.