

3-day int'l food fair starts Friday

UNB, Dhaka

Export Promotion Bureau will hold a three-day International Food Fair 2004 at Sheraton Hotel from September 17 to September 19.

A nine-member delegation, led by President and Secretary General of Bangladesh Caterers Association (BCA) UK Ltd, a UK-based association, Mahmudur Rashid and Ashraf Uddin, will visit Bangladesh to participate in fair.

The delegation will hold a meeting with exporters participating in fair, said a press release.

India holds back soymeal sales to reap better prices

REUTERS, New Delhi

India, eyeing a good soybean crop, has begun contracting soymeal exports but sales have been slow with traders cautiously taking on commitments, industry officials said Friday.

They said soymeal sales so far this year have been much lower than last year, with exporters gauging the market and unwilling to rush into new deals unless prices were attractive.

"The industry lost a lot of money last year because of committing huge quantities early at a low price," said Rajesh Agrawal, chairman of the Soybean Processors Association of India.

About 7.5 million farmers are engaged in soybean cultivation in the central state of Madhya Pradesh, the main growing state, and in Maharashtra, Rajasthan, Karnataka and Andhra Pradesh.

The industry employs nearly 10 million people.

Traders have recently sold 20,000 tonnes of soymeal to Pakistan at around \$215 a tonne free on rail (FOR).

DITF to see delayed start on security grounds

STAR BUSINESS REPORT

The Dhaka International Trade Fair (DITF), the country's largest annual trade exposition, this year will see a delayed start due to what officials say security reasons.

A meeting of representatives from leading trade bodies with officials of Ministry of Commerce and Export Promotion Bureau (EPB) yesterday decided the DITF 2005 will begin on February 14 next year, one and a half months later than its traditional schedule.

The meeting observed it will be wise to delay the start of the fair due to an upsurge in bomb threats across the country.

The meeting further observed as Saarc summit will be in progress

from January 9 to January 11 next year in Bangladesh most of the security personnel will be deployed to ensure the safety of the Saarc leaders.

The meeting also decided to delay the start of the DITF 2005 as Eid-ul-Azha, one of the largest festivals of the Muslims, will be celebrated during the period.

The Export Promotion Bureau (EPB) in co-operation with the Ministry of Commerce will organise the fair from February 14 to March 16. Like the previous years, the prime minister is expected to inaugurate the trade extravaganza.

Apart from local companies, entrepreneurs from 19 countries participated in the last year's edition of the fair showcasing products and

services. Thailand, the last year's partner country, set up the largest pavilion over a 75-square-foot area.

Last year, companies showcased a wide range of products including machinery, equipment and materials for agriculture and gardening, carpet, chemicals and allied products, cosmetics and dairy products. The products also included electrical and electronic items, food and groceries, gift items, handicrafts, home appliances, leather, leather goods and footwear, sports gear, sanitary ware, textile and garments, toys and stationery, watches and clocks, jewellery, ceramics, melamine, car and plastic goods.

Four-day furniture fair from Sept 22 in Dhaka

STAR BUSINESS REPORT

In the face of competition from foreign furniture, local manufacturers of the furnishings are going to showcase their products at a four-day exhibition beginning in Dhaka on September 22.

"We are taking part in the exhibition to show the strength of local entrepreneurs who are making international standard furniture," said Akhteruzzaman, chairman of Bangladesh Furniture Industries Owners' Association (BFIOA), which is sponsoring the event--'National Furniture Fair 2004'.

"Some 10 furniture manufacturing companies are also exporting furniture and earning \$20 lakh a year," he said.

Bangladesh imports furniture worth around Tk100 crore a year from different countries, the BFIOA chief said.

If the government gives necessary supports to the development of furniture sector, it will find a bigger export market, he said.

Local manufacturers will get an opportunity to prove their ability in furniture fair, the first of its kind in the country, Akhteruzzaman said.

The BFIOA in cooperation with

Communicare Events, an event management company, is organising the exposition at Bangladesh-China Friendship Conference Centre.

A total of 41 companies will take part in the fair to display their products that include furniture, wooden floors, carpets and lighting items in 109 stalls, organisers said.

The exhibition will remain open to visitors from 10am to 8pm.

Now, more than ten lakh people are engaged in the furniture industry directly or indirectly, industry sources said.

Oil prices fall sharply on hurricane forecast shift

AFP, New York

Crude oil futures fell sharply on world markets Friday as fears about Hurricane Ivan hitting petroleum-producing areas in the Gulf of Mexico receded.

On the New York Mercantile Exchange, light sweet crude for October delivery fell 1.80 dollars to 42.81 dollars a barrel in closing trade after flirting earlier with the level of 45 dollars.

The price of benchmark Brent North Sea crude oil for delivery in October tumbled 2.02 dollars to 40.20 dollars per barrel in closing trading in London.

After speculators pushed up prices in anticipation of Ivan threatening oil producing areas of the Gulf of Mexico, prices retreated after the latest forecast showed the powerful storm more likely to move up the Gulf coast of Florida, further east than earlier projections.

"People were very worried that Ivan would hurt oil production in the

Gulf of Mexico and were cover-buying," said Seth Kleinman, analyst at PFC Energy.

"If Ivan doesn't cause any problem over the weekend, prices could lose another dollar."

Prices had been heading higher after the storm, ripping across the Caribbean, shut some oil production off Trinidad and halted Venezuelan shipments.

Traders' concern over possible disruption to production in the Gulf of Mexico along with weak inventory reports for the United States ahead of the winter heating season sent prices soaring by almost two dollars on Thursday.

Traders were meanwhile looking ahead to next week's meeting of the Organization of Petroleum Exporting Countries to discuss output policy.

But with prices high and OPEC kingpin Saudi Arabia pumping at full capacity, analysts did not expect much to come out of the meeting in Vienna on Wednesday.

US visa policy hurting trade with Arab world Study says

REUTERS, Washington

Restrictive US visa policies are putting a dent in trade and investment flows between the United States and the Arab World, according to a study released Friday by a business group.

The National US-Arab Chamber of Commerce estimated policies put in place after the Sept. 11, 2001, attacks on New York and Washington could be costing the United States at least \$5 billion in lost revenue from Arab countries.

"We appreciate the need for strong security measures, and we believe that the departments of State and Homeland Security are taking steps to mitigate some of the most onerous visa requirements," David Hamod, president of the US-Arab business group, said in a statement.

The stricter requirements have prevented many legitimate Arab business travelers, students, tourists, medical patients and other individuals from getting visas and intimidated others from even applying, Hamod said.

As a part of the US war on terror, the State Department revamped its

visa approval process in 2002 and increased the number of applications referred to Washington for an interagency review process that includes the FBI said CIA.

The group's report estimated that direct impact of the policies at nearly \$1.5 billion in lost revenues from a variety of areas including business, travel and tourism, medicine and health care, academia and culture and the arts.

The figure climbs to more than \$5 billion when services and indirect revenues are included, and lost investment flows could total billions more, the report said.

"Those sums could be staggering. (The group's estimate of \$5 billion in lost revenue) could be the tip of the iceberg, relative to investment and disinvestment," Hamod said.

A study conducted in the spring by The Santangelo Group, a private research company, and paid for by eight leading US business associations, estimated US exporters have globally suffered at least \$25.53 billion in lost sales and \$5.15 billion in indirect costs as a result of visa delays or denials since July 2002.

Agora offers special discount on fish

Agora, a chain superstore operated by Rahimafrooz Group in Dhaka, started an eleven-day fish festival on Thursday.

During the festival, the superstore offers special discount on the prices of varieties of fishes at both of its outlets at Dhanmondi and Gulshan, says a press release.

During the festival, hilsa is available at Tk199 a kg, ruhi at Tk 240 a kg and katla at Tk 140 a kg.

SkyCargo launches electronic house air waybill system

Emirates SkyCargo has launched e-HAWB (electronic house air waybill) module at its web-based logistics system SkyChain.

Through the system, SkyChain customers will be able to save up to 80 percent of costs incurred on the advance filing of cargo manifests by paying a nominal charge of US\$2-3, says a press release.

Forwarders and shippers who do not have easy access to the required electronic data interchange (EDI) messaging system can enter its details directly into SkyChain by using e-HAWB option, ensuring automatic conversion of an EDI format.

The electronic transmission of HAWB and MAWB (master air waybill) details are mandatory for shipments to the United States at least four hours prior to the arrival of a shipment.

China to relax investment controls on HK

REUTERS, Hong Kong

China has decided to relax controls on mainland investment in Hong Kong, the latest in a series of measures by Beijing to help beef up Hong Kong's economic recovery, the official China Daily said Saturday.

Mainland enterprises would be allowed greater flexibility in investing in Hong Kong and the processing time for applications would be significantly reduced, it said.

The details were revealed a day before Hong Kong voters are to elect a new legislature with pro-democracy forces expected to make strong gains against pro-Beijing politicians -- a prospect that has prompted a charm offensive by Beijing backed by a series of economic policy initiatives.

Some 2,000 mainland companies operate in Hong Kong with total assets of US\$ 220 billion, the newspaper said.

Under the new rules, mainland enterprises can enjoy greater flexibility in investing in both former British colony Hong Kong and in former Portuguese colony Macau, the report said, without noting when the changes would take effect.

The enterprises can set up a wholly owned subsidiary, joint venture or acquire companies through mergers or capital injection, it said.

The relaxed policy will cover sectors such as trade, manufacturing, transport, service and research and development.

Enron gets go ahead to sell pipes

Failed US energy giant Enron has been given permission to sell its most prized remaining asset - its natural gas pipeline arm CrossCountry Energy.

A US federal bankruptcy judge on Friday approved Enron's agreement to see the US pipelines for \$2b (£1.6b) to consortium CCE Holdings.

Enron chose the CCE offer last week in a closed-door auction, and the sale is expected to be completed by December.

CCE is a joint venture of Southern Union and Commercial Finance Energy.

Enron is also to sell another subsidiary business - Portland General Electric - leaving it with just one company - Prisma Energy International - which has small-scale pipeline and power assets in 14 countries.

Assuming all the sales are successful, Enron's creditors will eventually get about \$12b - 92 percent in cash and 8 percent in Prisma shares. Shareholders will get nothing and the Enron name is likely to disappear.

Enron's collapse into bankruptcy in the wake of a false accounting scandal stunned corporate America.



PHOTO: STAR

Flood-affected weavers attend a rally at Muktangan in Dhaka yesterday demanding rehabilitation of handloom factories. Bangladesh Sanjukta Tanti Samity, an organisation of handloom weavers, held the rally.

India's industrial output surges, inflation soars

REUTERS, New Delhi

India's industrial output continued its steady run in July prompting analysts to say that solid domestic demand was intact and would continue to power growth in the months ahead.

Robust manufacturing and electricity sector growth helped industrial output climb 7.9 per cent through the year to July compared with 7.3 per cent in June, data showed on Friday.

But the widely tracked annual wholesale price inflation soared for the second straight week to 8.33 per cent in the year to Aug. 28 as a nationwide truckers' strike last month impacted prices.

Analysts said there was no evidence of any impact of delayed monsoon rains so far and any impact, if at all, would be felt around January-March as any effect on the farm output and demand comes

with a lag.

Data released by the state-run Central Statistical Organisation showed the manufacturing sector, which forms more than 75 per cent of industrial output, rose 7.6 per cent in July from a year earlier.

Consumer durables grew 15.1 per cent in July, compared with 8.3 per cent in the year to July 2003.

India's industrial production has accelerated over the past year, with recent months logging growth of over five per cent but the delay in the monsoon rains in the key sowing month of July had forced analysts to clip their growth forecasts.

Most analysts have cut their estimates for economic expansion in the year through March 2005 to 5.5-6.5 per cent from pre-monsoon views of 7.0-8.0 per cent.

Consumer demand has been up since last year's monsoon rains, which were the best in a decade. Good rains boost rural demand as

nearly 600 million Indians earn a living off the land and a bad harvest leads to a dip in their incomes.

Industry accounts for nearly a quarter of India's gross domestic product.

The closely tracked inflation rate has spiralled from 4.32 per cent in late April. The rise has been attributed to rising prices of crude oil, steel and food and officials say there was no need to constrain demand by raising interest rates.

Finance Minister Palaniappan Chidambaram said on Thursday interest rates were likely to be stable in the medium-term, a comment that has bolstered sentiment in the bond market.

Bonds were broadly unchanged after the inflation data as most traders were of the view that interest rates, currently at three-decade lows, were unlikely to be raised in a hurry, despite soaring inflation.

Mideast oil to Asia cheaper

REUTERS, Singapore/Tokyo

Middle East crude sold to Asia is currently cheaper than volumes flowing to western buyers, reversing the so-called Asian premium paid by refiners, industry sources said.

But the convergence in the price of Middle East oil sold in the East and to the West is likely to last only as long as western benchmarks remain high and refiners struggle to absorb large volumes of crude offered by Opec, traders said.

Saudi Arabia has pledged to supply buyers with all the crude they need in an effort to cool world oil prices, which climbed to almost \$50 a barrel last month for US crude futures CLc1. It pumped about 9.3 million barrels per day (bpd) in August.

Most of the extra crude is medium and heavy sour crude, and has depressed the price in Asia of Middle East sour crude benchmarks Oman and Dubai against which Saudi crude is priced.

But London's Brent crude and US light crude, which are used as the basis for Middle East crude sales into Europe and the United States, have stayed strong.

"Saudi selling prices to Asia

occasionally come below that of Europe and the US when Dubai prices lag behind the rise in US crude or Brent," said an industry source close to Saudi Arabia.

Under the latest official selling prices (OSPs) set by Saudi Aramco for October cargoes, traders say that Arab Heavy grade to Asia would be about 60 cents more expensive than prices set to the United States and \$1.30 a barrel above barrels to Europe.

Asian prices are likely to get even more attractive as the difference between the Brent and Dubai market widens. The Brent/Dubai exchange-for-swaps rose to more than \$6 on Friday.

"Now we have a very wide Brent/Dubai spread and it makes Asian OSPs cheaper, but it does not mean the concept of Asian premium has been eliminated," an industry source said.

Buyers have long bemoaned the so-called Asia premium, which they say is charged to eastern buyers over and above prices paid by European and American counterparts because of Asia's reliance on Middle East oil.

The Asia premium ran as high as \$4.50 a barrel during the 1990s but has come off to \$1-\$1.50 a barrel on

average, industry sources estimate.

The region imports more than 65 percent of its daily oil requirements of about 22 million barrels, with a little over 12 million barrels per day (bpd) coming from the Middle East.

Some market observers say Middle East producers may be intentionally reducing the price disparity between regions to lock in customers in import-dependent Asia, where growth in oil demand is expected to stay strong for several years.

"Maybe the Middle East producers are afraid the (economic) recovery is slowing and confidence is starting to unravel. They don't want the Asian market to collapse on them," said Al Troner, president of Seattle-based Asia Pacific Energy Consulting, Inc.

A top Japanese oil official said talks were planned between Middle East producers and Asian countries to discuss the premium.

"Nowadays Asian voices are stronger than before. Middle East producers know that Asia is a growing market and they might have modified their pricing strategy," the official said.