

## Oil prices hit record above \$52

REUTERS, London

Oil prices have broken into fresh record territory above \$52 on heightened concerns that supplies of heating fuels will prove inadequate during the northern hemisphere winter.

US light crude futures rose 51 cents to a record \$52.53 a barrel on Thursday, marking a 60 percent surge in prices so far this year on the strongest demand growth in a generation that has cut the spare capacity cushion to cope with supply problems.

London's Brent crude also struck a record peak, rising 46 cents to \$48.45 a barrel.

"We're in uncharted territory.

There aren't many reasons to sell and there's lots of reasons to buy oil," said David Thurtell at Commonwealth Bank of Australia in Sydney.

Consuming nations have so far been sanguine about the impact on economic growth, but some economic officials are beginning to admit concern.

A senior International Monetary Fund official warned on Thursday that tight oil supplies could leave the global economy worryingly vulnerable for years to come.

David Robinson, deputy director of the IMF's research department, said the continuing rise in oil prices meant the fund's forecast of 4.3 percent global growth in 2005,

published on September 29, was already out of date and would probably be scaled back to around 4 percent if recalculated now.

"I do worry about the medium-term outlook, about the sustained vulnerability to oil prices looking forward," he said.

US government data on Wednesday showed heating oil stocks fell 1.2 million barrels to 51.2 million barrels in the week to October 1, leaving commercial tanks 6 percent lower than a year ago.

Other major oil consumers in Europe and Asia also hold thin heating oil supplies. Inventories of heating fuels should normally rise at this time of year to cater for a surge in consumption in winter months.

"We don't have enough inventories before winter when oil demand typically peaks," said Tony Nunan at Mitsubishi Corp. in Tokyo.

Worries about a thin supply cushion have intensified after mid-September's Hurricane Ivan, which drove U.S. crude production to the lowest level since 1950 and disrupted operations at refineries along the Gulf Coast.

About 478,000 barrels per day of crude output in the Gulf of Mexico, 28 percent of total gulf production, remains shut due to storm damage and industry executives estimate it could take 45-90 days to restore supplies from offshore platforms.

The hurricane also disrupted operations at Gulf Coast refineries,

where plants were still working at only 89 percent of capacity last week, cutting into heating fuel supplies.

A senior OPEC delegate said the cartel stands ready to boost oil supplies still further, but with the cartel already pumping at a 25-year high, only top oil exporter Saudi Arabia has production to spare.

Nigerian oil union NUPENG is threatening to disrupt production on Sunday ahead of a general strike on Monday, unless the government starts talks on retail fuel prices.

Nigeria's oil unions have called strikes four times this year over rising fuel prices in the world's seventh largest exporter. So far none have affected output.



Latifur Rahman, vice-president of International Chamber of Commerce (ICC) - Bangladesh, hands over a certificate to a participant at the concluding session of a two-day workshop on "Foreign Exchange Transaction and Treasury Management" in Dhaka yesterday.

## Three-day Bangladesh show begins in Nepal today

UNB, Dhaka

A three-day Bangladesh trade show, organised by the Export Promotion Bureau (EPB), begins in Kathmandu today.

Commerce Minister Altaf Hossain Choudhury will lead a 16-member business delegation to the event.

A delegation of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) already left Dhaka yesterday for the Himalayan kingdom.

The FBCCI delegation, also featuring its President Abdul Awal Mintoo, will join the launch of the Nepal-Bangladesh Chamber of Commerce and Industry (NBCCI).

Other members of the delegation included FBCCI directors SM Shafiquzzaman, Md. Bazlur Rahman and Ebaydul Hoque Chand.

The Bangladesh trade show will project the country, its economy and products in Nepal.

"This will be a unique opportunity for the business entrepreneurs of Bangladesh for a direct interaction with the Nepalese entrepreneurs," said an FBCCI release.

Mintoo along with other members of the delegation is expected to meet the leaders of chambers as well as dignitaries and high officials of Nepal.

During the meetings, the FBCCI president will discuss export promotion and enhancement of economic cooperation, said the release.

It added that this time the private sector leaders would extend their efforts to expand export of pharmaceutical products to Nepal.

The FBCCI president is expected to return to Dhaka on October 11.

## Airbus hits back after US files complaint over subsidies

AFP, Paris

Airbus reacted forcefully Wednesday to a US complaint filed with the World Trade Organisation about European state aid for the European aircraft manufacturer, saying Washington's move underscored rival Boeing's dependence on "WTO-incompatible subsidies".

"The path chosen by the US government today underscores our belief that the 7E7 programme is only viable because of the WTO-inconsistent subsidies granted to it - subsidies which were already prohibited by the 1992 Agreement," Airbus said in a statement.

Earlier in the day the WTO confirmed that the United States had triggered the global trade body's disputes settlement procedure by asking for formal consultations with the European Union over EU subsidies paid to Airbus.

The two parties now have 60 days to start negotiations to find a solution to the dispute on their own, a WTO spokesman said.

Under international trade rules, if they fail to find a negotiated settlement, the WTO will then appoint an independent panel of experts at the request of the US to examine and rule on the complaint.

US Trade Representative Robert Zoellick said the United States had been trying to convince the European Commission to halt billions of dollars in "unfair subsidies" to Airbus.

"But the EU and Airbus appear to want to buy more time for more subsidies for more planes," he said in a statement.

## Int'l show of medical, health care begins

STAR BUSINESS REPORT

The second international medical and health care services exhibition, Medexpo-2004, began yesterday in Dhaka with a view to introducing recent medical equipment innovations to professionals and entrepreneurs.

Commerce Minister Altaf Hossain Choudhury formally inaugurated the three-day exposition, organised by Triune Exhibition and Event Management Services (TEEMS), at Dhaka Sheraton Hotel.

Local hospitals, diagnostic centres, manufacturers, importers and suppliers of medical and diagnostic equipment are showcasing their products and services in 63 stalls in three pavilions.

Healthcare institutions from the US, Germany, Singapore, Thailand, China, Pakistan, India and host Bangladesh are participating in the show.

Speaking at the inaugural

ceremony, commerce minister asked medical professionals to maintain standards by ensuring quality services.

The minister however wondered why people go abroad for treatment, although there are many qualified medical professionals in the country.

He said the healthcare sector of Bangladesh has developed significantly over the past two decades.

Speaking on the occasion Kazi Wahidul Alam, chairman of the Medexpo-2004 organising committee, said the fair provides an opportunity for local healthcare service industry to get a glimpse of the state of the art technologies available.

Maniruzzaman Bhuiyan, president of Bangladesh Private Clinic and Diagnostic Owners Association said around 400 registered clinics and diagnostic centres presently contribute to the country's healthcare sector.

He said the exposition will make people aware of medical equipment

used in Bangladesh.

The fair will also feature seminars on oncology, surgery, renal diseases and ophthalmology which will be addressed by physicians from Singapore and Malaysia, organisers said.

The Medexpo will remain open to visitors from 12:00am to 8:00pm everyday. Fisheries and Livestock Minister Abdullah Al Noman is expected to attend the closing ceremony on Saturday.

Siemens, a leading medical equipment manufacturer, and Otobi Ltd, a medical furniture producer of Bangladesh, are co-sponsors of the exposition while The Daily Star and Channel-i are media partners of the event.

Barkat Ullah Bulu, commerce advisor, Mahubul Zamil, general manager (Sales and Marketing) of Otobi, Aftab Mahmud Khurshid, corporate communication and business development manager of Siemens, and other officials were present at the inaugural ceremony.



Commerce Minister Altaf Hossain Choudhury inaugurates a three-day international medical and health care services exposition, Medexpo-2004, in Dhaka yesterday. Among others, Commerce Ministry Advisor Barkat Ullah Bulu was also present.

## OIC urged to focus on economic development

AFP, Kuala Lumpur

Malaysian Prime Minister Abdullah Ahmad Badawi urged the world's largest Islamic grouping yesterday to focus on economic development rather than politics and encouraged oil-rich states to share their wealth with poorer members.

"I believe that the focus should increasingly be on the issue of economic development of Muslim nations," Abdullah told a conference of business leaders from the 57-member Organisation of the Islamic Conference (OIC), currently chaired by Malaysia.

"The two issues -- political and economic development -- are no doubt tied to each other. But it must be remembered that there is little political clout to be derived from weak economic achievement," he said.

"Indeed, economic success is perhaps the most important factor in determining political strength and must be pursued relentlessly," he added.

Abdullah, whose country's economy is regarded as one of the most successful and diversified in the Islamic world, said it was "disheartening to note that Muslim

countries are often perceived to be synonymous with poverty, illiteracy, malnutrition, corruption, oppression and even tyranny".

He reiterated export-driven Malaysia's offer to take the lead in "energising trade and services in the Muslim world", saying the Koran itself urges Muslims to engage in trade and seek "the bounty of Allah".

He noted that the OIC's members now have a combined total of 1.25 billion people or one-fifth of the world's population, providing 70 percent of the world's energy requirements and about 40 percent of global raw material exports.

## India to take fiscal, monetary steps to combat inflation

REUTERS, New York

India will take measured fiscal and monetary steps to combat high inflation, as soaring oil prices threaten to damage economic growth, the country's finance minister said Wednesday.

Spurred by record high crude oil prices, India's annual inflation rate has hovered above 7.5 percent for nine straight weeks and hit a three and a half year peak of 8.33 percent

in late August.

"We will continue to take measured steps -- the key word is measured steps -- both on the fiscal side and the monetary side, as the situation demands," Finance Minister Palaniappan Chidambaram told reporters in New York, where he addressed a Merrill Lynch conference in a bid to drum up foreign investment in India.

He blamed rising oil prices -- which have jumped nearly 60 per-

cent so far this year, for high inflation, saying they contributed about 2.8 to 3 percent of current inflation.

"So that is something beyond our control," he said. "So I can only fervently hope oil prices will moderate."

His comments came as crude oil futures touched another record high above \$52 a barrel. Every \$5 per barrel rise in oil prices pushes up Indian inflation by 1.4 percent, Chidambaram said.

## Premier Bank completes five years of operations

Premier Bank Limited has completed five years of its operations in the country successfully.

The bank arranged a function in Dhaka on Monday to mark the occasion, says a press release.

Dr HBM Iqbal, chairman of the bank, Kazi Abdul Mazid, managing director, BH Haroon, vice chairman, Nawrin Iqbal, Abul Kashem, Abdus Salam Murshedy, sponsor directors, former foreign minister Anisul Islam Mahmud and senior executives of the bank were, among others, present.

## Indian state-run firm attracts strong investor interest

AFP, Bombay

The initial public offering of India's state-owned National Thermal Power Corporation (NTPC) was oversubscribed 2.39 times within hours of its opening Thursday, an investment banker said.

The company is aiming to raise around 53.46 billion rupees (1.16 billion dollars) through the initial public offering (IPO), which would make it India's third-biggest IPO ever.

India's largest private IT company, Tata Consultancy Services, in August raised 54.2 billion rupees while in March, state-run Oil and Natural Gas Corporation raised around 105.34 billion rupees.

A total of 865.83 million shares are being offered in NTPC priced at 52-62 rupees, the banker said.

Around 20.6 million shares are reserved for employees and 210.13 million for retail investors. Subscription for the issue will close officially on October 14.

NTPC is the sixth largest thermal power generator in the world, having been set up by the Indian government in 1975.

The book-runners to the issue are leading investment banks ICICI Securities, Kotak Mahindra Capital Co and Enam Financial Consultants.

"These are still early days but the response has been positive from a wide range of investors," Shanti Ekambaram, director of Kotak Mahindra Capital Company told AFP.

## Housing fair starts in Ctg

STAFF CORRESPONDENT, Ctg

A three-day housing fair began at Engineers Institution in Chittagong yesterday.

State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin inaugurated the fair organised by Bangladesh Real Estate Directory (BD-RED).

Addressing the inaugural ceremony, Nasiruddin urged developers to go for a systematic development for planned urbanisation.

Referring to the severe impact of unplanned development, the state minister said unplanned construction and development have put urban areas in disarray.

The port city holds huge prospects for developers, said the state minister.

A total 40 firms are participating in the show titled "BD-RED Fair-2004". Of them, 23 are real estate companies while the rest 17 are associated with construction and other house building materials.

BD-RED President Golam Mostafa chaired the inaugural function.

## Compliance with BB rules can streamline treasury operations

### Concluding session of ICC-B workshop told

STAR BUSINESS REPORT

Commercial banks should conduct treasury operations in compliance with a guideline to ensure efficiency, uniformity and transparency in the foreign exchange transactions, said ICC Bangladesh Vice-president Latifur Rahman.

"A good market structure must embrace integrity and transparency. So, we applaud the work of the central bank on guidelines for trading and best practices on operations. There is no doubt that the foreign exchange transaction system and treasury management in Bangladesh is now better than before," he said speaking at the concluding session of a workshop organised by International Chamber of Commerce - Bangladesh (ICC-B) yesterday in Dhaka.

The workshop titled "Foreign Exchange Transaction and Treasury Management" was held at the conference hall of Metropolitan Chamber of Commerce and Industry (MCCI) in the city. Tushar Gundecha, head of Foreign Exchange Sales, Citibank NA-India, also spoke at the concluding session.

Rahman appreciated the Bangladesh Bank operations for last few years, saying BB has substantially helped successful

development of the country's banking sector.

Recent initiatives to encourage inflow of remittances through official channels have also paid substantial dividends. Bangladesh expatriates are now sending their money back home using official channels. Measures to curb money laundering, strict central bank monitoring and easing the process of official channelling have also contributed to the enhanced remittance inflow, he added.

"Businesses are being increasingly exposed to stiff competition in the global trade. So, we need to be adequately equipped with the efficient and effective tools used in international trade transactions."

"You all know that, the growth and stability of the world economy depend on a reliable and efficient means of making payments, transferring funds, and determining the rate of exchange between currencies," Rahman observed.

He felt the banking institutions here need to play a very important role in this respect. Banks in Bangladesh faced problems in the efficient use of the international trade tools in the past. But things have started improving of late as bankers are attaching more importance to improving the skill of their officials engaged in foreign trade, he said.

Very recently Bangladesh Bank took an initiative to modify the Foreign Exchange Regulation Act, 1947, he mentioned.

Mentioning the importance of treasury functions over the past few years the vice president of the National Committee of the Paris-based World Business Organisation said risk mitigation, exposure management and the uses of hedging strategies are all now considered essential.

In recent years, he said, the world economy has been undergoing profound changes due to globalisation. "You are now probably working on a computer, which was produced in China using Japanese chips and an American operating system. You may be wearing a pair of trousers made in Taiwan, Italian sunglasses and a Swiss watch."

Perhaps tomorrow you will have a cup of Kenyan coffee with your lunch. You may drive a Korean or German car, use a Finnish phone or smoke Cuban cigars. This is a reality today, which has become possible due to globalisation, Rahman said.

Later, Rahman distributed certificates among 70 participants from different banks, leasing companies, TNCs, CA firms and large corporate houses who have attended the workshop.

## New EU farm chief for ending subsidies

REUTERS, Brussels

The incoming EU farm chief said Wednesday she would keep the bloc's offer of ending food export subsidies on the table in global trade talks provided that the United States also cut trade-distorting support.

"This will be the point of departure for negotiations ... provided there is parallelism," designate -- EU Farm Commissioner Mariann Fischer Boel told a confirmation hearing at the European Parliament.

"I'm thinking of the United States. ... They use food aid as a kind of buffer," she said.

The EU accuses Washington of dumping its surplus produce on the global market through state-subsidised food aid to developing countries.

Members of the World Trade Organisation reached an agreement in July on a framework for

cutting trade barriers with the EU, United States, Brazil and Japan giving a commitment to reform their farm support systems.

Fischer Boel is echoing the stance of current EU Farm Commissioner Franz Fischler by insisting on "parallelism" in the talks.

Some EU states, especially France, have been opposed to the EU's offer to scrap export refunds, which cover the cost difference between high domestic food prices and lower global prices, in the absence of similar firm offers from other trading partners.

Sugar prices in the EU are up to three times higher than in the global market.

Fischer Boel, a Danish national and former farm minister, takes office on Nov. 1 if confirmed by the EU assembly. She said she had already discussed the export subsidy issue with her trade colleague, Briton Peter Mandelson.



State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin inaugurates a three-day housing fair in Chittagong yesterday.

## Reuters to make Bangalore biggest info hub

REUTERS, Bangalore

Financial news and information provider Reuters Group Plc said on Thursday it plans to make Bangalore its biggest information-gathering hub, employing up to 1,500 people, or 10 percent of its total workforce.

The southern India town has become a hot spot for information technology development and back-office services. Staff will be mostly data and technical employees, Reuters executives said.

"What we are creating here is the largest single hub of information gathering" within Reuters, said Geert Linnebank, the company's editor-in-chief and head of content operations, at a ceremony to open its new office here.

Reuters, which competes with Bloomberg L.P., Thomson Financial and others in delivering news and data to financial clients, has already hired 340 employees to compile and analyze data and expects to have 400 by the end of this year, he said.

Shares in Reuters rose 2.0 percent, tracking a buoyant media, technology and telecoms sector as investors sought those stocks most likely to outperform a rising market.

"The market's going up, so you've got to buy the high-beta stocks, like the media and telecoms," said a dealer.

Traders said that positive comment on the financial data industry from Thomson Financial earlier in the week had also boosted shares in Reuters.

The Bangalore office would employ 1,000 by the end of 2005 and between 1,200 and 1,500 over the next year and a half, Linnebank said. Reuters employs 14,700 people.