

## EU rejects US termination of aircraft subsidy pact

REUTERS, Brussels

The European Union has accused the United States of violating a transatlantic pact on subsidies to aircraft makers and demanded consultations before Washington gives any aid to Boeing's 7E7 project.

In a letter released in Brussels on Friday, the European Commission said it rejected a unilateral U.S. move to terminate the pact since it was not backed by proper reasons, and the EU considered the agreement to be in force.

"We have ... the feeling that this may be a way for them to escape from the disciplines in the 1992 agreement," spokeswoman Arancha Gonzalez told a news conference.

"We also request that we hold consultations before they make any definitive decision as to the provision of subsidies to the Boeing 7E7."

The latest escalation came after Washington and Brussels filed reciprocal complaints against each other's public subsidies to Airbus and Boeing with the World Trade

Organisation on Wednesday.

The aircraft dispute, which erupted a month before the U.S. presidential election, has raised transatlantic tensions over a raft of trade issues.

"We don't think they have provided grounds for terminating the agreement and therefore we don't think it's a substantiated termination," Gonzalez said.

"The EU considers the abrogation invalid and consequently the agreement is still in force."

A senior U.S. trade official said

on Thursday the timing of the challenge had more to do with the prospect of European government subsidies for the launch of a new Airbus plane, the A350, which would rival Boeing's "Dreamliner" 7E7.

The Commission said Washington had provided no evidence of EU non-compliance with the 1992 pact and made only "groundless and unsubstantiated general allegations".

The EU executive also said it had no knowledge about Italian support for Boeing's dreamliner project.

## China bank seeks foreign investors ahead of listing

AFP, Beijing

China Construction Bank (CCB), one of the mainland's big four state-owned commercial banks, has contacted some of the world's largest financial groups to invite them to buy a stake ahead of a hoped-for 5-10 billion dollar international listing next year, press reports said Friday.

However, it is understood some of the potential investors might not bid for a stake in CCB because of the lack of detailed financial information contained in the invitations, the Financial Times said.

"They are asking banks to stump

up a lot of money for a stake yet they are not giving them enough information to make that decision," a Hong Kong-based investment banker was quoted as saying.

Citing industry experts, the newspaper said the state-owned group had sent invitations to bid to several international banks, including Citigroup and JPMorgan Chase of the United States and Switzerland's UBS.

Japanese and Singaporean banks, as well as Temasek, the Singapore government investment agency, were also likely to be on CCB's list of potential investors, the newspaper added.



PHOTO: GRAMEENPHONE  
Zohair Taherali, director of Bangladesh Steel Re-rolling Mills Ltd (BSRM), and Tanvir Ibrahim, head of Sales of GrameenPhone (GP) Ltd, sign an agreement recently in Chittagong. Under the deal, BSRM and its sister concerns--Meghna Engineering Works Ltd, H Akberali & Co Ltd and Karnaphuly Engineering Works Ltd-- will become corporate clients of GP.



PHOTO: CBCL  
Commercial Bank of Ceylon Limited recently launched its own ATM cards in Dhaka. In the picture, Ravi Das, deputy general manager (Personal Banking) of the bank's head office in Colombo, hands over an ATM card to a client at the launching ceremony. Country Manager of the bank S Renganathan and other senior officials are also seen.



PHOTO: GREEN DELTA INS  
AQM Nurul Absar, chairman of Green Delta Insurance Company Limited, presides over an extra-ordinary general meeting of the company in Dhaka on Thursday. The company has declared one rights share against two shares with a premium of Tk 200 each for the shareholders. Nasir A Choudhury, managing director of the company, and other directors are also seen in the picture.

## AirAsia all set for listing, 700m shares to be offered

AFP, Kuala Lumpur

Malaysia-based regional budget carrier AirAsia said Friday it has gained full regulatory approval for its initial public offering (IPO) and will issue 700.51 million shares in what is expected to be the country's largest listing this year.

"We believe that a listing status will allow us to grow and strengthen our position as a leading low-fare, no-frills carrier in Southeast Asia," AirAsia Bhd. group chief executive Tony Fernandes said, adding that the airline was already "well positioned" amid mounting competition.

AirAsia began operating in January 2002 with two aircraft, which have since grown to 22 operating over 100 domestic and international flights daily out of three hubs -- Kuala Lumpur and Johor Bahru in Malaysia as well as Bangkok, where its subsidiary Thai AirAsia is based.

Company sources earlier said AirAsia, the first budget carrier to be listed in Southeast Asia, expected to raise around one billion ringgit (253.8 million US dollars) from the IPO.

## Weekly Currency Roundup

### Local FX Market

US dollar was range-bound against Bangladeshi taka in this week. Matched demand-supply of greenback kept the rate steady.

### Money Market

Bangladesh Bank borrowed BDT 1,755.00 million through the Treasury bill auction held on Sunday, compared with BDT 9,715.00 million in the previous week's bid. The weighted average yields of t-bills of different tenors were almost unchanged from the previous bid.

Call money rate was volatile in the week. The rate ranged between 3.00 and 3.50 percent in the beginning of the week. Tight liquidity pushed the rate up later in the week to end the week at 5.00 and 6.00 percent.

### International FX Market

In the beginning of the week, the dollar extended recent gains above two-month lows against the euro and rose versus the yen after the Group of Seven rich nations refrained from pressing China for a stronger yuan, offering the dollar relief. The G7 repeated language used at a meeting last February, reaffirming exchange rates should reflect economic fundamentals and calling for currency flexibility. This lifted some weight from the dollar, which was driven down last week by speculation G7 leaders would step up pressure on China to revalue its yuan as one measure to correct global economic imbalances.

In the middle of the week, the dollar inched higher against the euro and Swiss franc as investors awaited more clues on the US interest rate outlook from speeches by Federal Reserve officials later and US jobs data due on Friday. The greenback was also pushed higher as Sterling fell across the board following weaker than expected UK manufacturing data. But many investors were willing to take big positions ahead of the non-farm payrolls data on Friday. Soaring oil prices were keeping investors uncertain about economic prospects in oil-importing countries such as US and Japan.

Dollar gained against the major currencies on Thursday supported by upbeat comments from Federal Reserve officials raising expectations of higher US. interest rates. Market is eagerly awaiting US non-farm payroll report and Federal Reserve Chairman Greenspan's testimony due on Friday. The jobs report and Greenspan's comments on the economic recovery will shape dollar's strength in the coming days.

- Standard Chartered Bank



PHOTO: RAHIMAFROOZ  
Ambassador of Italy in Dhaka Pietro Ballero inaugurates a ten-day promotional campaign to mark the marketing of Italian Faber electric kitchen hoods at the Dhanmondi outlet of chain superstore Agora in Dhaka on Thursday. Kawsar H Chowdhury, managing director of Green Marketing Limited, importer of Faber kitchen hoods in Bangladesh, was also present.



PHOTO: ACCESS TEL  
Zarre Omar, chairman of Access Telecom (BD) Ltd, Zain Omar, CEO, Zaki Omar, director, Sahbuddin Chowdhury, COO of the company, and Phillip Bruha of Nextnet, pose for photographs at a press conference to mark the introduction of 3.5 GHz wireless broadband services in Dhaka Thursday.

## STOCK