

TATA DELEGATION ARRIVES ON WEDNESDAY

# Donors upbeat on Tata investment plans

## May desist from pushing government on gas export

### STAR BUSINESS REPORT

The US\$2 billion investment plans by the Indian Industrial heavy-weight, Tata Group, have generated interest in the donor community who finds certain projects where government was seeking donors' participation to be more viable if the plans get approval.

Highly placed sources said donors may desist from pushing the government on gas export once Tata's plants get implemented as the plants will create huge domestic demand.

They said the World Bank (WB) and Asian Development Bank (ADB) officials will meet Tata chief to know about the investment plans.

The government has sought funding from donors for laying gas pipeline and setting up power transmission line in the Western region.

Donors were concerned about

viability of the projects. But with the Tata proposals to set up gas-fired steel and power plants in the region, the donor community finds the proposals to worth investment now.

Tata Group Chairman Ratan Tata is set to arrive in Dhaka by his private chartered aircraft on Wednesday morning. He will sign expression of interest agreement (LoI) with Board of Investment (BoI) on its investment plans, the largest ever foreign investment in Bangladesh.

Tata Group submitted a written proposal to BoI to invest \$700 million in basic steel, \$700 million in power and \$600 million in urea fertiliser.

The three Tata plants will initially consume 200 mmcft gas per day which will rise up to 350 mmcft when operation goes in full swing.

A WB mission on Bangladesh Energy Sector Mission, which visited Bangladesh during

September 20-30, had also discussion with high government officials about Tata's investment plans.

In an aide memoire, the WB mission recommended the government to engage Petrobangla for analysing and involving in the negotiation process.

On the first day of his visit, Ratan Tata will meet Prime Minister Khaleda Zia and officials of WB and ADB. He will also meet members of the Foreign Investors Chamber of Commerce and Industry at a luncheon party.

On the second day, he will meet Finance and Planning Minister M Saifur Rahman, State Minister for Energy AKM Mosharraf Hossain, State Minister for Power Iqbal Hasan Mahmood and Principal Secretary to the prime minister Kamal Uddin Siddiqui.

Ratan Tata was due in Dhaka on September 2, 2004 but the visit was

deferred following August 21 grenade attacks on an opposition rally.

Later two forward teams of Tata visited Bangladesh and held talks with high government officials to discuss investment climate and incentives in Bangladesh.

The forward teams met state ministers for energy and power and sought uninterrupted power and gas supply to the proposed investment plants. The ministers assured them but no agreement on tariff was fixed.

In view of Tata's proposals, the government has formed a high-profile committee with Industries Minister Motiur Rahman Nizami as its head to examine the pros and cons of the proposals and submit a report to the Prime Minister's Office.

State Minister for Energy AKM Mosharraf Hossain, State Minister for Power Iqbal Hasan Mahmood, Executive Chairman of BoI Mahmudur Rahman and Principal

Secretary to the prime minister Kamal Uddin Siddiqui, are the other members of the committee.

According to the proposal, Tata Group will set up a \$700 million basic steel industry in Ishwardi to produce Hot Rolled Coil and other basic steel items. In the first phase, the steel plant will have 1.2 million tonne capacity. Later the capacity will be doubled.

Although Bangladesh has nine medium-sized steel mills having investment worth around Tk 2,000 crore, none of them produces basic steels. Country's only state-owned basic steel mill, Chittagong Steel Mills, was shut down more than two years back.

Tata will also invest \$700 million to produce 1000 megawatt power from gas. The plant is likely to be set up near Ishwardi. Tata may also export power from the plant to eastern Indian states after meeting

Bangladesh's domestic demand.

Tata proposals also include investment for a \$600 million fertiliser plant in Chittagong. The gas-fired plant will have a capacity of one million tonne.

Although Tata has no investment in Bangladesh until now, it has

handsome trade relations with the country.

Tata Motors so far supplied 20,000 commercial vehicles and 1,700 Indica taxis to Bangladesh. Tata International outsourced leather worth \$ 4,170,000 in 2003-2004 from Bangladesh.

In 2003-04 Tata Group's total turnover was 6,54,240 million rupees and exports worth 1,41,360 million rupees. Tata Group includes 80 business entities in services, materials, engineering, energy, consumer products, chemicals, communications and information systems.

# Strong local demand shrinks tea exports

### NURUL ALAM, Chittagong

Strong internal demand is pushing Bangladesh tea growers and traders to turn their focus on home market, tea sector sources said.

According to reports received from state-owned Bangladesh Tea Board (BTB), annual domestic tea consumption increased to about 40 million kg, up from 20 million kg ten years ago.

Tea exports in the fiscal 2003-04 stood at 12.46 million kg, down from 26.22 million kg ten years back.

"Lately our domestic market is picking up as more people are developing the habit of drinking tea. This is the only drink which we find cheaper in our country," said Rasul Nizam, managing director of a leading tea brokerage house.

"As a result our tea growers and traders are now focusing on domestic market, Nizam said.

He said two-third of tea produced in India is also consumed locally, adding that the internal demand of Bangladesh tea market is expected to go higher in line with the pace of urbanisation.

Ten years back Bangladesh

used to export tea to 25 countries but now the tea is exported to Pakistan, Afghanistan and the CIS countries, sources said.

Most of the traditional buyers of Bangladesh tea now buy tea from Kenya, Rwanda, Burundi, Malawi and India due to low price there, they added.

According to market reports, 20.4 million kg of tea were sold in the first 20 weekly auctions held in the current season, of which 11 million kg were purchased for the home market and the rest 9.4 million kg for exports.

KM Iqbal, deputy general manager of James Finlay Ltd, said: "We produce 12 million kg of tea annually in our 20 tea gardens. But of that we sell 10 million kg in the internal market while rest 2 million kg are exported."

Iqbal said producers prefer to sell tea in domestic market due to cumbersome documentation processes involved in tea exports.

Feroz Ahmed, chairman of Tea Traders Association of Bangladesh (TTAB), said: "Shipping problem as well as increase in freight costs are posing threat to our Bangladesh tea exports."



City's New Market, which usually buzzes with shoppers, wears a deserted look during yesterday's nationwide daylong strike that affected business and economic activities.

# Int'l medical exhibition concludes

### STAR BUSINESS REPORT

The three-day international medical equipment and healthcare services exhibition MEDEXPO-2004 concluded on Saturday.

Organisers said around 100,000 visitors turned out to acquaint themselves with the state of the art technology products in the healthcare sector displayed at the second version of the show.

Terming the fair a success, one of the organisers hoped to make the show an annual event at the concluding session of the exposition organised at Dhaka Sheraton Hotel.

Speaking at the concluding session, Fisheries and Livestock Minister Abdullah Al Noman expressed the view that a regular arrangement of such fair would help boost interactions between

professionals and consumers of this sector.

He also distributed certificates among the participants of the exposition.

Besides local medical furniture manufacturing companies, a number of healthcare institutions from the U.S, Germany, Singapore, Thailand, China, Pakistan, India participated in the fair organised by Triune Exhibition and Event Management Services (TEEMS).

Chief Coordinator of the fair said foreign participating companies showed keen interest in taking part in the medical exhibition in future.

Talking to The Daily Star, asst marketing manager of Otobi Limited said the company achieved spot bookings worth Tk15 lakh from local buyers for its medical furniture.



PHOTO: TEEMS

Fisheries and Livestock Minister Abdullah Al Noman gives away certificate to a participant of the three-day international medical equipment and healthcare services exhibition MEDEXPO-2004 at the concluding session of the show held at Dhaka Sheraton Hotel on Saturday. A total of 60 local and foreign companies participated in the fair organised by Triune Exhibition and Event Management Services (TEEMS).

# Sri Lanka eyes petro-dollar loans to fuel recovery

### AFP, Colombo

Sri Lanka's foreign reserves are falling, inflation is galloping, balance of payments are in the red, but the island is banking on petroleum price boom to get out of the woods.

The country has no oil of its own and the sharp rise in the petroleum market has sent its energy import bill soaring to 1.2 billion dollars this year from an originally estimated 0.9 billion dollars and eroded foreign reserves.

However, the finance ministry's top official P.B. Jayasundera is hoping that the oil exporting countries with their soaring incomes would now be more willing to bank-roll Sri Lanka.

"When OPEC (Organisation of Petroleum Exporting Countries) have more money, they are able to give us longer term credit and contribute more by way of development assistance to us," Finance Secretary Jayasundera said.

He said Finance Minister Sarath Amunugama would visit Malaysia soon seeking extended credit for oil imports. A similar request has been made to Iran.

The OPEC itself is being tapped for development aid.

"What we need is credit to tide over the immediate period," Jayasundera said. "We expect oil prices to come down from about February."

He said the government was not concerned about the high rate of inflation which he attributed to consumer-led demand and played down worries over the dwindling foreign reserves.

"At these high prices, there is going to be a decline in demand and inflation will ease. I am not concerned about inflation," Jayasundera said. "We expect this kind of (high) rates till about February."

# Business issues top Chirac's China visit

### AFP, Beijing

Business opportunities in one of the world's fastest-growing economies dominated the agenda as French President Jacques Chirac continued his visit to China, but sensitive political issues also edged their way onto the program.

Greeted by his hosts as a "true friend" of the Chinese people, the French leader met Sunday with Premier Wen Jiabao and top legislator Wu Bangguo, formally the number two and three in the country's political system.

Highlighting the wish to boost economic ties, Wu had met the day before with Serge Tchuruk, chairman and chief executive officer of telecom equipment maker Alcatel.

"China will continue to support Alcatel's mutually beneficial cooperation in China, expected to create a new stage for the company's further development," Wu told Tchuruk, according to state-run Xinhua news agency.

A series of business deals were announced over the weekend, including contracts for French industrial giant Alstom for the sale of locomotives and trains to China worth up to 1.0 billion euro (1.23 billion dollars).

Airbus Industries announced an order for six Airbus A-319. But no deals were announced for the new Airbus A380 superjumbo, contrary to expectations in some quarters.

No deal was announced about a

potential sale of French nuclear reactors to China, but according to China Central Television Hu said China "hoped to deepen cooperation in aviation, transportation and nuclear energy."

While a thick blanket of smog covering Beijing on Sunday caused the cancellation of a French airshow, Chirac's visit was only partly clouded by political issues.

During talks with his Chinese counterpart Hu Jintao, Chirac had presented a list of about a dozen individual cases to which France wanted to draw attention, his spokesman Jerome Bonnafont said Sunday.

"Chirac wants to act discreetly," said Bonnafont. "He believes this is a more efficient way."

# 'Opec committed to contain sky-rocketing oil prices'

### AFP, Abu Dhabi

Opec is doing everything in its power to help contain sky-rocketing oil prices, with most members producing at capacity levels, United Arab Emirates (UAE) Oil Minister Obeid bin Saif al-Nassiri said yesterday.

"Opec is doing whatever it can to cool prices," he said of the international oil cartel.

"Most of Opec countries, and producers outside Opec, are producing enough with this kind of (record high) prices," he told journalists on the sidelines of the Abu Dhabi International Petroleum

Exhibition and Conference (ADIPEC 2004).

Nassiri insisted that the six oil-rich Gulf monarchies, including his country, were investing to increase oil production.

"In the Gulf, we are investing to increase our production capacity even when prices were around 10 dollars the barrel, we invested in our production capacity," he said.

Nassiri said that the UAE was pumping at near its maximum levels, while it planned to boost capacity by one million barrels per day (bpd) by 2006.

"If Zakum oilfield develops the way we think, it will add more to our

capacity. Also, we have other two or three fields we're trying to increase their production capacity," he told reporters.

"That will increase our capacity to around 3.5 millions barrels daily, we hope by 2006," he said.

Currently, the UAE is "producing almost our full capacity" of 2.5 million bpd, he said, commenting on measures to ease the surge in world oil prices.

Oil ministers from major Gulf producers, including Saudi Arabia's Ali al-Nuaimi, and other countries were to take part in the four-day Abu Dhabi conference.

## CURRENCY

Following is Sundays (October 10, 2004) forex trading statement by Standard Chartered Bank

Sell		Buy	
TT/OD	BC	TT Clean	OD Sight/Doc
59.8500	59.9000	USD	58.6050
75.2733	75.3362	EUR	71.8321
108.3943	108.4849	GBP	104.2642
44.9892	45.0268	AUD	42.1780
0.5531	0.5536	JPY	0.5304
48.2506	48.2909	CHF	46.4235
8.1822	8.1890	SEK	7.5720
48.1884	48.2287	CAD	46.3647
7.6902	7.6967	HKD	7.5227
35.7676	35.7975	SGD	34.6509
16.4279	16.4416	AED	15.8272

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai bath	Nor kroner	NZ dollar	Malaysian ringgit
45.775	59.35	103.68	41.325	6.6850	0.7353	3.80

Local Interbank FX Trading

Local interbank FX market was subdued on Sunday as international market was closed. Dollar remained steady against Bangladeshi taka.

Local Money Market

International Market

International markets were closed on Sunday on account of weekend. On Friday dollar broadly fell against major currencies due to weaker than expected jobs data and speculation that China may allow its currency to appreciate against Dollar. Report that US economy generated only 96,000 jobs in September against a forecast of 148,000 jobs kindled views that Federal Reserve may not raise rates further this year. Dollar also experienced its steepest one-day loss against the Japanese Yen.

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## SHIPPING

### Chittagong Port

Berthing position and performance of vessels as on 10/10/2004

Berth No.	Name of vessels	Cargo	L. port call	Local agent	Dt of arrival	Leaving	Import Disch
J/1	Khanak Fastern Star	Gi (log)	PML	agent	6/10	15/10	230
J/3	Maersk Constellation	Wheat(g)	Btib	OWSL	3/10	12/10	1863
J/4	Antigoni-b	Sugar(p)	Vito	Mutual	28/9	15/10	1970
J/5	Kamnik	Gi	Sing	Angl	8/10	14/10	147
J/7	Alinda	Sugar(p)	Durb	OTL	24/9	13/10	2327
J/8	Shew Thon Dari	Rice(p)	Yang	Seaglory	3/10	11/10	730
J/9	Yaad-e-mohammed	Sugar(p)	Bank	Cla	26/9	13/10	2050
J/10	Cey Pioneer	Tsp	Qinz	Total	2/10	13/10	462
J/11	Micronesia Herutace		Cont	Col	Everbest	8/10	12/10
J/12	Banga Barta	Cont	---	Bdship	R/a	12/10	---
J/13	Rio Negro	Cont	---	QCQL	R/a	12/10	---
CCT/1	Banglar Moni	Cont	Sing	BSC	3/10	10/10	--
CCT/2	Orient Freedom	Cont	Mala	PSSL	5/10	10/10	64
CCT/3	Banga Bodor	Cont	P. Kel	Bdship	9/10	12/10	269
RM/3	Nepra Premier	B.oil	Sing	BSL	9/10	12/10	---
RM/4	Satura Satu	CPO	Mala	Kmz	7/10	12/10	---

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. port call	Local agent	Type of cargo	Loading ports
Ristakez	10/10	Yuzh	RSA	GI (st. Bilets)	--
New Blessing	10/10	--	Everbest	Cont	Sing
Zapin Lima	10/10	Mala	Sigma	Scraping	--
Banga Bonik	11/10	Col	Baridhi	Cont	Col
White Star	10/10	Sing	Intraport	Scraping	--
Amar	10/10	Viza	HSA	White (g)	--
Pagan	11/10	Yang	MTA	GI	Ymaize
Hpaan	11/10	Yang	MTA	GI	Ymaize
Al Muztuba	11/10	Yang	Cla	Rice(p)	--
Brave Royal	11/10	Krabi	BRSL	C. Clinker	Mtc/pre/aw
Forum Samoa	11/10	Kara	Seacom	GI(s. Ash)	--
Banga Borti	11/10	Sin	Bdship	Cont	Ptp/Sing
Kota Naga	11/10	Sing	Pil(bd)	Cont	Sing
Qc Honour	11/10	P. Kel	QCQL	Cont	Sing
Bogdan	12/10	Durb	BSL	Sugar (p)	--
Taraman Bibi	12/10	Mong	Nishat	P/cargo	--
Orient Enterprise	12/10	--	PSSL	Cont	Col
Kota Cahaya	12/10	Sing	Pil (bd)	Cont	Mgl
Ocean Blue	12/10	P. Kel	Everett	Vehi	--
Dawel (liner)	12/10	P. Kel	Everett	GI(st.c)	--
Oel Esteem	13/10	P. Kel	PSSL	Cont	Sing
Qc Dignity	14/10	P. Kel	QCQL	Cont	Sing
Tug Boat Mlcancy-10	14/10	Sin	Bdship	Towing Barge Mlc-3006	--
Barge Mlc-3006	14/10	Sin	Bdship	Spun Fil	--
Banga Borat	14/10	--	Bdship	Cont	PK/sing
Van Xuan	14/10	--	PSSL	Cont	Sing
Pu Cheng	14/10	--	Bdship	GI	--
Xpress Resolve	15/10	--	Everbest	Cont	Col
Qc Star	15/10	P. Kel	QCQL	Cont	Sing
Ducky Shiny	14/10	Sing	ASA	Bu	--
Mmm Belinda	16/10	Sing	ASA	GI (thr/cr)	--
Xpress Manaslu	16/10	P. Kel	RSL	Cont	Sing

Tanker due

Mmm Houston	11/10	PKI	MTCL	GPOL (RM/8/3)
Jag Freeit	11/10	Chenn	SSLL	HSD
Kadriah-i	11/10	Kuwa	MSTPL	GPOL/CKO
Siam Sriwatana	12/10	--	BSL	GPOL/RM(3)
Mmm Jackson	12/10	Mala	BSL	CPO (RM/3/4)
Al Badiyah	15/10	Kuwa	MSTPL	HSD
Temasek	17/10	Kuwa	MSTPL	HSD

Vessels at Kutubdia

Name of vessels	Cargo	Last port	Local agent	Date of arrival
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Outside port Limit

Revelation	Dr. Equip	Sing	IBSA	14/9
Dea Captain	--	--	IBSA	R/A (8/10)
Lombardia	Cruise Oil	Rast	QWSL	8/10
Banglar Shourabh	C. Oil	--	BSC	R/A
Banglar Jyoti	C. Oil	--	BSC	R/A

Vessels at outer anchorage

Vessels ready

Sutra Dua	GPOL	Dumai	MTCL	9/10
Kota Tampan	Cont	Sing	Pil (bd)	10/10
Sonata	CPOL	P. Kel	MTCL	10/10

Vessels not ready

Banga Biraj	--	--	Bdship	R/A (8/10)
Satamat-1	Bitumen	Hald	Olir	8/10
Maritime Chilangmai	Gyp/ist	Krabi	BSL	9/10
Bodo Mariner	Survey	Sing	Mutual	10/10

Vessels awaiting employment / instruction

A. P. Pride	--	--	Darb	Rainbow	R/A (9/10)
Tank Oil	--	--	--	Rainbow	R/A (10/10)

Vessels not entering

Pan Express	C. Clink	Krabi	Litmond	1/10
Asian Prime	C. Clink	Indo	ASLL	3/10
Panagha-1	C. Clink	Lumut	Move	8/10
Samsun Apollo	C. Clink	Siang	USI	9/10
Jakarta Fortune	Scraping	Indo	Ahz	8/10
Marun	Scraping	Bush	Ahz	9/10