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Star BUSINESS

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Washing Machine

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Current account surges despite soaring trade deficit

Higher foreign aid disbursement, FDI, remittance key contributors

REJAUL KARIM BYRON

Although the trade deficit posted a 27 percent increase in the first quarter of the current fiscal year, the current account balance is showing a surplus with an increase in disbursement of foreign aid, inflow of foreign direct investment (FDI) and remittance growth.

In the first quarter, current account balance recorded a handsome surplus of \$284 million, which was \$227 million in the same period of the previous fiscal year.

Foreign aid disbursement during this period stood at \$444.46 million rising from \$151.55 million in the same period of the last fiscal year (FY), recording a staggering 194 percent rise.

The reason behind this sudden rise is an extra \$300 million aid from the World Bank (WB) and International Monetary Fund (IMF) which was disbursed as special programme support in August this year.

During the FY 2004-2005 the country received \$46.76 million in July which was \$49.22 million in the same month of the previous FY.

In August of this FY, the country got \$335.16 million, which was \$33.19 million in the corresponding month of the last FY.

During the current FY the country in September received \$62.54 million which was \$69.14 million in the corresponding month of the last FY.

The foreign aid rose in the first

quarter of the current FY due to the WB and IMF disbursement but monthly figures show that there was little jump in project aid implementation.

FDI flow, during this period, recorded a 6.25 percent surplus to reach \$102 million from \$96 million, which was recorded in the first quarter of last FY.

Bangladesh Bank and Board of Investment (BoI) sources said FDI flow is increasing slowly but steadily. India's Tata Group plans to invest \$2 billion. France, Taiwan and UAE have also shown keen interest to invest in some sectors. BoI sources said the country may receive \$800 million in FDI in 2005.

The country received \$833.72 million in remittance in first quarter

of the current FY showing growth rate of 13.48 percent in this period.

The remittance inflow was \$734.78 million in the first three months of FY '04 recording a growth rate of 0.82 percent.

However, trade deficit hit a 27 percent high in the first quarter of the current FY due to rise in oil prices in the international market and increase in import of consumer goods.

During the first three months of FY '05, trade deficit rose to \$394 million posting an increase by \$86 million from \$308 million in the first quarter of last FY.

During the period, Bangladesh exported goods worth \$2292 million against imports of \$2686 million.

Bhutan becomes first nation to ban tobacco sales

AFP, New Delhi

The Himalayan kingdom of Bhutan was to enforce from Friday a ban on all tobacco sales, a world first, official media reported.

Smoking in public places is also outlawed, but people can still light up in their homes.

Bhutan's trade and industry ministry issued a notice giving shops, hotels, restaurants and bars until December 17 to dispose of tobacco stocks, the kuenselonline.com website said.

The notice extends to the capital Thimphu a ban on tobacco sales that has been enforced in 18 of the pristine country's 20 districts since summer.

Bhutan's national assembly voted in July to ban tobacco sales nationwide and levy a 100 percent tax on tobacco products brought into the country for personal consumption.

Cities such as New York ban smoking in public places and several countries including India ban tobacco advertising.

Bhutan, a Mahayana Buddhist nation of 734,000 people nestled between India and China, proclaims a development goal of "gross national happiness."

It is the first nation to ban tobacco sales outright, according to the website of the anti-smoking group, Action on Smoking and Health.

"We had declared in the World Health Assembly that we would be the first country in the world to be smoke-free," Sangay Thinley, secretary in Bhutan's health ministry told AFP last month.

"We hope with the initiative others would also follow. The main intention is to protect the health of the people," he said.

Anyone caught selling tobacco in Bhutan faces a \$225 dollar fine, a hefty sum in a country where the poverty line is set at around 16 dollars a month.

Only about seven percent of the population chew or smoke tobacco.

Pakistan cotton prices weak on fresh arrivals

REUTERS, Karachi

Pakistani cotton prices were weak during the past week due to plentiful stocks and were likely to soften further in days ahead on expected rise in the supply from the new crop, dealers said Thursday.

"Fresh arrivals along with imported cotton making its way into the market has affected the prices," a Karachi-based dealer said.

He said yarn exports had also slowed because of high cotton production worldwide and that has seriously impeded textile buying.

Dealers said textile mills and others had sufficient stocks to fulfil their requirements, while increased crop arrivals had also put pressure on prices.

"Most of the big buyers have already covered their positions till March," said Ali Shiraz, another Karachi-based dealer. "We expect dull activity in the market in the near term."

But dealers said a sharp dip in prices was not expected because the government had been buying cotton to ensure a fair return for growers.

Saarc leaders urged to go for economic union

High-profile dialogue on Safta ends in New Delhi

UNB, New Delhi

The heads of governments of the Saarc countries have been urged to put their heads together in the forthcoming summit in Dhaka so that Safta can be dragged towards establishing an "economic union" in this region.

"The South Asian Free Trade Area (Safta) process should be conceived as a part of the vision for establishing an economic union in South Asia. The vision should be explicitly incorporated in the (Safta) treaty," said a declaration here on Thursday.

The recommendation emerged following a two-day exchange of views among the business communities, civil societies and stakeholders concerned from the member states of the region.

Commonwealth Business Council in association with India-based Council for Social Development (CSD) and Confederation of Indian Industry organised the dialogue titled "Achieving SAFTA: Public-Private Partnership."

"The two-day conference reflects the desire of businessmen of South Asia," CSD President Prof Muchkund Dubey, former Indian foreign secretary, said at the concluding session of the conference.

He summarised the 11-point charter of recommendations for the South Asian Association for Regional Cooperation (Saarc) leaders' 22 days ahead of their 13th Summit, scheduled in Dhaka from January 9.

Federation of Bangladesh Chambers of Commerce and Industry President Abdul Awal Mintoo, who led a delegation from Bangladesh, told the news agency that the officially recognised Saarc

Chamber of Commerce and Industry would consider the recommendations in its meeting scheduled in Dhaka on January 6, and finalise their recommendations for consideration at the Summit.

According to the conference recommendations, the Safta process of trade liberalisation should be compressed to 3-5 years after its commencement from January 1, 2006.

All non-tariff barriers should be identified within a period of one year and eliminated within three years after the process of tariff reduction begins.

The negative lists under negotiation should be of the shortest possible size and there should be a provision in the treaty for phasing them out within a specified period.

It is indispensable for the success of Safta to establish a large size fund to finance projects for human with special emphasis on women and infrastructure development and other capacity building projects in the least developed countries, the declaration said.

"A provision to this effect should be incorporated in the Safta treaty," it added.

The recommendations further said that India, as the largest Saarc country having the strongest and most diversified economy, should act as a driving force for Safta.

For this purpose, it should offer the LDCs duty-free entry to all the products of these countries, except those included in the negative list, during the zero period i.e. at the very commencement of the liberalisation process.

India was also urged to announce the removal of all restrictions on free-flow of capital to promote investment in the LDCs.

The treaty should have a separate section on investment, providing for a free flow of capital in the region and the creation of a Saarc Investment Area based on a maximum possible harmonisation of measures and measures for transport facilities and integration, the recommendations said.

The Saarc leaders have also been urged to include provisions for liberalisation of trade in services and the regularization of service flows, particularly in the areas of labour, education and health, already taking place on an informal basis.

The conference stressed the need for providing measures of deeper integration within the framework of the Safta treaty, particularly in the areas of investment, services, financial and monetary cooperation, coordination of macro-economic policies, adoption of common position on issue under negotiation in WTO, and joint and coordinated development of infrastructure.

"Adoption and implementation of these measures are indispensable for realising the vision of the economic union," it was stated in the declaration.

It suggested that technical committees should be set up on each of these areas of corporation, under Article 8 of the treaty, and the Committees should be asked to make recommendation for consideration at the next Saarc Summit.

To widen the Safta process, the conference also stressed the need for regional cooperation in three broader areas -- trade in goods (textile and garments, agriculture and agro-processing), trade in services (labour movement, financial services, IT and tourism), and trade facilitation.

India's inflation falls for second week

AFP, New Delhi

India's inflation rate fell in the week to December 4 for the second consecutive week, thanks to lower oil and food prices, the government said Friday.

The easing will provide some relief to the government which has been under fire over rises in the cost-of-living.

The Wholesale Price Index, India's most widely-tracked price monitor, slipped more than a quarter of a percentage point to 7.02 percent for the week ended December 4, new data showed Friday.

It stood at 7.30 percent the previous week.

The wholesale price index has been hovering for months at over seven percent, up from just 4.32 percent in late April. However, inflation is down from an August peak of 8.74 percent.

Aktel opens customer care centre at Dhanmondi

Aktel opened a customer care centre at Dhanmondi in Dhaka on Wednesday.

This is the fourth such centre of Aktel mobile phone after at Gulshan and Motijheel in Dhaka and at Agrabad in Chittagong, says a press release.

Vijay Watson, chief operating officer of Aktel, inaugurated the centre at Bikalpa Tower on Satmosjid Road.

The centre will offer one-stop service to customers six days a week. Aktel is also planning to establish another such customer care centre in Chittagong shortly.

Jose Ravee, general manager (marketing), and Omar Bin Shahid, GM (Technical) of Aktel, were also present at the inauguration function.

EU split on reimposition of US sanctions in 2006

REUTERS, Brussels

The EU is sticking with its plan to lift sanctions on \$4 billion worth of US goods on Jan. 1, but is divided over whether to assert at this stage that they could be reimposed at a lower level in 2006, diplomats said.

The Financial Times said in a report Thursday that the 25-nation European Union would delay the promised removal of punitive import tariffs despite Washington's repeal of illegal export tax subsidies in October.

But a spokeswoman for the European Commission, the EU's executive arm, said there was no change in plan.

"There is not a new policy... our goal is to lift the sanctions on January 1 in recognition of the fact that the United States has made a step forward by amending its legislation," Claude Veron-Reville said.

Diplomats said the regulation lifting the EU's sanctions at the end of this month many not be agreed by Jan. 1 because of differences over the wording. But when it is, the punitive

tariffs would almost certainly be removed retrospectively.

"The Commission wasn't able to push ahead and have this thing cleared before Christmas," a diplomat said.

"But whatever happens it will come into effect some time in January and, according to the Commission, it can be made retrospective to Jan. 1 so in practice there won't be a delay."

Diplomats said a blocking minority of EU member states had rejected a Commission proposal that the regulation lifting the sanctions in January would have automatically reimposed them a year later if the World Trade Organisation (WTO) finds in its favour on remaining subsidies.

"There was some concern by the member states about this automaticity," said a second diplomat. "Some member states were of the view that we should wait until we get the WTO finding... and then decide what to do."

He said the Commission's proposal to reimpose sanctions auto-

matically could send "a bad signal" at a time of troubled EU-US, trade relations, not least because of the spat over subsidies for aerospace rivals Airbus and Boeing.

The US Foreign Sales Corporation (FSC) legislation, ruled illegal by the WTO, was the trigger for the biggest transatlantic trade dispute in 50 years.

The EU slapped an initial duty of 5 percent on a broad range of goods from steel to textiles and paper last March, ratcheting it up to 14 percent this month.

The bloc announced it would be lifting its sanctions after the law was repealed in October, but at the same time complained to the WTO about remaining subsidies under the regime.

A US trade official said on Wednesday the United States believed it has honoured its obligations. "We've complied with the WTO and we want to see the duties removed," said Richard Mills, a spokesman for the US Trade Representative's office.



Vijay Watson, chief operating officer of Aktel mobile phone, talks to guests after inaugurating a customer care centre of the company at Dhanmondi in Dhaka on Wednesday.

MALAYSIA My Second Home

সপরিবারে মালয়েশিয়ায় স্থায়ী বসবাসের এক অপরূপ সুযোগ! কিছু শর্ত সাপেক্ষে আর্থিকভাবে স্বচ্ছ পরিবারের মালয়েশিয়ায় স্থায়ীভাবে বসবাস, ব্যবসা-বাণিজ্য, পুজি বিনিয়োগ অথবা অবসর জীবনযাপনের এক অপরূপ সুযোগ!!!

(আপনি কি একজন শিল্পপতি, ব্যবসায়ী, ব্যাংকার, চার্টার্ড একাউন্ট্যান্ট, চিকিৎসক, প্রকৌশলী, কর্পোরেট এক্সিকিউটিভ, অবসরপ্রাপ্ত সরকারী ও সামরিক কর্মকর্তা অথবা অন্য কোনো পেশাজীবী?)

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India to raise rate on top pension fund

REUTERS, New Delhi

India will raise the interest rate on its largest pension fund, the prime minister's office said on Thursday, but the federal labour minister said a final decision on the size of the increase was still awaited.

A key ally of the ruling United Progressive alliance coalition pointed to a 1 percentage point rise to 9.5 percent, taking the bond market by surprise.

But Labour Minister Chandrashekar Rao said a final decision on the issue would be taken after a meeting with the prime minister and finance minister, adding that his ministry had proposed the rate be increased to 9.5 percent.

A senior communist leader, who led a team of trade union leaders to meet Prime Minister Manmohan Singh, said he expected the Employees Provident Fund (EPF) rate to be increased before the budget session of parliament starts

in February 2005.

Indian bonds weakened after Dasgupta's comments. India's bond markets have been eagerly awaiting a decision because a higher EPF rate skews bank rates upwards.

A spokesman of Singh confirmed it would be increased, but did not say when it would take place or by how much it would be raised. Labour Minister Rao also did not give a date or the size of the increase in the pension fund rate.

Analysts say an EPF rate hike could be used by Singh's coalition government to appease its demanding communist supporters and push ahead with tough reforms, especially of foreign investment limits in telecommunications and insurance.

India's left-leaning unions, whose already-significant clout has been boosted by the record national election performance of the communists in May, have been pressing for a higher EPF rate.

Oil prices firm on winter weather worries

REUTERS, London

Oil prices firmed on Friday, cementing this week's gains spurred by worries a US cold spell could erode already low winter fuel inventories.

US light crude rose five cents to \$44.23 a barrel, hovering around a two-week high. London Brent was eight cents higher at \$41.51 a barrel.

Prices have rallied by nearly 10 percent this week, rebounding from a five-month low of \$40.25 a barrel on Monday. They had shed more than \$15 in seven weeks.

Big money speculative funds which had sold the market short for the first time in over a year leapt back in to cover positions this week, inspired in part by OPEC's detailed pact to take one million barrels per day (bpd) of excess supply off the

market.

US government data showing still low heating fuel inventories and the first decline in crude stocks for three months also drove gains on Wednesday, helping London's Brent crude to its biggest one-day surge since 1991.

Despite mild winter conditions until recently, heating oil inventories in the world's top consumer have remained stubbornly thin versus last year, fanning fears that weather-induced demand could strain supplies.

Temperatures are expected to fall below the seasonal norm next week in the second cold spell of the winter, bolstering demand for heating fuel, forecasters said on Thursday.

"If the cold weather persists, then people will buy," said Tetsu Emori,

chief commodities strategist at Mitsui Bussan Futures in Tokyo. "We're at the top season of heating oil demand and inventory levels are below previous years."

Temperatures in the U.S. Northeast will dip as much as 6-12 F below normal by Monday, private forecaster Meteorlogix said, while others saw it as much as 20 F below normal.

Heating oil futures have rallied even faster than crude, jumping by almost 13 percent this week.

Strong consumption of diesel has further strained supplies available for heating. Distillate demand over the last four weeks has averaged nearly seven percent above the same period last year, the Energy Information Administration (EIA) said.

Government of the People's Republic of Bangladesh
Office of the Executive Engineer
Local Government Engineering Department
District-Cox's Bazar

Memo No-LGED/XEN/Cox's/Tender-2/2004/3229 Dated: 08-12-04

Tender Notice No: 18/2004-2005

- The People's Republic of Bangladesh has received a loan from the Asian Development Bank (Loan No 1831-BAN(SF)) and a grant from the Government of Netherlands (TA No. 3683-BAN) towards the cost of Second Water Resources Development Sector Project (SSWRDSP-2) of Local Government Engineering Department (LGED), and it is intended that part of proceeds of the loan and grant will be applied to eligible payments under the contract mentioned in para 2 below. Bidding is open to all bidders from eligible member countries of the Asian Development Bank.
- On behalf of LGED, the undersigned invites sealed bids for the following works listed below from the pre-qualified contractors/firms under SSWRSP-2. In addition, foreign bidders are eligible to submit bid without enlistment but if awarded contract, would be required to enlist with LGED as a pre-qualified contractor of SSWRSP-2.

SP-No	Name of work	Price of bid document (Tk)	Completion time
23059	Bid ID. 49002230850006 Construction of two vent (1.50mx1.80m) Sonkhola regulator at ch. 0+460 km (on parallel) & construction of O & M shed (Size 9.00 X 5.00m) under Sonkhola (FMD) sub-project (SP-23085) Upazila: Sadar, Dist Cox' Bazar.	1,000.00 (non-refundable)	90 days

- Bidders may obtain further information from, and inspect the bidding documents, at the office of the undersigned.
- A complete set of bidding documents may be purchased by interested eligible bidders upon payment of a non-refundable price of bid document mentioned above, from the office of the (a) Divisional Commissioner, Chittagong, (b) Project Director, SSWRSP-2, RDEC Bhaban (Level-5), Agargaon, Sher-e-Bangla Nagar, Dhaka-1207, (c) Deputy Commissioner, Cox's Bazar, (d) Upazila Engineer, Sadar, Cox's Bazar and (e) Office of the undersigned up to 11-01-2005 during the office hours.
- All bids must be accompanied by a bid security in the amount of 90,000/- (ninety thousand only) a Bank Draft or Pay Order in favour of "Executive Engineer, LGED, District: Cox's Bazar" from a scheduled bank of Bangladesh.
- Bids will be received by the office of the undersigned only up to 1:00 PM on 12-01-2005 and will be opened by the undersigned at 1:30 PM on the same day in presence of the bidder or their authorized representative (if they choose to attend).
- The undersigned will not be responsible for any cost or expenses incurred in connection with the preparation or delivery of bids, and visit to any office or site whatsoever.

DPP-29817-11/12/04
G-1246

M A Bashar
Executive Engineer
LGED, Cox's Bazar