



Star BUSINESS

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Canada to double aid to Bangladesh

Canada Showcase held

STAR BUSINESS REPORT

Canada is going to double its development assistance to Bangladesh to approximately 100 million Canadian dollars a year in the next few years.

Canadian International Development Agency (Cida) has been Bangladesh's potential development partner since 1972 providing some 3 billion Canadian dollars so far, said Rajani Alexander, the first secretary of Canadian High Commission, at the opening ceremony of 'Canada Showcase' organised by the Canadian High Commission at Brac Centre Inn in Dhaka yesterday.

The showcase was organised to give a picture of Canadian society, its culture, education and economic success and disseminate it in Bangladesh. The daylong showcase featured display of promotional materials and brochures.

Bangladesh is currently the fourth largest bilateral recipient of Canadian official development assistance (ODA), said the secretary while making a presentation on Cida's development programmes in Bangladesh.

The current Country Development Programming Framework (CDPF) of Cida formulated for Bangladesh encompasses the period from 2004 to 2008 with priority focus on four sectors -- health, education, governance and private sector development, she said.

In association with the host government and other organisations, Cida works to promote poverty alleviation and sustainability within the framework of the Poverty

Reduction Strategy Paper (PRSP) and the Millennium Development Goals (MDGs).

It is important to note Cida selected Bangladesh as one of its only nine focus countries in the world since 2002 and as the only one in Asia, said the acting High Commissioner Robert Beadle.

Terming Canada as a country of immigrants with a vibrant respect for fundamental dignity and worthiness of individual citizen, Beadle also focused on Canada's tremendous success in telecommunications, information technology, oil and gas, education and agriculture.

Academic advisor of the commission Shaheen Islam said Canada offers a world-recognised education at an 'affordable' cost in a safe and attractive environment.

Commission's commercial advisor Mortaza Tarafder spoke on

Canada's trade and investment.

Vice-chancellor of Islamic University of Technology Prof. Fazle Ilahi said the Canadian society is of diverse nature with multi-ethnic people but at the same time it is homogeneous and harmonious too. It is a society marked with values for freedom and equality.

A host of NGO leaders, students and development activists, among others, were present at the function.



Robert Beadle, acting Canadian high commissioner to Bangladesh, speaks at the opening ceremony of 'Canada Showcase' organised by Canadian High Commission at Brac Centre Inn in Dhaka yesterday.

IBM to give away 500 patents

REUTERS, San Francisco

US patent leader IBM said late on Monday it plans to donate 500 patents for free use by software developers, marking a major shift of intellectual property strategy for the world's top computer maker and a challenge to the high-tech industry.

Jim Stallings, IBM's vice president in charge of intellectual property, said in an interview that the move was meant to encourage other companies to unlock patent portfolios in order to spur technological innovation.

"This represents by far the largest pledge of patents in U.S. history," IBM said in a statement to be issued on Tuesday. "You can use them and grow and innovate (and)...to build something new," Stallings said in remarks aimed at developers.

As the leading provider of computer services, IBM also stands to benefit from helping other companies make use of new technology developed under the open licensing program.

The policy change for IBM, which over the past decade has stood out as a leader among global companies seeking to reap greater profits from its patent portfolio, allows the company to continue to receive royalties from thousands of patents it holds on everything from microchips to supercomputers.

News Corp to buy rest of Fox for \$6b

REUTERS, New York

Rupert Murdoch's News Corp on Monday said it would take full control of its Fox Entertainment Group Inc unit in a stock swap worth about \$6 billion, which it said would simplify the media conglomerate's structure.

The deal, which sent Fox shares up 10 percent, gives News Corp full ownership of its US entertainment assets such as 20th Century Fox film studios, Fox Network, Fox News Channel and its stake in satellite broadcaster DirecTV, which could make it easier for Murdoch to pursue acquisitions.

The company originally sold an 18.6 percent stake in Fox Entertainment in an initial public offering in late 1998 as a way for US institutional shareholders forbidden from buying shares of a foreign company to invest in a US-based News Corp-controlled property.

India plans to revive sale of SoE shares

AFP, New Delhi

India plans to sell shares in state-owned companies including the country's largest carmaker Maruti Udyog and power-equipment firm Bharat Heavy Electricals (BHEL) in order to cap the budget deficit, an official said Tuesday.

"We are pushing for disinvestment of Maruti and BHEL this year. We want to do it this fiscal year," a finance ministry official, who did not wish to be named, told reporters.

India's fiscal year ends March 31.

Maruti shares rose 6.35 rupees or 1.5 percent to 430.10 rupees, while BHEL was up 1.65 rupees or 0.22 percent to 742 rupees after the official's comments.

In July, the government said it would cut the country's fiscal deficit

to 4.4 percent of gross domestic product from 4.6 percent in 2003 by raising revenues from the services sector and getting more people to pay income taxes.

Only about 30 million of India's estimated 240 million strong labor force pay income tax.

India's government has already sold the majority of its holdings in Maruti and currently owns an 18 percent stake. Japan's Suzuki Motor holds a 54 percent stake while the remaining shares are owned by other investors.

BHEL, India's largest manufacturing and engineering firm in the energy sector, is completely owned by the government.

The finance minister has already met the Prime Minister on this (privatisation) issue. Even a five percent stake sale in BHEL could

fetch a substantial amount," the official said.

The share sale would mark a revival of the asset sale program which was stopped after a Congress-led coalition government took office in May with the support of the communists.

The new government has been under pressure from its communist coalition partners to avoid selling majority stakes in profitable state firms as they view the move as being anti-labor.

However, the government has said it was open to selling part of its shareholding in state companies to raise revenues and boost efficiency.

The government has not sold any shares in state companies since coming to power despite projections it would raise 40 billion rupees (900 million dollars) from such sales.

IMF sees no sign of soft landing for China economy

AFP, Washington

China has not been able to moderate its rapid economic growth despite taking a series of steps to achieve a soft landing for the world's most populous nation, the International Monetary Fund said Monday.

Last year, the Chinese authorities took a number of steps, largely in the form of administrative controls, to moderate the pace of economic growth, which has been at a blistering average of 9.7 percent a year from 1990 to 2003.

The controls included bank lending, but in late October Beijing also announced a modest rise in interest rates.

"There have not been clear signs of growth moderating to a level that can safely be viewed as sustainable," IMF first deputy managing director Anne Krueger said at a conference in Washington.

In the third quarter of last year, she said, China's growth picked up in fixed investment, industrial production, and retail sales and "there continue to be bottlenecks, especially in the energy and transport sectors."

"It is therefore too soon to be confident that the much talked-about soft landing has, as yet, been

successfully engineered: the jury is still out," she told the conference organised by the American Enterprise Institute for Public Policy Research.

But Krueger said fears of a hard landing for the giant Chinese economy tended to be overdone, adding that its impact on neighbours was likely to be less than many have suggested.

Beyond Asia, she said, a hard landing in China would have only a small impact.

"The impact for some Asian economies might be significant. But such a shock should be manageable given the fairly robust outlook for the region as a whole," she said, citing an assessment conducted by the IMF last year.

Krueger said the study showed that a decline in investment growth at a rate of 5.5 percentage points in China would lead over time to a 4.0 percentage point drop in gross domestic product (GDP) and a 10 percent dip in imports for the rest of Asia.

Investment is a critical benchmark for China because it accounts for over 40 percent of its GDP.

Krueger said the assessment showed that such a relatively sharp fall in regional imports would have a

'Dhaka can tap investment opportunity in Afghanistan'

STAR BUSINESS REPORT

Bangladesh can exploit investment opportunities in Afghanistan, a UN official for Afghanistan said yesterday in Dhaka.

Meerah Haq, deputy special representative to the secretary general of the UN for Afghanistan, said there is a huge potential for medium scale enterprises in Afghanistan with "ample scopes for strengthening economic cooperation between Bangladesh and Afghanistan."

Haq made the comments when she met Foreign Minister M. Morshed Khan at his office.

The minister informed her Dhaka has already taken a decision to establish a mission in Kabul and business delegations will visit the place to look into the investment and trade opportunities there.

A Bangladeshi, Haq hoped NGOs from Bangladesh will take greater steps to offer more micro-credit programmes in Afghanistan. She also appreciated Brac's contribution in Afghanistan, particularly in the field of women and children education.

Oil prices held above \$45 a barrel

REUTERS, London

Oil prices held above \$45 a barrel on Tuesday as a cold spell loomed in the eastern United States and a rash of supply problems afflicted big producers.

US light crude rose 22 cents to \$45.55 a barrel after a round of profit-taking knocked the market off a near six-week high of \$47.30 on Monday evening. London Brent was up 18 cents at \$43.10 a barrel.

"Overall it's still bullish. It's winter, we have problems in the North Sea. OPEC is also cutting supplies," said Tony Nunan, a manager at Mitsubishi Corp's international petroleum business.

Production problems in Iraq, Nigeria, the U.S. Gulf of Mexico and Norway's sector of the North Sea have combined to remove around 1.1 million barrels per day (bpd) from the 82 million bpd world market.

The shutdowns have accumulated at a time when OPEC members have just implemented a 1 million bpd supply cut and fears are lingering over lean heating fuel stocks for the northern winter.

The eastern United States should experience a colder February than normal, with the first sustained chill in the Northeast starting this weekend, private forecasters EarthSat said.

That will boost homeowners' demand for heating oil, the primary winter fuel for the region, potentially straining stockpiles that are 9 percent below year-ago levels.

Unusually mild weather had so far helped inventories narrow that deficit in the week to Jan. 7, with distillate stocks -- which include heating oil and diesel -- expected to have risen over the period, a Reuters poll of 10 analysts found on Monday.

Crude stockpiles were expected to have dipped by 1.3 million barrels, but should remain higher than last year.

Japan's forex reserves renew record high

REUTERS, Tokyo

Japan's foreign exchange reserves, the world's largest, renewed a record high for the fifth straight month in December, standing at \$844.543 billion due to a strong euro, the Finance Ministry said Tuesday.

The country's foreign reserves have been rising since May 2004 despite a lack of currency market intervention since mid-March.

As the euro hit record highs versus the dollar late in December of \$1.3670, up nearly 3 percent on the month, the value of euro assets in dollar terms ballooned, a MOF official said.

In spite of recent rapid growth, trade shares with China are lower for countries outside of Asia.

Krueger felt that in attempting to moderate growth, China's policymakers would respond promptly to any sign of a dramatic slowdown.

"It is difficult to imagine that any drop in growth would be sustained for more than a quarter or two without a response from the authorities," she said.

The December figures were up \$4.456 billion from November.

The increase could slow this month if the euro continues to back off from record highs versus the dollar.

After hitting its peak against the dollar on December 30, the euro has been weakening since the start of this year, currently hovering near six-week lows.

BTRC waves red flag to Railway, GP

ABU SAEED KHAN

Bangladesh Telecommunication Regulatory Commission (BTRC) has accused Bangladesh Railway and GrameenPhone (GP) for doing "unauthorised" optical fibre leasing business.

BTRC is contemplating further action against them as neither Railway nor GP did so. Rather GP has intensified reselling the Railway's optical fibre bandwidth.

GP had acquired the Railway's 1,616 km long optical fibre network in September 1997 for the transmission network of its mobile service.

But it could not consume the total capacity and decided reselling the surplus bandwidth for non-voice applications with the approval of the Ministry of Post and Telecommunications (MoPT), the then regulator.

When the telecoms law became effective on January 30, 2002, it became mandatory for all existing telecoms operators, including the

state-owned Bangladesh Telegraph and Telephone Board (BITB), to apply for fresh license by paying appropriate fees to BTRC within January 31, 2003.

Accordingly BITB had applied and obtained its license but neither Railway nor GP did so. Rather GP has intensified reselling the Railway's optical fibre bandwidth.

On November 24, 2004 the GP officially launched its optical fibre business where the telecoms minister was the chief guest. "We were surprised at the minister's presence in that event."

On December 13, 2004 the BTRC officially accused Railway for not obtaining the license to continue leasing out its optical fibre network to GrameenPhone. In the same letter BTRC also charged GP for not obtaining license to resell the bandwidth of the optical fibre network it has leased from Railway. Neither of their answers could satisfy BTRC,

sources said.

When contacted, a GP official said, "GrameenPhone is sub-leasing the fibre optic network capacity, originally leased from Bangladesh Railway, with due permission from the relevant authorities. It is being done to share this national resource for the overall improvement of the ICT sector, which has been declared as a thrust sector by the government."

GP has, however, refused to comment on why it has not obtained any license or permit under Sections 35, 40 and 41 of the Bangladesh Telecommunication Act, 2001, as pointed by BTRC's letter.

Sources said BTRC may order GP to keep the bandwidth sales suspended until it obtains the license. "We will give a decision within a couple of weeks," said Syed Margub Marshud, BTRC chairman, without revealing any details.

Dollar now defensive as rebound fades

REUTERS, London

The dollar extended its pullback from seven-week highs against the euro on Tuesday as investors digested comments from US Treasury Secretary John Snow and braced themselves for Wednesday's release of US trade data.

The trade figures could highlight the lasting imbalances in the U.S. economy which have weighed on the dollar over the last three years and brought it to a record low against the euro in December.

In an interview with Reuters, Snow reiterated his pledge to cut the US budget deficit but also said market forces should set the value of the US currency, a remark that has hurt the dollar in the past.

"People are confused about the United States' stance on the dollar," said Ian Gunner, head of foreign exchange research at Mellon Bank. "Until there is a deliberate shift in US policy, the dollar's downturn could continue."

The dollar was down 0.3 percent against the euro in early European trade, at \$1.3132. The dollar rose to \$1.3023 per euro on Friday, its highest since late November and more than six cents above December's record low.

The dollar was also slightly weaker against the yen, at 104.10.



Police stand guard at the entrance of Dhaka Stock Exchange (DSE) building to avert any untoward incidents when a section of small investors demonstrated yesterday on the DSE premises following a massive drop in index. The DSE General Index shed 133.13 points to close at 1743.3 points yesterday.