

Ceramic makers eye \$100m annual export by 2008

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Inspired by increased overseas demand and local capacity expansion, Bangladeshi ceramic manufacturers eye an annual \$100 million export earnings by 2008, a mammoth jump from the current yearly income of \$30 million.

The export of tableware products has been witnessing over six percent yearly growth for the last ten years carrying a significant niche in US and European markets.

With 56 percent accumulated export growth in the last ten years, exporters now hope to see a double-digit growth which will help the sector break \$100 million margin by 2008.

As overseas demand is going up, local big players -- Monno, Shinepukur and Bengal Fine -- now completely focus on export market, channelling over 80 percent output into international market.

Starting production in 1980s to feed the local consumers, ceramic tableware industry took a slow but steady progression to approach foreign market. The sector exported ceramic goods worth \$30 million in last fiscal and targetted \$45 million in current fiscal year.

President of Bangladesh Ceramicwares Manufacturers Association Rashed Mowdud Khan is very optimistic about this industry's prospect of fetching over an annual \$100 million by 2008.

"After consistent growth in the last ten years, we are now in a good position to achieve the target. Quality of products has earned Bangladesh a niche market in the developed world and the recent trend shows that the market will grow and grow further," he told The Daily Star Monday.

But in spite of all export prospects, a persistent gas crisis in the last few months seems to deprive

the sector of a smooth rise. The association president said, "We need to run our kilns 24 hours a day but we cannot due to low gas pressure."

"In this competitive world, efficient delivery is a must to survive. But if we cannot run our kilns, how we can meet the delivery deadline," Khan said.

However, the energy minister assured that the gas problem would be over by April when Sangu starts producing at its maximum capacity and the laying of Ashuganj-Monohardi bypass line is completed, he said.

Bangladesh ceramic industry, which produces tableware, tiles and sanitary ware, has been witnessing a steady growth in the last few years due to usage of cheap gas, which resulted in low production cost, says industry sources. This has prompted many foreign buyers to make increased orders to

Bangladesh, they added.

There are over a dozen of ceramic factories in Bangladesh, which produce over 40,000 tonne ceramic products a year. Monno, Shinepukur, Bengal Fine, Standard, Peoples and National Ceramic are engaged in tableware while RAK, Fu Wang, China-Bangla and Mir are engaged in tiles and sanitary ware.

The companies have invested over Tk 500 crore and more investments are in the offing with many companies planning to produce all the three ceramic categories, sources said.

Ceramic products including stone tableware, porcelain tableware, bone China tableware, tiles and sanitaryware have a \$20 billion world market of which Bangladesh's share is only 0.17 percent.

Novartis becomes top generics maker

REUTERS, Zurich

Novartis AG has become the world's biggest copy-cat drugs maker by agreeing to buy unlisted German firm Hexal and US company Eon Labs in a cash deal worth a total of more than \$8 billion.

Novartis will buy all of Hexal and 67.7 percent of Eon Labs from Germany's Struengmann family for 5.65 billion euros (\$7.4 billion), it said on Monday, giving it a leading position in the major markets for generic versions of off-patent drugs.

Swiss-based Novartis will also make a tender offer to buy the rest of Eon Labs for \$31 per share at a cost of about \$1 billion, and merge the two companies into its Sandoz unit, currently the world's number 2 maker of generic drugs, it said. Eon Labs stock closed at \$27.92 on Friday.

The deal will give Novartis access to high-margin versions of "hard-to-make" branded drugs and the scale required to reduce costs aggressively in a market marked by cut-throat competition and pressure on prices, analysts said.

However, analysts said it was relatively expensive, at an estimated 3.5 to 4 times the combined sales of Hexal and Eon.

Novartis shares rose after the news, and were trading 2.8 percent higher at 58.90 Swiss francs at 1110 GMT. They slightly underperformed the broader European drug sector, however, which rallied after relatively benign recommendations from U.S. regulators on so-called COX-2 painkillers on Friday.

Thailand raises diesel price in first move to reduce subsidy

AFP, Bangkok

Thailand is raising by four percent the price of diesel, its first price increase since prices were frozen 13 months ago, officials said Monday.

Energy Minister Prommin Lertsuridej said the price of diesel fuel would increase Tuesday by 0.60 baht per litre to 15.19 baht (39 US cents) a litre.

The move is part of a measured plan to wean the economy off a fuel subsidy instituted last year amid skyrocketing oil prices.

With the increase the government would still subsidise diesel costs to the tune of 3.0 baht per litre.

"We believe the higher price will not affect economic growth in general and will have little impact on inflation," the minister told reporters.

He said the government has paid 67 billion baht (1.74 billion dollars) into its oil subsidy fund, mostly for diesel costs.

Thailand floated its petrol prices in October after a nine-month subsidy but Prime Minister Thaksin Shinawatra ordered continued diesel subsidies to protect the economy.

Thailand had said its subsidy scheme was necessary to dampen the economic fallout from high oil prices, but critics argued the policy was not sustainable in the long run.

Analysts have also said that the subsidy program has damaged the trade balance and aided runaway energy consumption.

Sri Lanka buys 12,000 tonnes Indian corn

REUTERS, Singapore

Sri Lanka has bought about 12,000 tonnes of Indian corn for March shipment but more deals are unlikely to materialise soon because of rising domestic prices in the South Asian exporter, traders said yesterday.

The deals were sealed at \$158-161 a tonne, including cost and freight, traders added.

"Most of that will be shipped from the Tamil Nadu crop," said one trader, referring to the Southern Indian corn-growing state.

Traders said about 26,000 tonnes of Indian corn have been shipped to Sri Lanka in the past month.

With Argentine corn available at around \$135 a tonne, including cost and freight, to Southeast Asia, traders said Indian exporters would find it difficult to find buyers.

"It's possible that some Indian corn may have moved in containers to Sri Lanka and Bangladesh because of the short distance. But I don't think much will come to Southeast Asia," said K Suresh, trading manager at Agropcorp International Pte Ltd, a Singapore-based commodities trading firm.

Iran welcomes Indian move for gas pipeline via Pakistan

AFP, New Delhi

Iranian Foreign Minister Kamal Kharrazi said Monday the approval of a pipeline project to bring Iranian gas to India via Pakistan would encourage regional peace and trade.

Kharrazi held talks with Indian Foreign Minister Natwar Singh Monday as part of a two-day visit to boost trade and discuss the pipeline project. He will meet Prime Minister Manmohan Singh later Monday and give a speech to the Indian Council for World Affairs Tuesday.

"Fortunately the Indian government's recent approval of the Iran-Pakistan-India gas pipeline has created an encouraging atmosphere for pushing ahead this highly important project which no doubt

would have positive impact on the regional convergence," Kharrazi said in prepared remarks.

Indian Oil Minister Mani Shanker Aiyar has been pushing the five-year 2,775-kilometre (1,410 mile) pipeline project to meet the country's growing energy needs despite hostility from some in the government that nuclear rival Pakistan could benefit from the deal.

Those concerns have eased in the last year because of a peace dialogue between the two countries. Aiyar is due to visit Tehran in June to firm up the deal.

India is predicted to require 400 million cubic meters (14,125 million cubic feet) of gas per day by 2025, up from today's 90 million cubic meters.

India's Bharti eager to go international

ANN/THE STATESMAN

India's telecoms market has been agog with the possibility of the Bharti group going international. On Saturday, the group's chairman, Sunil Mittal, admitted that he lacks global capital and that he would go to the international markets to get both equity and debt money.

Mittal sounded eager to make a mark: "We have to manage growth. We will be a 25-million customer company in two years. There are only six companies in the world which have 25 million customers or more, and when I compare myself with those companies we are rather modest and tiny in size and resources."

"We are planning to list ourselves in the American markets. But our vision is to be globally admired for

providing telecoms services," Sunil Mittal said.

This would open the doors to over 25 million users in two years for the company (excelling far beyond the registration of 10.2 million new subscribers January this year with its flagship Airtel brand) as it plans to get listed in the US market to attain international recognition and visibility. This is imperative to the much needed access capital for Mittal's expansion plans. An issue of American Depository Rights is on the anvil.

Bharti would not but stop at telecoms alone. It is collaborating with Singapore's Changi airport to float tenders for Delhi and Mumbai's airport modernisation projects.

Mittal finds these Indian airports "horribly bad."

Private airlines ready to take off in China

ANN/CHINA DAILY

China's top civil aviation authority plans to allow a privately funded company to operate an air transportation business as it widens market access to the sector.

This marks an important step by China to allow private capital to enter the civil aviation market. Three others are waiting in the line.

According to a document provided by the General Administration of Civil Aviation of China (CAAC), the administration is considering giving an operating licence to Okay Airways Co Ltd.

Okay Airways is expected to become the first private carrier, thanks to the nation's policy support.

A regulation on the introduction of domestic private capital into civil aviation industry will be unveiled sometime this year, a CAAC official said.

"The draft version of the regulation has been completed," said Ma Zheng, deputy director of the CAAC Department of Policy and

Regulations.

He said the regulation will provide legal support for the private capital into the sector.

"While helping to widen the investment channels, the regulation will also aim to limit monopolies over the civil aviation sector," Ma said.

China began to ease its control over private capital entering the industry early last year. It had suspended the approval of the air transport companies since 1994.

At a recent national working conference, CAAC Administrator Yang Yuanyuan said private investment is encouraged into the sector.

"While ensuring the State-owned capital dominate the sector, privately owned capital should be restricted to a certain extent," Ma said.

But he gave no details about the percentage of private capital the new regulation will allow into the sector.

SingTel to sell four properties worth \$194m

AFP, Singapore

Singapore Telecommunications (SingTel) said Monday it would sell four local properties worth 316.3 million Singapore dollars (194 million US) to use its financial resources more effectively.

The cash sale to Singapore-listed Ascendas Real Estate Investment Trust (A-REIT) is expected to be sealed in March, SingTel said in a statement.

"This sale is in line with our strategy to better utilise capital and free up cash resources that can be redeployed in our telecommunication business as well as in new investments," chief financial officer Chua Sock Koong said.

SingTel will make a capital gain of 117 million dollars on the sale.

SingTel, majority owned by the Singapore government, is Southeast Asia's largest telecoms firm with a regional mobile subscriber base of almost 62 million.

It has a wholly owned Australian unit Optus and owns stakes in Thailand's Advanced Info Service, India's Bharti, the Philippines' Globe and Indonesia's Telkomsel.

Total chief urges greater access to Opec reserves

AFP, London

The chief executive of French energy giant Total believes Western oil companies must have better access to oil and gas reserves in Opec countries and Russia to continue increasing their output, according to an interview with The Times newspaper published Monday.

Thierry Desmarest said Total was able to replace its production only by exploration -- the "classical route" of finding new oil reserves.

"Our target is to continue to grow (output) at 4.0 percent per year. To obtain the additional reserves to keep production growing at 4.0 percent per year we need to conclude agreements with producing countries to get access to reserves," he said.

The French oil chief meanwhile pointed to Total's investments in Opec countries such as Iran, Nigeria and Venezuela as key elements of its portfolio.

"In Opec, some countries are open, but even when they are open the decision process is frequently slow," he said.

Desmarest added that more investment was needed by the Organisation of Petroleum Exporting Countries to restore the security margin between oil consumption and supplies, according to The Times.

He said the margin was "a bit short" and would be affected by a slowdown in growth in Russia.

Asked whether prices could continue to rise if Opec countries did not quickly open their industry to significantly greater investment, Desmarest said:

"I would say that is a high probability. But the other point we don't know is if the Asian demand will continue to grow at the high level we have seen."

Opec has meanwhile made it clear that it could reduce its production at its next meeting on March 16 in Isfahan, Iran.

Japan-China trade seen hitting new record in 2005: JETRO

AFP, Tokyo

Japan's trade with China is likely to top 190 billion dollars in 2005 to set a record for the seventh straight year, with both imports and exports growing steadily, a research institute said Monday.

In 2004, bilateral trade rose 26.9 percent to 168 billion dollars, Japan External Trade Organization (JETRO) said.

Japanese exports to China rose 29 percent to 73.8 billion dollars last year, with from China up 25.3 percent at 94.2 billion dollars, the government-run research institute said.

"Japanese exports to China of finished products for China's domestic market and semi-finished components for Japanese manufacturers operating in China are expected to show steady growth in 2005," JETRO said in a report.

"Japanese imports of finished products from China are also expected to grow considerably in 2005 as Japanese companies continue to shift production operations to China," it said.

Dollar broadly steady

REUTERS, London

The dollar held broadly steady on Monday as markets awaited this week's US data for clues how fast interest rates need to rise to counter inflation, while it hit a 22-year low against the high-yielding New Zealand dollar.

In trading thinned by a holiday in the United States, major currencies stuck to a tight range with focus on US inflation and growth data due later in the week.

Instead investors drove up the kiwi dollar -- which has the highest interest rates in developed economies of 6.5 percent -- to its highest level since 1983 as they refocused on carry trades to get instant returns in a sideways market.

"At the moment the market perceives not much event risk. The euro/dollar and dollar/yen are going sideways and volatility is falling. This is making carry trades more attractive," said Bilal Hafeez, currency strategist at Deutsche Bank.

"We've also had good data from New Zealand recently which is leading to greater expectations of higher interest rates there."

At 5:30 a.m. EST the dollar traded steady on the day at \$1.3061 per euro, 105.56 yen and 1.1832 Swiss francs.

This meant the dollar was about six cents up from record lows versus the euro set in December and three cents below a three-month high set in February.

The euro held near last week's 1-1/2 month high versus the yen as the Japanese currency continued to suffer from deteriorating sentiment toward Japan's economy after data showed it was in a recession for the best part of 2004.

The New Zealand dollar hit its highest level since early 1983 at US\$0.7279. It was also at its highest level in seven years against the yen, at 76.82 yen.

"We've seen yields coming back in vogue in the environment of euro/dollar and dollar/yen struggling to find key trends," said Daragh Maher, currency strategist at Calyon in London.



PHOTO: NATIONAL BANK

Chairperson of National Bank Ltd Parveen Haque Sikder speaks at the Annual Conference-2005 of the executives and branch managers of the bank on Sunday in Dhaka. Managing Director M Aminuzzaman is also seen in the picture.

Japan, Germany cloud G7 economic outlook

AFP, Paris

Dismal performances by the Japanese and German economies last year, tipping into recession for Japan, highlight structural problems for some analysts but are just a temporary "hiccup" for others.

For the OECD, the figures are disappointing and mean in any case that the recovery of the Group of Seven richest economies will be delayed by a quarter.

However, analysts have also noted that these two lagging economies are pushing out exports successfully and driving up their trade surpluses but are handicapped by weak internal consumption.

This contrasts with some other industrialised countries which have achieved high growth -- the United States, Britain and Australia -- but are having trouble on the export side and are running rising trade deficits.

The chief economist at the Organisation for Economic Cooperation and Development (OECD), Jean-Philippe Cotis, said at the end of last week that the global recovery, after a disappointingly weak close to the year in a

number of G7 countries, would "be delayed by a quarter".

He spoke the day after revised data had revealed that the Japanese economy contracted in the last three quarters of 2004, and two days after official figures from Germany had shown that the German economy had shrunk by 0.2 percent in the fourth quarter of 2004.

By contrast, Britain, widely recognised as being a leader rather than a laggard regarding economic restructuring, reported that unemployment was at the lowest level since June 1975 at 2.6 percent. And US Federal Reserve Chairman Alan Greenspan forecast that the US economy would grow by 3.75-4.0 percent this year.

Economist Jean-Luc Greau, author of "The Future of Capitalism", argued that the figures for Japan and Germany were evidence of "significant trends, identified in the 1990s and which were structural in nature".

Greau explained: "Germany is a 'world champion' exporter, with a record trade surplus of 155 billion euros (201.24 billion dollars) in 2004,

and Japan has the highest surplus for five years of 89.4 billion euros.

"These countries are, on the evidence, very competitive exporters, but they are not able to stimulate their internal economies," said Greau.

The head economist at the German economic institute Ifo, Gernot Neb, held that Germany, the largest economy in Europe, would begin the new year on a firmer footing after the soft end to 2004.

"It's a growth hiccup and not the start of a recession," he said.

Forecasts from the OECD show the German economy expanding by 0.5 percent in the first quarter of 2005 and Japanese output growing by 0.4 percent over the same period.

Economists at French investment bank BNP Paribas, Ryutaro Kono and Caroline Newhouse-Cohen, also expect Japan to recover immediately.

"The Japanese economy hit the bottom in the fourth quarter" and "should bounce back in the first quarter, underpinned by the growth in exports", they said.

Bangkok property market buzzing with activity

ANN/THE NATION

It is difficult to find a street in downtown Bangkok that does not have a noisy, buzzing construction site on it.

Offering prime office space next to the World Trade Centre at Rachaprasong intersection is the newly-commissioned Central World Plaza. Down the road, the giant Siam Paragon is expected to be open by the end of the year.

On the bourse, construction stocks jumped after Prime Minister Thaksin Shinawatra won the election. Related sectors such as steel and cement are also looking at four years of vigorous growth.

The bullishness in the real estate sector derives from the government's big-ticket infrastructure investment plans.

The engine of growth over the next four years will be a 1.5 trillion

baht (\$\$63.7 billion) upgrading of transport infrastructure, including transit systems for the capital.

This will be coupled with work on a satellite city centred around the new Suvarnabhumi international airport.

At the customer's end, loan schemes have spurred purchasing power in the housing market. The average mortgage rate in 1998 was 15.3 percent; today it is still under 7 percent.

"Thailand's strong economic fundamentals and low interest rates enable buyers with a household income of only 110,000 baht to afford a 7-million-baht house," said Longlom Bunnag, chairman of Jones Lang LaSalle (Thailand) Ltd, in a research paper last year.

Better transit systems have spurred construction in Bangkok, where the Skytrain serves now as

the equivalent of a retail High Street.

"I believe we're probably in the second year of a 10-year growth cycle," David Simister, a 15-year veteran of Bangkok's property sector, said told The Straits Times.

Anant Asavabhokhin, president of the country's largest developer, Land & Houses plc, told the Bangkok Post last year the Thaksin administration had been the first government to understand that the property sector was an engine for growth.

"A clear picture of the recovery of the property sector became evident in 2002. The overall market fully enjoyed an impressive turnaround in 2003, the best year for the property sector in the post-crisis period," he said. He was also confident the market would not overheat - a perennial fear of economists after the bubble that burst in 1997.