

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, carving 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 targeted \$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 can we 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 0.6 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 Agrocorp International Pte Ltd, a Singapore-based commodities trading firm.

Iran welcomes Indian move for gas pipeline via Pakistan

AFP, New Delhi

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

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

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, 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.



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 of the Organisation for Economic Cooperation and Development (OECD), Jean-Philippe Cotis, said the economy would grow by 3.75-4.0 percent this year.

"Japanese exports 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 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.

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Offering prime office space next to the World Trade Centre at Ratchaprasong 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 rail 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, 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, told The Straits Times.

Anant Asavabokhin, 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.

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