

## Cement prices rise 20pc on high clinker costs, freight charges

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Cement prices have shot up by 20 percent in domestic market over the last three months as manufacturers feel the bite of high freight charges and clinker prices.

A 50-kg bag is now selling between Tk 265 and Tk 275, which was Tk 220-230 three months ago. Local cement producers, who fully depend on foreign sources for clinker, the main raw material, say high freight charges combined with rising prices of clinker have led to the situation.

The sudden heat in the cement

market has ultimately affected general people as real estate companies have increased apartment prices by Tk 200 per square foot.

The costly clinker puts some small cement companies on the verge of production halt when local producers start exporting to overcome market saturation. Some local companies have started exporting cement to the eastern states of India.

The clinker prices went up to \$45 a tonne from \$30 a few months back, marking a 50 percent rise which cement companies attribute to the December 26 tsunamis that

damaged clinker sites and port facilities in Indonesia and Thailand. Bangladesh needs 6 million tonnes of clinker a year.

"As tsunami-hit countries have started re-building their infrastructure, they reduce export of clinker, causing scarcity of the raw material," says a senior official of a local cement company.

Freight charges for carrying clinker have also shot up in a big way. Importers now have to pay \$22,000 to \$25,000 per day to hire a 25,000-tonne capacity vessel which was only \$7,000 to \$8,000 until September 2003, he said.

Apart from soaring oil prices, the abnormal freight charges are also blamed to non-availability of vessels. Usually old vessels, which are considered comparatively cheaper, are used to carry clinker to save marine insurance cost, he said.

But as demand for steel goes up significantly in China due to massive construction activities ahead of Olympic games, the owners of old vessels find it lucrative to scrap and sell the old vessels instead of engaging the vessels for clinker transportation, the official added. Ship scrap is the main raw material of steel.

Investment saturation puts Bangladesh on huge cement production base. At present, some 40 operational companies have a total production capacity of 1.5 crore tonne a year while the consumption is only 70 lakh tonnes.

Industry sources say when Lafarge Surma Cement goes into production in 2006 it may create a huge glut in cement market. The lone integrated dry process cement plant in Bangladesh will produce 1.2 million tonnes per year.



Women scavengers collect pieces of cattle skin in a tannery area in Dhaka. The 7th Dhaka International Leather Fair 2005 begins today at Sonargaon hotel in a bid to attract more foreign buyers by displaying the latest developments in the country's leather sector.

PHOTO: AFP

## New variety of tea evolved

UNB, Dhaka

Bangladesh Tea Research Institute has evolved a clone variety tea in the wake of growing competition in export market and high domestic demand.

Officials of the BTRI said the quality of the newly evolved 'BT-16' species is much improved and some 3,000 to 4,000 kilograms of tea can be produced in each hectare of land from the cloned trees.

According to a government estimate, some 100 million kg of tea will be required by year 2020 to meet local demand and fulfil export target.

To cope with the rising demand for tea in local and international markets, the government has already begun cultivation of the improved clone tea in Chittagong Hill Tracts (CHT), Panchagarh and other districts.

Commerce Minister Altaf Hossain Chowdhury formally released the

newly innovated BT-16 tea at a ceremony at the Bangladesh Tea Board auditorium at Srimongal yesterday.

Addressing the function the minister said two-third of the amount of tea produced in the country is needed to cater local demand.

"The government is implementing a five-year short-term programme and a 20-year long-term programme to increase the production of tea" in view of the growing internal and external demand, the minister said.

The minister also distributed saplings of the BT-16 species among a few tea-garden representatives.

Among others, Bangladesh Tea Board Chairman Mosharrif Hossain and Bangladesh Cha Sangsad Chairman M Wahidul Haque addressed the function.

## Foreign banks become big tax payers in Beijing

ANN/ CHINA DAILY

The 23 foreign banks in Beijing paid 36 million yuan (US\$4.3 million) in taxes in the first quarter of this year, up 75 percent over the same period last year, the city taxation bureau said Saturday.

Foreign banks have become one of the leading tax payers in Beijing, said an official with the foreign tax section of the taxation bureau.

The Beijing Branch of the Hong Kong and Shanghai Banking Corporation (HSBC) began offering Renminbi business Monday this week. Other foreign banks including the Standard Chartered Bank and Citibank have also shifted their business emphasis to Beijing.

Personal income tax paid by the staff of foreign bank branches increased the fastest as business expansion resulted in employment of more people. The foreign tax section collected more than 24 million yuan (US\$2.8 million) in personal income tax in the first quarter of this year, a sharp increase of 74 percent year on year.

## ING Group to buy 20pc of Chinese bank

AFP, Beijing

ING Group NV announced Friday it had agreed to buy a 19.9 percent stake in Bank of Beijing, one of China's largest city banks.

The European finance giant said the deal was worth 1.78 billion yuan (166 million euros) and was part of a broader strategic alliance.

"We are delighted to have been able to sign this agreement with one of China's most highly regarded banks," said ING chairman Michael Tilmant.

"We believe there is large growth potential for retail banking in China, and in Beijing in particular, and we are excited to have the opportunity to work with Bank of Beijing to achieve that potential."

ING will take two seats to join the current 15-person board of directors of the bank.

The agreement is subject to final regulatory approvals.

Bank of Beijing, which was renamed from Beijing City Commercial Bank, was founded in 1996 and is now number 16 out of China's 112 city commercial banks.

It employs more than 3,600 staff,

serving retail and corporate clients through 116 branches.

At the end of last year, the bank had total assets of 209 billion yuan (18.9 billion Euros).

"ING's investment represents an important step in developing a distribution platform in China, utilising the Bank of Beijing's branch network and other channels to offer insurance and wealth management products to new and existing customers of the bank," ING said in a statement.

Earlier reports in China's state-run media said the Bank of Beijing had a bad-loans ratio of 4.8 percent, compared with an industry average of 13.2 percent.

Bank of Beijing has said for some time it was looking for foreign investors, with both ING and Deutsche Bank of Germany mentioned as possible partners.

It is relatively rare for foreign banks to seek entry to the Chinese market by buying shares in existing Chinese banks, as most prefer to set up their own branches in the country instead.

## Two-day Safe meet ends in Ctg

BDNEWS, Chittagong

The two-day meeting of the regional market committee of South Asian Federation of Stock Exchanges (Safe) ended yesterday here.

On the final day, the meeting finalised a set of recommendations. The recommendations will be placed in the next annual general meeting of Safe, scheduled to be held in Pakistan in May.

Meeting sources said if the recommendations are adopted in the AGM, an opportunity will be created for inter-linking of the capital markets of the member countries.

## ACI becomes marketing partner of Godrej

ACI Limited has become exclusive marketing partner of Godrej consumer products in Bangladesh.

An agreement to this effect has recently been signed between ACI and Godrej Consumer Products Limited, a concern of Godrej Group, a manufacturer of consumer durables, home appliances, industrial products and services in India, says a press release.

In the first phase of operation, ACI will market Godrej consumer care products such as Godrej liquid and powder hair dye and hair colour cream. Products such as Godrej Fair Glow Soap, Cinthol and Godrej soaps will be marketed in the next phase.

## Vietnam urged to fight money laundering

AFP, Hanoi

The International Monetary Fund (IMF) urged Hanoi Thursday to combat money laundering and terrorist financing, amid efforts to control flows of money into the country through unofficial channels.

The Fund wanted "to raise awareness on the... issue among government officials and the private sector," it said in a statement, at the end of a three-day seminar which brought together international

experts on money laundering.

"Further technical assistance from the international community would be useful for Vietnam," the Fund said.

The IMF-organised conference gathered representatives from the Asia Pacific Group on Money Laundering (APG), United Nations Office on Drugs and Crime (UNODC), World Bank and the Hong Kong police.

## IMF praises Brazil for economic turnaround

AFP, Washington

The International Monetary Fund on Friday praised Brazil for an "impressive" economic transformation, while calling for additional measures to boost growth and curb poverty.

In an annual report on the Brazilian economy, IMF directors "welcomed Brazil's impressive economic achievements over the last two years."

The IMF said that the country has been on a solid recovery path since the economic crisis in 2002, with growth of 5.2 percent in 2004, and employment growing by 3.2 percent.

The policies of the administration

"have led to a significant transformation of the economy, which has resulted in a strong economic recovery, income and employment gains, a declining public debt burden, and rising international reserves."

The IMF said that despite these successes, "vulnerabilities and challenges remain."

They noted that public debt was still high and sensitive to global financial turmoil.

"Moreover, directors stressed the need to persevere with structural reforms in order to boost long-term growth prospects, critical to addressing persistent poverty and inequality," the IMF report said.