

## China keen to finalise BMRE of KMP in jt commission meet

UNB, Dhaka

China wants to see the finalisation of BMRE project of Karnaphuli Paper Mills (KMP) during the 11th meeting of the China-Bangladesh Joint Commission on Economic and Trade Cooperation scheduled to be held in Dhaka on May 21-22.

Chinese Ambassador Chai Xi in a letter to Industry Minister Matiar Rahman Nizami and Principal Secretary to the prime minister Kamaluddin Siddique said the Chinese side would like to finalise the matter at the meeting.

A series of meetings will be held between the two sides during the meeting on different projects, including BMRE of KMP, Khulna 210-megawatt thermal power plant, Pagla water treatment Plant and

North Dhaka Sewerage Project and five-lakh digital telephone exchange project.

The finalisation of BMRE (Balancing, Modernisation, Renovation and Expansion) project for KMP will be on the top of the agenda.

Economic Relations Division (ERD) Secretary Ismail Zabiullah will represent the Bangladesh side at the meeting.

The Bangladesh-China Joint Commission meeting is being held at a time when the government is under serious pressure from a vested quarter to privatise the KPM on the plea that it is a losing state-owned enterprise (SOE), sources said.

"The early implementation of this important project will no doubt have abiding salutary implications for our

bilateral relations and contribute to further consolidating the relationship of cooperation between our two countries," said Ambassador Chai Xi in his letter to the industry minister.

In his letter to Kamal Siddique the Chinese envoy said, "The timely BMRE of KMP will be a highly profitable enterprise to meet the demand for paper and paper products of the country to a great extent, save foreign exchange and generate additional employment."

A source within the Bangladesh Chemical Industries Corporation (BCIC) said the government undertook the US\$87 million BMRE project for KPM in 2000 under Chinese Suppliers' Credit.

The contract for the execution of the project was awarded to National

Machinery Import and Export Corporation (CMC) through a competitive bidding and an agreement was signed to that effect on May 7, 2001.

But the project has since been lying in suspension without any forward movement and as a result without BMRE, the KPM has remained virtually shut down causing substantial loss of production.

A BCIC official said the equipment and machinery used for installation of the KPM in 1953 have not been changed until today. "It's possible to make the mills profitable by implementing the BMRE project", he said requesting anonymity.

## Bangladeshi handicrafts show begins in Kathmandu

BSS, Dhaka

A five-day Bangladeshi handicrafts exhibition began at the Birendra International Convention Centre (BICC) in Kathmandu yesterday.

Nepalese Finance Minister Madhukar SJB Rana inaugurated the Bangladesh Handicrafts Exhibition-2005. He said the entrepreneurs of Bangladesh and Nepal should move together to international forum to get special treatment for the handicraft and cottage industries sector.

Bangladesh Embassy in Kathmandu organised the exhibition in collaboration with Jatiya Mohila Sangstha (JMS) of Bangladesh to familiarise the Bangladeshi handicrafts with the Nepalese.

In a message, Women and Children Affairs Minister Khurshid Zahan Haque, MP, conveyed her greetings and best wishes to the success of the exhibition. She hoped that the exhibition will be an appreciating step to boost mutual cooperation between the two states.



PHOTO: AKM MOHSIN

Rokia Afzal Rahman, president of Bangladesh Women Entrepreneurs Association, and Pham Thi Thu Hang, director general of Women Entrepreneurs Council of Vietnam, sign a memorandum of understanding on behalf of their organisations at Hotel Hanoi, Daewoo in Vietnam on Thursday.

## US, Europe should avoid restrictive trade: IMF

REUTERS, Madrid

The United States and Europe should avoid enacting trade restrictions to keep out cheap Chinese textiles, IMF chief Rodrigo Rato said in an interview published Friday.

"Trying to correct imbalances with restrictive trade measures seems like a grave mistake to us," the International Monetary Fund's managing director told Expansion financial daily in Niger on Thursday.

The comments were similar to those he gave to other journalists that have been reported by Reuters.

Lawmakers in the United States have threatened sanctions on Chinese textile exports unless China abandons its peg to the dollar.

## Fresh tax on silk yarn to hit local industries hard

### Silk factory owners tell press conference

STAFF CORRESPONDENT, Rajshahi

Rajshahi-based Bangladesh Silk Industry Owners' Association (BSIOA) urged the government not to impose fresh taxes on imported silk yarns in the upcoming budget in a bid to safeguard the country's traditional business.

"The importers increased yarn prices by Tk 500 per kg one month ago showing a cause that a 15 percent VAT may be imposed in the next budget. Some small factories have already been closed following the price hike and 60 percent of the industries are on

the verge of closure," said Md Merajul Alam, president of the association.

Thousands of workers will become jobless and the owners will not be able to run the factories if fresh taxes are imposed, the BSIOA leaders feared.

They demanded immediate action against the importers who increased yarn prices, placing a five-point demand at a press conference held here on Wednesday.

The five-point demands also include immediate formulation of a silk policy, discouraging import of readymade silk garments and government control over yarn prices.

Manzur Faruk Chowdhury, general secretary of the association, AK Ghulam Quadir, senior vice-president, and Abu Bakkar Siddik, an affected businessman, also spoke at the press conference.

Some 300 tonnes of silk yarn is imported annually to meet the demand of more than 500 industries that mainly depend on imported raw materials. Local silk production is roughly 50 tonnes a year, the leaders told the press briefing.

The government started working on a silk policy in 2002, but the policy is yet to see light.

## India, Australia to work on trade deal

REUTERS, Sydney

Australia and India will begin work on a framework agreement to expand economic and commercial ties, Australian Trade Minister Mark Vaile and India's Minister for Commerce and Industry, Kamal Nath, said Thursday.

Vaile and Nath, speaking after a joint ministerial meeting, said the Trade and Economic Framework agreement would set the direction for future talks to enhance cooperation between the two countries.

## CURRENCY

### Weekly Currency Roundup

May 14-May 19, 2005

#### Local FX Market

US dollar was mostly steady against Bangladeshi taka. US dollar increased slightly by the end of the week due to liquidity pressure.

#### Money Market

In the Treasury bill auction held on Sunday, bid for BDT 811.00 million was accepted, compared with BDT 882.00 million in the previous week's bid. Weighted average yield of 28-D t-bill increased to 6.60 percent from 6.53 percent, while weighted-average yield of 2-year bill remained at 7.20 percent.

Call money rate was on flat throughout the week. Most of the deals in the over night market were settled between 10 and 20 percent.

#### International FX Market

In the beginning of the week, the dollar hit a new seven-month high against the euro, extending gains after a slew of upbeat data bolstered optimism that the US is able to fund its current account deficit.

The dollar hit seven-month highs against an index of currencies in the middle of the week after US inflation data in the previous session reinforced expectations that the Federal Reserve would continue to raise rates steadily.

By the end of the week, the dollar steadied below recent seven-month's highs against the euro with little news available to give it fresh impetus beyond recent support from strong US economic data.

-- Standard Chartered Bank

## China imposes export tariffs on textiles

AP, Beijing

China announced new tariffs on its surging textile exports yesterday in a concession aimed at easing a clash with the United States and Europe over Chinese goods flooding into their markets.

The announcement came after the US imposed limits on imports of Chinese clothes. The European Union also is pressing China to restrain the growth of its textile exports.

It also followed the Treasury Department's announcement on Thursday that the US will dispatch a special envoy to China to pressure Beijing to change its currency and trade practices.

The new Chinese charges take effect June 1 on 74 categories of textiles, and could increase export tariffs for most goods by up to 400 percent, said the official Xinhua News Agency.

## STOCK