

## Myanmar to buy \$125m of power equipment from China

AFP, Yangon

Myanmar has signed contracts worth 125 million dollars to buy equipment from two Chinese companies to build a new hydroelectric plant, official media reported Saturday.

Two Chinese firms, CITIC Technology Co Ltd and Sinohydro Corp Ltd, will sell and instal turbines and transformers for the military-ruled country, as well as supply gate doors, pipelines and other materials, state-run newspapers said.

The equipment will help complete the building of the Yeywa hydroelectric plant near Mandalay in central Myanmar, expected to supply power to the whole country through the national grid, the papers said.

The government is building the new, 790-megawatt hydroelectric plant on the Dohktawady River, 50 kilometers (30 miles) from the city of Mandalay.

Myanmar has about 30 hydroelectric plants, with most of the equipment supplied by China.

## India's Tata Consultancy net profit up 22pc

AFP, Mumbai

India's biggest software services exporter, Tata Consultancy Services, said its June-end net profit jumped 22.59 percent against a year ago, as its international business grew by more than five percent over the previous quarter.

TCS said net profit rose to 6.1 billion rupees (142 million dollars) in the quarter ending June 30, 2005 against a level of 5.0 billion rupees (116 million dollars) a year ago.

Total revenue rose 27 percent to 27.09 billion rupees (622.7 million dollars) year-to-year, a company statement said.

The company's shares closed 1.93 percent up or 23.65 rupees to 1,248 rupees at the Mumbai Stock Exchange Friday, before the results were announced.

The company announced its earnings according to US accounting standards.

TCS managing director S. Ramadorai announced the company had entered into a strategic partnership with the government of China to promote its IT industry growth.

"Dialogues are on regarding equity structure, shareholder agreements and leadership. We will set up a new company in Beijing, in partnership with Microsoft, which will be a role model for the Chinese IT industry," Ramadorai said.

TCS added 68 new clients during the quarter and 2,690 new employees joined the company in the same period.

"The growth is impressive, considering it came in a quarter where our costs through increments and manpower were high and marketing spends increased," said company chief financial officer S. Mahalingam.

The company's operating margins were steady over the past three quarters in the 27 to 28 percent range, Mahalingam said.

TCS was partially spun off from its parent Tata Group in August last year in India's largest-ever private sector share sale.

## Vietnam may end WTO talks with China next week

REUTERS, Hanoi

Vietnam is expected to conclude negotiations with China over its entry into the World Trade Organisation during a visit by President Tran Duc Luong to Beijing next week, state media reported Saturday.

Vietnam, aiming to become a member of the world trade body by the end of this year, has to strike agreements through multilateral and bilateral talks with WTO members such as China, the United States, Australia and New Zealand.

"Experts from both sides are finishing the last work, trying to sign a declaration on the conclusion of the bilateral talks during the visit to China by President Tran Duc Luong," Deputy Foreign Minister Nguyen Phu Binh told the Tuoi Tre newspaper.

Vietnam has ended talks with 10 WTO members including the EU, South Korea and Japan.

Luong is scheduled to leave for Beijing on Monday for a five-day visit, which was aimed at "ensuring a stable and continuous development for the bilateral ties," he told the Communist Party-run Nhan Dan newspaper in an interview.

Two-way trade with China hit \$7.2 billion in 2004, raising hopes that the two countries would soon exceed the target of \$10 billion set for 2010, Luong said.

Vietnam's trade value with the United States stood at \$6.4 billion last year.

# Cafta to help US textile industry compete against Asia: Bush

AFP, Dallas, North Carolina

The hotly debated free-trade plan with Central America and the Dominican Republic will help the US textile industry compete better with Asia, President George W. Bush said Friday.

Traveling to the heart of the US textile industry, which has been devastated by cheap imports from China and elsewhere, Bush touted the Dominican Republic-Central American Free Trade Agreement as a way to help the sector.

Bush said the trade pact would help the US industry because it is highly integrated with apparel factories in those countries, which

often buy yarn or fabric from the United States to make finished goods.

"Cafta helps American textile workers by keeping textile jobs in the US," Bush said. "Central America is the second largest market in the world for our textile products."

Bush said that the Central American apparel makers would get a lift from ending tariffs on US-made yarn and fabric, enabling them to compete better against rivals from China and the rest of Asia.

"Central American companies need to have an incentive to continue to buy our product. And the best way to do it is to get rid of those tariffs on US-made yarn," Bush said.

"If we can get rid of the tariffs, it is more competitive, which makes it more likely that we will be able to in our neighborhood compete with Asian manufacturers."

The US Senate has approved the pact, the biggest free-trade deal in a decade, by a narrow 54-45 vote, with a tough battle seen in the House of Representatives, probably later this month.

The Bush administration is portraying the deal as an economic benefit for the United States and as a foothold for free-market capitalism in the pact countries -- the Dominican Republic, Nicaragua, El Salvador, Honduras, Costa Rica and Guatemala.

# Canada, South Korea to start free trade talks

AFP, Ottawa

Free trade negotiations between Canada and South Korea will start at the end of July in Seoul, Canadian International Trade Minister Jim Peterson announced Friday.

"A free trade agreement with South Korea has the potential to deliver significant commercial benefits to Canadian companies -- from agriculture to building products to state-of-the-art services like

environmental services," Peterson said in a statement.

"Canada places great importance on emerging economies, and sees Korea as a strategic gateway to the dynamic northeast Asian region," he said.

In 2004, Canadian exports of goods to South Korea reached 2.3 billion dollars (1.9 billion US dollars), while imports hit 5.8 billion dollars (4.8 billion US dollars), making the country Canada's seventh biggest

merchandise trading partner.

However, principal Canadian exports such as wood pulp, agricultural products, computer and telecommunications parts have stagnated since 1995.

Peterson said he would seek to eliminate tariffs for nearly all goods and will work to address non-trade barriers too.

A deal between the two countries is expected in 2007.



Syed Anisul Huq, president and managing director of Bank Asia Ltd, poses for photographs with the branch managers and corporate office executives of the bank at the half-yearly conference Thursday in Dhaka.

# Enron settles Western market dispute

REUTERS, Houston

Enron Corp said on Friday it agreed to a \$1.552 billion settlement to resolve disputes that it manipulated power and natural gas prices in the Western US energy markets between 1997 and 2003.

However, the payout from Enron, which emerged from bankruptcy in November as a private entity, will likely be far smaller, since the company's remaining assets are only a fraction of the amount it owes its creditors.

Under the settlement, Enron's power marketing unit granted the parties \$875 million in unsecured claims in the bankruptcy court that is overseeing the payout to its creditors.

Those creditors are expected to receive about 22.8 cents on the dollar per claim, bringing that amount it actually pays to about \$200 million.

The settling parties include PG&E Corp utility unit Pacific Gas & Electric Co, Edison International's Southern California Edison Co., Sempra Energy's San Diego Gas & Electric Co, the California Department of Water Resources, the California Electricity Oversight

Board, the state of California and attorneys general of Oregon and Washington.

Those parties will also receive up to \$47.3 million of receivables and cash collateral owed to Enron.

The governmental entities in the settlement will also be entitled to a \$600 million civil penalty -- although that claim will fall far down the bankruptcy court's priority list.

"Settlements such as this one allow us to remove claims against the estate so that we can accelerate distributions to all other creditors," Enron's interim Chief Executive Officer and Chief Restructuring Officer Stephen Cooper said in a statement.

The settlement is subject to approval by the Federal Energy Regulatory Commission, the California Public Utility Commission and Enron's bankruptcy court.

The dispute centered on claims that Enron -- using schemes it dubbed "Death Star," "Fat Boy" and "Get Shorty" -- manipulated the markets during the Western states' power crisis in 2000 and 2001, when energy prices there skyrocketed. The state of California and other parties claimed the energy compa-

nies withheld power illegally to drive up prices.

In conversations recorded during the power crisis that were released last year, Enron traders bragged about manipulating the California market and inflicting pain on "Grandma Millie" in the state.

"With this settlement, Grandma Millie and the rest of California will squeeze justice from this corporate turnip. All things considered, this is a good resolution for the state's ratepayers," California Attorney General Bill Lockyer said in a statement.

The state said it would use the proceeds from the settlement to give relief to California power customers.

FERC Chairman Joseph Kelliher welcomed the settlement, but stopped short of saying the commission would approve the deal.

"The dark cloud of litigation and regulatory uncertainty has been hanging over California for five years now. That's too long. It's time for all of us to step up to the plate and resolve these remaining issues," he said in a statement.



The Half-yearly Managers' Conference 2005 of Rupali Insurance Company Ltd was held yesterday in Dhaka. Chairman of the company Mostafa Golam Qudus, Managing Director PK Roy and Management and Financial Consultant M Azizul Huq, among others, were present at the meet.



Deen Mohammad, chairman of The City Bank Ltd, speaks at the bank's 21st annual general meeting (AGM) Thursday in Dhaka. Vice Chairman Aziz Al-Kaiser, Managing Director Abbas Uddin Ahmed and directors were present at the AGM. The bank also held its 22nd AGM on the same day.

# US firms renew interest in South-East Asia

ANN/THE STAR

Companies in the United States are showing renewed interest in South-East Asia as part of their diversification efforts, a trend that should be monitored by China if it wants to remain competitive, US economist Donald H. Strazheim said.

"US companies are doing so, in a move to spread the risk and to diversify out of China."

"It has been eight years since the Asian financial crisis and since the last two years, US companies have been thinking about increasing their investments in this region, including South Asia," he said at a luncheon talk organised by the Malaysian Society of Financial Analysis in Kuala Lumpur Thursday.

Citing an example of the current events surrounding US-based Chevron Corp, China National Offshore Oil Company Ltd (CNOOC) and Unocal Corp, he said these were indicators that US companies were looking for alternative economies for investment.

Chevron and CNOOC are in a tussle to acquire Unocal, another American oil company, which earlier

raised controversy due to political intervention in the commercial deal from the American and Chinese governments.

Strazheim, who is chairman and chief executive officer of Strazheim Global Advisors LLC, said although China's economy did not appear to be "overheating" as it was capable of sustaining its 8% to 10% growth rate, there were several issues to be studied.

He said presently, the Chinese government could claim control over the economy as the standards of living continued to rise in the world's populous nation.

"But the minute living standards stop rising and the economy stops growing, it will spell trouble," he added.

Strazheim said China had to make faster progress in promoting market reform in order to remain competitive and to present to the world as a credible member of the global economic and financial community.

The country needs a coherent financial system, to promote good corporate governance, curb corruption and ensure the institutions in the

country provided credible data.

Another issue was that China needed to undergo a transition from a command and control economy to a market economy, he said.

"About 90% of the control of China's big companies are in the hands of the state, which makes it difficult for outside companies to assess, quantify the risks and opportunities in China."

Strazheim also pointed out that despite China's FDI (foreign direct investment) of some US\$40bil to US\$60bil, topping India's figures, investors were starting to think of India as an alternative to spread the risk.

"India in the last 15 months has decided that it is advantageous to have economic growth and are fast learning from China."

On China's expansion plans, he expected Chinese companies to conduct acquisitions outside of China due to better profit margins.

"The Chinese are looking towards Europe and the United States for their products, which they are churning up speedily," he added.

# EU approves P&G's purchase of Gillette

AP, Cincinnati

Procter & Gamble Co.'s proposed \$57 billion takeover of Gillette, which would create a global consumer products giant, gained European Union antitrust approval Friday.

Because the two companies overlap in the European market with battery toothbrushes, P&G agreed to sell its SpinBrush line. Sales of SpinBrushes, acquired by P&G five years ago, totaled \$150 million last year; sales of all P&G products totaled some \$51 billion.

The last major step for the deal that would join such prominent

P&G brands as Pampers and Tide with Gillette's line of razors is regulatory approval from the Federal Trade Commission. FTC spokesman Mitchell Katz declined to release details of the pending review.

P&G repeated Friday that it hopes to complete the deal in the fall.

"We're still in discussions, are continuing to collect information and respond to their (FTC) questions," P&G spokeswoman Linda Ulrey said, declining to comment on details.

Corporate merger expert

Israel Shaked, a professor of finance and economics at Boston University's School of Management, said he does not expect the companies to have a problem getting FTC approval.

"I think they did overcome the most significant hurdle with the European approval," he said.

Shareholders in both companies overwhelmingly approved the merger in recent tallied Tuesday.

Gillette's Oral B brand had a 43.8 percent share of the European market last year, according to Euromonitor. P&G's SpinBrush had 6.7 percent of the European market.

# Thai consumer confidence hits 3yr low on oil-price hikes

ANN/THE NATION

Thai consumer confidence weakened to its lowest level in three years last month amid the relentless rise in oil prices and concerns over a slowing economy, according to a survey.

The University of the Thai Chamber of Commerce said its consumer confidence index fell from 83.1 in May to 80.5 in June, its lowest point since June 2002.

The survey results were released on Thursday, a day after local diesel prices were freed to float with real global prices.

With both diesel prices and interest rates on the way up, the index for this month could be further hammered if consumers tighten their belts to cope with the higher cost of living.

Manoon Sriwan, acting managing director of Bangkok Petroleum Plc, said the first day of the float saw his petrol stations' sales sink.

"Still, it is too soon to say what caused the drop. It could be temporary or permanent. We need at least two more months to find out," he said.

Untethered prices could reduce diesel consumption by 5 per cent, according to the Energy Policy and Planning Office (EPPO). During the first four months of the year, average daily diesel consumption was 58 million litres, up 8.6 per cent over last year.

According to the Energy Business Department, diesel consumption in May ran 10 per cent higher than May 2004.

Despite nine increases in diesel prices in the past month, oil prices should remain at a high level due to tight supply and hefty demand, said Metta Banterngsk, EPPO's director-general.

"The higher prices should be the most effective means to cut consumption. But if the (government's)

three measures do not work, we might consider new ones," Metta said, adding that these energy-saving measures should start producing results in a week.

The three measures are: Closing most petrol stations between 10pm and 5am, turning off the lights on large billboards at 10pm, and promoting the use of gasohol among state agencies.

An oil company executive expressed doubts about the measures.

"Diesel consumption in the transport sector will remain high, as there is no alternative network. But if there is a drop, it won't be significant," he said.

With the gradual cutback in the diesel subsidy since early last month and the latest mandatory savings policy, JP Morgan Securities (Thailand) Co Ltd expects diesel demand to begin waning.

The situation should be like last October when the government removed subsidies on petrol prices. Petrol prices have headed north since and consumption has already started declining.

During the January-April period, gasoline demand was down 7.8 per cent on year.

"We see Thailand's return to a fully liberalised oil market as a net positive. Apart from allowing consumption (and imports) of oil to fluctuate in line with real market prices, it helps remove political risks overhanging oil refiners and marketers."

"The net impact on listed energy firms will be marginally negative on earnings, but positive on sentiment, in our view," JP Morgan said.

Oil prices weighed heavily on consumer confidence. According to the university's survey, June marks the 14th straight month that the index has registered a reading below 100.

# CURRENCY

Following is Saturday's (July 16, 2005) forex trading statement by Standard Chartered Bank					
Sell	Buy				
TT/USD	BC	Currency	TT Clean	OD Sight Doc	OD Transfer
66.0200	66.0500	USD	64.8500	64.8294	64.7852
80.5170	80.5537	EUR	77.1131	77.0874	77.0380
116.8158	116.8689	GBP	112.6704	112.6328	112.5577
50.5713	50.5343	AUD	47.5399	47.5940	47.5523
0.5354	0.5355	JPY	0.5729	0.5727	0.5724
51.3974	51.4208	CHF	49.6364	49.6199	49.5868
8.4648	8.4688	SEK	7.8851	7.8824	7.8772
54.5294	54.5442	CAD	52.6166	52.5991	52.5640
8.4996	8.5035	HKD	8.3304	8.3273	8.3216
30.6096	30.6249	SGD	38.2573	38.2446	38.2104
18.4244	18.4297	AED	17.5138	17.5079	17.4963
17.7454	17.7536	SAR	17.1664	17.1604	17.1389
11.0746	11.0796	DKK	10.9427	10.9394	10.9327
222.5767	222.6801	KWD	221.0900	221.0900	221.0900

Exchange rates of some currencies against US dollar						
Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	Malaysian ringgit
43.505	59.64	100.505	41.785	6.6010	0.7243	3.80

**Local Interbank FX Trading**  
Local interbank FX market was subdued on Saturday. Demand for dollar continued to remain high in the market.

**Local Money Market**  
Money market was active on Saturday. Call money rate was unchanged and ranged between 4.00 and 5.00 percent.

**International Market**  
International market was closed on Saturday due to weekend. The US dollar strengthened broadly on Friday as

another batch of robust US economic data underscored its economic strength and supported the expectation that the Federal Reserve would continue to raise interest rate. Above-consensus reports for New York area manufacturing, national industrial production and consumer sentiment all helped confirm the view that the economy is on a solid footing and that interest rates are headed higher. At the same time, producer price inflation proved softer than analysts had expected.

This memorandum is issued by Standard Chartered Bank and is based on or derived from information generally available to the public from sources believed to be reliable. While all reasonable care has been taken in its preparation no responsibility or liability is accepted for errors of fact or any opinion expressed herein.

# ReadyCash Raffle Draw Winners

The latest ReadyCash Raffle draw took place at ReadyCash Bangladesh office at Dhanmondi on Saturday, says a press release.

Prizes	Name of Winners	Card No
Kamal General Store Free gift box	Md Iftekhar Hossain	5047980010035134
China Junction Chinese Restaurant	Md Nur Islam	5047980000057465
Free Lunch/Dinner for two		
Pallabi Computers Free Internet	Md Sohag Sikder	5047980000057464
Browsing		
Pabna Cloth Store free Gift Box	Md Aminul Haque	5047980000057451

Winners can collect their prizes from the executive, promotion of ReadyCash within 30 days of this news circulation by producing their ReadyCash card transaction vouchers. ReadyCash encourages its cardholders to read They Daily Star and the Daily Prothom Alo on every Sunday or call our Customer Service at: 8123850, 8130497, 8125294-7.