

## Asean, China on track to sign FTA by 2013

Says Malaysian PM

AFP, Kuala Lumpur

Malaysian Prime Minister Abdullah Ahmad Badawi on Friday said a free trade agreement with China will be signed by 2013, and that Malaysia's exports to China surged 25 percent to a record high last year.

Abdullah said the free-trade pact between the Association of Southeast Asian Nations (Asean) and China would be completed by 2013 while the initial common tariff reduction would be finished by 2006.

"I believe Malaysia-China trade relations will strengthen in the years ahead. Do not worry about political risks. In the years to come, Malaysia-China ties will remain strong," he said at a two-day Malaysia-China business forum.

Malaysia was the first country in Asean to establish diplomatic ties with China, in 1974.

Abdullah said that Malaysia's exports to China rose 25 percent last year to a new record of 8.5 billion dollars.

He said China was Malaysia's

fourth-largest trading partner last year with total trade of almost 19 billion dollars. Malaysia was also China's eighth largest trading partner last year.

Malaysia's exports to China include power generation equipment, mineral fuels, palm oil and animal fats.

Abdullah urged Malaysian businessmen not to regard China as an economic threat but a land filled with opportunities.

"China is not a threat. China is a country of opportunity. At the

same time we see China as a real challenge. This certainly does not estrange us but will only enhance our competitiveness," he said.

Abdullah also said that with China having acceded to a non-aggression pact with Asean, it was "becoming a trusted friend and responsible regional actor".

Last year was declared Sino-Malaysia Friendship Year to celebrate the establishment of diplomatic relations on May 31, 1974.



PHOTO: AGRANI BANK

Syed Abu Naser Bukhtear Ahmed, managing director and CEO of Agrani Bank, calls on Tan Sri Dato' Sri Zeti Akhtar Aziz, governor of Bank of Negara Malaysia, during the former's visit to Malaysia recently. Ahmed's visit aimed at establishing Agrani Remittance House in Malaysia under the ownership of Agrani Bank.



PHOTO: PRAGATI LIFE INSURANCE

Kaiser A Chowdhury, president and managing director of Arab Bangladesh (AB) Bank Ltd, and M Shefaque Ahmed, MD of Pragati Life Insurance Ltd, sign an agreement recently in Dhaka. Under the deal, employees of the bank will get health insurance services from the insurance company.



PHOTO: BAB

Bangladesh Association of Banks (BAB) organised a seminar on 'Globalisation and Bangladesh Financial System' in Dhaka recently. Chairman of the association Syed Manzur Elahi presided over the seminar, which was also attended by senior-level executives of member banks.



PHOTO: BENCHMARK

M Sajidur Rahman, head (Consumer Banking) of Standard Chartered Bank, Bangladesh, hands over the first Visa debit card of the bank to a customer at the card launching ceremony in Dhaka Thursday. Other senior officials of the bank were also present.

### Agrani Remittance House to operate soon in KL

Agrani Bank will set up a remittance house under its ownership in Malaysia.

Particulars regarding the establishment were discussed at a meeting between Syed Abu Naser Bukhtear Ahmed, managing director and CEO of Agrani Bank, and lawyers of appointed law firm in Malaysia during the former's visit to the country recently.

The meeting also decided that Nik Hisham, Fakhah and Co, the appointed law firm for the incorporation of the remittance house, will act as the company secretary of Agrani Remittance House, says a press release.

### StanChart launches Visa debit card

Standard Chartered Bank on Thursday launched Visa debit card for its customers in Bangladesh.

The cardholders will now be able to pay for their day to day shopping, dining or car re-fuelling from their bank accounts.

The debit card can be also used for cash withdrawal or deposit or utility bill payment through the ATM booths of the bank, says a press release.

## India's economy poised for leap

AFP, New Delhi

India's industrial production posted its highest growth in a decade Friday as inflation fell to a two-year low, leading analysts to forecast the economy could expand by 7.5 to 8.0 percent this year.

Annual industrial output grew by 11.7 percent in June, the fastest clip in nearly 10 years, as India's increasingly affluent consumers bought new cars, refrigerators and other manufactured goods.

Industrial production grew by 7.3 percent in the same month a year earlier.

"I expect growth (in the financial year to March 2006) to be in the 7.5 percent to 8.0 percent range," said D.H. Panandikar, head of the RPG

economic think-tank in New Delhi.

"This year, industrial growth is one of the highest ever. The farm sector will also grow strongly because of good monsoon rains. The economy is definitely on the upswing," he said.

The government has targeted growth of seven percent for this fiscal year.

Last year, India's economy grew by 6.9 percent after patchy monsoon rains hit farm output. But the year earlier it notched up growth of 8.2 percent.

In other good economic news, inflation hit its lowest level in two years, slipping to 3.84 percent for the week ended July 30 from 4.07 percent the previous week and 8.02 percent a year ago, helped by lower food prices.

## US to seek textile deal with China

AP, Washington

The Bush administration, struggling to deal with America's surging trade deficit with China, announced Thursday it would begin negotiations aimed at broad restrictions on imports of Chinese clothing and textiles.

Critics said such new limits could cost American consumers billions of dollars in higher clothing costs. Supporters said a comprehensive deal imposing limits on Chinese imports was needed to protect a US textile and apparel industry that has been left reeling with the expiration of global quotas at the start of this year.

Several Republican lawmakers from textile states have demanded that the administration agree to begin talks with China in return for their support for the just-passed Central American Free Trade

Agreement, which squeaked through the House by a slim two-vote margin.

One of those lawmakers, Rep. Robin Hayes (news, bio, voting record), R-N.C., praised the administration's decision. He said he changed from opposing the free trade deal with six Latin American countries to supporting it because of commitments the administration had made to provide relief to the US textile industry.

"Not until the administration said it would work with the industry on the issue of exploding imports from China was I able to support (Cafeta)," he said in a statement.

The office of US Trade Representative Rob Portman announced that a US negotiating team would travel to San Francisco for talks next Tuesday and Wednesday with a delegation from China.

### Weekly Currency Roundup

Aug 6-11, 2005

#### Local FX Market

Demand for US dollar remained high in the market.

#### Money Market

In the Treasury bill auction held on Sunday, bid for BDT 4,534.00 million was accepted, compared with BDT 9,602.00 million in the previous week's bid. Weighted average yield of t-bills were mostly unchanged.

Call money rate was downward in the week. Call money rate ranged between 7.00 and 8.00 during the beginning of the week, while the rate was closed at 5.25-5.75 percent.

#### International FX Market

The yen recovered from a 3-1/2 month low against the euro and regained ground versus the dollar on Monday as worries over the impact of a possible snap election in Japan eased. Meanwhile, the dollar fell towards last week's two-month low versus the euro as investors waited to see whether the Federal Reserve would sound hawkish after Tuesday's interest rate decision. Against the euro, the yen was also recovering some poise to 138.46 yen. Market was awaiting for Tuesday's interest rates policy decision in the United States. The Federal Reserve was expected to deliver its 10th straight 25 basis point increase in its funds rate at a meeting on Tuesday, taking it to 3.5 percent.

The yen gained ground against the euro and the dollar during middle of the week as foreign investors chased a rally in Tokyo shares, which hit 4-year highs on data showing a brightening outlook for Japan's economy. The dollar slipped against most major currencies after the Federal Reserve lifted its funds rate for a 10th straight time to 3.5 percent but failed to deliver a stiffer warning about combating inflation pressures, disappointing some traders. Euro was little changed against USD, while Sterling rose to a five-week high against the dollar as investors anticipated that the Bank of England's quarterly inflation report would offer support for the pound.

The yen rose to a three-week high against the dollar on Thursday, bolstered by Tokyo stocks which hit four-year highs on optimism about Japan's economy and easing concerns about the country's political outlook. The dollar struggled near a 2-1/2 month low against the euro as investors squared positions ahead of US retail sales data for July due later in the session and trade deficit data for June on Friday.

- Standard Chartered Bank

## STOCK