

Malaysia factory output up 4.1pc in August

AFP, Kuala Lumpur

Malaysia's industrial output rose 4.1 percent in August compared to the same period a year ago and increased 0.6 percent from July, official data showed Friday.

The Statistics Department said the year-on-year increase reflected 7.4 percent growth in the electricity sector and 4.6 percent increase in manufacturing.

However, it said the mining sector recorded a decrease of 0.9 percent.

Month-on-month, mining output rose 5.1 percent, electricity was up 2.0 percent but manufacturing declined 0.3 percent.

Airbus capable of developing A350: CEO

AFP, Paris

European aircraft manufacturer Airbus said on Friday that it could finance the costs of developing its A350 mid-sized airliner without loans from European governments.

Commenting on the estimated 4.35-billion-euro (5.35-billion-dollar) cost of the project, chief executive of Airbus, Gustav Humbert, said: "We are able to finance the A350 from our own funds".

On Thursday, shareholders in Airbus had approved the launch of the A350, but said Airbus would temporarily forego controversial government loans because of a trade dispute between the European Union and the US.

The United States has accused European governments of breaching international trade rules by giving loans to Airbus to assist with developing new aircraft.

The dispute has been taken to the World Trade Organisation for resolution.

Reckitt Benckiser buys Boots Healthcare

AP, London

Reckitt Benckiser PLC has agreed to buy the consumer healthcare division of Boots Group PLC for 1.9 billion pounds (\$3.4 billion), the companies announced Friday.

The price for Boots Healthcare International was more than the 1.2 billion pounds (\$2.1 billion) forecast by analysts.

Boots, which announced a merger with Alliance Unichem PLC on Monday, had put the Healthcare business up for sale in April after deciding it wanted to focus on the performance of its 1,400 U.K. outlets.

Reckitt Benckiser Chief Executive Bart Becht said the deal will add "three power brands" to the company's portfolio - Nurofen in analgesics, Strepisil in sore throat, and Clearasil in anti-acne.

"All three brands are already global leaders and have substantial further growth potential," Becht said.

Reckitt Benckiser's main businesses are household cleaning products, but it also owns healthcare brands such as Lemsip, which provide around 15 percent of the company's revenues. Becht said the deal would result in a 90 percent rise in its health and personal care revenues.

US loses 35,000 jobs in Sept

AFP, Washington

The US economy lost 35,000 jobs in September in the wake of Hurricane Katrina, and the jobless rate rose to 5.1 percent from 4.9 percent, the Labor Department said Friday.

The job losses were less severe than the 150,000 feared by Wall Street economists in the wake of Katrina's devastation of the Gulf Coast.

The government would not precisely quantify the impact of Hurricane Katrina but gave a rough estimate of 230,000 lost jobs based on the assumption that hiring was normal elsewhere. Job losses were concentrated in manufacturing, retail and leisure.

The Labor Department noted that the impact of Hurricane Rita had little effect on the payroll report because it hit late in the month, after most data were collected.

DOUBLE TAXATION AVOIDANCE DEAL

Dhaka, Riyadh end final negotiation

STAR BUSINESS REPORT

Bangladesh and Saudi Arabia have concluded final negotiation on double taxation avoidance.

Negotiators of the two countries, who held talks between September 26 and September 28 in Dhaka, reached consensus on some 29 issues such as shipping and airline business, dividend and royalty.

NBR (National Board of Revenue) source said as per a consensus reached in the negotiation, the Bangladeshis working in Saudi Arabia will not have to pay taxes if the annual income of one does not cross US\$6,000.

Both the sides agreed that in the

case of shipping business, 50 percent tax will go to Bangladesh while the rest 50 percent to Saudi Arabia.

In case of airline business, tax will go to the country that owns the airline.

AS Zahir Muhammad, member of NBR, led the Bangladesh side while Solaiman Al Nazasi, director general of finance ministry of Saudi Arabia, led the other side.

If a Saudi businessperson invests in Bangladesh, he or she will have to pay 10 percent profit to Bangladesh according to the negotiation, which is 15 percent as per the existing tax structure. Investors will enjoy some more facilities according to the negotiations.

The new tax structure will encourage a number of Saudi entrepreneurs, who have already expressed their interest to invest in Bangladesh, an NBR official said.

Although the final negotiation is over, the agreement will come into effect after the two governments approve it.

So far, Bangladesh has signed double taxation avoidance agreements with 26 countries including USA, India and Pakistan. Besides, a multilateral tax treaty is also expected to be signed between the South Asian Association for Regional Cooperation (Saarc) countries in the next Saarc summit slated for November 12-13 in Dhaka.

Indian domestic airfare goes up from tomorrow

PALLAB BHATTACHARYA, New Delhi

Airfare in India's domestic routes will become costlier from tomorrow with private carriers Air Sahara and Jet Airways announcing a ten percent hike.

The fare increase follows the rise in cost of Aviation Turbine Fuel (ATF) in the last few months.

Jet Airways, the biggest private airlines, said in a statement that apart from hike in business and economy class fares, there would be a propor-

tionate increase in such other levels as promotional, excursion and check fares.

Tickets issued or re-issued on or after October 14 will be at the revised fare irrespective of the date of travel but confirmed tickets issued on or before October 13 will be honoured at the pre-revised fares within the validity period of the ticket.

State-owned Indian Airlines is also likely to announce a hike in its fares. India's flag-carrier abroad Air India has already been allowed to hedge ten

percent of ATF price rise in its lifts from abroad from January next year.

Civil Aviation Minister Praful Patel said on Thursday that the government was considering allowing all airlines to hedge rising ATF price.

Aviation industry sources do not expect any impact on domestic air passenger traffic in view of the strong growth ranging between 20 and 25 percent annually in the last one year, reflecting a boom in civil aviation market.

Japan's forex reserves come off record highs in September

AFP, Tokyo

Japan said Friday that its foreign exchange reserves fell 4.20 billion dollars to 843.56 billion in September compared with August. Japan's forex reserves, the biggest in the world, are watched closely for evidence of how the country is managing its vast foreign currency holdings.

Japan said it again refrained from intervening on the currency market in September. The Japanese authorities have stepped into the currency market on numerous occasions in the past, selling yen to try to stop it appreciating too quickly, but they have not intervened since March of last year.

A strong yen makes Japan's exports more expensive to overseas buyers and cuts into Japanese companies' overseas earnings. Foreign exchange reserves include securities and deposits denominated in foreign currencies, as well as gold and International Monetary Fund (IMF) special drawing rights.

China official to leave number two job at WB

AFP, Washington

Chinese national Shengman Zhang is departing as the number two ranking official at the World Bank, a spokesman said Thursday.

World Bank spokesman Damian Milverton confirmed earlier reports that Zhang would be leaving the post of managing director of the World Bank Group, adding that an official announcement is expected in the coming weeks.

Zhang was appointed to the job in 1997 and has been in charge of the Bank's operations worldwide, including all its six geographical regions and six sectors.

He chairs the Bank's Operations Policy Committee, the Operations Committee, the Sanctions Committee and the Corporate Committee on Fraud and Corruption Policy. Zhang is also chairman of the Bank Group's Crisis Management Committee.

According to his official biography, he was vice president and secretary of the World Bank from 1995 to 1997; and executive director for China from 1994 to 1995. Earlier, Zhang held a number of senior positions at the Ministry of Finance in China.

Hurricane damage costs up to \$130b

AFP, Washington

Hurricanes Katrina and Rita caused between 70 and 130 billion dollars in property damage and will have a sharp if short-lived impact on the overall economy, the US Congressional Budget Office said Thursday.

The CBO said the insured and uninsured damage to homes, business and other property will likely be less than the high of 140 billion dollars estimated by the economic firm Risk Management Solutions but would still be the costliest natural disaster in recent US history.

The overall economic impact of the storm, however, is likely to be felt only for a few months before recovery in the fourth quarter of this year, CBO director Douglas Holtz-Eakin told the House of Representatives Budget Committee.

Holtz-Eakin said the two storms probably wiped out between 293,000 and 480,000 jobs in the region and that total economic output may be cut by one to 1.5 percentage points in the third quarter. But he said recovery would likely be swift.

"As cleanup and repair begin, the economy in the fourth quarter is likely to grow at a rate not much different from what it would have been without the hurricanes and possibly even a little higher," he said in his prepared remarks.

"Real GDP growth for the two quarters together -- that is, for the second half of 2005 as a whole -- is likely to be dampened by about half a percentage point. By the first quarter of 2006, though, spending to repair or replace the capital stock (homes, business structures, and equipment) is likely to drive the level of output back roughly to its previous trend and to continue to add slightly to growth during the rest of that year."

Tata's humane face

RAFIQ HASAN, back from Jamshedpur

Fulko Devi, a member of ancient tribe Birhore, which is on the verge of extinction, now weaves rope manually to earn her living at a remote village in west Bokaro, around 70 kilometres north of Ranchi, the capital of Jharkhand.

Fulko, 22, is among the 3,000 Birhore people who have managed to survive.

Hunting in the jungle was the main livelihood of Birhore tribe. But as the number of animals in the jungle has reduced, the life for the Birhore people has become tougher. It is the Indian conglomerate Tata which has come up to the tribe's help by providing it with job of weaving rope, which they can do well.

"We have given them the job of weaving rope because they hardly can do any other work," said a Tata official.

Fulko earns between Rs 70 and Rs 80 a day by weaving rope and maintains her five-member family.

Tata officials said the industrial giant has taken steps to help such 100

Birhore families living in the area and the initiative is a part of Tata's social development programme.

The Indian conglomerate is operating such social development programmes in 33 villages in west Bokaro district and around 4,000 people are being directly benefited from the programme.

This is an example of Tata's involvement with social development activities for those people who are not directly involved with the company. Now 66 percent of Tata's \$ 1.9 billion annual profit goes to such charity.

The annual earning of the conglomerate comprising 91 companies reached \$17.6 billion. The company hopes to increase the earnings to \$24 billion by this year.

Tata's corporate social responsibility (CSR) programmes cover huge areas. It offers manual work facility for ultra-poor tribal people, literacy programme for elderly villagers, mother and child healthcare facilities, family planning, training for the disabled, services of hospitals and community clinics, sports training,

sanitation, training in pisciculture and tree plantation and what not.

Some of these programmes are being run by various Tata trusts and non government organisations (NGOs). IN Tata Endowment, Indian Institute of Science, Lady Tata Memorial Trust, Tata Institute of Social Science, Tata Memorial Centre, Tata Memorial Hospital, National Centre for the Performing Arts are the few names of the social institutes run by Tata trusts.

The Tata Motors in Jamshedpur has assigned NGOs Gram Vikas Kendra, Parivar Kalayan Sanstha, Nav Jagrat Manav Samaj, Shiksha Prasar Kendra and Advansi Affairs to implement its social development programmes.

Under the Tata Motors' education programme, Shiksha Prasar Kendra runs 33 schools and institutions.

In the field of sports, it was Tata, which set up first football academy in India. Besides, the company has established Tata Archery Academy in Jamshedpur for the tribes.

China needs to act soon on yuan: US

REUTERS, Washington

US Treasury Secretary John Snow said on Friday China needs to act "soon" to let its yuan currency become more flexible and he will tell Chinese officials that in person next week.

In an interview on CNBC television, Snow said China made "an important first step" in July in ending its peg between the yuan and the dollar.

"The Chinese government in July made an important first step but a lot more needs to be done," Snow said.

"They need to continue to build on that step and do as they said they would do an let market forces work, let demand and supply in currency markets determine the value of the yuan," he added.

In July, China ended its policy of pegging the yuan, also known as the renminbi or RMB, at 8.28 to the dollar, revaluing it by 2.1 percent and moving to a managed float with reference to a basket of currencies.

But it has appreciated little since that time and, once again, criticism is being raised by U.S. lawmakers and manufacturers who claim Chinese-

made imports are effectively undervalued because its currency is not permitted to appreciate to fully reflect its strong market position.

Snow is to visit Japan and China next week and will meet senior Chinese government officials. "I will certainly, I can assure you, press them forward on that issue when I'm there next week."

In a separate interview on Bloomberg Television, Snow indicated the Bush administration sought additional leverage in its calls for Chinese authorities to let the yuan appreciate more by enlisting the help of the International Monetary Fund.

"The IMF is the agency responsible for global surveillance and they have a real responsibility to step forward here and I will be mentioning that in conversations later with the managing director, Rodrigo Rato," Snow said. He leaves for Japan on Saturday and will arrive in China on Tuesday, making stops in Shanghai and Chengdu before arriving in Beijing a week from today.

The U.S. Treasury chief is attending a meeting of Group of 20 finance

ministers and central bankers on the outskirts of Beijing next weekend, but will hold a series of one-on-one meetings on the sidelines with Chinese and other officials.

Snow said on CNBC that he was confident China will act to permit more yuan flexibility -- "I remain confident the Chinese are as good as their word" -- but: "I want to press them on it, though, and let them know the importance of them moving soon."

"We need to see action," he added, without saying whether he will propose a specific action or what it might be.

On Bloomberg TV, Snow was asked if the United States will consider imposing trade sanctions against China if it resists further moves to let the yuan's value to rise.

In the past, Snow has warned that trade protectionism would be a mistake but he has also indicated he regularly warns Chinese officials that calls on Capitol Hill for sanctions add to the urgency for Beijing to act voluntarily to head off such pressures.



Sajjatz Jumma, chairman of Shahjalal Islami Bank Ltd, and M Kamaluddin Chowdhury, managing director, call on Veena Sikri, Indian high commissioner to Bangladesh, at the latter's office in Dhaka on Tuesday to discuss various trade-related issues particularly payment against LCs.

New round of US-China textile talks next week

AFP, Washington

The United States and China will hold a new round of talks October 12 and 13 in Beijing aimed at settlement of a thorny dispute on textile trade, US officials said Thursday.

The US delegation will be headed by special textile negotiator David Spooner and will include representatives from the Departments of Commerce, State, Treasury, Labor, and Customs and

Border Patrol, according to the US Trade Representative's office (USTR).

The talks are aimed at a comprehensive agreement to regulate Chinese textile shipments, which have soared since global quotas were scrapped on January 1.

Since then, the US government has slapped what it calls "cumbersome" quotas on individual categories of Chinese textile exports in response to

demands for action from the US industry.

Nearly 400,000 textile and apparel manufacturing jobs in the United States have been lost since 2001, primarily due to a flood of "subsidized" Chinese clothes, the US industry alleges.

The latest round of talks ended without agreement in Washington last month.

Oil prices rebound in Asian trade

AFP, Singapore

Oil prices rebounded in Asian trade Friday after falling to their lowest levels in more than two months amid signs of easing demand in the United States, dealers said.

They said the slow recovery in revving up refineries damaged by Hurricanes Katrina and Rita in the oil-producing US Gulf Coast and the forthcoming northern hemisphere winter should keep the pressure on higher prices.

At 11:25 am (0325 GMT), New York's main contract, light sweet crude for delivery in November, was up 43 cents to 61.79 US dollars a barrel from its close of 61.36 dollars in the United States Thursday.

"The market overshot (Thursday) when traders sold positions to liquidate," said Tetsu Emori, chief com-

modities strategist at Mitsui Bussan Futures in Tokyo.

Emori said the demand-supply balance in the United States, the world's biggest energy consumer, remained "serious", especially with many refineries damaged by the two hurricanes still out of service.

The US Department of Energy (DoE) said US refineries were operating at only 69.8 percent capacity in the week to September 30, against 86.7 percent the previous week.

"If we look at the big picture in the United States, the supply-demand balance is in a more serious situation than it appears," Emori said.

He cited declines in gasoline and distillates inventories -- a situation likely to continue with many refineries still shutdown.

"This means if the recovery of refineries is slow, then the production

of oil products like gasoline and heating fuel will also be quite slow," he said.

Emori disagreed with projections of a slowdown in global demand, saying that even if there is an easing, demand would still be steady.

"We are also about to enter the winter season and if the winter season is colder than forecast then natural gas prices will be going up further," he said.

"What I can say is that if the oil products supply does not recover in one month and demand is steady and (US) imports are limited, then oil prices should go up."

Crude futures had begun falling sharply on Tuesday as speculators bailed out on signs the United States might release more emergency stockpiles of crude.