

## Gold glitters to new high

MD HASAN

Gold prices in domestic market have hit a new high with guinea (21 carat) selling at Tk 11,800 and 22 carat at Tk 12,360 a bhoori.

Guinea was selling at Tk 11,400 while 22 carat at Tk 12,000 a bhoori (11.66 grams) last month, said jewellers, who have attributed the high prices to soaring international prices.

Big investors and clients in the major economy usually prefer to stock dollar in banks and also in the big securities, the jewellers said. But in the face of prolonged unstable political situation in international arena, the investors now prefer to stock gold instead of dollar, pushing gold prices up, they added.

Bangladesh Jewellery Manufacturers and Exporters Association (BJMEA) statistics show gold prices in the local market went up by Tk 5,500 per bhoori in the last five years.

According to the BJMEA, average gold price in the international market is now US\$ 466 per ounce (2 bhoori and 10.5 ana) against \$280 in September 2001.

Anwar Hossain, president of BJMEA, said demand for gold has declined in Bangladesh due to high price. But the demand has increased in China and India, he added.

He said the demand for gold in these two countries increased to 800 to 1200 tons in 2005 from only 300 to 400 tons in 2000.

Hossain said total demand for gold in the domestic market decreased to 40 tons in 2005 from 50 tons in 2001.

Bangladeshi jewellers usually source gold from Saudi Arabia, UAE, and Qatar.

### GOLD PRICE (PER BHORI) IN LOCAL MARKET

YEAR	GUINEA (21 CARAT)	22 CARAT
2000	Tk 6,700	Tk 7,000
2001	Tk 7,000	Tk 7,300
2002	Tk 7,900	Tk 8,300
2003	Tk 9,100	Tk 9,600
2004	Tk 10,100	Tk 10,600
2005	Tk 11,800 (up to October 2005)	Tk 12,360 (up to October 2005)

Source: Bangladesh Jewellery Manufacturers and Exporters Association (BJMEA)

STAR GRAPHICS

## US closer to building natural gas pipeline

AP, Anchorage, Alaska

State officials agreed Friday to key terms of a contract with one of three oil companies negotiating to build a 2,100-mile natural gas pipeline from Alaska through Canada and into the Midwest.

ConocoPhillips agreed to provide the state with a fair share of the revenues, access to the gas and job preferences for Alaskans on the pipeline, among other demands, said Gov. Frank Murkowski.

"We're now one step closer to making an Alaska natural gas pipeline a reality," said Jim Bowles, president of ConocoPhillips Alaska Inc. "The journey has just started."

Terms of the agreement with ConocoPhillips won't be released because negotiations are continuing with BP and Exxon Mobil, Murkowski said.

The pipeline would be the largest construction project ever undertaken in North America, Murkowski said.

ConocoPhillips, Exxon Mobil and BP applied as a group early last year to negotiate fiscal arrangements to build the \$24 billion pipeline. The state would contribute \$4 billion and the Legislature would have final say on the contract.

## Singapore GDP may grow up to 5pc in 2006

AFP, Singapore

Singapore's economy looks set to grow by up to 5.0 percent in 2006 thanks in part to the world's thirst for oil, which is boosting the local refining and oil rig industries, the central bank said Friday.

Gross domestic product (GDP) will expand between 3.0 and 5.0 percent in 2006, the Monetary Authority of Singapore (MAS) said. This year, GDP is seen growing at the higher end of the official forecast of 3.5-4.5 percent.

"The outlook for the Singapore economy will depend on the prospects of the global economy which, barring further shocks, is expected to grow at a steady pace into 2006," the MAS said in an outlook report.

## Reopen land ports for yarn import

### BKMEA again urges govt as yarn price rises to \$2.65 from \$2.20 a kg in 3 weeks

BDNEWS, Dhaka

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) yesterday once again urged the government to re-open land ports for import of yarn to meet the growing demand.

In a statement, BKMEA said the price of per kilogram of yarn rose to 2.65 dollars from 2.20 dollars in the last three weeks.

"Soaring price of locally produced yarn and inadequate supply have been raising the cost of the knitwear production," BKMEA President Fazlul Haque said.

"The exporters are facing tremendous problems in carrying out their

orders on time and fearing loss of future orders," he added.

Haque said the growth of knit industry is over 30 percent a year, but local textile mills have failed to meet the demand of the fast growing factories.

He said import of yarn through land ports has remained shut since 9 March 2001. At present, yarn is being imported through waterways.

But only four ships are available against the required seven. The knitwear industry cannot carry out the buyers' orders on time due to lack of yarn, he added.

If the government does not permit them to import yarn through land ports they will be compelled to cancel

their orders and have to incur heavy loss, which will threaten the existence of the industry, he said.

Haque said knitwear worth US\$ 2,819 million was exported in the last fiscal year against the current year's target of \$3,600 million.

He said if the present trend continues it will be impossible for them to reach the target.

This year, the total amount of imported yarn will stand at 1.25 lakh metric tonnes, the statement said.

Bangladesh Textile Mills Association (BTMA) is opposing BKMEA's proposal on import of yarn through Benapole land port, saying the move will harm local industry.

## Business team visits Uzbekistan

A three-member business delegation recently visited Uzbekistan to see cotton industry-related infrastructure facilities there.

The team comprising Sultan Ahmed, director (Finance) of Prime Group of Industries, Khan B Rahman, deputy managing director of Khansons Group, and Deepok K Baral, president and chief executive officer of DSM Commodities, visited SIFAT, the central laboratory for cotton testing in Tashkent, capital of the country.

They also met Uzbek government officials, says a press release.

Uzbekistan contributes a large volume of raw cotton to Bangladesh spinning and textile mills.

## Vietnam rounds on US over bid to join WTO

AFP, Hanoi

A senior Vietnamese official has rounded on the US for "making trouble" over its bid to join the World Trade Organization, which he said would not go ahead in December as had been hoped, state media said Saturday.

WTO ambassador Ngo Quang Xuan said in an interview with the Tuoi Tre newspaper that it was "not possible" for Vietnam to join the global trade body when it holds its next ministerial meeting in Hong Kong in December.

But he said it was not Vietnam's fault that the communist nation had failed to conclude bilateral negotiations with some countries, singling out the United States.

"The fact that the United States are still making difficulties on the negotiating table is an attitude that lacks goodwill," Xuan said.

"It is not because Vietnam did not make enough efforts," he said. "We did everything we could and we overcame many difficulties (in Vietnam) and abroad."

Vietnam formally applied to join the WTO in 1995 but actual negotiations started only in 2002.

The country was under no formal pressure to join by the end of this year but has until very recently held December as its target.

## Okay Airways says budget model not viable in China

AFP, Shanghai

Okay Airways, China's first private airline, has ditched its low-cost business model because government restrictions have made it impossible for it to survive, state press reported Friday.

"Given the current practical conditions and all kinds of policies Okay Airways feels it impossible to really succeed as a low-cost, budget airline," China Securities Journal quoted Liu Jieyin, chairman of Okay Airways as saying.

After only seven months in operation Liu conceded that the first company to challenge the domination of China's state-owned airlines would have to adopt a more conventional business model if it was to survive.

Two-way trade between Thailand and India was worth \$2 billion last year, up 34 per cent from 2003.

## Bangladesh may turn regional IT hub in 5 yrs

### Microsoft country director talks to The Daily Star

BARNABY SKINNER

As US software giant Microsoft set up its first office in Dhaka a year ago, Country Director Feroz Mahmud looks back on the company's activities and forecasts much work ahead. And he sees light at the end of the tunnel for Bangladesh's IT industry.

"In many ways, the outset is like that in India. The country has human resources and a growing number of quality IT students," Feroz said in an interview with The Daily Star adding, "Microsoft sees great potential of Bangladesh for flourishing in the next few years."

This outset was the main reason for the former IBM marketing manager to join Microsoft and set up an office on Gulshan Avenue a year ago.

"The difference between us and India is that we didn't jump on the bandwagon five or six years ago," Feroz felt. He sees three main reasons for this. Firstly, Bangladesh is still waiting for the international submarine fibre optic cable. Secondly, the government is not investing the promised two percent of the Annual Development Programme (ADP) in IT. And thirdly, Intellectual Property Rights (IPRs) are not being enforced properly.

Developing awareness for IPRs has been Microsoft's first main focus in Bangladesh. "We are not concentrating on private users, but on businesses," he says. Many large companies in the telecommunication and banking sectors have licensed the Microsoft products in the last twelve months.

Among the companies co-operating with Microsoft are GrameenPhone Ltd, AKTEL, CityCell, Rupali Bank and Janata Bank. Feroz stresses that the government and its ministries are also coming one by one to terms with Microsoft's licensing regulations.

Concerning small and medium-sized companies he has, however, not been successful to date. "We realise that our licensing fees are too high for companies that are used to paying Tk 100 (around \$1.49) for our Office 2003 package. In academia, we offer the package at \$54, instead of \$399. In a commercial environment this is not possible of course."

Regarding small businesses, Microsoft is not much further than a year ago. But Feroz sees no way around licensing. He believes that transparent and properly enforced IPRs might be costly in an initial stage, but in the long run they are



Feroz Mahmud

good for business.

"It's about innovation and incentive," he said adding "Take Mustafa Jabbar's Bangla keyboard as an example. He invented it. But now everybody is copying it. Why should people invent things if everybody can copy them afterwards and reap the fruit of the inventor's hard work?"

In an optimistic outlook Feroz believes that if the government starts investing more in IT and IPRs are properly installed, Bangladesh could in five years become a regional IT hub. "We will never be able to be compared with the whole of India, but why not with certain regions such as Mumbai."

Bangladesh's IT market today is sized at around \$90 million. Going with Feroz's goal of a regional IT hub by 2010, the market should increase to \$700 million- \$800 million in the next five years.

In a final question, The Daily Star asked Feroz, if some of Office 2010 might be programmed in Bangladesh. He laughed and answered: "We've got a long way to go for that. But as country director of Bangladesh, that's what I dream of, yes."

## Hurricanes cut US Gulf exports 15.2pc in Sept

REUTERS, Washington

Hurricanes Katrina and Rita took a big bite out of US Gulf Coast exports in September, a US Census Bureau report showed.

Total exports through the ports on the Gulf Coast between Tampa and Houston declined \$1.2 billion, or 15.2 percent, based on a comparison of preliminary, non-seasonally adjusted data for September and August, the Census Bureau said in its first estimate of how the storms effected US trade.

Exports through the hard-hit New Orleans region ports fell \$590 million in September, led by big drops in chemicals, petroleum, coal products and farm and food products. The United States ships much of its corn, wheat and soybeans through Louisiana ports on the Mississippi River.

Operations at the Port of New Orleans, which port officials estimate could cost to \$1.7 billion to repair, are still well below normal more than six weeks after Katrina.

"We're averaging now somewhere in the neighborhood of 14 to

15 ship calls per week," or about 35 to 40 percent of pre-hurricane levels, said Chris Bonura, a port spokesman. "Truck capacity is about 35 to 40 percent, too."

Meanwhile, outbound trade through the Houston area ports dropped \$579 million in September, with chemicals and machinery showing the biggest declines.

US crude oil prices hit a record high of \$70.85 per barrel in the immediate aftermath of Katrina, which slammed into the US Gulf Coast on Aug 29, shuttering much of the region's oil-producing and refining capacity.

Because of the high prices, the value of crude oil imports through the Gulf Coast region declined only 3.3 percent in September to \$6.82 billion even though the volume fell 11.6 percent to 119.1 million barrels.

Overall imports through the Gulf Coast ports increased 4.4 percent, or \$622 million, the Census Bureau said. The data suggests many incoming shipments were rerouted to ports not shut by the storm. US imports have been at record levels this year in the face of strong consumer demand.

## Philippine leader says economy to 'take off' after tax ruling

AFP, Manila

Philippine leader Gloria Arroyo on Saturday said the country was on the verge of "economic take-off" after the approval of an expanded goods and services tax, brushing off fears it will raise inflation and hit the poor.

Arroyo said the Supreme Court go-ahead for the expanded value-added tax (VAT) on Tuesday, paving the way for full implementation on November 1, had boosted investor confidence.

"As we are poised for the expanded VAT implementation with strong safety nets, global confidence in the Philippines is resurgent," Arroyo said in a statement after a meeting of economic advisers.

"Our economy continues to look up because this government is closely and consistently focused on it," said Arroyo, whom the opposition has been trying to unseat for the past five months on charges of election fraud.

The expanded VAT is the centerpiece of the government's campaign to control the budget deficit and forestall a looming fiscal crisis, but even Arroyo's allies worry that it may worsen inflation at a time.