

Uttara Motors launches Swift of Suzuki series

STAR BUSINESS REPORT

Uttara Motors Ltd, a concern of Uttara Group of Companies and sole distributor of Indian Maruti Suzuki cars in Bangladesh, yesterday launched Swift car of Suzuki series.

Matiur Rahman, chairman and managing director of Uttara Motors, formally launched the car at a function at the showroom of the company on Gulshan-Tejgaon Link Road.

The new 1300cc Swift car is priced at Tk 8.5 lakh in the local market.

The five-seated car, designed jointly by Indian and Japanese engineers, has a 1.3 litre AITec 32 engine with six onboard computers to optimise its performance and help drive greatly, said chairman of Uttara Motors at the function.

"We have already sold four cars of the new brand at its launching ceremony and got twelve bookings from the customers, which is a sign of its competitiveness," he added.

Uttara Finance Ltd, a concern of Uttara Group, offers loan facilities to the customers of the car without any down payment.

Brac Bank also provides car loan facilities for the customers under a deal with the Uttara Group. Besides, Hongkong and Shanghai Banking Corporation (HSBC) Ltd, Standard Chartered Bank and Prime Bank Ltd will offer the same facility to the customers.

Around 61,000 units of the brand, which received the 'Indian Car of the Year 2005-2006' award, were sold in India at its launching year there in 2005. Swift has also got car of the year awards from Japan, the UK and New Zealand.

Dollar recovers after US data

AFP, New York

The dollar recovered against the euro Friday after a fall in the wake of weaker-than-expected US consumer confidence data proved short-lived.

The euro stood at 1.2825 dollars around 2100 GMT, unchanged from its level late Thursday in New York.

The dollar was down at 115.77 yen, from 115.92, with the Japanese currency benefiting from China's decision to raise interest rates for the second time in less than four months.

The latest University of Michigan survey showed the headline consumer sentiment index fell sharply to 78.7 in August from 84.7 in July, well below analysts' expectations.

Standard Chartered currency analyst Marios Maratheftis said the data pushed the euro and the pound to the upper end of the day's ranges. When they were unable to break above that, however, the dollar moved back up again.

"This consolidation is likely to continue until the market is convinced that the Federal Reserve has finished hiking interest rates," he said, adding that currency trade remains rangebound at the moment.

He said the market was still pricing in a chance of over 50 percent that inflationary pressures will force the Fed to raise US rates again by the end of the year, after it recently called a halt to a long campaign of hikes.

Bangkok okays GE's 25pc acquisition of Thai bank

AFP, Bangkok

Thailand's finance ministry said Friday it had approved a 430-million-dollar deal for a unit of US conglomerate General Electric to acquire a 25 percent stake in Thailand's Bank of Ayudhya.

Financial giant GE Capital Asia Pacific will acquire about one billion shares in Thailand's sixth-largest bank, said Finance Minister Thanong Bidaya.

Bank of Ayudhya executives have said shares would be priced at 16 baht (43 cents) each.

"After the acquisition, foreign ownership in Bank of Ayudhya would not exceed the ceiling of 49 percent under the Thai law," Thanong told reporters.

"Having GE Capital as the new partner will help strengthen Bank of Ayudhya's competitive edge in terms of capital and technology enhancement."

Before the transaction, foreign investors already owned about 30 percent of the shares in the bank but the bank will issue new shares so the ratio of foreign ownership stays below 49 percent.

POWER SECTOR REFORMS

Minister cautions against ADB's high interest loans

STAR BUSINESS REPORT

The state minister for power yesterday criticised the Asian Development Bank as the multilateral donor agency offers high interest loans for power sector reforms.

"The ADB wants to give us loans at 5.5 per cent interest rate for power sector reforms. But, we have to be cautious about the high interest rate," said Anwarul Kabir Talukder as he was addressing a roundtable titled 'Power Sector Reforms: Holding Company Concept and Related Issues'.

The country needs homegrown reforms in the power sector, the state minister also told the roundtable, organised by Bangladesh Water and Power Engineers Association (BWPEA) in Dhaka.

However, the state minister said donors such as the World Bank and ADB can extend their unconditional co-operation.

Favouring a 'quick reform process' instead of a longtime reform process, the state minister said there is a need for reform and re-organisation in the power sector. "But, it should be at our thinking and way."

"However, if we cannot utilise our

own resources and opportunities properly, it is not possible to improve the situation even with financial assistance from abroad," he said.

Talukder also said the power sector should be in control of the government until the country's socio-economic position could not be similar with a developed country's socio-economic position. "Instead of privatising the power sector, we are trying to introduce a corporate culture in the power sector," he said.

A committee is conducting a study on converting the PDB into a holding company, the state minister said, adding that the committee will submit a report very soon and the government will surely take action in line with the recommendations of the committee.

Expressing deep concern at the Power Development Board's (PDB) present situation, which incurs a huge loss every year, the state minister said if the situation continues, the PDB will not only be bankrupted in near future, but also it will not be able to sustain in its position.

Speakers at the roundtable said the donors-driven reform initiative resulted in no significant improvement due mainly to lack of government's commitment, absence of

proper planning and road map, unrealistic steps linked with donors' conditionalities, failure in addressing governance issues and choosing qualified professionals for top management in general.

They said considering all realities and gaining experience from previous efforts, the PDB is now required to be converted into a holding company under Companies Act 1994 in a planned way.

However, they also urged the government to make the selection of directors and other officials at the top management of the holding company impartial, non-partisan and a merit and quality-based one.

The members of the company's board of directors should also be selected by a 'search committee' and this committee should be formed incorporating in it the vice-chancellors of BUET, Dhaka University and Islamic University of Technology, Bangladesh Bank governor and power division secretary, they suggested.

Among others, Power Secretary ANH Akhter Hossain spoke at the function.



PHOTO: STAR

Matiur Rahman, chairman and managing director of Uttara Motors Ltd, among others, poses for photographs with the newly launched Swift brand car at a function in Dhaka yesterday.

Most commodity prices lower as oil slumps

AFP, London

Crude futures plunged this week, in line with many commodity prices, amid evidence of an economic slowdown in the United States and a lowering of tensions in the Middle East, analysts said.

But nickel prices hit a fresh historic record on keen demand, while coffee soared on concerns over stretched supplies.

On Friday, the Commodities Research Bureau's index of 17 commodities fell to 330.62 points, from 346.30 points the previous week.

GOLD: The price of gold retreated to a one-month low as demand was hampered by reduced US inflationary pressures and receding geopolitical concerns.

SILVER: Silver prices recoiled. "Silver, which has performed better in recent weeks was not able to make much headway before a combination of weak oil, gold and

base metals dragged it lower," said UBS analyst John Reade.

PALLADIUM AND PLATINUM: Platinum prices followed other precious metals lower, but palladium hit two-and-a-half month high on speculative buying.

On the London Platinum and Palladium Market, platinum stood at 1,217 dollars per ounce at the late fixing Friday, from 1,245 dollars the previous week.

BASE METALS: Base metal prices mainly fell this week, while nickel enjoyed a record-breaking run owing to falling global stocks and keen demand from stainless steel makers.

Meanwhile copper prices slid in reaction to a surprise increase in LME copper stocks, but falls were limited by the closure of the Escondida mine in Chile, the world's biggest copper mine, in a dispute over pay.

OIL: Crude futures nosedived this week after a UN-brokered

ceasefire deal began between Israeli forces and Hezbollah guerrillas on Monday, and BP said it would maintain half of output at Prudhoe Bay in Alaska.

Prices sank around four dollars over the course of the week to reach two-month lows.

RUBBER: Rubber prices fell owing to sparse rain in leading Asian exporters.

"Supply from the trees has been better than it has been for some time, although there's still been some sporadic rains," said Corrie MacColl trader Rashid Ahmed.

COFFEE: Coffee prices hit the best level for six and a half years in London on concerns over tight supplies in Vietnam. However, Arabica prices fell on forecasts of an abundant harvest in Brazil.

SUGAR: Sugar prices fell in London to 374 dollars on Thursday - the lowest point since January 4. New York prices sank to 11.96 cents, last seen in November 2005.

Indian inflation hits 4.82pc as manufactured goods costs rise

AFP, New Delhi

India's inflation rate jumped by more than a fifth of a percentage point to 4.82 percent as manufactured goods became more expensive, official data released Friday showed.

The rate, measured by the closely tracked wholesale price index, was up from 4.61 percent a week earlier. It stood at 3.78 percent in the same week a year earlier.

Inflation has been rising in India, prompting the central bank to hike its trend-setting short-term rate by 150 basis points since October 2004 in a bid to curb inflation in the fast-growing economy.

In July, the Reserve Bank of India lifted the reverse repo rate by a quarter of a percentage point to 6.0 percent, the highest level in four years.

Inflation remains under the central bank's 5.0-5.5 percent target for the financial year to March 2007.

But analysts say with the economy likely to encounter mounting price pressures from rising oil import costs and robust demand, the central bank will tighten again, likely early in the new year.

Meanwhile, the country's biggest lender, the State Bank of India, raised interest deposit rates by as much as half a percentage point on maturities of different durations.

Wal-Mart battling to revive growth

AP, Bentonville

Wal-Mart Stores Inc. is fighting battles on multiple fronts after posting its first quarterly profit decline in 10 years, and analysts question whether the world's largest retailer can regain the feverish growth rates of its past.

Wal-Mart's woes range from high energy prices, which hit its lower-income customer base and its own costs, to setbacks in its international strategy, to public relations stumbles like this week's sudden resignation of civil rights icon Andrew Young as its public ambassador.

Young quit as head of a pro-Wal-Mart advocacy group after he was quoted in the Los Angeles Sentinel newspaper as saying inner-city stores that overcharged black customers were run by "Jews, then it was Koreans and now it's Arabs." Wal-Mart, which has made repeated public commitments this year to diversity, said Young's comments did not reflect its views.

On the plus side, analysts say, Wal-Mart has ambitious programs to stock trendier products, remodel most of its more than 2,000 Supercenter stores and tighten its grip on the costs of inventory, labor and energy.

Combined with an ongoing public relations offensive to counter critics who claim its pay and benefits are skimpy, Wal-Mart is juggling a lot of balls at once and analysts say the outcome is still up in the air.

"I think they're in so much transition right now that it's hard to measure whether or not they're making progress," said Patricia Edwards, portfolio manager and retail analyst at Wentworth, Hauser & Violich in Seattle, which manages \$8.2 billion in assets and holds 51,000 Wal-Mart shares. "It's a lot to handle."

George Whalen of Retail Management Consultants in San Marcos, Calif., said Wal-Mart has a track record of handling multiple tasks: "When you get to be the biggest in the world, you fight battles on every front sometimes."

City Bank, Alap Communication sign online banking deal

Alap Communication Ltd, a telecoms infrastructure facilities provider, has recently signed an agreement with The City Bank Ltd to provide online banking services for the bank's clients.

Dilwar H Choudhury, deputy managing director of the bank, and Tareque Osman Farruk, director and CEO of Alap Communication, signed the deal on behalf of their companies, says a press release.

Under the accord, the telecoms company will provide network communication link support and service for the bank across the country for three years.

Tabith M Awal, director, and Khan M Ahsan, managing director of Alap, and Mohammad Shoeb, director, AEA Muhaimen, deputy managing director, and Shaeru H Joarder, senior vice president of the bank, were also present.

Donors interfere in nat'l policies

Says alliance of NGOs

STAR BUSINESS REPORT

Alliance for Economic Justice Bangladesh (AEJB) yesterday blasted World Bank, International Monetary Fund (IMF) and Asian Development Bank (ADB) for interfering in the country's policy formulation and making wrong prescriptions for the development programmes.

"The projects that were implemented on the prescriptions of the WB and IMF have mounted sufferings of the people in most cases," said Ahmed Swapan Mahmud, executive director of Voice, a member organisation of the AEJB, at a press briefing at Dhaka Reporters Unity auditorium in the city.

Citing the example of poverty reduction strategy paper (PRSP), he explained people's aspiration has not been reflected in the PRSP because it was prepared without the participation of the people.

These international institutions are also interfering in the process of formulating national policies, including political structure, and their conditions, contrary to the national interests, are protecting the interests of the multinational companies, he alleged.

They are imposing conditions for wholesale privatisation of different state-owned enterprises (SOEs), liberalising the market, administrative reforms, fixing salary structure of the government employees, carrying out reforms in economic, social and oil and gas sectors and privatisation of health, education, water and other public services, he mentioned, but these are going against the interest of the people.

WB, IMF and ADB are tagging different conditions with the project assistance and loans but these are making the country more dependent on others instead of bringing any good for the country, he added. Even the WB kept on pressurising the government to pass a bill that allows it to remain above law, though it was

not finally done.

Explaining the goals of AEJB, Mahmud said the alliance has been formed recently in the country in a bid to strengthen the movement for ensuring justice, establishing true democracy and rights of the people.

Citing another example, Abul Hossain, a leader of the alliance, said it is the WB and IMF that said establishing backward linkage industries is not viable for Bangladesh, rather importing fabrics from other countries would be cheaper for it.

"But we all know that readymade garment exporters are now saying that Bangladesh can't survive in the stiff competition in the global market without having backward linkage industries," he observed.

The AEJB has announced a series of programmes across the country to lodge protest against the policy of these international financial institutions, which include organising seminars on September 4, 6 and 9 in Dhaka, holding public rally on September 16 at the National Shaheed Minar and other countrywide activities.

Angkar, Ananya, Bangladesh NGOs Network on Radio Communication, Incidin Bangladesh, Karmajibi Nari, National Committee on Protecting Natural Resources, Oil and Gas, Heed Bangladesh, Prodiop, Nagonik Uddog, Swadhin Bangla Garments Sramik Karmachari Federation, Bangladesh Jubo Union, Moitri Bangladesh, SAAPE Bangladesh Chapter, Peoples Empowerment Trust, Faith and Hope, Jibika Mohila Unnayan Sangstha, Bangladesh Grameen and Nagor Daridro Federation, Unnayan Onneshon, Nahar, Ubining, Voice, Sofol Trust, Campaign for Good Governance and some other organisations have joined the alliance.

Other leaders of the AEJB were present at the press conference.

ADB to give \$1b for Pakistan's trade corridor

XINHUA, Islamabad

The Asian Development Bank (ADB) has agreed to provide 1 billion US dollars for Pakistan's National Trade Corridor (NTC) project that would link Karachi to Gwadar and Khunjab in Northern Areas, local newspaper Dawn reported Saturday.

The World Bank and other lenders have already agreed to provide 1.8 billion dollars for the Karachi-Gwadar-Khunjab section, which is estimated to cost 2.8 billion dollars.

The overall cost of the NTC programme is estimated at 6 billion dollars. The programme envisages improving all sectors of communications, including ports, shipping, aviation, etc.

ADB's team leader for NTC investment programme Sean O. Sullivan discussed the project with adviser to prime minister on finance Salman Shah and authorities of the National Highway Authority.

Shah said the highway would be made commercially viable by encouraging commercial and industrial activities and the revenue generated by these activities would contribute to the cost of the NTC project.

The NTC project was approved by Pakistani President Gen Pervez Musharraf a few days ago following its technical clearance and funding commitments from the World Bank.

The six-year plan is being undertaken to meet domestic transportation requirements and provide transit facilities for Central Asia, western China, Afghanistan and Iran, a report of Pakistan's Planning Commission said.

It will cover ports and shipping, trade facilitation, highways and trucking modernisation, railways improvement and aviation and air transport modernisation.



PHOTO: ALAP COMMUNICATION

Dilwar H Choudhury, deputy managing director of The City Bank Ltd, and Tareque Osman Farruk, director and chief executive officer of Alap Communication Ltd, exchange documents after signing an agreement on behalf of their companies recently. Under the deal, clients of the bank will get online banking services. Directors and other senior officials from both the sides were also present.