Star BUSINESS

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China's trade surplus with India set to cross $4b this year

PTI, *Beijing*

China's trade surplus with India is set to cross the USD four billion this year, enabling the Communist trading giant to enjoy a favourable trade balance for the first time in Indo-Sino bilateral trade.

According to latest available Chinese customs statistics, the total trade during first 11 months of 2006 (January to November) was USD 22.38 billion.

Indian exports to China during the period amounted to USD 9.40 billion while Indian imports from China surged to USD 12.98 billion, allowing China to enjoy a trade surplus of USD 3.58 billion.

With trade figure for December, 2006 yet to be released, industry sources said China's trade surplus with India is set to cross USD four billion. China is enjoying a trade surplus with India for the first time in history.

Analysts say the trade imbalance is mainly due to dwindling Chinese import of iron ore from India while growing demand for Chinese goods from India.

Meanwhile, China will continue to face trade frictions with both developed and developing nations in 2007 despite the government's efforts to balance foreign trade, a government think-tank has forecast.

China's exports will rise steadily and rapidly, notably in sectors such as textiles and televisions sets where the country is highly competitive despite a slow-down in the long term, a report by the Chinese Academy of Sciences (CAS) said.

Emerging fields where China has showed strength in recent years like iron and steel, information technology equipment, automobiles and the chemical industry will become new tension points in which developed nations find it easier to launch protection measures, such as changing technical standards, CAS researcher Wang Taoyang, the chief compiler of the report, said.

Trade disputes with developing countries such as the Czech Republic, Turkey, Ukraine, Mexico and Brazil will possibly occur due to their overlapping strengths in manufacturing and lack of complementary economic structures, the report said.

Official figures show China's aggregate trade surplus surged to USD 156.52 billion in the year to November 2006, dwarfing the USD 102 billion for the whole of 2005 despite the government's efforts to balance payments.

The government has not yet released the December trade figures. However, analysts predict that China's trade surplus is expected to break USD 200 billion-mark in 2006.

Wang said the country should attach equal importance to stimulating overseas and domestic demand to support the sustainable economic development.

The country should quicken the pace of improving the market-based economic system to meet WTO rules and enhance its legal framework, he said.

PHOTO: **GREY WORLDWIDE**

Apex Footwear Ltd opened its 53rd branch of Gallery Apex at Dargah Gate in Sylhet recently. Senior officials of the company, among others, were present at the inauguration.

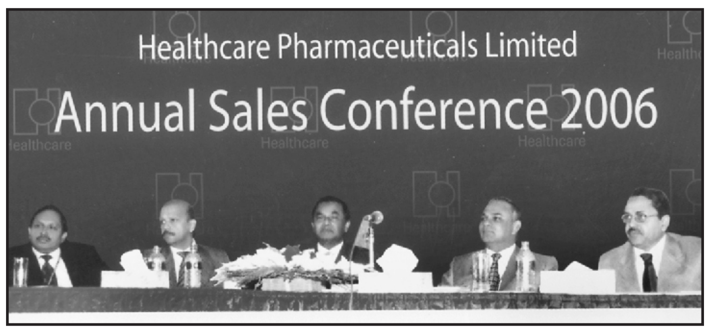

PHOTO: **HEALTHCARE PHARMACEUTICALS**

The 'Annual Sales Conference-2006' of Healthcare Pharmaceuticals Ltd was held recently in Cox's Bazar. Senior officials of the company were present at the meeting.

Weekly Currency Roundup

January 03-January 4, 2007

Local FX Market

Demand for US dollar was stable in throughout the week and USD rose slightly against Bangladeshi taka.

Overnight money market was steady throughout the week. The call money rate remained unchanged throughout the week and ranged between 6.50 and 7.00 percent.

International FX Market

The year began as the yet hit a record low against the euro and a two-month low against the US dollar on Wednesday as the hunt for the yield dominated sentiment ahead of US data that could give clues on the direction of US interest rates. Carry plays, using low yielding currencies such as the yen to fun purchases of units with more attractive interest rates, were major factor behind the euro's pulse higher, analysts said. Euro hit successive record highs against the yen in recent weeks, as investors look for a quicker pace or monetary tightening in the Euro Zone than in Japan.

The week ended as the dollar built on the previous day's gains versus other major currencies on Thursday, with investors looking to see if key data on jobs and the service sector matches a pick up in US manufacturing. The euro held near record peaks versus the yen ahead of an assortment of euro zone numbers which could provide clues on how much further interest rates are likely to rise this year. The dollar had rallied on Wednesday, hitting 2-1/2 month peaks versus the yen, after the institute for Supply Management reported a surprise expansion in US manufacturing in December, reinforcing expectations for a soft landing in the economy. The dollar was steady against they yen, down from Wednesday's 2-1/2 month peak. The euro was down 0.25 per cent against the dollar, after falling 0.9 per cent a day earlier, its biggest one-day decline since the middle of last July. The euro was slightly lower on the day against the yen after hitting a record high above 158 yen on Wednesday. The yen continued to look vulnerable after also having fallen to fresh eight-year lows against sterling and nine-year lows versus the Australian dollar this week, dragged down versus the Australian dollar this week, dragged down by its low-yielding status. Even if the BOJ boosts rates this month from 0.25 per cent, the yen's weak trend is unlikely to be reversed, traders and analysts said, adding any subsequent hikes would probably be made only gradually.

- Standard Chartered Bank

PHOTO: **LEMON COMMUNICATIONS**

Khandaker M Azad, managing director of CabEx, a cab and transport services provider, and Tanvir Ibrahim, head of Corporate Sales of Banglalink, shake hands after signing a corporate agreement recently. As per the deal, CabEx will enjoy special tariff and value added services under the mobile phone operator's 'Enterprise' package.

Six Japanese bourses may merge by '09

XINHUA, *Tokyo*

The Tokyo Stock Exchange Inc (TSE) and five other stock markets in Japan are considering to merge and reorganise by 2009, the Yomiuri Shimbun newspaper reported Friday.

The merger is expected to help the bourses improve efficiency of market operations and cope with the reorganisation processes of international stock markets, the paper said.

Several management companies and a self-regulatory firm are expected to be set up under a holding company during the reorganisation, according to a plan considered by Japan Securities Dealers association officials.

Nepal's trade deficit continues to widen

XINHUA, *Kathmandu*

Nepal's trade deficit continues to widen during the first four months of the current fiscal year, local newspaper The Himalayan Times reported Friday.

Nepali central bank, Nepal Rastra Bank in its report of current macroeconomic situation released on Thursday said, due to a higher growth of imports, this country's trade deficit crossed 41.25 billion rupees (about 580 million US dollars) in the first four months of 2006/2007.

Nepal's total exports declined by 0.1 percent in contrast to an increase of 14.5 percent in 2005/2006. Total exports value stood at 20.84 billion rupees (about 290 million US dollars).

Of the total exports, export to India declined by 1.1 percent during the period as against a significant growth of 29.4 percent in 2005/2006.

Total imports bill crossed 62.09 billion rupees (about 875 million US dollars) with imports from Indian contributing 38.29 billion rupees.

The growth in total imports accelerated to 9.9 percent during the period compared to a growth of 21.1 percent in the previous year.

While the rate of increase in imports from India decelerated to 7.8 percent in the review period and imports from other countries surged by 13.4 percent in comparison to a growth of 4.3 percent last year.

In comparison to mid-July 2006, gross foreign exchange reserves fell slightly by 0.4 percent to 164.44 billion rupees (about 2.32 billion US dollars) at mid-November 2006 owing to the appreciation of the Nepali rupee against the US dollar. The reserves had risen by 7.2 percent in the corresponding period of the preceding year.

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