

# Star BUSINESS

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## Blair could run for WB chief?

AFP, London

Outgoing British Prime Minister Tony Blair could be a contender for the new president of the World Bank, a post traditionally reserved for an American, a former bank executive said Friday.

Joseph Stiglitz, a Nobel prize-winning economist and former senior vice president and chief economist at the Bank, told BBC radio that Blair "is one of the people that is clearly being discussed."

Blair has just held talks with US President George W. Bush in Washington on a range of foreign policy issues.

A spokesman for Blair, who leaves office June 27, declined to comment on the remarks, which come after World Bank president Paul Wolfowitz announced he would step down on June 30 to end a favoritism scandal.

"There is a large amount of wild and, in the main, inaccurate speculation out there and it is not going to be wise for us to comment on any of it," said the spokesman.

Stiglitz said the World Bank could appoint Blair.

"It wouldn't rule him out," he told BBC Radio 5 Live.

"But I would say that if I were going through a first-priority list of priorities, it would probably begin with somebody with real experience in development," he said.

As a former political leader however, Blair did have the kinds of connections that one needed, he added. "That would be useful as head of the institution."

In the meantime, the planet's biggest development organisation is under pressure to end the tradition whereby the poverty-fighting bank is always led by an American and the International Monetary Fund (IMF) by a European.

## World Bank aid to continue for communication sector

UNB, Dhaka

World Bank Country Director Xian Zhu on Thursday said the Bank would continue its assistance to different uplift projects in Bangladesh.

The assurance came when Xian Zhu called on Communications Adviser MA Martin at the latter's office.

During the meeting, they discussed progress of different World Bank-assisted development projects now under implementation in the communications sector.

It may be mentioned that the World Bank will provide a loan assistance of US\$ 100 million for the maintenance project and another US\$ 200 million for the investment project of Bangladesh Railway.

Besides, the World Bank will provide US\$ 300 million as loan assistance for the development of roads and highways sector. The Bank also expressed its interest to provide a loan of US\$ 300 million for the construction of the Padma Bridge.

## Canadian dollar hits 30-year high

AFP, Ottawa

The Canadian dollar surged to a 30-year high at 91.65 cents US, up 0.41 of a cent in morning trading, amid a roaring economy and a looming interest rate hike, economists said Friday.

This level has not been seen since October 1977, said Marc Levesque, chief economist at TD Securities. If the trend continues, analysts predict parity with the US dollar by September.

The loonie, a sobriquet given to the Canadian dollar, opened earlier at 91.24 cents US, according to the Bank of Canada.

Its jump in value is due to "growing anticipation of a key interest rate hike by the central bank," Levesque told AFP.

# ADB calls for capacity building of Dhaka-Ctg transport corridor

## Warns any failure to cost 20pc of foreign trade potential

STAR BUSINESS REPORT

Improving capacity of the Dhaka-Chittagong Transport Corridor is an enormous challenge for Bangladesh, said the Asian Development Bank (ADB) giving a note of warning that in case of any failure to build its capacity and efficiency might cost the country 20 percent of the foreign trade potential and reduce GDP growth by 1 percent.

The ADB in its latest quarterly suggested that the country needs a comprehensive development strategy for the corridor.

"Freight traffic through this corridor is expected to grow at sustained rates of more than 8 percent a year in the coming decade. Serious weakness in the corridor's transport logistics have impeded its ability to take what could be a crucial facilitating role in expansion of the country's external trade and in regional transport connectivity," the multi-

lateral development partner said in the March edition of the quarterly.

It lamented that the corridor is facing serious congestion problems because of shortage of capacity and inefficient operation.

The Dhaka-Chittagong Transport Corridor, the quarterly said, provides potential subregional linkages to Myanmar, Thailand, China, northeastern states of India, through Jamuna Bridge and the proposed Padma Bridge to the Indian state West Bengal and to Bhutan and Nepal through India.

Developing a multimodal transportation system combining road, rail, ports and inland water will help increase export-led growth in Bangladesh, and its integration with South Asia and beyond, the ADB said.

Criticising the government revenue collection performance, the quarterly report said despite prudent fiscal management, revenue collection by the National Board of Revenue increased only

by 8.5 percent in the July-March period of the fiscal 2007 compared with the corresponding period of FY 2006.

Political disruption during October 2006 to early January 2007 in the lead-up to the formation of the caretaker government and related uncertainties slowed economic performance and contributed to revenue shortfall, the ADB clarified.

The report said during the period inflationary trends heightened with point-to-point raising to 7.4 percent in March 2007 from 6.8 in July 2006.

Food inflation increased from 7.4 percent to 8.5 percent while nonfood inflation declined slightly to 5.8 percent from 5.9 percent.

"Acceleration in food inflation is mainly attributed to higher foodgrain prices in both the domestic and international markets, together with reduced imports and lower domestic production of foodgrains," the report remarked.

## China raises interest rates

AFP, Beijing

China announced Friday it would widen the trading band of its currency and raise interest rates, apparently to counter foreign criticism of its exchange rate and rein in its runaway economy.

The moves came ahead of a high-level meeting in Washington next week during which China and the United States are expected to discuss major thorns in their trading relationship, of which the currency rate is the biggest.

The interest rate hikes, meanwhile, were widely anticipated as China seeks to cool an economy that grew at a blistering 11.1 percent rate in the first quarter of the year.

The currency trading range will be broadened to 0.5 percent either side of a daily reference rate against the US dollar from the previous 0.3 percent, with effect from Monday.

The currency closed at 7.668 to the dollar on Friday, the latest in a series of recent record highs amid upward pressure on the yuan.

"This is directly related to the meeting next week," said Chen Xindong, an economist with BNP Paribas in Beijing.

US Treasury secretary Henry Paulson will meet a Chinese delegation led by Vice Premier Wu Yi, one of China's most senior leaders, for the twice-yearly Strategic Economic Dialogue in the US capital next week.

The move also comes as the finance ministers of the world's richest countries gather in Germany for the annual Group of Eight meeting.

The central bank also said beginning Saturday it would raise the benchmark for one-year lending rates by 0.18 percentage point to 6.57 percent and hike the deposit rate by 0.27 percentage point to 3.06 percent.

The move was intended to ensure "reasonable growth" in investments, and keep prices stable, the People's Bank of China said in a statement on its website.

## Toyota unveils priciest hybrid vehicle

AP, Tokyo

Toyota's commitment to hybrid automobiles was on full display Thursday when it unveiled its most expensive gasoline-electric vehicle yet -- the 15 million yen (\$124,000) luxury sedan Lexus LS.

Executives at Japan's No. 1 automaker are fully convinced that hybrid cars are the way of the future. And they're betting that growing consumer concern about the environment -- and higher gas prices -- will lure even wealthy buyers to the new model, which went on sale Thursday in Japan and will arrive later elsewhere.

Executive Vice President Masatami Takimoto denied hybrids were "a transitional technology" that will be replaced by more advanced ecological technology in the future.

"As long as cars exist, the need for hybrid technology will remain," Takimoto said.

Toyota Motor Corp., which introduced its first hybrid, the Prius, 10 years ago, sold about 300,000 hybrids worldwide last year, and it plans to sell a million hybrids a year sometime after 2010.

Although all the world's automakers are working on hybrids, Japan's No. 1 automaker has dozens of patents on the technology and has sold more hybrids than any other automaker.

The most common hybrids today switch between a gas engine and electric motor to deliver better mileage and reduce emissions that cause global warming.

But Toyota President Katsuaki Watanabe said the technology for hybrid systems can be applied to power other types of vehicles, which run on fuel other than gas, including biofuels and hydrogen.

# Utilise duty-free access facilities to Australia

## Bangladesh envoy in Canberra urges local firms at Sydney show

STAR BUSINESS REPORT

Bangladeshi businesses should take the advantage of duty-free access of products from least developed countries (LDCs) to Australia, said Bangladeshi High Commissioner to Australia M Humayun Kabir.

He was speaking at the inauguration of the Bangladesh pavilion at

an international trade show that began in Sydney on Thursday, according to a press release.

The four-day event styled 'Asia on Show' is one of the largest trade exhibitions in Sydney where a total of 15 Bangladeshi companies are showcasing their products.

Participants from China, India, Myanmar, Malaysia, Pakistan, Nepal, Sri Lanka, Singapore and Vietnam are also displaying their products at the show at the Sydney Exhibition Centre.

By attending such fairs and

showcasing quality and cost effective products, Bangladeshi firms can enhance their business potentials through maintaining good contacts with foreign business communities, the high commissioner said.

He also stressed maintaining regular contact with Australian businesses for building a sustainable trade relationship with the country that offers duty-free access of products from countries like Bangladesh.

Bangladeshi companies are displaying products including readymade garments, sweater, jute goods, silk items, ceramic tableware, towels, leather products, textile and gift items.

Bangladesh High Commission in Canberra in association with Export Promotion Bureau is assisting the Bangladeshi companies' participation in the show, the release added.

# Delhi vows to curb inflation

AFP, New Delhi

The Indian government sought a political consensus Thursday to try and curb inflation in a bid to limit the financial pain being felt by the nation's poorest citizens.

The appeal followed a heated parliament debate on price rises, with the entire opposition blaming the ruling Congress party of failing to rein in inflation since coming to power in 2004.

"I am not happy with inflation and we are willing to take further fiscal steps to contain inflation if the (parliament) members so suggest," Finance Minister Palaniappan Chidambaram said.

Inflation, which a year earlier stood at 3.90 percent, has emerged as a key political battleground in the country of 1.1 billion people, where rising prices put huge strain on domestic budgets.

Chidambaram said his government in recent months had imposed several control measures, including a ban on the export of staples to keep prices of cereals, cooking oil and milk products under control.

The government will take further steps if required as it is aiming to moderate inflation," the finance minister said in the lower house.

Inflation has slipped to 5.6 percent compared to more than six percent two weeks ago and efforts would continue to cut it further, he said.

"And the government is aiming to bring down inflation below five percent and later between 4-4.5 percent of the tolerance level of the people as well as the Reserve Bank of India (central bank)," the finance minister added.

The bank hiked short-term lending rates twice this year, by a quarter of a percent each time to 7.75 percent -- the highest level in more than four years -- to stem inflation.

## Tokyo says N Korea needs Japan's economic might

AFP, Tokyo

Foreign Minister Taro Aso on Friday called for North Korea to cooperate with Japan, saying the communist state only stands to benefit from better ties with Asia's largest economy.

Japan has tense relations with North Korea in part due to an emotionally charged row over Pyongyang's past abductions of Japanese nationals.

"If North Korea wants to grow economically, raise the living standards of its people or at least get out of its state of being one of the world's poorest nations, it would be better off joining hands with us," Aso said.

"I hope Pyongyang will soon come to its senses and be a member of Asia," he told a Tokyo seminar of the New York-based Asia Society.

Aso said that in the past few decades, "Asian countries that maintained close relations with Japan have taken off" as successful economies.

"True, China has become an economic power. But even with three nations -- China, Russia, South Korea -- combined, Japan still has a largereconomy," he said.

Prime Minister Shinzo Abe's government has imposed sweeping sanctions on North Korea since its nuclear and missile tests last year and threatened to impose further economic punishment unless it shuts its nuclear reactor.

Abe has also refused to fund a February deal -- negotiated with China, Japan, the two Koreas, Russia and the United States -- under which North Korea agreed to shut the reactor in return for energy aid.

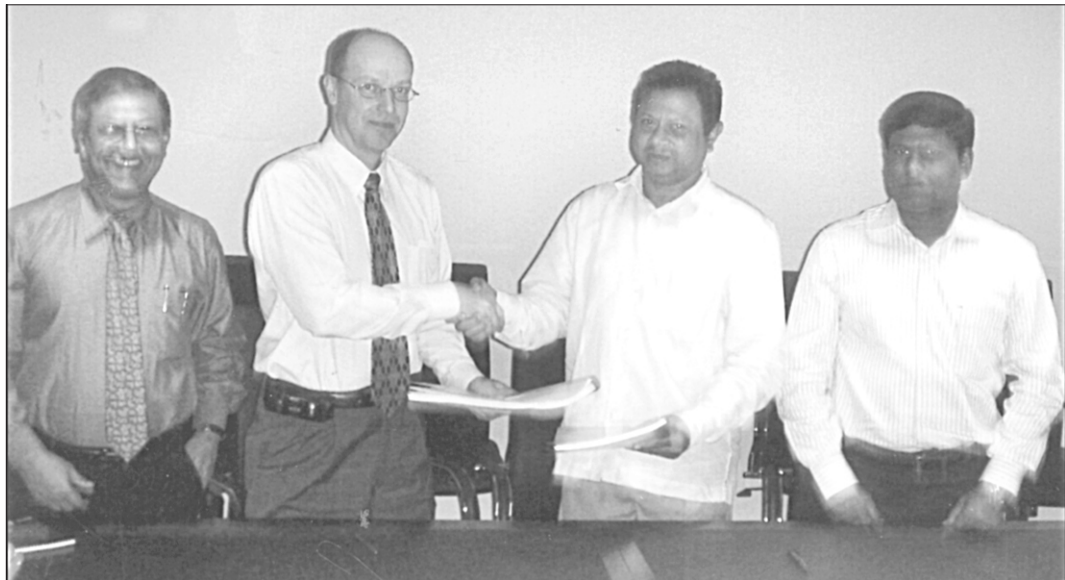
## Oil prices mixed in Asian trade

AFP, Singapore

Oil prices were mixed in Asian trade Friday in a market focussed on problems facing US refineries just ahead of the key US summer driving season, dealers said.

At 2:10 pm (0610 GMT), New York's main contract, light sweet crude for June delivery, was up two cents to 64.88 US dollars a barrel from 64.86 dollars in late US trades Thursday.

Brent North Sea crude for July fell seven cents to 70.20 dollars after shooting up 2.30 dollars in London trade on Thursday.



RAK Power Pvt Ltd and Wärtsilä Finland Oy recently entered into an agreement under which Wärtsilä will supply equipment to RAK Power for setting up a 6MW power plant in Sreepur, Gazipur. SAK Ekram-uz-Zaman, managing director of RAK Power, and Goran Richardsson, area sales manager of Wärtsilä Finland Oy, signed the deal. The plant will be upgraded to 20MW soon.

# Major trading powers' bid to salvage WTO talks continues

AFP, Brussels

Major trading powers met here Thursday for a marathon session aimed at salvaging World Trade Organisation (WTO) talks to boost global commerce, a European Union source said.

EU Trade Commissioner Peter Mandelson and his counterpart for agriculture, Mariann Fischer Boel hosted US Trade Representative Susan Schwab and agriculture secretary Mike Johanns along with Indian Trade Minister Kamal Nath and Brazil's trade representative, Foreign Minister Celso Amorim.

At the top of the agenda are questions on trade in agricultural products that have blocked progress in the WTO's Doha Development Round, launched with great fanfare in the Qatari capital in 2001.

Negotiators are under growing pressure ahead of a June 30 dead-

line when US President George W. Bush's "fast track" trade authority expires.

Under current legislation, the US Congress is entitled to approve or reject trade deals signed by the administration but is unable to amend them.

Without the "fast track" provision, a Doha Round trade liberalisation accord approved by the US administration could be picked apart -- and neutralised -- by members of Congress defending constituents' interests.

Rich traders, the United States and the European Union in particular, are under pressure to slash trade-distorting farm subsidies and to lower customs duties on agricultural goods from the developing world.

Emerging market powers such as India, China and Brazil, have for their part been pressed to make their markets more accessible to

industrial goods and services from developed nations.

"The trade-offs are well defined but we are not yet at the final talks stage where we could fit all the key figures into a package," a source close to the matter told AFP on Thursday.

One such figure in the agricultural negotiations concerned market access, where "work is well advanced" on formulas to establish the cost for countries that wished to protect certain categories of "sensitive products" from imports.

"The differences of opinion are still far apart but clearly defined," said the EU source.

Negotiators were also far from agreeing on the maximum percentage of farm products to be considered "sensitive" however, with the EU setting the level at eight percent while the United States would only tolerate a maximum of one or two percent.



PHOTO: STANDARD BANK

Standard Bank Ltd opened its 27th branch at Dakkhin Khan in Uttara, Dhaka recently. Chairman of the bank Kazi Akramuddin Ahmed inaugurated the branch while directors, managing director and other senior officials were present.