

Star BUSINESS

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BB chief opposes govt's huge bank borrowing

Rules out fear about bad impact of monetary policy

STAR BUSINESS REPORT

The central bank will recommend to the government not to go for huge bank borrowing so that private sector investment flow is not discouraged, said Dr Salehuddin Ahmed, governor of Bangladesh Bank (BB).

Differing with the business people's view on the recent Monetary Policy Statement (MPS) that apprehends about the MPS' adverse impact on the private sector investment, he said such investment would not be hampered as huge liquidity (around Tk10,000 crore) remains in the banking sector.

He, however, said, "Although boosting investment is no job of the central bank, we are very much cautious about the MPS impact on private sector growth and we are mulling recommending to the government not to go for huge bank borrowing."

The BB chief was addressing as chief guest a workshop on Poverty and Role of Bangladesh Media organised by South Asian Free Media Association (Safma), Bangladesh.

Chaired by Reazuddin Ahmed, the Safma's Bangladesh chapter president, the workshop was also addressed by its general secretary Zahiduzzaman Faruque, Mir Nasir Hossain, president of Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) and Qazi Kholiuzzaman Ahmad, president of Bangladesh Economic Association (BEA).

The central bank governor also came down heavily on private banks' high lending rate and said

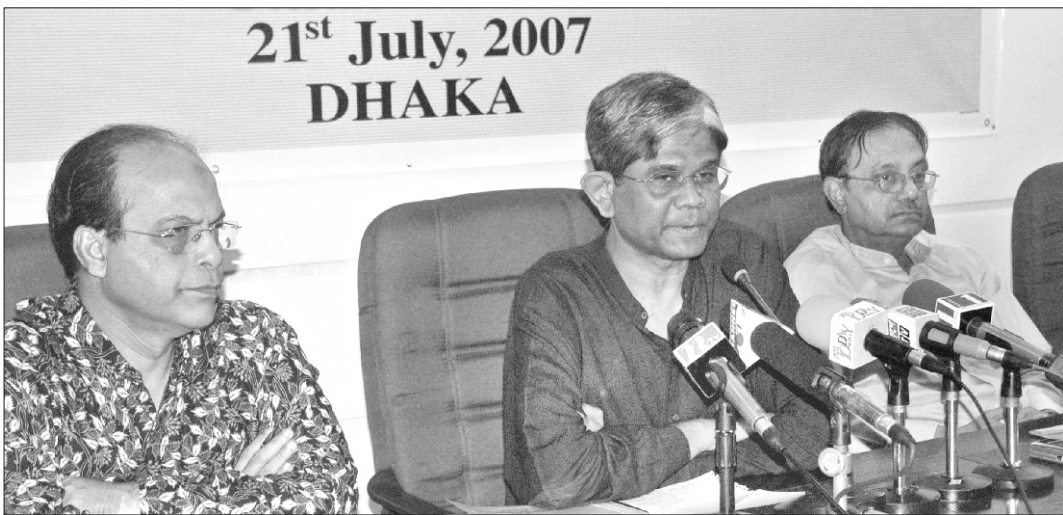


PHOTO: STAR

Bangladesh Bank Governor Dr Salehuddin Ahmed speaks at a workshop on 'Poverty and Role of Bangladesh Media' organised by South Asian Free Media Association (Safma), Bangladesh, in Dhaka yesterday. Safma's Bangladesh chapter President Reazuddin Ahmed (R) and Editor of The Bangladesh Observer Iqbal Sobhan Chowdhury are also seen.

the difference between the interests on loans and deposit is not logical.

The FBCCI president observed that while the local investors pay 14 percent lending rate, their competitors like Chinese entrepreneurs pay 3 percent and Indians pay only 7 percent.

In this situation, he asked, if government frequently increases energy prices, how can the local investors survive?

He said when the business community has been passing through a transition period, new energy price hike will definitely slow down the investment flow.

Dwelling on the workshop topic, the governor emphasised the media's role in reducing poverty as a

social auditor, urging the media people to be more objective rather than subjective to project the real picture of an event, be it from the government side or the private sector.

Terming the government's project evaluation process a very lengthy one, Dr Salehuddin said the journalists can become a monitor of every government programme by following every development stage.

He said 40 percent people belonging to below poverty line are not poor in terms of wealth, lack of direction from the top level also keeps them on that level.

The BB governor said the main challenge is to reach out the policy benefits to the grassroots level.

The people who are being treated as poor are not behind creativity or capacity, he said, adding "we need a system that could ensure equal share of economic growth for the people from top level to grassroots level".

Qazi Kholiuzzaman Ahmad said PRSP is nothing but a good paper for poverty reduction.

Such paper fails to alleviate poverty, he observed, adding that the number of extreme poor increased last fiscal.

The organisers said the Safma meeting will be held in Nepal shortly.

The Safma president said Nobel laureate Dr Muhammad Yunus will be the keynote presenter in the upcoming Safma meet.

Warid Telecom reaches 1m subscribers in 70 days

Warid Telecom has achieved one million active subscribers in just 70 days of operations, says a press release.

This is the fastest subscriber growth by a mobile company in Bangladesh, added the release.

A concern of UAE-based Abu Dhabi Group, one of the largest groups in the Middle East, Warid Telecom launched its operation on May 10 this year. The company expanded its network to 35 districts in just 50 days of its launch covering major cities and highways.

Muneer Farooqui, CEO of Warid Telecom, said, "The achievement has only been possible due to Warid's uncompromising commitment to provide maximum network coverage and clear connectivity at the most affordable price. We shall always try to exceed customers' expectation by bringing in innovative product and service solutions with technological edge."

Warid has also launched international roaming services with 60 operators in 30 countries. Warid Telecom has introduced economy ISD facility allowing subscribers to make international calls at rates that will save up to 70 percent in overseas calls.

Canadian firm gets Delhi's \$590m metro car order

AFP, New Delhi

Canada's Bombardier, the number one supplier of underground railway vehicles worldwide, said it has won a \$590 million dollar order to supply 340 subway cars to New Delhi.

The trains will be used to provide public transport during the Commonwealth Games to be held in New Delhi in October 2010, the Canadian train and plane maker said in a statement late Thursday.

Deliveries of the trains are slated to begin in the last quarter of 2008 with completion set for 2010, Montreal-based Bombardier Inc said.

The carriages are intended for the second phase of New Delhi's metro which will expand the existing network by 60 kilometers (40 miles), covering all major destinations in the east-west and north-south corridors of the capital.

"We are very excited to be able to add the city of New Delhi as a new metro customer," said Andre Navarri, President, Bombardier Transportation.

Bombardier has sold metro cars to such cities as New York, Paris, London, Berlin and Shanghai.

Navarri said he hoped the project would pave the way for Bombardier to win contracts to supply other Indian mass transit projects that the company intends to pursue in New Delhi, Mumbai, Hyderabad, Bangalore, Kochi and Chandigarh.

UAE launches its own product quality mark

XINHUA, Abu Dhabi

The United Arab Emirates (UAE) has launched its own product quality mark, the Emirates Quality Mark (EQM), local newspaper Khaleej Times reported Friday.

The EQM is part of the UAE Product Certification Scheme developed by the Emirates Authority for Standardization and Metrology (ESMA) in accordance with international standards, according to the report.

The product certification scheme aims to ensure that products conform to specific standards and meet an independent assurance of quality and safety.

A number of local and international manufacturers have already begun enquiring and applying to the voluntary scheme in a bid to have their products designated with the EQM to attract local consumers and gain access to international markets, ESMA Deputy Director-general Mohamed Badri was quoted as saying.

"It's an acknowledgment of quality and a trade tool for manufacturers which will open the door to outside markets," Badri added.

Around 15 percent of manufacturers are expected to apply for the EQM this year and this figure is expected to double in 2008, according to the ESMA.

Indo-Bangla chamber makes debut today

Aims to reduce trade gap

STAR BUSINESS REPORT

In a bid to reduce huge trade gap and increase bilateral trade between India and Bangladesh, a joint chamber of commerce and industry between the two countries starts its journey today.

President Dr Iajuddin Ahmed is scheduled to announce the launch of India Bangladesh Chamber of Commerce and Industry (IBCCI) at a function in Dhaka. Finance and Planning Adviser Dr Mirza Azizul Islam and Indian High Commissioner to Bangladesh Pinak Ranjan Chakravarty, among others, are also expected to attend the ceremony.

The joint chamber will bridge the gap between the businesses of the two countries, said Abdul Matlub Ahmed, president of the newly formed IBCCI, at a press conference organised in the capital yesterday to announce the formation of the chamber.

He said the chamber will brainstorm ways of eliminating tariff and non-tariff barriers, which are hindering the growth of trade between the two nations.

"We have already found that attracting Indian investment Bangladesh and duty-free access of Bangladeshi products to India are important to reduce the huge trade gap between the countries," Matlub said.

He also said 10 items have been selected including readymade garment, knitwear, melamine, sheet glass, pharmaceuticals,

leather and leather products, and ceramics for which local businesses will seek duty-free access to Indian market.

"If we get duty-free access of these goods, our exports to India will reach US\$1 billion within the next three years," the IBCCI president anticipated.

He said during April 2006 to February 2007, Bangladesh imported products worth \$150 crore from India while its exports stood at only \$20.50 crore.

The chamber will also work for setting up new land ports, river ports and border markets, and exchanging business delegations between the two countries, Matlub said, adding that transforming informal trade into formal trade is also a major objective of the IBCCI.

Replying to a query, Manzer Hussain, senior vice president of the IBCCI, said Indian conglomerate Tata is still waiting for Bangladesh government response to its \$3 billion investment plan.

"We are also waiting for the announcement of the coal policy by the Bangladesh government," said Manzer who is also the resident director of Tata Group in Dhaka.

Among others, BK Bajoria, director of Federation of Indian Chambers of Commerce and Industry, and Dewan Sultan Ahmed, director of the IBCCI and vice president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), spoke at the press conference.



PHOTO: IBCCI

Abdul Matlub Ahmed (C), president of India Bangladesh Chamber of Commerce and Industry (IBCCI), speaks at a press conference organised in Dhaka yesterday to announce the formal launch of the chamber due today. Manzer Hussain (2-L), senior vice president of the IBCCI, and BK Bajoria (2-R), director of Federation of Indian Chambers of Commerce and Industry, among others, are seen.

EU urges ROK to be 'more ambitious' in trade talks

AFP, Brussels

The European Commission urged South Korea Friday to make a better offer in their next round of trade talks in September, after five days of negotiations in Brussels involving some 180 officials.

"Negotiations have just concluded," said Peter Power, the EU executive body's spokesman on trade issues.

"However we have made it clear that for these negotiations to reach their absolute potential, the Korean delegation needs to come with a somewhat more ambitious offer for the next round of negotiations," he said.

Asia's third largest economy and the world's biggest trading bloc began talks on a free trade area in May.

The Commission said the two

sides had discussed issues including trade in goods, services and investment, intellectual property rights, competition, and government procurement, as well as regulatory and institutional questions.

"Across those range of topics, there is always scope to achieve more and to achieve greater progress. That is what we are aiming for in September but we have made a good start," Power said.

The EU was South Korea's second largest trading partner after China last year, with trade reaching 78.56 billion dollars. It is the biggest single foreign investor, committing 4.97 billion dollars last year alone.

At the first round in Seoul both sides agreed in principle to scrap about 95 percent of each other's tariffs on merchandise. South Korea's average tariff is 11.2 percent compared to the EU's 4.2 percent.

Beijing protests US probe into China products

ANN/ CHINA DAILY

China strongly opposes US anti-dumping and anti-subsidy investigations into steel tubes and woven sacks imported from China, a spokesman with the Ministry of Commerce said on Friday.

The US Department of Commerce announced this week it would officially launched the investigations into imports of light-walled rectangular pipes and tubes and laminated woven sacks used to package dog food, birdseed and other products.

In June, 12 US steel manufacturers and the US Laminated Woven Sacks Committee complained to the US government of unfair pricing of steel pipes and woven sacks imported from China.

"The US government continues

the mistake of imposing anti-dumping and anti-subsidy measures from time to time," Wang Xinpei said.

In March and June, the US Department of Commerce (DOC) started anti-dumping and anti-subsidy investigations into Chinese coated free sheet paper and carbon steel tubes.

"These investigations have aroused strong dissatisfaction in Chinese business circles," Wang said.

Wang said that as the US did not treat China as a market economy, the use of anti-dumping and anti-subsidy measures also infringed US rules and its tradition of not adopting anti-subsidy measures against non-market economies, which had been practiced for more than two decades.

US growth seen slowing

AP, New York

The US economy could be in for a sluggish spell in coming months as a downturn in the housing industry takes a deeper toll on businesses and consumers.

The Conference Board's index of leading economic indicators, released Thursday, signaled economic weakness with a 0.3 percent decline in June, more than the 0.1 percent analysts were expecting. The index had risen 0.2 percent in May after dropping 0.2 percent in April.

The report is designed to forecast economic activity over the next three to six months.

"The leading index has slowed in recent months, suggesting a possible softening of the overall pace of economic activity later in the second half of this year," the Conference Board's labor economist, Ken Goldstein, said in a statement accompanying the report.

Wall Street, meanwhile, focused on upbeat earnings reports to send the Dow Jones industrials to their first close above 14,000. The Standard & Poor's 500 index also had a record close.

The Dow rose 82.19, or 0.59 percent, to 14,000.41. The S & P index advanced 6.91, or 0.45 percent, to 1,553.08, while the Nasdaq composite index rose 0.76 percent to 2,720.04.

The Conference Board report tracks 10 economic indicators. The index was dragged down in June by a drop in building permits as well as unemployment claims, consumer expectations, vendor performance and interest rate spread.

The positive contributors were weekly manufacturing hours, new orders for non-defense capital goods and stock prices. Manufacturers' orders for consumer goods and materials and real money supply held steady.

While the report captures the weakness in the housing market, it fails to reflect the economy's bright spots, said Brian Bethune, an economist with Global Insight.

"It's not picking up the strength of the global economy, the momentum of corporate profits driven by overseas sales and employment conditions," Bethune said.

That should offset some of the weakness in the housing sector, he said.

Also Thursday, the Labor Department reported that jobless claims dropped last week to the lowest level in two months.

Caterpillar Q2 profit down 21pc

AP, Peoria

Shares of Caterpillar Inc. tumbled Friday as the heavy equipment maker posted profit that fell 21 percent, missing Wall Street expectations amid weak North American machinery sales and higher-than-expected operating costs.

The company's shares, which had risen to record highs over the last month, fell \$3.78, or 4.4 percent, to \$83.20 Friday. Shares, which have traded in a 52-week range of \$57.98 to \$87, had dipped to \$78.26 before rebounding in late trading.

Caterpillar, one of the world's largest heavy equipment makers, said net earnings fell even though revenue rose 7 percent to \$11.36 billion -- a company record for the second quarter -- from \$10.61 billion last year.

The company cited sluggish housing construction and engine sales in North America, higher than expected operating costs and a planned reduction in inventories for the decline.

China raises interest rates

ANN/ CHINA DAILY

China decided to raise interest rates and cut the withholding tax on interest income on Friday in a coordinated move to get the blistering economy onto a healthier footing.

The benchmark one-year deposit and lending rates of commercial banks will be raised by 0.27 percentage point, effective from Saturday, the central bank said in a statement on its website.

This is the third time in 2007 that China raised the one-year benchmark interest rates.

Meanwhile, the State Council, reduced the withholding tax on interest income to 5 percent from 20 percent as of August 15.

The National People's Congress authorised the government to change or abolish the tax last month.

Japan meets on imports amid China concerns

AFP, Tokyo

Japanese government and business leaders were holding an emergency meeting Friday to assess the safety of imported goods amid growing global concern about Chinese products.

"People are increasingly interested in the safety of imported goods," Chief Cabinet Secretary Yasuhiro Shiozaki told reporters in announcing the meeting.

"The government and the private sector will join hands for the safety of (imported) foodstuffs, commodities for daily use, pharmaceuticals and other goods," he said.

The one-day meeting includes officials from the health, farm, trade and foreign ministries as well as representatives from a private-sector frozen food association, department stores and other groups.

Shiozaki did not name any country but said it would be "fully possible that we will have talks with a country if there seems to be a problem."

Japan is heavily reliant on food imports and counts China as its second largest supplier after the United States.

China exported 8.2 billion dollars worth of food to Japan in the last fiscal year to March, accounting for 17 percent of Japan's imports, according to finance ministry figures.

Chinese Premier Wen Jiabao met this week with a Japanese trade mission and pledged to step up food safety, according to the trade mission.

China's safety standards have come under sharp international criticism amid regular reports of fake, shoddy or dangerous goods emanating from the nation's chaotic and corrupt food and drug industry.

Reports in the United States of tainted pet foods, dangerous toys, drugs, fish, cosmetics and other products from China have led to a spate of recalls and bans there.

US President George W. Bush ordered top aides Wednesday to review the safety of imports into the United States amid public outrage at the scandals.

Skill, quality seen key to boosting RMG sector

BSS, Dhaka

Speakers at a function here yesterday underscored the need for improving the quality of products through appropriate development of human resources in garments sector, the highest foreign exchange earner, to boost national economy.

To boost export, quality of products is a key barometer and for quality, training has no substitute, they said while addressing the inaugural function of the training course on Maintenance Technology on Industrial Sewing Machines at a seminar in the city.

Ambassador of Japan to Bangladesh Masayuki Inoue, speaking at the open ceremony of the five-day course as the chief guest, said Bangladesh's RMG export, which is almost US dollar 7.9 billion industry with 23 percent export growth, exceeded that of India last year for the first time in its history.

In this context, the ambassador hoped that it would be possi-

ble for Bangladesh to make further growth in exporting RMG if it keeps on making strenuous efforts to competitive through continuous improvement.

Association for Overseas Technical Scholarship (AOTS) of Japan organised the course in collaboration with Brother Industries Limited Japan, Brother International Singapore and Brother Bangladesh Liaison Office.

The opening function was also addressed by President of Japan-Bangladesh Chamber of Commerce and Industry (JBCCI) Hiduo Ueno and Representative of Japan External Trade Organisation (JETRO) Tomohiro Kinomoto as the special guests. Toshiaki Yamada of Brother International Singapore and Dr AKM Moazzem Hussain, AOTS representative for Bangladesh and Nepal also spoke while Y Tsusaka of Brother International Singapore gave the vote of thanks.

Two Brother experts -- Nishi

and Sekhar -- are conducting the technical sessions being attended by 50 persons from different garment industries in and around Dhaka city.

The ambassador said Bangladesh had already made an impressive stride in the RMG sector and hoped that Brother would take further entrepreneurial ventures for the development of its human resources. He urged all the participants to on pass their acquired skill and knowledge from this course to at least ten of their colleagues on return to their respective work places.

Tomohiro Kinomoto said new windows of opportunities have gradually been visualised against the uncertainties that prevailed the beginning of new era of global trade in early 2005.

Since the global markets become much sensitive in context of quality, price, regional economic blocking, environment issues and compliance, he said Bangladesh has to equip itself with the latest production technologies.

Rupee appreciation hits Indians in Gulf

PTI, Dubai

Continued appreciation of rupee against US dollar coupled with rising inflation in Gulf countries has adversely hit nearly five million Indians working in the region, with their salaries and savings taking a dip.

Weakness of the dollar has dragged the value of Gulf currencies to which it is pegged. As a result, Indian workers' salaries are nearly 30 per cent less in terms of rupee than a year ago.

Last year, each UAE dirham was worth Rs. 12.70, but yesterday the rate has slumped to below Rs. 11.

Early in 2006, Indian workers were flooding into the Gulf Cooperation Council (GCC) to cash in on a construction boom driven by soaring oil prices.

With a weak US dollar and inflation in the region, the salaries of

Indians working in Saudi Arabia, the UAE, Qatar and other Gulf countries have come down nearly by 30 per cent, the 'Arab News' reported.

In the Gulf region alone, the plunge has been as steep as 15 per cent in the value of dollar-pegged currencies, against the rupee.

With another 15 percent dent due to high living costs, the salary of an average Indian in the Gulf remains the least attractive among the Asians.

The Gulf currencies have substantially declined to such an extent that many in India feel that it makes no sense to relocate to the Gulf countries to make money, the report said.

The decline in the Gulf currencies has been so sharp that one Saudi riyal which fetched Rs 12.50 in 2006, now returns only Rs 10.70.

Besides the plunge in their rupee

savings, Indians have also been hit by rising living expenses in all major cities. Housing rates have gone up by 30 percent in Riyadh, Jeddah, Abu Dhabi, Sharjah and Doha, while Dubai has seen an unprecedented 50 percent rise as demand for housing has been growing by leaps and bounds.

The food items too saw unexpected rise in the past year and with the exception of Saudi Arabia, there has been hike in transportation cost.

Indian expatriates working in Bahrain are sending up to 40 percent less money home to their families because of increasing living costs. KV Shamsudheen, chairman of the Pravasi Bandhu Welfare Trust (PBWT) said this was combined with the stagnant salary scales and the increasing value of the Indian rupee, which meant reduced savings.