Star BUSINESS

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## Mittal firm on plans of $20b steel plant in India

PALLAB BHATTACHARYA, *New Delhi*

World's largest steelmaker Arcelor Mittal has said it is firm on course in setting up two steel plants in India with a total capacity of 24 million tones at an investment of about 20 billion dollars.

Laxmi Niwas Mittal met India's Steel and Mines Minister Ramvilas Paswan here on Wednesday discussing the fate of his proposals and will also meet the Chief Ministers of Jharkhand and Orissa in the next few days on the issue.

Mittal told reporters here that he is "fully committed to the two projects and I am confident of coal, iron ore and land and there is an assurance from the government".

However, Mittal's plans have got stuck in debate whether his company would be allowed access to iron ore reserves in Jharkhand and Orissa where South Korean steel major POSCO also plans to set up a steel plant with an investment of Rs 52,000 crore, the biggest FDI in India.

Mittal, who is in India to discuss the company's steel and petroleum projects, said his company would welcome any discussion with SAIL for sharing of its expertise in steel-making.

The investment by Mittal is the first and the biggest FDI in India's petroleum refining sector, Deora said.

## India cuts 5pc duty on palm oil

ANN/ THE STATESMAN

The Indian government on Thursday clarified that its had cut the customs duty on palm oil by five per cent, and not 10 per cent as notified earlier.

The error in the notification had led to market swings and four importers taking advantage of this cut.

On 23 July, the government announced its decision to reduce the import duty on palm oils. Crude palm oil, including crude palmolein, would witness a duty cut from 50 per cent to 45 per cent. The duty for refined palm oil, including RBD palmolein, would be cut from 57.5 per cent to 52.5 per cent.

## Vietnam targets $7b in RMG exports in'07

XINHUA, *Hanoi*

Vietnam is estimated to export textiles and garments worth over 4.2 billion US dollars in the first seven months of this year, compared with nearly 3.4 billion in the same period of last year, according to a local industry association Friday.

In July alone, the country is set to ship abroad the products worth 840 million dollars, the biggest monthly export revenue so far this year, said the Vietnam Textile and Apparel Association (Vitas).

Vitas has encouraged local garment enterprises to further explore traditional markets such as the United States, the European Union, and Japan, and seek more new ones.

It also urged them to focus on building trademarks, strengthening trade promotion, increasing products' quality and improving design, marketing and management.

# Ensure financial discipline to make economy sustainable

## President asks cost, management accountants

STAR BUSINESS REPORT

President Iajuddin Ahmed yesterday urged cost and management accountants (CMAs) to ensure financial discipline in public and private organisations to make the economy sustainable.

"Cost and management accountants with their intellectual ability, knowledge and commitment can ensure transparency, financial discipline and accountability in government, private, voluntary and multinational organisations, which in turn, will make the economy competitive and sustainable," he said.

The CMAs have considerable opportunity to bring financial discipline, transparency and accountability in the national economy through their honest endeavours, the president said.

"The country is looking for more professionals to join the development mechanism of the corporate bodies in particular and the economy as a whole. I would urge the cost and management accountants to spread their services in all sectors for balanced economic growth of the country," he said.

The president was addressing the inaugural function of a two-day international conference on 'Transparency, Accountability and the Accountant' organised by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) in Dhaka.

Iajuddin said at this juncture of the 21st century, economic development of a country heavily rests on its intellectual capability as well as efficient human resources, and Bangladesh needs huge efficient human resources to achieve rapid and sustainable growth.

He also vented optimism the conference will provide more professional insights to add to the current stock of ethical practices regarding how this profession can function effectively to ensure transparency in the economy.

Speaking at the function, Finance and Planning Adviser Mirza Azizul Islam said the present government is fully committed to ensuring transparency and accountability, especially in public sector.

"We have strengthened the oversight institutions such as Anti-Corruption Commission, Securities and Exchange Commission, Bangladesh Telecommunication Regulatory Commission and Bangladesh Energy Regulatory Commission by putting the right persons in the right positions," he said.

The adviser said proper actions are being taken against the corrupts. "Besides, we are also trying to ensure people's right to information access, which is a precondition for establishing transparency and accountability."

Mirza Aziz said in the era of rigid movement of capital, lack of transparency and accountability is the major barrier to attracting foreign direct investment to a country.

He also said constant vigilance by all stakeholders concerned is necessary to establish accountability and transparency. "The government is legislating a 'financial reporting council' and it will be enacted in near future," the adviser said.

Presenting a keynote paper, Bangladesh Bank Governor Salehuddin Ahmed said the accountability mechanism and regulatory bodies should be managed with professionalism, transparency and accountability.

If the internally generated management advisory information is made more transparent and the accountability can be reinforced on that transparent information, the society will be free from dangerous corruption and the dream of living in a good-governed environment will be materialised, he said.

ICMAB President Mamtaz Uddin Ahmed and Secretary Mohammed Salim also spoke at the function.

Around 600 participants from India, Malaysia, the UK, Sri Lanka, Nepal, Pakistan and host Bangladesh are participating in the conference.

The participants include professionals of accounts, finance, marketing, production and administration of various organisations.

Five technical sessions on 'Corporate Governance and the Accounting Profession', 'Financial Disclosure: A Critical Evaluation', 'Role of Accountant in the Changed Scenario after SOX Act 2002', 'Transparency and Accountability in Public Procurement Management', and 'Performance Audit in Management of Public Debts' are scheduled to be held today.

The first session will take place at Dhaka Sheraton Hotel while the four others will be at Bangladesh China Friendship Conference Centre in the capital.

Power, Energy and Mineral Resources Adviser Tapan Chowdhury is expected to attend the concluding ceremony of the conference.

Visitors look at a sample work of an embroidery machine, which is on display at the 8th TEXTECH and 4th MACHINEXPO & DIFS'2007 at Bangladesh-China Friendship Conference Centre in the capital yesterday. The four-day event will end tomorrow.

## Nepal's handicraft export dips

ANN/ THE KATHMANDU POST

After registering a marginal growth for three consecutive years, handicraft exports from Nepal recorded a decline of 5.7 percent in the last fiscal year, compared to 2005/06.

Nepal exported handicraft items worth 2.71 billion rupees (US$38.12 million) in 2006/07, as against 2.88 billion rupees ($39.39 million) of the last fiscal year, shows a statistics of Federation of Handicraft Associations of Nepal (FHAN).

Handicraft industry had grown by a cumulative 10.8 per cent in 2004/05 and 1.09 per cent in 2005/06, signaling signs of recovery from the 60.14 per cent dip recorded in 2001/02.

Entrepreneurs said that decline of 5.7 per cent for a single year does not indicate bad days for the industry as a whole. "However, continued decline of the major exportable items is a point of worry for us," Dilip Khanal, executive secretary of FHAN told The Kathmandu Post.

He attributed the latest decline of handicraft exports to the slump recorded in exports of pashmina products, metal crafts and handmade paper--the three key products that together contribute some 41 per cent of overall handicraft exports from Nepal. Statistics of FHAN shows that pashmina products, the largest handicraft exports that make up nearly 18.08 per cent of the total outbound handicraft trade, registered the least volume of export in the last three years.

## WTO not that far away from trade deal, says Lamy

AFP, *Geneva*

**Negotiators working to agree on a new global deal to reduce trade barriers are moving closer to an overall accord, WTO Director General Pascal Lamy said here Friday.**

He was addressing a plenary session of the 150-member World Trade Organisation at the end of a week of stormy debate on measures to lower farm subsidies and to improve access for industrial goods to emerging market countries.

The talks are part of the Doha Round, which was launched in November 2001 in the Qatari capital and has foundered ever since.

"There continues to be a high level of commitment to concluding the round," Lamy said, although "there are some significant differences which remain to be resolved."

But he added: "Convergence is within our reach if you are all ready to show the necessary will and flexibility.

"The distance left to go to achieve all of this is not so great."

Lamy said "intense" negotiations would resume in a month.

## India's IT industry cries foul as rupee strengthens

AFP, *Bangalore*

India's IT industry, the flag bearer of a resurgent economy, wants the government to step in and check the rupee's unprecedented rise to nine-year highs in an effort to protect their earnings.

The rupee has gained almost 10 percent this year and 14 percent over the past 12 months against the dollar, denting the earnings of an industry that gets two-thirds of its 50 billion dollars in annual revenue from the US.

"It's not a market driven by market forces alone," said Kiran Karnik, president of the National Association of Software and Services Companies (NASSCOM), in an interview here. "These are not normal times."

"There's no point in the government pretending that this is a perfect market," Karnik said. "That's an unreasonable attitude to adopt; there's scope for (the government) doing things" to stem the rupee's rise.

Indian entities have raised almost 12 billion dollars abroad in recent months which they have brought home and converted into rupees, betting the currency will extend its gains and in the process driving it up further, Karnik said.

"Earlier, you wouldn't raise money if you didn't really need it," he said.

"Now you are able to raise money abroad, so you are doing it, and converting it into rupees. You convert the money back into dollars three months later.

"That is creating tremendous pressure," Karnik said, adding: "Any dollar inflows of of this magnitude are going to depress the dollar."

He said NASSCOM, which represents the information-technology industry that has led Indian economic growth in the past two decades, has sought intervention by the government, which is sitting on record foreign exchange reserves of about 200 billion dollars.

# Dollar hits back against euro

AFP, *London*

The dollar rose on Friday to the highest level against the euro for more than two weeks, as the market awaited publication of important US economic growth data.

In early European trading the euro dropped to 1.3659 dollars, the lowest level since July 10. It later stood at 1.3673 dollars, down from 1.3743 late on Thursday in New York.

The dollar had risen to 119.22 yen from 118.68 yen late on Thursday.

Ahead of US gross domestic product numbers for the second quarter, the dollar was winning support from a general flight to safety as investors' appetite for risk dwindles, analysts said.

The recent climate of risk aversion had initially dragged the dollar lower in recent weeks because the focus was on the woes of US credit markets.

However, as the concerns take on a more global scale, the dollar has benefited as investors pull out of emerging markets.

"The case for the US dollar is mixed," BNP Paribas analysts said on Friday.

"On the one hand, a rise in risk aversion leads to a 'flight to safety' that is typically dollar positive. However, this worsening credit environment is emanating from the US," they added.

In earlier Asian trade, the dollar firmed from three-month lows against the yen despite growing gloom over the US housing market.

It clawed back after falling heavily against the yen, which was lifted by an unwinding of the so-called carry trade by speculators who have borrowed cheaply in Japan to invest overseas.

The dollar's recent sharp falls attracted buyers, despite continued negative sentiment about the US unit, said Nobuaki Tani, a manager in foreign exchange sales at Resona Bank.

The gloom over the US housing sector had deepened on Thursday after official data showed sales of new homes had fallen by 6.6 percent in June.

Meanwhile the yen was also wobbling ahead of Japan's weekend elections amid speculation that political and economic uncertainty could deter the central bank from raising interest rates next month, dealers said.

"The dollar attracted some buying ahead of the elections amid news reports that the ruling coalition is on course to a defeat," Resona Bank's Tani said.

The euro was changing hands at 1.3673 dollars, against 1.3743 dollars late on Thursday, 162.99 yen (163.13), 0.6711 pounds (0.6707) and 1.6555 Swiss francs (1.6539).

The dollar stood at 119.22 yen (118.68) and 1.2109 Swiss francs (1.2032).

The pound was being traded at 2.0377 dollars (2.0484).

On the London Bullion Market, the price of gold fell to 663.60 dollars per ounce from 670 dollars late on Thursday.

PHOTO: CITYCELL

**Mobile phone operator CityCell recently opened a 'Customer Care Point' at Dhanmondi in Dhaka. Chief Executive Officer of CityCell Chye Hoon Pin inaugurated the point while other senior officials were present.**

# China insurers to invest $39b abroad

ANN/ CHINA DAILY

More than 300 billion yuan (US$39.5 billion) is ready to flow into the international market with China's insurance companies getting government approval to invest abroad.

The new rules that became effective yesterday (July 25) raised Chinese insurers' overseas investment ceiling from five per cent of their assets to 15 per cent, said a China Insurance Regulatory Commission (CIRC) statement. The CIRC, Bank of China and the State Administration of Foreign Exchanges jointly issued the rules.

At the end of 2006, the industry's total assets were valued at 2 trillion yuan ($263 billion).

The immediate beneficiary of the new rules may be Hong Kong. Mainland companies' shares traded in Hong Kong, or H shares, are likely to be "the main target" of insurers, said Central University of Finance and Economics professor Hao Yansu, who specialises in the insurance industry.

Shenyin and Wanguo Securities Co analyst Yu Bin said: "Given the continuing revaluation of the renminbi, the overseas investment of most insurers is likely to target equities rather than bonds."

According to the rules, only insurance companies with a capital adequacy ratio of 10 per cent or more can invest abroad. The products that they can invest in include bank deposits, commercial bills, bonds, monetary funds and stocks.

But the CIRC statement has warned insurers to be "very careful" while investing in financial derivatives.

## EU welcomes German move to open up labour market

AFP, *Brussels*

The European Union's employment chief welcomed on Thursday that Berlin has begun considering lifting employment restrictions on workers from EU member states in eastern Europe.

The German government said earlier this week it was considering loosening restrictions on workers from recently joined EU member states, mostly in poorer eastern Europe.

"It is high time that there is a discussion on this issue in Germany, given the national economic and labour market situation," said EU Commissioner for Employment, Social Affairs and Equal Opportunities Vladimir Spidla.

"We have seen that liberalising the labour market has been to the benefit of both the economy of the host country as it met labour market shortages as well as of the mobile workers as they gained new experiences and skills," he added.

When 10 mostly ex-communist countries in eastern Europe joined the EU in 2004, most existing members -- with the exception of Britain, Ireland and Sweden -- put restrictions on workers from the newcomers, fearing a flood of cheap labour.

During the European Union's "big bang" enlargement, Germany levelled a two-year restriction on citizens from the new member countries working here, fearing hordes of migrant workers could snap up jobs and undercut wages.

The German government extended the limits last year for an additional three years despite criticism from the corporate sector.

In May 2009, Berlin could extend the limits for another two years under EU rules if it can demonstrate that opening the labour market would create problems for the German economy.