

Star BUSINESS

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UK honours Bangladeshi businessman



Waliur Rahman Bhuiyan

UNB, Dhaka

Waliur Rahman Bhuiyan, one of the country's top businesspersons and managing director of BOC Bangladesh Ltd, has been appointed honorary officer of the Most Excellent Order of the British Empire (OBE).

British High Commissioner Anwar Choudhury, on behalf of the British Queen, gave him the appointment in recognition of his contribution to strengthening UK-Bangladesh business relations, said a British High Commission news release yesterday.

BOC was one of the first UK companies to invest in Bangladesh in the 1950s to manufacture and supply industrial and medical gases.

While presenting the honorary award, the British high commissioner said Waliur Bhuiyan has been a magnificent ambassador for Bangladesh, Britain and the business community.

"Being one of the first UK investors to enter Bangladesh market, BOC and Waliur Bhuiyan have made a substantial contribution commercially and socially and the company remains as a responsible investor," he added.

India okays 12 new special economic zones

ANN/ THE STATESMAN

The Indian Board of Approvals on Tuesday gave formal approval to 10 special economic zone (SEZ) proposals, including three Mukesh-Ambani promoted IT/ITES SEZs in Navi Mumbai and another by Tata Consultancy Services Limited in Gujarat.

Of the total 19 proposals considered by the BoA, in-principle nod has been given to two and the rest of the proposals have been deferred, commerce secretary and BoA chairman, GK Pillai, said after the meeting.

All the four SEZs in Uttar Pradesh have been deferred. "They don't have possession of land as yet," Pillai explained.

Lanka terms rupee fall 'unwarranted'

AFP, Colombo

Sri Lanka's central bank on Wednesday told foreign exchange dealers at major banks that the rupee's weakening against the US dollar was excessive and "unwarranted".

The central bank said the currency's fall of two percent in the past week and five percent this year against the dollar was "unwarranted" because exports are strong, imports are weak and remittances from workers abroad have grown.

"The central bank is of the view that the currency depreciation is in excess of the path that is consistent with the strong external sector developments," the bank said in a statement after meeting with dealers.

Traders said state banks were selling dollars to prop up the rupee, which closed flat at 113.50 against the US dollar on Wednesday.

The island's current account deficit showed a year-on-year decline of 478 million dollars for the seven months to July to 1.8 billion dollars as export earnings rose, the statement added.

Remittances from Sri Lankans working overseas -- mainly in other Asian countries and the Gulf -- rose 18 percent to 1.3 billion dollars from January to July this year, it said.

The island's reserves were at a "comfortable" level of 2.7 billion dollars at the end of July, enough to cover three months of imports, the statement said.

CONTAINING PRICES OF ESSENTIALS

Govt support needed at production level to improve supply

CAB discussion told

STAR BUSINESS REPORT

Speakers at a discussion in Dhaka yesterday urged the government to take strategic measures to curb the price spiral of essentials such as rice, edible oil and sugar.

The government should provide financial support for production of essential commodities to improve supply position, they suggested.

Consumer Association of Bangladesh (CAB) organised the discussion on 'price spiraling of essentials and what to do' at the Reporters Unity office.

The speakers came heavily on the government for not taking any measure when commodity prices soared in the international market.

They said a huge stock of imported items should have been built up earlier by the government, but it was not done despite appeals from different quarters were made to do so.

The speakers also requested the government to bring back confidence among the businessmen, as a fear psychosis still remains in their minds.

Addressing the function, Dr

Anonya Raihan, executive director of D.Net, said the government failed to play its role in controlling the price hike of daily necessities.

"The people, especially the women and children who went up the poverty line now have gone down the poverty line, as their purchasing power is reduced due to price hike," he said.

He emphasised free flow of information on various aspects of markets such as demand and supply, stock and shortage of essentials to make it sure that traders do not hoard any essential commodity.

There is a tendency of hoarding of commodities among the traders on speculation that the price may be hiked further and it happened mainly because of inadequate flow of information on essentials, he said.

He, however, said recent flood and uncertainty in the business environment have also contributed to the surge in prices of essentials.

Dr M Asaduzzaman, research director of Bangladesh Institute of Development Studies (BIDS), said had the government taken initiatives in the wake of high commodity

prices in the international market, it would have been possible to control the abnormal rise in prices of essentials, at least a few of those.

"The government has to come forward to finance the productivity of essential commodities", he said, also suggesting that through import of a huge quantity of commodities prices of the items that are imported could be contained.

Reazuddin Ahmed, editor of the daily News Today, said although businesspeople tend to make a windfall profit, they are not willing to do business in the changed scenario.

"A lack of business confidence has been created in their minds," he pointed out.

Moderating the discussion, Dr Atiur Rahman, chairman of Shamunnay, said pace of economic growth has slowed due to recent developments on the country's political and economic fronts.

He, however, anticipated that still there is scope for price manipulation in the market mechanism.

Major currencies soar against dollar

Currencies around the world soared against the US dollar Wednesday after the US Federal Reserve reduced its key lending rate by half a point to 4.75 percent, according to agencies.

The euro reached all time high against the US dollar. The EU single currency hovered close to 1.40 dollars as it rose as high as \$1.3987, a new high, in morning European trading before settling back to \$1.3981, above the \$1.3971 it bought in late New York trading the night before.

The pound rose higher against the dollar, too, rising to \$2.0157, slightly above the \$2.0131 it bought in New York trading late Tuesday night.

The rising euro has yet to cause great consternation among most of the 13 nations that use the common currency, but as it rises, it can dampen exports, particularly to the United States, where the prices for anything from automobiles to steel to consumer goods are more expensive to American buyers.

The Canadian dollar reached a 30-year high Tuesday, nearing parity with the US greenback. The loonie closed at 0.9864 US dollars, after touching 0.9874 US in the day's trading, its highest level since January 1977, according to the Bank of Canada. One US dollar would thus buy 1.0138 Canadian dollars.

Analysts now say the Canadian dollar could reach parity with the US dollar in the coming days or weeks, already up 13.9 percent this year against the greenback.

The Australian dollar also surged Wednesday in the wake of a US interest rate cut that emphasised the currency's high yield for investors compared to the greenback, dealers said.

The "Aussie" reached 85.46 US cents at 0700GMT Wednesday, up more than two cents on the previous day's 83.03.

Meanwhile in Asia, Chinese Yuan strengthened against the US dollar on Wednesday after the Federal Reserve cut the prime interest rate by 50 basis points.

ADB sees Asia's strong growth prospects as Fed cuts rate to 4.75pc

AFP, Manila

Asia's economic growth prospects will get a strong boost from the US Federal Reserve's hefty cut in interest rates, Asian Development Bank president Haruhiko Kuroda said Wednesday.

The US central bank on Tuesday cut the federal funds rate, which banks charge each other for overnight loans, by a hefty half point to 4.75 percent, the first reduction in four years. The move was cheered by financial markets around the world.

"The latest decision by the US Federal Reserve would be welcomed by many in the region because that would first of all reduce the financial sector turmoil," he told a news conference on the sidelines of an aid conference in Manila.

"It would definitely improve the prospect of sustained strong economic growth in the US and would also be beneficial particularly for the emerging economies of Asia," he added.

"I would say that the decision would be greatly appreciated by many economies and the financial sector in the region."

Manila-based ADB, downplaying the chances of a US recession, on Monday raised its economic growth forecasts for developing Asia this year to 8.3 percent from 7.6 percent in March.

Next year's growth should be 8.2 percent, up from the earlier forecast of 7.7 percent, it said.

Earlier report from Washington adds: The Federal Reserve Tuesday slashed its base federal funds rate by a half point to 4.75 percent, in what analysts called a bold move to stimulate an economy imperiled by housing and credit market stress.

The Federal Open Market Committee, in a unanimous decision after a one-day meeting, also cut its discount rate for direct central bank loans by 50 basis points to

5.25 percent.

"Today's action is intended to help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and to promote moderate growth over time," the FOMC said in a statement.

The statement said that despite "moderate" economic growth in the first half, tighter credit conditions create a "potential to intensify the housing correction and to restrain economic growth more generally."

The cut in the federal funds rate is likely to lead to a lowering of borrowing costs across the economy, for consumers and businesses alike. The Fed, which has not cut rates since 2003, had held this rate at 5.25 percent since June 2006.

"I think the Fed delivered a healthy dose of monetary medicine to the economy and housing market," said Scott Anderson, senior economist at Wells Fargo.

"I think it will be viewed as an aggressive move by the Fed to avert an economic recession."

The policy-setting committee, which was forced to reconsider its tough monetary stand when financial markets were roiled by fears of a wider economic crisis, had been widely expected to cut interest rates.

But analysts had been divided on whether the central bank would move by a quarter point or a bolder 50 basis points. Some economists said a cut might fuel inflation or bring back the easy-money conditions that created the problems.

"Readings on core inflation have improved modestly this year," the FOMC said.

"However, the Committee judges that some inflation risks remain, and it will continue to monitor inflation developments carefully."

The panel said developments in financial markets since the last

regular meeting "have increased the uncertainty surrounding the economic outlook" and that it would "continue to assess the effects of these and other developments on economic prospects and will act as needed to foster price stability and sustainable economic growth."

The wording suggests the central bank is not promising further rate cuts but would wait to see if economic and credit conditions return to normal, said analysts.

"It's a signal that they'll assess the economic risks as the data come in," said Craig Alexander, deputy chief economist at TD Bank Financial Group.

"It may be the Fed does not want the market to price in a major easing cycle."

Avery Shenfeld, economist at CIBC World Markets, said that although the Fed is trying to send a message not to count on any more reductions, "I doubt the Fed is done. I think they are right and that the economy is softening."

Andrew Busch, analyst at BMO Financial Markets, said however that the rate cut is a rescue for those who "made poor credit decisions without the consequences of market discipline."

"Like a teenager with a car and no curfew, we'll be having more problems down the road from these actions. But for now, who cares? Everyone's happy and it keeps the politicians at bay," Busch added.

The US economy expanded at a robust 4.0 percent pace in the second quarter, but many experts view that as a statistical fluke that belies soft conditions. The loss of 4,000 jobs in August, say some, point to deep problems as the housing slump and credit problems drag on growth.

In August, the Fed announced a half-point cut in its discount rate in an effort to open credit markets and reduce the stigma associated with direct loans from the central bank.



PHOTO: STAR

Erik Aas, managing director of Grameenphone Ltd, and Hosne Ara Begum, managing director of Thengamara Mohila Sabuj Sangha, an NGO, exchange documents after signing a memorandum of understanding (MoU) in Dhaka yesterday. Under the MoU, the mobile phone operator will set up a blood bank in a hospital in Bogra that is run by the NGO. Dr ASM Matiur Rahman, health ministry adviser, and Kafil HS Mueyed, director of New Business Division of Grameenphone, are also seen.

Doha no done deal despite convergence: Lamy

AFP, Manila

A global free trade deal nearly six years in the making is not a certainty this year or next despite a convergence of positions by key countries and blocs, World Trade Organisation chief Pascal Lamy said Wednesday.

Negotiators are meeting in Geneva until Friday in a three-week drive to break a long-standing deadlock in key agricultural negotiations at the Doha round of talks on reducing barriers to global commerce.

They are discussing "draft modalities" that call for cuts in US agricultural support to below 16.2 billion dollars a year, compared to

19 billion dollars allowed now, and reductions in industrial tariffs charged by emerging nations to less than 23 percent.

"My feeling is that given the level of activity of negotiations in Geneva, my sense is that it is now 'doable'. But saying something is 'doable' is not saying something that is going to be done," Lamy told a news briefing in Manila on the sidelines of an international aid conference.

"I think it's possible but we are not quite yet there although there has been momentum added in recent weeks," he added.

The WTO's 151 members are at odds over the extent of new reductions in barriers to trade in agricul-

ture, industrial goods and services amid disagreements between rich and poor countries over cuts in import tariffs and farm subsidies.

Industrialised economies such as the United States and European Union have been seeking easier access to markets in developing countries in exchange for cuts in their own farm protection.

"My own sense is that there are more chances of final convergence today than we had six months ago," Lamy said.

"Six months ago the conventional wisdom was that we'll never get there unless there's a miracle," he added.

"Whether we get there or not I don't know."

Grameenphone to set up blood bank in Bogra hospital

STAR BUSINESS REPORT

Leading mobile phone operator Grameenphone Ltd will set up a blood bank in Rafatullah Community Hospital in Bogra to ensure safe and hygienic blood transfusion mainly for underprivileged patients.

A memorandum of understanding (MoU) to this effect was signed yesterday in Dhaka between the cellphone operator and Thengamara Mohila Sabuj Sangha (TMSS), a non-government organisation led by women that runs the hospital.

Erik Aas, managing director of the mobile phone company, and Hosne Ara Begum, managing director of TMSS, signed the MoU, while Dr ASM Matiur Rahman, health ministry adviser, and Kafil HS Mueyed, director of New Business Division of Grameenphone, were present.

Matiur Rahman thanked the cellphone company for undertaking such project as a commitment to corporate social responsibility and urged the young generation to donate blood.

The adviser said the annual demand for blood is between 3 and 3.5 lakh bags in the country, and it is not possible to meet the demand without raising awareness among people to donate blood voluntarily.

"In recent times voluntary blood donation has increased to 20 percent, while blood donation by professional donors has fallen to below 10 percent, which is a good sign for ensuring safe blood transfusion," he said.

Microsoft China CEO quits

AFP, Beijing

Microsoft China announced Wednesday that its chief executive officer Chen Yongzheng had quit the company for "a new leadership position outside the IT field."

Chen, who was president of Motorola China from 2001 to 2003, will join the National Basketball Association and become NBA China's chief executive officer from October 15, Chinese Internet portal Netease.com reported.



PHOTO: BEPZA

Prasanta Bhushan Barua, member (Investment Promotion) of Bangladesh Export Processing Zones Authority (Bepza), and Mae Nadine Lim, regional director of M/s r-Pac Bangladesh Packaging Company Ltd, sign an agreement in Dhaka yesterday. Under the deal, the company will set up a garment accessories manufacturing plant in Adamjee EPZ with an investment of US\$ 5.548 million. Brig Gen Ashraf Abdullah Yussuf, Bepza executive chairman, among others, was present at the signing ceremony.

China's Chery to double 2007 car exports

AFP, Wuhu, China

China's Chery Automobile, a fast-growing private company, expects to double its exports in 2007 from last year to 100,000 cars, a senior executive said Wednesday.

The rapid expansion of overseas shipments will help the nimble auto maker towards the ambitious goal of selling one million cars annually by 2010, according to Zhou Biren, the company's vice president.

"In 2007 we will export 100,000 cars," Zhou told reporters during a tour of the company's headquarters in east China's Wuhu city.

"Although these volumes are not big, they help us to establish experience in overseas markets," he said.

Chery, which was established just a decade ago, said its main markets abroad included the former Soviet republics, the Middle East and South America.

"We hope by 2010 to be able to sell one million cars, domestically and overseas," Zhou said.

Zhou confirmed that Chery

planned to sell shares to the public, but gave few other details.

"We do have such a plan, but I don't know the exact schedule. We still have to apply to the authorities," said Zhou, adding he did not know if the initial public offering would be in an overseas or a domestic market.

Chery saw its millionth car roll off the assembly line last month, the company said previously.

As a measure of its rapid growth, Chery said it took six years to make the first half million cars and only one and a half for the second.

Chery, based in the eastern province of Anhui, currently has an annual capacity of 400,000 units and expects to add another 250,000-300,000 units after a new plant starts operation in October, according to the statement.

Chery sold 197,923 units in the seven months until July, fourth on the domestic market after FAW-VW and Shanghai VW, two Chinese joint ventures of Germany's Volkswagen AG, and Shanghai GM, a General Motors joint venture.

US-Turkey RMG accessories plant in Adamjee EPZ soon

UNB, Dhaka

USA-Turkey company is going to invest US\$ 5.548 million to set up a garments accessories manufacturing industry in the Adamjee Export Processing Zone.

Hundred percent foreign owned company M/s r-Pac Bangladesh Packaging Co. Ltd, will produce barcode, price ticket and labels, care labels, woven labels, integrated labels, offset labels, hang tag security labels.

An agreement, to this effect, was signed between Bangladesh Export Processing Zones Authority (Bepza) and M/s r-Pac Bangladesh Packaging Co Ltd in Bepza Complex yesterday.

Prasanta Bhushan Barua, member (investment promotion) of Bepza, and Mae Nadine Lim, regional director of M/s, r-Pac Bangladesh Packaging Co Ltd, signed the lease agreement on behalf of their respective organisations.



PHOTO: UCB

United Commercial Bank (UCB) Ltd and Western Union, a money transfer company, signed an agreement in Dhaka on Tuesday. Under the deal, Bangladeshi expatriates will be able to send their money home through the branches of the bank with the help of Western Union. Managing Director of the bank Hamidul Huq and senior officials from both the sides were present at the signing ceremony.