

# G7 squeezes China, warns of growth slowdown

AFP, Washington

The world's top finance leaders said Friday order was returning to financial markets but warned of lingering instability likely to dampen economic growth as they turned up the heat on China to ease its currency restrictions.

Representing Britain, Canada, France, Germany, Italy, Japan and the United States, Group of Seven ministers convened on the 20th anniversary of the Wall Street stock market crash, and US Treasury Secretary Henry Paulson said today's financial market upheavals were very much on their minds.

"The general feeling around the table was that there are some markets returning to normalcy as risk has been reassessed and repriced," Paulson told a news conference after the talks.

"In other markets, that reassessment will take longer."

While the global economy is now in the fifth year of "robust" momentum, "recent financial market turbulence, high oil prices, and weakness in the US housing sector will likely moderate this growth," the ministers and central bankers warned in a statement.

They noted that the functioning of financial markets was improving after having been rocked by a credit crisis, a byproduct of the meltdown in the US subprime -- or high-risk -- mortgage market.

The upbeat assessment however came with a note of caution.

"Strong global fundamentals and well-capitalized financial institutions provide a sound and resilient basis but uneven condi-

tions are likely to persist for some time and will require close monitoring," the ministers said.

The meeting in addition called for action to prevent future turmoil, stressing that market players had to police themselves.

"We expect market participants to address many of the shortcomings that were exposed by recent events," the statement said.

The United States has come under criticism for allowing loose lending practices to flourish in a climate of low interest rates, which fueled a years-long housing boom, speculation and the emergence of little-understood complex financial instruments backed by mortgages.

The real estate bubble burst last year, triggering loan defaults and foreclosures as well as a credit crunch that spread worldwide, roiling markets in August.

"Our response to recent financial turbulence must be based on full analysis of its causes," the G7 finance chiefs said.

The Group of Seven in its closely scrutinized final communique said it welcomed steps by China to increase the flexibility of its currency, the yuan.

But it added: "In view of its rising current account surplus and domestic inflation we stress its need to allow an accelerated appreciation of its effective exchange rate."

The United States and several of its trading partners have repeatedly urged China to adopt a more flexible currency regime,

But Paulson, repeating Washington's oft-stated conviction, declared: "I believe a strong dollar is in our nation's interest."

## Wall St marks crash anniversary with fresh tumble

AFP, New York

Wall Street shares took a dive Friday as fresh worries about the outlook for the economy and earnings heightened skittishness on the 20th anniversary of the New York market crash.

Earlier in the day the deputy governor of the Chinese central bank, Wu Xiaoling, insisted that Beijing was indeed moving to reform its exchange rate mechanism.

"Moving the exchange rates in the absence of economic restructuring policies will hurt China," Wu told a forum at the Peterson Institute of International Economics.

"Since China is one of the driving forces of the global economy, this will accordingly hurt the global economy. Therefore China's authorities decided to reform the foreign exchange regime in a controlled manner on its own initiative and in a gradual fashion."

China in 2005 ended the fixed peg of the yuan to the dollar by allowing it to float within a relatively narrow range but the move has failed to stem pressure from US and European officials for faster action.

The ministers made no mention in their final statement of the steadily eroding dollar, notably against the euro.

The greenback on Friday plunged to an historic low as they euro rose to a record 1.4319 dollars, largely on fears for the continued good health of the US economy in the face of surging oil prices.

Andy Brooks, head of trading at T. Rowe Price, said the slide was most an emotional reaction to the anniversary of "Black Monday," which saw the largest single-day point drop for the Dow.

The moderation in growth is being driven by slipping external demand, particularly from the United States and Europe, according to the IMF's new Regional Economic Outlook report on the Asia-Pacific area.

"This forecast also assumes an effective policy tightening in China and some slowdown from that," David Burton, director of the IMF Asia and Pacific department, said at a news briefing here.

The outlook for growth in

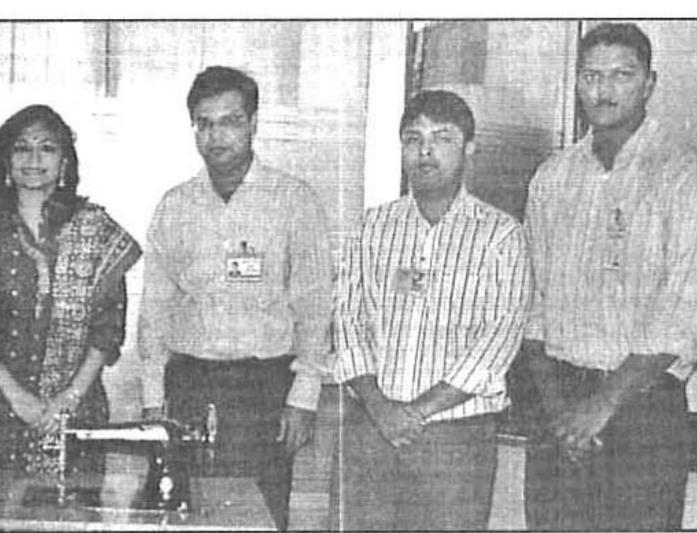


PHOTO: FRIENDSHIP

Youngone Corporation, a leading multinational company in readymade garment sector, yesterday handed over 50 sewing machines to Friendship, a non-profitable volunteer organisation, to provide training for the underprivileged adolescents and women so as to improve their livelihood. Runa Khan, executive director of Friendship, and officials from Youngone were present at the handover ceremony.

## Asia-Pacific growth to slow to 7.2pc in 2008: IMF

AFP, Washington

The International Monetary Fund said Asia-Pacific economic regional growth is expected to slow to 8.0 percent this year and to 7.2 percent in 2008 if China keeps a tight rein on monetary policy.

The moderation in growth is being driven by slipping external demand, particularly from the United States and Europe, according to the IMF's new Regional Economic Outlook report on the Asia-Pacific area.

Asked about China's currency, regarded by the IMF as the United States and most of the Western world as undervalued, Burton said: "China has made a start" in allowing it to appreciate.

After the Chinese government delinked the renminbi from the dollar in 2005, the Chinese yuan currency has fallen about 10 percent in real effective terms, and about 10 percent in nominal effec-

tive terms, he said.

"They should pay more attention to a basket of currencies, he said, "not just the dollar rate."

The Chinese government's measures to cool the sizzling economy, including interest rate hikes, have been insufficient, according to recent data.

China's inflation rate hovered at near 10-year highs in September as the economy edged closer to overheating, a top planning official said Thursday, signaling that more cooling measures were on the way.

The consumer price index rose 6.2 percent in September and 4.1 percent for the first nine months of the year, National Development and Reform Commission vice chairman Zhu Zixin told journalists.



PHOTO: GRAMEENPHONE

Prashant Savla, manager (Finance & Operations) of Sun Pharmaceutical (Bangladesh) Ltd, and Rahat Khan, manager (Direct Sales) of Grameenphone Ltd, among others, pose for photographs at a corporate agreement signing ceremony recently. As per the deal, the pharmaceutical company will get complete communication facilities under the 'Business Solutions' package of the mobile phone operator.

### Government of the People's Republic of Bangladesh

Local Government Engineering Department

Office of the Upazila Engineer

Upazila: Lohagara, District: Chittagong

### Invitation for Tenders (IFT for Goods)

Tender Notice No: 01/2007-2008

Sealed tenders are hereby invited from the eligible tenderers as defined in the tender documents for the under listed goods as per terms & conditions stated below:

1	Project name	Primary Education Development Programme-II (PEDP-II).			
2	Source of funds	ADB, IDB, DFID, EU, NORAD, Netherlands, Canada, SIDA and GoB.			
3 List of goods:					
Sl. No.	Package No.	Name of goods	Amount of tender security (Tk)	Price of tender document (Tk)	Time for completion
01.	PEDP-II/ CTG/LOH/G 39.477	Supply of Fur. At Adhunagar GPS Supply of Fur. At Amritaband GPS Supply of Fur. At Amtioli GPS Supply of Fur. At Boro Hatta GPS Supply of Fur. At Chakhrani GPS Supply of Fur. At Churni GPS Supply of Fur. At Churni Hakima GPS	25500.00	750.00	90 days
02.	PEDP-II/ CTG/LOH/G 39.478	Supply of Fur. At Dakhin Sukhbari Shatrasaheb GPS Supply of Fur. At Dakhin Purbo Amritaband GPS Supply of Fur. At Dakhin Sukhbari GPS Supply of Fur. At Gourjani GPS Supply of Fur. At Faranga GPS Supply of Fur. At Madhya Amritaband GPS Supply of Fur. At Madhya Boro Hatta GPS Supply of Fur. At Malik Saitang GPS Supply of Fur. At Mosudia GPS	24500.00	500.00	90 days
03.	PEDP-II/ CTG/ LOH/G 39.479	Supply of Fur. At Narsha GPS Supply of Fur. At Pashim Amritaband GPS Supply of Fur. At Pahar Chanda GPS Supply of Fur. At Putulia GPS Supply of Fur. At Purbo Putulia GPS Supply of Fur. At Purbo Sukhbari GPS	24000.00	500.00	90 days
04.	PEDP-II/ CTG/LOH/G 39.480	Supply of Fur. At Saigor GPS Supply of Fur. At Senar Hat GPS Supply of Fur. At Sukhbari Molovpara GPS Supply of Fur. At Sukhbari Rahmania GPS Supply of Fur. At Uttra Adhunagar GPS Supply of Fur. At Bhabanipur GPS	19000.00	500.00	90 days
4	Date, time and place of tenderer meeting	Date: 05-11-2007, Time: 12:00 noon Place: Office of the undersigned.			
5	Last date, time and place of selling tender documents	Date: 14-11-2007 Time: Upto 4.00pm. Places: (a) Office of the Additional Chief Engineer (Maintenance), LGED, LGED Bhaban, Agargaon, Sher-e-Bangla Nagar, Dhaka-1207. (b) Office of the undersigned. (c) The Executive Engineer, LGED, Dist: Chittagong. (d) The Upazila Engineer, Upazila: Salkania, Dist: Chittagong.			
6	Last date, time and place of receiving tender	Date: 15-11-2007 Time: Upto 12:00 noon. Places: (a) Office of the undersigned. (b) The Executive Engineer, LGED, Dist: Chittagong. (c) The Upazila Nirbahi Officer, Upazila: Lohagara/Salkania, Dist: Chittagong. (d) The Upazila Engineer, Upazila: Salkania, Dist: Chittagong.			
7	Date, time and place of opening of tender	Date: 15-11-2007 Time: 3:00pm. Place: Office of the undersigned.			

8. Tender shall be valid for a period of 90 days after tender opening and must be accompanied by the tender security specified above. The authority reserves the right to accept or reject any or all the tenders without assigning any reason whatsoever. Interested tenderers may obtain further information from the undersigned and purchase the tender documents in Cash/Treasury Chalan/Bank Draft from the places mentioned above. The tenderer or their authorised representatives are allowed to attend the opening of tenders.

ASM Rashidur Rahman  
Upazila Engineer  
Tel. No. 03034-56026

GD-3642

## Vietnam Airlines in \$18.8m profit

AFP, Hanoi

State-owned Vietnam Airlines said Saturday that it had earned pretax profits of 18.8 million dollars in the first nine months of 2007, almost as much as the whole of last year.

The national flag carrier said it had earned more than 83 percent of its target for the whole of 2007. It did not compare its performance with the same period last year.

But the airline said in a statement that it had faced obstacles.

"Despite the air transport market's growth of 17 percent year-on-year in the first nine months of the year, there remained a number of difficulties in the business environment," it said.

These included competition on international and domestic routes and higher fuel prices, it added.

The carrier transported more than 5.8 million passengers between January and September, a year-on-year increase of 12.7 percent.

Some 3.4 million were Vietnamese and 2.3 million were foreigners, with the latter figure up by only one percent against the same period last year.

It also transported more than 82,400 tonnes of cargo.

Vietnam Airlines, one of the most successful state-owned enterprises earmarked to be partly privatised soon, made a full-year pretax profit of 304.5 billion dong (19 million dollars) last year.

## Financial services to be next engine of Indian growth

PTI, New York

India has said its growth story, steered mainly by IT and telecom so far, will shift gear towards financial services to drive expansion.

"It is our intention to make financial services the next growth engine for India," Finance Minister P Chidambaram said at ICICI Securities Investor Conference here Thursday.

As the economy becomes more open and trade intensity increases big financial flows would be intermediated in India, he said.

Pointing out that India is a purchaser of international financial services, he said there is an opportunity for India to become a provider to these services as well.

He cited a recent report to state that these services were valued at USD 13 billion a year and would rise to USD 48 billion by 2015.

A government constituted committee had earlier this year submitted its recommendations on making Mumbai an International Financial Centre.

"It is, therefore, our intention to make Mumbai an International Financial Centre," he said, adding the report is in the public domain and the process of building a consensus on the key recommendations is on.

Pointing out that outlook for the Indian economy is positive, Chidambaram said the factors that are driving the current growth are domestic consumption, rise in investment, increase in employment and increase in productivity of both labour and capital.

GD-3613

Note: In under any unavoidable circumstances tender documents selling receiving and opening are not possible the next working day will be applicable for the same respectively.

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