

## Tempest over cargo-sharing claim

### Foreign ship owners deny government statement

RAFIQ HASAN

Foreign ship owners denied a government claim that they have agreed to share cargoes with Bangladesh feeder vessels, and said such a deal would push up costs and hit the economy.

They dismissed the minutes of a meeting at which agreement was said to have been reached as "a complete distortion of facts."

The India-Pakistan-Bangladesh-Ceylon Conferences, an organisation representing main line operators (MLOs), put the grievances in a protest letter to the Director

General of Shipping Commodore Ghulam Rabbani on Tuesday.

Urging the government to withdraw the minutes of the January 15 meeting between foreign and local ship-owners, the organisation said any protection in the feeder trade would encourage monopoly, make operations more expensive and cause a deterioration in services.

"All this will make Bangladesh shipping market unattractive for the main line operators, affecting the export-import business and overall economy as well," it said.

The letter accused the president of Bangladesh Ocean Going Ship Owners

Association (BOGSOA) of having made untrue, indecent and unprofessional comments about MLOs during the meeting.

The MLOs say they had to walk out of the meeting because the chairman failed to protect them.

The letter also said that Bangladesh flag vessels could increase their share of the feeder trade by being competitive and ending their protectionist mind-set.

BOGSOA President Sayeed Hossain Chowdhury dismissed the letter as "absurd and ridiculous".

Chowdhury told The Daily Star that he could produce documentation of an "unfair

alliance" between the MLOs and foreign feeder services.

He questioned the validity of MLOs' concerns about feeder service on the grounds that it was not their business: "As long as we can connect the mother vessels they should not be worried."

He also dismissed claims of a monopoly in feeder service saying that there are at least three major locally owned container services.

Some other companies are also in the process to purchase Bangladesh flag vessels very soon, he said.

## Eastland Ins holds managers' conference

The regional and branch managers' conference-2003 of Eastland Insurance Company Limited was held at a city hotel on Wednesday, says a press release.

Mahbubur Rahman, chairman of the company, inaugurated the conference.

M Azmal Hoque, managing director, AKM Humayun Kabir, director, Ghulam Rahman, executive director, and SR Chowdhury, addl. managing director, also participated in the conference.

70 executive and senior officers representing all branches participated in the conference.

Speaking on the occasion the chairman expressed his satisfaction over the overall performance of the company.

He also distributed prizes among marketing and non-marketing personnel with outstanding performance during the year 2002.

## Syngenta becomes GP's corporate client

Syngenta Bangladesh Limited has recently signed an agreement with GrameenPhone Ltd under its corporate sales package initiative to use GP mobile phones and other services, says a press release.

AH Sarder, finance director of Syngenta, and Kafil HS Mueyed, general manager of Sales and Marketing Division of GrameenPhone Ltd, signed the agreement on behalf of the respective organizations.

Sarwar Ahmed, managing director of Syngenta, and Khalid Hasan, Director of Personnel and Organization of GrameenPhone, were present on the occasion.

Saidul Hossain Khan, HR director, Amin Amir Ali, Information Services director, Aminul Haque, marketing director, Asif Kibria, operations director of Syngenta, and Hasan Md Zahid, head of Corporate Sales of GrameenPhone, were also present at the signing ceremony.

Under the agreement, Syngenta has been provided with GP subscriptions for its operations in the country. It is using these mobiles to maintain effective communication among its distributors and employees.

Syngenta is also using GP Data Services to connect all of its six offices around the country. It will also benefit from GrameenPhone's International Roaming facility.

Subscription to the GP Corporate package will also significantly reduce Syngenta's inter-district communication cost.

## Philippine economic growth 4.6pc in '02

AFP, Manila

The Philippine economy grew by 4.6 per cent in 2002, the highest since the Asian economic crisis six years ago, President Gloria Arroyo said Thursday.

"I'm pleased to announce that for the year 2002, GDP (gross domestic product) grew at 4.6 per cent, and GNP (gross national product) at 5.2 per cent," she told a brief news conference.

"This is much above the (GDP) forecast of 4.0-4.5 per cent and much above the 2001 growth. In fact it is the strongest economic performance since the 1997 Asian economic crisis," Arroyo said.

The Philippine economy had expanded by 3.2 per cent in 2001.

"This growth must now be translated to social equity," Arroyo said.

Nearly 40 per cent of Filipinos live on less than a dollar a day.

Economic Planning Secretary Romulo Neri is to discuss the GDP growth at a press conference later Thursday.



PHOTO: EASTLAND INS

Mahbubur Rahman, chairman of Eastland Insurance Company Limited, speaks at the inauguration of a regional and branch managers' conference of the company held at a city hotel on Wednesday. A K M Humayun Kabir, director (2nd from left), M Azmal Hoque, managing director (2nd from right), Ghulam Rahman, executive director (extreme left), and S R Chowdhury, additional managing director (extreme right), are also seen in the picture.

## ADB raises share of project funding in developing states

AFP, Manila

The Asian Development Bank (ADB) is to substantially increase its share of funding for projects in developing member countries to help them tide over fiscal and other financial constraints, officials said.

The Manila-based bank's funding share has been between 40 and 80 per cent of the cost of projects since 1998.

Effective January 1, 2003, ADB's minimum share would rise to 65 per cent but the ceiling would remain largely unchanged, Ann Quon, the bank's director of external relations, told AFP Thursday.

"The bottomline is that ADB is now able to provide a larger proportion of project cost financing than done previously," she said.

Although the change applies only to new project loans, it will be a welcome relief to nearly 33 countries banking on the ADB for funding of projects ranging from micro-finance banking to sewage systems.

Compared with other multilateral financial institutions, such as the

World Bank and the Japan Bank for International Cooperation, the ADB gives the smallest funding share for projects.

"The new ruling will now narrow the difference between ADB and the other multilateral financial institutions in terms of per centage of project share funding," Quon said.

In devising the change, the ADB also considered the tighter fiscal situation in the region and the "lingering" effects of the Asian financial crisis in 1997/8 and the subsequent Russian financial crisis, she added.

Last year, ADB lent a total of 5.7 billion dollars by taking stakes in 76 projects, mostly in Asia, including in Afghanistan where it resumed operations for the first time in 23 years.

ADB's loan value is expected to increase substantially in 2003 with its higher share in project funding.

The ADB's project cost-sharing limits are based largely on a country's per capita gross national product (GNP) and external debt repayment capacity, officials said.

Under the new criteria, Quon said, ADB would shoulder 65 per

cent of project costs -- from 40 per cent previously -- in the Philippines, Fiji, Kazakhstan, Malaysia, Thailand, Turkmenistan and Uzbekistan.

In China, India, Indonesia and Papua New Guinea, ADB's stake in projects would increase from 60 per cent to 70 per cent.

The bank's funding limit would be raised to 75 per cent from 70 per cent in Azerbaijan, Bangladesh, Kiribati, Kyrgyzstan, Laos, Maldives, Mongolia, Myanmar, Nepal, Samoa, Solomon Islands, Tajikistan and Vanuatu.

The bank's largest borrowers last year were India at about 1.2 billion dollars, Pakistan at 1.1 billion dollars, China at 900 million dollars and Indonesia at 800 million dollars.

The ADB has 61 member economies as its shareholders, of which Japan and the United States are the largest.

## BOC declares 100pc dividend

BOC Bangladesh Limited has declared a 100 per cent dividend for the shareholders for the financial year ending September 30, 2002.

The dividend was announced at the 30th annual general meeting of the company held in the city yesterday, says a press release.

Speaking on the occasion, the chairman of the company said the sales has grown by nearly 10 per cent and earnings improved by 13 per cent over last year. The company's liquidity position has also improved and bank loans repaid earlier than maturity dates.

The chairman said the production capability of the company is in satisfactory state, both in qualitative and quantitative measures. Future prosperity would largely depend on external environment, local and global, he added.

At the meeting re-appointment of managing director, Waliur Rahman Bhuiyan, was approved. Dr Mohammad Farashuddin, a former governor of the Bangladesh Bank, joined the Board of Directors replacing SH Kabir who has retired on reaching the superannuation age as per Articles of Association of the company.

Azimuddin Ahmad and John Andrew Bevan have been re-elected directors of the company.

## Indian minister favours healthy competition in telecom sector

AFP, New Delhi

India's new Communications and Information Technology Minister Arun Shourie Thursday called for greater competition in the telecoms sector, dismissing allegations of government favouritism.

Shourie, also the Disinvestment Minister, took over the ministry in a cabinet reshuffle on Wednesday ahead of crucial elections in nine states this year and national polls next year.

Shourie said there was room for many players in telecoms services, whose presence would increase competition, but warned against predatory practices.

"No restrictions should be imposed which will arrest the march of technology or give any unfair advantage to any particular player, be it PSU (state-owned) or private," the minister told reporters after taking charge.

"These allegations that government can be moved by corporate houses should be eradicated. These are false allegations," Shourie said.

"Such allegations have not stood the test of scrutiny in the disinvestment sector."

Shourie took over from Pramod Mahajan, who was seen as an open supporter of telecoms firm Reliance in a dispute between cell operators.

## Survey shows Australian economy to weaken in '03

AFP, Sydney

Australia's robust economy ended 2002 in a strong position with business conditions at their healthiest levels for three years, but there are indications of future weakness, figures released Thursday showed.

A survey of business conditions in the three months to December 31 conducted by the National Australia Bank showed global security and a severe drought would take their toll in 2003 on an economy that has outpaced many of its trading partners in recent months.

NAB said the survey results showed signs of a "topping out" in the non-farm sector which has carried the economy as the drought slashed farm revenues.



PHOTO: BOC

(From left to right) NEA Shibly, ZH Khondker, Azizur Rashid, Waliur Rahman Bhuiyan, M Syeduzzaman, Michael S Huggon, Azimuddin Ahmad, and Michael S Mathews attend the 30th annual general meeting of BOC Bangladesh Limited held in the city yesterday.

## RMG workers to get health services from UNFPA

STAR BUSINESS REPORT

With a view to providing health services to garment workers, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the United Nations Population Fund (UNFPA) signed a memorandum of understanding (MoU) yesterday.

BGMEA President Kutubuddin Ahmed and UNFPA Bangladesh representative Suneeta Mukherjee signed the MoU on behalf of their organisations.

BGMEA Vice-president Md Atiqul Islam, Vice-president (Finance) Md

Shafiqul Islam and UNFPA Assistant Representative Md Nurul Amin were also present.

Under the MoU, the UNFPA will provide 2,90,000 US dollars to the BGMEA for creating awareness about reproductive health, gender issue and prevention of HIV/AIDS among the garment workers.

Three lakh workers from 375 garment factories of Dhaka and Chittagong will get the services.

The BGMEA will implement the project under the supervision of the Ministry of Labour and Employment.

The BGMEA yesterday also signed a MoU with Porichorja, a NGO working on social welfare.

BGMEA President Kutubuddin Ahmed and Porichorja Managing Director Parvez Salman Chowdhury signed the agreement yesterday on behalf of their offices.

BGMEA and Porichorja will jointly provide suggestions to garment workers on contagious and non-contagious diseases and preventive measures from sexually transmitted disease (STD).

They will also arrange workshop on various diseases like HIV/AIDS, STD and expanded programme of immunisation (EPI) for the children of the workers.

## Consumer confidence takes big dip in S'pore

THE STRAITS TIMES/ANN

Talk of a war against Iraq, mounting job cuts and stock market losses have taken a toll on consumer confidence in Singapore, which ranks among the lowest in the region.

A half-yearly survey by MasterCard International, of consumers in 13 countries in the Asia-Pacific region, has found Singaporeans to be among the most pessimistic about prospects in the next half-year. It was carried out last month.

Dr Yuwa Hedrick-Wong, MasterCard's economic adviser in the Asia Pacific, said Singapore was facing uncertainty on two fronts.

"The first is global, for example, talk of the US-Iraq war. The second

is home-brewed because the country is going through structural transition... there's a mismatch of jobs lost and jobs created."

The Singapore index, which takes into account feelings about employment, the economy, income, the stock market and quality of life, fell by more than 20 points to 31.4.

That is in sharp contrast to top scorer China, which saw the consumer confidence index hit a high of 84.4, up from the 73.6 which was achieved in the previous half-year period.

"Consumers in China are extremely upbeat about the future... Within China, Shanghai respondents are the most hopeful today, although those in Beijing and Guangzhou appear to be almost as positive, registering scores in the

80s level," said MasterCard.

While Chinese consumers were sanguine, the same could not be said of their counterparts in the Special Administrative Region of Hong Kong. Consumers there continued to be mired in pessimism, resulting in an index of 21.3.

But it was the Japanese who were the most pessimistic of all Asians. With a score of just 15 compared to 23.5 just six months ago, Japanese consumers were found to be the most fearful about prospects.

In particular, they said they were worried about the state of the economy and job security.

The survey involved an estimated 5,500 consumers across 13 countries.

## Bush, Democrats clash over stimulus plans

AFP, Washington

President George W. Bush and Democrats girded Wednesday for a clash over the economy with opposition lawmakers vowing to counter the White House 674-billion-dollar stimulus package.

Bush, in his State of the Union address late Tuesday, pressed for passage of his plan, saying the economy needs to grow faster to help the unemployed.

"Our first goal is clear: We must have an economy that grows fast enough to employ every man and woman who seeks a job," he told Congress.

"After recession, terrorist attacks, corporate scandals and stock market declines, our economy is recovering -- yet it is not growing fast enough, or strongly enough."

Democrats, who are offering a scaled-down plan that offers more immediate stimulus, assailed the Bush plan, saying it does little for the economy now while making major tax reforms that could hurt the nation later.

"We think it's upside-down economics; it does too little to stimulate the economy now and does too much to weaken our economic future," Washington state Governor Gary Locke said in the Democrats' response.

"It will create huge, permanent deficits that will raise interest rates, stifle growth, hinder home ownership and cut off the avenues of opportunity that have let so many work themselves up from poverty."

House Democrats are proposing a 136-billion dollar shot-in-the-arm for the shaky economy targeted at consumer spending.

Senate Democratic leader Tom Daschle offered his own plan for 141 billion dollars in economic stimulus in 2003, largely through tax rebates.

The debate was highlighted in a Senate Finance Committee hearing

Wednesday, in which Democratic Senator Kent Conrad called the Bush plan ineffective.

"First of all, only a small part of it is effective in this fiscal year, some 36 dollars billion this fiscal year," Conrad said. "It also strikes me that it will be ineffective because it's so heavily weighted to the highest income people in our country"

But David Malpass, Bear Stearns' chief global economist, told the hearing that the dividend tax cut could help the economic recovery.

"A growth-oriented tax cut is a critical part of the recovery," he told senators.

"President Bush's proposal to eliminate the double taxation of dividends would, in my view, add to both near- and long-term growth outlook. Remember that double taxation causes a heavy bias toward debt in the corporate structure."

Economic growth is widely believed to have slowed to an

annual rate of one per cent or less in the fourth quarter, largely because uncertainty about a possible war in Iraq is paralyzing businesses.

But some analysts say the Bush plan could run into trouble on Capitol Hill, with only lukewarm support from the Republicans.

"If there is one problem for the Bush plan it's that it may not stimulate the economy quickly," said Greg Valliere, managing director at Schwab Washington Research. "That is where the Democrats should home in and say you need to do something to help job creation quickly and state and local governments."

Meanwhile the Congressional Budget Office projected Wednesday that even without any new cuts, the federal deficit would likely run to 199 billion dollars in 2003 and 145 billion dollars in fiscal 2004, with no surplus seen until 2007.

## US companies cut costs as investors demand thrift

REUTERS, New York

A growing number of US companies have bowed to investor pressure and are focusing on debt-reduction, a trend that could keep business investment in the doldrums even as corporate borrowing costs fall.

Attention to balance sheet repair has been a boon to the corporate bond market, lifting the prices of some companies' bonds as credit quality improves. But it is also one reason there is no quick fix to the malaise in capital spending, which economists say is key to the recovery.

"Companies really are paying

more attention to debt, and doing things like reducing capital expenditures, which decreases growth prospects," said Gretchen Rodkey-Clark, US high-grade strategist for Commerzbank Securities. "That's a big theme -- sacrificing growth for reduced debt levels."

One reason for the focus on thrift is that a growing number of companies are rated just a notch above junk, putting them in danger of losing access to the high-grade debt market.

A surprising 45 per cent of all investment-grade US corporate bonds are now rated "triple-B," the lowest investment grade, up from 35

per cent a year ago, according to a report by Merrill Lynch & Co. That is the highest percentage since 1988 and the most of any major region in the world, it said.

With so many companies at risk of losing ready access to capital, corporate executives are bent on cutting debt, even at the expense of growth, Merrill said. At the same time, investors, worried about tumbling credit quality, have pushed the focus on thrift, it said.

"It is not good enough to avoid being downgraded to junk; you want to get well away from the danger zone before expanding your business again," Merrill said.



PHOTO: GP

A H Sarder, finance director of Syngenta Bangladesh Limited, and Kafil H S Mueyed, general manager of Sales and Marketing Division of GrameenPhone Ltd, sign agreement on behalf of their organisations in the city recently. Under the deal, Syngenta will use GP mobile phones and other services.

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