Star Business

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BATB to export IT services

British American Tobacco Bangladesh (BATB) is to export IT services to British American Tobacco Group companies in the Middle East and Sri Lanka from April 2003, says a press release.

British American Tobacco Bangladesh will set up a state-of-the-art call centre that will run 24 hours, catering to supporting technical and business computing software used in the marketing activities of various countries.

The call centre, equipped with latest communication facilities, will have global help desk software and will be connected with BAT Global Service Delivery Unit based out of Technology Park in Kuala Lumpur.

The company was selected over reputed world class IT services companies such as Patni Computer Systems (PCS) and Satyam Computer Services of India, through competitive bidding.

The services are likely to be extended to cover companies in Australia, New Zealand, Indonesia, Japan and South Africa in future.

Accordingly, British American Tobacco Bangladesh will engage IT experts with different language abilities in order to be able to serve non-English speaking countries.

The new venture is a recognition of the excellent IT skills that exist in Bangladesh and, in particular, within British American Tobacco Bangladesh and will earn foreign exchange for the country while showcasing Bangladeshi IT talent in the world market.

Stephen Daintith, managing director of British American Tobacco Bangladesh, commented, "This development is another commitment from BATB to serve the country by not only earning foreign exchange but also showing that Bangladesh can compete on the world stage."

Southeast Bank training course concludes

A certificate awarding ceremony of the month-long Foundation Training Course on commercial banking for the junior level officers of Southeast Bank Limited ended at Bangladesh Institute of Bank Management (BIBM) premises at Mirpur, Dhaka recently, says a press release.

President and Managing Director of Southeast Bank Limited, Syed Abu Naser Bukhtear Ahmed, was the chief guest at the ceremony.

Director General of BIBM, Dr Mohammad Sohrab Uddin, presided over it.

In his speech, SBL president urged the participants to effectively utilise their acquired knowledge in practical work.

S'pore exports strong in Jan

REUTERS, *Singapore*

Singapore's key non-oil exports were surprisingly strong in January, boosted by a jump in electronics shipments and pharmaceutical exports, government data showed yesterday.

Exports excluding oil products rose 18.4 per cent to S$9.5 billion ($5.42 billion), up from growth of 4.4 per cent in December and far better than market expectations for a 1.1 per cent rise according to a Reuters poll conducted last week.

Singapore is relying heavily on offshore markets to offset slack spending at home where consumers increasingly worry about job security in the face of intense low-cost regional competition.

On a seasonally adjusted basis, non-oil exports leapt 25.3 per cent from December.

The value of oil exports also surged for a second straight month, jumping 51.6 per cent in January from a year earlier in a reflection of high global oil prices amid tension in Iraq.

"It's big surprise. It's possible we saw strong numbers from China and that it reflected the impact of higher oil prices on petrochemical exports," said Xin Xie, Asian economist at Bank of America.

To strengthen its export links, the government signed on Monday a free-trade pact with Australia that was agreed in November, giving exporters tariff-free access to Australia while further opening up the city-state's banking system.

Singapore has pursued a flurry of free-trade pacts in the last two years, including a deal with Washington agreed last month, as it struggles to emerge from its worst economic downturn since independence in 1965.

The free-trade arrangements aim partly to answer the competitive threat from China, where lower cost factories threaten Singapore's traditional electronics manufacturing base.

Duty cut on refined edible oil may ruin local industry

Refiners urge government to reconsider decision

STAR BUSINESS REPORT

The recent decision to cut duties on refined soybean and palm oils may result in closure of local refining industries, said local refiners yesterday.

They said the duty cut is supposed to bring total duties on refined oil at a similar level of crude edible oil. "But that is in paper only," the refiners told finance minister in a letter seeking revision of the decision.

The government recently slashed import duty on refined edible oil to 7.5 per cent from 32.5 per cent. Duty on crude edible oil is 7.5 per cent.

"But practically it puts the real duty on crude at 5 to 7 per cent higher because refiners have to bear the cost of at least five per cent in wastage which is lost during processing. Besides, refiners have to bear duty and VAT on imported chemicals and packaging materials, VAT on gas and electricity," they said in the letter.

"This contradicts your budget statement where you have clearly stated that industrial raw materials will be levied duties at the lowest slab and finished products will be levied at the highest slab," the letter said.

Price of locally refined oil has gone up because crude oil price has increased in the international market, said Bangladesh Vegetable Oil Refiners' and Vanaspati Manufacturers Association, urging the minister to cancel the order of major duty cut on refined edible oil imports.

In the name of refined oil, expired product would be imported in the country. But 90 per cent of the consumers will not be benefited as they use loose oil that cannot be imported in bulk, the association mentioned.

Refined oil would be imported mainly in bottled form. Only 10 per cent people of the country are able to buy imported refined oil and again there is a risk of importing expired oil, the association cautioned.

Taking advantage of the government decision dishonest traders may import expired products. There are supplies of expired and unsafe oil in the international market. These are usually available at very cheap prices, it added.

Citing examples, the association mentioned some traders imported radiated powdered milk after Chernobyl blast.

PHOTO: SBL

Officials of Southeast Bank Limited and participants of a month-long foundation training course pose for photograph at the concluding ceremony of the course at Bangladesh Institute of Bank Management at Mirpur in Dhaka

US wants resumption of Enron project in India

AFP, *Bombay*

A US envoy urged Indian authorities Monday to reopen a 2.9 billion-dollar power plant built by collapsed US energy giant Enron after a 20 month shutdown over a payment dispute.

US Ambassador to India Robert Blackwill held talks with the western state of Maharashtra's chief minister Sushil Kumar Shinde to find a solution over the Dabhol project, which was the country's single largest foreign investment.

The 2,184-megawatt facility stopped generation 20 months ago after a payment dispute with its sole customer, the Maharashtra State Electricity Board (MSEB).

"It is an irony and a sad irony that you have the most modern power-generating facility near you and it does not generate power," Blackwill told reporters.

"We are in discussions with appropriate people to restart the project as it is a concern for American investors. We hope they get their money back."

Enron holds a 65 per cent stake in Dabhol Power, while Bechtel and General Electric Co. each hold 10 per cent. MSEB holds the remaining 15 per cent.

The Indian government said in December it hoped the project would reopen soon but MSEB is awaiting regulatory and court clearances over its agreement on pricing.

The Indian lenders to Dabhol Power went to court last year to protect their assets, given the enormous number of claims and counter-claims they faced.

Last year's bankruptcy of Enron in the US further compounded the problems for the project. Indian financial institutions have lent 60 billion rupees (1.25 billion dollars) to help build the plant.

Blackwill said a speedy solution over the project would help boost US investment.

"The US investments in Maharashtra and India have been flat as a chapati (a staple Indian bread) for the past five years and we need to boost it. I also talked with the chief minister on this issue," Blackwill said.

"We hope that the February 28 Indian federal budget would also help boosting the FDI (foreign direct investment) from the US in to India."

Asian share prices rise as Iraq war fears recede

AFP, *Tokyo*

Asian share prices climbed higher Monday on the coat-tails of Wall Street and as fears of an imminent war against Iraq eased.

Friday's sharp gains on Wall Street also gave Asian sentiment a boost, with South Korean shares jumping 4.63 per cent and Taiwan's key index surged 4.7 per cent.

On Friday chief UN weapons inspector Hans Blix said Iraq had still not accounted for many banned arms but insisted disarmament could be achieved in an address to the UN Security Council.

On Friday, The Dow Jones industrials rose 158.93 points or 2.05 per cent to 7,908.80, and the Nasdaq composite jumped 32.73 points or 2.56 per cent to 1,310.17.

Japanese share prices rose 0.8 per cent Monday, following gains on Wall Street last week as well as hopes for fresh domestic policy action on the economy.

The Tokyo Stock Exchange's Nikkei-225 average advanced 69.97 points to end the day at 8,771.89. The Topix index of all first section issues was up 3.65 points at 861.70.

HONG KONG: Hong Kong share prices closed sharply higher, buoyed by the strong showing on Wall Street at the end of last week.

The key Hang Seng index gained 181.92 points or 1.98 per cent to close at 9,383.68.

SYDNEY: The Australian sharemarket closed up 0.95 per cent, with resources and banking stocks leading the surge as bargain hunters profited from Wall Street's rally.

The benchmark SP/ASX 200 index closed up 26.9 points at 2,844.1, while the All Ordinaries index was up 25.1 points at 2,829.5.

SINGAPORE: Share prices rose 2.2 per cent to breach the psychological 1,300 point level on news of stronger exports and an easing of war fears.

The Straits Times Index surged 27.71 points to close at 1,301.19, while the broader All Singapore Equities index added 6.71 points to 347.36.

SEOUL: South Korean share prices jumped 4.63 per cent on heavy buying by local institutions after Wall Street's gains as fears of an imminent US-led war against Iraq declined.

The composite index closed up 26.63 points at 601.87.

TAIPEI: Taiwan shares surged 4.7 per cent in a technical jump after gains on Wall Street.

Market heavyweights Taiwan Semiconductor Manufacturing Co (TSMC) and United

KUALA LUMPUR: Malaysian stocks closed 0.36 per cent higher on a technical rebound and improved sentiment following Wall Street's rise as fears declined over an imminent war in Iraq.

The Kuala Lumpur Stock Exchange composite index closed up 2.38 points to finish at 659.33.

BOMBAY: Indian share prices rose sharply on receding fears of an imminent war in Iraq and rising hopes of a market-friendly federal budget.

The Bombay Stock Exchange's 30-share index rose 59.04 points or 1.83 per cent to close at 3,282.45.

MANILA: Philippine share prices closed 0.10 per cent higher due to selective buying following gains on Wall Street at the end of last week but worries about a US war on Iraq weighed on sentiment.

JAKARTA: Indonesian shares closed 1.22 per cent higher with the benchmark index breaking through the 400-point level after Wall Street's gains and rises in regional markets.

The Jakarta Stock Exchange composite index ended up 4.882 points at 404.398.

SHANGHAI: China's Shanghai B-shares closed 0.74 per cent lower, tracking losses in the domestic currency A-share markets.

The Shanghai B-share index edged down 0.93 points to 125.21 on turnover of 12.3 million dollars.

WELLINGTON: New Zealand shares rose with many stocks rebounding after being sold off last week, dealers said.

The NZSE40 capital index closed up 1.2 per cent or 23.7 points at 1,944.79.

US trade chief presses China to meet WTO obligations

AFP, *Beijing*

US Trade Representative Robert Zoellick Monday urged China to make more progress in implementing its World Trade Organization (WTO) agreements during a visit to further prise open the market for American farmers.

"I think that progress has been pretty good. We don't expect changes overnight," said Zoellick after talks with China's Vice Premier Wen Jiabao and Trade Minister Shi Guangsheng.

"On the other hand, there are areas where we want to be sure China moves as rapidly as we think it can."

In the 14 months since Beijing joined the WTO, China has made "impressive" progress in a number of areas, such as introducing laws and issuing additional licenses in insurance industry, Zoellick said.

But he pointed to areas where China needed improvement, particularly agriculture, where American farmers were not getting the access promised.

He said there were problems with China's implementation of the first round of tariff-rate quotas, with China in some cases adding additional licensing requirements once it allocated the quotas.

In its WTO accession agreement, China committed to establish annual tariff-rate quotas for major bulk commodities.

The quotas establish specific quantities that may be imported to China at low tariffs of one per cent for grains and fibers, nine per cent for vegetable oils, and 20 per cent for sugar.

Zoellick said he also raised concerns with Wen about the capital requirements that some firms must have to get licenses to do business in China, saying the amount required seemed "extremely large" compared to other countries.

Myanmar banks suspend credit card services

AFP, *Yangon*

Two of Myanmar's leading private commercial banks had suspended their credit card services by Monday after panic runs on deposits over the past two weeks and a third said it would follow suit.

The three are the only private banks in Myanmar to offer credit cards.

The leading Asia Wealth Bank announced the suspension of its credit cards on Monday, two days after Yoma Bank, the military-ruled country's second major bank, instructed its clients not to honour its credit card.

"We will be making a similar announcement shortly," an official at the Kambawza Bank told AFP.

The suspensions follow an order from the State Central Bank that private banks should only allow withdrawals totalling 500,000 kyats (80,500 dollars) a week.

The order prompted businesses to stop accepting credit cards in case they would not be able to collect money owing to them.

It came after worried investors rushed to withdraw their savings from the country's 20 private banks amid rumours that they were headed for collapse.

"Some credit cards allow purchases of up to one million kyats and with the latest limit on bank withdrawals fixed by the Central Bank, businesses would have been unable to recover their money from the banks," a gold merchant who had refused to honour a Yoma credit card said.

Microcredit focus on women needs review

PKSF study suggests

BSS, *Dhaka*

The current approach of microcredit disbursement focusing on women alone needs a review considering its adverse impact causing social repercussion in many cases, an independent study report said.

The study on "Assessing the Microcredit Programme" carried out for Palli Karma Shahayak Foundation (PKSF) termed the micro-credit financial institutions (MFIs) approach to target women alone as a "single tracked policy" which does not appear to be bringing expected benefits in many cases.

"Even if initially this was motivated by a genuine concern about women's need for financial services, when there has been extensive discussion on the adverse repercussions, a rethinking about targeting only female is necessary," said the PKSF study.

The study pointed out that the total shift of microcredit channeled through female borrowers contained a number of routes causing social tensions, as there were pressures for obtaining credit for use by the husband alone. "There were also discontents of husbands about the small size of loan" it said.

The study said even through husband uses the loan, the repayment is the responsibility of the women who is granted the credit. If husband does not contribute to the payment of installments, the wife may have to resort to various types of employment to make the repayment.

It observed that such tensions might even lead to quarrels and ultimately to violence. Most empirical studies suggest that microcredit leads to improvement in women's decision-making power about small expenditure and not about large investment.

The MFIs successes in banking among the women were overwhelming therefore all groups were eager to continue to see such success without much changes in the MFIs strategies.

"Now it is time to reassess the gender related targeting strategies of MFIs so that women can have adequate access to financial services but not used as bearers of risks for funds which are being used solely by members," the study said.

The study however observed that the problems of microcredit operations could not be solved with the simple approach of setting a smaller amount of credit for women and bigger amount for male.

The MFIs personnel's views on this must be sought and experience must be shared while the clients and prospective clients opinion should also receive attention.

Regulations clip wings of Asia's no frills airlines

AFP, *Singapore*

Asia's no frills airlines are expected to do well in their domestic markets but restrictive regulations will hamper their regional ambitions, an analyst said Monday.

"Budget airlines in Asia will grow dramatically in domestic markets," said ING Financial Markets regional aviation analyst Philip Wickham, citing the success of Malaysian budget airline AirAsia.

But he cautioned that restrictive air regulations are likely to prevent these airlines from flying beyond their domestic markets to seriously challenge the established carriers.

"We believe the potential of a successful budget airline operating on international routes in Asia is muted, unless a common aviation market develops in the region," ING said in a report.

ING said it does not expect in the near future the development of a common Asian market, which would allow the expansion of these budget carriers currently serving the domestic markets of Australia, Japan, Malaysia, New Zealand, the Philippines and Thailand.

"Restrictive air service agreements for international routes prevent a carrier from developing a pan-Asian network. This compares with the EU and US which have single aviation markets with limited to no constraints on destinations and frequencies," ING said.

Wickham also said that there are limited secondary airports in Asia for use by budget carriers, which offer cheap tickets but fewer inflight amenities.

Weak financial and strategic positions of the flag carriers in Malaysia, Thailand and the Philippines could be credited to the successes of no-frills airlines AirAsia, Bangkok Airways and Cebu Pacific respectively.

In these countries, the incumbents have ceased services on several domestic routes, allowing the secondary carriers to come in.

AirAsia, the most successful of the three, is expected take over more unprofitable domestic routes from the flag carrier.

But if its planned expansion into other Southeast Asian routes next year will start hurting MAS' profitability, "we would expect the Malaysian government to regulate and/or monitor the competition between the two carriers," ING said.

All is not lost for a regional expansion, however.

Wickham said that budget carriers can start operating internationally on flights between secondary destinations.

Meanwhile, ING said it expects Asian airline stocks to rise in the next six months with the expectation that a US-led attack against Iraq will be brief.

"A second Gulf War is expected to be rapid and successful for the US-led allies, and ING believes that currently the valuation of Asian airlines has not factored in such a scenario."

PHOTO: RUPALI BANK

Rupali Bank Managing Director (current charge) AH Ekbal Hossain inaugurates 'One Stop Service' at the bank's Ibrahim Mansion Corporate Branch in Dhaka yesterday.

Oil price slides in wake of anti-war protests

AFP, *London*

Oil prices fell sharply in early trading here on Monday in the wake of massive anti-war protests around the globe which provided fresh ammunition to opponents of US calls for military action against Iraq.

The price of Brent North Sea crude oil for April delivery fell 50 cents to 32.00 dollars per barrel here.

In New York, the reference light sweet crude contract for March delivery had risen 44 cents to a new 29-month high of 36.80 dollars a barrel on Friday.

The New York market was closed Monday for a public holiday.

"Massive anti-war rallies around the world have sent a strong message to the politicians," said GNI-Man Financial analyst Lawrence Eagles.

The administration of US President George W. Bush was pondering its options on Iraq after millions of anti-war demonstrators took to the streets around the world over the weekend in one of the biggest global peace protests in history.

"He (Bush) still hopes for a peaceful resolution, and that is up to (Iraqi President) Saddam Hussein," said White House spokeswoman Jeanie Mamo.

Eagles noted the weekend's events had followed hot on the heels of Friday's report by chief UN weapons inspectors Hans Blix and Mohamed ElBaradei which he said had "handed the anti-war countries a minor victory in their call for more time for inspections".

Nonetheless, the analyst believed it unlikely that the timetable towards war had been "significantly delayed".

"While the peace demonstrations should not be dismissed for their influence on political sentiment, it will be important to see if European politicians can go some way to find some common ground between them," Eagles said.

Speaking before a meeting of EU foreign ministers, Brussels' foreign policy envoy Javier Solana said a US-led war on Iraq might still be "necessary" but that all diplomatic avenues must be exhausted first.

The slide in prices came as Iranian Oil Minister Bijan Namdar Zanghaneh warned that the Organisation of Petroleum Exporting Countries would have to cut its output by three to four million barrels per day as soon as the Iraq crisis was over.

Zanghaneh added that a short war would result in a "major" fall in prices.