Star Business

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AB Bank signs agency accord with Western Union

Arab Bangladesh Bank has entered into an agency agreement with Western Union, a leading money transfer company from USA having branches all over the World, says a press release.

Abu Haniff Khan, president and managing director of Arab Bangladesh Bank Limited, and representative of Western Union signed the deal on behalf of their organisations at a ceremony held at the banks head office in Dhaka on Monday.

The signing ceremony was attended, among others, by M A Awal, advisor, A Malek Shamsher, executive vice-president of International Division, and other senior executives of the bank.

Abdul Awal Mintoo, local representative and other officers of Western Union, were also present at the ceremony.

It is expected that this arrangement will foster inflow of foreign remittance from the Bangladeshi expatriates and migrant workers from all parts of the world.

Japan draws up oil exploration strategy

AFP, *Tokyo*

Resource-poor Japan drew up a blueprint Tuesday to reorganise its foreign oil exploration and production ventures by merging three companies.

A government advisory panel proposed three major units of debt-burdened Japan National Oil Corp. be merged to match "second-tier Western oil majors or national flag companies" in terms of oil reserves.

One of the subsidiaries, Japan Oil Development Co., was expected to file for court protection from creditors on Wednesday with liabilities estimated at more than 400 billion yen (3.4 billion dollars), according to press reports.

Japan Oil Development, the country's largest oil exploration firm, has run deep into debt by relying on borrowed money for oil field development in the United Arab Emirates.

Established in 1973, it is 90 per cent owned by Japan National Oil, with the remaining 10 per cent held by nine other Japanese oil firms.

The resources and energy research council under the Ministry of Economy, Trade and Industry said Japan Oil Development should be merged with two of its sister firms, Inpex Corp. and Sakhalin Oil and Gas Development Co.

"It is appropriate for the company to merge with the others after promptly liquidating its debt through legal procedures," the panel said in a report.

The three subsidiaries have rights to a total of 2.5 to 3.0 billion barrels of crude oil, accounting for some 60 per cent of reserves controlled by Japan National Oil.

Japan Oil Development owns a 12 per cent stake in five oil fields off the coast of Abu Dhabi, shipping 200,000 barrels of crude oil daily to Japan.

The amount is equivalent to five per cent of Japan's overall oil imports.

Inpex has been developing oilfields extensively in Indonesia, while Sakhalin Oil Development bases its operations on the Russian far east island.

The panel's report noted the three firms have a wide geographical spread, forming a "well-balanced portfolio of overseas assets."

Their parent firm, Japan National Oil, has invested more than two trillion yen in oil exploration abroad since its establishment in 1967 before the global oil shock of the 1970s.

EU supports Ukraine's WTO entry bid

AFP, *Brussels*

The European Union and Ukraine on Monday reached agreement over the terms of the country's bid for membership in the World Trade Organisation, the European Commission said.

"Ukraine has today taken a step towards WTO membership," said EU Trade Commissioner Pascal Lamy.

Lamy said Ukraine's trade commitments on products and services were balanced and "in line with its economic capacities".

In order to join the WTO, Kiev must first complete negotiations with any of the organisation's members that requires them.

Chinese firm plans $600m energy sector investment

STAR BUSINESS REPORT

A top Chinese group is planning to invest US$ 600 million in Bangladesh energy sector, which includes setting up of mobile as well as fixed CNG filling stations.

But the major investment of the group Shenzhen Huxian Group will be in the form of setting up of a methanol synthesis manufacturing factory.

The proposed factory will use natural gas or coal and process it to produce methanol synthesis which is at present imported from foreign countries.

Chairman of the group Cao Yong Hong, who visited Bangladesh recently, discussed the group's investment plan with State-Minister for Energy and Mineral Resources AKM Mosharrof Hossain and other officials concerned.

Iqbal Hussain Sharif, managing director of Impressive Trade World Ltd, the local partner of the group, said the proposed venture will be on a built-own- and-operate (BOO) or built-own-and-transfer (BOT) basis.

The venture will meet 100 per cent demand of the local market and the rest will be exported to China through a buy-back facility, he claimed.

"Such a factory will save foreign exchange by meeting domestic demand," Sharif said.

He said the Bangladesh government is expected to propose site for the factory near a coal mine where gas pressure is high.

Sharif said the Chinese company has shown interest in setting up of the venture due to cheap labour and availability of natural gas in Bangladesh.

"Such a company would enable Bangladesh to export gas in an indirect form through value addition," he said.

The group controls 70 per cent CNG related market in China and is expected to sign deal with two local companies for setting up of CNG filling stations in Bangladesh.

Without naming the possible partner companies, Sharif said as many as 45 filling stations would be established within the next three months.

The stations would be set up on a turn-key basis with state-of-the art technology, Sharif said.

PHOTO: IMPRESSIVE TRADE WORLD LTD

A Chinese business team led by Lin Fugui, president of Tongda Machinery Manufacturing Co Ltd, Mao Xiao Hui, president of Shenzhen Huaxin Import & Export Co Ltd, Cao Yong Hong, board chairman of Huaxin Group, called on State Minister for Energy AKM Mosharraf Hossain at his office in Dhaka recently. Shenzhen Huaxin Ltd intends to invest $600 million in energy sector. M Iqbal Hussain Sharif, managing director of Impressive Trade World Ltd, local partner of the Chinese company, was also present.

Fish exporters scramble to ensure standard as US team due April 14

ABDULLAH - AL MAHMUD, *Ctg*

With the impending visit of a delegation from the United States Food and Drugs Administration (USFDA), Bangladesh frozen food exporters feel the urgency for developing necessary infrastructure to ensure all standards required for their export to the US market.

A four-member delegation of USFDA, the lone authority to allow food imports to the US market, is scheduled to arrive here on April 14.

During its month-long visit, the team would monitor and verify the status of hazard analysis critical control point (HACCP) implementation at 13 frozen food processing plants in Chittagong, Cox's Bazar and Khulna, the Bangladesh Frozen Food Exporters' Association (BFFEA) officials said.

For conducting the HACCP, BFFEA has divided Bangladesh into two regions- Khulna and Chittagong. The plants in Chittagong region includes two at Sagorika BISIC Industrial Area, one each at Halishahar and Kalurghat Heavy Industrial Area in Chittagong, two in Cox's Bazar and one at Kuliarchar in Dhaka.

The team will arrive in Chittagong on April 17 and before leaving for Cox's Bazar on April 22, it will thoroughly inspect standard and overall environmental condition in and around the four processing plants.

After completion of inspection at two fish processing plants in Cox's Bazar, the USFDA team will leave for Khulna on April 26. The team will come back to Dhaka on May 1 and return home the same week.

The BFFEA leaders said the roads and drains in and around these processing plants are in a critical shape. Such a condition is likely to give negative impression to the USDFA team which may effect the export of frozen foods to the USA, they feared.

They said that frozen foods, the second highest foreign currency earner, generates Tk 2000 crore in the annual export income for Bangladesh. Of the total export, the US market imports 40 per cent or Tk 900 crore annually, they added.

Indian Oil Corp in talks with Petrobangla to supply diesel

PALLAB BHATTACHARYA, *New Delhi*

State-owned Indian Oil Corporation (IOC) is considering maiden entry into Bangladesh and two other countries for export of petroleum products.

The Corporation has opened talks with Petrobangla for supplying 40,000 tonnes of diesel a month, IOC sources said.

Cost competitiveness will help IOC in striking a deal with Petrobangla to export diesel from the Corporation's refiners either in Haldia, West Bengal, or in Madras.

The IOC is also in discussion with the Maldives to export the products. In fact, the Corporation feels export to the Maldives can be facilitated by its presence in the neighboring Sri Lanka's retail market of petrol and diesel, said the sources.

The IOC had in July last year signed a contract with Ceylon Petroleum Corporation for the supply of 480,000 tonnes of petroleum products, including diesel and aviation turbine fuel.

The IOC has set up a wholly-owned subsidiary in Sri Lanka for downstream marketing which has taken over a tank farm on lease and runs nearly one hundred petrol retail outlets.

Another country IOC is banking on for its export-led growth drive is Mauritius where it is expected to start retail outlets for diesel by September this year. The IOC has also set up its subsidiary in the Indian Ocean island nation for setting up oil terminal and liquefied petroleum gas storage, bottling and distribution facilities.

The IOC is putting thrust on exports keeping in view the flat domestic demand. The export target for 2003-4 is fixed at over 800 million dollars.

The Corporation exported 900,000 tonnes of petro products during 2001-2, most of it to Nepal to earn about 220 million dollars. The exports of petro products to the Himalayan kingdom is likely to touch one million tonne mark in the financial year 2003-4.

PHOTO: AB BANK

Officials of Arab Bangladesh Bank Limited and Western Union sign an agency agreement at the bank's head office in Dhaka on Monday.

Cyber attacks threaten APEC free trade goals

AFP, *Singapore*

Government and corporate computer systems in the Asia-Pacific region remain vulnerable to "cyber attacks" which could endanger efforts to tear down trade and investment barriers, a regional group said Tuesday.

This vulnerability shows the need to improve cyber security among Asia-Pacific Economic Cooperation (APEC) forum members, its Singapore-based secretariat said in a statement.

"Over recent years, Internet attacks have been increasing in frequency, sophistication and scale," said Hidetoshi Ohno, director of the information technology security policy office at Japan's Ministry of Economy Trade and Industry.

"APEC's free trade and investment goals are at risk of being undermined by activities of cyber criminals, terrorists and basic hackers," the APEC statement quoted Ohno as saying.

He said APEC members have agreed to establish national cyber crime units by October this year as a measure to confront the threat, which includes attacks by viruses and worms. Coordination centres have been established to advise companies and governments on cyber security.

APEC is to hold a two-day seminar this weekend in the Malaysian capital Kuala Lumpur to discuss the creation of computer emergency response teams (CERTs) among members, the secretariat said.

Asian airlines cut services, slash cost amid war fear

REUTERS, *Singapore*

Several Asian airlines moved yesterday to cut services and slash costs ahead of an expected travel and cargo slump, but shares rose on hopes that a US-led assault on Iraq will be brief.

An overnight buying spree in battered European and Asian airline stocks spread to Asia, even as worries over a severe type of pneumonia spread by air travellers deepened amid warnings from various governments against unnecessary visits to mainland China, Hong Kong and Vietnam.

"People's view, including my view, is that war is going to be quick and as such the airlines have been discounting quite a lot of uncertainty," said Philip Wickham, Asia aviation analyst at ING Financial Markets in Hong Kong. "In terms of the flu I don't think it's going to be much of an issue."

Several Asia-Pacific airlines announced service cut-backs and cost cuts, as US President George W Bush gave Iraqi leader Saddam Hussein 48 hours to leave or face war.

Qantas Airways Ltd, Australia's flag carrier, said it would axe the equivalent of 1,000 jobs -- equal to three per cent of its workforce -- by forcing staff to take leave as it trims expenses ahead of the possible conflict.

Korean Air Co Ltd, the world's third-largest freight carrier, said it was scaling back international routes and beefed up security.

"We're stepping up security measures and will scale back unprofitable routs to save fuel costs," said spokesman William Han.

Korean Air's stock gained 9 per cent and Qantas rose 4 per cent. Singapore Airlines Ltd, Asia's most profitable airline, rose 3.13 per cent. Shares of the city state's airline fell 5 per cent on Monday after it reported a sharp fall in February traffic.

Asia's largest carrier, Japan Airlines System Corp, rose 0.8 per cent. The region's fourth-biggest airline, Cathay Pacific Airways Ltd, rose 1.38 per cent and Air New Zealand was up 6 per cent.

The share buying came despite travel alerts in the region following the spread of a deadly, mysterious sickness and warnings.

Asia's airlines have generally fared far better than their global counterparts due to a stable operating environment, strong balance sheets and relatively little threat from growing numbers of low-cost carriers.

Asia will likely retain its position as the world's most profitable airline region this year, chalking up aggregate profits of US$3.2 billion, compared with profits of US$2.6 billion in Europe and combined loss of US$4.5 billion for US carriers, according to a recent research report by investment bank UBS Warburg.

A wildcard is growing concern over the spread of the mysterious severe acute respiratory syndrome, a highly contagious respiratory disease that may have killed nine people and made hundreds sick since originating in China late last year.

Most infections have been concentrated in China's Guangdong province, Hong Kong and Vietnam, causing a scramble this week to avoid certain holiday destinations.

ING's Wickham reckons the impact on regional airlines from the deadly form of pneumonia could be brief, and said shares in Singapore Airlines and Cathay still could rise 20-30 per cent from current levels.

Globalisation not helping poor countries: IMF

REUTERS, *Washington*

The International Monetary Fund sounded more like its critics on Monday when it admitted there is little evidence globalisation is helping poor countries.

The IMF, which has often been the target of violent anti-globalisation protests, in a new study found economic integration may actually increase the risk of financial crisis in the developing world.

"Theoretical models" show that financial integration can increase economic growth in developing countries, the research found, but in practice it is difficult to prove this link.

"In other words, if financial integration has a positive effect on growth, there is as yet no clear and robust empirical proof that the effect is quantitatively significant," the new report said.

An overview of the study, which was put together by four researchers including the fund's chief economist Kenneth Rogoff, describes the conclusions as "sobering."

The IMF often recommends that poor countries open their economies to foreign investors and free-market policies. But critics say those policies damage vulnerable economies, raising poverty rates and destroying the environment.

The fund's report found a small group of developing countries have picked up the "lion's share" of capital flows as financial links between countries have become more integrated. Nations with good economic policies are more likely to reap the most benefits and steer clear of financial crisis.

International financial integration should also help countries to reduce economic volatility, the study said, but in reality this has not happened.

"Indeed, the process of capital account liberalisation appears to have been accompanied in some cases by increased vulnerability to crises," the report said.

Asian exporters speed up shipments to US, EU

REUTERS, *Singapore*

Asian manufacturers from computer disk-drive makers to auto giants are scrambling to speed up shipments to the United States and Europe ahead of an Iraq war, bracing for disruptions to shipping and air freight.

Many fear a war, even a short one, could deal a blow to the well-oiled global supply chain linking low-cost factories in Asia with markets in the Untied States and Europe, potentially siphoning billions of dollars from global trade.

In the meantime, some firms are shipping early to avoid a conflict.

"Some of the companies that are not willing or cannot take the (war) risk because of insurance issues are exporting their goods early to avoid any possible interruption," said Hong Kong Logistics Association executive vice president Anthony Wong.

Exports from Asia were surprisingly strong in the first two months of 2003, climbing 32.8 per cent in China from a year earlier, 24.2 per cent in South Korea, 12.2 per cent in Taiwan, and 20.4 per cent in Singapore which excludes oil products.

"We believe these strong increases were at least partly due to stock building at the distributor level globally on fear of war in Iraq, and further increases in commodity prices," said investment bank ABN AMRO's chief Asia economist Eddie Wong.

Exports from China to the United States rose 31.9 per cent in January-February from a year earlier, while those to Japan increased 25.2 per cent and those to the Europe Union 36.7 per cent.

"These are phenomenal numbers given the current situation of these economies," he said. "The situation seems to be quite global," he added, noting a 57 per cent leap in China's imports in the first two months of the year from a year earlier.

He said the danger now was a drop in Asian exports in the next three months. "Since part of the external trade has been front-loaded, exports could disappoint in the second quarter."

For many companies there is a bigger worry -- the looming cost from building up global inventories, from sneakers and other finished goods to the raw chemicals used in drug manufacture, as war in Iraq draws closer.

Companies have revolutionised cost-cutting in the past decade finding cheap products in low-cost Asia, then using third-party logistics companies to arrange shipments with precise delivery targets to save on warehousing costs.

This "just in time" delivery system allows companies to avoid stock overhangs, but it also exposes them to disruptions in the supply chain.

"The dual threats of terrorism and war may be able to achieve what anti-globalisation forces have not -- a significant decline in global trade and investment," Gail Fosler, chief economist of independent US-based business advisory group the Conference Board, wrote in a report this month.

Indian tea workers struggle for survival as industry faces crisis

AFP, *Doomdooma*

Last year, seven-year-old Rabin Murmu was attending primary school. Today, he sits idly on a tea plantation here, breaking the boredom by occasionally singing for his two-year-old sister.

Rabin, who lives at Doomdooma tea garden some 510 kilometers (320 miles) east of the Indian state of Assam's capital Guwahati, is one of scores of children forced to leave school as their parents wait to be paid their salaries.

"We haven't been getting our wages for the past few months and now we don't even get to eat two meals a day," said Rabin's 30-year-old mother, Srutimala.

"I can't afford to send my son to school anymore," she said.

Hundreds of plantation workers across Assam are facing crises at the most personal level as the tea industry gasps for survival following a crash in prices.

Reports abound of suicides and even starvation deaths by workers reduced to poverty.

More than 100 small gardens have closed down, while the management in scores of other estates have been unable to pay wages.

"The future of thousands of tea garden workers looks very bleak with the industry showing no signs of recovery," said Rameshwar Teli, a local legislator representing the tea garden workers' community.

"The Assam government has totally failed to come to the aid of the workers."

India is the world's largest tea producer with Assam accounting for about 55 per cent of the total 840 million kilograms (2.25 billion pounds) produced each year.

But prices have been dropping, something industry analysts blame on a worsening in the quality of Assam's tea.

A kilogram of top quality Assam tea sells during weekly auctions at around 80 rupees (1.68 US dollars) -- up to 20 rupees (42 cents) less than three years ago.

The crisis in Assam's 4.2 million dollar a year tea industry has trickled down to the 1.5 million garden workers.

A plantation employee typically earns no more than a dollar for an eight hour work day, but also receives cheap food and free health care subsidised by the plantations.

Dhiraj Kakoty, secretary of the Indian Tea Association's Assam chapter, said the major gardens were still paying regular wages and providing social welfare projects -- even though such programs can eat up to half of a plantation's earnings.

The situation is different in the smaller and less structured of Assam's 800 tea gardens.