

Senior country executive of AmEx



Qamar Hussain, head of credit and marketing of American Express Bank Ltd Bangladesh has been appointed the bank's Senior Country Executive,

says a press release. Hussain has been working with American Express Bank Bangladesh for the last four and half years.

Prior to joining American Express Bank Ltd Hussain worked at Bank of America and The Chase Manhattan Bank in Pakistan and the USA.

Mercantile Bank forms audit committee

The Board of Directors of Mercantile Bank Limited recently formed a new Audit Committee with Md. Anwarul Haque as its chairman, says a press release.

Akram Hussain and Md. Selim were selected as members of the committee.

Meanwhile, the first meeting of the new Audit Committee was held with Chairman of the committee in the chair.

Members of the committee, Chief Advisor Lutfar Rahman Sarkar, Managing Director M. Taheruddin and Company Secretary AKM Shahidul Haque were present at the meeting.

World stock markets rise

AFP, New York

World stock markets advanced Tuesday as post-war enthusiasm and hopes of richer company profits swept prices higher, although the dollar fell on glum US industrial data.

Oil prices also rose, however, as expectations of a resumption of Iraqi crude exports were overwhelmed by concerns over an impending report on US stocks of crude and the prospect of an OPEC output cut.

Investors have largely turned their attention away from Iraq, but they were following Washington's verbal attacks on neighbouring Syria, which has been accused of state terrorism, developing weapons of mass destruction and harboring fugitive Iraqi officials.

US markets advanced moderately with optimism on company profits tempered by a bigger-than-expected fall in March industrial output as well as a profit warning from auto giant General Motors.

"Today saw a low-key follow through to yesterday's advance," said Prudential Securities market analyst Larry Wachtel.

"The successful conclusion of the war has been helpful, and allows the investment community to live with rather marginal gains in the first quarter earnings."

The Dow Jones industrials average of 30 top stocks rose 51.26 points or 0.61 percent to finish 8,402.36. The broader Standard and Poor's 500 index rose 5.58 points or 0.63 percent to 890.81.

The technology-laden Nasdaq index advanced 6.06 points or 0.44 percent to 1,391.01.

On European stock markets, the British FTSE 100 index closed up 1.75 percent at 3,916.8 points, the French CAC 40 index closed 1.4 percent higher at 2,914.9 points and the German DAX 30 index rose added 2.9 percent to 2,856.8 points in late trade.

Citigroup's first quarter earnings up by 18pc

Citigroup, a leading global financial services company and holding company of Citibank NA, earned a record income of USD 4.10 billion during the first quarter of 2003, representing an 18 per cent increase over the corresponding period of 2002, says a press release.

It earned 79 cents per share which was 66 cents a year earlier, showing a rise of 20 per cent.

Commenting on this record performance, Sandy Weill, Chairman and Chief Executive Officer of Citigroup, said, "With an equity base of USD 94 billion and credit reserves of USD 11.6 billion, we believe that we have the strongest balance sheet in our industry. Our results this quarter underscore the success of our business model, which together with the quality of our management team and diversity of our businesses, enable us to continue to produce superior results."

Free trade with India to boost FDI, says MCCI

STAR BUSINESS REPORT

In principle, Bangladesh should not have any objection to entering a dialogue with India on free trade agreement (FTA) as it has become nationally important to negotiate an FTA with the neighbouring country.

Apart from enhancing prospects for higher growth of export to India, an FTA can trigger a surge in foreign direct investment (FDI) in Bangladesh, says Metropolitan Chamber of Commerce and Industry (MCCI) in its latest monthly publication, Chamber News.

This has been the case in Nepal whose free access to Indian market under the Indo-Nepal trade treaty led to increase in investment by various Indian enterprises and multinational firms in manufacturing industries in the tiny landlocked country, it added.

The result has been a significant expansion of new manufacturers in Nepal's export basket. Likewise, after the signing of the India-Sri Lanka Free Trade Agreement (ILFTA), there are indications that a large increase in

Indian investments might occur in various resource-based industries in Sri Lanka during the next few years. There is no reason why unrestricted access to the Indian market shall not encourage Indian and international investors to invest in Bangladesh as well, the MCCI noted.

Review of FTA with India should therefore be taken up with seriousness for reaching an early decision, the chamber said, adding, views that FTA with India will jeopardize economic interests of Bangladesh are misplaced.

"Of course, the terms of the FTA must be well articulated to protect Bangladesh's economic security but economic security cannot mean status quo. It has to be dynamic to contribute to increased income and employment of the people and widening of the investment activities. Free trade can strengthen economic security in a dynamic sense."

India maintains that ILFTA can be a model for a possible India-Bangladesh FTA. This can be examined, of course with appropriate modifications, consid-

ering the LDC status of Bangladesh, MCCI added.

The ILFTA is based on three separate product lists. One is for the 'fast-track' items, on which all trade barriers were withdrawn by India and Sri Lanka with immediate effect, it mentioned. In case of Bangladesh, the 'fast-track' list has to be finalised carefully. Imports of foodgrains, industrial inputs, capital goods and machinery, for example, from India should be considered 'fast-track', but India should give similar treatment to all Bangladeshi products, it added.

The MCCI said the second list of ILFTA contains products, which have been given duty preferences. Withdrawal of tariff barriers on these products are to be phased out over an agreed time frame a shorter period of say, two years in case of India and a longer period of say, 10 years for Bangladesh. The rationale for longer time period for eliminating tariff barriers on these products is to minimise revenue loss for the Bangladeshi government as well as to allow the

Bangladeshi industries sufficient time to achieve efficiency and competitiveness.

The third is the negative list of products. In all fairness, India must be asked not to press for a negative list of Bangladeshi products though Bangladesh will retain the option to do so for Indian products, it added.

The rules of origin in the proposed agreement should provide for a reasonably low value addition requirement for Bangladesh's manufactured exports. The rules of origin of the ILFTA allow 10 per cent reduction in the domestic content requirement of Sri Lanka's products, if these products have an Indian content of 10 per cent. A similar provision may be incorporated in a probable Indo-Bangla FTA as well, the chamber said.

"India has concluded FTAs with Sri Lanka, Nepal and Bhutan and will possibly do so with ASEAN countries soon, which will limit the prospect of Bangladesh's exports to India."

Daffodil Computer to go public to raise Tk 7.5cr

MUSTAK HOSSAIN

Daffodil Computer Limited (DCL), the country's first brand computer assembling firm, yesterday announced its intentions to raise Tk 7.5 crore, through an initial public offering (IPO), to fund expansion of a plant and to establish a sales network.

The IPO will offer 35 lakh shares of Tk 10 each to raise Tk 3.5 crore, with the remainder placed with institutions before the IPO placement.

The company began producing its own brand Daffodil PC in 1998 and got a "tremendous response" from users drawn by the product's durability and after-sales services, Managing Director Md. Sabur Khan told The Daily Star.

The expansion will help DCL boost production capacity to 10,000 units per year from the current 4,500. The expansion programme will also create employment opportunities for 150 professionals. Currently Daffodil employs 139 persons in its production and sales departments.

"We started manufacturing Daffodil PCs in 1998 and were able to obtain ISO 9002 certification from

U.S. Orion Inc," he said.

Daffodil uses processors, motherboard and other equipment from globally reputed producers to manufacture its own brand.

Attractive prices offered by Daffodil help its PCs compete with global brands in Bangladesh. Model costs range between Tk 19,500 and Tk 50,000 depending on configuration, Khansaid.

Computer use is still very low in Bangladesh, with 15 lakh computers used by a population of 13 crore, say officials of vendor forum Bangladesh Computer Samity (BCS).

Clone computers are more popular locally due to lower prices affordable to most people while brand computers are costlier.

If DCL gets approval from the Securities and Exchange Commission (SEC), its shares will be traded in both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), SEC officials said.

The company has a paid-up capital of Tk 10 crore and revenue for fiscal 2001-2002 was Tk 30 crore.

Emirates cargoes, passengers from Dhaka up

Emirates, the international airline of the United Arab Emirates, has not only operated its flights to and from Dhaka normally during the war in Iraq, but also experienced increased number of passengers and cargoes from Bangladesh, says a press release.

It was disclosed by Ahmad Al Falasi, Area Manager of Emirates, Bangladesh, while he was talking to newsmen at Dhaka Sheraton Hotel yesterday.

Besides the rise in passenger traffic, Emirates made a record uplift of 280 tons of cargoes operating its B777-200F and B747-400F freighters, he said.

The airline is also planning to introduce special holiday packages to Dubai and its other destinations in May and June.

Emirates' two weekly flights operated through Karachi has ceased to operate from March 30, further increasing the capacity to Dhaka but still seems to be insufficient, he said.

Emirates flies to Dhaka nine times a week with four extensions to Kuala Lumpur. It operates two scheduled cargo flights a week with B747 freighters.

State-owned Indian firms lower petrol, diesel prices

AFP, New Delhi

India's state-owned oil firms announced a reduction effective Tuesday midnight of the prices of petrol and diesel following the decline in prices in the international market.

The price of petrol was being reduced by up to 1.08 rupees to 32.49 rupees (0.70 dollars) per litre while diesel prices have been cut by 1.18 rupees to 22.12 rupees per litre, according to government officials.

The price cut follows a sustained hike in prices since January which had sparked fears that this would cut back growth in the economy.

India imports around 70 percent of its oil needs and a rise in international prices has a deep impact.

KL confident to achieve 4.5pc GDP growth

ANN/THE STAR, Kuala Lumpur

The National Economic Action Council (NEAC) remains confident that Malaysia will achieve the projected 4.5 per cent growth in gross domestic product (GDP) for this year even though a number of research bodies have scaled down their projections to below the government's revised forecast.

NEAC Executive Director Mustapa Mohamed said the country's fundamentals were quite strong even though the capital market was still struggling with world economic uncertainties.

"At this point in time, we are still sticking to the 4.5 per cent GDP growth forecast by Bank Negara but we are monitoring the situation very closely," he said after launching listing candidate Scomi Group Bhd's prospectus in Kuala Lumpur Tuesday.

Mustapa said although the tourism and hospitality businesses were currently affected by the outbreak of Severe Acute Respiratory Syndrome (SARS) and the war in Iraq, other sectors of the economy like manufacturing, agriculture and construction were still stable.

Through some adjustments, even the tourism and the hospitality sectors were expected to be back on track after the second quarter, he added.

"We hope this is a temporary setback for three months and we will be back on our feet in the second half of 2003 when the situation stabilises," he said.

On the government's coming economic package, Mustapa said no date had yet been set on when it would be announced as the total impact of the current situation was still being determined.

Meanwhile, the Malaysian Institute for Economic Research (Mier) announced a cut Tuesday in its economic growth forecast for 2003 to 3.7 per cent from 5.7 per cent. Mier executive director Dr Mohamed Ariff said the forecast made in November last year was no longer tenable as it did not include the war scenario and SARS.

He said the SARS outbreak was a more serious threat to the Malaysian economy than the war as it had an adverse impact on tourism, the second largest foreign exchange earner for the country after manufacturing.



PHOTO: STAR

An official of Advertising Club, Dhaka speaks at a press conference yesterday, where he announced the first ever advertising festival begins tomorrow at Sonargaon hotel.

Ad festival from tomorrow

STAR BUSINESS REPORT

With a view to boosting the nascent advertising industry of Bangladesh, the first ever advertising festival begins tomorrow at 10am at the Pan Pacific Sonargaon hotel in Dhaka.

Dubbed as 'Dhaka Advertising Festival-2003,' the day-long festival aims to create an opportunity for increased interaction amongst consumers, producers and advertising firms.

On the eve of the festival, Advertising Club, Dhaka, organiser of the extravaganza, said at a press conference the festival will feature audio-visuals, print and TV commercials, and outdoor

displays of different products and services.

Besides, stalls of production and media houses, outdoor agencies, printing presses, and clients will be present at the venue.

Visitors will also be able to see some of the best works created by the Bangladeshi advertising industry since beginning of the early 1970s, organisers said.

Commerce Minister Amir Khosru Mahmud Chowdhury is expected to be present as chief guest at the concluding ceremony where eminent advertising personalities will be accorded recogni-

tion for their contribution to the industry.

Seminar on advertising industry will also be held at the festival that will be open for all till 10pm.

Ntv., Square Group, Partex Group, Lever Brothers, British American Tobacco-Bangladesh (BATB), Hamid Group and Sonargaon Hotel are sponsoring the festival.

Sanaul Arefin, convenor of the Festival Organising Parisad, and Faridur Reza Sagar, Matiar Rahman and Munir Ahmed Khan, joint convenors, were present at the press conference.

Islami Bank's E-cash fortnight begins

The E-cash ATM Service Fortnight and ATM booth of Islami Bank Bangladesh Limited was inaugurated at the bank's Mouchak Branch in Dhaka on Tuesday, says a press release.

Shah Muhammad Abul Hussain, state minister for finance and planning, was present at the function as the chief guest. Presided over by Shah Abdul Hannan, chairman of the bank, the inaugural function was addressed, among others by Engineer Md Eskander Ali Khan, director, Abdur Raquib, executive president of the bank, and Zahir Ahmed, managing director of Electronic Transaction Network Ltd (ETN).

Shah Muhammad Abul Hussain in his speech banks should take initiative to ensure easy, efficient and swift banking service for clients by using ultra-modern technology.

E-cash ATM network allows its customers to conduct banking transactions and pay utility bills 24 hours a day. Besides, installations of Mudaraba Hajj Savings Scheme, Mudaraba Special Savings (Pension) Scheme, Mudaraba Muhor Savings Scheme and Household Durable Scheme of Islami Bank may be paid through the ATM service.

Pubali Bank, SDC sign agreement

An agreement for Microfinance Matching Credit Fund of Tk 75m at less rate of interest for low income people was signed between Pubali Bank Limited and Swiss Agency for Development and Co-operation (SDC), an organisation of the government of Switzerland, recently, says a press release.

General Manager of Credit Division of Pubali Bank Ltd Helal Ahmed Chowdhury and Country Director of SDC Markus Waldvogel signed the agreement on behalf of their organisations at the head office of Pubali Bank in Dhaka recently.

Khondkar Ibrahim Khaled, managing director, AH Ziauddin Ahmed, deputy managing director of Pubali Bank, Gabriella Spirli, deputy country director, and Bhuiya Md Imran, programme officer of SDC, were also present.



PHOTO: PUBALI BANK

Helal Ahmed Chowdhury, general manager of Credit Division of Pubali Bank Ltd, and Markus Waldvogel, country director of Swiss Agency for Development and Co-operation (SDC), exchange documents after signing an agreement on Microfinance Matching Credit Fund of Tk 75 million at the head office of the bank in Dhaka recently. Khondkar Ibrahim Khaled, managing director, AH Ziauddin Ahmed, deputy managing director of Pubali Bank, and Gabriella Spirli, deputy country director, and Bhuiya Md Imran, programme officer of SDC, were also present.

Don't count on US for global recovery, warns Nobel winner

REUTERS, Tokyo

Any countries counting on a post Iraq revival in the US economy to help them out of their own slowdowns are probably in for disappointment, according to Nobel prize-winning economist Joseph Stiglitz.

Stiglitz, a professor at New York's Columbia University, sees a combination of existing problems and poor policies holding back a US recovery, spelling bad news for countries like Japan that rely heavily on healthy US markets for their exports.

before the war, and the end of the war won't solve its fundamental problems," Stiglitz told Reuters in an interview during a visit to Japan.

"I'm not optimistic about the competence of the financial management of the US government."

With the Iraq war mainly over, the fundamental condition of the US economy is once again in the spotlight, and recent data paint a less than pretty picture.

A pair of surprisingly sour economic reports on Tuesday renewed worries the embattled US manufacturing sector will

remain a drag on an already shaky economy.

Industrial production in March slid a larger-than-expected 0.5 per cent, the biggest monthly drop since December 2002 and the second straight monthly decline, while a separate indicator showed a continued dismal outlook for the Northeast region's factory sector.

For Asia's export-driven economies, that's particularly bad news.

Japan will feel the pinch because its domestic economy is beset by falling prices and a lack of consumer confidence. Only strong exports have kept

things ticking over. The fast-growing China market can soak up some of the slack in the region, but China is itself an export-driven economy, adding to the competition for slowing US market.

"The US bubble in the 1980s led to over-investment, which will lead to a retrenchment," Stiglitz said, adding that the bad accounting that contributed to the boom was now creating a lack of confidence in securities markets.

Because of this, even if the US economy grows a bit faster, the gap between actual growth and the economy's full potential will continue to grow, he said.

India economy healthy, but worries remain

REUTERS, Washington

India's economy is healthier than ever, but global economic woes and the war in Iraq could yet cast a shadow, the country's finance secretary said Tuesday.

"We do feel that the macroeconomic fundamentals are much better than they have ever been before," said S Narayan, in Washington for the spring IMF/World Bank meetings that ended on Sunday.

But India's top financial bureaucrat said worries remain about global economic growth and how long the economy will take to recover from the "recent oil and Iraq crisis."

"The future growth of India is certainly dependent on all these factors," he said in a speech to the Heritage Foundation, a conservative think-tank.

Foreign exchange reserves continue to grow, Narayan said, adding that during the last three weeks, since the US-led war or Iraq began, inflows have been growing at the rate of about half a billion dollars a week.

"We prepaid nearly \$3.5 billion of loans to the IMF and World Bank, and still have rising reserves," he added.

The International Monetary Fund last week echoed Narayan's remarks, saying India's economy had fared well and should continue to enjoy solid growth despite a devastating drought.