

Rupali Insurance declares 15pc stock dividend

Rupali Insurance Company Ltd has declared a 15 per cent stock dividend for its shareholders for the year 2005.

The dividend was approved at the 18th annual general meeting (AGM) of the company held on Wednesday in Dhaka, says a press release.

Senior Sponsor Director of the company KM Farookh presided over the AGM, which attended, among others, by directors, managing director and other senior officials.

AirAsia to buy 100 planes in 5 years

ANN/ THE STAR

Malaysian AirAsia Bhd will have a hundred A320 aircraft within five years.

AirAsia group CEO Datuk Tony Fernandes said Thursday an average of 20 aircraft would be delivered annually over the period.

He added that a deal to acquire 70 new aircraft worth some RM4.2 billion (US\$1.14 billion) was signed in London on Wednesday.

Fernandes said the aircraft purchase agreement came with a commitment from the manufacturer for better fuel efficiency and wider cabin.

All the A320 aircraft would be configured with 180 seats, he told newsmen after the launch of AirAsia's Kuching hub Thursday.

He added that AirAsia now operated a fleet of 44 aircraft, comprising eight A320 and 36 B737-300.

"The Boeing aircraft will be phased out in five years. The A320 aircraft is faster."

He said AirAsia was changing from a middle age fleet to a younger fleet, and that it would continue to remain as a regional low budget carrier with a flight time of up to four hours.

Japan to resume US beef imports next week

AFP, Tokyo

Japan will give the final green light next week to resume US beef imports banned over mad cow disease, ending a long rift with its closest ally, a report said Friday.

Japan announced in June that it had agreed to the conditions for resuming US beef imports but said it would first inspect 35 meatpacking factories in the United States.

The inspectors have approved conditions in the factories, Jiji Press said, quoting unnamed sources. It said the government would make a final decision next week, with beef shipments to resume by the end of the month.

Japan first banned US beef in December 2003 after a cow infected with bovine spongiform encephalopathy (BSE), the brain-wasting condition commonly known as mad cow disease, was discovered in the US state of Washington.

It lifted the ban under intense pressure in December last year but slapped the embargo back on just a month later when a US shipment violated safety guidelines that required the removal of high risk material such as the animals' spines.

Contract of EXIM Bank MD renewed



The Board of Directors of Export Import (EXIM) Bank of Bangladesh Ltd has renewed the contract of Mohammed Lakiottullah, managing director of the bank, for a further two-year period with effect from July 19, 2006, says a press release.

Lakiottullah, who joined EXIM Bank in 1999 as the founder managing director, started his banking career in 1970 with the State Bank of Pakistan as an officer.

Foreign aid drops 10.44pc in 11 months

STAR BUSINESS REPORT

Bangladesh witnessed a 10.44 percent drop in foreign aid in the first 11 months of the just concluded fiscal year due mainly to slow pace in project implementation, resulting in government's enhanced dependence on bank borrowing, sources in the finance ministry said.

The amount of overseas aid the country received during the July-May period of fiscal year (FY) 2005-06 reached US\$ 1037.28 million while it was \$ 1158.90 million during the corresponding period of the previous fiscal.

Repayment of \$ 430 million principal amount to donor agencies also caused around 19 per-

cent decline in net foreign aid during the period. Sources added that the net foreign aid in the first 11 months of FY 2005-06 stood at only \$607 million.

During the same period of FY 2004-05, the government repaid \$ 410 million principal amount and the net foreign aid was \$ 748 million.

In three of 11 months of FY06, the government's principal amount payment was more than the amount of foreign aid it received.

Such payments were \$ 16.70 million in July, \$ 1.30 million in August and \$ 2.92 million in November.

The factors behind the snail-paced progress in implementing the donor-funded projects under

the country's annual development programme (ADP) include bureaucratic tangle in appointing consultants for the projects, land acquisition and delay in tendering process, sources in the Economic Relation Division identified.

The low foreign aid had prompted the government to borrow from banks an amount of Tk 5,000 crore in FY 2005-06, although the earlier decision was to take a Tk 3,600 crore loan from banks.

On the other hand, due to slow implementation of reform projects, the government failed to get budgetary support from the donors. As a result, the overall fiscal cost is also increasing, sources added.

US Congress clears Oman free trade pact

AFP, Washington

US lawmakers Thursday narrowly approved a free trade pact with Oman, boosting the White House's drive to foster commerce and democratic reforms in the Middle East.

The House of Representatives voted for the free trade agreement (FTA) by 221 votes to 205. The pact had already cleared the Senate in June.

US Trade Representative Susan Schwab said the House passage "reaffirms our commitment to a growing and evolving Middle East region".

"Along with last month's passage by the Senate, Congress has sent the world a powerful message -- America is committed to opening markets and contributing to global economic growth and development," she said in a statement.

"Our efforts will advance economic growth and democracy in the Middle East -- an area of almost 350 million people and a 70 billion dollar trading relationship with the United States."

The FTA with Oman is part of an effort by Washington to create a Middle East Free Trade Area (Mefta) by 2013, building on existing agreements with Israel, Jordan, Morocco and Bahrain.

President George W. Bush wants greater trade with the Middle East not just for the commercial benefits to US companies but for the anticipated political openness he believes it could produce in one of the world's most restive regions.

Citigroup wins 'Best Trade Bank in Asia' award

Citigroup has been awarded 'Best Trade Bank in Asia' by Trade Finance magazine (June Issue), for a second year in a row, says a press release.

Trade Finance is one of the leading global trade publications in the industry. This was a global poll, based on votes from customers across the globe, including Asia and the Citigroup award was in tie with HSBC.

"Citigroup with the markets farthest-reaching trade professionals is poised to support this evolution. With 1004 offices around the world, the bank's locally based specialists have the unique ability to identify and report on the critical trends that impact on doing business within the global trade environment," says Claudia Slacik, Citigroup's Global Head of Trade Services and Finance.

Malaysian bank on aggressive expansion in HK, China

ANN/ THE STAR

Malaysia-based Public Bank Bhd, which reported a 24 per cent increase in its second quarter net profit from a year earlier, is embarking on an aggressive expansion of its banking business in Hong Kong and China. It aims to double the loan book of Public Bank (HK) Ltd within the next two years and expand the number of branches by 10.

Public Bank (HK), which has a loan book of HK\$10 billion (US\$1.29 billion) currently, is also seeking to add a branch in Shenzhen.

Proposals to add branches in Hong Kong and China are awaiting approval from regulators. Public Bank (HK), formerly known as Asia Commercial Bank Ltd, has 12 branches in Hong Kong and one in Shenzhen.

"We are not happy with the past growth rate and are taking an aggressive approach to grow the business by focusing on the retail market," said Public Bank managing director Datuk Seri Tay Ah Lek at the announcement of the group's first half year financial results Thursday.

Tay said Public Bank (HK) would be more aggressive in the consumer segment, mid-market enterprises and would look at strengthening its deposit taking activities. The targeted increase in the loan book of Public Bank (HK) is from the existing branch network of 12 and not based on the enlarged operations.

New revenue-generating staff was being recruited, while existing staff of the bank would be more proactively managed, Tay said, adding that there would be no layoffs.

Surcharge slapped on Lanka sea port amid go-slow

AFP, Colombo

Ships using Sri Lanka's main sea port have raised cargo tariffs to compensate for losses incurred by an 11-day go-slow by dockers which has held up over 30 vessels, officials said Friday.

"A recovery charge" of 40 dollars will be leveled on every 20-foot container (TEU) that will go through Colombo Harbour from Saturday, a statement by shipping line operators said.

Unions attached to the state-run Sri Lanka Ports Authority have

continued their "work-to-rule" campaign despite a District Court ruling Wednesday restraining them from disrupting normal work.

Workers are demanding higher wages but the government says port workers are some of the better paid employees in the public sector.

"Feeder Operators in Colombo have experienced severe berth delays and low productivity, with prolonged port stays of around 4-5 days," the shipping line operators said in announcing the surcharge, which will remain effective until the port returns to normal.

The apparel industry, Sri Lanka's top export earner, is among the worst affected by the delays at the port, with ships carrying their raw materials bypassing Colombo and instead off-loading them in Dubai and Singapore.

"Delays at the port are crippling our industry," Ashroff Omar, chairman of the Joint Apparel Association Forum told AFP. "Each day, we ship around 10 million dollars of goods and import about five million dollars worth of raw materials."

Economic growth provides little for world's poorest

Says Unctad

AFP, Geneva

Snowballing urbanisation and economic growth in the world's poorest nations are creating too few opportunities for their citizens, leaving them vulnerable in the face of competitive and increasingly open world markets, a UN study warned on Thursday.

The UN Conference on Trade and Development (Unctad) said that unless the world's 50 least developed countries (LDCs), three-quarters of which are in Africa, were able to meet the job-creation challenge, then there would be increased pressure for migration to industrialised nations.

Without sustained efforts to build up productivity in the LDCs, there would also be an increased risk of humanitarian crises and even civil conflict, Unctad said.

Agriculture accounted for 70 percent of the labour force in LDCs in 2000-2003, but overall, the decade 2000-2010 will be the first in which the economically active non-farming population is forecast to grow faster than its rural counterpart.

Most LDCs have simply been unable to generate enough productive, off-farm jobs to escape the poverty trap, said Unctad.

"There is a need to translate growth into jobs and poverty reduction," said Unctad chief Supachai

Panitchpakdi.

The economies of the LDCs, most of which have undertaken rapid trade liberalisation, grew by an average of 5.9 percent in 2004, the year for which the most recent data is available, said Unctad. The rate was the highest in two decades.

The increase was associated with a doubling of aid from rich countries between 1999 and 2004.

Also crucial were high demand for the LDCs oil and other natural resources, record merchandise exports in 2004 of 57 billion dollars -- a near-fivefold increase on the previous year -- and a record 10.7 billion in private foreign investment.

But progress was uneven. Four oil-exporting LDCs -- Angola, Equatorial Guinea, Sudan and Yemen -- accounted for more than half of the export increase.

The four countries, plus the oil nations of Chad and Mauritania, also drew 70 percent of foreign investment, Unctad noted.

Such capital still remained concentrated on resource extraction, which is not known for creating a "virtuous circle" of widening economic activity and employment, the agency said.

Other LDCs, notably Bangladesh, Gambia and Senegal, did well with exports of manufactured items, such as textiles.

But countries including Niger

and the Central African Republic achieved growth of less than 1.0 percent, while the economy of violence- and disaster-ravaged Haiti shrank by 3.8 percent.

Despite a string of new debt-relief measures by international lenders, the LDCs continued to labour under increasing external debt.

Other warning signs included the low level of domestic savings rates and that net food imports were growing in Africa, Unctad said.

LDCs, many of which are also net importers of oil, have a history of short periods of progress followed by sudden economic collapses, recalled Unctad.

They have also faced declining productivity rates: in 2000-2003, it took an average of five workers to turn out what one worker produced in other developing countries, and 94 LDC workers to match the productivity of a single developed world counterpart.

Simulations in the Unctad report showed that LDCs could achieve growth rates of over 7.0 percent if their labour forces were fully employed and they exploited sources of improved productivity.

Unctad said that key steps would include improving infrastructure, particularly in the transport, telecommunications and energy sectors.



PHOTO: RUPALI INSURANCE

The 18th annual general meeting (AGM) of Rupali Insurance Company Ltd was held on Wednesday in Dhaka. Senior Sponsor Director of the company KM Farookh presided over the AGM, which was also attended by directors, managing director and other senior officials.

Oil prices rise above \$74

REUTERS, London

Oil prices edged firmer above \$74 a barrel on Friday, ending a weeklong slide from record highs sparked by the Lebanon conflict, after Israel's army called up reservists.

The army called up several reserve battalions, a military source said as speculation grew Israel may be preparing for a ground invasion of Lebanon. Production problems at US refineries were also a concern, traders said.

"We're having a strong end to the week as usual, supported by refinery problems in the US and uncertainty over what may happen in the Middle East," said Christopher Bellew, an oil broker at Bache Financial in London.

US crude for September gained 52 cents to \$74.79 a barrel by 1226 GMT. London September Brent crude traded up 66 cents to \$74.38.

Oil had slid from last Friday, when it surged to a record \$78.40 in New York on fears the fighting

between Israel and Hizbollah guerrillas in Lebanon could spread, but remains up 22 percent this year.

US Secretary of State Condoleezza Rice was expected to go to the Middle East as early as next week to press for a political solution to the 10-day conflict.

Oil prices are sensitive to fighting in the Middle East, which provides almost a third of the world's oil although neither Israel nor Lebanon are producers.

"Shorts may want to cover going into the weekend, where the possibility exists that the Israeli/Hizbollah conflict could take a turn for the worse," Man Financial said in a report.

"However, if the fighting remains relatively localized, values could open weak on Monday."

US refinery snags also supported prices, and traders were also wary of any weather-related disruptions as the Atlantic hurricane season starts.

Gasoline supplies in the United

States are a major concern for oil markets during summer, when demand peaks as motorists take to the road for holidays.

ConocoPhillips shut its 306,000 barrel-per-day (bpd) Wood River refinery in Illinois after a power cut due to storm damage. Valero Energy Corp shut a gasoline-making unit on Thursday at a Louisiana refinery for unplanned repairs.

"If there's any disruption to refineries, this will be a major concern," said Gerard Burg, energy economist at the National Australia Bank.

Tropical storm Beryl, the second cyclone of the season, headed up the US north east coast on Friday, away from Gulf of Mexico refineries and oilfields, as its strength declined.

Last year's hurricanes Katrina and Rita crippled US oil and gas infrastructure, causing oil prices to soar to then-record highs.

FTA with US seen to boost ROK's electronic industry

ANN/ THE KOREA HERALD

South Korea can become one of the world's top three electronics manufacturing countries through a free trade agreement with the United States, experts say.

"Korea is now a major exporter of consumer electronics goods to the United States, and the momentum will be invigorated when tariffs are eliminated after a free trade pact," Joo Dae-young, senior researcher at Korea Institute for Industrial Economics, told The Korea Herald.

"Korea's strength lies in consumer electronics, while America's strength is in industrial electronics, such as medical equipment, so both markets will complement each other."

An FTA with the world's largest economy, therefore, is expected to give Korea a clear advantage over major competitors - Japan and China - in the US market, Joo said.

Seoul and Washington are now aiming to conclude negotiations on a free trade pact by March 2007.

Korea's import duty on US

electronics goods is currently 8 per cent, while Washington levies 2 per cent on Korean goods.

"The benefit for Korea will be huge," Joo emphasised. "The US market highly depends on imports in the electronics area; it doesn't have big manufacturers," he added.

Both countries also do not have overlapping items in the area, experts say.

"The electronics industries of the two countries are complementary, and on the whole are not in competition with one another," Hong Suk-woo, head of the Commerce Ministry's future industry division, was quoted as saying by Yonhap News agency.

The official's comments were made during a meeting attended by relevant government officials and experts from the Korea Institute for Industrial Economics and Trade, as well as local universities, in Gumi, North Gyeongsang Province. They gathered to study the impact an FTA would have on the industrialised city.

According to Hong, Asia's third-largest economy has a competitive edge in memory chips, mobile phones, video-

related equipment, refrigerators, air conditioners and washing machines. America's edge lies in specific semiconductors like Intel chips, and electronic games.

"The two do compete in computers, audio and wire-based communication equipment, but the total volume of trade in these areas is small," the official said.

Two-way trade in this sector totaled US\$24.15 billion in 2005 or 15.2 per cent of Korea's total trade for the year.

The experts at the meeting agreed that Korea, which ranks fourth in the world in terms of output, with a market share of 7.2 per cent, could outrun Japan in the coming years if it gains unrestricted access to the world's largest consumer market.

Japan, as of last year, ranked third with 15.1 per cent of the world market. Global leader the United States commanded 20.6 per cent of the world market share, with China trailing behind with 15.7 per cent.

Experts also say that an FTA will give Korea the chance to strengthen its image abroad, and thereby, boost foreign direct investment.



PHOTO: COMMERCIAL BANK OF CEYLON

Commercial Bank of Ceylon Ltd opened a branch at Uttara in Dhaka on Wednesday. V Krishnamoorthy, Sri Lankan high commissioner to Bangladesh, MJC Amarasuriya, chairman of the bank, among others, were present at the inauguration.