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A gaze at pvt Bangla channels – Part 1

Adieu to BTV ad monopoly as new entrants get ready for sky war

By Inam Ahmed

For almost 30 years, Bangladesh Television (BTV) enjoyed a monopoly in the advertising market. All these years it only imposed its own terms and conditions and waited for the clients just like a huge cave-dwelling dragon awaiting its prey.

But that snug position is now no more with the lost of those heydays. The rules have changed, making the state-owned channel vulnerable to Bangla satellite channels that are these days biting off a considerable chunk of the advertising market.

Ad revenue has already witnessed a drastic fall, but the battle will really begin when Ekushey Television, the country's first terrestrial private channel, begins broadcasting early next year.

In addition to private channels, advertising agencies are using their resources more strategically. They find that it is a great scope for them to get free of the clutches of a monopolistic giant and win all sorts of facilities – ranging from branding programmes to getting bulk bookings.

The new channels are already finding themselves caught in a large-scale sky war, and it's not unlikely that only the fittest will survive. Channels offering the most popular programmes and bagging the biggest advertising revenues will be the ones to ultimately live. The country's advertisement market – worth Tk 66.80 crore last year – may not be big enough to ensure the profitability of all channels, experts feel.

Ad firms get ready

The advertising agencies have tried to convince BTV to allow branded programmes, but it refused the plea for reasons unknown. On at least one occasion, BTV told an ad firm that it had 'lost the file' containing the proposal for branded programmes.

That was two years ago, but now there are five satellite channels ready to explore new avenues and reap benefits.

Advertisers also believe private terrestrial channel will take a snipe at some of the BTV's bureaucratic tangles. They can cut deals including credit arrangements with private stations easier.

"With BTV, we have to fork out the money up front while booking air-time for advertisement," said one advertiser. "Now we can get credit for up to a month, and that makes our business smoother."

Credit helps the agencies in two ways. They can book air-time as soon as they sign a contract, even if the client delays payment. Moreover, if the client wants to air a series of advertisements but doesn't want to pay in full, the firm can still book the time.

"This makes our going much easier since we can properly plan our insertions," said the chief executive of an ad firm. On top of that bulk bookings allow us to get special discounts from the channels."

BTV refuses to consider a bulk booking discount even though it encourages companies to increase their advertisement spending. Meanwhile, satellite channels often give one free spot for every three paid advertisements.

Moreover, BTV charges prohibitively high advertising rates. It demands Tk 5,000 for every 10-second ad during the peak hours and Tk 2,500 during off-peak hours. When a client advertises during the peak period, it is mandatory that he should place another at the off-peak slot.

The satellite channels offer much cheaper rates. Companies can place ads on any channel without conditions for half the rates charged by BTV.

Ad firms said BTV's revenue will plummet when ETV joins the affray next March.

"Our experiences with BTV is disappointing," is how one ad company owner described the situation prevailing in the ad industry. "So, as soon as we get another terrestrial channel, we will simply jump for it," he added.

BTV's ad revenue at a glance:

year	Tk (in crore)
1992-93	22
1993-94	35
1994-95	42
1995-96	45
1996-97	60
1997-98	75
1998-99	66

Ups and downs of ad revenue

BTV's advertisement revenues have jumped from Tk 22 crore in 1992-1993 to Tk 75 crore in 1996-1997. However, last year the revenue slid to Tk 66.80 crore.

Some say that this slump in ad revenue was because of the launching of new satellite channels and the consequent diversion of advertisements there. But advertisement firms disagree to this, saying that satellite channels still haven't got a strong grip over the ad market.

"What happened last year is companies went for big cuts in their ad spend because of flood losses," said one ad firm chief executive. "As for my firm, which handles big multinationals, the cut was around 60 per cent. This year, they have again raised their media spend. However, it is still about 20 per cent down from the peak 1997-98."

This is a bad news for all channels, since there aren't much chances they can boost their advertising revenues when the economy is so slow.

NBR Nov collection falls Tk 284.63cr short of target

Star Business Report

The National Board of Revenue's (NBR) revenue collection continued to slide with that of November falling Tk 284.63 crore short of the target.

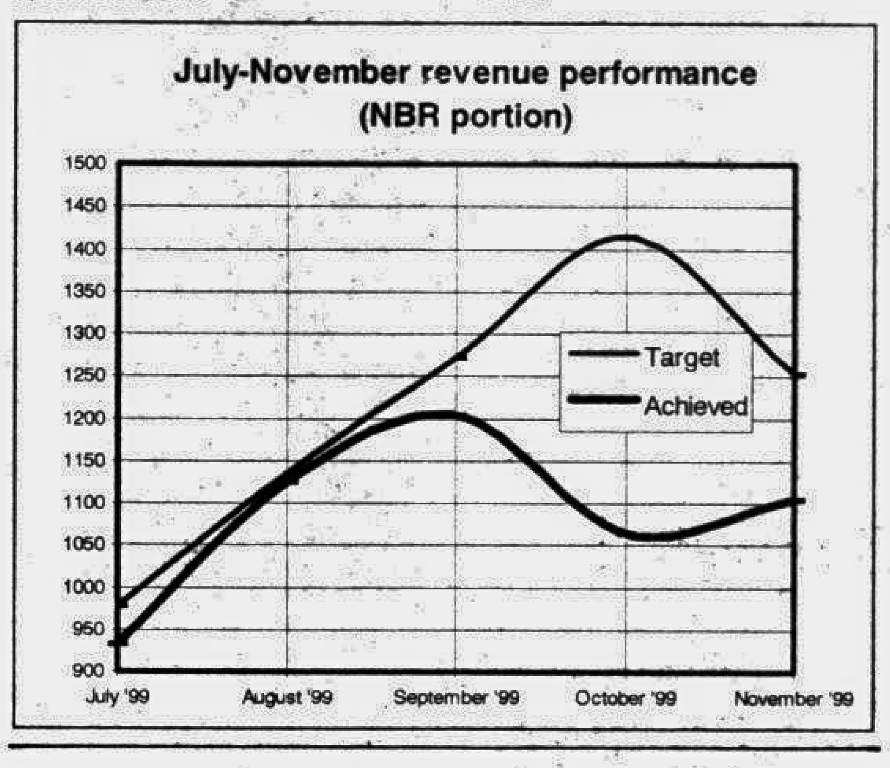
With the latest figures, the NBR revenue collection deficit in the first five months have reached Tk 723.79 crore, which is, however, Tk 78.23 higher than the previous fiscal year's same period.

The target during the first five months of the current fiscal (July-November) was estimated at Tk 6,154.13 crore, but the achievement was Tk 5,430.34 crore.

The collection fell 24.79 per cent short of target in the month of October while the achievement was 94.62 per cent in September, 98.95 in August and 95.49 per cent in July.

The massive slide is mainly due to lackluster performance in the import sector where the shortfall was to the tune of Tk 131.97 crore, or 28.12 per cent.

Value Addition Tax (VAT) trailed the import duty sector with the collection target dallying at 17.18 per cent less than the estimated goal of Tk 50.38 crore.



AGM makes Rouf chairman

Veg oil refiners to urge govt for duty, VAT cuts on crude

The AGM and election of the Bangladesh Vegetable Oil Refiners and Vanaspati Manufacturers' Association was held at the associations conference room at the Dhaka Chamber building on December 4, says a press release.

MA Rouf Chowdhury was unanimously elected chairman of the association. The other elected office-bearers include Fazlur Rahman, Senior Vice Chairman, Najmul Huq Chowdhury, Vice Chairman, Mostafa Kamal, Secretary General, and Atiqur Rahman Chowdhury, Treasurer.

It was discussed in the AGM that the present high rate of customs duty, VAT and other levies on the import of crude oil is imposing a heavy burden on the consumers who are unable to pay high prices.

High taxes on this basic necessity may be considered inequitable and regressive as it makes the average citizen pay the same tax as the richest. Therefore, it was decided that, in the interests of social justice and welfare of the average citizen, the government of Bangladesh will be approached to reduce the high customs duty and VAT on the import of crude oil.

VGD women to receive 2 months' ration in Dec

The government in consultation with the World Food Programme (WFP) has decided to distribute wheat ration under the VGD Programme for December and January 2000 in one installment, says a press release.

Each VGD woman, all over the country, will receive 60 kg of wheat (equivalent to two-month ration) by end-December 1999. There will be no distribution of VGD ration in January 2000.

VGD — Vulnerable Group Development is a nation-wide government and donor programme coordinated by WFP. In addition to a monthly wheat ration of 30 kg, over a period of 18 months, VGD women receive development services like functional education, training and credit. Food and development package combined together, enables the ultra-poor women to graduate to a level from where they can participate in mainstream development activities of the government and NGOs.

Best Aviation Ltd yesterday made the maiden flight of its eight-sitter helicopter service, the first of its kind in Bangladesh. The service will be formally inaugurated soon. – Star photo by AKM Mohsin.

S Arabia starts power privatisation

RIYADH, Dec 14: Saudi Arabia has launched the privatisation of its power sector with the establishment of the Saudi Electricity Company (SEC), merging its mainly state-owned regional power firms to promote economic diversification, reports Reuters.

The official Saudi Press Agency quoted a statement issued after the weekly cabinet meeting on Monday night as saying the cabinet had approved the setting up of the company and its basic laws.

Saudi Arabia, the world's largest oil exporter, announced plans to set up the company last year.

The kingdom has been trying to privatise various services as part of a drive to give the private sector a bigger role in the state-led economy.

Industry and Electricity Minister Hasehm bin Abdullah bin Hashem Yamani told SPA the company's capital was 33.7 billion riyals ($8.9 billion), divided into some 675 million shares worth 50 riyals each.

Oil steadies on Iraq's export deal signing

LONDON, Dec 14: World oil markets steadied yesterday after a fall on Friday when the United Nations voted to extend Iraq's oil-for-food exchange, says Reuters.

London January Brent futures closed nine cents up at $ 24.55 a barrel as Iraqi customers started signing contracts for deliveries under the seventh six-month phase of the programme.

Iraq's Deputy Foreign Minister Nizar Hamdoon said Baghdad saw "no problem" with the new deal and Iraq's UN ambassador Saeed Hasan said exports would resume by the end of this week, possibly as soon as Wednesday.

Iraq stopped supplies on November 24 because of a wrangle among UN Security Council members over a new resolution on sanctions.

The return of Iraq's 2.3 million barrels a day to the world market should ease some of the strain on tight supplies in the West, where spare inventories are shrinking fast.

OPEC oil ministers insist they have no plans to relax output curbs before April, the scheduled expiry date for a year-long supply restraint agreement.

Venezuelan Energy and Mines Minister Ali Rodriguez said on Monday he did not expect oil prices to rise significantly beyond current high levels and admitted another price spike would seriously affect consumer countries.

"According to the International Energy Agency (IEA), if stock levels were to fall below around 70 days of demand that would present severe problems for these (OECD) countries and that is not in OPEC's interests," Rodriguez said.

Maersk Sealand ready to launch operation

A P Moller-Maersk Line has taken over the international liner business of Sealand Service Inc, says a press release.

Since the signing of the purchase contract in July 1999, the practical aspects of the acquisition have been prepared and Maersk Sealand is now ready to meet the customers' global coverage requirements.

With 325 offices and a combined work-force of over 10,000 employees in more than 100 countries, Maersk Sealand will provide an even stronger organisational structure with an optimised global network of services as well as improved IT infrastructure to facilitate even better interaction with customers.

EU aid offer to ACP states seen meagre

BRUSSELS, Dec 14: The European Union's latest offer of financial aid to its 71 former colonies in Africa, Asia and the Pacific (ACP) for the next five years appears "insufficient," Benin ambassador Saliou Abudu said yesterday, reports AFP.

"We need to evaluate and see if this offer takes into account the needs of the ACP countries," he told a press conference, adding the offer seemed "insufficient with respect to the objectives that we have fixed for ourselves."

The EU on December 9 proposed aid totalling 13.5 billion euros (dollars) over the five ensuing years, in addition to a European Investment Bank loan of 1.7 billion euros, part of the 9th European Development Fund (EDF), which amounts to an increase of five per cent over the 8th EDF which covered 1995-2000.

"The difference is very, very thin," said Abudu, noting the proposal was presented "two minutes" before the end of EU-ACP negotiations here last week on the future of EU-ACP ties.

"We have therefore not had the time to discuss it," he said. "We will have the occasion next January."

Repeat of WTO failure to prove disastrous: EU

BRUSSELS, Dec 14: European Union trade chief Pascal Lamy said yesterday the EU would tread carefully following the collapse of the Seattle World Trade Organisation (WTO) conference because a second failure would be a disaster, says Reuters.

The WTO ministerial meeting, which the EU and the United States had hoped would launch a new round of global trade liberalisation talks, ended in failure 10 days ago with the organisation's 135 members deadlocked over issues such as agriculture, anti-dumping rules and minimum labour standards.

"The (European) Commission considers that the launch of a new round on a broad agenda remains the priority," Lamy, the EU trade commissioner, told the European Parliament in Strasbourg.

"However, we shall now have to move fairly carefully. A second failure would of course be a disaster," he said.

When a found could be launched remained unclear, Lamy said, noting unhappiness among developing countries which make up a majority of the WTO's members. Developing countries would have to be offered "substantial progress" if they were to throw their support behind a new round, Lamy said.

Lamy again placed a good portion of the blame for the failure of the Seattle meeting — which was hit by mass street protests — at the door of the United States, saying the talks had become entangled in the campaign for next year's US presidential elections.

"One must wonder whether the overlap between the opening of the negotiation and the American presidential election was sensible because it was clear the US were not prepared to move on any subject at all," the French commissioner said.

The EU wanted a comprehensive new round, covering agriculture, services, industrial tariffs, investment and competition rules and core labour standards. The United States wanted a narrower round and many developing countries were sceptical about the benefits of a new round.

Lamy faults WTO structures

The conference's failure could be explained by the gap between the WTO's ambitions and its resources, said Lamy, who has previously said the WTO's unwieldy structure made gaining consensus very difficult.

Negotiations in the WTO could no longer be confined to a few players. Developing countries had to be taken into account, Lamy said.

Picture shows the BNSDL officials and participants of the presentation on CDS at the FICCI office in the city yesterday.

Presentation on CDS made at FICCI office

A presentation on CDS was made to the representatives of foreign banks on Tuesday at the office of the Foreign Investors Chamber of Commerce and Industry (FICCI) office, says a press release.

A K M Samsuddin, Chairman, Bangladesh National Securities Depository Limited gave the background of the formation of CDS sponsors group with the participation of foreign banks through the group representation.

A G M Shamsul Kamal, MD and CEO of BNSDL, made a detailed presentation on CDS in general and the benefits the company will bring to the capital market of the country with special references to the values and virtues the multinational companies can derive.

Britain records slump in food, drink exports

LONDON, Dec 14: British exports of food and drink slumped seven per cent in the first eight months of the year, figures from Food From Britain, an export marketing consultancy, showed yesterday, reports AFP.

The fall off was blamed on the strength of sterling, the weakening of the euro and the global downturn in trade over the past two years sparked by the Russian, Asian and Brazilian financial crises.

The overall slump was despite a 15 per cent boost in sales to South East Asia and a four per cent increase to the United States.

The organisation also warned that exporters would face a tough new year.

China, with a 202 per cent increase in imports from Britain, South Korea with a 151 per cent increase, Taiwan with 93 per cent and Singapore with 16 per cent were Britain's best performing export markets.

Ailing euro looks forward to a brighter future

BRUSSELS, Dec 14: The euro's debut year has resembled the heyday of heavyweight boxing, when pasty European contenders with inflated reputations were fed to American champions for a few bloody and brutal rounds before being lifted barely conscious from the canvas, says AP.

In 1999, the dollar has been the Muhammad Ali of world finance, and the European Unions common currency has taken a licking.

Since its market premiere last Jan. 4, the euro has tumbled 17 cents to parity with the dollar.

But Europe's economic policymakers remain unbowed. They are confident the euro will bounce back.

"The euro is a strong currency," Wim Duisenberg, president of the European Central Bank, said at the end of November. "Ultimately there is only one way it will go ... and that's up."

The underlying reason for the euro's pummeling is simple. Key US interest rates are almost twice the level as in the 11-nation euro-zone, so investors get a better return on dollar holdings.

However, other factors have played a role in the euro's latest slump: Socialist governments in Germany and France meddled in company mergers, casting doubt on their pro-market credentials. Last-minute Y2K jitters gave the dollar a safe-haven appeal. Forecasts of healthy European economic growth paled alongside America's longest peacetime expansion.

Temporary setbacks, Europeans insist.

"The fundamentals of the euro are sound and will get better with the strong and stable recovery of the European economy," French Finance Minister Christian Sautter said recently.

European officials point to the euro's internal stability — inflation kept at record lows by the tight policies of the new European Central Bank and euro-zone membership rules that oblige traditionally spendthrift governments to strive for balanced budgets.

Monetary union eradicated risk of the dollar's upward drive or any other external threat sparking exchange-rate turmoil within the euro-zone.

The euro is accepted by financial markets as the world's second-most widely used currency. Some 30 nations have linked their exchange rates to the euro, from Iceland to Estonia to most of West Africa.

The euro's weakness is even helping Europe's recovery, by making exports cheaper and attracting investment. Stock markets in Paris, Amsterdam and Madrid have soared alongside the euro's fall as foreign investors take advantage of cheaper stock prices to move into Europe's booming telecommunications, media and technology industries.

The currency is also the crowning glory of the European Union's project to erase barriers to cross-border business within the bloc. It has forced governments and business leaders to tailor policies to the demands of a huge common market.

"The whole issue of the euro focused the minds of chief executives on European strategies, thinking of Europe as a single market," said John Hawksworth, an economist in London with the PricewaterhouseCoopers accounting and consulting firm. "They saw the need to be big players on a European level."

That has made the euro a catalyst for this year's merger wave in which European companies are grabbing opportunities even in sectors previously defended as hallowed national fiefdoms.

In the past few weeks, Spain's BSCH bank grabbed a big chunk of Portugal's banking sector; Belgium's Electrobel took over Dutch power company EPON and announced plans to expand into northern Germany; France's Aerospatiale and Germany's DASA are linking up to form a defence giant worth $ 21 billion.

"In real economic aspects the euro is having a great success," said Graham Bishop, euro expert at the investment firm of Salomon Smith Barney. "In terms of how it has enhanced the single market, its success has been tremendous."

Although the euro has made its mark in board rooms, trading floors and treasuries, it remains a mystery to most of the 290 million citizens of the 11 nations in the euro bloc.

Euro coins and banknotes won't be introduced until Jan. 1, 2002. Until then, consumers glimpse the euro only as an ephemeral presence in parenthesis alongside familiar figures in francs, marks and pesetas on phone bills, bank statements and supermarket price tags.

Invisible or not, the euro has come a long way since Britain's then Prime Minister John Major dismissed the common currency plan as having "all the quaintness of a rain dance and about the same potency."

Robert A. Mundell, a Nobel Prize-winning economist from Canada, predicted at a conference in Brussels on Dec. 1 that the euro is assured of a strong international role.

"From 1915 until the end of the century, the dollar has been unchallenged as the dominant currency," he said. "Over the next decades, however, the euro will vie with the dollar."

Big Nasdaq cos to be quoted on HK bourse

NEW YORK, Dec 14: Some of the most powerful US corporations, notably Microsoft, Intel, Dell and Cisco, will be quoted on the Hong Kong stock exchange under an agreement signed here yesterday, reports AFP.

Under a pilot programme starting in February, seven US companies will be co-listed on the technology-heavy Nasdaq Stock Market and the Stock Exchange of Hong Kong (SEHK), with the number of co-listings expected to increase.

The other Nasdaq companies to appear on the Hong Kong exchange are Amgen, Applied Materials and Starbucks, according to a joint Nasdaq-SEHK statement.

"The agreement that we have signed with the Stock Exchange of Hong Kong takes us a major step closer to fulfilling the need for global capital formation and liquidity requirements and to provide worldwide, instant price discovery and trade execution in a fair, orderly, low-cost and well-regulated environment, without time-zone limitations," said Fanrk Zarb, chairman of the National Association of Securities Dealers, the Nasdaq parent organisation.