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Bank Asia takes over Scotiabank operations in Bangladesh

'First-ever acquisition of foreign bank by local player shows its strength'

STAR BUSINESS REPORT

For the first time in the country, a local bank has taken over the Bangladesh operation of a foreign bank as per an agreement signed in the city yesterday.

Bank Asia, a local private bank, has taken over the Bangladesh operations of Canada-based Bank of Nova Scotia (Scotiabank) and the transition is expected to be completed by February 15 under a Tk1.20 crore deal.

Managing Director of Bank Asia Syed Anisul Huq and Country Head of Nova Scotia Sean Watts signed the deal on behalf of their respective banks at the corporate office of Bank Asia.

Others who were present on the occasion are Chairman of Bank Asia M Syeduzzaman, Vice Chairman A Rouf Chowdhury, Director Anisur Rahman Sinha and other senior bank officials.

"With the completion of transition within a short possible time, Bank Asia will undertake the responsibility of all deposits and acquire the right to entire loan portfolio of Nova Scotia Bank in Bangladesh," said Syed Anisul Huq, Managing Director of Bank Asia.

"The taking over of the local operations of Scotiabank by Bank Asia is the first ever acquisition of a foreign bank by a Bangladeshi Bank and it will be regarded as a

milestone in the development of the banking sector of the country," Huq said. "The successful takeover also reflects the growing strength and courage of the local banks and their ability to identify and acquire potential business."

"Scotiabank, Dhaka Branch, will change its name to Bank Asia, Scotia Branch with the approval of the Bangladesh Bank and it will continue to operate from the existing premises at Rangs Bhaban as usual," said the managing director. "The clients will continue to enjoy the same services and facilities as before with full protection to their rights and interests."

According to the latest avail-

able figures, Nova Scotia's deposits stand at Tk 30 crore and assets that include loan portfolio stand at Tk 30 crore.

Earlier two foreign banks -- Hong Kong Shanghai Banking Corporation (HSBC) and the Citibank N/A -- having operations in Bangladesh also expressed their interest to take over the Nova Scotia operation in Bangladesh.

However, the deal with Citibank did not take off due to differences in price and time. On the other hand, although HSBC offered two percent premium on the current deposits and one per cent on other deposits like fixed and short term ones, the deal did not materialise.

Nova Scotia began its Bangladesh operation on May 30, 1999 and later took over the business of Societe Generale, a French bank.

Bank Asia MD Syed Anisul Huq said the decision to close down its Bangladesh operation came following a change in the bank's policy to concentrate its business in North America and withdraw its operations from this region excepting India.

Bank Asia launched its operation in November, 1999 and now operates through five branches. Its deposits stand at Tk 1.5 billion with a loan portfolio of Tk 1.2 billion. Last year the bank posted a profit of Tk 20 million.

RMG units take the brunt of US buyers' financial crisis

SHAHRIAR KARIM

A good number of the country's garment exporters are set to lose business as a US company and two chain stores have stopped placing any order.

These three companies -- Bugle Boy, Montgomery and Bradley -- used to buy apparels worth over US\$ 200 million a year from Bangladesh.

But in the last couple of months, they have cancelled their orders which were earlier confirmed by them. According to BGMEA sources, these companies are now in financial constraints and at least one of them has gone bankrupt.

Bugle Boy has already suspended its liaison office in Dhaka with effect from February 1. All the Bangladeshi suppliers have been asked to contact its financial director stationed in Los Angeles, according to business sources.

"We have been notified by the regional office in Singapore to suspend works in Bangladesh from February 1," said an official

of Bugle Boy's liaison office in Dhaka.

Bangladesh Garment Manufacturers and Exporters Association President Anisur Rahman Sinha also confirmed the information and said there are indications that some other importers of Bangladeshi apparels might also face the same fate.

However, the news of financial problems of the buyers came as a sudden shock for many garment exporters at the end of last month when a good number of them were doing the last minute job for Bugle Boy and the other two chain stores.

Bugle Boy used to import apparels worth US\$ 100 million annually from Bangladesh. On the other hand Montgomery with more than 600 stores in the USA and Bradley with about 300 stores import US\$ 100 million apparels.

"One fine morning when I was preparing a consignment, I have received a fax message from Bugle Boy asking me to stop the shipment," said Engineer M Abu Taher, Managing Director of Fortuna Group, one of the largest vendor of

Bugle Boy. However, Taher said he could absorb the shock as he had already shifted his dependence on Bugle Boy in the last six or seven months.

There were others who have been waiting to ship their export orders in a week or two while some others have already shipped their consignments.

According to local garment manufacturers, this new development would create stockout problem for many garment units.

Chairman of Crown Group Mostafizur Rahman, who also works for Bugle Boy, said he will face huge loss in fabrics which he imported for making Bugle Boy products.

Some 41 garment units were working for Bugle Boy and some 40 others used to work on subcontract, the business sources said.

According to Bugle Boy's Dhaka liaison office, Bugle Boy placed orders for 40 thousand dozens of trousers, jackets and sweaters worth more than US\$ 14.5 million this year.

Canon profits double in '00

AFP, Tokyo

Japan's Canon Inc. said Monday its net profit nearly doubled last year on a combination of strong sales, cost-cutting and a tax windfall.

Group net profit for the calendar year 2000 was 134.1 billion yen (1.2 billion dollars), a 90.9-percent jump over the previous year, said the camera and computer printer maker in a statement.

Sales rose a modest 6.1 percent to 2.78 trillion yen despite the strength of the yen during the year, which hurt revenues at other leading Japanese exporters.

Much of the earnings improvement was due to a cost-saving programme which contributed to a 39.7-percent increase in operating profit to 246 billion yen. Pre-tax profit rose 45.6 percent to 227.2 billion yen.

"Although the influence of yen appreciation pulled things down, Canon implemented some cost-reduction efforts which were really quite strong, and were enough to make up for the negative impact of the strong yen," said Canon spokesman Richard Berger.

"That was a significant factor in keeping us on an even keel."

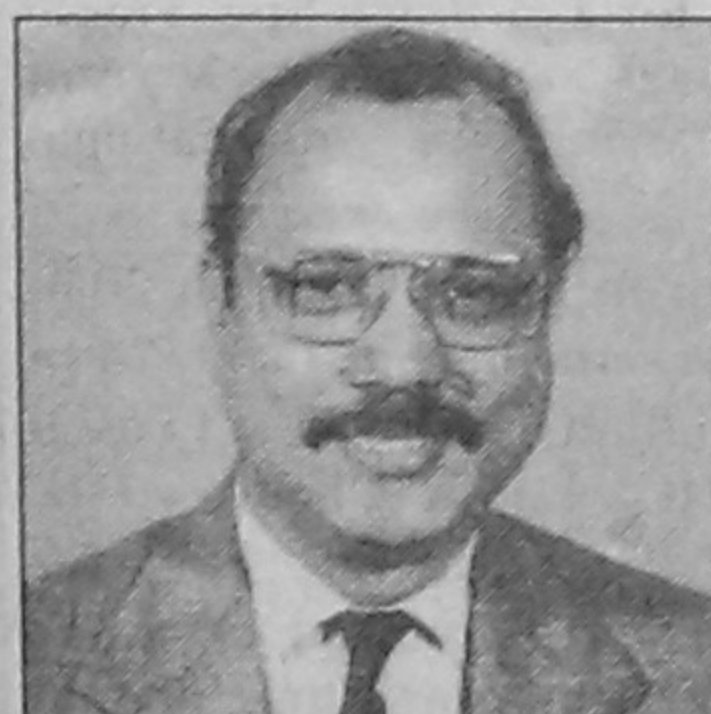
Canon suffered foreign-exchange losses of 190.5 billion yen in 2000, although sales in every region reversed the declining trend in 1999.

"On a local currency basis, it was pretty much a record performance across the board," Berger added.

The biggest boost to the bottom line was a cut in the rate of corporate tax Canon paid, from 53.8 percent in 1999 to 38.4 percent.

Despite the strong yen, camera sales were buoyed by the introduction of new digital models, helping the segment post a 16.8-percent year-on-year increase, Canon said.

New resident manager of Sonargaon Hotel



Atique Rahman is the new Resident Manager of the Pan Pacific Sonargaon Hotel, says a press release.

Prior to his present assignment, he was the acting assistant general manager of the hotel.

Rahman is a graduate of the State University of New York. He has 25 years of 'hands on' experience in the hospitality industry working in different hotels and restaurants in the United States of America.

His last assignment in the United States was with Radisson Hotels International where he worked as the Executive Assistant Manager and earned the coveted award of Food and Beverage Director of the Year in 1989.

He joined the Pan Pacific Sonargaon Hotel in October 1996 as Food and Beverage director and later served as Director of Operations.



Syed Anisul Huq, Managing Director of Bank Asia, and Sean Watts, Country Head of Nova Scotia, exchange the acquisition deal that allows the local bank to take over the Bangladesh operation of the Canada-based bank. They signed the deal on behalf of their respective banks at the corporate office of Bank Asia in the city yesterday. Chairman of Bank Asia M Syeduzzaman, Vice Chairman A Rouf Chowdhury, other directors and senior bank officials are also seen in the picture.

Aussie airlines call summit on economy-class syndrome

AFP, Sydney

Australian airline managers, aviation regulators, doctors and unions will attend a summit here Friday to discuss so-called economy class syndrome as evidence emerged Monday of a rising death toll.

Sydney's Daily Telegraph said it had obtained coroner's records showing 18 confirmed victims who had died in the last eight years of the condition known medically as deep vein thrombosis (DVT).

Fourteen had died either during their flight, at Sydney Airport, or within two hours of landing, but the figures did not include victims who may have been treated or died in the days or weeks after a flight.

The summit comes as an Australian law firm collates details of almost 2,300 cases, including 116 alleged deaths, for one of the biggest actions in Australian legal history.

Almost every international airline, including Australia's two carriers, Qantas and Ansett, is involved in the action, which is

being brought under the Warsaw Convention.

Melbourne-based solicitors Slater and Gordon, who have already handled a number of Australia's biggest damages actions, have received dozens of calls a day since links between DVT and airline travel were publicised last October.

Slater and Gordon partner Paul Henderson, who is handling the case, says a key point in the claims, mostly involving Australians, would be to show the relative ease with which the risk could have been reduced.

"The fact is that it is a high-technology safety conscious industry that has not seen fit to warn its passengers of a life-threatening risk," he said.

The Telegraph reported that three prominent Australian vein surgeons said they were ignored when they approached Qantas individually in 1995 suggesting the airline issue health warnings or conduct research.

Qantas would not comment on the claim, but both Qantas and Ansett confirmed that representa-

tives of a number of international airlines would attend the summit.

The Civil Aviation Safety Authority, three airline unions and the defence forces surgeon general would also attend.

Top-level airline industry figures have met several times in the last 18 months to discuss the issue. Researchers reportedly claim airlines are stalling vital new studies by denying doctors access to passengers for tests.

Of the 18 deaths the paper said it had confirmed, most occurred after long flights.

Three-quarters of the victims were women, all were aged over 50 and at least two of the dead travellers flew business class despite DVT being tagged "economy class syndrome".

The organiser of Friday's meeting, Professor Eric Donaldson of Griffith University, said airlines had been "going quietly about dealing with DVT".

A panel of medical experts would outline to the meeting what further research was needed into flight-related DVT.

Malaysia, Iraq seek deeper economic ties

REUTERS, Kuala Lumpur

Malaysia and Iraq discussed deepening economic ties today, with Kuala Lumpur intent on boosting sales of crude palm oil to pre-Gulf War levels, Foreign Minister Syed Hamid Albar said.

Malaysia sold 250,000 tonnes of palm oil a year to Baghdad before the 1991 Gulf War.

"Iraq is interested in buying more things from us. One of the things we consider they should look at is our palm oil," Syed Hamid told a news conference after meeting his Iraqi counterpart Mohammed Said Al Sahaf.

Malaysian palm oil sales to Iraq fell to nil after the war, though sales via third parties had since picked up, the minister said.

Last year, Malaysia sold Iraq 3,324 tonnes of refined bleached or deodorised (RBD) palm oil and a further 33,825 tonnes of vegetable ghee made exclusively from RBD palm oil, officials said.

Iraq also agreed to buy 5,000 Proton Waja cars, Syed Hamid added.

The meeting did not touch on the issue of United Nations economic sanctions against Iraq, which Malaysia has sought to have lifted, or discuss any change in approach that might be expected from US President George W Bush, the Malaysian foreign minister said.

British Halifax to take over Equitable Life

AFP, London

The British bank Halifax said on Monday it had agreed to take over ailing life assurance company Equitable Life for one billion pounds (1.57 billion euros, 1.47 billion dollars) in a deal that comes as a relief to tens of thousands of policy holders.

Two months after Equitable closed its doors to new business after a previous deal with Prudential collapsed, Halifax unveiled a deal to keep it alive by buying its insurance businesses, assets and sales force.

Halifax will pay 500 million pounds on March 1, with the remainder to come once Equitable has resolved a long-standing problem with policy holders who were guaranteed high-return pensions which the insurer ultimately could not afford to honour.

RAKUB opens branch at Sonamasjid

Rajshahi Krishi Unnayan Bank (RAKUB) has opened a new branch at Sonamasjid under Shibgonj Upazila in Chapainawabgonj district.

With this, the total number of branches of the bank comes to 331, says a press release.

RAKUB's chairman Professor M Anisur Rahman opened the branch as chief guest on Wednesday.

The Managing Director of RAKUB, AKM Sajedur Rahman, and General Manager (Operation) FRM Hafiz-ul-Islam were also present on the occasion as special guests.

The Deputy Commissioner of Chapainawabgonj Md Nurul Haque presided over the function.

The bank has already opened 30 branches including the Sonamasjid branch.

Indian economy to handily weather quake impact

Economists see short-term pain

Reuters, Bombay

India's devastating earthquake that took such a terrible toll in human life is unlikely to hit its economy anywhere near as hard, economists say.

In fact, if Turkey and Taiwan which both suffered big earthquakes in the last two years are anything to go by, its economy should handily weather the crisis but not without some short-term pain.

Already, the big oil, petrochemical, steel and pharmaceutical companies in the country's quake-hit industrial heartland have reported their plants escaped relatively unscathed, easing fears that output could suffer badly.

Still, economist cautioned that the task of counting the human and financial costs of rebuilding Gujarat, India's second most prosperous state, was only just starting.

While the January 26 quake spared big industry in the western

coastal state, it collapsed villages, homes and high rises and killed an estimated 30,000 people. Tens of thousands more were injured and hundreds of thousands left homeless.

"Thousands of people have been displaced and livelihoods destroyed, said Standard Chartered Bank economist Vasan Shridharan.

The Gujarat state government doubled its damage estimate on Saturday to more than 200 billion rupees (\$4.3 billion), slightly less than two per cent of national GDP.

Even before the quake, growth in the world's second most populous nation was already slowing under a triple whammy of high global oil prices, a weak rupee and gradual easing of import restrictions.

After expanding more than 7.5 per cent for three straight years in the mid-1990s, the economy slowed to a 6.6 per cent pace in 1998/99 and 6.4 per cent the following year. This year, private

economists expect growth to ease to 6.0 per cent or lower.

Economists say the quake has ruled out chances of a soft 2001/2002 budget to kickstart the economy. In fact, analysts and industrialists fear the budget due on February 28 will contain measures that could further depress demand.

"In all probability, the provisions in the budget for the rehabilitation of Gujarat will be huge," said Arun Kejriwal, director with independent research firm KRIS.

Widen deficit

The earthquake may also widen India's gaping fiscal deficit which jumped to 5.6 per cent of GDP in fiscal 2000 from 4.5 per cent in the previous year.

Last week, the cash-strapped government announced a two per cent surcharge on income and corporate taxes to raise 13 billion rupees and Prime Minister Atal Behari Vajpayee warned that would not be enough to foot the massive rebuilding costs.

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