Star BUSINESS

DHAKA WEDNESDAY SEPTEMBER 19, 2001

BGMEA mourns terrorist attacks in US

STAR BUSINESS REPORT

Works at all the export-oriented readymade garment units in the country remained suspended for five minutes from 11am in memory of the victims in the terrorist attacks in the USA and also to protest the horrific act.

As part of the programme, leaders of country's all the major business associations gathered in front of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) office at city's Karwan Bazar, observed five-minute silence and prayed for the departed souls.

The programme was also arranged to express solidarity with the American people in their pursuit to recover from the dreadful experience.

The leaders of the trade associations also placed garlands at the foot of a dummy World Trade Centre (WTC) in front of the BGMEA office.

Apart from the BGMEA leaders and garment manufacturers and exporters, leaders of MCCI, DCCI, BEF, DCI, BKMEA, BSTMPIA, BCCMEA, BSTMEA, BTDPIA, BEMEA, BHB, BJMEA and Bangla-Craft were also present.

The same programme was also observed at the BGMEA's Chittagong office.

It is feared that the terrorist attacks in the USA would have a negative impact on the country's apparel export as 40 per cent of the exports is destined for the USA. The country's RMG export is already suffering from the on-going global recession.

New MD of Dutch Bangla Bank

Bazle Mawla has been appointed President and Managing Director of Dutch-Bangla Bank Limited, says a press release.

Prior to his joining to the present assignment, he was the Deputy Managing Director and Managing Director In-Charge of the bank.

Mawla started his banking career in 1966 with the United Bank of Pakistan (Present Janata Bank) as probationary officer. He was in Janata Bank from 1966 to 1982 and held different positions .

He also served in Banque Indosuez, Dhaka, as Deputy General Manager from 1983 to 1987. Then he joined the United Commercial Bank Limited as Senior Vice President and in-charge of Local Office and Dhaka Region.

Before joining Dutch-Bangla Bank Limited as Deputy Managing Director in 1997, Mawla was in Pubali Bank Limited as General Manager from 1990 to 1997.

New chairman, vice-chairman of Provati Ins

Joarder Nowsher Ali and AFM Jahangir have been re-elected chairman and vice-chairman of the Board of Directors of Provati Insurance Company Ltd respectively at a meeting held recently, says a press release.

ROK to close 45 more firms

AFP, *Seoul*

South Korean financial authorities on Tuesday named 45 more firms to be closed because of unsustainable debt, taking the total to 116 since June.

The Financial Supervisory Service (FSS) said four of the firms were listed on the Korea Stock Exchange.

South Korea has been scrutinising hundreds of firms under the government's economic reforms launched three years ago.

The closures were ordered after the screening of 369 firms by banks, the third screening campaign since June which has seen the books of 915 suspect firms monitored, said an FSS statement.

Seventy-five of the 116 ordered to close are manufacturing firms.

Lafarge signs $144m loan deal with top financing houses

STAR BUSINESS REPORT

Lafarge Surma Cement, one of the largest foreign investment projects in the country, signed a loan agreement of US$144 million with a number of international financial institutions, a multinational and a local bank yesterday.

With the signing of the loan agreement, Lafarge Surma Cement made another step forward to set up country's first integrated US$ 240 million cement plant at Chhatak with initial annual production capacity of 1.2 million tons. Lafarge expects to commence commercial production in 2004.

The Managing Director of Lafarge Surma Cement Michel Folliet and representative of International Finance Corporation (IFC), Asian Development Bank (ADB), German Investment and Development Company (DEG), European Investment Bank (EIB), the Netherlands Development Finance Company (FMO), Standard Chartered Bank and AB Bank signed the loan agreement on behalf of their respective sides at a city hotel.

Bangladesh Bank Governor Dr Md Farashuddin was present on the occasion as chief guest. French Ambassador in Dhaka Michel Lummaux and President of Lafarge Group, Asia Region Jean Desazars de Montgailhard was also present.

Of the total loan amount IFC and FMO will jointly provide US$50 million, ADB US$40 million, EIB US$30 million and DEG US$12 million. Multinational bank Standard Chartered Bank will provide Tk 35 crore and local AB Bank will finance Tk12 crore for the joint venture cement project.

Speaking on the occasion, Dr Md Farashuddin said Bangladesh provides a safe, profitable and attractive board for foreign investment. He also said Lafarge investment project is a significant one for a developing country like Bangladesh.

French Ambassador Michel Lummaux said that Lafarge is the first French manufacturing sector investment in Bangladesh and this would attract many other investments in future.

"I hope Lafarge will play a leading role in convincing others to investment here in Bangladesh," the French envoy said.

President of Lafarge Group, Asia Region, Jean Desazars de Montgailhard mentioned that there were criticisms of, and also risks involved with the Lafarge Surma Cement project because of its cross-border nature, involving two countries -- India and Bangladesh.

"This was a big challenge for us and we have overcome all the hurdles," he said, adding that this project should be seen as a landmark of regional cooperation.

Lafarge Surma Cement will procure raw material from Meghalaya in India from its own quarry and transport the same through a 17-km belt conveyor to the plant at Chhatak for cement production.

Lafarge Surma Cement Managing Director Michel Folliet hands over loan agreement documents to Asian development Bank representative from Manila A. Idris (L) at a ceremony at a local hotel yesterday. Lafarge Group, Asia Region President Jean Desazars de Montgailhard (2nd-L) looks on.

World powers unite to fend off global recession

Central banks go for interest rate cuts

AFP, *Washington*

The United States and Europe slashed interest rates Monday in an unprecedented joint attempt to defy the terrorist onslaught by averting a worldwide recession.

The Federal Reserve cut the federal funds rate target by half a percentage point to 3.0 percent before the re-opening of Wall Street after a four-day shutdown, the longest since World War I.

Three hours later the European Central Bank stunned the markets by cutting its benchmark rate by the same margin, saying it was acting in concert with the United States.

It reduced the euro zone's benchmark rate to 3.75 percent from 4.25 percent previously.

Canada

The Bank of Canada Monday announced it was lowering its key interest rates, with the bank rate dropping to 3.75 percent and the central bank's overnight rate, another key policy interest rate, now standing at 3.5 percent, down 50 basis points.

The bank said it decided to cut the rates in order to help North American economies surmount the challenges they face in the wake of Tuesday's terrorist attacks on the United States.

"The tragic acts of terrorism in the United States on 11 September may pose significant challenges to consumer and business confidence in the United States, Canada and elsewhere," the bank said in a statement.

This was the seventh rate cut by the Bank of Canada since the beginning of the year. A total of 225 basis points have been cut during that period.

Meanwhile, in Washington, the policy-making Federal Open Market Committee cut the benchmark federal funds rate target by half a percentage point to 3.0 percent, marking the eighth rate cut this year. The discount rate was also cut by half a percentage point to 2.50 percent.

UK

The Bank of England cut interest rates on Tuesday by a quarter point to 4.75 percent, following rate cuts by the US Federal Reserve, the European Central Bank and several other central banks to boost the global economy.

The bank shaved the cost of borrowing to its lowest level since 1964, though it refrained from the half-point rate cut which many central banks resorted to in an effort to boost economies and sentiment in the wake of last week's terrorist attacks on New York and Washington.

"The committee considered the reaction of financial markets to the tragic events of last week," it said. "It considered the Federal Reserve's decision to reduce interest rates yesterday, and the responses of other central banks to that move."

The bank announced the lower cost of borrowing soon after noon (1100 GMT), putting an end to murmuring in the City over why the central bank had not responded sooner to the volley of rate cuts announced in Washington, Frankfurt, Ottawa and Zurich on Monday.

Taiwan

Taiwan's central bank said Tuesday it was cutting key interest rates to stimulate the stagnating economy.

The discount rate would be cut by half a percentage point to 2.75 percent, it said in a statement.

The terrorist attacks in New York and Washington were expected to depress overseas demand while local consumer spending and private investment also needed to be revived, it said.

The rate reduction, the ninth since December, came after the US Federal Reserve and European Central Bank cut interest rates by half a percentage point on Monday.

Sweden

The Riksbank, Sweden's central bank, said on Monday that it was cutting its key "repo" rate by half a percentage point, to 3.75 percent.

The rate cut decision was taken because of "the tragic events that occurred in the United States and the rate reductions decided today by other central banks," the Riksbank said in a statement.

Rate cuts of 50 basis points were also announced earlier Monday by the US Federal Reserve, the European Central Bank and the Swiss central bank -- all based on the economic uncertainty spawned by last week's terrorist attacks in the US.

US airlines seek billions of dollars in bail out package

AFP, *Washington*

The heads of US airlines are to meet government officials Tuesday to plead for a multi-billion-dollar bail-out after last week's deadly hijackings slashed their stock market value by nearly a half, forcing several towards bankruptcy.

US Transportation Secretary Norman Mineta is to meet the executives after discussions with President George W. Bush over their plight.

"We cannot allow an industry to be completely devastated by this kind of event," US Treasury Secretary Paul O'Neill told CNBC television Monday.

Major US airline stocks plunged 40-50 percent when the New York Stock Exchange reopened Monday for the first time since the attacks. The White House has vowed to avert total devastation of the industry as terrorised passengers fled the skies.

Investors slashed 6.65 billion dollars off the market capitalisation of the six major airlines -- American Airlines, United Airlines, Delta, Northwest, Continental and US Airways -- all of which have already announced flight cutbacks of around 20 percent.

American, the owner of two of the hijacked jets, and United, the owner of the other two, were savaged, with shares in AMR, the holding company of American Airlines, plummeting 39.39 percent and United diving 43.22 percent.

Continental crashed 49.42 percent, Delta dropped 44.59 percent, Northwest slumped 36.70 percent and US Airway's stock collapsed, dropping 52.07 percent.

"The entire US aviation system is in jeopardy, and without decisive actions, the future of the system, along with its impact on the nation's economy, is imperilled," US Airways chairman Stephen Wolf said.

The airlines' woes were aggravated by the complete, unprecedented shutdown of US airspace after Tuesday's attacks. The ban was lifted Thursday, but operations have only slowly resumed and most domestic flights are only half full.

Continental and US Airways have also said they were laying off 12,000 and 11,000 employees respectively, and Continental CEO Gordon Bethune warned that the industry could shed a total of 100,000 people soon. American and Northwest are expected to announce their job cuts later this week.

"The US airline industry is in an unprecedented financial crisis," Continental chairman and chief executive Gordon Bethune said Monday in a statement. "Our industry needs immediate congressional action if the nation's air transportation system is to survive."

Bethune earlier said his airline had one billion dollars in cash on hand, but would file for bankruptcy protection within eight weeks unless it received federal help.

The deputy head of the Association of Flight Attendants at US Airways, David Guerriero, told the Wall Street Journal his union was looking to soften the job cuts by extending parental leave and leave without pay for employees.

The House of Representatives is considering a proposed 15-billion-dollar bail-out of the aviation industry, including 2.5 billion dollars in grants and 12.5 billion dollars in loans.

The US airlines lost 360 million dollars a day in revenue while their planes sat idle, said JSA Research aviation analyst Paul Nisbet.

Combined losses for 2001 could rise by 1.5 billion dollars to 4.0 billion dollars following the attacks, he said.

Meanwhile, the Association of European Airline chief executives said Tuesday it hopes to meet EU transport commissioner Loyola de Palacio in the next few days to discuss a range of security and economic issues.

The association wants a common position in Europe as in the US, such as on security measures where there is "an enormous cost. We are seeing a lot of crazy ideas and a lot of sane ideas too," the association's general manager for technical operations, Rene Fennes, said.

"We are calling for a meeting between de Palacio and CEOs of airlines in the same way as US transportation secretary Norman Mineta has met US airline CEOs," he said.

The association also wants to discuss fuel tax, the burden of applying pending legislation and rules governing "slots", or the time windows allocated to airlines at airports for each of their flights.

Fennes said European airlines would monitor any US state bailout of US airlines to ensure it does not distort competition and it does not go on structural measures.

PHOTO: BATA

M.A. Quader, Retail Marketing Manager of Bata Shoe Co. (Bangladesh) Limited, formally inaugurates a new Bata City Store in Sylhet recently. The area manager, elite of the city and other sales executives of the company were present at the opening ceremony.

Dhaka Bank to collect GP bills

Dhaka Bank Limited has signed an agreement with GrameenPhone Limited on Monday at GrameenPhone head office in the city.

Under the agreement, Dhaka Bank will collect GrameenPhone subscribers' bills through the bank's branches, says a press release.

The agreement was signed by Majedur Rahman, Executive Vice President of Dhaka Bank Limited, and NKA Mobin, Finance Director of GrameenPhone Limited, on behalf of their respective organisations.

Mokhlesur Rahman, Managing Director of Dhaka Bank Limited, and Ola Ree, Managing Director of GrameenPhone Limited, attended the signing ceremony. Golam Hafiz Ahmed, Executive Vice President of Dhaka Bank Limited, and Md Arif Al Islam, General Manager of GrameenPhone Limited, were present on the occasion.

PHOTO: DHAKA BANK

Majedur Rahman, Executive Vice President of Dhaka Bank Limited, and N. K. A. Mobin, Finance Director of GrameenPhone Limited, sign an agreement on behalf of their respective organisations on Monday in presence of Md. Mokhlesur Rahman, Managing Director of Dhaka Bank Limited, and Ola Ree, Managing Director of GrameenPhone Limited, at GrameenPhone's head office in the city. Under the deal, the bank will collect GrameenPhone subscribers' bills.

DoCoMo, IBM jointly develop new 3G tech

AFP, *Tokyo*

NTT DoCoMo Inc. and the Japanese branch of International Business Machines, IBM Japan Ltd., said Tuesday they had jointly developed a video transmitter for third generation (3G) mobile phones.

The invention enables mobile phone users to stream pictures onto their handsets -- a feature DoCoMo and IBM Japan are convinced will become increasingly popular in the future, although the technology is still in the testing phase.

"We have not decided when we will launch it (for commercial use)," said DoCoMo spokesman Norio Hasegawa.

Asian stock markets rally in relief as Wall Street avoids disaster

AFP, *Hong Kong*

Asian share markets rallied in relief Tuesday after Wall Street performed better than many investors had feared but some gave up their gains in late trade as fears grew of military conflict.

Leading regional markets in Tokyo and Sydney were stronger as investors welcomed the reopening of the United States market and news the US and European central banks had cut interest rates to support the global economy after the terrorist attacks a week ago.

However, later closing markets Hong Kong and Singapore gave up their gains to end slightly lower on reports -- later denied -- that Afghanistan's ruling Taliban had declared a holy war or jihad on the United States.

Tokyo stocks rallied 1.8 percent, heartened by the reopening of US markets and cuts in US and European interest rates, but the gains were pared back by bomb threats in late trading.

Several buildings in central Tokyo received phone calls threatening bomb explosions between 2:00 and 2:30 pm (0500 and 0530 GMT), half an hour before the Tokyo Stock Exchange closed.

The reports sent the Nikkei-225 average down from an intraday high of 9,945.80, with the headline index closing up 175.47 points at 9,679.88.

"Share prices remained upbeat until the bomb threats dampened sentiment," said Cosmos Securities product manager Hiroshi Sato. "It was malicious."

Japanese share prices had crashed through the symbolic 10,000-point mark after terrorist attacks in the US a week ago left more than 5,000 missing and feared dead. The Tokyo sharemarket hit its lowest level for nearly 18 years Monday to close at 9,504.41.

Analysts said markets saw Wall Street's reopening as orderly and within expectations despite the Dow Jones Industrial Average shedding 684.81 points or 7.1 percent -- the largest single-day point drop in its history -- six days after the attacks.

The Nasdaq composite tumbled 115.75 points or 6.8 percent to end at 1,579.55.

"The very fact the New York markets opened was a positive factor," said Kazunori Jinnai, Daiwa SMBC general manager of equities.

"The falls of the US shares were within expectations."

Hong Kong shares bucked the trend, closing almost unchanged after earlier gains were pared back by re-emerging concerns over possible US retaliation for the attacks, dealers said.

The key Hang Seng index lost 0.1 of a percent or 11.45 points to close at 9,307.90.

Dealers said share prices turned lower in afternoon trade on re-emerging concerns over possible US military action after gaining 231.41 points to close the morning at 9,550.76.

Asia faces prolonged slump after US attacks

AFP, *Singapore*

Asia's troubled economies, already hammered by the global slowdown, now face the prospect of a prolonged slump in the wake of the terrorist attacks in the United States, economists said Tuesday.

The attacks have slowed world trade to a crawl and for the export-led Asian economies who depend heavily on the US market, the prognosis is grim.

Singapore and Taiwan are already in recession, Hong Kong is dangerously close, and Thailand and Malaysia have barely escaped.

"This is going to worsen the situation. The global economy will sink as a result," Chia Woon Khien, a regional economist at Anglo-Dutch bank ING Barings, told AFP.

"What happened in the US is a negative sum game. For Asia, the impact would be worse. The likelihood is there of a prolonged recession," she said.

Prior to the attacks, there was cautious optimism the region could squeeze out a modest recovery in the first half of 2002 but such hopes have evaporated.

"For the next 100 days when the US economy is in a mourning period, we think that spending and investment decisions will be put on hold," said GK Goh brokerage regional economist Song Seng Wun, who now sees a regional recovery in the latter half of 2002.

The lead-up to Christmas and New Year is traditionally a crucial period for Asia, particularly for the key electronics sector.

Economists said the timing could not have been worse for a region which was hit less than three years ago by the 1997-98 financial crisis.

Unlike that crisis, when the booming US economy was the white knight for Asia, there is little the region can do this time round to stem the downturn except to ride it out, economists said.

Even economic stimulus packages to boost domestic demand would not make up for the slack in foreign trade, economists said.

"Demand from the US will shrink due to a contraction in consumer spending and domestic investment in the wake of the attacks," said Norman Yin, a professor at Taiwan's National Chengchi University.

In Malaysia, the government is now considering further stimulus measures on top of the 789 million US dollar supplementary budget in March and will again slash 2001 growth forecasts -- now at 5-6 percent -- for the second time next month.

The Malaysian Institute of Economic Research predicted the economy will contract in the third quarter and said it would lower its growth forecast of 2.0 percent this year. But it was confident there will be no recession.

Hong Kong authorities also admitted the territory will not be able to escape the fallout.

Financial secretary Antony Leung said "because the American consumers are still a bit anxious, it would put pressure on the American economy and thereby the Hong Kong economy."