

## BSTI seminar calls for quality products

BSS, Dhaka

Speakers at a discussion Sunday laid emphasis on maintaining quality of local products aimed at sustaining in the world of open market economy.

It is very much important to ensure quality of local products to sustain and get easy access to the present world market, they said at a discussion organised by Bangladesh Standard and Testing Institute (BSTI) in observance of the World Standards Day at a local hotel.

Industries Secretary Al-Ameen Chowdhury attended the function as the chief guest while Mahabubuzzaman of Dhaka Chambers of Commerce and Industry (DCCI) as special guest. Among others, Director General of BSTI Dewan Afsaruddin and Director (Standards) of BSTI, Md Saifur Rahman also spoke on the occasion.

Referring to the poor quality of commodities flooding the markets, the industries secretary said the producers would be benefited in the long-run producing quality products. "Both the consumers and the producers would be benefited if quality of their product is maintained," he said.

In this context, he put emphasis on people's awareness about the poor quality of products. "The producers would be discouraged if you do not buy such poor quality products," he suggested.

## Philippines to continue spending spree

AFP, Manila

The Philippine government will continue with its spending spree next year amid lingering economic uncertainty following the September 11 terror attacks in the United States, the budget department said Sunday.

Contracting public spending could slow down economic activity and result in a "negative effect" on the country, the department said in a statement.

"At a time when most in the private sector are still thinking of their options in the light of prevailing uncertainties, we have to lead the way especially now that compared to its Southeast Asian neighbours, the Philippines is posting comparatively higher economic growth," the statement quoted Budget Secretary Emilia Boncodin as saying.

Boncodin said Manila was "determined" to keep a budget deficit target of 130 billion pesos (2.54 billion dollars) for 2002, from a target of 145 billion pesos this year.

Boncodin said there had a "slight downsizing" in the government's growth target for next year to 4.0 to 4.5 per cent from the original 4.3 to 4.8 per cent as an "offset of the prevailing uncertainty in the world economy".

"The government maintains its policy of prudent spending and fiscal discipline but this is not the appropriate time for us to cut down on public spending because the economy needs our intervention particularly in the agriculture sector," Boncodin said.

## Swiss economy loosely embraces euro

AFP, Geneva

The Swiss economy may be surrounded by euro-zone countries but while the single currency is welcomed as a means of making EU-dominated trade easier, Swiss officials and bankers will not sacrifice the stability of the Swiss franc.

"You can even talk of a diminishing importance of the euro-zone on the Swiss economy through globalisation, the fact that our export structure has widened over the last 10 to 20 years beyond Europe," Oyvind Furustol, an analyst at the Swiss bank UBS, said.

Official estimates indicate that about one-third of Swiss gross domestic product (GDP) is generated abroad. Although Swiss industry looks further afield than it used to, trade is still dominated by its EU neighbours.

More than 50 per cent of Swiss exports head towards the euro-zone area, and 70 per cent of imports come from the 12 European Union countries that have espoused the single currency.

Predictions that growth will be boosted in the euro zone are widely welcomed.

"If this happens this is directly beneficial for Switzerland because we are so directly linked with the euro zone for trade," Ayimo Brunetti of the Swiss economics ministry said.

## Embroiders seek policy support to survive

STAR BUSINESS REPORT

Bangladesh Embroidery Manufacturers & Exporters Association (BEMEA) has urged the government to impose complete ban on old computerised multi-head machines and temporary restrictions on brand new imports for the time being to protect the sector from the ongoing economic recession.

"Before the present sluggish business, around 15 per cent to 25 per cent of the total RMG exports from the country were fancy and embroidered products. But now such value-added jobs have come down to less than 5 per cent," said Major Ekram U. Siddique (Rtd),

President of BEMEA, in a statement.

Around two lakh workers are engaged in embroidery industries who are now facing unemployment due to nonavailability of orders for embroidered and fancy jobs, Ekram feared.

Abdullah Al Baki and ABM Zainul Abedin Khan, Vice Presidents, Md Mainul Islam Bhuiyan, Secretary General, Md Hafizul Islam, Joint Secretary General, Abdul Aziz Dewan, Treasurer and Jayanta Neogi, Joint treasurer, signed the statement.

To protect the existing industries, the government should take immediate measures to stop and regulate

further imports or investment in the sector, the BEMEA leaders stated.

They said the RMG sector is linked with different small and cottage industries like carton, button, polybag, printing, interlining (both woven and paper) and computerised embroidery industries.

According to BEMEA, there are around 1000 units of computerised multi-head embroidery machines in 210 factories in Dhaka and Chittagong, which act as forward linkage for the RMG sector.

Each machine costs around \$80,000 to \$85,000 and Tk 430 to Tk 450 crore have been invested in the business.

## Khasru concerned at economic downtrend

UNB, Dhaka

Commerce Minister Amir Khasru Mahmud Chowdhury expressed his concern over the current recession in world economy as well as the downturn in national economy.

"We're concerned but we hope to recover from the dire state soon," he said while addressing the high officials of his ministry and corporations attached to the ministry on Sunday.

The newly appointed minister said Bangladesh would have to face enormous challenges to successfully exist in the world trade. "We hope to meet the challenge with the cooperation from all."

Chowdhury said the government would take necessary steps to go

ahead with the stream of world trade as the country is still lagging far behind the globalisation process.

Emphasising on the role of private sector in the development of trade and investment he said it is the responsibility of the government to create a favorable atmosphere in this regard.

"The present government will work with this motto," the minister said, asking officials to work with honesty, efficiency and sincerity to achieve the goals.

State Minister for Commerce Barkatulla Bhulu, Commerce Secretary Suhel Ahmed and chiefs of different corporations under the ministry attended the meeting, said an official handout.

## T-Bill auction held

UNB, Dhaka

The 162nd auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills was held here yesterday.

Tk 2149.0 crore, Tk 15 crore, Tk 45.0 crore, Tk 135.0 crore, Tk 24 crore and Tk 5.0 crore were offered respectively for the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year bills.

Of these, Tk 2049.0 crore, Tk 10.0 crore, Tk 35.0 crore, Tk 134.0 crore, and Tk 8.0 crore of 28-day, 91-day, 182-day, 364-day and 2-year bills respectively were accepted.

The range of implicit yields were 5.98-6.06 per cent, 6.55 per cent, 6.90 per cent, 7.12-7.17 per cent and 7.97 per cent per annum respectively. The bids offered for the 5-year bill were not accepted.

## Lankan economy heads for tailspin with spending spree

AFP, Colombo

Snap elections and an expensive spending spree by a beleaguered government are set to compound problems for Sri Lanka's tottering economy as it braces itself to report the worst performance ever, officials and analysts said.

After calling for a wage freeze and ordering drastic cuts in state spending eight months ago, the government did a U-turn Friday announcing steep salary increases, heavy tax cuts and subsidies for bread and gas.

The move came as markets cheered the demise of the Marxist-backed government and investors displayed their confidence in a more

market-friendly party coming to power at the next elections.

The tiny Colombo Stock Exchange (CSE) soared last week when defections began signalling the eventual collapse of President Chandrika Kumaratunga's government. The Milanka index gained 30.8 per cent making the CSE probably one of the best gainers in the world last week, broker Elton Ebert said.

Urban Development Minister Mangala Samaraweera denied the generous handouts were aimed at influencing voters at the December 5 polls, but business leaders and financial analysts were unimpressed.

Friday's announcement took

business by surprise, after Kumaratunga in August had warned them not to ask for tax cuts and other incentives.

An industrialist who declined to be named said they were concerned that the government was pressing the private sector to grant a 1,200 rupee (13 dollar) salary increase with immediate effect.

"Tens of thousands of people are losing their jobs at a time when factories are shutting down daily," the industrialist said. "How can we afford to give any increase now when we are battling to survive."

Kumaratunga said in August that it was a difficult time politically and for the economy and that everyone should work for the national interest.

She had said a slowdown in the global economy was compounding Sri Lanka's problems and warned that the government would not be able to meet economic targets in the third and fourth quarters.

"The picture is not that jolly. I normally don't like to lie... Global recession is going to hit us badly," she said.

After her remarks, the Central Bank released second quarter economic results showing a worse than expected 0.4 per cent gross domestic product growth compared with 1.3 per cent growth in the first quarter.

Minister Samaraweera who is also the junior finance minister under Kumaratunga, said he expected overall GDP growth this year at 1.8 per cent, down from the original forecast of 4.5 per cent.



PHOTO: UCBL

Muhammad Sujid-ul Haq, Managing Director of United Commercial Bank Ltd (UCBL), addresses as chief guest the inauguration of a course on development of customer services and human relation at UCBL Training Institute. Hamidul Haq, Additional Managing Director, and AHM Nurul Islam Choudhuri, Principal of the institute, are also seen.

## Asia's refinancing risks soar as global gloom deepens

REUTERS, Hong Kong

Deepening economic uncertainty and soaring global investor risk aversion in the wake of attacks on the United States have choked off funds for some cash-starved Asian sovereigns and corporates.

At least \$3.5 billion worth of debt refinancing has been put at risk, pushing at least one country towards a budgetary crisis and some companies to the brink of collapse.

And as much as \$20 billion of equity and debt issues once anticipated before the year-end now hangs in the balance.

"As far as refinancing risks are concerned Philippines stands out in Asia. The sovereign is planning to issue apart from a few corporates as well," John Cairns, regional economist at IDEA global.com, told Reuters.

The Philippines' deteriorating fiscal health and fears of the need to issue fresh debt to plug the budget deficit have led to a spike in spreads of sovereign bonds unseen since

the country's political crisis in early 2001.

With government spending rising to cushion the domestic impact of a global economic slowdown and revenues undershooting targets, concerns are rising that the Philippines may miss its deficit goal of 145 billion pesos (\$2.8 billion) for the year.

This places pressure on the government to raise funds to bridge the yawning budget deficit for this year and next.

The Philippines plans to sell US\$415 million of debt in Japan and another \$300 million in Singapore as part of a plan to raise \$1.4 billion in financing for next year.

The country's department of finance has mandated investment bank URS Warburg to raise between \$300 million and \$500 million, a government official said on Sunday, and expects to hear by Wednesday from UBS if it can raise at least \$300 million.

But the going may not be easy. Spreads on benchmark Philippine bonds due in 2010 have

jumped by nearly 120 basis points (bps) to 680 bps over risk-free Treasuries since September 11 attacks on Washington and New York.

Similarly rated BB-Plus Mexican sovereign bonds trade at 390 bps over Treasuries.

"Strong high grade credits could probably issue but at the weaker end it will probably be impossible to issue. It is not necessarily just a question of pricing," Jason Carley, head of Asian credit research at Merrill Lynch, told Reuters.

Stung by the hostility in global markets, Manila is seeking guarantees by the World Bank for its planned bond sale.

But that may not be enough to woo investors as speculation about further efforts to leash Argentina's budget deficit and boost its sagging economy weighs on emerging market debt.

"The emerging market universe is again being traumatised by the prospects of a debt restructuring/default in Argentina, just months after a new IMF package was



PHOTO: BUTTERFLY

CM Koyes Sami, President and Managing Director of AB Bank (2nd from right), and MA Mannan, Chairman and Managing Director of Butterfly (2nd from left), sign an agreement in the city yesterday. Under the deal, consumers will be able to buy LG Butterfly electronic products on easy installments with loan from the bank.

## Gulf states agree to introduce single currency by 2010

AFP, Riyadh

Oil-rich Gulf Arab states moved closer to economic unity Saturday as finance ministers set 2010 as a target year for monetary union and a single currency, and approved a five per cent common customs duty on imports.

Bahraini Finance Minister Abdullah Hassan Saif told reporters at the end of a two-day meeting here the ministers of the Gulf Cooperation Council (GCC) also decided to bring forward the complete implementation of a customs union to 2003 from 2005.

The meeting, held at GCC headquarters in Riyadh, also approved a "mechanism for collection and distribution of customs duties" and set the end of 2002 as the date to finalize the details for applying it.

The ministers also approved the modified form of the GCC unified economic agreement that calls for economic integration between

members of the six-nation alliance.

The GCC, which groups oil powers Saudi Arabia, Kuwait and the United Arab Emirates in addition to Bahrain, Qatar and Oman, also approved the US dollar as a yardstick for a single currency to be effective by 2010.

But the Kuwaiti dinar, pegged against a basket of currencies, mainly the US dollar, was given "a margin of movement" against the dollar until the single currency is achieved, Kuwait's Finance Minister Yusef al-Ibrahim said.

The currencies of the other GCC member states are pegged to the dollar.

The ministers overcame the most controversial difference that blocked an agreement earlier on a customs union by approving the Saudi customs duty of five per cent as a common tariff on imports from foreign countries.

"It was agreed to start the implementation of the GCC unified cus-

tom law as of January 2002. It was also agreed to adjust the customs duty to five per cent. Implementation would begin from 2002 and must be completed by 2003," Saif said.

Ibrahim said the ministers agreed to exempt 35 essential commodities from any customs duty.

Individual GCC states have different customs tariffs and members which have relatively high duty had decided a drastic cut. But the Saudi decision earlier this year to cut customs duty to five per cent from 12 per cent appeared to have facilitated the agreement.

The GCC states, which depend heavily on oil revenues, signed in 1981 the unified economic agreement which calls for full economic and financial integration between the member states.

Foreign economic blocs, especially the European Union, have urged the GCC states to establish a customs union before reaching a free trade agreement.

## Make-or-break holiday season may determine US economic direction

AFP, Washington

As the US economy struggles toward the year-end holidays, forecasters are predicting one of the weakest holiday shopping seasons in years, which may hamper the recovery.

Preliminary forecasts suggest the holiday season -- which traditionally accounts for a big share of revenues and profits for retailers -- will take a hit as consumers remain cautious in the wake of the September 11 terrorist assault.

"US retailers are expected to experience the weakest holiday season since the recession of 1991," said a report from the consulting group Retail Forward, which predicts tepid growth of 1.5 per cent growth in overall holiday retail sales.

But Frank Badillo, an economist with the group, said the growth figures belie the weakness in retailing, which has also been hurt by price-cutting in a general deflationary environment.

Badillo said that a major category of retail sales, which includes general merchandise, apparel and electronics, is expected to decline 1.5 per cent in the fourth quarter.

"There has never been a decline like this in retail sales," he said. "It's pretty dramatic."

Even before September 11 last week's events, "we all expected a weaker Christmas," Badillo said.

The National Retail Federation recently cut its outlook for fourth-quarter and holiday shopping due to the "psychological and economic impact" of the September 11 terrorist attacks.

The retail group said its sales growth forecast for the fourth quarter had been cut to 2.2 per cent from an earlier forecast of 4.0 per cent growth. The group is predicting holiday retail sales to grow a tepid 2.5 to 3.0 per cent.

In one sign of weakness in consumer spending, the Commerce Department said Friday that retail sales fell 2.4 per cent in September, the steepest decline since current records began in February 1992.

"The effects of the recession are beginning to be felt. Wages are being hurt, amid record reports of layoffs, and that means retail sales are hitting a wall," said Brian Wesbury of the investment firm Griffin, Kubik, Stephens and Thompson.

Consumer spending represents about two-thirds of US gross domestic product. And with layoffs rising and the US economy likely to go into recession, the behaviour of consumers in the all-important

holiday season could determine how quickly the economy recovers.

The importance of the holiday season has not been lost on political leaders, who are working on a stimulus package to put more money back into the hands of consumers before the critical holiday season.

House Democratic leader Dick Gephardt said the White House and Congress want "to get this done as quickly as possible ... if you're a consumer, we need you back in the malls doing things in making this economy go forward."

But Badillo said tax rebates are unlikely to mitigate the holiday gloom for most retailers.

"Our analysis was that the rebates weren't go to have much of an impact because people in times of growing uncertainty are going to save most of that money," he said.

Yet not all forecasts are pessimistic.

A Deloitte and Touche survey of 5,100 people found 77 per cent say they are confident that a strong economy will return next year.

"This is good news for retailers, who weren't expecting the holiday shopping season to be particularly bright this year," said Deloitte analyst Tara Weiner.

## AB Bank signs deal with Butterfly on consumers credit

With a view to providing more services to consumers and making purchases of electronic goods easy under its consumers credit scheme, the Arab Bangladesh Bank signed an agreement in the city yesterday with the Butterfly Marketing Limited, says a press release.

Under the agreement, the consumers will now be able to purchase LG Butterfly products on easy installments with loan from the Arab Bangladesh Bank.

The agreement was signed by CM Koyes Sami, President and Managing Director of the Arab Bangladesh Bank, and M A Mannan, Chairman and Managing Director of the Butterfly Marketing Limited.

The signing ceremony was attended, among others, by Abu Hanif Khan, Joint Managing Director of Arab Bangladesh Bank, M H Sufiani, Deputy Managing Director, Shafiq Uddin, Iqbal Uddin Ahmed, and M A Rais Khan, Executive Vice Presidents and Md Touhidul Islam, Senior Vice President. On behalf of the Butterfly Marketing Ltd, Syed Asaduzzaman, Director (Finance), and Mustafizur Rahman Sajjad, Director (Marketing), were present.

## US ad market set to rise next year

AFP, Sydney

Global media giant News Corp Ltd. expects an improvement in the depressed US advertising market by the middle of next year, its executive chairman Rupert Murdoch said Sunday.

He also told rival publishing organisation John Fairfax Holdings that there would be job losses at his local newspaper operations, News Ltd, which owns 60 per cent of Australia's metropolitan newspapers.

But the Australian-born media tycoon said they would be "a lot fewer" than at Fairfax, which owns the Sydney Morning Herald, The Age of Melbourne and the Australian Financial Review.

News Corp has been cutting costs world wide amid a sharp downturn in advertising.

Murdoch said he expected a sustained recovery in the advertising market within six to nine months assuming there was no escalation of tensions following last month's terrorist attacks in the United States.

Fairfax has launched an aggressive attack on costs in recent weeks, including a freeze on pay increases for senior executives and staff cuts.

Senior executives of News Corp have also been ordered to slash costs with Murdoch issuing a memo last week on the need to reduce spending because of the unstable world outlook.

As part of a coordinated blitz on the Australian investment community, Murdoch hosted a briefing for analysts and major fund managers in Sydney on Sunday.

Analysts who attended the briefing said it had been a relatively optimistic session with Murdoch continuing on the upbeat mood of News Corp's annual general meeting in Adelaide.

## 100 applications filed to set up pvt banks in Syria

AFP, Damascus

A total of 102 applications to set up private banks in Syria have been filed with the economy ministry, the government daily Tishrin reported Sunday.

It said no decision has yet been taken on the applications, pending finalisation of a legal framework for private banking and amendments of Syrian law on foreign currency transfers.

The Syrian parliament passed a law earlier this year allowing the introduction of private banks, in a bid to modernise the banking sector and boost investment for the private sector.

The sector was nationalised in 1963 after the Baath party came to power.