

GMG Airlines slaps levy on passengers

GMG Airlines decided to impose a levy of Tk 150 per passenger per sector from yesterday, says a press release.

The surcharge has been imposed to maintain the airlines high level of insurance coverage to its valued customers.

Tickets already issued earlier for travel on or after 15th October 2001 are, however, exempted from this payment.

GMG Airlines regrets having to impose this levy upon its valued customers and hopes to eliminate this as soon as possible.

Dhaka to receive Tk 8cr German assistance

Bangladesh will receive three million Deutsche Marks (equivalent to about Tk 8 crore) for replenishing the Study and Expert Fund under the German Technical Assistance Programme, a German embassy press release said yesterday.

An agreement was signed to this effect at the Economic Relations Division (ERD).

German Ambassador Dietrich Andreas and ERD Secretary Dr A K M Masihur Rahman signed the deal on behalf of their respective sides.

The fund will be used for the preparation of upcoming projects and programmes as well as supporting the ERD in the framework of Bangladesh-German technical cooperation, the release said.

New chairman, vice-chairman of Global Ins



Chairman



Vice-chairman

The Board of Directors of Global Insurance Ltd at a meeting held recently unanimously elected S M Abdul Mannan chairman and Mahub Morshed Talukder vice-chairman of the company, says a press release.

S M Abdul Mannan, a reputed business personality, is the Chairman of Living Plus Ltd, Piu Fasionova Ltd, Managing Director of Techno-Foki (Bangladesh) Ltd, Manar Associate Ltd and Director of Technocon Ltd, Delta Millers Ltd, Delta Food and Fisheries Ltd and Delta Medical Centre.

Mahub Morshed Talukder is a Director of Creative Engineers Ltd.

S'pore attends IT & ME 2001 Tradeshow

Singapore, the world's top fifth convention city and Asia's top convention city, attended Chicago's Incentive Travel (IT) and Meetings Executives (ME) Tradeshow between October 9 and 11, says a press release.

The Singapore delegation, led by the Singapore Tourism Board (STB) and Singapore Exhibition and Convention Bureau (SECB), a division of STB, are tuning their marketing stance to respond to the rapidly changing scenario on the world economic stage.

M Chew, STB's Senior Vice-President to Americas who is leading the delegation, said: "The attacks on the US are terribly tragic, and the effects are still unfolding across all business sectors. Nonetheless like our partners and associates in the US, we in Singapore are doing what we can to function as business-as-normal. There is even a greater need now to strengthen relationships and partnerships ties."

Khosru vows vigorous diplomacy for free market access to US

M SHAMSUR RAHMAN

Commerce Minister Amir Khosru Mahmud Chowdhury has said that the government would pursue vigorous economic diplomacy to get duty and quota-free access of apparel to the United States.

He also said the BNP government would work hard for duty-free access of the already identified items under 25 categories to India, an issue pending since long.

Such duty-free access to the Indian market would help reduce the trade gap, the minister said while speaking at an interview with The Daily Star on the second day after his assumption of office.

Amir Khosru said the country is facing a tough challenge following the terrorist attacks in the US. He observed that the country is likely to feel the pinch of the ongoing global recession as consumers may slash spending.

"If the US consumers slash their spending then our garment exports would be hit as 40 per cent of our garments is marketed there," Amir Khosru said. "It in fact poses threat for the economy as well as the garment sector alone contributes almost 76 per cent to the total export of the country."

The export sector, which is already showing downward trends, will need to be improved for which

the government would initiate all out efforts.

He said the current US policies have lots of discrepancies as reflected in the USFTA 2000 under which some 72 Caribbean and Sub-Saharan countries are enjoying duty and quota-free access to the US.

"But despite being LDCs, some 14 countries are left out of the facility to the US market.

The European Union has already allowed the LDCs free market access and Japan and some other leading countries are also following suit," said Amir Khosru.

The minister said he has convened a meeting of the chamber leaders and the Bangladesh



Amir Khosru Mahmud Chowdhury Garments Manufacturer and Exporters Association (BGMEA) to get their opinion and get a sense of direction.



A South Korean man tests US software giant Microsoft's latest operating system, Windows XP, at a showcase in Seoul's main computer shopping center Friday. Microsoft faces a tough challenge from South Korean firms ahead of the worldwide launch of its new Windows XP operating system, as in South Korea, which leads Asia's Internet industry with high-speed broadband usage at homes nearing saturation point, local Internet firms regard Windows XP's applications bundle, which includes an instant messenger and software for Internet phones and digital photo processing, as a threat to their businesses. Microsoft's Bill Gates arrives in South Korea today to promote the new system ahead of its worldwide launch 25 October.

Worldwide launch of Windows XP Oct 25 South Korean firms seek to block Bill Gates' path

AFP, Seoul

Microsoft Corp. tycoon Bill Gates arrives in South Korea today as firms in the world's most intense Internet-user nation build a case to block his company's new Windows XP operating system.

Gates is to spend two days in Seoul to promote the new system ahead of its worldwide launch on October 25, see Korean technology executives and speak at an international business conference.

Microsoft officials will not say whether Gates, one of the foreign

businessmen most admired by President Kim Dae-Jung, will try to intervene with a consortium of 18 firms led by Daum Communications, South Korea's number one internet portal, trying to stop Windows XP.

But the consortium poses a major challenge to Windows XP, which features a bundle of advanced features including Internet phone, instant messenger, and digital media capabilities.

Experts have hailed it as a major upgrade over predecessors, easier to use and more stable.

But the development of Windows XP has been rocked by a series of controversial components, an anti-trust trial with the US government and the European Commission is reportedly seeking a massive anti-trust fine.

In Korea, which leads Asia's Internet industry with home high-speed broadband usage at near saturation point, firms regard the Windows XP's bundle, including an instant messenger and software for Internet phones and digital photo processing, as a threat to their businesses.



Iqbal Ahmed Khan, High Commissioner of Pakistan to Bangladesh, called on DCCI President Benajir Ahmed on Sunday at DCCI Office in the city.

Lee tells S'poreans to brace for 'unfavourable' years

AFP, Singapore

The terrorist attacks in the United States heralded the start of a new age which has raised the urgency for Singapore to rethink its entire economic strategy, the city-state's founding father Lee Kuan Yew said Monday.

The repercussions the terror attacks in New York and Washington on the global economy would be felt for several years and Singapore would not be spared the pain that came along with it, he said in a speech to university students.

"September 11 marked the beginning of a new age," Lee said in reference to the day of the attacks.

"Conditions in the next 10-20 years will be more unfavourable than they were in the last 20," he said.

The onus was on Singaporeans to craft a new strategy crucial to provide the economy with new growth engines, said Lee, the island's first premier who still retains significant influence in the government as senior minister.

"We have to remake Singapore over the next 10-20 years," he said.

Lee said the global economy was headed for lower growth even when the US-led war against terrorism was over.

"Terrorism undermines confidence and disrupts ease and free-

dom of travel and that sense of security necessary for growth," said Lee.

"And even when conditions are restored to normal, security will be tight," he said.

Airports around the world would impose tighter security measures and immigration and cross border controls would be more strict, said Lee.

"These restrictions will reduce productivity and the dynamism of the US world economy," he said.

He said Singapore needed "to re-examine on every policy assumption and test its validity in this new international and regional context."

Nissan, Renault to set up new company

AFP, Tokyo

Japan's Nissan Motor Co. Ltd. and its controlling shareholder Renault SA of France plan to boost cross-shareholdings and set up a new company to virtually merge their managements, a report said Monday.

The two carmakers were in the final planning stages for the deal, Japan Broadcasting Corp. (NHK) said.

Under the plan, Renault would raise its holdings in Japan's second largest carmaker from the current 36.8 per cent to 44.4 per cent while Nissan would purchase a 15-per cent stake in Renault, NHK said.

The two plan to set up a new company in the Netherlands to integrate their planning divisions for production, purchasing and sales in an effort to virtually merge their managements, it said.

Renault chairman Louis Schweitzer is likely to head the new entity, the national television network said.

Gerry Spahn, an official in charge of Nissan's investor relations, denied the report.

"Regarding cross-shareholdings, that agreement was clearly spelled out in March 1999," he said.

But "at the moment we've made no decision," he said. "As Nissan already said, we will do it when it makes good business sense for both companies. At this point there is a lot of speculation about timing."

Under the terms of their alliance announced in 1999, Renault has an option progressively to increase its stake in Nissan up to 44.4 per cent by 2004 at 400 yen a share.

The deal, signed in March 1999, also offers Nissan the opportunity to take an equivalent stake in its French partner.

Shell optimistic about 'robust profitability'

AFP, Manila

Anglo-Dutch oil giant Royal Dutch Shell Group is confident of its "robust" profitability despite slumping crude prices and a weaker global economy, chairman Philip Watts said here Monday.

Watts, who visited the Philippines to inaugurate the Shell-led 4.5 billion-dollar Malampaya natural gas investment, told a news conference: "The underlying profitability of Shell has improved steadily over the last years, in line with our road map."

"And that for me is great news because whatever the oil price... I'm confident in the underlying robust profitability of Shell."

The group's net profit surged 85 per cent to a record 13.1 billion dollars last year as a result of soaring oil and gas prices.

For the three months to June, Shell announced a 12 per cent profit rise to 3.53 billion dollars owing to US oil activities and growth of liquefied natural gas.

Watts declined to comment on where he thought crude prices were headed. The Vienna-based Organization of Petroleum Exporting Countries (OPEC) announced on Friday that it could cut production this week to boost prices.

"What we need, if at all possible, is a sustainable oil price, preferably without the volatility because it's hurting many of the consumers," he said.

Asked whether he favoured a planned OPEC production cut, he said: "I'm not sure I favour any particular approach. People will have to make their own decisions."

Separate financing instt needed for small rural enterprises

STAR BUSINESS REPORT

There should be a separate specialised financial institution in the country for financing small rural enterprises, bankers and academicians recommended at a seminar yesterday.

Shortage of working capital has been found as the top most problem for the small rural enterprises, they pointed out.

The seminar on 'Financing of Small Rural Enterprises' was organised by Bangladesh Institute of Bank Management (BIBM) at its auditorium in the city.

With Dr. Mohammad Sohrab Uddin, Director General of BIBM in the chair, Khandker Ibrahim Khaled, Managing Director of Pubali Bank, Alauddin A Majid, MD of BASIC Bangladesh Ltd, Professor MA Kaqui Khalily, Chairman of Department of Finance & Banking of Dhaka University, AKM Sajedur Rahman, MD of Janata Bank, and Dr. Montaz Uddin Ahmed of Dhaka University and Chairman, Rupali Bank Ltd, among others, participated in the discussion.

In his speech, Khandker Ibrahim

Khaled said those organisations supposed to support the small enterprises have been bureaucratised.

Praising entrepreneurial skills of the country's businessmen, he said they need exposure to financial market.

He, however, depicted his bitter experience regarding recovery of bank loans, and said he had to file an execution case against a borrower who did not repay his loan. But this certain delinquent borrower was sheltered by the influential quarters.

Prof. Baqui Khalily said some entrepreneurs do not prefer bank loans because of very high borrowing costs. If someone wants to receive term-loan, one has to spend an invisible amount of around 12 per cent of the principal amount.

M. Taheruddin, MD of Merchantile Bank, said agro-based industries may get a boost if given state protection.

Dr. Montaz Uddin Ahmed said the country needs a simple and specialised institution for financing small-scale industries. It may be a

bank or non-bank financial institution, he stated.

Earlier, Md. Saidur Rahman, Assistant Professor, and Sabera Aktari Jamal, Faculty Member of BIBM, presented a paper on 'Financing of Small Rural Enterprises'.

Bank loan policy should be linked with the industrial policy of the country, they said.

The need for effective credit management both in public and private sector banks in the country is of utmost importance, the authors said, adding that more specialised banks for catering to the financing needs of small industrial enterprises may be set up.

Inadequate finance causes underutilisation of capacity and leads to many other problems. Banks and financial institutions may take initiatives for liberal credit policy to finance small rural enterprises to overcome their problems, they said.

More institutional credit support can attract more small entrepreneurs and contribute more towards employment creation and income generation, they stated.

MGF okays \$511,363 for 11 projects in Sept

BSS, Dhaka

Matching Grant Facility (MGF), a Government-World Bank Programme, approved \$511,363 against the proposals of 27 Bangladeshi firms as non-repayable grants in September on eleven different exporting projects, a MGF press release said here yesterday.

MGF, a 50 per cent cost-sharing grant facility and a component of the Bangladesh Export Diversification Projects (BDXDP), is co-financed by IDA/World Bank. The total value of the fund available for grants is \$12 million.

Yussuf Abdullah Harun, Chairman of the Board of Directors of the MGF, expressed his satisfaction over the performances of the MGF at a board meeting held here recently.

In the current difficult economic

circumstances, the MGF is providing essential support to the export development plans of Bangladeshi firms, the press release said.

It further said all export-oriented private sector firms including suppliers of services to the export sector are eligible to participate in the MGF. The services of the programme are free to all users as "first come first served" policy.

The recipient companies do not have to repay the grants they were given to support the cost of firms' plans to improve their international competitiveness.

The grant is payable to a participating firm when it can show that it has undertaken the activities which were part of its agreed plan. At this stage MGF issues a payment order to the bank account of the firm, equal to 50 per cent of the amount spent.



Mahfuz Rahman, Managing Director of Multilink International Co Ltd, inaugurates the HP Autumn Festival 2001 at BCS Computer City, IDB Bhaban, Agargaon in the city on Monday. The festival will continue till November 14, 2001 at Dhaka, Chittagong, Rajshahi and Sylhet simultaneously. Picture also shows (from left) Md. Kamrul Ahsan, CEO of InSpace, Hasanul Islam, HP Product Manager of Flora, and Moshir Rahman, HP Product Manager of Multilink, at the inaugural ceremony.

BOJ cuts its assessment of economy again

AFP, Tokyo

The central bank cut its assessment of the Japanese economy Monday for the fifth straight month as a prolonged slump at home and concerns over the impact of the attacks in the US depressed recovery hopes.

"Adjustments in economic activity are becoming more severe as the substantial decline in production has a negative influence on employment and income conditions," the central bank said in its monthly report.

"In addition, the terror attacks in the US have further heightened uncertainty in Japan's economy," it warned.

The slowdown in the world's number two economic power should bottom out by spring, but uncertainty still lingers over the terror-effect, which could further exacerbate the slump.

"There exists a risk that the prolonged downturn in US private consumption affected by the terrorist attacks would induce another round of adjustments in the Japanese economy, starting from the decline in exports such as consumer goods," it said.

On Friday the BoJ voted to maintain its ultra loose grip on monetary policy, pledging to keep liquidity levels high -- above six trillion yen (50 billion dollars) -- and interest rates effectively at zero as it monitors economic movement in the wake of the attacks.

Exports continue to drop as worldwide demand for goods deteriorates, prompting businesses to cut back on investment and as a result private consumption -- a key indicator of economic health -- although still flat looks likely to erode, the bank said.

"Private consumption remains almost flat on the whole, although

somewhat weak indicators are increasing recently," it noted.

But the effects of the sluggish economy had filtered through to individual households.

"The decrease in corporate profits, particularly in manufacturing, has become evident and household income weakens gradually," the assessment said, using stronger words than in September.

Japan's sluggish economic activity would surely dampen domestic demand, it predicted.

"At the same time, concern that another substantial decline in exports will exert downward pressure on the economy is growing," it noted.

Current account data for August released by the finance ministry earlier Monday demonstrated the export slump.