

Lafarge plans major presence in Asia

AFP, Tokyo

The world's largest cement group Lafarge SA of France said Friday it will boost sales in Asia, its biggest growth market, over the next seven years as the pace of expansion in Europe slows.

"(Revenue from Asia) is the lowest but it has the fastest growth," Bertrand Collomb, chairman and chief executive of the international building materials company told a group of foreign journalists.

"We expect it to be the fastest part of the group for the next 15 years... I would see 15 per cent (of total sales) being the target in seven years," he said.

Business in Asia generated nine per cent of the group's 12.2 billion euros (11 billion dollars) revenue in 2000.

Although sales in Europe are firm, the market is saturated, forcing Lafarge to look East for new opportunities.

"The long-term growth pattern of Europe is clearly limited... like France or Germany and the UK," he said. "(Now) the highest growth is in South East Asia such as Malaysia, Korea or China."

The acquisition-hungry French group has bought stakes in foreign rivals throughout the region over the past few years as part of a global plan to maintain its position as top builder in all aspects of the business, including roofing and concrete.

Nestle 9-month turnover posts 4.9pc increase

AFP, Vevey, Switzerland

Sales at Swiss food giant Nestle over the first nine months of the year rose by 4.9 per cent to 62.4 billion Swiss francs (41.6 billion euros, 38 billion dollars) compared to the same period in 2000, the company announced on Friday.

Real internal growth in the June-to-September period was 4.2 per cent, slightly above the four per cent target Nestle set for the whole year, the company said in a statement.

"At comparable structure and corresponding exchange rates, sales rose by 9.7 per cent," the statement added.

"I am pleased to report that Nestle is on track to reach its real internal growth objective and close the year with higher sales and profits," Nestle chief executive Peter Brabeck-Letmathe said.

Growth was spread across the full range of the food group's product sectors, with pharmaceuticals and beverages "clearly above Group average," according to Nestle.

Sales in the beverages sector rose by 6.4 per cent in nine months to 18 billion Swiss francs, and Nestle pharmaceutical sales rose 9.9 per cent to 3.9 billion Swiss francs.

Sales of culinary products (15.4 billion Swiss francs) as well as chocolates and confectionery (7.8 billion Swiss francs) both rose by 2.4 per cent over the first nine months of 2001.

Rolls-Royce to axe 5,000 jobs

AFP, London

British engineering giant Rolls-Royce unveiled plans on Friday to axe another 5,000 jobs -- 10 per cent of its staff -- and warned profits will nosedive next year because of the aviation crisis caused by the events of September 11.

Rolls-Royce said it would axe 3,800 of its staff in Britain and 1,200 overseas, as the global downturn and the heavy impact of last month's terrorist attacks in the United States takes its toll on the aviation industry and its suppliers.

But unions, workers and some politicians expressed dismay at the news, with some accusing the British company of using the September turbulence as an excuse for getting rid of staff.

"Following the tragic events of September 11, we have undertaken an assessment of their likely impact on our business," said chief executive John Rose.

"We expect difficult market conditions for civil aerospace in 2002 and 2003 and we are taking the necessary actions required to resize overheads and to align cost and capacity with demand," he said.

"Regrettably this will have an impact on employment in the company and its supply base."

The company said its forecast for 2001 remained unchanged but profits from its civil aerospace engines business was now expected to halve in 2002. Civil aerospace sales will be one billion pounds (1.6 billion euros, 1.4 billion dollars) lower than previously anticipated.

Potato growers likely to reduce production by 25pc this year

STAR BUSINESS REPORT

Commercial growers may cut potato production by 25 per cent this year in the country, as the sluggish market situation remains unchanged with low price and demand.

Selling at Tk 350 to Tk 370 a sack, traders are incurring loss of around Tk 50 to Tk 100. The cold stores are still full, said Agro, a monthly agriculture-based publication of Syngenta Bangladesh Limited.

In Munshiganj, the country's main potato producing area, price has even gone down by Tk 50 during last month from Tk 350 to Tk 300 a sack. This is quite frustrating as the storage charge for each sack of potato is around Tk 190, it stated.

Traders who stored the crop in cold stores for late price-hike are greatly disappointed. During monsoon, usually floods damage parts of vegetable fields, giving rise to potato consumption at a greater rate, and demand and price of the crop.

Meanwhile, too much rainfall damaged vegetable lands in Comilla. The

late rainfall ruined about 20 to 30 per cent of early cabbage, cauliflower and bitter gourd.

In Bogra region, cabbage cultivation has increased by 50 per cent and farmers are making good profit by reaping early produce. Abdul Mannan of Bolarampur, Mokamtala of Bogra, made Tk 70,000 profit from one acre of cabbage this year.

In the North where aman rice is the main crop, investment of the farmers have increased by 10 per cent because of extra irrigation measures they had to take to pump out water.

But according to estimates, the farmers will get at least 0.8 million metric tons less yield in the northern districts alone. It is expected that high yield variety (HYV) production per acre will go down to 30 to 35 maunds per acre against the normal of 40 to 45 maunds.

Simultaneously, local variety production will go down to 10 to 12 maunds per acre from the usual 15 to 20 maunds. The Barindh area situation is even worse where yield will go down to 20 to 25 maunds for HYV and eight to 10 maunds for local varieties.

India may keep interest rates unchanged

Oct-March policy to be announced Monday

AFP, Bombay

India's central bank is expected to hold interest rates when it announces its October-March monetary and credit policy Monday despite weak confidence in the aftermath of the attacks in the United States.

The Reserve Bank of India (RBI) is seen depending on the economy's basic fundamentals to boost a demand pick-up and not trigger it by cutting the seven per cent bank rate or 7.5 per cent cash reserve ratio.

"The policy will largely be a review of the economy, its performance and possible identification of steps to be taken at the macro level. I do not see grounds for the RBI to announce a rate cut when the problem is economic and not one of

pure market mechanics," WI Carr economist Sandeep Dixit said.

He said a rate cut is justified when there is demand pick-up as it induces increased consumer spending.

"However, in absence of a demand pick-up, which is a result of a broader economic slowdown, it really does not build a case for the central bank to cut rates," Dixit added.

He also rejected recent reports a late credit pick-up was evident since the last week of September.

"The economic picture will be clear only post-October," he added.

The Economic Times recently reported that in the last week of September total bank credit rose by 75.26 billion rupees (1.56 billion dollars) off 5.29 trillion rupees on

September 21.

Analysts said this jump in credit offset could be "window dressing" by bankers or an attempt to prop up September-end figures through short-term advances to meet half-yearly targets.

They also said a rate cut, in the absence of a demand pick-up, will divert funds to the government bonds market, in turn creating a bubble in the market.

"A rate cut will divert funds to the bonds market, which in the long run can be disadvantageous, as when genuine demand pick-up happens the central bank may not have enough room to effect a cut," another banking analyst with a domestic brokerage said.

New chief of Pragati Life Development Department

Prominent insurance personality Nurun Nabi Chowdhury has joined the Development Department of Pragati Life Insurance Limited as its chief, says a press release.

Prior to joining Pragati, Nabi Chowdhury was Joint Senior Vice President of Delta Life Insurance Co Ltd.

He started his Insurance career in 1984 with Jiban Bima Corporation. Over the last 17 years he made significant contributions to the development of business in the insurance industry through Jiban Bima, National Life and Delta Life Insurance.

Microsoft inks deal to boost Shanghai software sector

AFP, Shanghai

Software giant Microsoft said it has signed a memorandum of understanding with the Shanghai city government aimed at boosting the development of the city's software industry.

According to the memorandum, Microsoft will upgrade its Asian regional engineering centre to become its fifth global technology support centre, providing online technological assistance to the company's customers worldwide.

"The Microsoft global technical support centre is a strategic investment in our worldwide technical services infrastructure," chairman Bill Gates said in a statement received Friday.

The centre would "establish China as a growing leader in the customer service industry and is a further illustration of our commitment to China," said Gates, who is in Shanghai to attend a business conference on the sidelines of the Asia Pacific Economic Cooperation (APEC) forum.

Software piracy on China's eastern seaboard is endemic with the bulk of companies, and even some government departments using unlicensed software.

Local media reported that Shanghai Mayor Xu Kuangdi promised Gates the city would continue its battle against software piracy.

Tokyo okays small extra budget

AFP, Tokyo

Japan's government Friday approved the draft of a 22.3 billion-dollar supplementary budget for the year to March but hinted at extra cash injections depending on economic developments, the finance minister said.

"Ministers and ruling-party leaders agreed to our supplementary budget plan at the meeting today," Finance Minister Masajuro Shioikawa said of the 2.7 trillion-yen (22.3 billion-dollar) package designed to support the faltering economy.

But he added: "The supplementary budget is not everything we can do."

"We need to keep watching global economic developments closely (after last month's terrorist attacks in the United States)," he told reporters following the extra budget meeting between the ministry and ruling party chiefs.

"We should keep a flexible attitude to future economic management," he said.

"The structural reform programme should be further discussed before it is finally authorised."



PHOTO: CEMS

Dhaka Chamber of Commerce and Industry President Benazir Ahmed, flanked by Conference & Exhibition Management Services (CEMS) Managing Director Meherun N. Islam and CEMS Director Sahed Sarwar, inaugurates the three-day Mega Expo 2001 organised by CEMS at Sonargaon Hotel yesterday. Information technology, electronics and construction-related companies are taking part in the exposition.

Major economies may register 2-decade low growth this year

AFP, London

The world's top economies are likely this year to post their worst showing in almost two decades, expanding by a paltry one per cent, according to tentative figures from the OECD published in Britain's Financial Times newspaper on Friday.

The paper said the 30-nation Organisation for Economic Cooperation and Development (OECD) was also forecasting that gross domestic product would creep up just 1.2 per cent in 2002.

If the 2001 projection is confirmed, it would be the weakest performance since 1982, the Financial Times said, citing leaked preliminary figures from the Paris-based OECD.

The OECD groups the world's

major industrialised economies and is a leading economic forecaster.

In its previous forecast, published in May, the OECD predicted that its member economies would expand two per cent this year and 2.8 per cent in 2002.

The latest provisional figures are based on a recent meeting of OECD staff economists and officials from its member governments, the paper said. Final figures are due out on November 20.

Germany and Japan came in for the sharpest revisions in the latest forecasts. Germany is now seen as growing just 0.7 per cent this year and just 1.0 per cent in 2002, down from May forecasts of 2.2 and 2.4 per cent.

In May the OECD saw the Japanese economy expanding 1.0

per cent this year. The organisation is now forecasting negative growth of 0.7 per cent in 2001 and a shrink of 0.8 per cent in 2002.

Activity is also expected to remain lacklustre in the United States, which should post growth of 1.1 per cent this year and 1.3 per cent in 2002. In May the OECD foresaw a US recovery next year to a growth rate of more than three per cent.

As the first signs emerged that British consumers were tightening their belts after last month's attacks on the United States, the leaked figures predicted that annual growth in Britain would slip to just 1.6 per cent in 2002, sharply down on its mid-year prediction of 2.6 per cent.

Growth forecast revised downward to 1-2pc

KL cuts taxes, boosts spending to fight global slowdown

AFP, Kuala Lumpur

Malaysia cut taxes and boosted spending Friday in a budget designed to fight the effects of a world economic slowdown exacerbated by the terror attacks on the United States.

Prime Minister Mahathir Mohamad, who is also finance minister, told parliament the "horrendous" attacks had made the prospects of an early global economic recovery more uncertain.

While roundly condemning the attacks, he also criticised the US-led retaliation in Afghanistan.

"War is not a solution as many more lives will be lost and more resources destroyed," said Mahathir, who was due to leave for Shanghai later to attend the Asia-Pacific Economic Cooperation summit where he is scheduled to meet US President George W. Bush.

"War will only worsen the already weak world economy. Already we have to face war risks. Links with

our trading partners may be disrupted. Costs of insurance on shipping, freight and air transportation have escalated. Global demand for products will continue to decline while costs of trading will increase."

Noting the crash in equity markets after the attack, Mahathir said: "The United States is no longer a 'safe haven'."

He announced the government had revised downwards its 2001 gross domestic product (GDP) growth forecast for a second time, to 1.0-2.0 per cent, because of the "greater-than-expected" slowdown in the world economy.

In March, the government cut its growth estimate from 7.0 per cent to 5.0-6.0 per cent after strong expansion of 8.3 per cent in 2000.

Mahathir said the budget had three main strategies: strengthening growth; diversifying the sources of growth; and ensuring an equitable distribution of wealth.

The record 100.52 billion ringgit (26.45 billion dollar) budget is

designed for a deficit of 5.0 per cent of GDP, lower than the 6.5 per cent in 2001, but the fifth straight deficit budget since the Asian economic crisis.

Mahathir said it was a continuation of fiscal expansion which has already seen two stimulus packages this year -- 3.0 billion ringgit in March and another 4.3 billion ringgit last month.

Taxes were cut by between one and two per cent as part of the stimulus package, with maximum personal income tax and tax for non-residents reduced by one per cent to 28 per cent.

Corporate tax at 28 per cent was not reduced, with Mahathir saying Malaysia's package for businesses was competitive in the region.

But a range of tax reductions or exemptions aimed at stimulating business -- particularly agriculture -- were awarded, and in total the tax proposals will cost 1.2 billion ringgit in revenue.

Japan blames negative growth on world events

AFP, Tokyo

Japan's key ministers warned Friday the world's number-two economy would fail to fulfill a growth promise, blaming the unfolding impact of last month's terror blitz in the United States.

"There is a possibility that US GDP (gross domestic product) growth will be negative in the third and fourth quarters," said Heizo Takenaka, state minister for economic and fiscal policy.

"It is unavoidable that Japanese GDP growth will also become negative," he told a news conference. Takenaka himself said earlier this week GDP might contract by about one per cent in the year to March 2002.

The comment follows a string of recent warnings from other government leaders that Japan, seen teetering on the brink of its fourth recession in a decade, might not meet an official growth target of 1.7 per cent for the year.

At a separate press conference Friday, Finance Minister Masajuro Shioikawa said: "We have tried very hard at least to keep the economy

from slipping into negative territory. "But the trend of the world has turned out as it is and we have received a side-blow. Unfortunately as it may seem, I may say we are unavoidably heading towards negative growth."

At a meeting of finance ministers on the sidelines of the Group of Eight summit last July, Shioikawa said Tokyo would do all it could to keep growth positive.

But the finance minister Friday tried to dilute his earlier words. "It was not a public pledge. However, each country understands that Japan is continuing with such a goal but they also understand that it is not keeping in line with the target," he said.

Japan's economy shrank by 3.2 per cent in the three months to June on an annualized basis and many analysts expect a further contraction occurred over July-September.

Recession is technically defined as two consecutive quarters of negative growth.

At a meeting of Group of Seven finance ministers in Washington after the September 11 attacks in the US, Shioikawa maintained

Japan would try to help the world economy by deregulating and cleaning up its bad debts.

But on Thursday, Prime Minister Junichiro Koizumi said temporary economic contraction was "inevitable" in order to achieve long-term growth.

Koizumi took office last April promising drastic structural reforms to revive the domestic economy, depressed by bad-loan burdens and weak consumer spending despite a series of massive extra budgets.

Takenaka said Tokyo had yet to assess the impact from the terrorist acts which triggered on-going US-led air strikes on Afghanistan.

"I keep discussing the matter with US officials but their opinions about the outlook for the economy are still divided," he said. "It is still difficult to assess the impact on Japan of the attack."

Overall, the government will continue its flexible stance as it approves a 22.3 billion-dollar supplementary budget for the year to March, Shioikawa said later Friday.

"We should keep a flexible attitude to future economic management," he said.



PHOTO: AFP

Microsoft Chairman Bill Gates addresses a business conference attended by Asia-Pacific chief executive officers (CEOs) during the Asia-Pacific Economic Cooperation CEO summit in Shanghai on Friday.

More US workers end up jobless in weak economy

REUTERS, Washington

The lines grew longer at US state unemployment benefit offices last week, a government report showed Thursday, with more workers ending up jobless and remaining that way in an economy hit hard by the attacks last month in New York and Washington.

The Labour Department said the number of initial jobless claims increased by 6,000 to a seasonally adjusted 490,000 for the week ended Oct 13, well above Wall Street's expectations.

"The level is just slowly creeping upward to a pretty severe recession level," said Kurt Karl, chief economist at Swiss Re in New York.

The labour picture is likely to only get worse over the next several

months as manufacturers and other companies tighten their belts amid falling profits.

Manufacturing activity in the US mid-Atlantic region alone decelerated quickly in October, according to the Federal Reserve Bank of Philadelphia's latest survey of monthly business conditions. In that survey released on Thursday, 59 per cent of the firms said they do not expect an economic recovery to occur until the second quarter of 2002 or later.

Stocks were mixed in trading Thursday. Technology stocks closed up slightly while blue-chips retreated as investors debated venturing back following the market's recent slide and as they faced an array of dismal corporate earnings announcements.

The technology-laced Nasdaq Composite Index .IXIC closed up 6.38 points, or 0.39 per cent, while the blue-chip Dow Jones Industrial average .DJI shed 69.75 points, to close down 0.76 per cent. The broader Standard & Poor's 500 Index .SPX closed down 8.48 points, or 0.79 per cent. US Treasury securities rose slightly.

While layoff announcements since the Sept 11 attacks have swelled above 467,000, corporate hiring overall has indeed slowed, the government's latest report showed.

In a sign workers are remaining jobless, the number of Americans continuing to claim state unemployment benefits for the week ended Oct 6 -- the most recent week for which the data were available -- hit its highest level in more than 18 years.

S'pore firm to build \$700m power plant in Nepal

AFP, Kathmandu

A Singapore-based firm has pledged to spend 700 million dollars to construct a 300-megawatt hydroelectric project in western Nepal.

Elysee Frontiere Limited (EFL) president Sylvain Leveque late Wednesday signed an agreement for the construction of the Upper Karnali project, 575 kilometres (359 miles) west of Kathmandu, which will be completed in July 2008.

The Elysee Frontiere Limited is a joint company of France, Canada, Singapore, Switzerland and the US

and is making a sizable capital investment in Nepal to help its economy in the western parts, generate employment and strengthen democracy and human rights," Leveque said.

Under the agreement, EFL will give 30 per cent of the power production free of charge to the Nepal Electricity Board, to which the plant will be turned over after 30 years.

Profits from the sale of power will be used for local projects, including soil conservation, schools and health services, Leveque said.

He said the completion of the

power plant would also allow the planned construction of cement and chemical fertilizer factories that would employ 35,000 people.

The EFL will begin the investment next July. Power generated at the plant will be sold at 2.9 rupees (three cents) a unit during the winter 1.4 rupees (two cents) during the high-demand monsoon season, Leveque said.

Leveque said the EFL had already spent three million dollars for a feasibility study and other expenses related to the project.