Star BusinesS

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IFIC Bank cuts lending rates

The Board of Directors of the IFIC Bank Ltd., in its 322nd meeting held on Thursday, decided to reduce the rate of interest on various categories of loans and advances by 1 per cent to 3 per cent in line with government policy to increase the flow of investment for development of trade, commerce and industries, says a press release.

The bank also decided to reduce the rate of interest on readymade garments, frozen foods and agricultural products loans by 3 per cent to 7 per cent from 10 per cent.

The bank also cut the rate of interest by 1 per cent to 2.25 per cent other categories of loans and advances.

To encourage the borrowers the bank also decided to offer 5 per cent rebate on interest amount, subject to repayment of the loans as per repayment schedule.

Al Baraka Bank extends credit lines to Prime Finance

Al Baraka Bank Bangladesh Ltd (ABBL) has extended credit lines to Prime Finance & Investment Limited (PFI) for its leasing and merchant banking operations, says a press release.

An agreement to this effect was singed between ABBL and PFI.

A H M Showkat Ali Chowdhury, Executive President of Al Baraka Bank Bangladesh Ltd, and Tapan K Podder, Managing Director of PFI, initialed the agreement on behalf of their respective organisation.

Among others, Md Imamul Hoque, Senior Executive Vice President, Alamgir Kabir Samad, SVP, Abdul Hamid, VP, Faisal Ahmed Khan, SAVP, Kazi Nasim Ahmed, AVP of ABBL, and Md Akter Hossain Sannamat, Vice President and Company Secretary of PFI, were present.

HP autumn festival offers extended till Dec 10

The prize offers of Autumn Festival 2001 have been extended till the 10th of next month, says a press release.

During the month of Ramadan, HP will add more attractions in addition to existing offers. A customer will be entitled to autumn festival offers as well as LaserJet Trade-in offer that offers cash rebate and HP digital camera.

The LaserJet Trade-in offers have also been extended till December 31.

German corporate failures up12pc

AFP, *Wiesbaden, Germany*

A total 2,760 companies filed for insolvency in Germany in July, 12.1 per cent more than in July 2000, data published by the Federal Statistics Office on Friday showed.

The largest number of corporate failures, some 754 in all, came in the construction sector, an increase of 6.3 per cent over 12 months, the office said in a statement.

About 577 companies filed for insolvency in the real estate sector, 485 in the cars and electrical goods sector, 319 in the manufacturing sector and 209 in the hotel and catering sector.

And by far the greatest number of failures -- some 1,339 in all -- was seen among young companies, less than eight years old.

Euro-zone inflation falls

AFP, *Brussels*

Euro-zone 12-month inflation fell from 2.5 per cent in September to 2.4 per cent in October, Eurostat, the EU's statistics branch, said Friday.

A year earlier the October figure was 2.7 per cent.

In all 15 countries of the European Union, 12-month inflation fell from 2.4 per cent in September to 2.2 per cent in October. The October rate 12 months ago was 2.4 per cent.

In October, the highest inflation figures were in The Netherlands (5.0 per cent), Portugal (4.2 per cent) and Ireland (3.8 per cent).

The lowest were in Britain (1.2 per cent), Luxembourg (1.7) and France (1.8).

Compared with last September, inflation in October rose in two EU member states, fell in 10 and was unchanged in three, said Eurostat.

IMF cuts global growth forecast, but downplays recession threat

AFP, *Washington*

Global economic growth will be sharply cut in the wake of the September 11 attacks, but a worldwide recession will likely be avoided, the International Monetary Fund said Thursday.

The IMF scaled back its forecasts for economic growth in 2001 and 2002 that were prepared before the terror attacks that hammered the economies of the United States and rippled around the globe.

The IMF cut its forecast slightly for 2001 to 2.4 per cent compared with a 2.6 per cent forecast prepared in September.

More significantly, the initial IMF forecast for 2002 for global growth was cut by more than a full point to 2.4 per cent instead of 3.5 per cent.

IMF Managing Director Horst Koehler said the IMF staff's "best estimate is still that there will be a recovery, beginning around the middle of next year," though he noted the forecast was highly speculative and may have to be changed.

"We have to recognize that we face an extraordinary degree of uncertainty in the aftermath of the September 11 attacks," he said in a statement.

"There is no real precedent for this situation, which makes forecasting based on previous experience look something like trying to read the tea leaves."

"We do not think that (forecast) is a recession," Koehler said at a news conference on the upcoming IMF governing board meeting in Ottawa.

"The outcome of the slowdown will be less severe than the recessions in '91 and in the early '80s," he said.

Deputy Managing Director Anne Krueger said there has never been an official definition of a global recession, clarifying remarks earlier in the fall that the IMF had a convention that 2.5 per cent growth represented recessionary conditions, when taking into account population growth.

Koehler said "the fundamentals in the global economy are still good," and warned against being overly pessimistic.

There is a "good chance" for a recovery in global growth beginning in the second quarter of next year, he said.

The IMF did not release a full country-by-country forecast for its World Economic Outlook, which was released in late September based on forecasts before September 11. A full revision is expected to be completed in December.

But it said growth in the United States would be cut to 1.1 per cent in 2001 instead of 1.3 per cent, and in 2002 the forecast would be 0.7 per cent growth instead of 2.2 per cent.

US Treasury Secretary Paul O'Neill disputed the IMF forecast for US economic growth in 2002, saying the figure of 0.7 per cent was "off by a lot."

The Treasury chief said the US administration's stimulus efforts are likely to boost US gross domestic product growth by 0.5 to one per centage point over the next 18 months.

"I knew about the 0.7 number for next year, and I bet (IMF Managing Director Horst Koehler) dinner that he was off by a lot," O'Neill said.

The forecast is off because "I am convinced that the US economy is putting down the basis for a return to a good rate of real growth as we move into next year," O'Neill said.

In the European Union, 2001 growth was now estimated at 1.7 per cent instead of 1.8 per cent in September; the outlook for 2002 was for 1.4 per cent growth instead of 2.2 per cent.

Japan's economic recovery was seen as being further delayed. The IMF said the Japanese economy would show a contraction of 0.9 per cent this year instead of 0.5 per cent seen in September. For 2002, the Japanese economy is forecast to shrink 1.3 per cent compared with an initial forecast of 0.2 per cent growth.

Developing countries will see 2001 growth of 4.0 per cent compared with an initial forecast of 4.3 per cent and for 2002 will see growth of 4.4 per cent instead of 5.3 per cent, the IMF said.

In Africa, growth will be cut to 3.5 per cent from an earlier forecast of 3.8 per cent in 2001 and in 2002 will be 3.6 per cent instead of 4.4 per cent, the Fund said.

The forecast for the Middle East, Malta and Turkey was cut to 1.7 per cent from the earlier prediction of 2.3 per cent in 2001 and for 2002 to 4.0 per cent instead of 4.8 per cent.

For Asia, the forecast for 2001 was put at 5.6 per cent in 2001 instead of 5.8 per cent and 5.6 per cent in 2002 instead of 6.2 per cent, the IMF said.

PHOTO: UNITREND

Cement company Holcim recently held a meet with its premium dealer Brothers Corporation. Picture shows Jashim Uddin Khandakar, Sales Manager, Alomgir Kabir, MD-Brothers Corp., P.N. Iyer, VP-Marketing & Sales, Zeeshan Kingshuk Huq, DGM-Marketing, and Ashrafuz Zaman, Director-Brothers Corp.

WTO Dubai deal draws sharp criticism in India

AFP, *New Delhi*

The successful conclusion of the World Trade Organisation (WTO) meeting in Doha was not greeted with universal applause in India on Friday.

India's highest-circulation business newspaper was sharply critical even though India won assurances that competition and investment negotiations would only go ahead in a new round of trade talks if there was consensus from all WTO members.

"India said there must be no new round of trade negotiations. But there is now the Doha round," said an Economic Times editorial.

"India said issues like competition, investment and government procurement must not be part of WTO negotiations. But the Doha declaration states that negotiations will begin on all these issues," it added.

"(India's) ideologically-oriented effort to limit the role of the WTO failed quite miserably," the newspaper concluded.

WTO member countries from the developing world had conceded too easily to European Union (EU) demands that investment, competition and environment rules be put on the agenda, it said.

Developing countries like India did not want certain issues, such as the environment, to be linked to trade rules because they fear that western countries will use them to discriminate against their imports.

Trade ministers from 144 countries agreed on Thursday to launch a new round of trade talks after the meeting in Doha, Qatar, which hammered out an agenda to help forge a new world trade deal by 2005.

"Heavy compromises were made to ensure that there was a result after the failure of the Seattle talks," said H. Dhaul of the Indian Automotor Tyre Manufacturers Association.

Two years ago in Seattle, similar talks were scuppered by mass anti-globalisation protests.

India and Brazil, meanwhile, celebrated their role in brokering a deal on medical patents allowing poor countries access to cheaper drugs to treat AIDS and other major killers.

"This is a very significant achievement for developing countries and India's drugs industry," said an official from the Organisation of Pharma Producers of India (OPPI).

At the Doha meeting, WTO members agreed to provide "flexibility" to developing countries for access to cheap medicines through waiver of patents in case of emergency.

India's pharma industry can produce most drugs, for example expensive AIDS medicines, at half the cost of international firms.

They can do so because Indian patent laws protect only the process by which a drug is made and not the drug itself, so Indian firms can re-engineer or copy drugs legally as long as they use a different process to make them.

IMF may offer $1.5-2b more for poverty reduction

AFP, *Washington*

The International Monetary Fund may provide an additional 1.5 billion to two billion dollars in lending to fight poverty in the wake of the global economic downturn, IMF chief Horst Koehler said Thursday.

"The international community should not let the downturn in the global economy derail the efforts of low-income countries to reduce poverty," Koehler said.

"Our best estimate at this point is that the need for additional lending next year from our concessional lending window, the Poverty Reduction and Growth Facility, will be on the order of 1.5-2 billion dollars."

Koehler praised Japan for its announcement it would provide one billion dollars for the poverty reduction efforts and noted eight other countries had made contributions.

The contributions assure "that the Fund will have the minimum amount necessary for the continuation of the PRGF. But we need to be ambitious in supporting our poorest members, and I would strongly encourage other nations to follow this example."

Koehler hinted the IMF and World Bank could step up debt relief efforts for the world's poorest countries under the Heavily Indebted Poor Countries (HIPC) Initiative.

"The IMF and World Bank have also made it clear that we stand ready to reassess debt relief for countries reaching their completion points under the HIPC Initiative, in cases where prospects for debt sustainability have been compromised by exogenous developments in the world economy," he said.

PHOTO: PRIME FINANCE

A.H.M. Showkat Ali Chowdhury, Executive President of Al Baraka Bank Bangladesh Ltd (3rd from left), exchanges the documents of a loan agreement with Tapan K. Podder, Managing Director (3rd from right) of Prime Finance & Investment Limited, recently.

Holcim scheme to benefit retailers

For the first time, cement retailers will get assurance of business benefits from a cement manufacturer through the pioneering Holcim Retailer Scheme, says a press release.

This was disclosed at a retailers' meet of Holcim with Brothers Corporation, a Holcim premium dealer.

"Holcim Retailer Scheme is designed to ensure minimum profit of Holcim retailers on their sales," said P.N. Iyer, VP (Marketing & Sales).

"Holcim has been the pioneering company in this market. After launching Premium Dealership and Value Improvement programmes, we are now trying to develop the retail level.

Jashim Khandokar, Manager (Dealer Sales), detailed the scheme "Retailers can come under the Holcim Retailer Scheme through Holcim premium dealers. This enlistment will ensure retailers' direct support from Holcim in terms of regular supply, shop decoration, marketing programmes, profit and continuous development efforts of the leading cement company."

Among others Alomgir Kabir, MD of Brothers Corporation, and Zeeshan Kingshuk Huq, DGM (Marketing) of Holcim, spoke on the occasion.

NCC Bank Board meets

The 87th meeting of the Board of Directors of NCC Bank Ltd. was held on Wednesday at the head office of the bank, says a press release.

Nurul Islam, Chairman of the bank, presided over the meeting.

Doha meet outcome provides crucial boost to WTO

AFP, *Doha*

The just-agreed new push to lower barriers to trade by more than 140 countries will not only provide a badly-needed boost to the world economy but has helped salvage the credibility of the WTO.

The last attempt by ministers of the World Trade Organisation to reach a deal on a new trade round two years ago failed dramatically, dropping the trade body into a period of uncertainty.

WTO chief Mike Moore warned that if Doha turned out to be another flop it could prompt countries to turn their backs on the multilateral trading system, sending them in search of regional trade pacts instead.

"Regionalism will advance if the oxygen is sucked out of Geneva," Moore has said.

But in a down-to-the-wire agreement in the Gulf emirate state of Qatar late on Wednesday, trade ministers gave a strong vote of confidence in the multilateral trading system.

"We have removed the stain of Seattle," US Trade Representative Robert Zoellick told other WTO members hot on the heels of the accord to launch the new round.

The deal, entitled the Doha Development Agenda, finally arrived at the end of a marathon session of gruelling talks that had to be extended into a sixth day.

The broad-based agenda agreed by ministers paves the way for reducing farming subsidies and industrial tariffs, and also tackling barriers to trade in services.

It is promising on a number of fronts for developing countries, who also gained some key concessions from both the European Union and the United States.

Developing countries make up three-quarters of the WTO's 142-strong membership and their opposition to a new round greatly contributed to the collapse of the 1999 talks in Seattle.

As well as arguing they had not seen the fruits of the 1987-1994 Uruguay Round of trade talks nor were able to implement all those commitments, developing countries complained in Seattle of being left-out of crucial discussions.

"Unlike in Seattle, Africa has been satisfied with all the stages of consultations," Kenyan Commerce Minister Mustafa Bello said at a final plenary session in Doha.

Their biggest triumph was perhaps an agreement that a WTO accord on patent protection would not stop them producing or importing cheaper generic versions of patented medicines to fight major diseases such as AIDS.

Brazil, along with India, both big producers of copycat generic drugs, led the pack of developing countries in pushing for greater flexibility for tackling a public health crisis.

Brazil's Foreign Minister Celso Lafer described the text as an important step in responding to criticism levelled at the Geneva-based WTO.

Japanese PM's reforms face major challenge as economy crumbles

AFP, *Tokyo*

Prime Minister Junichiro Koizumi's radical reform drive was challenged Friday as the economy threatens to crumble, with the Bank of Japan unwilling to ease monetary policy and an extra budget seen as insufficient.

"(The government must) review its structural reform policy from scratch," State Minister for Economic and Fiscal Policy Heizo Takenaka told a regular news conference.

"The economy is getting more severe at the moment. I think it is good that we will re-examine structural reform policies to help us escape the severe economic situation," he said.

Koizumi charged into power in April promising tough reforms to kick-start the nation, which include a 30 trillion yen (250 billion dollar) cap on new government bond issues to rein in national debt and a clean up of the banking syste, weighed down by bad loans.

But seven months later little has changed, if anything conditions in the world's number two economy have deteriorated further, analysts said.

On Friday the premier faced the first sign of organised political opposition within his own Liberal Democratic Party as a group of 53 younger politicians formed "The Association to Save the Nation" to oppose his restructuring drive.

"The true path we should take is to achieve an economic recovery while rooting out deflation," Toshikatsu Matsuoka, a group member, was quoted by Kyodo News as saying.

Japanese share prices have dropped 25 per cent in value since Koizumi took office, bankruptcies continue to rise and the unemployment rate is at a post-war record high of 5.3 per cent.

Tight fiscal spending and a pledge to clean up bad loans, although desirable, is putting unsustainable pressure on Japan's economy as prices continue to fall and demand weakens, analysts said.

Exasperated by a lack of progress with fiscal reforms, the Bank of Japan chose Friday to keep monetary policy unchanged for the third time in a row leaving its outstanding current account balance above six trillion yen and the official discount rate at 0.1 per cent.

The central bank hopes to encourage more borrowing by keeping the financial system flushed with cash, but companies are reluctant to invest in a deflationary environment.

Lawmakers say the bank is failing to deliver on its duty to ensure price stability, but the BoJ argues it has exhausted all orthodox methods and Tokyo must now accelerate its restructuring drive to buck deflation by stimulating demand, which in turn would make monetary policy more effective.

"The next direction needs to be co-ordinated action with the government," said JP Morgan senior economist James Malcolm. "They can't fight (deflation) on their own until the government does more to accelerate structural reforms."

If Tokyo moves to recapitalise Japanese banks, which are struggling to survive as more loans turn sour amid the economic downturn, the BoJ has indicated it would provide the funds, he said.

"Or, if the government gives up its fiscal consolidation (by increasing new government bond issues) they will foot the bill."

Koizumi has so far resisted both notions as contrary to his reform promises, but the current situation cannot continue, analysts said.

"(We will either see) the reversal of Koizumi's mind or Koizumi being replaced," said Malcolm. "This could happen by the end of this fiscal year (to March 2002). We are building up towards a crisis at the moment ... Something has to give."

Parliament gave final approval to a slim 3.0-trillion-yen extra budget aimed at fighting unemployment Friday but calls immediately mounted for more pump-priming as the economy teeters on the brink of its fourth recession in a decade.

The package is much smaller than previous pump-priming measures reflecting Tokyo's commitment to cap fiscal expenditure and plug funds to public works projects as part of its reform drive.

Bush pressures Congress to agree on stimulus plan

AFP, *Washington*

President George W. Bush pressured Congress Thursday to agree on a plan to revive the US economy before the start of the traditional year-end shopping season.

Lawmakers remain deadlocked over how to prod the nation out of its post-September 11 slump, with Republicans and Democrats stuck in a party-line disagreement over the best way to get the battered economy growing at a faster pace.

"The president believes that the House and Senate tax writers should now come together quickly to produce a bipartisan economic stimulus bill that encourages consumer spending, promotes business investment and helps dislocated workers," said a White House statement.

Even the International Monetary Fund weighed in, chastising Congress for taking so long to come to an agreement.

"The US should come to an early decision. And this is to find a compromise there, because the ongoing discussion is not something which is confidence-building", said IMF managing director Horst Koehler.

In a bid to restart negotiations, Republican Senator Pete Domenici late Thursday proposed replacing tax rebates with a December payroll tax holiday for employers and workers alike, targetted specifically at lower-to-middle income families.

December, he explained in a statement, "is when wage earners are very likely to spend the extra money."

But Republicans overall insist the solution is through increased tax cuts and business incentives, while Democrats say the only way to help the economy is through increased spending and helping the unemployed, and both sides charge the other is digging in its heels.

"It takes two to tango," said Republican Senator Don Nickles, who with Senate Minority Leader Trent Lott dismissed the Democrat economic plan as a special interest package, scattered with increased spending on such items as chicken manure and bison meat.

"A grab bag of items that may or may not be needed is not the way to go," Lott fired, defending a Republican move Wednesday to block adoption of a 73-billion-dollar stimulus package proposed by Senate Democrats but opposed by the White House.

"You can't say you want to help our economy and vote to kill" the bill, blasted back Senate Majority Leader Democrat Tom Daschle to the cheers of labor groups standing in front of the Capitol building.

"Our team is ready," he continued, insisting the unemployed needed more help than large corporations, which he claimed would benefit most from the Republican version of the proposal.

Daschle is also insisting that a 15-billion-dollar homeland security package be adopted, whether as an integral part of the economic recovery plan or on its own.

"That has to be on the table in one form or another," he told reporters.

The economic stimulus bill adopted in late October by the Republican-controlled House of Representatives is worth 100 billion dollars and consists mainly of tax cuts.