

## Mercantile Bank reduces interest rates

Mercantile Bank has decided to cut interest rates on various loans and advances, says a press release. The bank has reduced 1 per cent interest rate on term, 1 per cent to 2 per cent interest on commercial and working capital and 3 per cent interest on export loans. However, interest rates on all types of deposit and deposit schemes of the bank have been kept unchanged.

## Trust Bank cuts interest rates

The Trust Bank Limited has reduced interest rates on various loans by 1-3 per cent, says a press release. The bank cut interest rates on rural credit by 1 per cent, jute and jute goods 2-3 per cent, jute industries 3 per cent, exports 2 per cent, term loan 1 per cent and others 1 per cent.

## Taiwanese curbs on Chinese farm imports to stay after WTO entry

AFP, Taipei

Taiwan would retain its restrictions on imports of Chinese farm products even after both sides join the World Trade Organisation (WTO) due to technical problems, officials said Wednesday.

Taiwan is required to open its market wider to agricultural imports early next year upon the island's WTO accession but the opening would not apply to China in the near term, said Wang Ming-lai, director of International Cooperation Department of the Council of Agriculture.

"There are many technical problems which need to be resolved, such as quarantine, before we can allow imports of mainland farm goods," he said.

"Both sides of the Taiwan Strait have to sit down and talk about the issue," he said while trying to differentiate Taiwan's trade ties with arch foe China from those between Taiwan and other WTO members.

Taiwan and the mainland split in 1949 at the end of a civil war.

Chinese agricultural imports are now unlikely in the short term because Beijing still demands acceptance of its "one China" policy as a precondition in talks with Taipei.

This has been turned down by Taiwan, with the island's government saying it would like to resume dialogue with Beijing without any terms.

Both the economic ministry and the Mainland Affairs Council, which formulates the island's mainland policy, have a say on imports of Chinese produce, Wang said.

Currently, only a limited number of farm items from China are permitted to enter Taiwan and their imports must be indirect.

Taiwan bans direct trade with the mainland and allowed only 23.1 per cent of 2,092 agricultural items for imports via third ports, mainly Hong Kong.

## Businesses cut travel budgets, says IATA

AFP, Geneva

Corporate travellers have decided to cut back their company travel budgets following the September 11 terrorist attacks in the United States, according to a survey by the International Air Transport Association (IATA) released here Tuesday.

But respondents also promised a swift rebound, with the large majority of those polled predicting that the corporate travel market would return to normal within a year.

IATA said in a statement Tuesday that 36 per cent of managers surveyed would reduce travel budgets, against nine per cent in July.

Prior to September, 32 per cent had said their travel budgets would increase, despite the economic downturn that was already starting to bite before hijackers slammed two commercial airliners into the World Trade Centre towers in New York. After the attacks, only ten per cent were prepared to increase their travel spending.

IATA found that 57 per cent of those surveyed said they expected a return to normality within six months, another 26 per cent within 12 months.

Only three per cent said business travel would never be the same again.

# EU sidetracks request for relaxed rules of origin

STAR BUSINESS REPORT

Sidetracking Bangladesh's request for relaxation of rules of origin to get better benefits out of the duty and quota-free market access, the European Union (EU) Trade Commissioner Pascal Lamy said SAARC cumulation should help the country's cause.

"We are ready to look into the matter (relaxation of rules of origin)," Lamy told a press conference in the city yesterday, but asked local authorities to examine whether regional cumulation benefit offers better option to the problems related to apparel export.

The press conference was followed by a seminar on the EU's Everything But Arms (EBA) initiative that offered duty and quota-free access of all LDC products other than arms to the EU.

"Before considering any new request from Bangladesh for a derogation limited in time from the rules of origin, let us together immediately examine the specific situation of the readymade garments industry in this country to determine whether the SAARC cumulation facility offers a satisfactory solution," Lamy told the seminar.

Commerce Minister Amir Khosru Mahmud Chowdhury also spoke on the occasion. Head of the EC Delegation in Dhaka Antonio de Souza Menezes was present, among others.

Bangladesh requested the EC for relaxation of rules of origin for products including apparels as the country finds it difficult to reap the benefit of the

EU's EBA deal, which offers duty-free access of LDC products to the European market.

According to the rules of origin, Bangladesh can get duty-free access for its apparels made with local fabrics.

The commerce minister at the seminar mentioned that there was an urgent need for relaxation of rules of origin or formulation of a separate one.

"To allow the LDCs to make the best use of the EBA, there is an urgent need to relax the rules of origin, or to frame altogether separate rules for the LDCs with substantial reduction in value addition requirement and simplification of the process criteria," Amir Khosru Mahmud Chowdhury said.

In reply, Lamy said he is aware of the difficulties faced by Bangladesh's woven RMG industry in getting GSP benefit after complying with rules of origin criteria as most exporters have to rely on imported fabrics due to lack of backward linkage industry.

"What is the solution to this problem? In my view, not a general relaxation from the applicable rules of origin in the case of woven garments, as this would shift the benefit of GSP and EBA to non-intended beneficiaries," Lamy told the seminar.

The EU trade commissioner at the press conference suggested substantial diversification of the country's exports and reduction dependence on RMG.

The commerce minister also said non-tariff barriers emanating out of sanitary, phytosanitary and standard related conditions should be removed.

## BATB declares 50pc bonus share

British American Tobacco Bangladesh has declared a 50 per cent bonus share for its existing shareholders, says a press release.

The decision was made at the company's extra-ordinary general meeting (EGM) held at Sonargaon Hotel yesterday.

The company will create two crore new shares by issuing one bonus share for every two existing ordinary shares of Tk 10 each.

The EGM, presided over by company Chairman M Mujibul Huq, decided to raise the company's authorised capital to Tk 60 crore, which will be divided into six crore shares of Tk 10 each.

M Mujibul Huq said, "This bonus share demonstrates our commitment to increasing shareholder value and developing the capital market in Bangladesh."

Paul Kirkham, Managing Director of British American Tobacco Bangladesh, was also present at the meeting along with other directors. The shareholders actively participated in the proceedings of the meeting and the resolutions were adopted unanimously.

## ScanCement distributes prizes among customers

ScanCement International Ltd., one of the co-sponsors of the recently concluded DBH Property Fair 2001, has distributed prizes among its valued customers who placed single orders of minimum of 500 bags of cement at the company's stall at the fair, says a press release.

Christer Eriksson, Vice President-Marketing & Sales of ScanCement Int'l Ltd recently distributed the prizes. Also present on the occasion were Ramakanta Bhattacharjee, Asst. Vice President, Marketing & Sales, Engr. Saumitra Mutsuddi, Manager-Corporate Sales, Kamrul Hasan, Manager-Distribution, and Limi S. Mostafa, Asst. Manager-Market Communication.

ScanCement International Ltd is a member of the HeidelbergCement Group, one of the leading groups in the world of manufacture and trade of cement and building materials. The group operates in 1600 locations in 50 different countries with a total work force of about 40,000 and an annual turn over of 8 billion US dollars. In Bangladesh, the newly-constructed ScanCement factory started its operation in July 2001. The factory has an annual production capacity of 7.5 lakh metric tons per year.

## Japan-China trade talks resume today

REUTERS, Tokyo

Japan and China will hold talks in Beijing on Thursday aimed at resolving a thorny trade dispute, a Japanese Foreign Ministry official said today.

"We have confirmed that the meeting will be tomorrow in Beijing," the official said, without elaborating.

Another government official said the chances of reaching a breakthrough with China during the Beijing talks looked slim.

"The gap between Japan and China is gradually shrinking but there are still great discrepancies as we saw in our last discussion in Tokyo," he added.

## Sony Ericsson for duty cut on handsets

STAR BUSINESS REPORT

Bangladesh should reduce the existing duty on mobile telephone sets if it really wants to grow its Information Technology (IT) sector since IT growth is synonymous to mobile communication growth, an expert of a leading cellular mobile phone company said yesterday.

"Bangladesh should reduce duty on mobile sets to make the modern technology within the reach of the general mass to foster IT growth in the country," Bjorn Almqvist, Vice-President of Sony Ericsson Mobile Communication AB-Asia Pacific region, told a press conference.

He said Bangladesh should take the initiative in view of the low penetration of telephony.

"The country could opt for mobile communication, because it is faster and cheaper than fixed telephony," he said.

"The growth of mobile phone subscribers in Bangladesh is extremely good and I am sure Sony Ericsson will have a good business in the coming years," he said.

The press conference was organised to announce the merger of the world's number three cellular mobile telephone manufacturer Ericsson with Sony Corporation to produce joint-brand Sony Ericsson Mobile sets.

"Sony Ericsson Mobile Communications, the joint venture between Telefonaktiebolaget LM Ericsson and Sony Corporation, has started operation on October 1 this

year aiming to become the number one player in mobile multimedia products within 5 years," said Anwar Hossain, Country Manager of Sony Ericsson in Bangladesh.

"It is a joint venture equally owned by Ericsson and Sony," he said.

For sales and marketing the world has been divided into six regions. Sony Ericsson Bangladesh is reporting to the Asia Pacific Headquarter in Singapore.

Sony Ericsson, which has a plan to produce joint brand mobile in mid-2001, also disclosed its new brand name and logo. The new brand name is 'Sony Ericsson'.

"It is a perfect match as Sony brings vast experience in consumer electronics, music, picture and games, while Ericsson contributes with its mobile technology lead and the world's largest customer base among mobile operators," Bjorn Almqvist said.



PHOTO: STAR  
Vice President of Sony Ericsson Mobile Communication AB-Asia Pacific Region Bjorn Almqvist (L) and Country Manager of Sony Ericsson in Bangladesh Anwar Hossain display some mobile phone sets at a press conference held yesterday at Sonargaon Hotel.



PHOTO: BATB  
An extraordinary general meeting of British American Tobacco, Bangladesh (BATB) was held on Wednesday in the city. (From left to right) Stephen Daintith, Alan King, Paul Kirkham, M Mujibul Huq, G Mainuddin, A B M Abdul Latif, Md Ziaul Huq Khondker and Md Mahbubur Rahman of BATB are seen in the picture.

# Attacks on US galvanise support for world economy: Supachai

AFP, Bangkok

Incoming World Trade Organization (WTO) head Supachai Panitchpakdi said the September 11 terrorist attacks on the United States had galvanised support for the world economy.

Addressing members of the International Chamber of Commerce late Tuesday, Supachai said the attacks and ensuing economic downturn had "drawn people together" and facilitated the WTO talks at Doha, Qatar, earlier this month.

"The terrorist attacks of September 11 have helped to force people together to form a coalition against anything that terrorism could destroy, anything that could keep the world economy moving along," he said.

"The Doha meeting was a blessing in disguise because there's been... a strong motivating force that drew people together."

Supachai, who becomes WTO director general in September 2002, said the international community had "averted disaster" by reaching agreements at Doha and showing it could work together.

"We have averted the worst kind of disaster at Doha," he said. "If we'd failed to agree, the spread of recession might have been worse. We should not lose hope that global solutions still exist."

He said the Doha meeting, which led to an agreement by more than 140 countries to push for lower trade barriers and boosted the WTO's credibility, should "give a positive tone to trade next year."

The collapse of WTO talks in Seattle had provided important lessons for the trade group,

Supachai added, saying the organisation must avoid being too ambitious in its agenda.

The former member of the Thai parliament lent his support to several global trade lobbies such as the enforcement of intellectual property rights and the protection of geographical names as raised by France for spirits and wine.

He added Thailand may make use of rules for geographical names to protect Thai jasmine rice amid concerns over a US rice breeder's attempts to develop a strain of the

rice that could be grown in other countries.

As head of the WTO until August 2005, Supachai said he wanted to wrap up all tabled agreements during his tenure, adding all member countries must be included.

Developing countries such as Thailand emerged from the Doha conference with several important gains such as the phasing out of agriculture subsidies and greater freedom to override drug patents to protect public health.



PHOTO: SCANCEMENT  
Christer Eriksson, Vice President-Marketing & Sales of ScanCement International Ltd, recently hands over a prize to a customer who placed order first at the company's stall at the DBH Property Fair 2001.

# US trade gap narrows on global slowdown

REUTERS, Washington

The US trade deficit narrowed by the largest amount on record in September, with imports and exports of a broad range of goods and services tumbling in a global economy hammered by the Sept. 11 attacks.

The Commerce Department said yesterday the trade deficit fell by \$8.4 billion in September to \$18.7 billion from \$27.1 billion in August, the biggest monthly shrinkage since January 1992 when the government began tracking these figures. It was also the smallest gap since \$18.4 billion in March of 1999.

Economists say the report points not only to a weak US economy but to slumping demand for American goods globally.

"The world economy is slowing and that is reducing demand for US products," said Joel Naroff, an economist with Naroff Economic Advisers in Holland, Pa.

But the sharp decline in September could likely be isolated, many economists say, as it reflected huge insurance payouts linked to the September attacks, in which hijackers crashed airliners into the World Trade Center and the Pentagon.

"It should be largely a one off," said Alan Ruskin, Economist at 4Cast in New York. "I don't think it is going to cause a great deal of revisions to third quarter GDP."

A separate forecasting gauge published by the private New York-based Conference Board projected the economy's weakness continu-

ing well into next year. The so-called index of leading indicators rose slightly in October but key components of that gauge signalled the US was now in a recession.

A recession is commonly defined as two straight quarters of economic contraction. The US economy shrank a slight 0.4 per cent in the third quarter.

The dollar fell on Tuesday, garnering little help from the larger-than-expected fall in the trade gap, as investors took profits from a week-long advance.

Stocks lost ground in trading Tuesday. The Dow Jones Industrial Average closed down more than 75 points or 0.75 per cent, while the tech-laden Nasdaq composite index lost nearly 54 points, or 2.79 per cent.