

Amex cuts rates

American Express Bank Ltd has reduced its interest rates with effect from October 24 this year to support exports and industrial development of the country, says a press release.

The bank reduced its export loan rate to 7 per cent from 9 per cent per annum. It also cut interest rate by one per cent per annum on new non-syndicated long-term industrial loans.

Citibank's new Chief Operating Officer for Bangladesh



Eminent banker Mamun Rashid has joined Citibank NA's Bangladesh Country Operations as the Chief Operating Officer, says a press release.

Before joining Citibank, Mamun was the Head of Corporate and Institutions for the Standard Chartered group in Bangladesh.

Mamun played an instrumental role in establishing the Standard Chartered franchise in Bangladesh, especially in establishing its Treasury/Institutional banking as well as integration of the erstwhile ANZ Grindlays Bank with Standard Chartered Bank.

He has also represented the country's banking sector in various national and international forums. With a banking career spanning over 16 years, Mamun received the Standard Chartered Chairman's Award for network revenue generation. He obtained Masters in Economics and Business Administration from Henley Management College in the UK. He is the Vice President of Bangladesh MBA Association and life members of Bangladesh Economic Association and British Alumni in Bangladesh.

BOI chief to attend UNCTAD seminar in China

BSS, Dhaka

Executive Chairman of the Board of Investment (BOI) Mahmudur Rahman left here yesterday for China to participate a three-day UNCTAD sponsored seminar on "Export Competitiveness and the role of FDI" beginning in Chinese city of Tianjin Tuesday.

Rahman will address the seminar on "Government and company programme and experiences with respect to building linkage between affiliates and local firms" as a lead speaker.

BOI sources said that policy makers from the ministries of investment and trade, heads of investment authorities from China, Hong Kong, Japan, Malaysia, Thailand, Nepal, Korea, the Philippines, Pakistan, Singapore, the UK, and Bangladesh will participate in the seminar.

S'pore Tourism Board offers special package for visitors

Visitors to Singapore who purchase a tour package with any of the travel agents endorsed by the Singapore Tourism Board (STB), up to February 28, 2002 will receive a special package called Celebration Singapore ValuePak free of cost, says a press release.

The Celebration Singapore ValuePak is a collection of offers by retail outlets, restaurants and spas.

Available only in Australia, New Zealand, Hong Kong, ASEAN nations, India and Japan, the ValuePak is one of the programmes under the STB's S\$13 million assistance package to generate additional traffic from these key markets and to sustain the tourism industry during the current downturn.

Yeo Khee Leng, Chief Executive of STB, said, "Through this attractive package, we hope to provide even more value for money for visitors who choose Singapore as their holiday destination."

Besides attractive offers and discounts, the ValuePak entitles visitors to free admissions to any one of the seven participating attractions, which include favourites such as the Night Safari, the Singapore Zoological Gardens, the Jurong BirdPark and Sentosa Island.

Revenue collection 6pc short of target till Nov

STAR BUSINESS REPORT

The revenue collection missed the target by six per cent to Tk 6,954.83 crore till November of the current financial year.

The amount was 1.2 per cent higher than the corresponding period of last financial year, though.

The target for the July-November period of FY 2002 was set at Tk 7,403.71 crore.

According to finance ministry sources, revenue earnings against import dipped significantly during the period, meaning that it could not meet the target.

They said the situation did not get worse as Petrobangla made a payment in November in the form of VAT and customs duty. "Petrobangla paid Tk 134 crore in the month helping cross the revenue target marginally for the month," said an official at the ministry.

Against import, revenue collection stood at Tk 3,780.64 crore, down 2.3 per cent compared to the corresponding period in the last fiscal. The amount

was more than 10 per cent short of the Tk 4,213.06 crore target.

The first five months of the current fiscal saw Tk 1,935.16 crore in import duty against a target of 2,152.82 crore.

Collection of Value Added Tax (VAT) against import amounted to Tk 1,383.72 crore against the Tk 1,537.42 crore target. Supplementary duty on imports was Tk 461.76 crore against the target of Tk 522.82 crore.

On the other hand, revenue collection from domestic activities amounted to Tk 1,992.12 crore, Tk 19 crore more than the target and Tk 227.44 crore higher than the corresponding period of the last fiscal.

During the July-November period of the current fiscal, the excise duty collection stood at Tk 75.69 crore against the target of Tk 85.24 crore.

VAT collection from domestic activities surged to Tk 1,070.32 crore, which is Tk 37.88 crore higher than this fiscal's target.

The NBR's accrual from supplementary duty stood at Tk 846.11 crore from the domestic source, which is Tk 9.33 crore short of the target.

Income tax collection till November amounted to Tk 1,113.10 crore, down Tk 34.43 crore from this year's target.

PM pledges all-out support to businesswomen

UNB, Dhaka

Prime Minister Begum Khaleda Zia yesterday said her government would extend all possible support to the women entrepreneurs for enabling them to make more contributions to the country's economic development.

Her assurance came when a 17-member delegation of the Women Entrepreneurs Association of Bangladesh (WEAB) led by its President Nasreen Awal Minto met with the Prime Minister at her office.

The PM appreciated the WEAB programmes and activities to assist women entrepreneurs and support

entrepreneurship development for creating employment of women.

She said the WEAB programmes for development of small, marginal, medium and large women entrepreneurs in different handicraft and cottage industries would encourage other women to become entrepreneurs.

The Prime Minister said the government would examine the matter of introducing a separate programme for providing necessary credits from banks to help women entrepreneurs meet their demand of funds.

Begum Zia also said steps would be taken to support women entre-

preneurs in flourishing their businesses under a coordinated programme of the ministries of women, youth and social welfare.

The government would take steps to campaign for proper marketing of commodities produced by the women entrepreneurs to make them self-reliant.

Begum Zia asked them to use their own goods in daily life which would help expand market of the local commodities.

The PM said her government would welcome any move to set up a design and fashion institute in private sector that would improve quality and increase demand of the locally made products.

Int'l leasing signs Tk 720m deals this year

A meeting of the Board of Directors of International Leasing and Financial Services Limited (International Leasing) was held on Thursday at its office in the city, says a press release.

The meeting, presided over by Mahbub Jamil, Chairman of the Board, was attended by M Matul Islam, Jamal Uddin Ahmad, Rezaur Rahman, CM Alam, Masud Husain, Sajidur Rahman Khan and S Javed Iqbal.

Mafizuddin Sarker, Managing Director of the company, was also present.

The Board reviewed the company's overall activities for the year 2001. During the year, the company signed lease contracts of Tk 720 million and executed lease of Tk 483 million and achieved growths of 68.9 per cent and 21.7 per cent in contract and execution volumes respectively over the preceding year.

The Board expressed its satisfaction over the performance and took decisions on some administrative and operational aspects and approved the company's budget for the year 2002.

Japan, China to discuss trade row Tuesday

REUTERS, Tokyo

Japan's trade and agriculture ministers will meet the Chinese trade minister on Tuesday in Beijing to try to resolve a bitter trade row between the two Asian neighbours.

Senior Japanese and Chinese officials held two days of talks from Friday in Beijing, and agreed to resolve the issue at the ministerial meeting, a Japanese farm ministry official said today.

Japanese Trade Minister Takeo Hiranuma and Farm Minister Tsutomu Takebe will hold talks with Chinese Minister of Foreign Trade Shi Guangsheng on Tuesday, the official added.

Hiranuma said on Friday that one deadline for resolving the row would be before China officially becomes a member of the World Trade Organisation on Tuesday.

The trade dispute began in April when Tokyo imposed temporary "safeguard" curbs on imports of three agricultural products that come mainly from China --leeks, shitake mushrooms and rushes for tatami mats used as a flooring material in Japanese homes.

Beijing struck back in June with 100 per cent punitive tariffs on Japanese cars, mobile phones and air conditioners.



PHOTO: INT'L LEASING
Mahbub Jamil, Chairman of the Board of Directors of International Leasing and Financial Services Limited, presides over a board meeting of the company in the city on Thursday.

IT'S BUSINESS...

Cement: Losing the strength factor

MAMUN RASHID

Back in 1992, while this writer was doing an industry paper, the country's demand for cement was approximately two million metric tons. Now that has reached around 5.5 million tons. However the good side is that while in 1992 the country's installed capacity was about 6 lakh metric tons, it is now almost 10 million tons. With Shah Cement coming into production next month with 1.2 million tons & Lafarge with another 1.2 million tons, ETA & Metropolitan with approximately 5 lakh tons - it is going to hit the ceiling with almost 12-15 million tons capacity, while the country's demand is going to be about 6 million tons next year, if miracle does not happen in the economy, especially in the construction sector.

And the impact is pretty clear price war. While the present price of a 50 kg cement bag should have been Tk 240-250 per bag in Dhaka and Tk 220-230 in Chittagong, it is now Tk 200-208 in Dhaka and Tk 175-185 in Chittagong. Who is getting the benefit? The consumer, certainly. But in reality, they sometimes have to settle with inferior quality product or compromise with government regulations by evading VAT, which is equally bad.

Most of our cement factories are grinding based, i.e. they import clinkers and grind those into cement through a low entry barrier technology, while at present only the government-owned Chatak Cement produces cement through its inte-

The Daily Star has introduced a new column titled "It's Business" which appears on this page Mondays. This column will deal with current business issues

grated project i.e. directly from limestone. Lafarge coming into production in early 2004 is also going to have an integrated plant and will import from neighbouring Indian states.

Production cost of a 50 kg bag should be at least Tk 180/85, if VAT is not evaded, even for small grinders, who do not care much about quality. If the company opts for environment friendly technology, laboratory, water treatment plant, standard quality of clinker, it should be more.

Government is encouraging local cement manufacturers, rather than import, through increase of the tariff barrier. Good for the local industry. However, since most of the plants here are grinding based, they are dependent on few captive

sources for supply of clinker. Problem is anticipated to come from there - while most of the clinker sources are owned by the big 4 to 5 global operators, who are setting up cement plants in the country.

Shunshing, Peakward, Itocho or ETA - all the clinker suppliers are mainly sourcing the clinkers from Indonesia, Thailand, Malaysia, and to some extent India for clinkers, which are owned either by Lafarge, Cemex, Heidelberg or Holcim - the big operators. Other source could be China.

However with China's entering WTO, more foreign direct investment would be going there with construction boom, they would mostly consume locally, even if they can extend clinkers to other market, their sources are also going to be owned by the big operators.

With more and more grinders coming in Bangladesh, without any dramatic increase in the market demand is obviously going to push the government to be deprived of VAT, the clients to compromise with quality and the producers - making them captive to the mercy of few large global operators, home & abroad. At least the journey will be very turbulent.

S'pore tells cos to freeze, cut wages amid recession

REUTERS, Singapore

Singapore urged companies yesterday to freeze wages or cut salaries as the wealthy city-state endured its worst recession in almost 30 years.

Citing worsening economic conditions and uncertainty over 2002, the Ministry of Manpower said in a statement the government strongly supported a call from the National Wages Council (NWC) for severe restraint or cuts in wages.

The NWC recommendations, released on Saturday, serve as the basis for negotiations between employers and unions until the end of 2002.

The recommendations did not give any specific guidelines on the size of possible wage cuts. For companies that continue to perform well, it recommended rewarding

workers with appropriate wage increases.

"The NWC is of the view that companies should consider retrenchments only as a last resort," the council said adding they should also use the period for training their workforce for a better time.

The NWC, which normally meets once a year in May, reconvened as the economic outlook deteriorated, particularly after the September 11 attacks in the United States.

Singapore's export-driven economy is headed for a three per cent contraction this year after 9.9 per cent growth in 2000.

Its unemployment rate is expected to climb to four per cent by the end of this year, with retrenchments reaching 25,000. The government foresees another 15,000 jobs being axed next year.

BB T-bill auction held

UNB, Dhaka

The 170th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held yesterday.

Taka 4,571 crore, Tk 5 crore, Tk 15 crore, Tk 67 crore and Tk 115 crore were offered respectively for the 28-day, 91-day, 182-day, 364-day, 2-year bills.

Of these, Tk 2,500 crore, Tk 5 crore, Tk 5 crore, Tk 20 crore and Tk 90 crore of 28-day, 91-day, 364-day and 2-year bills were accepted respectively.

The range of the implicit yields was 3.90-3.99 per cent, 4.85 per cent, 5.00 per cent, 5.60-5.71 per cent and 6.88-6.90 per cent per annum.

No bid was offered for the 5-year, said a Bangladesh Bank press release.

It is noteworthy that the total balance of premature encashment of the bills stood at Tk 10 crore yesterday and due to maturity of the bills, an amount of Tk 3,813 crore will retire this week.

This is why the net amount of the issuing bills will stand at Tk 1,203 during this week.

Japan economy needs 10 more years to recover: US expert

AFP, Tokyo

After the "lost decade" at the end of the 20th century, the magnitude of Japan's economic problems is such that it will take another 10 years to fully recover, according to an American expert on the Japanese economy.

"Japan will revive -- that's the good news. The bad news is, it's going to take ten years to get there," said Richard Katz, editor of The Oriental Economist, a monthly newsletter published in New York.

"Even if Japan does everything right today, it would take at least five years because the problems are so serious," he said in a private meeting in Tokyo organized by Toyo Keizai, TOE's publisher.

"It will be a messy battle between the pro-reform forces and the resistance forces," he said, adding that so far the forces of resistance (to reform) were winning but it was "only the second round in a 15 round fight".

Katz, the author of "Japan: the system that soured" does not pull his own punches over the scale of the challenge facing Japan's leaders.

"The changes needed are equivalent to going from Mao (Zedong) to Deng Xiaoping in China," he said.

With Japan in recession again this year (gross domestic figures released

Friday show the economy contracted for two consecutive quarters -- the technical definition of recession), it is headed for recording cumulative negative growth over the five year period from 1998-2002.

Among the developed nations, only Switzerland, Sweden and Finland in the early 1990s have done so badly since the end of World War II.

As is the case with Japan, all three countries were facing a banking crisis, but unlike Japan, none of them waited 10 years to tackle it and they all got back on track to economic growth.

In Katz's view, the only concrete Japanese reform so far, the financial markets' Big Bang, has been "more than offset by other things that prevent a better allocation of resources".

"It is a case of one step forward, three steps back," he said, adding economic statistics showed that Japan is mired in "financial socialism".

According to Katz's own calculation, the per centage of loans extended by the government has grown from 16 per cent in 1965 to more than 35 per cent today. Publicly owned financial institutions account for 45 per cent of deposits compared to 16 per cent in 1965.

Asia's CFOs most pessimistic about global economy

AFP, Singapore

Company chief financial officers (CFOs) in Asia are more pessimistic about the short-term prospects for the global economy than their counterparts in Europe and the United States, a regional survey showed.

The survey by CFO Asia magazine, which is published monthly by the Economist Group, said 94 per cent of CFOs in Asia "are pessimistic about the global economy". It did not give per centages for the European and American executives.

"The trend started with the first signs Western consumers might be cutting back on their spending," said Carla Rapoport, CFO Asia managing editor.

"Now, the blow dealt to the already weakening global economy by the September 11 (terrorist) attacks in the US has sent CFOs into a survival mode," she said.

About 22 per cent of Asian CFOs also cited increasing competition as a "major concern" and nearly 50 per cent of them said they plan to spend more in the coming year to make

them more competitive, said the statement received here at the weekend.

More than 50 per cent of Asian CFOs said they expect profit to be down by more than 10 per cent coming quarter and 85 per cent were either concerned or pessimistic about the regional economy next year, it added.

However, more than 85 per cent said they were optimistic in the longer term, according to the survey which did not give details of the number of respondents involved.