

## Nepal to get \$46m soft loan from ADB

AFP, Manila

Nepal will get a 46 million-dollar soft loan from the Asian Development Bank (ADB) to improve its rural road network, the lender said Friday.

The loan will be used to maintain a stretch of the East-West Highway between Belbari and Chuharwa, backbone of Nepal's national road network and its main access to neighboring India, an ADB statement said.

Improvements in feeder and district roads would give agricultural villages better access to markets, the Philippines-based lender added.

The loan, offered with minimal interest, matures in 32 years including an eight-year grace.

Britain is providing co-financing of seven million pounds (about 10.1 million dollars), the ADB said.

## ADB approves \$350m loans to Pakistan

AFP, Manila

Pakistan will get 350 million dollars in loans from the Asian Development Bank (ADB) to open up its agriculture sector and help small-scale and marginal farmers improve productivity, the lender said Friday.

The loans will help Islamabad promote more efficient markets for commodities including wheat, cotton, rice, sugar, fertilizer and seeds, the Philippines-based ADB said in a statement.

The role of the private sector in agriculture will be expanded in areas like supply and marketing through deregulation, liberalization and privatization.

Subsidies for wheat will be gradually dismantled and the savings from this will be used for programs to help small-scale farmers and the poor, the ADB said.

Support for small-scale farmers will be boosted by extension services, training, research and regulations to improve quality control, the ADB also said.

Agriculture employs half the labor force and generates 70 per cent of Pakistan's export revenues but government intervention in the sector as well as private sector cartels and market failures have led to lower prices and smaller profits and dampened productivity, it said.

## Rangs Electronics opens showroom at Laxmibazar

Rangs Electronics Ltd has opened a showroom at Laxmibazar in the city, says a press release.

With this, the total number of showrooms stands at 52.

J Ekram Hussain, Director of Rangs Electronics Ltd, inaugurated the showroom on Wednesday.

Sabur Ahmed, General Manager of the company, country representative in Bangladesh of Fuji Electric, Japan, A Ohashi, Area Sales Manager of Dhaka, Wahidur Rahman, Marketing & Distribution In-Charge Tanvir Hossain, other officers of Rangs Electronics Ltd., and local elites of Laxmibazar were present on the occasion.

Speaking on the occasion, the Director of Rangs Electronics Ltd. renewed the company's pledge to make SONY, Rangs, AIWA products and services more easily available, like the previous years, to the customers.

Apart from 52 Sales and Service Centres of its own, the Rangs Electronics Ltd. has a network of more than 150 authorised dealers throughout the country.

## Bankruptcies in Japan unabated in November

AFP, Tokyo

The number of major Japanese corporate bankruptcies rose 10.0 per cent from a year earlier to 1,851 in November, a research firm said Friday, warning of further failures amid a persistent recession.

"Corporate earnings have worsened and personal spending has slumped, pushing the deflationary trend into a spiral amid a credit crunch and a plunge in prices," Teikoku Databank Ltd. said.

The total was the highest for November and the fifth highest for any month since the end of World War II, the firm said in its monthly report. It was the third straight year-on-year increase.

Total liabilities left by the collapsed firms soared 53.9 per cent from a year earlier to 1.88 trillion yen (15 billion dollars) with the inclusion of two companies listed on the major board of the Tokyo Stock Exchange.

# Pre-Eid sale set to drop 20pc this year

### Sense of insecurity among customers, global recession hit traditional shopping spree

M SHAMSUR RAHMAN AND M ABDUR RAHIM

Unlike previous years, the pre-Eid sales in different city markets are noticeably lower this year thanks to a sense of insecurity among the consumers, increased competition among the shop owners and extra spending by customers for winter clothes.

An investigation by a business reporting team of The Daily Star into some of the city's key markets yesterday showed gloomy faces of shop owners as their sales dropped sharply in this peak season. The sale is so low that the wholesalers see their items lying unsold, forcing them to sell these at nominal rates. The retailers also keep their fingers crossed as even in usual rush hours only few prospective buyers tread their shops.

The shopkeepers have mixed interpretations regarding this low transaction than expected.

According to the leader of the Dhaka Dokan Malik Samity, an organisation of shop owners in the city, their pre-Eid sale is likely to fall by 20 per cent this year over the corresponding period of the previous year.

The president of the Samity, a body of around 250 shop owners representing different markets in the city, attributed the fall in this year's pre-Eid transaction to cut in spending by the middle and lower-middle class people.

Another reason, he said, behind the business decline could be the impact of current global economic recession.

At New Market, the city's traditional destination of Eid-shoppers, the crowd is noticeably small with salesmen finding it hard to woo customers.

Nurul Momen Babu runs a clothes shop at the New Market. He has estimated that his sale has dropped by 20 per cent in comparison with that of the previous year's corresponding period. "Fear has gripped general public as incidents of mugging have increased manifold in the city. So, the buyers do not come to market with cash money," he said.

"Some high income group customers find it better to go for Eid shopping in neighbouring countries," Babu said.

Akhtar Hossain, another retailer at the New Market, sees traffic jam and load-shedding as main causes for the sale drop.

"Many people complain that it take around two hours for consumers to reach our market," said Hossain. "Customers coming from the city's Gulshan area request opening of a branch of our shop in their area so that they avoid traffic congestion."

He also said that prices of goods this year are higher than that of last year as the number of cheap smuggled goods have decreased with security in the border areas beefed up.

"Following the September 11 attacks in the United States, smuggling across the Bangladesh border has decreased. Most of the shopkeepers this year have to depend on goods imported through legal channel," Hossain said explaining the reason behind the high prices this year.

Gausia market also witnesses sluggish business. The shop owners could not identify any specific reason behind the drop of pre-Eid sale this time.

Most of the shop owners attributed the drop in sale to lack of parking facility at Gausia.

Masud Alam, owner of a large shop selling dresses of women at Rappa Plaza, a posh market attractive to mostly higher income group people, said his pre-Eid business is dull this year.

"If business this year was same as it was last year, you would not get a chance to talk to me. On an average, we sold items worth around Tk eight lakh everyday last year," the disappointed shop owner said.

He expects his business to be far less than 50 per cent this year. "Currently, we have a turnover of only Tk two lakh every day on an average".

Masud Alam also attributed the drop in sale to an increased number of shops in the city.

He said, "Many housewives are now in business of supplying goods to these shops".

Sharif, who runs a departmental store at Rappa Plaza, said another negative factor is early winter that has approached simultaneously with Eid. "The customers going for buying winter clothes during Eid," Sharif said.

## 'Unprecedented' deal reached Paris Club reschedules \$12.5 b Pakistan debt

REUTERS, Paris

Pakistan Finance Minister Shaukat Aziz struck a deal with Paris Club creditor nations Thursday to reschedule \$12.5 billion of debt, in the latest of a string of international concessions to help Pakistan's ailing economy.

Aziz said the "unprecedented" deal rescheduled two-thirds of the debt over 38 years and the rest over 23 years, with 15-year and five-year grace periods respectively, and that the deferral of interest dues gave Pakistan badly needed breathing space.

Officials added that the agreement struck after nearly three days of negotiating with Paris Club creditors, including the United States, Canada, Japan, France and Germany, amounted to cutting Pakistan's debts by roughly 30 per cent.

"We are very pleased with the positive and unique treatment extended to Pakistan by the Paris Club," he told reporters.

Pakistan has backed the war on terrorism that is being waged in neighbouring Afghanistan by a US-led coalition in the wake of the

September 11 attacks on the US.

Aziz said events since September had probably helped smooth the negotiations but he took the concessions as a sign of confidence in his country's economic strategy.

"I think this was in process well before September 11," he said. "However, the current situation added more support politically."

The Paris Club said in a statement that other concessions had been made, including the freezing of interest payments due between November and the end of June next year, both on the \$12.5 billion that was rescheduled and another \$1.0 billion.

"During the two following years, 20 per cent of interest payments will also be deferred," it added.

Aziz added: "The agreement allows us to create much needed fiscal space to redirect to health, education, women's development, poverty reduction and jobs."

"This means Pakistan can stretch its liabilities and reduce its debt burden. In the first three years, we will save in cash flow about \$3.0 billion."

The deal also allowed for Pakistan

to agree debt-for-aid and other kinds of debt swaps with Paris Club creditor governments on a voluntary, bilateral basis.

Aziz said he hoped to proceed on that front in one-to-one talks on \$5.0 billion in debts to Japan, \$3.0 billion in debts to the United States, \$1.1 billion in debts to France and another 1.0 billion in debts to Germany.

"We are hoping that in view of the reduction of the global interest rate environment, Pakistan will be able to seek further reduction in its debt service burden," Aziz said.

The deal struck with the Paris Club countries followed news on December 6 that the Washington-based International Monetary Fund had approved a loan of \$1.3 billion under the lending agency's poverty reduction programme, with just over 10 per cent to be made available immediately.

The Afghan crisis is exacting an added toll on Pakistan's economy, prompting Aziz to say recently that forecasts for economic growth in 2001/02 would probably be revised to between 3.5 and 3.7 per cent from four per cent.



Goran Richardson, Area Sales Manager of Wartsila, Jon R. Sigmond, General Manager of CCCGCL, and Mainul Abedin, Managing Director of Summit, sign a consortium agreement to build and transfer a 7-megawatt power project in the city on Wednesday. Muhammad Aziz Khan, Chairman of Summit Group, was also present on the occasion.

## Central Europe cuts rates to avoid global slowdown

AFP, Vienna

Central Europe's emerging economies, fearing the impact of the global slowdown, have followed US and euro-zone authorities in cutting interest rates dramatically in recent weeks.

In general the ex-communist region is expected to weather the post-September 11 slowdown better than most regions, according to experts -- but monetary policymakers are clearly not taking any chances.

Hungary's central bank cut its headline rate for the fifth time in six months this week, by 0.5 percentage points to 9.75 per cent, while Czech authorities reduced theirs to a record 4.75 per cent at the end of November.

In Poland, the central bank cut its key rate by 1.5 percentage points last month, bringing the total cut this year to 7.5 percentage points.

"The reduction in inflation, economic slowdown and the rate cuts in the United States and the euro-zone are behind the easing of monetary policy in central Europe," said Ivan Fabijancic, analyst at the Erste Bank in Vienna.

Analysts including the Organisation for Economic Cooperation and Development (OECD) have stressed that Europe's ex-communist region is well-placed to weather the current global slowdown.

"While economic activity slows in

these countries, as it will in their main European trading partner countries, the downturn may well be less pronounced than elsewhere," said the OECD last month.

In most countries monetary authorities are clearly more concerned about sustaining growth than fighting inflation, which is under control, according to experts.

In Poland inflation is running at 4 per cent, against 8 per cent a year

ago. In the Czech Republic, it has stagnated around 4 per cent for more than a year. In Hungary is expected to ease to 5 per cent in the next few months, compared to double-digit figures last June.

In Poland, which represents nearly half of central and eastern Europe's GDP, the central bank has kept rates high in recent months to damp down inflation.



An Archies gallery shop has been opened at Rifles Square in Dhanmondi recently. Artistes Opi Karim and Shahed jointly inaugurate the new branch. M Zahedi, Chairman, and Arup Kumar Das, Managing Director of Crosstime Greetings Ltd., sole distributor of Archies products in Bangladesh, were present at the opening ceremony.

## S'pore unemployment may exceed Asian crisis level

AFP, Singapore

Singapore's unemployment rate is expected to rise to 4.5 per cent this year -- exceeding levels during the Asian financial crisis -- and will worsen in 2002, the manpower ministry said Friday.

The city-state's deepening recession, induced by the US-led global economic slump, has hampered Singapore's workforce due to company closures, retrenchments and hiring freezes.

"With the protracted slump in global electronics and uncertainties in the US economy feeding deeper into the Singapore system, the positive earnings growth posted so far may come to a standstill when the year draws to a close as companies exercise wage restraint," the ministry said.

"Unemployment rate could rise to around 4.5 per cent by the end of the year and is expected to worsen in the year ahead as the next batch of new entrants join the labour market, adding to the existing pool

of job seekers," it said in a report.

This year's projected 4.5 per cent unemployment rate will exceed the 4.4 per cent recorded in 1998 at the height of the Asian financial crisis. During the crisis,

## Japan to forecast 'zero' growth for 2002

AFP, Tokyo

The Japanese government is expected to announce an economic growth forecast of zero per cent in real terms and nominal growth of minus 0.9 per cent for fiscal 2002, a news report said Friday.

"The government will likely avoid a projection of negative growth in real terms because the US economy is expected to start recovering in the second half of fiscal 2002," said the Nihon Keizai Shimbun newspaper, without citing sources.

Singapore was cushioned to some extent because of continuing strong technology exports to the US.

Singapore, previously one of Asia's most vibrant economies, fell into a recession in mid-2001 and is facing an expected 3.0 per cent contraction in its gross domestic product this year.

From January to September, 17,247 people were thrown out of jobs, nearly half of them in the three months to September alone when the unemployment rate accelerated to 3.8 per cent, the ministry said.

An expected 25,000 people are expected to have been retrenched for the entire year.

More than 60 per cent of those retrenched in the September quarter came from the manufacturing sector, which has borne the brunt of the downturn because of its dependence on electronics exports to the United States.

Last week, Singapore's National Wages Council issued new labour guidelines backing "severe" pay cuts to help companies ride out the recession, with retrenchments recommended only as a last resort.

## HP-Compaq merger battle sees more fireworks

AFP, San Francisco

The high-stakes battle over the merger of Hewlett-Packard and Compaq saw some more fireworks Thursday as a major stakeholder opposed to the deal took the first step toward a proxy fight against the merger.

Walter Hewlett, the son of William Hewlett, the deceased co-founder of technology giant Hewlett-Packard, said HP's plans to merge with Compaq would be torpedoed by investors if the proposal is put to a shareholder vote.

In a letter sent to HP's board of directors, Hewlett said there is a "very high probability" that the deal

would be defeated in a shareholder vote given the "enormous unhappiness" over the proposal.

The letter was attached to a proxy statement Hewlett sent to the Securities and Exchanges Commission Thursday, the first step toward a proxy fight he has vowed to wage against the deal.

"The handwriting is on the wall and it is clear. I urge that we serve the best interests of all our shareholders by a speedy, mutual unwinding of this transaction," he wrote.

A shareholder vote on the deal is likely to come in the early spring, according to analysts, but a firm date has yet to be set.

To mount a successful proxy fight, Hewlett must line up shareholders to oppose the deal. Heirs of the company's founders have all lined up against the deal, and foundations under their control hold about 18 per cent of the company's shares.

Richard A. Hackborn, a veteran HP director who also sits on the board of The Hewlett Foundation, resigned Thursday from the Foundation's board of directors because of Walter Hewlett's public opposition to the deal.

The Hewlett Foundation is a private philanthropic organization. Walter Hewlett is a prominent member of that foundation's board.

## Summit, Wartsila sign power deal with CCCGCL

Summit, a local company, and Wartsila Corporation of Finland have signed an agreement with Chittagong Cement Clinker Grinding Co Ltd on building and transferring (BT) a seven-megawatt power plant, says a press release.

The agreement was signed by Goran Richardson, Area Sales Manager of Wartsila, Jon R. Sigmond, General Manager of Chittagong Cement Clinker Grinding Co Ltd, and Mainul Abedin, Managing Director of Summit in the city on Wednesday.

Muhammed Aziz Khan, Chairman of Summit Group, was present on the occasion.

The approximate project cost is about Tk 21 crore.

The project is likely to be completed within 14 months and envisages using Wartsila's pure energy 34 SG environment friendly engines.

Summit Group has the experience of setting up more than four power plants in Bangladesh.

CCCGCL is the largest cement producer in Bangladesh.

## ECB to cut rates if inflation falls faster: Chief

AFP, Dusseldorf, Germany

European Central Bank President Wim Duisenberg dampened on Friday speculation of further monetary easing in the euro zone, saying that the bank would cut rates only if inflation comes down faster than expected.

"The ECB would only cut rates if we came to the conclusion that we would have to revise downwards our forecasts for inflation over the next one and a half years," Duisenberg told the business daily Handelsblatt.

The current level of borrowing costs in the 12-country euro zone was "appropriate" and was based on the ECB's current expectations regarding the development of inflation in 2002 and 2003, he said.

Euro is stronger than the deutchmark, laboratory tests show .

## Manufacturing sales down, inflation up in Malaysia

AFP, Kuala Lumpur

Malaysia's manufacturing sales fell 12.9 per cent year-on-year to 25.7 billion ringgit (6.7 billion dollars) in October, but rose 0.4 per cent from a month earlier, the government said Friday.

For the 10 months to October, manufacturing sales contracted 5.3 per cent to 260.9 billion ringgit from a year earlier, the Statistics Department said in a statement.

In October, some 992,796 workers were employed in the sector, down 4.9 per cent from the same month last year and 0.8 per cent lower than in September.

The November consumer price index (CPI) rose 1.5 per cent year-on-year and was up 0.8 per cent from a month earlier, the department said.

For the 11 months to November, the CPI rose 1.4 per cent from a year earlier due to increases in all indices except clothing and footwear which fell 2.6 per cent, and recreation, entertainment, education and cultural services which were 0.1 per cent lower.

Three main groups -- food; gross rent, fuel and power; and transport and communication -- collectively accounted for 89.3 per cent of the overall increase in the 11 months.

## China eyes record FDI this year

AFP, Beijing

Growth in realized foreign direct investment (FDI) into China fell in November, but officials are optimistic that a 15.6 per cent growth rate in the first 11 months of the year is enough to set a new annual record, state press said Friday.

China's actual FDI during the 11 months to November rose 15.6 per cent from a year earlier to 41.9 billion dollars, the China Daily reported, citing statistics from the Ministry of Foreign Trade and Economic Cooperation.

Contracted FDI during the 11 months rose 24.3 per cent from a year earlier to 60.41 billion dollars, it said.

According to data released last month, FDI to China in the first 10 months of the year was up 18.6 per cent over the same period in 2000 to 37.3 billion dollars.