Star
BUSINESS

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## Mark Bangladesh AGM held

The fourteenth annual general meeting of Mark Bangladesh Shailpa and Engineering Ltd was held in Gazipur on Wednesday, says a press release.

The AGM, presided over by company Chairman and Managing Director Imam Mulkutur Rahman, was attended by a large number of shareholders.

Among other issues, the AGM adopted the audited accounts of the company for the year ending June 30, 2001.

## S&P cuts rating on Fujitsu, Hitachi, Toshiba

**AFP,** *Tokyo*

Standard and Poor's cut the ratings on three Japanese hi-tech giants -- Fujitsu Ltd, Hitachi Ltd. and Toshiba Corp.--

on Thursday, blaming falling profitability and stiff competition.

The ratings agency said it cut Hitachi's long-term credit rating to A from A-plus with a negative outlook, and its short-term rating to A1 from A1-plus.

"The downgrade reflects a weakening in Hitachi's credit measures, particularly its profitability and cash flow protection, amid the stagnant global economy and intensifying competitive exacerbated by radical changes in the global manufacturing industry," it said in a statement.

It also cut the long term rating on Toshiba to BBB from BBB-plus, and its short term rating to A3 from A2 with a negative outlook, citing the company's "weakening profitability and cash flow protection, largely resulting from its weakening business base."

## Argentine stock market reopens

**AFP,** *Buenos Aires*

The Buenos Aires stock market reopened Friday for the first time this week after political and economic turmoil kept it closed.

## IBB holds AGM

The 28th annual general meeting of the Institute of Bankers, Bangladesh (IBB) was held at Pubali Bank auditorium in the city yesterday with Dr. Fakhruddin Ahmed, President of IBB Council and Governor of Bangladesh Bank, in the chair, says a press release.

The meting approved the annual report and audited accounts for 2000 and appointed auditor for 2001.

Dr. Fakhruddin Ahmed in his speech said with a view to enhancing the professional standard of the bankers of the country, other qualities should be developed among them side by side with acquiring knowledge.

Terming banking a service-oriented profession, he stressed the need for commitment, professionalism and ethical standard for development of this profession.

The meeting was also addressed, among others, by Md Rabiul Hossain, Managing Director of Sonali Bank, Khondkar Ibrahim Khaled, Managing Director of Pubali Bank Ltd., Murshid Kuli Khan, Managing Director of Janata Bank, and Md. Gousal Azam, Secretary General of IBB.

Members of the Institute, chief executives of different banks and financial institutions attended the AGM

## Japanese bank goes bankrupt

**AFP,** *Tokyo*

Japanese second-tier regional lender Ishikawa Bank Ltd. filed for bankruptcy Friday under the weight of massive bad loans, officials said.

"We acknowledge the failure of Ishikawa Bank," said an official of government financial regulator, the Financial Services Agency (FSA).

The bank's liabilities exceeded assets by 22.4 billion yen (171 million dollars) at the end of September.

Its consolidated capital-to-asset ratio stood at a staggering negative 6.37 percent, way below the four-percent threshold required for banks running domestic operations.

The FSA has been acting tough to weed out weak banks from the market as Japan will no longer guarantee full deposit protection under a new system in April 2002.

The so-called safety-net system only ensures deposit protection up to a limit of 10 million yen in the event of a bank collapse.

Financial Services Minister Hakuo Yanagisawa said it is Tokyo's responsibility to protect depositors from financially troubled banks.

"Any financial institutions, which open their business on April 1 next year, should be financially healthy and must win confidence from depositors," Yanagisawa told a news conference.

# OPEC cuts output by 1.5m bpd

**AFP,** *Cairo*

OPEC decided on Friday to cut its production by 1.5 million barrels per day (bpd) for six months starting in January, after its non-cartel rivals pledged to reduced their output, a spokesman told reporters in Cairo.

"The OPEC conference confirmed its decision to implement the previously announced reduction of its overall production level by an additional 1.5 million bpd for six months, effective first of January 2002," the spokesman said from a statement after a minsterial meeting of the 11-member Organisation of Petroleum Exporting Countries.

OPEC said it made the decision after "having reviewed the recent positive announcements from non-OPEC oil producers namely Angola, Mexico, Norway, Oman and the Russian Federation regarding their pledged reductions totalling 462,500 bpd and the current oil market situation."

The production cut had largely been anticipated by the markets as part of a strategy to prop up the price above 20 dollars per barrel.

The cut represents six percent of OPEC's total output of 25.5 million bpd, with Iraq's production included. OPEC's official ceiling excluding Iraq is 23.2 million bpd, representing one third of the world's total oil production.

OPEC flagged the cutback in November, but said it would only proceed if rivals outside the 11-nation grouping readied production cuts of their own. Non-OPEC countries have pledged to reduce output by some 460,000 bpd.

Oil experts consider that OPEC regularly exceeds declared output limits by 20 to 30 percent.

The cartel's oil ministers, notably the Saudi Arabia's Ali al-Nuaimi, had made it clear before the meeting that they would slash production between January 1 and June 30 of next year.

The price of oil opened slightly higher in London as the market digested news from Cairo that OPEC would rubber-stamp the output cutback.

A barrel of Brent North Sea crude for February delivery rose 36 cents to 20.70 dollars a barrel. Overnight the New York light sweet crude February contract eased 37 cents to 20.90 dollars a barrel.

"We have initiated a very important process" with the non-OPEC countries "to obtain their cooperation. It will have very important repercussions on the price stability in the future," OPEC president and Algerian Energy Minister Chakib Khelil told the press conference.

The OPEC statement stressed "the importance of adherence of all producers to their pledged reductions, and the need for their continued cooperation to achieve lasting market stability and a fair and equitable price for the welfare of the producers and consumers alike."

The cartel said it would monitor both the global economic situation and the demand and supply situation to ensure "the desired results."

Meanwhile, the secretary general of the organization, Ali Rodriguez, told reporters that a delegation of OPEC ministers would meet with Russian Prime Minister Mikhail Kasyanov in January

"I am going to Russia to coordinate our policies with non-OPEC countries. we are all facing some turbulences on the market, even Russia. we are going to exchange our views and our analysis," he said after the meeting.

The OPEC conference also scheduled its next meeting in Vienna on March 15.

The September 11 terror attacks in the United States coupled with a global economic slowdown have reduced demand for oil and brought prices to below 20 dollars a barrel, though they jumped by more than a dollar on Thursday as the market anticipated a slash in output from OPEC.

**M Syeduzzaman, Chairman of Bank Asia Ltd, formally inaugurates an ATM in Principal Office Branch premises of the bank at Motijheel in the city on Wednesday. KMA Shamim, Director of Electronic Transactions Network Ltd (ETN), Irteza Reza Chowdhury, Executive Vice President of Bank Asia Ltd, S M Shamsul Alam, Executive Vice President of Bank Asia Ltd (partial), Syed Anisul Huq, Managing Director of Bank Asia Ltd, Salahuddin Imam, Managing Director of ETN, and Kazi Baharul Islam, Advisor of Bank Asia, are also seen in the picture.**

### Bribery, mismanagement

# Court orders Samsung founder to pay $5.6m, executives $73.6m

**AFP,** *Seoul*

Executives at Samsung Electronics Co. have been ordered to pay 73.6 million dollars in damages to the company for causing heavy losses through their mismanagement, court officials said Friday.

In a landmark ruling, the Suwon District Court also ordered the founder of the Samsung Group, Lee Kun-Hee, to refund 7.5 billion won (5.6 million dollars) of company funds given in bribes to former president Roh Tae-Woo.

"Criminal acts like offering bribes cannot be allowed as a legitimate means of business operations and decisions, even if... such unlawful actions could eventually be beneficial to the corporation," the court said.

Thursday's decision marked the first time that executives and an owner of a business group have been held directly responsible for causing losses by subsidizing sinking affiliates and bribing politicians, commentators said.

The ruling, which came after a court battle lasting three years and two months, marked a major victory for activists who filed the lawsuit to boost the often ignored rights of small shareholders.

A group of minority shareholders, led by the People's Solidarity for Participatory Democracy (PSPD), filed the suit against Samsung Electronics board members, seeking 350 billion won in damages.

But the court ruled that nine incumbent and former Samsung Electronics board members and Lee Kun-Hee must pay back a total of 97.76 billion won (73.6 million dollars), including 7.5 billion won bribes refund by Lee, to the company

According to the court, Samsung Electronics directors in March 1997 hastily decided to acquire a firm whose financial stability was already questionable.

The acquired firm went bankrupt in less than two years, causing a loss of 27.6 billion won to Samsung Electronics. The court ordered the directors to pay back that amount in compensation.

They were also told to repay 62.66 billion won for selling 20 million shares of Samsung General Chemicals (SGC) at a discounted price to two Samsung affiliates in December 1994 as part of a corporate restructuring exercise.

"Unfair transactions by chaebol to give favors to their own affiliates have been major obstacles to the development of the country's market economy," Senior Judge Kim Chang-Suk told journalists after the ruling.

"Even if those in-house transactions benefit the group as a whole, each unit of the group must put priority on its shareholders' interest," he said.

Economist Chang Ha-Sung of PSDP said the court decision would help free company boards from the dominance of chaebol, South Korea's family-controlled conglomerates, and introduce further transparency to corporate governance.

"Because of Thursday's ruling, company executives will from now feel pressured to exercise their own discretion in making managerial decisions, even when they are told to do this or that by chaebol owners," Chang said.

Lee Kun-Hee was further ordered to return to the company the 7.5 billion won in diverted funds used to bribe then president Roh Tae-Woo between March 1988 and August 1992.

The directors and the victorious shareholders both plan to appeal the ruling. The PSPD said the damages awarded were too small and Lee Kun-Hee should also pay damages for the two ill-advised management decisions as well as refunding the bribe.

## Weekly Currency Roundup

December 23-27, 2001

Trading in the local foreign exchange market was moderate.

In the weekly treasury bill auction held on Sunday, Bangladesh Bank accepted treasury bills worth of BDT 4.14 billion only against a maturity of BDT 1.69 billion during the week. The call money rate climbed as high as 15 per cent during the week, closing the average at 10 per cent. The weekly low in the call money rates was 5 per cent.

The international market this week saw yen toppling beyond 130 levels. Earlier in the week, yen continued its downward journey against US dollar due to attacks from every economic front namely declining consumer confidence, income, exports and productions. Yen's plunge was escalated following publication of data which showed Japan's trade surplus fell 16.3 per cent on year-to-year basis in November. Dollar also gained against the European single currency.

In the middle of the week, dollar's three-week rally was paused due to complaints from Japan's Asian trading partners China, South Korea over the falling yen. Recent comments from senior Japanese ministry officials reemphasised the apprehension that more fall in yen beyond this level is undesirable and appropriate actions would be taken if necessary. Meanwhile, euro continued in its slide against dollar as traders used Argentina's debt default as an excuse to sell euro.

Later in the week, dollar was in the upbeat against he yen, unable to break beyond 131 levels amid concerns over resistance from Japan's Asian neighbours towards the weakening yen. Dollar gained almost 7 yen, up to 130 level. However, traders in general were reluctant to push yen further down since Japan's Asian trading partners are voicing universal opposition over plunging yen.

At 1335 hrs on Thursday, euro traded at 0.8796/01 against dollar, pound sterling at 1.4481/86 and yen traded at 131.70/75 against dollar.

**--Standard Chartered Bank.**

## ATM opens at Bank Asia's principal branch

An ATM (automated teller machine) was inaugurated in the premises of Bank Asia's Principal Office branch at Motijheel in the city on Wednesday, says a press release.

The ATM was installed by Electronic Transaction Network Ltd, a sister concern of United Group, under its Electroways Network, enabling all card holders of member banks to make electronic transaction like cash withdrawal, utility bill payment and account balance inquiry.

Cash Management of the ATM are being carried out by Bank Asia.

M Syeduzzaman, Chairman of Bank Asia, formally inaugurated the ATM by withdrawing cash using his card.

## Thai exports fall 12.8pc

**AFP,** *Bangkok*

Thai exports fell 12.8 percent in November from the same period last year, according to figures released Friday which showed how hard the economy is struggling to come out of its troubles.

The trade surplus also shrank along with manufacturing output growth, but the Bank of Thailand (BoT) said the balance of payments and current account surpluses were still better in November than October.

November exports came down to 5.27 billion dollars from 5.28 billion dollars in October, said the BoT's monthly report of key indicators.

Exports for the year are expected to fall 6.5-7.0 percent, BoT director Krirk-krai Jirapaet was quoted as saying Friday by The Nation newspaper.


PHOTO: **IBB**

**Picture shows (from left) Md Ruhul Amin, Dy. Governor of Bangladesh Bank, Md. Rabiul Hossain, MD of Sonali Bank, Md. Gousal Azam, Secretary General of The Institute of Bankers, Bangladesh (IBB), Dr Fakhruddin Ahmed, Governor of Bangladesh Bank, Khondkar Ibrahim Khaled, MD of Pubali Bank Ltd., Ghiasuddin Ahmed, ex-MD of ICB, and Murshid Kuli Khan, MD of Janata Bank, at 28th AGM of the IBB.**

# *Dotcom death toll doubles in 2001*

**AP,** *San Francisco*

The dotcom death toll more than doubled this year, with at least 537 Internet companies worldwide either going out of business or seeking refuge in bankruptcy court, according to statistics released Thursday.

This year's casualties joined 225 dot-coms that perished during 2000, said Webmergers.com, a San Francisco-based deal maker that has tracked the rise and fall of the Internet economy.

But the worst may be over.

Only 21 Internet companies have failed in each of the past two months, the lowest mortality rate since 10 dot-coms failed in August 2000.

The recent drop-off has prompted some observers to conclude that most dot-coms have already been wiped out, but Webmergers said that perception is wrong.

The site estimates that 7,000 to 10,000 Internet companies remain in operation. That means the financial devastation of the past two years has claimed no more than 10 per cent of the sector, leaving behind a stronger and possibly wiser group of survivors.

# Japan's economic woes continue with record unemployment, falling prices

**AFP,** *Tokyo*

Japan's year looked to be closing on a depressing note Friday as new unemployment figures showed a record high of 5.5 percent reached in November, with predictions of worse to come.

Adding to the country's woes, the 27th consecutive monthly fall in nationwide consumer prices also raised the spectre of deflation.

"Japan is now in a classic recessionary period," said Hisashi Yamada, economist with the Japan Research Institute (JRI). "The job situation, falling prices, and a number of other economic indicators are simply reflecting that."

The number of unemployed grew 410,000 to 3.50 million in November from a year earlier, the Ministry of Public Management, Home Affairs, Posts and Telecommunications said Friday.

The jobless rate, setting a record high for the third consecutive month, topping October's figure of 5.4 percent.

Further raising concerns, the number of unemployed heads of households rose by 180,000 to 1.01 million, with their jobless rate standing at 3.8 percent, the ministry said. This was also a record high since 1953 when the government started compiling unemployment data.

HSBC Securities economist, Peter Morgan, said the rise of the unemployment figure showed the recession was deepening.

"The weakening of the labour market suggests that corporate bankruptcies and restructuring are accelerating," he said.

Japanese Prime Minister Junichiro Koizumi said rising unemployment was "the biggest issue facing the Japanese economy at the moment."

"We need to adopt a dual strategy. We must address the question of what we can do to help the unemployed ... and the question of how to create new jobs," Koizumi told reporters.

JRI's Yamada said the only way out of a recession was for the government to promote structural reforms.

Yasuaki Kudamatsu, an economist at the Tsubasa Research Institute, said the employment situation was set to worsen, however.

Kudamatsu said Japanese firms have been reducing production levels since the summer so they need fewer people.

"We expect Japan's average unemployment rate in the year to March 2003 to be 6.5 percent. This is estimated to reach 7.3 percent in the year to March 2004," he said.

"In the next two years, banks will go through a intense period of processing bad loans. That means the number of bankruptcies will increase, while corporate earnings deteriorate," he said.

HSBC's Morgan said he expected the jobless rate to hit six percent by the middle of 2002.

There was more bad news as Japanese consumer prices in November fell 1.0 percent from a year earlier in the 27th consecutive monthly fall, the ministry said, raising fears of a deflationary spiral.

Consumer prices in Tokyo, a leading indicator of nationwide inflation, fell 1.5 percent year-on-year in December, following a revised fall of 1.3 percent in the previous month.

Morgan said the figures understated the gravity of the situation and the sluggish economy could lead to bigger price drops in the near future.

"We estimate that the CPI (consumer price index) still underestimates the actual degree of deflation..." Morgan said.

"The main reasons are the CPI does not include prices for short-term sale items, despite the fact that such sales are becoming increasingly common, and it does not adjust adequately for quality changes."

A key economic minister said, however, the government has taken measures to prevent a deflation freefall.

"It is not true to say all price figures are moving in a downward direction," Heizo Takenaka, state minister for economic and fiscal policy.

"We can prevent the Japanese economy from falling into a (deflationary) spiral because the government has compiled a supplementary budget for the current fiscal year," Takenaka said.

Even though unemployment is rising, Japanese salary-earning household spending rose 3.6 percent year-on-year in November, marked the second straight monthly rise.

But the government attributed the increase to the impact of the September 11 terrorist attacks rather than improved consumer sentiment.

Since the attacks, many Japanese have stopped travelling aborad, diverting cash to the domestic economy.

# China sees global slump posing big threat to 2002 exports

**AFP,** *Beijing*

China's foreign trade minister sounded the alarm bells over exports next year, warning the global slump could pose a bigger threat than the Asian financial crisis, state media said Friday.

The warning came at the same time the government admitted it had been forced to revise down its forecast for export growth in 2001, and as a plunging Japanese yen sent jitters throughout the region.

"The prospects for China's foreign trade next year are shrouded with uncertainties," Shi Guangsheng told a national trade conference, according to the China Daily.

"A declining world economy could have a worse impact on China's foreign trade than the 1997 Southeast Asian financial crisis," he said.

If Shi's words were to be taken entirely at face value, this would indeed be a grim scenario.

In 1998, as the Asian financial crisis sent ripples across the globe, China's export growth plunged to a 15-year low of 0.5 percent.

But analysts said Friday the foreign trade ministry has a track record of setting very conservative targets at the beginning of a new year.

That makes objectives easier to reach and saves the ministry from becoming a scapegoat, if the Chinese economy fails to reach its overall growth target, which is seven percent next year.

"Shi is saying, 'don't make this too hard for me'," said Chen Xingdong, chief economist with BNP Paribas Peregrine Securities in Beijing.

"He is not comfortable with making too much of a commitment," said Chen, who foresees export growth next year of three to seven percent.

A ranking official at the foreign trade ministry made the same comparison with the late-1990s regional crisis as early as May but this year's trade growth has still fallen below the government target .

In the middle of the year, the foreign trade ministry still believed it would be able to post eight percent export growth.

The most recent prediction, given by minister Shi at this week's conference, chops that forecast almost in half to just five percent, compared with 27.8 percent in 2000.

A new element of uncertainty has been added over the past few days with the rapidly falling Japanese currency.

The yen has lost more than four percent for the past two weeks as investors, disappointed at the worsening Japanese economy, have continued selling the currency against the dollar.

Tokyo has not tried to stem the decline, and Economic and Fiscal Policy Minister Heizo Takenaka said Thursday the level of the yen was in line with economic fundamentals.

Japan is China's largest trading partner and its third-largest export market. Beijing is clearly keen to avoid a grave challenge to its beleaguered exporters.

"Everyone should play a responsible role in the revitalization of the world economy and make their own contribution," Zhang Qiyue, the Chinese foreign ministry's spokeswoman said at a regular briefing Thursday.

"Japan is a major country in Asia, and should play its role in the promotion of the economic development in Asia and stabilization of the Asian economy," she said.

China received much praise in the late 1990s for keeping its currency stable, despite competitive devaluations throughout the region.

Analysts said China would again probably avoid devaluing its currency, the yuan, even if the declining yen were to cause other Asian economies to let their currencies fall.

"A falling yen is not good for China's economy at all, and it's not good for Asia," said BNP Paribas Peregrine's Chen.