

New BB deputy governor

UNB, Dhaka

Allah Malik Kazemi took over as Deputy Governor of Bangladesh Bank (BB) yesterday.

Before taking over as BB deputy governor, Kazemi was an executive director of the central bank.

Southeast Bank arranges Tk 15cr syndicated loan for cement plant

Southeast Bank Limited has arranged a syndicated term loan of Tk 15 crore to set up a 180,000-TPA capacity cement project at Narayangani, says a press release.

Arab Bangladesh Bank Ltd and EXIM Bank of Bangladesh are co-arrangers of the syndication.

The cement plant, has been sponsored by Mir Zahir Hossain -- an entrepreneur in the construction business.

The facility agreement was signed recently by Southeast Bank Limited, Arab Bangladesh Bank Limited, EXIM Bank Limited and Mir Cement Limited.

Shah Md Nurul Alam, President and Managing Director of Southeast Bank Limited, Abu Haniff Khan, Joint Managing Director of Arab Bangladesh Bank Limited, Mohammed Lakiotullah, Managing Director of EXIM Bank of Bangladesh Limited, and Mir Zahir Hossain, Managing Director of Mir Cement Limited, signed on behalf of their respective sides.

SIA to continue spreading wings despite setbacks

AFP, Singapore

Singapore Airlines (SIA) must continue to spread its wings across the globe despite recent turbulence in the industry, its chief executive said.

Cheong Choong Kong said in a New Year's message to staff seen Wednesday that expansion overseas was key to increasing returns because Singapore's domestic market was too small for the airline, one of the biggest in Asia.

SIA could post its first full-year loss in the current financial year ending in March 2002 due to the impact of the travel industry slump sparked by the September 11 terrorist attacks in the United States, and a debacle in SIA's investments in Air New Zealand, he said.

"There is no denying that our mission has suffered a major setback but we have always warned that the path to globalisation is strewn with risk," he said in his message published in this month's issue of the SIA newsletter, Outlook.

"The alternative of carrying on as usual, with our fortunes reliant solely on operations based in Singapore, would mean stagnation

Shell set to spend \$7.5b more in Nigeria

AFP, Lagos

Anglo-Dutch oil group Shell is in the final stages of planning a massive new 7.5 billion dollar (8.3 billion euro) investment in the Nigerian oil and gas sector, a company official said Tuesday.

The money -- if given final approval by the European company's headquarters -- would be invested over the next six years to 2008, coming on top of the 8.5 billion dollars committed to Shell's oil operations under a five-year plan announced in 1999.

"It is new money. It is under consideration. We are awaiting the final investment decision but this is certainly in the planning," said a senior official, confirming newspaper reports.

The newspaper This Day reported Tuesday that Shell was planning to invest 7.5 billion dollars in Nigerian operations along with its partners in a major gas sector joint venture.

Shell, the largest foreign oil operation in Nigeria, is the main player in the multinational liquefied natural gas company Nigeria LNG, operated by Shell, the Nigerian National Petroleum Corporation (NNPC), French group TotalFinaElf and Italy's Agip.

The Shell official said Tuesday the money, if finally approved, would go first to building a fourth and fifth production unit at the LNG plant at Bonny in southeast Nigeria.

Part of the aim would be a reduction in the flaring-off of gas, an industry practice which is much criticised by environmentalists.

And another part of the money would be directed to increasing oil production.

Bank stocks soar breaking historical limits

SEC cautions investors against making investment based on profit figures

M SHAMSUR RAHMAN

When most of the blue chip stocks appeared sluggish last week, investors put their hopes on banking stocks, pulling the prices higher and, in some cases, breaking historical limits.

The year-end provisional corporate announcements from banks proved to be positive for the market, resulting in renewed interest of the investors. During the week, Dhaka Bank jumped eight per cent, NBL and AB Bank five per cent each, Prime Bank four per cent and NCCBL three per cent.

Amid such investors' craze, the Securities and Exchange Commission (SEC) has cautioned investors against making investment decisions based only on profit figures released by different commercial banks.

In a statement, the capital market watchdog Tuesday said such profits may be reduced by a huge margin once actual provisioning is done, especially against the huge default loans.

"Even such profits may actually turn into net loss after the adjustment. And such figures are

also subject to proper audit," the statement said, asking investors to be cautious on investment based on the announcements.

An analysis of the last year's corporate performance of the listed companies shows that nine bank companies made their positions in top 10 major gainers' list of DSE.

Utara Bank topped the list with a net 300.88 per cent gain, followed by UCBL with 162.65 per cent gain.

The rests are Pubali Bank with 124.69 per cent, AB Bank 119.65 per cent, City Bank 112.59 per cent, Social Investment Bank 110.80 per cent, Southeast Bank 100.75 per cent, Dhaka Bank 91.51 per cent and NCC Bank 87.87 per cent.

Asked, a leading stock market analyst said during the year 2001, investors were expecting a bullish market with the change of government like what happened in 1996.

"For this very reason the market witnessed bullish trend till handover of power to the new government and investors took early position in the market. And once the new government took over the investors wanted to cash their profit,

triggering a huge sale pressure that resulted in an overall slide in the index," the analyst said seeking anonymity.

He said such attitude shows that most of the investors seek short-term capital gain on their investments. "And as the banking sector declared maximum dividend last year, the investors found it safe to invest in the sector for short time capital gain."

In 2001, banking sector announced maximum dividend compared to any other sectors. Such disclosures saw banks stocks soaring with improved turnover.

According to another capital market expert, the banks have actually started making profits, thanks to the reforms carried out in the last decade and constant monitoring and supervision by the central bank.

He said the sponsors have also started taking return on their investment through dividend declaration which has drawn attention of the investors in the sector, resulting in pulling the bank prices to all time highs.



Shah Md. Nurul Alam, President and Managing Director of Southeast Bank Limited (3rd from right), Abu Haniff Khan, Joint Managing Director of Arab Bangladesh Bank Limited (2nd from left) Mohammed Lakiotullah, Managing Director of EXIM Bank of Bangladesh Limited (2nd from right), and Mir Zahir Hossain, Managing Director of Mir Cement Limited (3rd from the left), sign a syndicated term loan agreement in the city recently to set up the cement project.

BGMEA to intensify efforts to win greater access to US

BSS, Dhaka

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is to intensify its efforts at home and abroad to help the highest export earning sector survive the ongoing slump in export and win greater preferential market access.

Talking to BSS, BGMEA President Kutubuddin Ahmed yesterday said the current situation that led to the closure of large number of garment factories throwing a good number of workers out of job as part of a chain impact of September 11 terrorist attacks in the United States will be placed before the US congressmen during their visit to Bangladesh from Friday.

Joseph Crowley, Co-chair and Jim McDermott, a member of the 17-member Congressional Bangladesh Caucus in the US House of Representatives, will arrive tomorrow on a four-day visit.

The Bangladeshi Caucus was formed in March last year to win duty and quota-free access of its garment products to the US market pushing through a legislation, the USTDA-2000, which gave 72 African and Caribbean basin nations duty free access to the USA.

BGMEA appointed a professional lobbyist firm last year to pursue the country's case with the Congress and the US Administration.

Kutubuddin expressed hope that the visit, first of its kind by the US Congressmen, will strengthen Bangladesh efforts for preferential market access to the USA.

Besides meeting a number of other dignitaries, Crowley and McDermott, will hold talks with the commerce minister, state minister for textile and the BGMEA leaders.

The US lawmakers will also meet the garment workers and visit some garment factories in and around the city during their stay.

Kutubuddin said the US delegation would be like a fact-finding mission to have an on the spot assessment of the current plight of the garment exporters and the workers who become the ultimate victims of the business downturn.

"The co-chair and the member of the caucus would get a better insight of the state of garment exports to pursue our case of market access in the USA," he added.

Meanwhile, the BGMEA has decided to launch a garment caucus shortly in the Jatiya Sangsad to garner more support for the causes

of the garment sector, now directly feeding an estimated 15 lakh workers, Kutubuddin Ahmed said.

Asked on government role in the situation, he said the government has responded to the needs of the sector immediately after its help was sought while BGMEA was now eagerly waiting for a government announcement containing a package of measures to save the sector from the present tangle.

The BGMEA president expressed his gratitude to Prime Minister Begum Khaleda Zia for giving quick and timely directives to take measures for salvation of the sector.

According to figures released by the BGMEA and the Export Promotion Bureau (EPB) total garment export of Bangladesh stood at \$4.86 billion in the last fiscal. The country exported garment products worth \$2.19 billion to the USA, the single largest importer, in the same fiscal.

Garment export to USA from January to October, 2000 was \$1.85 billion, which went down to \$1.59 billion in the period from January to October 2001 registering a downward growth trend from 20 per cent to 13.28 per cent annually.

Bangladesh cell phone users to top 10m within 2 years

President of Ericsson Asia Pacific tells The Daily Star

SHAHRIAR KARIM

On the back of recent rapid growth in mobile telephony in the country President of Ericsson Asia Pacific, Ragnar Bäck, believes that the mobile telephone subscribers here will reach 10 million figures in next two to three years.

"Over the last three years, the mobile telephone market has really boomed in Bangladesh. The number of mobile subscribers is doubling each year. We predict the potential market size will be of 10 million subscribers in a foreseeable future, to be precise two to three years", Ragnar Bäck, in an exclusive interview, told The Daily Star yesterday.

Ericsson's Asia Pacific region chief came to Dhaka Monday on a three-day visit and had meetings with the telecommunications minister, government officials and local mobile operators. Bäck left the country yesterday afternoon.

Bäck's prediction for a robust mobile telephone market growth in Bangladesh is based on a study carried out by some companies on behalf of Ericsson.

But to reach that mark Bangladesh has to further deregulate telecommunication sector and allow more mobile operators to cater to the need of burgeoning market, Ericsson's Asia Pacific region chief said.

Even in the global context, Bäck, who is also the Executive Vice President of Ericsson Group, believes that there will be more people embracing mobile phones than fixed-line phones in 2002. "This also had happened in 2001 in Bangladesh when the number of mobile subscribers exceeded the number of users of fixed lines."

Now there are more than 654,000 active mobile phone users in the country with a growth rate of 133 per cent in 2001. With this growth the clientele base of the private mobile operators outnumbered the customers of state-owned Bangladesh Telegraph and Telephone Board (BTB). The BTB now has 590,000 subscribers.

Talking on his company's presence in Bangladesh, Bäck said Ericsson is the largest infrastructure provider for mobile telephony in Bangladesh and committed to continuously supporting the cus-

tomers and vigorously expanding business.

"We are very pleased with our achievements in Bangladesh, where all three mobile operators -- Grameen Phone, AKTel and Sheba Telecom-- are using Ericsson equipment and thus 90 per cent of mobile subscribers are connected by Ericsson", he said.

He also said new technologies, like mobile packet-data or GPRS, are changing the way operators create revenues, and opening up scopes for new players.

The GPRS is a packet-based technology that enables high-speed wireless Internet and data communications.

"The benefit of the GPRS is that it 'supercharges' the mobile Internet, making access to mobile data faster, cheaper and more convenient, and it is always on connectivity. The main thing is that it is very

much user friendly," he said.

Bäck said it could take some time to introduce the GPRS in Bangladesh, as the operators have to upgrade their infrastructure. "We have had talks with a few mobile operators here and I hope the system will be available in the near future."

He also focussed on the shift to third generation (3G) mobile phones. The GPRS and 3G will bring increased convenience, allowing us to be always on-line, he added.

Mobile Internet also opens up new channels for information and entertainment services such as on-line news and information and interactive on-line games and music, besides convenient and secure transactions in banking, ticketing and shopping.

He also mentioned Asia Pacific has experienced an incredible growth in mobile communications and Internet in the recent years. China is now the world's largest telecom market. Japan has developed into the world's largest market for mobile Internet. Taiwan and Hong Kong are now among the world's few markets that have more than 80 per cent penetration of mobile telephony.

Later, Ragnar Bäck also addressed a press conference in the city. Mats Bostrup, Managing Director of Ericsson Bangladesh, was also present on the occasion.



A four-member delegation from the Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) met Commerce Minister Amir Khasru Mahmud Chowdhury at his office Tuesday. Picture shows (from left) Md. Asad Ullah, Councillor, Mohd. Sanaullah, Vice President, Muzaffar Ahmed, President and AKA Muqtadir, Senior Vice President of the Institute, with the minister (C).

Japan proposes broad economic alliance with ASEAN countries

AFP, Manila

Prime Minister Junichiro Koizumi proposed Wednesday at the start of his Southeast Asian tour to form a comprehensive economic alliance with ASEAN partners, officials said.

Koizumi made the proposal during talks with Philippine President Gloria Arroyo at the Malacanang presidential palace in Manila, the first stop of his week-long trip to the region.

Aside from the Philippines, he will visit four other key members of the Association of Southeast Asian Nations (ASEAN) -- Indonesia,

Malaysia, Singapore and Thailand. "I would like to propose a Japan-ASEAN comprehensive economic alliance initiative, which aims to strengthen economic links on broad issues," Koizumi told Arroyo, according to a Japanese government official.

"I would like to seek an agreement on the plan during leaders' meeting" between Japan and ASEAN members, the Japanese premier said without setting any deadline.

"President Arroyo said she praises the comprehensive economic cooperation" proposed by

Koizumi, the official said, adding that she stopped short of commenting further.

Koizumi said the planned alliance may include a free trade accord. In October, Japan and Singapore completed negotiations to launch a bilateral free trade accord, the first ever for the world's second-biggest economy.

Analysts said Koizumi planned to use this trip to boost Japan's profile in the region in a bid to counter China's intensified dialogue with ASEAN members.

Japan was left out in the cold in November when China and ASEAN

agreed to create the world's most populous free trade bloc within 10 years, covering two billion consumers.

"I conveyed my message that we would like to cooperate with ASEAN as open and sincere partners so that we can act together and advance together in the future," Koizumi told a joint news conference with Arroyo after their talks.

He said: "We were able to confirm our common understanding on various issues and agreed to continue our cooperation. This is significant and wonderful for the two countries, ASEAN and the entire region."

ICSMB team meets Khosru

A four-member delegation from the Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) met Commerce Minister Amir Khasru Mahmud Chowdhury at his office Tuesday, says a press release.

The delegation, comprising Muzaffar Ahmed, President A K A Muqtadir, Senior Vice President, Mohd Sanaullah, Vice President, and Md Asad Ullah, Councillor of the Institute, discussed various issues relating to the profession of company secretaries vis-a-vis enactment of the proposed Chartered Secretaries Act with the Minister.

The team highlighted the need and urgency of the legislation for smooth outgrowth of the profession and ultimate development in corporate management.

AFP, Bangalore, India

Indian businessmen are hoping to revive an ancient barter trade with Afghanistan by exporting rice and sugar in exchange for dry fruits.

Indian industry officials said Tuesday that direct trade, which was completely choked under the Taliban regime, could resume under the new interim Afghan government.

"There is a huge opportunity for trade with Afghanistan which could take off through barter," Dhruv Sawhney, chairman and managing director of Triveni Engineering and Industries Limited, told AFP.

"The status right now is that banking is not operable in Afghanistan. India can have the first-mover advantage."

India, which had supported the

Northern Alliance in its fight against the routed Taliban government, was one of the first countries to open its mission in Kabul and is slated to appoint an ambassador soon.

On November 21, India despatched its first diplomatic team to Kabul, comprising diplomats, military doctors, nurses and assistance staff with medicines.

New Delhi also announced it was extending a 100-million-dollar line of credit line Kabul for reconstruction activities.

The Confederation of Indian Industry (CII), India's top trade body, is also planning to open an office in Kabul shortly to renew trade links.

But there are some obvious hurdles Indian businessmen will face, such as the lack of a common

border and the non-availability of banking and credit facilities in Afghanistan.

Indian traders will also have to vye with competition from Afghanistan's neighbouring nations -- Pakistan, Iran, Uzbekistan, Russia and Turkey.

"Barter is a viable alternative. Commodities and other goods are needed both ways," Sawhney said. "Dry fruits is one area where there is lot of scope. To begin with, we can sell sugar, rice, wheat and other commodities."

Officials said cutting out middlemen through direct trade would translate into a huge savings in costs and shipment time.

The chairman of Wartsila India Limited, Subodh Bhargava, said the Indian government must quickly take steps to enable barter.

Pakistan cuts rice output estimate by 1m tonnes

REUTERS, Karachi

Drought-hit Pakistan has reduced its rice output estimate for the current 2001/02 fiscal year (July/June) by one million tonnes to 3.74 million tonnes due to severe irrigation water shortages, a senior official said Tuesday.

Pakistan, an overwhelmingly agriculture-based economy, has faced severe irrigation water shortages over the last three years because of poor rains.

"We estimate rice production will drop by at least by one million tonnes because of water shortages, which was over 51 per cent in some rice cultivation areas," the official, who asked not to be identified, told Reuters from Islamabad.

Pakistan's Agriculture and Food Ministry was forecasting 4.8 million tonnes from the new crop, against annual domestic demand of 2.3 million tonnes.

During 2000-01 Pakistan's rice

output was 4.8 million tonnes, 6.8 per cent down on the previous year.

The official said irrigation water shortage during the sowing period had hit the rice crop in southern Sindh province, the main producer of IRRI-6 variety.

"The IRSA (Indus River System Authority) had informed the ministry that the rice season would face over 50 per cent water shortage, which has badly hit the IRRI-6 production in Sindh," official added.

"The production had dropped to 1.1 million tonnes from 1.6 million tonnes last year in Sindh while other varieties, including Basmati were also affected."

IRSA manages water supplies nationwide from reservoirs in Pakistan's four provinces.

The official, however, said one million tonnes less harvest than last year would not affect the domestic availability of rice, mainly due to stockpiles carried over from the previous year.

Pakistan's rice crop year usually runs from April to November, but sowing of the current crop was delayed due to water shortages.

Pakistan estimates a 48-50 per cent shortage of irrigation water during the current winter crops-sugarcane and cotton.

The official said ongoing drought could force sugarcane growers in Sindh and Punjab provinces to switch to less water-intensive wheat growing.

"The ministry is pushing hard to start the sowing season on schedule and has asked the IRSA to make available adequate water," he said.

The country's key agriculture sector grew only 2.1 per cent in fiscal 2000/01 compared to 6.1 per cent the previous year due to a severe drought.

The agriculture sector is the leading indicator in the country's GDP, accounting for 24.7 per cent during 2000/01.