

Bangladesh to get Tk 197.1 cr from Japan

Japan and Bangladesh on Thursday signed an agreement concerning Japanese grant aid for debt relief amounting to Tk 197.1 crore, says a press release.

A deal to this effect was signed by Jiro Kobayashi, Ambassador of Japan to Bangladesh, and Anisul Huq Chowdhury, Secretary of Economic Relations Division, in Dhaka.

For least developed countries, Japan instead of reducing the debt, offers grant aid which is the same amount of the debt repayment. In this aspect, the grant will enable the recipient country to purchase commodities and equipment from all the developing countries and territories covered by the Statistical Reporting Directives of the DAC except Bangladesh and all member countries of the Organisation for Economic Cooperation and Development (OECD), the release said.

Agrani Bank Panthapath branch opens

Agrani Bank has opened a new branch at Panthapath in the city, says a press release.

The Chairman of the Board of Directors of the bank, M Ahsanul Haque, inaugurated the branch as chief guest on Thursday.

The Managing Director of the bank, A S M Imdadul Haque, Directors of the Board Syed Mushtaq and Khondkar Tajuddin Ahmed attended the opening ceremony as special guests.

With this, the total number of branches of the bank stands at 903.

General Managers Akhter Ayesha Khanom, Kazi Mominul Islam, concerned Circle General Manager Anish Kumar Sarkar and Zonal Head & Deputy General Manager Kazi A K M Jesim, invited Deputy General Managers, Assistant General Managers, Branch Managers and clients were present at the function.

The Chairman of the bank and the Managing Director also spoke on the occasion.

Northwest, US Airways face heavy losses

AFP, Washington

Two more US airlines -- Northwest Airlines and US Airways -- reported heavy losses Thursday as the industry reeled from a recession and the September 11 terror attacks.

Both carriers dived into steep losses for the fourth quarter of 2001 and took a loss for the entire year as passengers fled the skies in the wake of the airborne onslaught.

Already this week, the AMR parent of the world's biggest carrier, American Airlines, and the fifth-biggest Continental Airlines have announced huge losses for 2001.

Only United Airlines and Delta Air Lines have yet to post results among the top carriers.

In a sign of the turbulent times, Delta said it would take delivery of only 13 new aircraft in 2002 and 2003, compared with the 52 aircraft originally planned.

Northwest, the fourth-largest US carrier, said it lost a net 216 million dollars in the October-December period after posting a net loss of 69 million dollars a year earlier.

IBM net profit falls 13pc in fourth quarter

AFP, Armonk, New York

IBM said Thursday net profit plunged 13 per cent in the fourth quarter of 2001, dragging down earnings for the full year in a stagnant personal computer market.

The year ahead also looked tough, it warned.

In the October-December quarter, net profit dived 12.7 per cent to 2.33 billion dollars, International Business Machines Corp. said in a statement.

Earnings per share in the fourth quarter came to 1.33 dollars, down from 1.48 dollars a year earlier but marginally better than the market forecast for earnings of 1.32 dollars.

Sales dived 10.9 per cent to 22.83 billion dollars.

"We have had our share of challenges," IBM chairman and chief executive Louis Gerstner said in a statement, citing the slow computer sales and weak original equipment manufacturing.

Remittance inflow may dip as labour markets dull

ADB quarterly report on Bangladesh says

UNB, Dhaka

Asian Development Bank foresees an erratic prospect of remittance inflow into Bangladesh following economic slowdown in the manpower importing countries.

"It is uncertain whether the country can sustain the recent spurt in remittances," said the development partner in an appraisal of the country's economic straits.

The "Quarterly Economic Update Bangladesh" released here Thursday said the ongoing recession in the world economy would have adverse impact on recruitment of labour from labour exporting countries, including Bangladesh.

"The economic downswing in most labour importing countries is believed to have depressed wages paid to unskilled and semi-skilled labour," it said. The tragic event of 11 September attacks on the USA further aggravated the decline in labour demand.

On a month-by-month comparison, the number of persons leaving the country for overseas employment dropped significantly in 2001 over the previous year.

The downturn continued from February to October 2001. The number of professional and skilled workers declined substantially compared

with that in the previous year.

"It is likely that demand for labour in the Western countries from countries like Bangladesh will continue to be low in the near future," said the Asian Bank in its assessment report.

Even if a recovery in the world economy is achieved by mid-2002, it is possible that the effects of September 11 incidents and their fallout will linger, constraining labour demand particularly for the unskilled and semi-skilled workers that Bangladesh mostly exports.

The report said flow of remittances during July-November of FY 2002 increased 21 per cent over the corresponding period of the previous year due to a combination of measures taken by Bangladesh Bank.

Bangladesh's overseas workers contribute immensely to the economy with strong positive impact on economic growth, employment, and balance of payments indicator.

Since 1976, about 3.3 million workers have gone abroad and cumulative remittances amounted to around \$21 billion.

From a meagre \$576 million in 1986, the volume of remittances rose to \$2.0 billion or 4.2 per cent of GDP in 2001, implying an average annual growth rate of 8.6 per cent.

"Without the remittances, either the country's

imports would have to be drastically cut down or its current account deficit risen to highly unsustainable levels," said the ADB in a flashback on the economic track record.

The development partner suggests that efforts already made by the government need to be mounted to divert remittances from illegal channels to official channels to maximise revenue from the wage earnings of the expatriates.

Referring to studies, it said 40 per cent of the total volumes of remittances are remitted through the unofficial channels (hundi).

ADB suggested that banking services in the country be improved with emphasis on computerisation of the banking system, connecting branches through computer network, and developing electronic money-transfer systems.

Other remedial measures recommended by the donor agency include breaking or weakening hundi-smuggling linkage, proper trade and exchange rate policies to make smuggling unprofitable and encouraging remittance senders and recipients to invest in productive areas in the country, particularly in small and medium-scale enterprises.

It said institutional initiatives should be strengthened to increase the export of manpower to different countries. Also, workers currently working abroad need to be assisted so they can retain their jobs.



M Ahsanul Haque, Chairman of Agrani Bank Board of Directors, speaks at the opening ceremony of Agrani Bank's Panthapath Branch held in the city on Thursday. Directors of the Board Syed Mushtaq and Khondkar Tajuddin Ahmed, Managing Director A S M Imdadul Haque and General Manager Anish Kumar Sarkar are also seen in the picture.

OECD sees global economic rebound later this year

REUTERS, London

The OECD said Thursday the global economy would bounce back later this year despite downside risks as German statistics showed Europe's largest economy shrank in the final quarter of last year.

The OECD's chief economist, Ignazio Visco, told reporters at a convention in Rome that there would be a strong world recovery in the second quarter of 2002 but warned there was a possibility it would have to reduce its November forecast.

"There still are downward risks. This means that there are few possibilities of improvements and a greater probability of a worsening," he said.

In November, the Organization for Economic Cooperation and Development forecast global growth of one percent in 2002,

rising to three percent in 2003.

Visco said the United States' economy was recovering faster than expected in the wake of the September 11 attacks on US consumer spending slightly above forecasts.

But one of the world's top technology firms, Siemens SIEGn.DE, which is at the sharp end of the global slowdown in growth, was much more cautious, saying it could imagine a recovery but could not see one.

"I can't see any improvement in the economy, also not in the United States," Chief Executive Heinrich von Pierer said.

"I can imagine that in the United States the second half of the year could be better. If the upturn comes it will affect other areas of the world. I hope that the second half will improve, I can imagine it happening."

Visco said the United States had already cut interest rates enough to rescue the economy but said the hawkish European Central Bank still had room to make further rate reductions.

Thursday's data releases were not encouraging.

Figures showed the German economy, formerly Europe's power house, contracted for the third quarter running at the end of 2001 to record its worst year for nearly a decade.

Meanwhile the Bank of Japan (BOJ) maintained its bearish view of the Japanese economy in its monthly bulletin.

"Capital spending continues to decline amid falling corporate profits," the report said. "Personal consumption will likely continue to weaken as employment and incomes worsen and as consumer sentiment grows cautious."

Nortel reports \$27.3b loss

AFP, Toronto

Telecom giant Nortel Networks reported Thursday fourth quarter results in line with projections, and a year end net loss of some 27.3 billion US dollars, but the firm hopes to turn things around in late 2002.

However, Nortel President and CEO Frank Dunn cautioned during a conference call that "this year is not going to be a cinch for any company in our industry."

The Brampton, Ontario firm reported, after markets closed, a pro forma loss in the fourth quarter of 506 million US dollars. This compares to a net gain of 929 million US dollars from continuing operations one year ago.

The loss per ordinary share came in at 16 US cents against a gain per share of 29 US cents in the fourth quarter of 2000.

EXIM Bank holds annual conference

The annual conference of executive and branch managers of EXIM Bank was held at a city hotel on Thursday, says a press release.

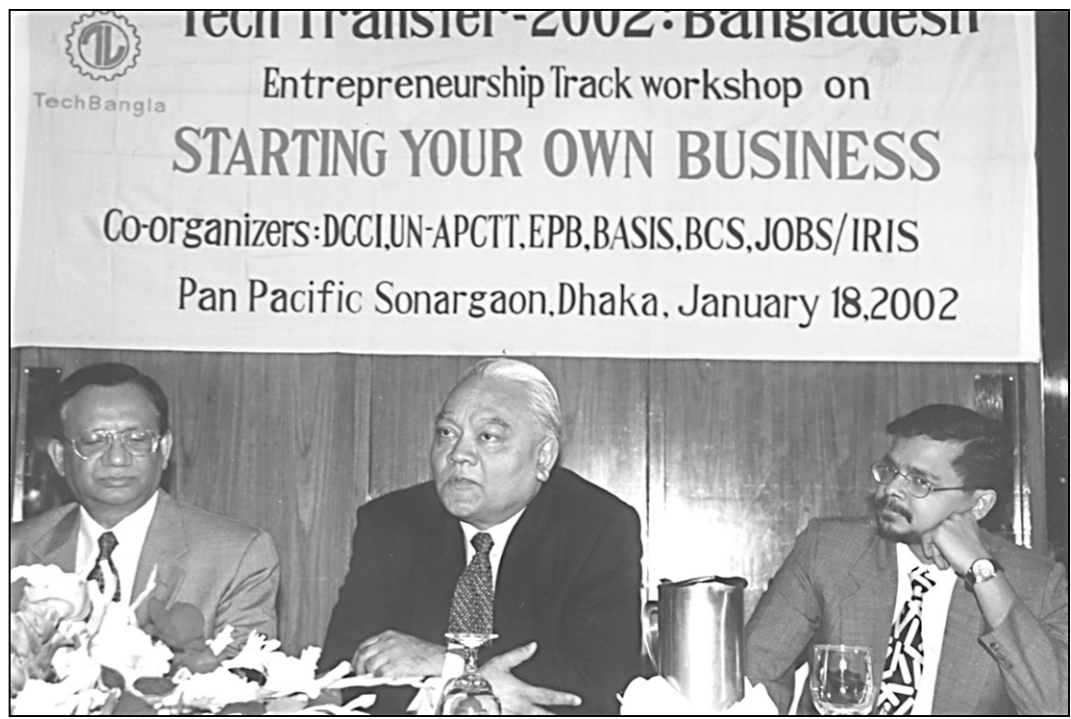
Md. Nazrul Islam Mazumder, chairman of the bank, inaugurated the conference as chief guest.

In the conference, unit-wise performance of the bank was closely reviewed and a business target was set for 2002.

Speaking on the occasion, the chairman congratulated the officials of the bank on their excellent performance in 2001 on the strength of which the bank could earn a profit of Tk 28.38 crore. He urged the executives and managers to achieve higher goal in future through better customer service using modern banking service.

The function was also addressed by Md. Abdul Mannan, director of the bank,

Alamgir Kabir, advisor of the bank and Mohammed Lakiotullah, managing director, also spoke on the occasion.



Syed Manzur Elahi (C), Chairman of Apex Tannery Group, speaks at a session of the on-going TechTransfer-2002 Bangladesh convention at Sonargaon Hotel yesterday.

Weekly Currency Roundup

January 12-January 17, 2002

Local foreign exchange market was active. Demand for dollar was high throughout the week.

In the money market, the call money rate remained high and ranged between 9.75 and 17.00 per cent. The weekly average call money rate was 12.5 per cent. In the weekly Treasury Bill auction on Sunday, Bangladesh Bank accepted bills worth of BDT 7.32 billion against a maturity of BDT 5.455 billion.

Yen was the major focus in the international currency market. In the beginning of the week, yen gained slightly against dollar because of the tail effects of comments from Japanese and other Asian authorities. However, trading was thin due to holidays in Tokyo market.

The weakness of yen also sparked displeasure among Japan's Asian neighbours and they threatened to trigger a round of devaluation to tackle yen's weakness. The neighbours were concerned that Japan was deliberately allowing a weaker yen to gain export competitiveness. The yen had slipped about ten per cent against the dollar and the euro over the past two months. To fend off such possibilities of devaluation by the Asian neighbours Japanese officials reiterated that the currencies should reflect economic fundamentals and move in a stable manner.

In the last part of the week, yen continued to maintain its weak note against the dollar. The weakness of yen was becoming a political issue in the international market. Japanese officials were trying to placate a cacophony of criticism about the weaker yen from their Asian neighbours. Japanese Finance Minister Shioikawa commented that currencies should be left to natural forces but various steps may be considered if foreign exchange rates move wildly.

At 1500 hours on Thursday, euro traded at 0.8922/24 against dollar, pound sterling at 1.4317/23 and yen traded at 131.89/94 against US dollar. -- Standard Chartered Bank

Ford posts \$5.07b 4th quarter loss

REUTERS, Dearborn

Ford Motor Co. Thursday reported a net loss of \$5.07 billion for the fourth quarter, as it prepared to cut tens of thousands of jobs and close at least five North American plants in a bid to break even in 2002 and eventually return to profitability.

The world's No. 2 automaker posted its first full-year loss since 1992, closing the books on a horrific year that included the Firestone tire crisis, costly recalls and a U.S. recession that brought on a heated incentives war for new cars.

Ford's results were slightly better than Wall Street had expected. But Chief Executive William Clay Ford Jr., who replaced Jacques Nasser as CEO in October, faces more trouble as he moves to steer the company that bears his family's name out of its tailspin.

Singapore businesses see regional recovery in 2 yrs

AFP, Singapore

A majority of Singaporean businesses are optimistic the domestic and regional economies will recover in the next 12-24 months, a survey released Friday said.

Watson Wyatt Singapore said of the 315 companies it surveyed, 54 per cent said they expected the Singapore economy and the rest of the region to recover in the period.

As for the world economy, 44 per cent of respondents thought it would recover in the next six to 12 months and another 44 per cent said it could take 12-24 months.

"This may be attributed to the fact that the effect of the US recovery

will take some time before it reaches the region and Singapore," according to the global financial consulting firm.

Sixty-nine per cent of companies were positive about making a profit in the new financial year, with the financial sector the most optimistic.

The semiconductor and electronics segments, the é to sectors hardest hit by the global downturn, were the least positive.

"Watson Wyatt Singapore's economic and business optimism survey indicates that companies are generally adopting a positive outlook towards the next 12 months," said Kwan Chee Wei,

director of human capital group.

But a majority of the businesses saw the recovery process as "more gradual than immediate" and were "generally taking a prudent approach in managing business cost," he added.

Retrenchment was one of the least adopted cost-cutting measures, with only 28 per cent of companies surveyed having laid off workers in the last 12 months.

Of those that had retrenched workers, 54 per cent said they were unlikely to carry out further retrenchments in the coming 12 months, while most of the firms that had not slashed jobs said they were unlikely to do so.



Picture shows Md Nazrul Islam Mazumder, Chairman of EXIM Bank, Md. Abdul Mannan, Director, Alamgir Kabir, Advisor, and Mohammed Lakiotullah, Managing Director, among others, attending the managers' conference of the bank held on Thursday in the city.

Microsoft announces major strategy shift towards security, privacy

AP, Washington

Microsoft Chairman Bill Gates announced a major strategy shift across all its products, including its flagship Windows software, to emphasize security and privacy over new capabilities.

In an e-mail to employees obtained Wednesday by The Associated Press, Gates referred to the new philosophy as "Trustworthy Computing" and said his highest priority is to ensure that computer users continue to venture across an increasingly Internet-connected world.

Gates compared the significance of his 1,600-word message, sent Tuesday, to his so-called "tidal wave" e-mails during the mid-90's, which changed the course of Microsoft, and much of the software industry, to

focus its products on the Internet.

He said this new emphasis on security for Microsoft was "more important than any other part of our work. If we don't do this, people simply won't be willing -- or able -- to take advantage of all the other great work we do."

"When we face a choice between adding features and resolving security issues, we need to choose security," Gates continued. "Our products should emphasize security right out of the box."

The dramatic change comes after the discovery of major security problems in Microsoft products, such as flaws in the latest versions of Windows that allow hackers to seize control of a user's computer. Another problem allowed the Code Red viruses to cripple hundreds of thousands of computers running

Microsoft products.

"Gates saying that security needs to come before features is a huge statement for the software industry, not just a huge statement for Microsoft," said Marc Maiffret, the founder of eEye Digital Security Inc., which discovered both the XP flaws and the Code Red viruses. "If anybody has the ability to shape the software industry, he's the man."

David Smith, vice president of Internet Strategy at Gartner Inc., an analysts firm, welcomed the move but said the strategy shift may be coming too late. Smith faulted Microsoft for developing broad, Internet-based strategies without paying enough attention to security.

"It's about time, perhaps overdue," Smith said.

In the e-mail, Gates also referred to the Sept. 11 terror attacks as a

reason to focus on security. He noted that last year's events "reminded every one of us how important it is to ensure the integrity and security of our critical infrastructure, whether it's the airlines or computer systems."

Other Microsoft executives declined to comment late Wednesday.

Shares of Microsoft were down 1.68 Wednesday to close at \$67.87 on the Nasdaq Stock Market, but they gained 38 cents in extended trading.

Microsoft products can be found in almost every government facility, from the White House to aircraft carriers at sea. One person with knowledge of the change said new products and features will be tested for security risks before going any further -- if they fail, the feature won't be included.

Asia can thrive on positive competition: Japan PM

AFP, Tokyo

Japan's Prime Minister Junichiro Koizumi said Friday that Asia could thrive on positive competition among its key players, amid a drive to forge a wide economic alliance.

Koizumi, fresh back from a Southeast Asian tour, said Japan was "seeking co-existence with China, South Korea and ASEAN through competition" as in its relations with the United States and the European Union.

"It is not that just because Japan-US relations are friendly there has been no economic friction," he told the Japan National Press Club.

"That Japan is competing with China and ASEAN does not mean that they are in confrontation," the premier said. "It should be under-

stood that competition leads to development. We have no intention of countering China."

Koizumi returned home on Tuesday after visiting Indonesia, Malaysia, the Philippines, Singapore and Thailand -- five key members of the Association of Southeast Asian Nations (ASEAN) over a week.

The week-long tour was seen as a mission to raise Japan's profile in order to counter China's intensified dialogue with its neighbors as the two Asian giants vie with each other for leadership in the region.

During the trip, the ASEAN nations backed Koizumi's proposal to form a comprehensive economic partnership centered on Japan and the 10-member grouping to "strengthen economic links on broad issues."

In November, Japan was left out in the cold when China and ASEAN agreed to create the world's most populous free-trade bloc within 10 years, covering two billion consumers.

Koizumi said Japan and South Korea settled their trade disputes with China through talks at government level while they maintained "profound" economic and cultural links.

"I believe that ... we should try not to be emotional in dealing with issues," he said. "I believe it is necessary for Japan, China, South Korea and ASEAN to expand their exchanges further."

ASEAN groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.