Star BUSINESS

DHAKA SATURDAY MARCH 2, 2002

New event management co launched

A new event management company, Circle-i, has started its journey.

The company provides services to organisations and firms in holding conference, annual general meeting or any other function, says a press release.

The services that the Circle-i offers include hotel accommodation, public relation and publicity, tour management, security, insurance and necessary clearing and forwarding.

Oil prices hit two-month highs

AFP, *London*

Oil prices pushed up to their highest level for almost two months on Friday, as sentiment remained bullish because of US rhetoric towards Iraq and falling US crude stock levels.

The price of a barrel of Brent North Sea crude for April delivery rose 30 cents to 21.63 dollars, its highest level since January 8. In New York overnight the light sweet crude April contract rose 45 cents to 21.74 dollars.

Oil prices have turned higher in recent days, supported by fears of US intervention in Iraq, dwindling US inventories and hopes for an upturn in the world's largest economy.

The basket price used by the Organisation of Petroleum Exporting Countries (OPEC) as a guideline for output policy rose to 20.03 dollars a barrel on Thursday from 19.46 the previous day, the OPECNA news agency reported in Vienna.

Lafarge 2001 net profit up 3pc

AFP, *Paris*

The world's largest cement group, Lafarge of France, said Thursday 2001 net profit rose three per cent to 750 million euros (648.5 million dollars) from 726 million euros last year.

The result came in slightly above analysts' estimates of 744 million euros.

The company said trading to date had shown market trends in line with those seen in 2001 and that it expected to benefit from cost-cutting measures and synergies from a full consolidation of Blue Circle Industries over 2002.

Lafarge paid 7.4 billion euros to acquire the British group Blue Circle last year, its biggest acquisition to date.

Lafarge expects to focus on careful management of its debt during 2002 and plans to sell off activities worth several hundred million euros, said chief executive Bertrand Collomb.

Speaking after the publication of the company's 2001 earnings, Collomb said: "Our current debt level (of 11.7 billion euros compared with 6.6 billion a year ago) forces us to be rigorous and disciplined.

"That doesn't mean we can't make further acquisitions, but we do have to be very selective."

Projected 2002 investments will total 1.5 billion euros, while Lafarge plans to divest operations worth several hundred million euros in the coming year, Collomb said, without specifying further.

Synergies from the Blue Circle deal are expected to generate 215 million euri grom 2003 and half that sum this year, and efforts will be made to raise margins at the former Blue Circle operations -- currently under 18 per cent -- closiq'ro the 23 per cent posted by Lafarge's cement activities.

Collomb declined to give an overall forecast for 2002 but said that, over the first two months, he has noticed "no change of trend with respect to the end of 2001."

Lafarge said earnings per share came to 6.0 euros, down 12 per cent from 6.8 last time due to dilution effects, and unveiled earnings before interest, tax, depreciation and amortization of 2.86 billion euros, up 10 per cent from 2.59 billion.

The company was to pay a dividend of 2.30 euros, up 4.5 per cent from 2.20.

The cement division, the group's core business, posted a 29-per cent rise in operating pro it- but only a nine-per cent rise cú+.51 billion euros on a like-for-like comparison from the previous year.

Lafarge said operating profit from roofing operations fell 35 per cent to 219 million euros from 142, hit by pgrShstent poor market conditions in Germany, while that of the gypsum division fell 85 per cent to nine million euros from 60 on declining US wallboard prices.

Petroleum sector to go private

State minister says at ELF lubricant launching ceremony

STAR BUSINESS REPORT

State Minister for Energy and Mineral Resources AKM Mosharraf Hossain has said the entire petroleum sector will be privatised in near future.

As the level of efficiency of the companies dealing with petroleum products has deteriorated sharply, there is no justification of keeping these companies in public sector, the state minister added.

He was speaking as the chief guest at the launching ceremony of ELF lubricant in Bangladesh on Thursday at a city hotel.

The state minister also said under the Petroleum Act of 1974, government has total control over the petroleum sector. As the new government takes over, it has given the responsibility of import and marketing of some of the petroleum products like lubricant, grease and transmission oil to private sector, he said.

According to him, the government has also privatised CNG and LP gas sector. He urged local and foreign entrepreneurs to invest in the sector to establish more CNG stations and LP gas plants.

The state minister disclosed the government has a plan to convert all motor vehicles into CNG-run ones within the next two years.

Besides, there will be at least one crore consumers of LP gas in near future, he observed, adding that it is not possible for the government alone to supply gas to every household through pipeline.

AKM Mosharraf Hossain also explained why gas export to neighbouring countries will be beneficial for Bangladesh. He, however, said the government is yet to take any decision regarding gas export. " It will depend on the recommendations of the two committees working on the issue," he said.

TOTALFINAELF, a leading oil and gas company in the world, has launched the lubricant.

The company's annual lubricant sale in Europe totals 1.2 million tons, around 16 per cent of the market share in the continent. TOTALFINAELF has appointed Trade Services International its distributor in the country.

With operation in more than 112 countries, the activities of TOTALFINAELF group cover all aspects of the energy industry, including oil and gas exploration and production, refining and marketing of refined products.

Syed Mahmudul Haq, Managing Director of Trade Services International, said TOTALFINAELF is the fourth largest oil and gas company in the world.

"We started importing ELF lubricant in the country in January this year in line with the government policy to privatise the lubricant sector," Haq said on the occasion.

TOTALFINAELF is also setting up an LPG storage and bottling plant at Kumira in Chittagong in collaboration with a local partner. The plant is expected to go into production by June this year, Haq added.

Chief Executive Officer and Managing Director of ELF Lubricant Dilip Vaswani and Sam Chang, Area Sales Manager for South East Asia, made separate presentations on the lubricant. Among others, President of Dhaka Chamber of Commerce and Industry Motiur Rahman attended the launching ceremony.

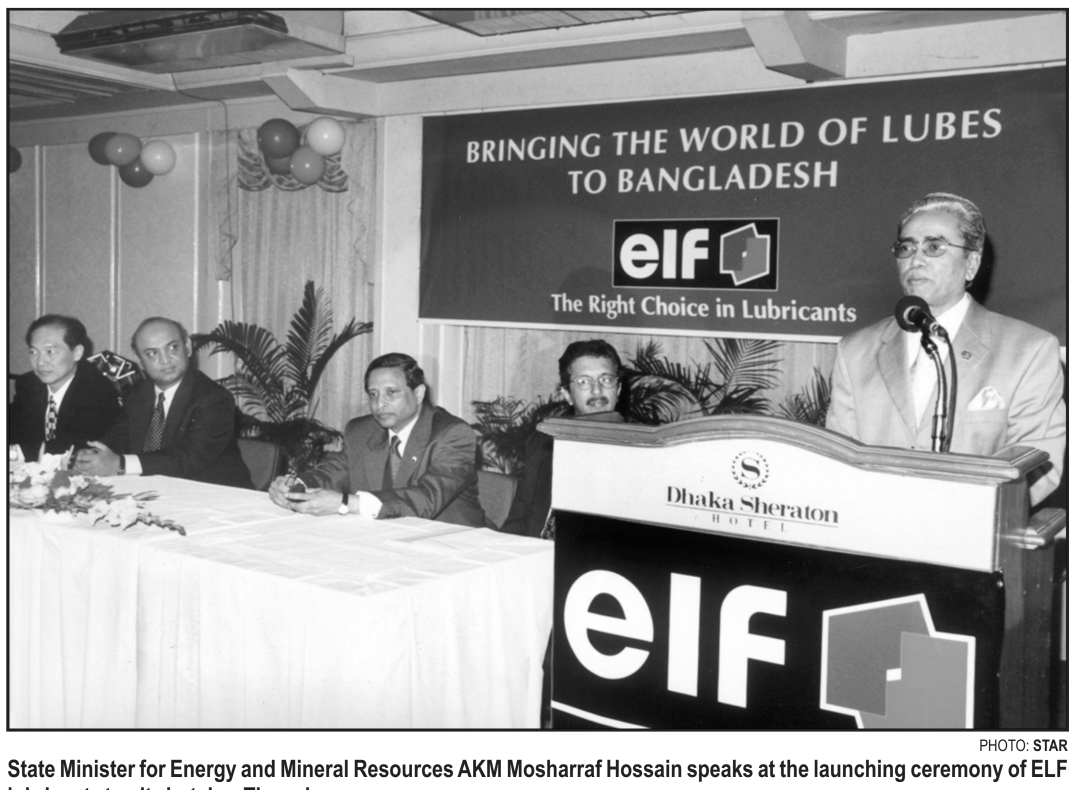

PHOTO: STAR

State Minister for Energy and Mineral Resources AKM Mosharraf Hossain speaks at the launching ceremony of ELF lubricant at a city hotel on Thursday.

US economy defies recession, grows by 1.4pc in fourth quarter

AFP, *Washington*

The US economy, defying the shackles of recession, expanded at a revised rate of 1.4 per cent in the last quarter of 2001, the government said Thursday.

The annualized growth in gross domestic product (GDP) -- far faster than the first estimate of a 0.2-per cent rise -- was powered by a 15-year record high surge in consumer spending on big ticket items.

"I think most of us firmly believe that the recession is over, when the exact month it is dated from is irrelevant," said Naroff Economic Advisors president Joel Naroff.

"What this indicates is that we should be able to build on the fourth quarter growth, especially as i uehtories start to be drawn down more slowly and as a result manufacturers start to replenish stocks."

The data, which far surpassed analysts' expectations, provided an early spurt on Wall Street, but profit-taking later pulled the Dow Jones index down 21.45 points, or 0.21 per cent, to close at 10,106.13.

US President George W. Bush welcomed the economic growth figures but stuck by his call for a stimulus package, stalled by a political impasse in the Senate.

"There are encouraging signs, but they are not good enough for President Bush to say that we no longer need to help America's workers," Bush spokesman Ari Fleischer said.

"He does not want to see a jobless recovery," said Fleischer.

Consumer spending on durable goods roared ahead by 39.2 per cent in the quarter, the biggest such increase since 1986, the Commerce Department said. Overall consumer'L m ling climbed 6.0 per cent.

Most of the rise was powered by people flocking to buy cars as manufacturers offered zero per cent financing to lure customers in the wake of the September 11 terrorist attacks.

Economists cautioned, however, that the economic data were patchy and driven by unusual factors such as the auto sales.

An eagerly awaited recovery in business investment had yet to arrive. Business investment slumped 13.1 per cent.

"I do not think that this necessarily means that the economy came out of the recession in the fourth quarter," said Mark Vitner, vice president and economist at Wachovia Securities.

"So much of it is due to extremely unusual factors such as auto sales," he added.

However, Vitner said he expected a recovery in the first quarter of this year, driven by businesses restocking their empty shelves when they finally run out of inventories.

Inventories plummeted 120.0 billion dollars in the fourth quarter, the figures showed.

"The inventory cycle is ending and when you go through the GDP figures by component it seems pretty obvious that we are going to see a significant swing in inventories in 2002," Vitner said.

"That will make it virtually impossible to have below two-per cent growth in 2002."

An index released by the Chicago Purchasing Management Association showed business activity in the US Midwest expanded in February for the first time in 19 months.

The as ojiation's business barometer advanced to a seasonally adjusted 53.1 points in February from 45.1 in January, beating Wall Street's forecast for a rise to 47.0.

Delos Smith, economist at the private Conference Board economic research group, said government spending, which leapt 10.1 per cent, had contributed 1.75 per centage points to fourth quarter GDP.

"That is the September 11 effect as we gear up to fight the war on terrorism," he said.

The US trade deficit also was less of a drag than had been expected, subtracting just 0.35 per centage points from the final figure.

Federal Reserve chairman Alan Greenspan said Wednesday the US recession was drawing to a close but that the recovery was likely to be moderate. The Federal Reserve forecast real economic growth of 2.5-3.0 per cent in 2002, measured from the fourth quarter of last year.

Financial markets slam Indian budget, economists hail

REUTERS, *New Delhi*

India's budget for the next fiscal year unveiled Thursday drew mixed reviews, with financial markets, slamming it as bad for investors while economists said it laid the ground for economic reform.

In a low-key presentation, overshadowed by the spectre of communal tension between Hindus and Muslims, Finance Minister Yashwant Sinha announced politically controversial cuts in subsidies and interest rates on state-run savings schemes.

He also said the government would continue to liberalise the largely state-controlled economy through furthers privatisations and took India a step closer to capital account convertibility.

Th budget also unveiled several reforms for the farm sector, long neglected by policy-makers despite being the source of livelihood for more than two-thirds of a billion-plus population.

Finally, the budget freed up exports and extended forward and futures trading to all agricultural commodities.

Analysts were particularly hopeful the thrust on the farm sector would drive overall economic growth. The sector accounts for about 25 per cent of India's gross domestic product and demand for goods and services from the huge rural-based population is a key driver of economic activity and corporate profits.

"This is going to spur the GDP growth rate to six per cent if not higher," said Sanjiv Goenka, president of the Confederation of India Industry, the country's largest industrial association.

GDP growth slumped to four per cent in 2000/01, the lowest rate in a decade, and is expected to hit 5.4 per cent this year.

While that is a healthy clip in a global slowdown, it is far short of the rate needed to dent poverty in a country where most of its people earn less than a dollar a day.

Financial markets, already fretting over communal clashes in western India, focused mainly on two specific issues -- a proposal to tax dividends and a lower-than-expected 50 basis point cut in interest rates on government-run savings schemes.

The benchmark Bombay exchange's top-30 issue index ended down 3.87 per cent at 3,562.31 points as investors took fright and dumped stocks while the yield on the benchmark 10-year bond shot up to 7.61 per cent from 7.31 per cent just ahead of the budget.

Bond yields hit record lows earlier this month, as traders punted on a cut of at least 100 basis points in the rate on state-run small savings.

"We should not read too much into market reactions, traders tend to take short-term views," said Pradeep Srivastava, chief economist at the National Council of Applied Economic Research.

"In the circumstance, given that the government's coffers are empty, this is the best Sinha could have done," he said.

Srivastava welcomed announcements by the government to set up funds for spending on infrastructure and moves to link the release of federal financial assistance to states to the pace of economic reforms adopted by them.

PHOTO: RAKUB

Deputy Minister for Communications Asadul Habib Dulu inaugurates the 333rd branch of Rajshahi Krishi Unnayan Bank (RAKUB) at Sarkerarhat under Patgram upazila in Lalmonirhat recently. Managing Director of RAKUB Dr Mujibur Rahman Khan, among others, is also seen in the picture.

Microsoft, US govt agree to modify antitrust settlement

REUTERS, *Washington*

Microsoft Crop MSFT.O and the US Justice Department said Thursday they had agreed to modify their antitrust settlement in response to criticism that it contained loopholes that could be exploited by the company.

The changes filed with US District Judge Colleen Kollar-Kotelly were described as "refinements," although Microsoft and the government deleted an entire provision that had been attacked for harming computer makers' efforts to protect patents on their hardware.

There was no immediate reaction from nine state attorneys general who have opposed the settlement and are seeking stiffer sanctions against Microsoft for violating antitrust law.

"The modifications announced today simply make this effective settlement even better," said Charles James, the department's antitrust chief.

The department filed the changes as part of a 239-page brief defending the settlement of the nearly four-year-old case and responding to public comments submitted earlier this year.

Microsoft said the changes would "more accurately reflect the intent of the parties and address some of the misperceptions of the proposed decree."

The software giant reached the deal with the Justice Department in November after an appeals court in June upheld a lower court conclusion that Microsoft had used illegal tactics to maintain its windows monopoly.

The settlement, among other things, would give computer makers more freedom to feature rival software on the machines they sell.

Nine of the 18 states in the lawsuit agreed to sign on to the deal, but the other nine are still pursuing the case. The judge will also hold separate hearings next week to determine whether the settlement is in the public interest.

In the briefs filed late Wednesday, Microsoft agreed to drop a provision in the agreement that had been singled out for criticism by the dissenting states for requiring computer makers to license some intellectual property to Microsoft.

The states said the company had already used the settlement "to adopt significantly more onerous licensing terms and to impose them on the (computer manufacturers)."

A Justice Department official emphasized on Thursday, however, that the department concluded the provision should be dropped after reading the public comments, and not because of complaints from the states.

Microsoft also agreed to broaden some technical definitions and redefine some terms that critics had argued could be used as loopholes to get around the restrictions in the deal.

Bush still wants stimulus plan

AFP, *Washington*

US President George W. Bush welcomes "encouraging signs" that the US economy is on the upswing but still says his stimulus package is needed to avoid a "jobless recovery," his spokesman said Thursday.

"There are encouraging signs, but they're not good enough for president Bush to say that we no longer need to help America's workers," Ari Fleischer said of just-released official figures showed the US economy expanded at a rate of 1.4 per cent in the last quarter of 2001.

"He does not want to see a jobless recovery," said Fleischer, who emphasized that the White House would "continue to push" for Bush's economic stimulus package, which has stalled in the Senate after clearing the House of Representatives.

Asked whether the administration considered the recession, which officially began in March 2001, was over, Fleischer told reporters Bush "will leave technical definitions to economists" who are formally charged with making that determination.

Fleischer's comments came hot on the heels of government figures showing that annualized growth in gross domestic product (GDP) -- far faster than the first estimate of a 0.2-per cent rise -- was powered by a 15-year record high surge in consumer spending on big ticket items.

Consumer spending on durable goods roared ahead by 39.2 per cent in the quarter, the biggest such increase since 1986, the Commerce Department said. Overall consumer spending climbed 6.0 per cent.

Most of the rise was powered by people flocking to buy cars as manufacturers offered zero per cent financing to lure customers in the wake of the September 11 terrorist attacks.

In reaction to the data, Wall Street's blue chip Dow Jones industrials average rose 44.97 points, or 0.44 per cent, to 10,172.55 points in the first 30 minutes' trade.

Hitachi faces $3.6b net loss, to cut 30pc jobs

AFP, *Tokyo*

Japan's Hitachi Ltd. warned Thursday it would suffer a record net loss of 3.6 billion dollars in the year to March due to weak demand.

The nation's largest comprehensive maker of electrical machinery also announced a plan to raise its targeted job cuts by over 30 per cent to nearly 21,000 by June.

The company said it now expected a group net loss of 480 billion yen (3.6 billion dollars) -- more than double its earlier estimate of 230 billion yen.

"It is quite an annoying figure," vice president Yoshiki Yagi told a news conference, noting the only net loss in the group's history was 327.6 billion yen posted in the year to March 1999.

The pre-tax loss for the current fiscal year is now seen at 580 billion yen, 170 per cent worse than its earlier forecast of 215 billion yen.

Hitachi also lowered its group sales forecast to 7,800 billion yen from 7,900 billion yen projected earlier.

The company blamed the downward revision and furtherZfN0"cuts on stagnant demand for information technology products, restructuring charges and a slump in the stock market.

"The sluggish demand in IT-related products and deterioration of the Japanese economy has significantly affected the company's business," Hitachi said in a statement.

The company said it would raise its targeted job cuts from its earlier estimate of 15,900 to more than 20,900 on a consolidated basis.

"By the end of June 2002, we will lower our head count by approximately 20,930 (15,100 in Japan and 5,830 overseas)," the statement said.

Euro-zone inflation up

AFP, *Brussels*

Euro-zone 12-month inflation rose from a revised 2.0 per cent in December to 2.7 per cent in January, the EU's statistics branch Eurostat reported on Thursday.

In January 2001 inflation was 2.3 per cent. The European Central bank has set a medium-term ceiling for euro-zone inflation of 2.0 per cent and the initial estimate for January this year was 2.5 per cent.

In all 15 countries of the European Union, 12-month inflation rose from 1.9 per cent in December to 2.5 per cent in January. Twelve months earlier the figure was 2.1 per cent.

In January the highest EU 12-month inflation figures were in the Netherlands (4.9 per cent), Greece (4.8 per cent) and Portugal (3.7 per cent), the lowest were in Britain (1.6 per cent), Austria (2.0 per cent) and Luxembourg (2.1 per cent), said Eurstat.

The highest 12-month averages ending in January were in the Netherlands (5.1 per cent), Portugal (4.3 per cent) and Greece (3.8 p9sūfnt). The lowest were in Britain (1.3 per cent), France (1.9 per cent) and Denmark, Austria, Italy and Luxembourg (2.3 per cent each), said Eurostat.

By way of comparison, annual inflation from from 0.3 per cent to 0.5 per cent in Switzerland and fell from 1.6 per cent to 1.1 per cent in the US.

Although the figures were compiled by Eurostat during the changeover from national currencies to the euro, which ended in the last of the 12 euro zone countries on Thursday, the institute cautioned: "It is not possible for price index compilers to put a precise figure on the impact of the changeover.

"There is no way to say what inflation would have been if the euro changeover had not taken place," said Eurostat.

"Even at the lowest level of detail, there are many factors -- regular, irregular, random and systematic -- which overlap with potential changeover effects, and there are a multitude of potential changeover effects which may amplify each or cancel out each other."

Nestle posts 16pc rise in 2001 net profit

AFP, *Vevey, Switzerland*

The Swiss food giant Nestle said on Thursday its net profit grew by nearly 16 per cent in 2001 to 6.68 billion Swiss francs (3.92 billion dollars, 4.5 billion euros) from the figure for 2000.

Sales increased last year by four per cent to 84.69 billion Swiss francs while earnings per share grew 15.7 per cent to 17.25 Swiss francs, the company said in a statement.

The group, based in the western town of Vevey, said it expected to "progress" in both sales and profits during 2002 and has proposed increasing the dividend by 16.4 per cent to 6.40 Swiss francs.

Chief executive officer Peter Brabeck commented in the statement that the group had delivered "healthy, excellent growth and performance", even in a turbulent year.

"In addition, we have further strengthened the bases of our business by investing in marketing, in R and D (research and development) and in adapting our structures to ensure Nestle's long term growth and operational performance," he said.

Sony to take full control of Aiwa via share swap

AFP, *Tokyo*

Japanese electronics giant Sony Corp. has agreed to take full control of its troubled audiovisual (AV) electronics subsidiary Aiwa Corp. through a share swap, the companies said Thursday.

"The consumer AV electronics industry has experienced a drastic period of change, marked by commodification on a global scale, realignment of the distribution sector... and the emergence of China as a powerful manufacturing force," the companies said in a joint statement.