

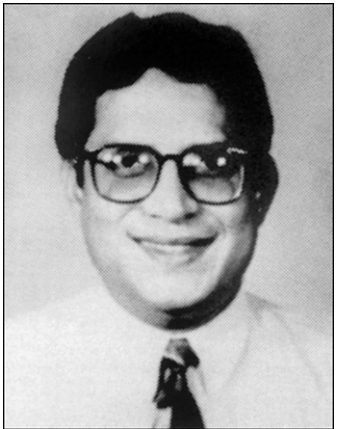
## Summit to launch Surja Gas this month

Summit United Petroleum Company Limited will start marketing of "Surja Gas", LP gas, in the country this month, says a press release.

Machinery installation and other related works at the company's Mongla LP gas plant has already been completed. Northern Lights-1, an ocean-going LPG carrier is scheduled to arrive at the plant's own jetty with LP gas on March 12, 2002.

"Surja Gas" will be used for domestic purpose and for motor vehicles.

## New MD of Reckitt Benckiser (Bangladesh) Ltd



Ata Safdar has been appointed Managing Director of Reckitt Benckiser (Bangladesh) Limited, says a press release.

Safdar has replaced Abdul Haque, who has been transferred to West Coast Africa Business of Reckitt Benckiser.

Before joining the Reckitt Benckiser, Safdar was the Customer Management Director of Lever Brothers Bangladesh Limited. He joined Lever as management trainee in 1984.

## SIA, Aarong Eid raffle draw prizes distributed

The prize distribution ceremony of a special Eid raffle draw bonanza organised by Singapore Airlines along with Aarong, was held on Monday in the city, says a press release.

Joseph Chia, General Manager of SIA, and SM Sajid, General Manager of Aarong, distributed prizes among the winners. Sales Manager of Singapore Airlines, Yasmeen Kabir was present.

Nargis Sultana, NM Iftekharuddin and Nur Aslam from Dhaka won first, second and third prize respectively.

## SEC-central bank merger in Philippines suggested

AFP, Manila

Top Philippines corporate regulator Lilia Bautista suggested Thursday that the Securities and Exchange Commission (SEC) and the Central Bank of the Philippines merge into a single entity.

"We coordinate quite well with the central bank because we have very good relations with them, but there might come a time when the people sitting at the central bank and people sitting at the SEC might not get along," she said over ABS-CBN television.

The aim of consolidating the regulatory functions of the two independent institutions, which would require legislation, is to tighten government regulation over financial markets and minimize bank failures, Bautista said in comments published Thursday.

"If there's only one head, then regulators will know what's going on with the banks and the non-bank financial intermediaries so there is better control of the market," Bautista told the Business World newspaper.

The central bank sets monetary policy and regulates the banking sector, while the SEC oversees the corporate sector.

Bautista also said Thursday that the functions of the government's insurance commission could also be folded into the single regulatory entity.

But she stressed that no formal study has been made by the government to merge all three institutions.

She said the SEC had just gone through a reorganization, so "to go through another phase at this time is maybe premature".

# Successive govts play dubious role in fighting default loans

## Bangladesh Economic Association confce observes

STAR BUSINESS REPORT

The successive governments have played a 'perfidious and dubious role' in combating default loans and, to some extent, protected the defaulters, observed speakers at the working session of a Bangladesh Economic Association (BEA) special conference in the city yesterday.

They said many such defaulters used their political connections in obtaining large amount of loans against different investment projects but diverted the funds to other purposes.

"About 77 per cent of the big defaulters used their political affiliations," said Professor Moinul Islam of Chittagong University quoting a research study at the working session on "Globalisation and Financial Sectors and Information Technology" organised by BEA.

Presided over by Professor Mozaffar Ahmed, the session also observed both nationalised commercial banks (NCBs) and private commercial banks (PCBs) have shown very little interest in IT sector investment. "Besides, the institutions are lagging behind in adopting the modern technology."

Five papers were presented in the session on "Globalization and Economy of Bangladesh".

Papers were presented by Professor M Lutfar Rahman of Computer Science Department of Dhaka University, Liakat Hossain Moral, an assistant general manager of Bangladesh Krishi Bank, Muhammad Mahmood Ali, an assistant general manager of Bangladesh Shilpa Rin Sangstha, Tayefur Rahman, a junior consultant at BIDS, and Imam Abu Sayed, an assistant director of MMTU.

Speaking on the occasion Professor Moinul Islam said now Bangladesh

has no option but to face the realities of the globalisation process that started two decades ago.

He said despite reforms the banking sector still remains clogged with huge default loans of the NCBs, the development financing institutions (DFIs) and the first generation banks that were established in the eighties.

"The public sector organisations and state-owned enterprises account for about 19 per cent of the default loans, and the rest 81 per cent classified loans are defaulted by private sector borrowers," he said.

The worrying aspect of the problems is that a large proportion of those private sector classified loans are actually bad loans or losses, Professor Moinul Islam said.

He also criticised the rescheduling practice, adding "the exercise has appeared like cancer in our financial sector."

Speaking on the occasion, Professor Mozaffar Ahmed pointed out that there has been very little deregularisation in the banking sector. "Many central bank efforts are turned down as finance ministry cannot go by the decision due to political interference", he said.

He suggested that the boards of banks have general people since the banks' funds belong to them.

Professor M Lutfar Rahman while in his paper on "IT Globalization: Problems, Prospects and Challenges" observed the country's import and export will be hurt if IT facilities are not adopted in the sector soon.



Joseph Chia, General Manager of Singapore Airlines (SIA), hands over prize to a winner of special Eid raffle draw organised by SIA and Aarong in the city yesterday.

# Meeting on ASEAN-China free trade next month

AFP, Kuala Lumpur

China will host the first meeting of Southeast Asian and Chinese senior officials on the proposed ASEAN-China free trade area next month, a top official said Thursday.

The four-day meeting will open on April 1 in Kunming, said Long Yongtu, visiting chief representative of trade negotiations for China's Ministry of Foreign Trade and Economic Cooperation.

"The meeting will be divided into two parts -- one is to start negotiations on the free trade area, secondly to deliberate on specific measures to extend economic and trade cooperation among ASEAN and China," Long told reporters on the sidelines of an economic conference here.

In November China and ASEAN (the Association of Southeast Asian Nations) agreed to create the world's most populous free trade bloc within 10 years, covering two billion consumers.

Long said earlier there had been many misconceptions about China being a threat to Southeast Asian countries as it was viewed as a major manufacturer and exporter.

However, he said "people always

## NIIT to tie up with SunGard Planning

IT solutions provider NIIT has announced a tie-up with SunGard Planning Solutions, USA, a leading business consulting firm, to offer disaster recovery and business continuity planning solutions in Asia Pacific and India, says a press release.

The tie-up will enable NIIT to provide these services to large organisations with complex software systems. Those engaged in real time data processing will also benefit from these offerings.

forget that China is also a major importer", adding that China's total imports last year stood at 250 billion dollars.

Long said the flow of foreign direct investment into China had increased since its entry into the World Trade Organisation (WTO).

"China will become a centre of sourcing components for its neighbours. Foreign direct investment in China will also benefit its neighbours, especially Southeast Asia," he said.

Long was speaking at the two-day Asia Economic Summit for senior government and business leaders aimed at rebuilding confidence in the region after the September 11 terror attacks in the US.

In his speech, Long reiterated China's commitment not to devalue its currency despite the depreciation of the Japanese yen.

"China is still very committed not to devalue its currency," he said.

## India limits duty free imports of vegetable oil from Nepal

REUTERS, Kathmandu

India has put a limit on duty free imports of some commodities, including hydrogenated vegetable oil, from Nepal under a renewed bilateral trade treaty, officials said Wednesday.

Under the pact, signed between officials of the two countries at the weekend, imports of hydrogenated vegetable oil exceeding 100,000 tonnes will attract tariff, they said. Earlier, India allowed all Nepali products except alcohol, cosmetics and tobacco, unlimited duty-free access under a treaty signed in 1996.

India will annually allow from Nepal 10,000 tonnes of acrylic yarn, 7,500 tonnes of copper wire and 2,500 tonnes of zinc oxide duty-free into its market.

"The export of these goods to India in the excess of prescribed amount would be subject to normal Indian customs duties as applied to other countries," Nepal's Commerce Secretary, Bhanu Prasad Acharya, told Reuters.

Indian industry has been protesting against duty free imports, especially of hydrogenated vegetable oil or vanaspati, which it says is hurting the interests of domestic industry.

India, the world's largest vegetable oil importer, left customs duties on edible oils unchanged in its federal budget last week but imposed a four-per cent special additional duty on imports of vanaspati from Nepal.

Nepal's vanaspati was singled out because production costs of the oil are lower as the country levies no import duty on raw materials, mainly crude palm oil, compared with a 65-per cent duty in India.

This makes Indian vanaspati manufacturers uncompetitive on their home turf, traders say.

## ECB holds key rates steady

AFP, Frankfurt

The European Central Bank held its key interest rates steady as expected on Thursday, with economists beginning to believe that the cycle of rate cuts has already come to an end in the 12 countries which share the euro.

At a monthly meeting of its policy-setting governing council, the ECB decided to hold its "refi" refinancing rate steady at 3.25 per cent, where it has been since November 8.

And the bank also left its two other key rates, the deposit and the marginal lending rates, at 2.25 per cent and 4.25 per cent respectively.

Since no rate changes had been expected at this week's meeting, the announcement had little effect on the euro, which remained stable at 0.8767 dollars immediately after the decision, compared with 0.8768 dollars shortly before.

Indeed, many ECB watchers are now beginning to believe that, with evidence mounting of an imminent turnaround in the euro zone's economic fortunes, the cycle of monetary easing may have already come to an end and the next move in interest rates could actually be upwards.

The ECB has pared back euro-zone borrowing costs by 1.5 per centage points in all since May 2001.



A delegation of Bangladesh Insurance Association (BIA) led by its Chairman Nasir A Choudhury called on Finance and Planning Minister M Saifur Rahman at his office on Tuesday.

# FTC, shareholder advisers okay HP-Compaq merger

AFP, San Francisco

The hotly contested acquisition of Texas computer maker Compaq by Hewlett-Packard received a pair of approvals Wednesday.

The US Federal Trade Commission Wednesday said it would not contest the purchase of Compaq.

Also on Wednesday, Compaq announced its shareholders have been advised to vote in favor of the HP buyout by influential proxy firm Institutional Shareholder Services (ISS), which advises large institutions how to place their stock market purchases.

The FTC commissioners voted 5-0 for the HP-Compaq deal, the agency said in a statement released late Wednesday.

"The Commission conducted an extensive investigation of the merger's effect on competition in markets for personal computers, servers, and microprocessors, among other products," said the commission. "Based on that investigation, the Commission did not find reason to believe that the proposed transaction would impair competition in any relevant market."

The European Commission earlier had decided it would not oppose the merger.

"We are gratified by the FTC's decision. It validates our conviction from the outset that the merger can only enhance competition throughout our markets," said Carly Fiorina, HP chairman and chief executive officer in a statement.

"Completion of the FTC review marks a major milestone in the approval process, and we are now focused on winning the shareowner vote."

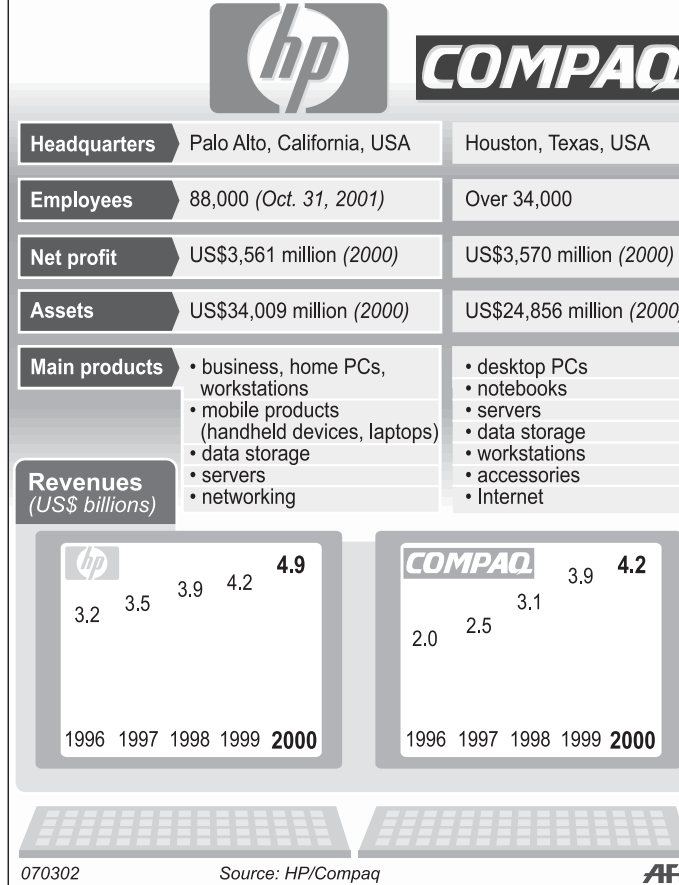
"The FTC approval is another major step forward in making this merger a reality," added Compaq CEO Michael Capellas in a separate statement.

The news comes a day after ISS gave the merger a thumbs up for organizations holding HP shares.

"With the positive (ISS) recommendations to both HP and Compaq shareholders, we have

## Computer giants set to merge

Expected regulatory approval leaves decision to Hewlett-Packard, Compaq shareholders' votes March 19-20



obtained a powerful independent endorsement of the strategy behind this merger," said Capellas.

These new twin thumbs-ups, however, do not assure approval by the shareholders of the two companies.

The merger, announced last September, is being opposed by heirs of Hewlett-Packard's namesake founders. That opposition, lead by Walter Hewlett, owns about 18 per cent of HP shares through various foundations and individually.

Currently, both sides are courting

shareholders, seeking "proxy" voting authority to push through the acquisition.

HP argues the Compaq deal will give them needed markets to stay on top of a shrinking technology sector.

The HP heirs say such a merger will bog HP down in the slumping computer manufacturing field and distract the company.

A formal vote on the merger is scheduled for March 19 stockholders for HP, and March 20 for those holding Compaq shares.

# WB chief blasts rich nations for stingy aid budgets

REUTERS, Washington

World Bank head James Wolfensohn blasted rich countries Wednesday for their stingy aid budgets and urged them to come to a speedy agreement on loan financing for the world's poorest countries.

His speech came a day after EU governments failed to reach agreement on aid targets and as a dispute between the United States and Europe continued to hold up a crucial deal on fund for the International Development Association, the bank's low cost lending arm that gives money to the neediest countries.

"Rich countries must recognise that even with action on trade, or agricultural subsidies, there is still a fundamental need to boost resources for developing countries," Wolfensohn said in a speech at the Woodrow Wilson Center for Scholars.

He suggested a phased-in increase in aid of \$10 billion a year over the next 5 years building to an extra \$50 billion a year in year five.

His speech comes ahead of the March 18-22 United Nations conference on development financing in

Mexico where heads of state and ministers from countries around the world, including US President George W Bush, are expected to meet.

He hit out at countries "squirrelling away" 0.1 per cent of the budgets on foreign aid. The world's richest country, the United States, only spends that amount on foreign aid and other leading industrialised nations fall far short of meeting the UN recommended aid target of 0.7 per cent of gross domestic product.

Wolfensohn admitted there is "no magic bullet" for fighting poverty but reiterated that the events of Sept. 11 showed it is everyone's problem, that there is "no wall" between rich and poor countries.

He urged swift agreement on the controversial funding of IDA. Last year, Bush proposed raising the amount of money dished out in grants to 50 per cent of all IDA funding, a proposal that has met with stiff opposition in Europe, particularly in Britain. A deal was supposed to have been struck at a meeting in December but none was reached because of widespread disagreement. No new meeting

date has yet been set.

"I believe that an agreement is close on this vital program; the time has come to put it in place," Wolfensohn said. "The poor should not be asked to wait."

The bank has said it needs an IDA cash boost of about \$12.5 billion.

Wolfensohn also urged rich countries to lift trade barriers even though it may be politically tricky to do so. His words came one day after the United States slapped tariffs of up to 30 per cent on a range of steel imports to support the struggling domestic industry.

He praised the European Union's Everything But Arms Agreement and called for others to follow.

"Yes, there will be powerful political lobbies ranged against such action," he said.

"There is no sacrifice required, no excuse for failing to take action that would leave all countries better off."

In particular, he struck out at agricultural subsidies saying that rich countries spend six times more on farm support than they do on foreign aid.



SAM Showket Hossain, Managing Director of TACK Training International-CDME, Bangladesh-Nepal, conducted a training workshop on Effective Supervisory Management Part-1 in Kathmandu recently. Participants from Deurali-Janta Pharmaceuticals Pvt. Ltd, Nepal, Dhaka Bank Limited and Grameen Phone Limited attended at the workshop.