Star BUSINESS

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EXIM Bank declares 37.50pc dividend

Export Import Bank of Bangladesh Limited (EXIM Bank) has declared a 37.50 per cent dividend for the shareholders for the year ending December 31, 2001, says a press release.

The dividend was announced at the 3rd annual general meeting of the bank held in the city on Thursday.

Engineer Aminur Rahman Khan, acting Chairman of the bank, presided over the meeting.

Of the total dividend, 25 per cent is in cash and 12.50 per cent in bonus share.

Shareholders and sponsor directors of the bank attended the meeting.

The annual accounts of the bank for the year December 31, 2001 was also unanimously adopted at the meeting.

Mohammed Lakiotullah, Managing Director of the bank, highlighted the bank's excellent achievement. He stated that the bank mobilised deposit of Tk 738 crore which increased 85 per cent of the preceding year. The bank earned a net profit of Tk 27.38 crore in the year 2001 which is 175 per cent higher than that of the last year.

Alamgir Kabir, Advisor, and Md Abdul Mannan, Director of the bank also spoke on the occasion.

On this occasion the chairman presented Gold Medal to the incharges of the banks Gulshan and Khatunganj branches for best performance in deposit and business respectively.

EPB, BEPZA reach deal to attract foreign investment

BSS, *Dhaka*

Bangladesh Export Processing Zones Authority (BEPZA) and Export Promotion Bureau (EPB) have agreed to make concerted efforts for attracting more foreign investments in the EPZs of Bangladesh.

The two sides reached the consensus at a meeting here recently between the executive chairman of BEPZA Brig General (Retd) M Mofizur Rahman and EPB Vice Chairman Abu Saleh.

Brig Mofiz briefed the EPB chief on the entire gamut of the EPZs of the country and said BEPZA has reduced the tariff on land for factory building and warehouse by 50 per cent at Mongla, Ishwardi and Uttara (at Nilphamari) EPZs than that of the Chittagong, Dhaka and Comilla EPZs with a view to attracting the investors.

The EPB vice chairman, in response to a request from BEPZA chief, agreed to include a BEPZA representative in all its exhibition and fairs to be held abroad so that BEPZA can display their products.

Senior officials of BEPZA and EPB attended the meeting.

Four firms to form Japan's biggest web alliance

AFP, *Tokyo*

Japanese hi-tech leaders NEC Corp. and Matsushita Electric Industrial Co. Ltd. and giant telecoms firms KDDI Corp. and Japan Telecom Co. Ltd. said Monday they would form the nation's biggest web alliance with some 10 million Internet subscribers.

The four companies would create a consortium later in May to provide Internet contents services and develop new web-based products that allow users to communicate via Internet protocol (IP) telephones, they said in a statement.

The alliance was prompted by cutthroat competition from other Internet providers and high investment costs, it said.

"To provide a variety of services and optical networks, we need a lot of investments," Kenji Yoshiyama, senior vice president for NEC Solutions, NEC's in-house company specializing in Internet system integration, told a news conference.

"We simply cannot push through these services on our own," Yoshiyama said.

The business daily Nihon Keizai Shimbun said the alliance was inevitable as it takes more than 100 million yen (760,000 dollars) to buy the rights to distribute a popular Hollywood film on the Internet.

The four-way web consortium would start operations in June and the group companies said the alliance is open for new partners.

"This is not a closed consortium," Yoshiyama said.

Asked whether the four had asked Japan's top telecoms firm Nippon Telegraph and Telephone Corp. (NTT) to join the consortium, Yoshiyama declined to elaborate, but said they were calling on other providers to step aboard.

PDB incurring huge loss as govt yet to revise tariff structure

RAZIUR RAHMAN

Despite repeated recommendations by the Bangladesh Power Development Board (PDB), no step has so far been taken to revise the existing power tariff structure, forcing the board to count huge loss every year.

Sources said top PDB officials brought the matter to the notice of prime minister while making a presentation at her office on the country's power sector soon after the present government assumed office.

The existing tariff structure has been causing huge financial loss to the PDB every year. As per the government approved tariff structure, the PDB is selling power to Dhaka Electric Supply Authority (DESA), Rural Electrification Board and the agricultural sector below its production and transmission costs.

According to a top PDB official, the board has been incurring more than Tk 200 core annual loss for the past few years due to the discriminatory tariff structure.

The PDB has to spend around Tk 1.49 for generation of every unit of power and the cost ultimately increases to Tk 1.98 for transmitting to DESA. But under the present tariff structure, the PDB has to sell power to DESA at Tk 1.84 only.

The PDB has been selling power to DESA at the subsidised rate since DESA's inception in 1991.

PDB has been seeking revision of the tariff structure so that it does not sustain losses anymore.

The board is now finding it hard to cope with the situation as it is buying power from the independent power plants (IPPs) at higher rates but is forced to sell at much lower prices, PDB officials said.

The procurement cost from the IPPs is almost double compared to the average selling price.

The PDB purchases power at an average rate of Tk 4.08 per unit from the IPP's while it produces at a cost of only Tk 1.40 per unit.

The board spends Tk 2.28 for supplying a unit of power to the REB that includes production and transmission cost but gets only Tk 1.77 per unit for selling to the REB. During 1999-2000, the PDB incurred Tk 98 crore loss for selling power to the REB.

Similarly in the agricultural sector, the PDB incurred a loss around Tk 18 crore during 1999-200 due to the existing tariff structure. Per unit cost of power comes to Tk 3.79 while it gets only Tk 1.82 in return.

There has not been any increase in the purchasing rate for the last twelve to thirteen years.

When asked, an official of the power cell under the Power Division said his department has been conducting a study on the power sector. "This study would also send specific proposals regarding the tariff structure to the government," he informed.

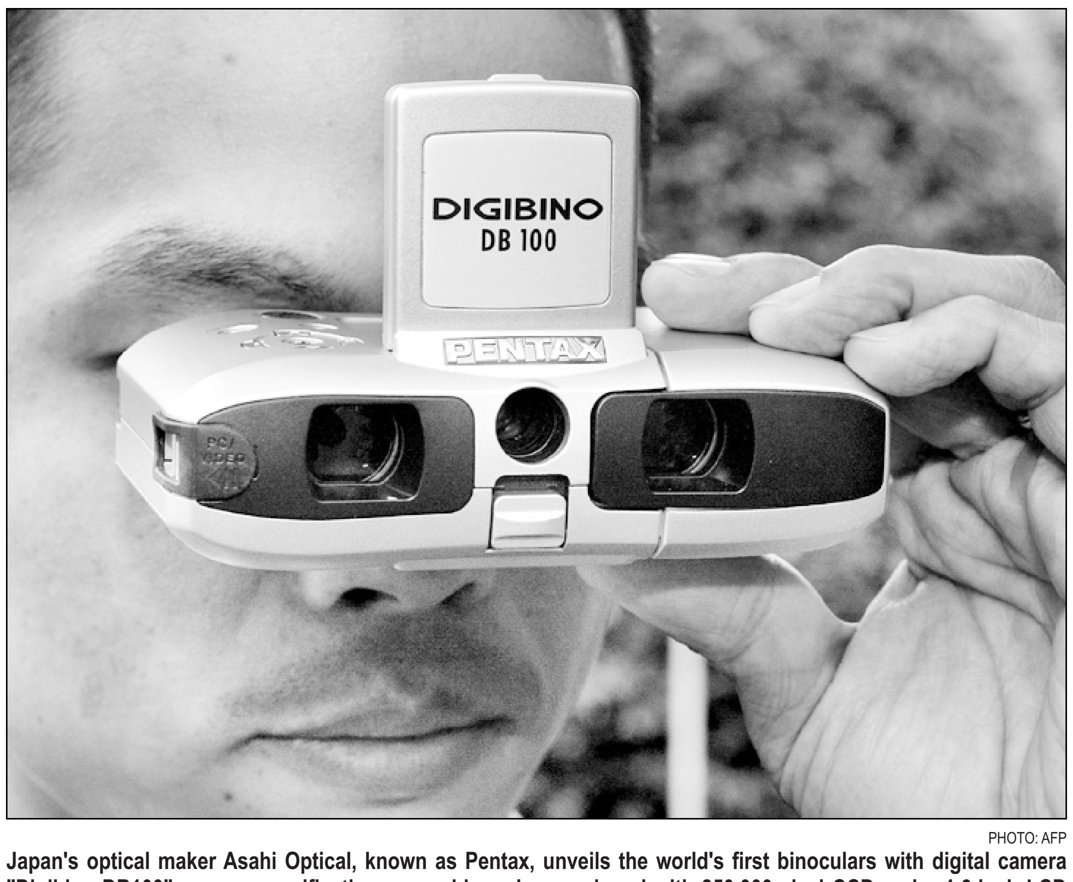

PHOTO: AFP

Japan's optical maker Asahi Optical, known as Pentax, unveils the world's first binoculars with digital camera "Digibino DB100", seven magnification power binoculars equipped with 850,000-pixel CCD and a 1.6-inch LCD display on its compact body at the company's headquarters in Tokyo yesterday. Asahi optical will put it on the market next month with a price of 385 US dollars.

PHOTO: JB

Hasan Masud Khan, Ambassador of Bangladesh to the United Arab Emirates, inaugurates the online banking activities in all branches of Janata Bank in the UAE at a function held in Abu Dhabi recently. Managing Director of Janata Bank Murshid Kuli Khan, CEO of UAE Janata Bank M A Jobbar Talukdar and DGM- Computer Division (System) of head office Abdul Hamid were also present on the occasion.

UAE Janata Bank branches go online

All branches of Janata Bank in the United Arab Emirates have gone online.

Bangladesh Ambassador to UAE Hasan Masud Chowdhury inaugurated the online banking activities at a function held at a hotel in Abu Dhabi city recently, says a press release.

Managing Director of Janata Bank Murshid Kuli Khan was present as chief guest on the occasion.

CEO of UAE Janata Bank M A Jobbar Talukdar and Deputy General Manager of Janata Bank Computer System Division Head Office in Dhaka Abdul Hamid were also present.

Valuable clients of the bank including many reputed expatriates were also present on the occasion.

Speaking on the occasion, the managing director of Janata Bank said that to meet the requirements of the expatriates Janata Bank signed an agreement recently with the Bahrain Exchange Company Kuwait for jointly establishing a system of internet drafts that can be remitted by expatriates with digital signature and where the drafts will be printed and delivered the same day in Bangladesh.

He said speedy disposal of the payment of remittance proceeds from the expatriates of all UAE Janata Bank branches will be ensured within 72 hours.

British energy groups plan multibillion-pound merger

AFP, *London*

British energy providers National Grid and Lattice announced on Monday plans for a merger of equals to create Britain's largest utility valued at 14.8 billion pounds (24 billion euros, 21 billion dollars).

The new business, to be called National Grid Transco, is expected to make cost savings of 100 million pounds a year and will give the two companies more muscle to expand abroad, particularly in the United States where National Grid is already one of the top 10 electricity providers.

Investors welcomed news of the tie-up, which would leave National Grid shareholders with 57.3 per cent of the new business and Lattice shareholders with 42.7 per cent.

Lattice shares soared 11.5 per cent to 192.75 pence while National Grid stock climbed 3.4 per cent to 506.5 pence in early afternoon trading.

Company executives said the two companies would fit together well, while analysts noted that the merger would help them expand in the United States, where many firms are integrated gas and electricity providers.

Lattice, once part of British Gas, runs the main gas transportation system in Britain, while National Grid operates the high-voltage electricity grid in England and Wales.

"The fit of skills, experience and resources of National Grid and Lattice are as near perfect as you can find," said National Grid chief executive Roger Urwin.

"We will build upon the records of both companies to drive further improvements in operating performance in both our UK and US businesses," he said Urwin, who will also head the new group.

"We shall also deploy the combined resources and financial capacity of National Grid Transco to take advantage of opportunities in the liberalising energy markets abroad, in particular extending National Grid's successful US strategy."

If approved by shareholders and regulators, the merger would bring together two former state-owned energy providers sold off by the Conservative government under privatisation of the telecommunications, gas, water and electricity industries in the 1980s and early 1990s.

It also marks the latest round of consolidation in Britain's liberalised utilities sector, which has seen several leading players fall prey to foreign predators.

German energy group RWE announced plans in March to buy Britain's second-biggest electricity supplier, Innogy, having already snapped up another British firm, Thames Water, in 2000.

Last year, RWE's German archrival E.ON bought British firm Powergen, while French state-owned giant Electricite de France has also built up a strong foothold in Britain after acquiring London Electricity in the late 1990s.

But analysts say there could be room for more consolidation, with BG Group, formerly British Gas, often cited as a possible takeover target.

South Korea to crack down on share price manipulation

AFP, *Seoul*

South Korea's financial watchdog said Monday it would launch a major crackdown on stock price manipulation after closing three brokerage branches.

This comes as the government plans to implement a new law that could see those found guilty of such financial crimes being sent to jail for life.

"Harsher regulations will be enforced to stem illegal trading by financial institutions," Financial Supervisory Commission chief (FSC) Lee Keun-Young said.

He urged staff to step up the surveillance of illegal trading by credit card and brokerage firms.

The warning followed an FSC order to shut one branch from each of Shinhan Securities, Dongwon Securities and Hanvit Securities for stock price rigging. The operations of three other brokerage branches were suspended for one month.

Micron to buy Hynix memory chip business for $3.4b

AFP, *Seoul*

Debt-stricken Hynix Semiconductor Inc. said Monday it had signed an accord with Micron Technology Inc. of the United States to sell its memory chip business for about 3.4 billion dollars.

Under a non-binding memorandum of understanding, Micron will also invest 200 million dollars in Hynix in return for a 15 per cent stake in the South Korean firm's non-memory businesses, said a Hynix statement.

Micron had earlier agreed in principle to pay 3.8 billion dollars for Hynix's memory chip operations. But the latest accord allows Micron to pay with around 108.6 million of its shares, which would be worth around 3.4 billion dollars at current prices.

Hynix said South Korean lenders would provide 1.5 billion dollars of long-term finance for use by Micron in its Korean operations.

According to the statement, the accord is subject to approval by Hynix creditors and the boards of Hynix and Micron by April 30.

The accord followed six months of intense negotiations since last November on how to merge the world's second and third largest memory chip producers.

The deal was earlier put in jeopardy due to a fall in Micron's share price and lingering doubts over memory chip prices.

Some minor creditors, especially investment trust companies, and Hynix's union have opposed the deal.

The South Korean government, however, has pushed hard for the sale, warning that Hynix would die without foreign capital.

Hynix has been kept alive over the past year with two multi-billion dollar bailouts from creditors. It has debts estimated at more than six trillion won (4.58 billion dollars).

The US company has demanded that creditors pay any additional debt discovered after the acquisition.

The debt-burdended Korean firm posted a net profit of 35 billion won (26 million dollars) in the three months to March after a pick-up in the global memory chip market and improving personal computer demand.

It was Hynix's first quarterly profit in 15 months and the company said it expected to be able to maintain profits in coming quarters.

Hynix attributed the first-quarter results to its aggressive write-down of development and other costs, along with transparent accounting and stronger marketing.

Analysts, however, are still doubtful of Hynix's long-term profitability due to delayed investments needed to upgrade its outmoded facilities, and high manufacturing costs.

They also pointed to some 400 billion won in interest costs Hynix should repay this year, as well as some 500 billion won in debt maturing during 2002.

US may grant more exclusions from steel tariffs

AFP, *Beijing*

US Commerce Secretary Don Evans said Monday the United States may agree to grant more exclusions from steep steel tariffs that have caused a global uproar and threats of retaliation.

Evans is on a two-day tour of China, which is one of six members of the World Trade Organization that have brought the US tariffs before the WTO's dispute settlement mechanism.

"We will continue to listen to requests for exclusions from countries around the world," he said at a briefing here. "Many exclusions have already been granted. We will continue to consider more."

US President George W. Bush in March announced a plan to impose tariffs of between eight and 30 per cent on steel imports.

Indian private telecom firm starts price war on int'l calls

AFP, *New Delhi*

India's largest private telecom operator, the Bharti group, on Monday heralded its entry into the foreign calls market with an aggressive pricing war, saying it will slash by half the tariffs charged by state-owned giant VSNL.

"We have been a catalyst of reduction in the past and we will again become one with our entry into long distance," Bharti group chairman Sunil Bharti Mittal told a news conference at the launch of its services.

Bharti, a partner of Singapore Telecommunications Ltd., said it had signed agreements with nine top international telecoms firms to carry international telephone calls out of India including names such as AT and T, British Telecom and Teleglobe.

Mittal said the move by Bharti would signal the breaking down of the "last monopoly" in the telecoms sector, international service, which in the past had been tightly controlled by state-owned VSNL, or Videsh Sanchar Nigam Ltd.

India had earlier announced it would break of the decades-old monopoly enjoyed by VSNL from April 1 by allowing private telecoms companies to enter into the most lucrative segment in the industry.

The new rates offered by Bharti would bring down the peak tariff level to 24 rupees per minute to the United States compared with the 48 rupees (one dollar) per minute being charged by VSNL.

Similarly, rates to Europe have been brought down to 24 rupees from 31 rupees, to Africa to 20 rupees from 40 rupees and to other South Asian countries to 21 rupees from 25 rupees.

Until now, the rates in international calls out of India had been entirely dictated by VSNL and the state giant is likely to counter Bharti's move with new rates of its own to keep the upstart off its turf.

VSNL received 3.2 million voice call minutes in the international segment in the financial year ended March. The total volume is expected to jump dramatically this year with the entry of private players such as Bharti.

VSNL's ability to compete in the newly liberalised sector will be strengthened by the presence of India's giant Tata group, which bought a 25 per cent stake in the state firm for 14.4 billion rupees (300 million rupees) in December.

Bharti chairman Mittal said he was anticipating a quick counter from VSNL and was keeping the war chest ready.

"We have kept some reserve money and we will wait for competition to make their move," he said.

Mittal said Bharti had seriously considered bidding for the VSNL stake because of its huge existing infrastructure, but decided to pull out of the bid as the company brass thought it could build similar infrastructure to VSNL's more cheaply.

Bharti will invest one billion rupees initially in the new business, while India's Tata group paid 14.4 billion rupees for a 25 per cent stake in VSNL.

But besides the infrastructure, VSNL has the advantage of having 240 inter-connect agreements with telephone corporations around the world to carry its overseas calls.

"What one must remember is that the technology has changed drastically and one can do a lot with this without needing so many interconnect agreements," Mittal said.

He said Bharti hoped to attract even state-owned firms offering domestic telephone service to the company's network for international calls with its pricing strategy.

Bharti is also hoping to do business with other mobile phone operators.

Including Bharti, half a dozen private players have been working overtime to roll out overseas telephone service plans to grab a market share.

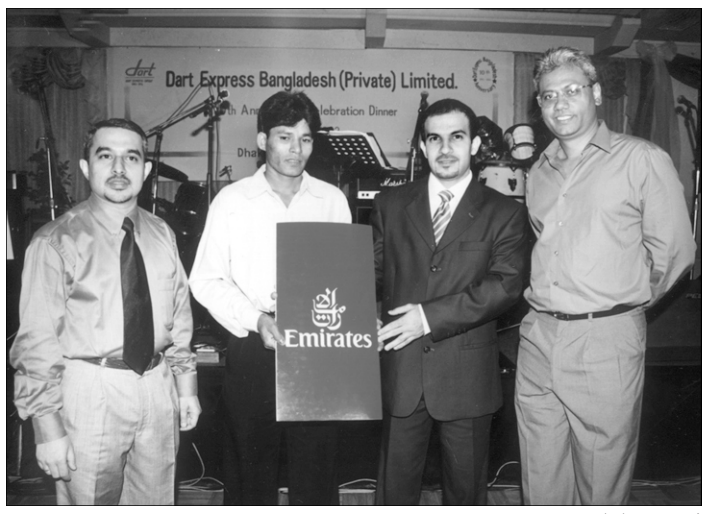

PHOTO: EMIRATES

Majid Al Mualla, Area Manager-Bangladesh of Emirates, hands over a Dhaka-Kuala Lumpur-Dhaka air ticket to Md Sadekul Islam, Airport Assistant of Dart Express, at the 10th Anniversary Celebration Dinner Raffle Draw of Dart Express Bangladesh (Pvt) Ltd at Dhaka Sheraton Hotel on Sunday. Also seen in the picture are Syed Ali Murad, Director (Operations), ABC Air Limited, GSA of Emirates in Bangladesh, and Dhanesh Kellapotha, Director-Bangladesh of Dart Express.

Ericsson to cut 20,000 jobs

AFP, *Stockholm*

Beleaguered Swedish telecoms giant Ericsson said Monday it would cut 20,000 jobs by 2003 and announced a 30-billion-kronor (2.9-billion-dollar, 3.26-billion-euro) rights issue as it reported a net loss in the first quarter. Ericsson plans to cut 10,000 jobs this year and a further 10,000 next year as part of a new efficiency programme, Ericsson spokesman Mads Madsen said after the group posted a net loss of 3.7 billion kronor in the first quarter.

"We can't put an exact amount on the number of employees, but during this year it (the programme) will affect around 10,000 people and a similar amount next year," Madsen said.

The price of Ericsson shares plunged on the Stockholm Stock Exchange when trading opened, falling more than 23 per cent to 28 kronor.

US renews warning against EU reprisals in steel spat

AFP, *Washington*

The United States reiterated its warning to the European Union over its proposed reprisals for Washington's new tariffs on steel.

In a statement, the US Trade Representative's office said the EU proposals -- 100 per cent import tariffs on some US goods, including grapefruit and rice -- would Sviolate global trade rules.

"Unilateral, preemptive sanctions by Europe would flaunt world trade rules," Josette Shiner, associate US Trade Representative, said in the statement received Sunday.

"We meticulously followed the rules in our steel action and Europe should do the same."

EU officials said the retaliation proposal had been made on Friday to trade experts from the 15 EU member states.

The proposal comes in response to an announcement by US President George W. Bush in March that he was applying tariffs of up to 30 per cent on most steel imports to protect the ailing US steel industry -- drawing protests from the EU, Japan and other trading partners.

The EU, which has taken the issue to the Geneva-based World Trade Organization, has estimated the damage from the tariffs at 2.5 billion euros (2.2 billion dollars).

In order to apply the retaliatory measures, Brussels would also have to send a list of products to the WTO by mid-May and apply the sanctions by mid-June.

Under the European Commission plan, the punitive tariffs would come into effect by June 18.

The EU executive has also drawn up a second list of products, including dried fruits, apricots and paper, which would be hit by taxes of between eight and 30 per cent by March 20, 2005 if the United States have not withdrawn their measures by then.