

Call money rate falls slightly

STAR BUSINESS REPORT

Inter bank call money rate fell slightly yesterday due to higher inflow of funds from the government against various bills, fund managers said.

The call money rate mostly ranged between 25 and 26. There were, however, a few very deals at 18 per cent. The rate ranged between 27 and 28 per cent on Tuesday.

Central Bank officials said they expect that the call money rate will come down to normal range of five to ten per cent by next Sunday. The rate rose to as high as 30 per cent on Monday.

Fund managers said that the call money rate eased slightly as some banks received money from the government after maturity of T-bills and public sector against various bills.

Some central bank officials observed the withdrawal of development fund was one of the reasons behind the sudden rise of call money rate on Monday. The government borrowed Tk 521 crore from the banking sector through treasury bills on Sunday.

"Besides, with the increase in volume of import recently, the import payment has also soared, putting a pressure on the money market," said a central bank official.

Malaysia eases curbs on foreign funds to help local listed cos

AFP, Kuala Lumpur

Malaysia on Wednesday eased restrictions on the injection of foreign assets into listed companies as part of efforts to help distressed local firms.

"The latest relaxations provide listed companies, especially those which are distressed, with more options to acquire quality assets to diversify their income base," the Securities Commission said in a statement.

Under the changes, previous requirements were dropped for the foreign assets to be Malaysian-owned and for research and development activities to be brought back to Malaysia.

Listed firms must, however, fund the purchase of foreign assets entirely through the issuance of new securities, the commission said.

Only quality assets can be acquired and there could be no net outflow of funds from Malaysia for three years after the deal.

Foreign-owned firms incorporated in Malaysia would be exempted from having to have a 30 per cent equity participation by ethnic Malays and other indigenous groups -- collectively known as "bumiputras" -- to encourage them to acquire distressed listed companies.

The requirement under the National Development Policy (NDP) is aimed at putting 30 per cent of corporate wealth into the hands of bumiputras to help close the wealth gap with the minority Chinese.

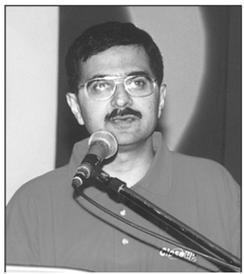


PHOTO: ASIATIC

Brands and Development Director of Lever Brothers Sreenivas Nagappa spoke at the Close Up Relaunching Sales Conference held in the city recently.

New Close Up launching celebrated

To celebrate launching of All-New Close Up in Bangladesh, regional conferences were organised across the country from April 26 to May 3, says a press release.

The conference were attended by the distributors of Lever Brothers Bangladesh Limited from Dhaka, Bogra, Chittagong and Khulna, regional sales managers, territory managers and area managers.

Brands and Development Director of Lever Brothers Sreenivas Nagappa, Customer Management Director Reazul Haque Chowdhury, Product Group Manager of Oral Care Zaved Akhtar and Brand Manager for Close Up Preeti Rahman spoke on the occasion.

Popular singers Shakeela Zafar, Kaniz Shuborna and Abeeada Sultana performed at colorful musical shows during all the regional conferences.

Govt plans cell for light engineering at EPB

STAR BUSINESS REPORT

With a view to facilitating light engineering business in the country, Commerce Minister Amir Khosru Mahmud Chowdhury yesterday said the government is contemplating to set up a special cell at the Export Processing Bureau (EPB).

He also invited the private sector to set up a training institution for the development of skilled human resource in the sector through proper training.

The minister was speaking at a seminar on "Present Situation and Future Possibility of Light Engineering Industry" in the city. The Seminar was organised by the FBCCI in collaboration with Bangladesh Engineering Industry Owners Association (BEIOA).

Among others, Commerce Secretary Suhel Ahmed Chowdhury, FBCCI President Yusuf Abdullah Harun, BSCIC Chairman Abdul Mannan and Managing Director of BASIC Bank were also present on the occasion.

Describing the light engineering sector as the backbone of industrialisation, the minister urged all to work together for the development of the sector.

He said considering the importance of the sector the government

has announced 15 per cent cash incentives for it.

Speaking on the occasion, FBCCI president said light engineering has great potential similar to backward linking industry in the country.

BEIOA leaders urged the minister to constitute a "subcontracting cell" at BSCIC, making it mandatory for the heavy industries to purchase relevant materials from the light factories.

"It is necessary to mention here that there are 40,000 light engineering factories in our country, which produce about ten thousand import-substitute machines and plant machinery," said BEIOA president.

The president also said the sector is faced with extortion, which is forcing the industry to lose competitiveness.

The minister asked the association to supply a list of such criminals and assured of taking necessary actions against them.

UNB adds: Stressing attainment of excellence in production, FBCCI president Harun said the producers could successfully substitute import of few products, but now should go for export to achieve product excellence.

He recommended loans for the entrepreneurs on the basis of skill

instead of collateral, involving their association and the FBCCI to identify the right ones to promote.

Commerce secretary Suhel Ahmed and EPB vice-chairman Abu Saieh also addressed the function with Light Engineering Association president Abdul Hashem in the chair.

On the occasion, Bangladesh Engineering Industry Owners Association organised an exhibition to display their products in 35 stalls, ranging from spare parts for agricultural machinery to railway wagon and engines.

The show projected an excellence with spare parts of blister packaging machine to produce strips used by pharmaceutical companies to pack capsules and tablets.

Fatema Engineering Industries displayed the spares. Managing partner of the industry Momin Uddin claimed that they produced and supplied complete packaging machines to few local small pharmaceutical companies at a price of Tk 800,000.

Imported machine of same capacity would cost minimum Tk 40 lakh, he said.



PHOTO: STAR

BGMEA president Kutubuddin Ahmed speaks at a meeting jointly convened by Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTLMEA) at Sheraton Hotel in the city yesterday.

Bid to end fishing subsidy faces opposition at WTO

REUTERS, Geneva

A bid by eight countries including the United States for a World Trade Organisation (WTO) pact to cut back fishing subsidies is facing tough opposition from Japan and South Korea, trade sources said Tuesday.

The eight -- ranging from Iceland in the North Atlantic to the Philippines, Ecuador, Peru, Chile, Australia and New Zealand in the Pacific Basin -- argue the subsidies have led to overfishing and massive depletion of a major food resource.

Their proposal, tabled at talks on reshaping trading rules as part of the new Doha Round of trade liberalisation negotiations, won support from several other countries whose economies are partly dependent on the industry.

But heavy subsidisers Japan and South Korea, with some support from the European Union and Canada, are insisting that fishing

issues should be kept out of the 144-nation WTO, according to the sources.

The outline proposal by the eight -- whose stance is enthusiastically backed by global environmental bodies like the Swiss-based World Wide Fund for Nature (WWF) International -- said subsidies made up 20-25 per cent of revenues in the sector.

It argues the subsidies give rich states, the only ones who can afford them, the ability to sweep up fish from the ocean and destroy the industry in many developing countries for whom fish are a key export item.

Iceland told the meeting its economic survival depended on a reduction in the size of fleets operating off its coasts and the catches they took since 50 per cent of its foreign earnings came from fish exports.

"Our efforts to manage fish stocks in a sustainable manner are

being undermined by our neighbours," an Icelandic diplomat told the WTO session in a clear reference to the 15-nation European Union where fleets have massive government support.

Delegates from Peru, Ecuador and Chile said their economies were badly hit by industrial fishing carried out by long-distance fleets -- from EU countries as well as Japan and South Korea.

Earlier this week New Zealand said its own trade in seafood was being badly hit by the subsidised operators from Europe, North America and North Asia who were able to offer cheap prices on world markets because of the financial support they received.

But the sources said Japan told delegates at the WTO meeting the eight -- dubbed "The Friends of Fish" -- were exaggerating the problem, arguing that 95 per cent of fish were caught by national fleets within national waters.

Merger strengthens StanChart Grindlays in one year

Bangladesh CEO tells The Daily Star

SYED FAHIM MUNAM

A year after the successful merger, the Standard Chartered Grindlays finds itself perched on a growth track, powered by merger of technologies, brains and products.

Chief Executive Officer of Standard Chartered Grindlays Muhammad A. (Rumee) Ali said mergers are important for any economy because these eventually lead to alliance of technologies, ultimately benefiting consumers.

"Any industry needs merger. Standard Chartered-Grindlays coalition was the first large-scale merger in Bangladesh," said Ali in an interview with The Daily Star.

He said merger of Standard Chartered Bank with ANZ Grindlay brought two sets of competency strength. The StanChart had 50 years of presence in Bangladesh with strength in trade and innovation in technology like automated teller machine while the Grindlays was in business for 95 years in Bangladesh and had strength in consumer banking.

"So after the merger, the customers were benefited with added value and improved service," he said.

He admitted that initially the new bank had to overcome a number of challenges. "The IT solution of both the banks had to be brought under a single platform."

"In fact, accepting a change is a big challenge itself and there had been a lot of changes for both the organisations. We had to wait for the staff to get acclimatised to the new environment," the CEO said.

Challenge was there also from the customers of both the banks and it required lots of motivations and skills to cater to the needs of the customers, he said. "We are blessed with customers loyalty and they responded positively. We sent flyers, we tried to explain and helped them through the changes."

The bank had placed service ambassadors in every branch of the bank and through consolidation of customer complaints and responding according to their needs the challenges were met.

Banking in Bangladesh is not difficult, he said, adding that banking in any environment poses challenges and that issues are normally similar in developing countries. "I don't feel that we have been discriminated. We hold dialogues with senior officials of the ministry and this gives us the opportu-



Muhammad A. (Rumee) Ali

nity to present our views before them."

The market after the new merger remained static at around 4.5 per cent.

The bank plans to add a new product to its list by launching international credit card by next quarter.

Asked what more needs to be done to improve the country's banking sector, the CEO said the legal framework needs to be further strengthened and laws like the bankruptcy law have to be better framed. The government can increase the depth of the market through money market products, Ali added.

The CEO identified energy, textile, consumer banking, customer assets, consumer loans, and hedge risk in foreign exchange as the potential growth areas in Bangladesh.

Speaking on contribution in the Bangladesh economy, he said the Standard Chartered Grindlays had also tried to contribute to the national economy through introducing different products and services.

Foreign banks have limitation to contribute due to its market size, he said. "Foreign banks presently holds only seven per cent of the total market here and it is not possible to bring change in the whole market", the CEO said.

"We, however, have introduced syndication loan, which has become very popular and many companies are arranging finances through such arrangements," he said.

"We arranged syndication loan for a hospital, which we hope, will provide best health service in the country. Many people from Bangladesh spend huge amount of foreign exchange to get better treatment, which, we hope, will decrease after the full-fledged operation of the hospital," he said.

"Besides, we helped contribute through practising good governance, introducing new technology and new products and mostly developing human resources.

"Presently, we work with a work force of 520 with a flat organogram in order to ensure that the customers are not very far from the chief executive of the bank. Every customer complaint reaches my desk and we try to address all of them.

The bank, he said, also contributes through sponsoring various local events including sports competitions.

Dhaka to get Tk 17cr FAO assistance

UNB, Dhaka

An agreement between the government and Food and Agriculture Organisation (FAO) was signed here yesterday for a US dollar 3.29-million grant as technical assistance to implement the 'Special Programme of Food Security.'

All Akbar Hossain Akand, Joint Secretary (UN) of ERD and Bui Thi, representative of FAO, signed the agreement on behalf of their respective sides. Toru Mayeda, Counsellor and Head of Economic Cooperation, Japanese Embassy was present.

The Japanese government will provide the money equivalent to Tk 17 crore 79.88 lakh as grant for the project which will be implemented by the Department of Agriculture Extension under direct supervision of the Ministry of Agriculture.

The project envisages to achieve food security by raising production and productivity of rice, wheat, pulses, oilseeds, vegetables, increasing crop intensification through improved water control, integrated nutrient management, diversification in farming, providing microcredit and promoting marketing facilities of the target beneficiaries, said a press release.

The project will be implemented in 21 upazilas for five years. It is expected that poor farmers of these upazilas will be highly benefited and food security will be ensured through execution of this project.

'Boycott US' campaign hits businesses in Saudi Arabia

AFP, Riyadh

A grass-roots campaign to boycott US products in Saudi Arabia has already taken its toll on many local businesses, with sales dropping drastically, executives and activists said Wednesday.

The campaign, a protest against perceived US support for Israel, is being conducted from mosques, schools and universities, and through newspapers, the Internet and mobile phone text messages urging consumers to shun products originating from the United States.

The Saudi "boycott US" drive mirrors a similar campaign which gathered momentum in several parts of the Arab world at the peak of Israel's invasion of Palestinian lands that began on March 29.

Imams at Saudi mosques have been delivering fiery sermons urging worshippers to drop US consumer goods in favor of other products, ruling that supporting the US economy amounts to killing Palestinians and other Muslims under attack.

Young Saudi boys stand in front of major shopping malls to distribute flyers and leaflets containing a long list of brand names that must be boycotted "in support of our Palestinian brothers."

"I have never seen such an organized anti-US campaign in the kingdom. It looks as if everyone is involved, from school students to religious clerics," a Saudi businessman told AFP.

"Two days ago, a carefully-prepared 20-page file was thrown into my house, containing all the information about US products that

we should stop buying. They are organized," the businessman added.

Mobile phone owners have received millions of messages exhorting them to join the boycott.

"The least you can do is boycott US products," reads one message. "Don't be a partner to crime ... With each dollar you pay (to buy US goods) you kill a Palestinian," says another in reference to US arms supplies to Israel.

Saudis have also been bombarded by e-mails explaining which companies they should boycott and giving a background on many of those firms and their links with Israel.

The campaign is especially hurting business at fast food franchises, sales of soft drinks, and a wide range of consumer goods, but vehicles too.

Al-Watan newspaper quoted merchants in Riyadh as reporting a drop of 20 to 30 per cent in the sales of US products.

An operations manager at a fast-food chain in Riyadh said many of the US chains were facing difficult times after their sales dropped by more than 40 per cent.

"They are trying to cope with the crisis by offering unprecedented huge promotions, and trying to dissociate themselves from the American connection," the manager, requesting anonymity, told AFP.

Burger King, McDonald's and other fast-food chains have a total of more than 300 outlets across the kingdom, concentrated mainly in Riyadh, Jeddah and Dammam.

The Saudi franchise of Burger King has published a huge color advertisement in the local press saying that all its products are entirely Saudi, and combined that with a lucrative promotion.

A Saudi food company that imports US rice splashed posters across the capital saying it would donate one riyal (27 cents) to the Palestinians for each bag it sells.

Other firms have been actively advertising their huge donations for the Palestinians during a fund-raising campaign last month which collected some 160 million dollars.

Saudi Arabia is the United States' main trading partner in the Middle East with US civilian and military exports valued at 6.2 billion dollars and imports at 14.2 billion dollars in 2000, according to official figures.

Asian interest rates may remain low despite hikes in ROK, Australia

AFP, Singapore

Asian interest rates should stay at their current lows until late this year despite hikes in Australia and South Korea as economic recovery remains fragile, economists said Wednesday.

Australia and South Korea have notched better-than-expected economic growth and have a more robust domestic sector to drive growth compared with other Asian countries, they said.

Any shift by regional central banks towards higher interest rates should come only in the fourth quarter, as the economic recovery gains a more stable footing, they added.

South Korea on Tuesday raised its overnight call rate by a quarter per cent to 4.25 per cent,

becoming the first major Asian country to increase rates.

Australia's central bank on Wednesday followed suit, announcing a rise -- the first in nearly two years -- in official interest rates of a quarter point to 4.5 per cent amid inflationary pressures and signs of overheating in some sectors.

"I think the key difference is that those two countries have shown stronger-than-expected growth," said Song Seng Wun, a regional economist with G.K. Goh Research Pte. Ltd.

While their growth was boosted by exports, domestic demand in the two countries, particularly South Korea, was "a lot more robust," he told AFP.

"The central banks of both countries want to stay ahead of the curve. For the of the region, the headline

GDP (gross domestic product) numbers may be improving but the quality of the growth is still at issue. It's not a full-fledged recovery," he said.

Japan, the region's sputtering economic engine, is unlikely to change monetary policy within the next 24 months, despite short-term interest rates being near zero.

"If they raise interest rates (again), the deflationary expectations will become stronger and the yen will appreciate against the dollar very sharply, maybe even breaking the resistance level of 100 yen and the economy would enter recession again," said Credit Suisse First Boston chief economist Yasushi Okada.

Mriganka Jaipurriyar, who monitors Asia's emerging markets for Standard and Poor's, said any

interest rate increase in the region would come at the end of the third quarter at the earliest.

Asia's economic rebound "is largely dependent on the recovery in the US," she said. "The US is growing but there is still uncertainty."

Jaipurriyar said more evidence of sustained growth would be needed before interest rates were raised.

"The Korea story is different from the rest of the region," she said. She noted that monetary authorities in Indonesia were looking to further cut interest rates rather than increase them.

"For Thailand, there is still a lot of uncertainty. With the US keeping rates unchanged, Thailand is not likely to hike rates anytime soon," she added.



PHOTO: ANDES

Vincent Chow, director-area sales of Sony Ericsson Mobile Communications International AB-Asia Pacific, inaugurated the new service centre of Discovery Communications Ltd recently in Sylhet. Anwar Hossain, country manager of Sony Ericsson Bangladesh, accompanied him. Among others, Fazlul Karim, managing director of discovery, Khandaker Hafiz, executive director of discovery, and Iftekhar Matin, channel marketing manager of Sony Ericsson Bangladesh, were also present on the occasion.