Star
BUSINESS
DHAKA TUESDAY MAY 14, 2002

BFFEA demands cash incentives for all exporters

BSS, *Dhaka*

Leaders of Bangladesh Frozen Food Exporters Association (BFFEA) at its working committee meeting has urged the government to include all the exporters under cash incentive programme announced recently.

They said about 90 per cent of their sector would be deprived in getting this incentive if the government allowed incentives to retail consumer pack products.

The meeting held on Sunday was chaired by the President of BFFEA Salahuddin Ahmed.

Hailing the decision to form a four-member committee for resolving sick industry problems, the BFFEA leaders said that a member of their association be included to help the committee work effectively.

StanChart globally launches Customer First campaign

Standard Chartered Bank globally launched a week-long Customer First campaign yesterday, says a press release.

The campaign will continue until Sunday.

In Bangladesh, the Customer First was launched at the Dhanmondi branch of the bank on Road No 2 by Omar Sharif Jaigirder, the first customer of the day at the branch.

Muhammad A (Rumee) Ali, Chief Executive Bangladesh of Standard Chartered Bank, and other senior managers were present on the occasion.

The Customer First will be observed in all branches of Standard Chartered Bank in Bangladesh with a number of customer-focused activities, which include customer visits, recognition of longest-standing customers, community activities, children's painting competition, distribution of gifts, customer greetings, branch decoration, seminars and neighborhood meetings with customers at each branch.

Standard Chartered Bank has undertaken the Customer First as an initiative to put customers at the forefront of its activities.

The emphasis of the campaign is to place customers first in the thoughts and actions of its employees and to elevate the standards of services and commitment to the customers in order to serve them best.

Omar Sharif Jaigirder said that it was a pleasant surprise for him to start his day with launch of the Customer First of Standard Chartered Bank in Bangladesh.

EBL workshop on credit & monitoring held

A workshop on "Credit Approval and Monitoring Process" was held at Eastern Bank Training Academy in Dhaka on Saturday, says a press release.

K Mahmood Sattar, Managing Director and CEO of EBL, addressed the session which was conducted by Niaz Habib, EVP and head of Credit Risk Management, and attended by executives from corporate, credit administration, credit management and branch managers.

In his speech, the managing director put emphasis on timely and correct submission of credit compliance report. He also underscored the need for following credit approval and processing manual meticulously and maintain profitability against quality of assets.

Pragati Bima confce held

The annual conference 2001 of Pragati Bima Division of Pragati Life Insurance Limited was held at Bangladesh Tea Research Institute Auditorium at Sreemongal in Moulvibazar recently, says a press release.

Chairman of the company Syed M Altaf Hussain graced the occasion as chief guest and Managing Director and actuary of the company M Shefaque Ahmed was present as special guest.

Zillur Rahman Zilu, vice president of the company, and in-charge Pragati Bima Division, presided over the conference.

In his speech, the chairman thanked the development officers for the extraordinary performance in the year 2001.

Shefaque Ahmed expressed his satisfaction at last year's overall performance of the company.

Development Officers from across the country attended in the conference.

Rationalise sugar price to curb smuggling: Dealers

STAR BUSINESS REPORT

Leaders of Bangladesh Wholesale Sugar Merchants Association (BWSMA) urged the government to take necessary steps to rationalise sugar price to help curb smuggling of the item into the country.

The association leaders at a press conference in the city yesterday said the Sugar Corporation sells sugar at Tk 28 per kg while smuggled sugar is available in market at only Tk 18 per kg.

Smuggling would be discouraged if the government takes necessary steps to reduce sugar price, Bangladesh Wholesale Sugar Merchant Association (BWSMA) General Secretary Shamsul Haque Badal told the press conference.

He said local producers are faced with huge loss as a result of cheap smuggled sugar from India. "Present government policy is encouraging smuggling."

According to the BWSMA, the present annual demand for sugar in the country is around five lakh metric tons. BSFIC markets around three lakh metric tons of locally produced and imported sugar every year.

Bangladesh Sugar and Food Industries Corporation (BSFIC) has around 1,800 dealers who buy their quota of sugar at Tk 28 per kg.

"After adding transport costs and our commission of Tk one per kg, the cost of sugar stands at Tk 30 per kg," Shamsul Haque said.

The production cost of locally produced sugar is high because of old and inefficient machinery used in the sugar mills. Besides, the sugar corporation faces huge loss and to cover the loss it sells sugar at the higher prices.

A BWSMA delegation recently met the industries, commerce and home ministers requesting them to initiate steps against the alarming increase in sugar smuggling.

The delegation had requested the home minister to take steps for setting of up check posts within five miles of zero point along the border to curb smuggling. "But nothing happened yet," said Shamsul Haque.

He said sugar production could be increased by mordernising the factories. "The production could reach around 20 kg sugar from each maund of sugarcane instead of present 12 kg per maund," Shamsul Haque said

Another leader of the association said production costs could be reduced by allowing the private sector to set up mills, said another leader of the BWSMA.

Abul Hashem, organising secretary, Md Anwar Habib, joint secretary, Md Jahangir, executive committee member, and other leaders of the BWSMA were also present at the press conference.

PHOTO: DCCI

Photo shows DCCI Director M A Momen (sitting centre) with the participants of a training course on "Letter of Credit (L/C) for Export & Import Operations" organised by the DCCI Business Institute (DBI) at Dhaka Chamber Building on Thursday.

Afghanistan to discuss oil pipeline with Pakistan, Turkmenistan

REUTERS, *Kabul*

Afghan interim ruler Hamid Karzai will hold talks with his Pakistani and Turkmenistan counterparts later this month about plans for a pipeline through his country to export Turkmenistan's rich oil and gas reserves to the Indian sub-continent, an Afghan minister said Sunday.

The summit follows a meeting earlier this month between Karzai and Turkmen President Saparmurat Niyazov about the giant project estimated to cost two billions dollars, said Mohammad Alim Razim, minister for Mines and Industries.

"The meeting will take place later this month in Pakistan. It is hoped that they will reach an agreement after thorough talks over the nuts and bolts of the project," Razim said.

Building of 850 kms (525 miles) pipeline, described by many as the new "Great Game" of the new millennium, was a serious competition issue between the American oil company UNOCAL Corp UCL.N and Bridas of Argentine during the five years' rule of the Taliban regime, which the United States toppled from power as part of its war on terrorism.

Razim said UNOCAL was the "lead company" among those that would build the pipeline, which is aimed at injecting 30 billion cubic meters of Turkmen gas annually to Pakistan and beyond it through southern Afghanistan.

He said Karzai would propose during the summit the building of a road parallel to the pipeline, subsidiary pipelines to villages close to the main line and also the injection of Afghan gas from northern areas, as well as from the south-western province of Helmand for export.

"The work on the project will start after an agreement is expected to be struck at the coming summit," Razim said.

Afghanistan would demand transit fees for the export of gas and oil on the basis of international norms.

He also said the Afghan government would press to take over ownership of the pipeline after 30 years.

Razim said the pipeline, the biggest foreign project in Afghanistan's history, would provide job opportunities for thousands of Afghans.

"The Afghan side assures all sides about the security of the pipeline and will take all responsibilities for it."

He said the Asian Development Bank (ADB) has been surveying routes for transferring local gas from northern Afghan areas to Kabul and also to iron ore mines at the Haji Gak pass to the west of Kabul.

"ADB will announce its conclusion soon. One pipe is planned to bring gas to Kabul and the second one will pass through the mountains to Haji Gak for iron exploitation purposes," Razim said.

The pipeline will be built using funds from donor countries for the reconstruction of Afghanistan as well as from ADB loans, Razim added.

Foreign aid holds steady as US, EU make up fall in Japanese assistance

AFP, *Paris*

Official development aid to poor countries held steady in 2001 compared to the previous year, as the United States and the European Union compensated for a decline in Japanese assistance, the OECD reported Monday.

But the Organisation for Economic Co-operation and Development also found that as a per centage of gross national income, foreign aid from the rich to the poor remained at just 0.22 per cent, down sharply from the 0.33 per cent reached in 1990-1992.

Denmark, Norway, the Netherlands, Luxembourg and Sweden were the only industrialised nations to meet the United Nations development aid target of 0.7 per cent of output.

Aid provided by the 22-nation OECD development assistance committee (DAC), whose members account for 95 per cent of all aid each year, came to 51.4 billion dollars (56.4 billion euros) in 2001.

That compared with 53.7 billion dollars in 2000, according to the OECD, which said the decline reflected weaker exchange rates of some currencies against the US dollar.

"In real terms, ODA (official development assistance) remained relatively stable, with a slight fall of 1.4 per cent," the OECD said in a statement.

While the United States was the largest overall donor last year, making 10.9 billion dollars available, its contribution represented just 0.11 per cent of gross national income, up from 0.10 per cent in 2000 but still the lowest per centage among DAC members.

European countries and certain non-governmental organisations have repeatedly chided the United States, the world's richest country, for sharing so little of its official bounty with the poor.

US officials bristle at such an interpretation, arguing that assistance from the US private sector and charitable organisations is substantial.

PHOTO: EBL

Picture shows K Mahmood Sattar, managing director and CEO of Eastern Bank Limited, with the participants of a workshop on "Credit Approval and Monitoring Process" held on Saturday at the EBL Training Academy.

Business confidence in Australia grows to eight-year high

AFP, *Sydney*

Business confidence in Australia is at its highest in eight years, according to a study released here Monday which showed conditions were consistent with economic growth of around 4.5 per cent.

The National Australia Bank (NAB) survey for April also showed signs of a wage-based increase in inflation but pointed to a strong outlook for the domestic economy with business confidence at its highest level since 1994.

"That, in turn, has seen business move to increase employment and also gives further confidence to the widespread expectation that a broad based pick-up in business investment will begin soon," said NAB chief economist Alan Oster.

The NAB business confidence index of business confidence in April rose to 20.61 points in April from 14.82 points in March, while the business conditions index rose to 8.0 points from 5.0 points.

A survey by economic forecasters Dun and Bradstreet, released simultaneously, showed business expectations for growth in inventories at the highest level in 14 years.

According to the NAB survey, the sectors with the strongest business activity included transport and construction as well as recreation and personal services, which rose to their highest levels since the September 11 terrorist attacks.

The bank also noted the first signs of inflationary pressures beginning to emerge in wages.

"While price pressures remain subdued, for the first time there appears to be some initial evidence of a broad based increase in wages," Oster said.

"While not too much emphasis should be placed on one month's figures, clearly the situation needs to be closely watched."

The survey showed aggregate wage costs rose 1.4 per cent in April after a 0.6 per cent rise in March.

The bank said it was would retain its forecast of 3.75 per cent economic growth for the fiscal year to June 2003 and an expansion of around four per cent over calendar 2003.

As well, it expected interest rates to continue to rise following the central bank decision to increase rates by a quarter percentage point to 4.5 per cent, and at a more rapid rate than was initially expected.

If economic growth exceeded the bank's expectations, rates could climb even higher, it warned.

"While we still expect the cash rate to reach 5.25 per cent, our judgement is that the RBA will get there much earlier than previously forecast," he said.

"Indeed, we now expect those levels to be reached before year's end. If growth exceeds our expectations, official rates could well go higher."

The Dun and Bradstreet survey also noted a strong increase in sales expectations but warned that further interest rate hikes could have a negative impact on that growth rate.

"Further interest rate rises in 2002 could see businesses start to ease off on potential investment and growth opportunities," Dun and Bradstreet chief executive for Australia and New Zealand, Christine Christian, said.

Bush signs massive farm subsidy bill

AFP, *Washington*

President George W. Bush on Monday signed into law a farm bill granting US farmers massive subsidies in a move he said was essential for the US economy.

"The success of America's farmers and ranchers is essential to the success of the American economy," Bush said just minutes before signing the 10-year, 173.5 billion-dollar bill.

Through the year 2007, the bill extends major farm income support, as well as substantial land conservation, credit and marketing assistance, to US farmers -- marking a 70 per cent increase in US agricultural spending.

"This bill is generous and will provide a safety net for farmers, and it will do so without encouraging overproduction and depressing prices," Bush said.

The US president downplayed international concerns that the farm bill runs counter to free trade rules.

"The farm bill supports our commitment to open trade and compliance with our obligations to the World Trade Organisation," he said.

EU fails to agree on Iran trade talks mandate

AFP, *Brussels*

EU foreign ministers failed to agree Monday on opening talks with Iran on a trade and cooperation agreement, sources in the Spanish EU presidency said Monday.

Finalizing a mandate for the talks was one of the items on the agenda of their monthly meeting, as police said more than 3,000 Iranian dissidents staged a boisterous but orderly protest outside.

Sources said the 15 member states were split over whether the trade agreement should include sections that would also establish a political relationship between the EU and Iran.

With no agreement, the issue was expected to be reviewed at the next foreign ministers' meeting in early June, shortly before the next EU summit in Spain, the sources said.

Spain, Belgium, Italy and Greece, as well as the European Commission, were in favor of talks with Tehran limited only to trade and cooperation issues, according to the sources.

But the other member states preferred an EU-Iran agreement with some political teeth, including a section that would enable the two sides to swap information on terrorists.

Similar clauses exist in EU agreements with Egypt and Algeria.

Toyota posts record profit, Mitsubishi drives into black

AFP, *Tokyo*

Japan's top automaker Toyota Motor Corp unveiled record annual profits Monday while rival Mitsubishi Motors Co. Ltd. (MMC) drove back to profitability, helped by cost-cutting and a weak yen.

The results for the year to March highlighted the strong performance of the auto sector amid a sea of red ink in other major Japanese business sectors.

Honda Motor Co. Ltd. as well as Nissan Motor Co. Ltd. have also recently unveiled record profits for the last fiscal year and all four automakers envisage even better earnings in the current 12 months.

But the road ahead could be bumpy due to tough operating conditions, warned analysts.

Toyota said its pretax profit rose 14.5 per cent to 1,113.5 billion yen (8.4 billion dollars), making it the first Japanese firm to top one trillion yen before tax.

Its net profit jumped 30.7 per cent to a record 615.8 billion yen.

"The main reason for our record profit is we posted strong sales worldwide including Japan, Europe and the United States," senior managing director Takashi Kamio told AFP.

Toyota's revenue rose 12.5 per cent to a record 15,106.3 billion yen.

The firm lifted its worldwide sales by 300,000 vehicles to a total of 5.8 million, fueled by strong demand in North America where sales rose 2.9 per cent to 1.8 million vehicles.

Sales at domestic rival Mitsubishi Motors remained weak but the fruits of a restructuring plan and a favourable exchange rate enabled it to make a profit for the first time in three years.

The automaker, still recovering from a major recall scandal in 2000, posted a net profit of 11.3 billion yen, reversing a record net loss of 278.1 billion yen previously.

A weak yen raised profits at both firms by making their vehicles more cost-competitive abroad and boosting repatriated overseas earnings. Toyota alone made 410 billion yen in operating profit as a result, while MMC received a 65.3 billion yen bonus.

Success in reducing production costs also helped, with Toyota adding 260 billion yen in operating profit as a result and MMC 118.7 billion yen.

Nissan and Honda used the currency rate to their advantage as well, while Nissan also benefited from a strict streamlining plan.

Suzuki unaware of plan to give it controlling stake in Maruti

AFP, *Tokyo*

Suzuki Motor Corp said Monday it was unaware of reported plans by the Indian government to hand it majority control of a joint venture, Maruti, the largest automaker in India.

"The government has been saying they want to privatise it, but other than that, we don't know," said Suzuki spokesman Takeaki Nukii.

But the Financial Times reported that India had agreed to hand control of Maruti to Suzuki through an 80 million dollar rights issue and would dispose of the remaining shares through a multi-stage public offering.

"The draft deal has been approved by Indian officials and Suzuki," the paper quoted Arun Shourie, privatisation minister, as saying.

Japan machinery orders fall as firms cut spending

REUTERS, *Tokyo*

Japan's core private-sector machinery orders, a key early gauge of corporate capital spending, fell sharply in March after a surge in February as recession-hit firms reined in spending to restore profitability.

While economists said the decline in machinery orders may be bottoming out, any upturn in capital spending looks set to be weak given nagging coubts about the durability of the US economic rebound.

Weak business spending remains a drag on Japan's budding cyclical recovery -- led mainly by exports -- since it is a key engine of growth for the world's second-largest economy.

Seasonally adjusted core private-sector machinery orders, which exclude orders for ships and for machinery at electric power firms, fell 6.2 per cent in March from the previous month, government data showed on Monday.

That was worse than a median forecast for a 2.7 per cent fall in a Reuters survey of 14 economists.

Squeezed by Japan's longest recession since World War Two, most Japanese manufacturers are putting priority on inventory drawdowns, restructuring and profitability rather than new spending.

Core private orders totalled 779.9 billion yen ($6.11 billion) in March, the government's Economic and Social Research Institute said.

For the January-March quarter, core machinery orders fell 7.4 per cent from the previous quarter, undercutting the government optimistic forecast for a 0.4 per cent fall.

The government forecast April-June core machinery orders would fall 0.3 per cent on the quarter.

The volatile data series is regarded as a leading indicator of capital spending about six to nine months in the future.

Weak spending by firms bodes ill for Japan's hopes of recovery from its worst recession since the Second World War.

Gross domestic product shrank in the last three quarters of 2001, and January-March GDP due out in early June is expected to show only a slight rise before another fall in the following quarter.

The tepid recovery is unlikely to give Japan relief from mounting pressure over its massive debt pile, built up as successive governments tried to spend their way out of a decade-long slump.

Mori Seiki Co Ltd 6141.T, Japan's largest machine tool maker, said orders hit bottom in the October-December period of last year, but a marked recovery has not been seen since then.

Nikon Corp 7731.T, the world's biggest maker of steppers, equipment used in semiconductor production, said a recovery is imminent and is getting itself ready for an expected increase in orders from chip makers later this business year.

The government said last month the economy was showing signs of bottoming out, but also said capital spending was "declining significantly."