

## UK for diversified investment in EPZs

The British High Commission suggested diversification of investment in Export Processing Zones of Bangladesh, says a press release.

The suggestion was made at a meeting between the Deputy British High Commissioner in Bangladesh Robert Gibson and the Executive Chairman of the Bangladesh Export Processing Zones Authority Brig. General (Retd) M Mofizur Rahman in the city on Monday.

Brig. General Mofiz requested the British envoy to extend his support and cooperation to attract more investment from UK.

Brig. General Mofiz briefed the British envoy on the activities of EPZs and package of incentives being offered to the investors of BEPZA.

He informed the British Deputy High Commissioner that at present 8 British industries are operating in the EPZs. These industries have invested US \$12.54 million. They have created employment opportunity for more than 2700 Bangladeshi nationals.

The meeting was also attended by Andrew Mac Allister, Second Secretary (Commercial) of British High Commission, and AZM Azizur Rahman, General Manager (Investment Promotion) of BEPZA.

## Taiwan sees 15pc rise in sales to foreign IT cos

AFP, Taipei

Foreign information technology companies are expected to buy goods worth over 42.5 billion US dollars from Taiwanese companies this year, up 15 per cent from 2001, a report said Tuesday.

The forecast exceeds a previous projection of 41.0 billion dollars and reflects strong orders in the first quarter, unnamed officials from the economic ministry were cited as saying.

Major clients such as HP (formerly Hewlett Packard and Compaq), Dell Computer, International Business Machines Corp. and Apple Computer Inc. are seen buying Taiwanese products worth 27.5 billion dollars this year, up six per cent from 26.0 billion last year, it added.

HP alone is seen buying 15.0 billion dollars of Taiwanese products this year.

The figures include production by Taiwanese companies on the island and at their factories in mainland China.

According to earlier projections from the semi-official Market Intelligence Center (MIC), the island's IT hardware production this year is seen growing 17.5 per cent to 44.25 billion dollars, compared with a 9.2 per cent contraction in 2001.

Output in the three months to March jumped 23.7 per cent to 10.6 billion US dollars due to recovering global demand.

Among the key IT hardware products, LCD monitors boasted the biggest growth of 188.3 per cent to 1.44 billion dollars in the first quarter, followed by CD and DVD-related players, which rose 70.1 per cent to 910 million dollars.

## Coca-Cola, Danone in US bottled water venture

AFP, Atlanta, Georgia

Coca-Cola and Groupe Danone announced a partnership Monday to produce, market and distribute the French company's retail bottled spring and source water brands in the United States.

Under the agreement, Groupe Danone will contribute the assets of its retail bottled spring and source water business, including five production facilities, a license for the use of the Dannon and Sparklets brands and ownership of several value brands, they said in a joint statement.

In addition to a cash payment for a 51-per cent equity interest in the partnership, Coca-Cola will provide marketing, distribution and management expertise.

The transaction was expected to close shortly, though financial details were not disclosed.

Groupe Danone's Evian brand, Coca-Cola's Dasani brand, and Danone's home/office delivery bottled water business are not included in the partnership, the statement said.

# Leasing assoc demands debt provision similar to banks

STAR BUSINESS REPORT

Leasing companies yesterday demanded financial institutions should be allowed to maintain a three per cent provisioning for bad and doubtful loans.

They said in the proposed budget for 2002-2003, a provision of three per cent against the total outstanding loans, including interest have been proposed to continue till 2004-2005, which should be allowed in case of financial institutions also.

"But no such provision has been allowed for the financial institutions which has been a long-standing

demand of the association," said Bangladesh Leasing and Finance Companies Association (BLFCA) acting Chairman A Quadir Choudhury.

Choudhury was speaking at a press briefing on "Post Budget Scenario relating to Financial Institutions".

According to him, 27 financial and leasing companies of the country have arranged around Tk 700 crore finance in different sectors till December last year.

"The financial institutions have been playing a significant role along with the banks for the country's industrial development and for

creating employment opportunities. Besides, the bad debt provisioning system of banks and financial institutes are similar to those of banks as formulated by the central bank," he said.

"For the sake of justice and equity, the financial institutions should be allowed to maintain bad debt provisioning at three per cent on the unrealised principal amount, including over due amount or the amount of actual provision for such debt finance in the books of the assessee -- whichever is less," BLFCA leaders said.

They said corporate tax rate of 40 per cent has been proposed in

the budget for banks, insurance companies and the financial institutions, but the financial institutions are unfairly deprived of three per cent provision facility for bad and doubtful debt.

BLFCA leaders hailed the government decision for restoration of initial depreciation allowance at 25 per cent on cost of machinery in the proposed budget.

Among others, members of BLFCA executive committee SH Jamal, TK Podder and Mafizuddin Sarkar were present during the press conference.

# BARVIDA again appeals for allowing reconditioned cars

Memo submitted to NBR

STAR BUSINESS REPORT

Leaders of Bangladesh Reconditioned Vehicles Importers & Dealers Association (BARVIDA) yesterday urged the Chairman of National Board of Revenue (NBR) to reconsider the decision on banning import of reconditioned cars.

The request came when reconditioned car importers met the NBR chief and handed over memorandum to him.

It is not acceptable to ban import of reconditioned vehicles in the name of environment because these are not causing pollution at all,

the BARVIDA leaders said, adding that the measure is against the interest of the nation and would encourage import of Indian cars which pollute environment significantly.

BARVIDA President Md Anwar Hossain, Secretary General Abdul Mannan Chowdhury Khosru, MAH Sharif, Chairman of BARVIDA Standing Committee on the campaign MAH Sharif, Vice President Nurul Absar and Publicity Secretary Shah Mosharrar Hossain represented the BARVIDA while Member Customs Monzur Mannan and NBR

First Secretary represented the NBR during the meeting.

Brands like Daewoo and Kia of Korea, Fiat of Italy, Suzuki of Japan are made in India with outdated technology, BARVIDA leaders said, adding that the local market will be flooded with India made vehicles.

The BARVIDA leaders added they would continue their agitation till their demands are not fulfilled. Apart from ongoing agitation, they may announce further programmes like mass hunger strike, the importers said.

## Nepal allows exchange of Chinese yuan

AFP, Kathmandu

Nepal's central bank on Monday gave the green light to the free exchange of Chinese yuan in a move hoped to boost trade and tourism between neighbouring China and the Himalayan kingdom, state-run radio announced.

The Nepal Rashtira Bank for the first time on Monday set the exchange rate at nine Nepalese rupees to one yuan. Nepal and China previously conducted business transactions in US dollars only.

"Chinese visitors coming to Nepal can now freely exchange the yuan at a Nepalese bank," the radio said.

"The move will help encourage Chinese tourists to Nepal while the yuan will also be used to finance imports from Tibet," it said.

Bank governor Tilak Rawal and Chinese ambassador to Nepal Wu Congyong signed the free convertibility accord here Monday morning.

## German AWD to buy UK rival CarringtonCarr

AFP, Frankfurt

The German financial services group AWD said on Tuesday it has agreed to buy its British rival, CarringtonCarr, for about 50 million euros (47 million dollars) to improve its competitive position in Britain, where AWD already owns the Thomson's Group.

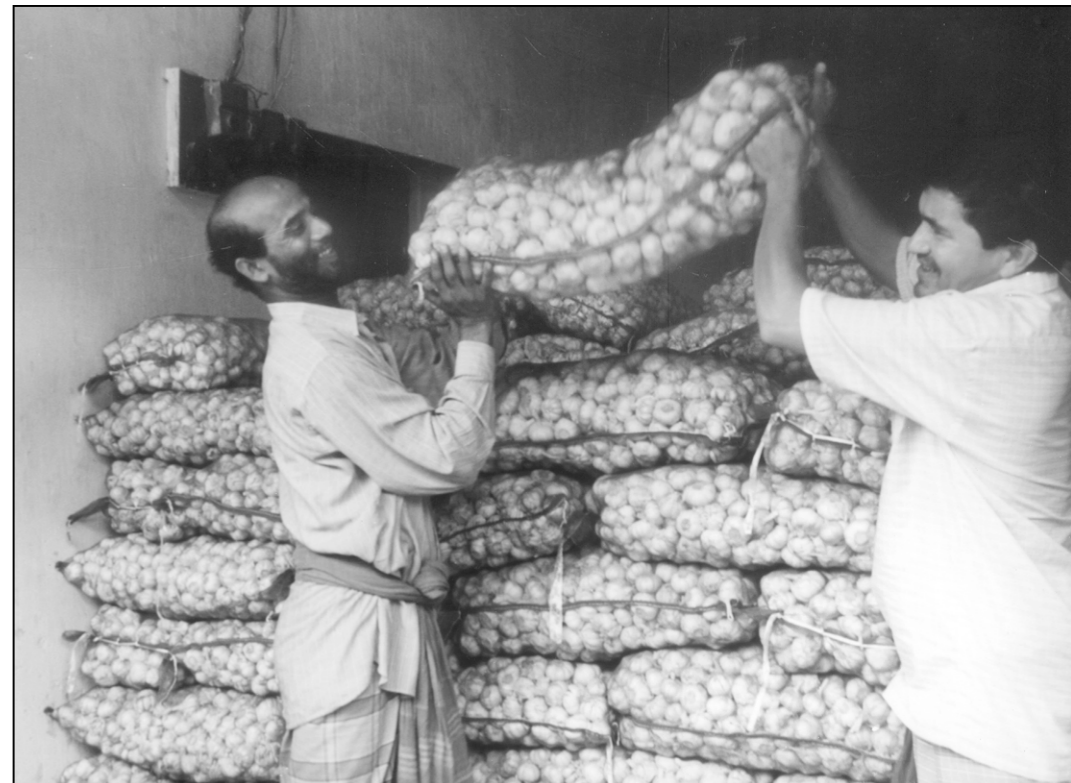
The group said in a statement it was paying "less than eight times CarringtonCarr's earnings before interest and taxes (EBIT) in 2001".

The Leicester-based firm, which specialises in the financing and mortgaging sector, was founded in 1987 and currently employs some 270 people.

In the business year ended March 31, it generated revenues of 19.5 million pounds (30.5 million euros, 28.7 million dollars) and EBIT of 4.6 million pounds (7.2 million euros).

AWD said CarringtonCarr would be a wholly-owned subsidiary of Thomson's and the existing management would remain in place.

"The business of CarringtonCarr is growing dynamically, with revenues rising by more than 50 per cent and EBIT up by more than 60 per cent on average over the past two years," AWD said.



Prices of garlic have come down to Tk 28-30 per kg in Shyambazar wholesale market in the city following import of the spice from China in large quantity. Earlier this was sold at Tk 60 a kg.

# 'Budget aims to make country self-reliant'

Toyota Navana 3S Centre inaugurated

STAR BUSINESS REPORT

The proposed budget for the 2002-2003 fiscal has not been prepared to serve interest of any particular groups rather it is a strategy to make Bangladesh a self-reliant country, said Communications Minister Barrister Nazmul Huda.

He was speaking at the launching ceremony of Toyota Navana 3S Centre in city's Tejgaon Industrial Area yesterday.

Chairman and Managing Director of Navana Ltd Shafiqul Islam Kamal, Japanese Ambassador to Bangladesh Jiro Kobayashi, Toyota Motor Corporation-Japan Group Manager H Maruyama and Director of Toyota Tsusho Corporation-Japan Kiyoshi Furubayashi were also present on the occasion.

The minister said the capital could be turned into a wonderful city by mobilising the country's internal resources. "But due to mismanagement the it did not happen," he added.

He said this budget will create short-term problem for some groups of people but for the greater interest of the country such decisions were needed to be taken.

He appreciated Navana's initiatives to give the customers superior services.

Navana has been marketing the cars of Japanese Toyota Motor Corporation in Bangladesh for the last three decades.

In the new Toyota Navana 3S Centre, a customer can avail three facilities -- sales, services and spare parts.

## Swiss central bank raises spectre of sharp fall in dollar

AFP, Bern

The vice-chairman of the Swiss National Bank, Bruno Gehrig, warned against a sudden drop in the value of the US dollar on Tuesday, saying that it could bring a sudden shock to European economies.

"Exports would be stifled -- Europe would lose the most important factor behind its growth," Gehrig said in a speech to a Swiss industry forum.

"Europe has become used to a strong dollar and a sharp drop in the dollar would bring a rude awakening," he noted, adding that it was becoming a "key concern".

The Swiss franc reached the lowest level against the dollar for two and half years this month, after several downward adjustments of the Swiss central bank's key interest rate in the past year.

The dollar has declined by about seven per cent against the Swiss currency since the end of March

# Foreign investors vie for Russian assets

AFP, Moscow

A rush of foreign investment in Russian industry during the past six months has signalled a growing confidence in the post-Soviet investment climate, but Russia still has a mountain to climb to equal inward investment in its East European neighbours.

During the first post-Communist decade, economic and political uncertainty was a disincentive to foreign investment in Russia where the absence of developed civil, commercial and criminal codes, not to mention a confusing tax system, corruption and mafia-related crime, proved a major constraint.

But senior ministers and financial analysts have pointed to the flurry of Western investors snapping up Russian assets during the first half of 2002 as evidence that foreign companies now believe commercial opportunities here justify the risks, uncertainties and bureaucratic obstacles.

For example, the Dutch drinks giant Heineken paid 400 million dollars (430 million euros) in February for a 100-per cent stake in one of Russia's largest brewers Bravo International, a company

previously owned by private equity investors.

Within a matter of days, the British brewers Scottish and Newcastle bought for 1.9-billion-dollar the Finnish firm Hartwell, which in turn owns a 50-per cent stake in Baltic Beverage Holdings, the main shareholder of the Russian brewer Baltika.

Also in February, it emerged during the flotation of Wimm-Bill-Dann on the New York stock exchange that the French company Danone had taken a four per cent stake in the Russian juice and dairy giant, and could soon try to boost its involvement.

Among other recent investments, Anglo-American paid around 252 million dollars earlier this year to increase its stake in the pulp and paper mill Syktyvkar Dorest Enterprise from 19.4 per cent to 87.9 per cent.

However, the changing fortunes of foreign investors in Russia was perhaps best highlighted in April when BP announced it was buying an additional 15-per cent stake in the Russian oil company Sidanko, raising its participation to 25 per cent.

# Top 30 cos to up investment in India by 37pc: Survey

AFP, New Delhi

Optimism about the Indian economy has prompted the country's 30 biggest listed companies to plan a 37 per cent increase in investments this year to 571.8 billion rupees (11.7 billion dollars), a survey said.

India's leading industrial lobby group, the Federation of Indian Chambers of Commerce and Industry (FICCI), said in a report published this week that there "were strong signals the current investment climate in the country was on

the right track." Reliance Industries, Hindustan Lever and other major companies have investment projects worth 417.4 billion rupees underway, the survey said.

"That the estimated total outlays in proposed projects exceeds that in the projects already under implementation is indicative of an improving investment climate," said the report.

Reliance Industries, India's largest private sector company, has three projects in the pipeline in the

power and oil sectors worth roughly 300 billion rupees, the lion's share of the proposed investments.

The end of a two-year drought has boosted the incomes of farmers, who make up three-fifths of the India's one billion population, lifting demand for manufactured goods, the survey said.

India's central Reserve Bank of India expects economic growth to rise to between six per cent and 6.5 per cent in the year to March 2003 from 5.4 per cent in the previous fiscal year.

# Asia's premier telecom fair opens amid rising hopes of recovery

AFP, Singapore

Asia's biggest telecoms show opened amid great fanfare Tuesday as industry players voiced optimism the region would bounce back from a slowdown, with China providing the boost.

Organisers said nearly 1,450 companies from 41 countries are taking part in the week-long CommunicAsia 2002 trade fair which incorporates broadcasting and satellite technology exhibitions.

In a keynote speech, Singapore Deputy Prime Minister Tony Tan said China's rise up the economic ladder would drive regional demand for information and communication (infocomm) services and gadgets.

"Many analysts and market watchers expect the recovery of the Asia-Pacific infocomm markets to begin during the second half of this year, followed by steady growth in 2003 and 2004," Tan said.

"China, in particular, will be a

strong emerging market with pent-up demand for infocomm, as China's economy continues to grow at seven to eight per cent per annum," he said.

A recent survey of infocomm companies in Singapore showed 70 per cent of them expected business to improve or remain unchanged in the next quarter, Tan said. The island's economic fortunes are strongly tied to the health of the global technology sector.

"This is a significant improvement as compared to the beginning of this year when only 40 per cent had such expectations," Tan said.

Citing figures from research houses and international bodies, event organiser Singapore Exhibition Services (SES) was equally confident the region was ready to make a strong comeback.

"According to the Organization for Economic Cooperation and Development, economies most closely tied to IT (information tech-

nology) such as Hong Kong, Singapore, Malaysia and Taiwan were hit in 2001 but are now due for a rebound," said Stephen Tan, chief executive of SES.

SIMalliance, a coalition grouping the manufacturers of the tiny Subscriber Identification Module (SIM) cards in mobile phones, said the regional demand for mobile telephony would outstrip the rest of the world.

"All the signs are pointing towards Asia as the most significant mobile market for now and for some years to come," it said in a statement released at the fair.

"While growth in Western Europe is stabilising, Asia is still on an upward curve," it said, adding the region accounted for 27 million new mobile subscribers in 2001 from a global total of 40 million.

Industry research house Gartner predicted regional economies with a high dependency on IT would stage a recovery in the third quarter while

Frost and Sullivan projected IT spending to rise eight per cent to 239 billion dollars this year from 2001.

With some of the world's biggest telecoms players promoting their offerings, it was evident that Multimedia Messaging Service (MMS), seen as the next big thing after the hugely popular text-based Short Messaging Service (SMS), would be the star this year.

"MMS is poised to be the next big wave," Tan said.

"A new generation of sleek looking handsets with enhanced features such as digital cameras, advanced gaming and entertainment will be paraded at CommunicAsia," he said.

Unlike SMS, MMS allows pictures, animation, recorded sound and even video to be transmitted on existing wireless network platforms.

# 'Singapore now weakest economy in Asia'

AFP, Singapore

Singapore, usually touted as Asia's economic beacon, has the dubious distinction of now being the region's weakest economy, investment bank Barclays Capital said Tuesday.

The trade-dependent republic slumped into recession last year, and the Barclays report, following worse-than-expected trade figures this week, held little hope for a rapid recovery.

"The crucial non-oil domestic exports (NODX) data is failing to exhibit the clear trend of strength seen in regional competitors such as South Korea, Taiwan and China," Barclays said.

The NODX for May shrank 6.8 per cent from the same month last year, reversing April's 6.6 per cent gain.

The figures followed Singapore reporting negative economic growth of 1.7 per cent for the first quarter from a year earlier, while Hong Kong had a far milder drop and Malaysia posted growth, the report said.

"We fear that Singapore may retain the unwanted accolade of

Asia's laggard in the second quarter as economic data over this quarter disappoints."

In addition to a disappointing NODX, just released retail sales figures for April showed a 4.2 per cent fall for the seventh consecutive month of decline.

Barclays said the downturn in private consumption may have "considerably further" to run.

"Crucially, Singapore's property market is still deflating... and the unusually high proportion of Singaporean household wealth tied up in property leaves the wealth effect the key determinant of consumer confidence."

About 85 per cent of Singaporeans own their homes, with a large proportion using pension fund retirement accounts to leverage themselves into the market.

After robust 10 per cent growth in 2000, the Singapore economy contracted two per cent last year.

The government is cautiously forecasting growth at the upper end of a two to four per cent range this year.

## Japan's watchdog punishes online brokerage for illegal trade

AFP, Tokyo

The Financial Services Agency (FSA) Tuesday ordered a Japanese affiliate of US electronic brokerage house E-Trade Group Inc. to suspend part of its operations for violating security regulations.

E-Trade Securities Co. Ltd. accepted a series of trading orders that it knew would lead to market manipulation, the Japanese agency said in a statement.

The FSA stopped E-Trade from taking orders for five days, starting June 24.

The financial watchdog also told the company to improve its operations through various measures, including beefing up employee educational programmes.