

## New DMD of Al-Arafah bank

Md Abdus Samad Sheikh joined Al-Arafah Islamic Bank Ltd as deputy managing director on Monday, says a press release.



Prior to his present assignment he was the deputy managing director of Agrani Bank.

He started his banking career in State Bank of Pakistan in 1970. Then he joined Agrani Bank in July 1971. He was promoted as General Manager in 1997.

Samad obtained Bangladesh Bank Gold Medal 1976 and two Janata Bank cash awards.

## Virgin colours football mania campaign on

Virgin Colours Football Mania-2002 campaign of Global Beverage Company Ltd is still on, says a press release.

Under the sales campaign, buyers of two Virgin drink cans will get a card and after scratching the card customers will get prizes like webcam, diskman, jersey, camera, football, wrist watch and mobile phone set.

Many lucky customers across the country by the time have received various attractive gifts.

## IMF unlocks \$4.8b for Brazil

AFP, Washington

The IMF said Tuesday it had cleared Brazil to withdraw an extra 4.8 billion dollars, giving it immediate access to a total of about 10 billion dollars in IMF funds.

The International Monetary Fund said it had signed off on a review of the Brazilian economy, unlocking about 4.8 billion dollars in extra IMF financing from a 15.7-billion-dollar program.

Brazil already had about 5.2 billion dollars available from IMF funds that it had yet to withdraw, "meaning Brazil is eligible to draw a total of ... about 10 billion dollars, immediately from the IMF."

Fears are mounting that Brazil may head in a similar direction to its crisis-ridden neighbor Argentina.

Uncertainty about the economic policies of a future government to be chosen in October presidential elections has led to a tumble on the real and heightened concern about Brazilian debt repayments.

Leftist leader Luiz Inacio "Lula" da Silva's strength in the polls has unnerved many investors.

But Brazil's economic performance under its IMF financing agreement remained strong, meeting all targets except on inflation, said IMF first deputy managing director Anne Krueger.

## Europe air strike causes massive flight cancellations

AFP, Paris

A joint strike by air traffic controllers in France, Greece, Italy, Hungary and Portugal caused massive travel disruption across Europe Wednesday, as the sector protested plans to create an EU-wide airspace.

Thousands of domestic and short-haul flights were cancelled while many others were delayed by hours.

However, virtually all long-haul international flights were unaffected.

The controllers were protesting controversial plans to create a unified airspace and single control for the skies above all 15 European Union countries, replacing the current system of national flight monitoring and guidance.

EU transport ministers met early this week to again weigh the idea, which they argue would increase the number of planes able to fly within Europe by solving problems of "saturation" in some countries.

But the Air Traffic Controllers European Unions Coordination, a federation of 13 air traffic controllers' unions which called Wednesday's strike, warns such a move would sacrifice safety for efficiency.

It also fears that the plan would lead to privatisation of the sector and job losses, despite denials from the ministers.

Air traffic controllers in France -- the country with the biggest airspace in Western Europe and a throughpoint for many continental flights -- led the strike.

# Poverty down in 90s

## IMF resident representative says

STAR BUSINESS REPORT

Poverty level in Bangladesh went down significantly during the 1990s, thanks to a relatively good growth performance that was about five per cent on an average, said Marijan Verhoeven, resident representative of International Monetary Fund (IMF).

"About 34 per cent of Bangladesh's population was very poor (under the lower poverty line) in 2000-01 and 50 per cent was poor (under the upper poverty line) as compared, respectively, to 43 per cent and 59 per cent in 1991-92," he said.

Verhoeven was speaking on 'Recent Economic and Policy Developments -- the Challenges

Ahead' as guest speaker at a luncheon meeting of France-Bangladesh Chamber of Commerce & Industry (CCIFB) at a city hotel yesterday. Gerard Marchand, President of the CCIFB and French Ambassador in Dhaka Michael Lummaux also spoke on the occasion.

The IMF resident representative said rural poverty declined to some extent during the period, but its level remained higher than urban poverty.

"Notwithstanding this progress, much more remains to be done. Bangladesh still has the highest incidence of poverty in South Asia, the third highest absolute number of poor in the world after India and China, and its per capita GDP (\$366

in 2000) is one of the lowest in the world," he said.

"A faster pace in the reduction of poverty would require putting Bangladesh's economy on a higher sustainable growth path. The country's economy is still very far from the efficiency frontier and therefore has significant room for improvement," Verhoeven observed.

Stressing the need for increasing spending in education to improve human capital, he said a country needs educated people for a sustainable economic growth.

He also underscored the need for an independent central bank that would ensure smooth supervision of banking activities. The quality and the timeliness of Bangladesh's economic data are not good, he felt. "Useful economic analyses are

needed for a country."

Termining the present macro economic scenario fragile, the IMF resident representative said it needs to be addressed immediately. He also suggested for reducing the burden of state-owned enterprises, emphasising on enhancing the revenues of these SOEs and closing down the loss making units.

He observed Bangladesh needs further liberalisation of exchange rate policy but said a comprehensive package is needed for liberalising the exchange rate policy and without it liberalisation may be risky.

The interest rates of saving instrument should be linked to the market as these rates are much higher than those of the treasury bills, he noted.



Communications Minister Barrister Nazmul Huda formally inaugurates 'Navana Toyota 3S center' in the city on Tuesday. Chairman of Navana Group Shafiqul Islam Kamal and Japanese Ambassador to Bangladesh Jiro Kobayashi are also seen in the picture.

# SEC fines sponsors of two listed companies

BSS, Dhaka

The Securities and Exchange Commission (SEC) penalised sponsors of two companies yesterday in complaint of irregularities against the companies.

In a SEC order, four of the sponsors of JH Chemical Industries Ltd including the Chairman and Managing Director of the company were penalised as the company failed to submit its audited accounts to the SEC for last three years, according to a SEC source.

According to SEC allegation, the company also failed to hold the Annual General Meetings (AGMs)

for the years 1999, 2000 and 2001 in due time and also failed to submit its half-yearly accounts.

Company's Chairman Ragib Ahsan was penalised Tk 8 lakh, its Managing Director Syed Afsar Hossain was penalised Tk 4 lakh, and two of its Directors Nurul Alam and Debbroto Dutta were penalised Tk 2 lakh each.

The SEC has imposed penalties to the sponsors of the company under section 22 of SEC Ordinance, 1969 in order to protect the interest of the shareholders and restore investors' confidence in the capital market.

In another move, the SEC has

also penalised six of the sponsors of Maq Enterprises Ltd for non-cooperating a SEC team in auditing company's financial activities. In an allegation against the company, the SEC said the company refused to co-operate with the auditor appointed by the SEC.

Company's Chairperson Sufia Kashem has been penalised Tk 2 lakh, its Managing Director M A Kashem has been penalised Tk 4 lakh, and four of its Directors Kashem Azam, Kashem Rob, A Q M Mahbulul Alam and Shahadot Hossain have been penalised Tk 1 lakh each, according to SEC source.

## WTO seeks more time for ruling on EU sanctions in FSC dispute

AFP, Geneva

The World Trade Organisation's (WTO) independent arbitrators have asked for more time to fix the amount of retaliatory measures the European Union would be authorised to take against the US in the dispute over US tax breaks for foreign service corporations (FSC), diplomatic sources said on Monday.

The arbitrators in the Disputes Settlement Body are expected to give a ruling in the second half of July because of the complexity of the case, the sources added.

US and European officials had been indicating in recent weeks that they were expecting a ruling -- which had already been put off twice since March -- on Monday.

The WTO insisted it had not fixed a date for this month. The EU's Commission had asked in November 2000 to impose retaliatory sanctions of about four billion dollars a year, which it claimed corresponded to the damage to European companies by FSC's.

The US has estimated that the amount should be 900 million dollars (968 million euros).

The FSC system allows US companies, through sales companies usually located in tax havens, to benefit from reduced export taxes.

There are an estimated 4,000-5,000 foreign sales corporations, mostly based in tax havens, used by US multinationals; about half of annual US exports of 250 billion dollars (252 billion euros) benefit from the regime, he said.

The WTO has ruled that FSC's break international trade rules because they amount to direct subsidies for exports, and last issued a ruling on the issue in January following a US appeal.

# Donors confce for troubled Nepal kicks off in London

AFP, London

A meeting of international donors to discuss assistance to Nepal, whose economy has been battered by an increasingly violent Maoist insurgency, opened in London on Wednesday.

"The meeting is essentially a brainstorming event to see how international partners can help Nepal through its crisis," a Foreign Office spokesman told AFP.

"We hope that this conference will be the first step in a more concerted effort to help Nepal," he said.

The two-day meeting hosted by Britain includes senior officials. The Foreign Office minister for Asia, Mike O'Brien, was being joined by envoys from China, Scandinavian countries and the Himalayan kingdom's largest donor, Japan.

Officials from Nepal's foreign and

finance ministries, the army and the national planning commission were also in attendance, as was Arjoo Deuba, wife of the country's caretaker prime minister Sher Bahadur Deuba.

Arjoo Deuba was representing a non-governmental organisation.

The Foreign Office spokesman said a statement would be issued at the end of the conference outlining any future plans for aid.

The forum comes after a trip by the Nepalese prime minister last month to London and Washington, where he sought military assistance for the crackdown on the Maoist rebels.

The Maoists broke a four-month cease-fire in November and launched an intense wave of attacks, devastating the tourism industry, which employs some 250,000 people and is the impover-

ished country's chief source of foreign currency.

Arrival of foreign tourists plunged some 46 per cent in the first quarter of 2002 compared with the same period last year, according to hotel and tour operators' figures.

The government says it has also incurred 250 million dollars in damages and revenue loss from attacks to civilian infrastructure, a frequent Maoist tactic.

Some 4,300 people have died since the Maoists launched their "people's war" in 1996 to topple the constitutional monarchy, according to the official count. About two-thirds of the deaths have come since the end of the truce.

The government has ruled out any new dialogue with the rebels unless they lay down their arms.

# India targets \$48.79b exports in 2003

AFP, New Delhi

India on Tuesday announced that it has targeted a growth in exports of 12 per cent to 48.79 billion dollars for the current fiscal year that ends on March 31, 2003.

Commerce Minister Murali Manjunath said in a statement he had based his "conservative estimate" on figures provided from consultations with various Indian export promotion councils and commodity boards.

Maran said he had projected the 12 per cent surge in exports on "recent trends" but did not elaborate.

"India's special export focus will remain on the United States, Latin American, African and Commonwealth of Independent States markets," the statement said.

India's total exports slipped 0.08 per cent to 43.9 billion dollars in the financial year ended March 2002.

Exports in the previous year were worth 44.03 billion dollars and the government had set a target of three

per cent growth for 2001-2002.

Total imports during the same period rose 1.08 per cent to 50.6 billion dollars, increasing India's trade deficit to 6.65 billion dollars, compared with 6.07 billion dollars the previous year.

India's traditional exports such as textiles and leather have been affected by the slowdown in the global economy, which was aggravated by the September 11 terrorist attacks in the United States.

# Japan steelmakers see fresh demand in Southeast Asia

AFP, Tokyo

Major Japanese steel makers said Wednesday exports to Southeast Asia were rising on the back of fresh demand as economies in the region begin to stir.

Kawasaki Steel Corp., number three in the industry, said it expected exports in the six months to September to rise to around 50 per cent of total steel product output from 45 per cent last year.

"We are seeing fresh demand in South Korea and also other Southeast Asian countries," said Kawasaki spokesman Ryusuke Chiyonobu.

"Also (Japanese) companies are setting up factories there," he said.

South Korean steel plate maker Hyundai Hysco Co. Ltd. was

absorbing a large portion of new exports, he said.

Sumitomo Metal Industries Ltd. said it had signed a deal with China Steel Corp. of Taiwan earlier in the year to provide 600,000 tonnes of slab steel from April 2002 to June next year, which would help boost exports to the region.

"Overall the level of exports will remain the same as last year, but we are seeing a rise in those to South East Asia thanks largely to this contract," said company spokesman Hirofumi Yamana.

Kobe Steel Ltd. said it too was seeing recovering demand in Asian markets.

"Over the past year, Japanese steelmakers have reduced production and reduced inventories so the market is quite tight but demand is high and there is more of a need for

steel products," said Gary Tsuchida, the company spokesman.

Industry leader Nippon Steel Corp. sees steel exports accounting for more than 30 per cent of total output in the first half to September, up from 26 per cent last year, the Nihon Keizai Shimbun newspaper reported without citing sources.

A Nippon Steel spokesperson said they could talk about the report later in the day.

NKK Corp., Japan's second largest steelmaker which will merge with Kawasaki under a holding company in September, forecasts its exports for the April-June period to increase three per cent due to strong orders from Southeast Asia, the economic daily said.

"Participants envisioned a long-term development program to maintain the industry's global leadership," the ministry said in a statement.

The shipbuilders suggested high-end and high-margin vessels such as cruise ships and supply vessels should account for 35 per cent of their total production in 2010, compared to 13 per cent last year, it said.

They also promised to boost exports of shipbuilding equipment and parts to 2.0 billion dollars by 2010 from 370 million dollars in 2001.

The program highlights concerns about Japanese shipbuilders who are teaming up to compete with South Korean rivals through mergers and strategic partnerships.

The worldwide shipbuilding industry has seen prices spiralling downwards due to excess capacity and demand was hurt by last year's global economic downturn, exacerbated by terrorist attacks in the United States.

## ROK unveils new programme to strengthen shipbuilding

AFP, Seoul

South Korea on Monday unveiled an ambitious program to extend the country's leadership in the world shipbuilding industry, ignoring foreign pressure to reduce capacity.

The program, suggested at a meeting of government officials, academics and shipbuilders, called for 210 billion won (170 million dollars) to develop new technology over the next 10 years.

At the meeting, chaired by Commerce, Industry and Energy Minister Shin Kook-Hwan, shipbuilders agreed to raise their global market share from 32 per cent in 2001 to 40 per cent in 2010.

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# India okays decree to recover bad loans

REUTERS, New Delhi

The Indian cabinet on Tuesday approved a presidential decree to empower banks and financial institutions to seize assets against bad loans.

"The ordinance would enable banks and financial institutions to take possession of securities and sell them and appoint receivers pending such sale," a government statement said.

"It will enable banks and financial institutions to create a market for the securitised asset," it added. Indian state-run banks and financial institutions have bad loans totaling 638.83 billion rupees (\$13.1 billion) as on March 31, 2001, up 5.75 per cent from the previous year, according to the Reserve Bank of India.

The ratio of gross bad loans to

total loans was 11.4 per cent, while net of provisions, bad loans were 6.2 per cent of total loans.

The decree allows asset reconstruction companies (ARCs) to be set up to take over the banking sector's huge pile of bad loans. The government has said ARCs will be in place by June 30.

The ARCs would be set up with the participation of public and private-sector banks, financial institutions and multilateral agencies.

Bankers say India's largest commercial bank, state-run State Bank of India SBI, BO, and financial services firm ICICI (ICIC. BO are likely to be ARC's main shareholders.

The documents also showed Thomas White, a former executive at Enron's retail energy services unit who is now US army secretary, received compensation of 1.9 million dollars in 2001 compensation plus stock options valued at 15 million dollars.

# Europe doesn't need single market regulator

Bank of France governor says

REUTERS, Venice, Italy

Bank of France Governor Jean-Claude Trichet said on Tuesday Europe did not necessarily need a single regulator for its gradually consolidating financial markets.

"We must be able to develop a unique set of standards and concepts that permit this real meeting of markets," Trichet told a conference on financial markets in Venice.

"My understanding is that the consensus feels that this is the appropriate response -- whether this calls for a single authority or not I have to doubt."

As the European Union looks to

create a single financial market by 2005, some have argued that Europe needs a superwatchdog like the US Securities and Exchange Commission.

But many national watchdog officials have poured cold water on the idea, saying it is unworkable due to the lack of Europe-wide criminal law to tackle market offenders.

Trichet was speaking via videolink to representatives of Europe's stock markets, settlement and clearing companies, and other securities executives at a conference discussion how to speed up a plan to create a single European financial market by 2005.

## Enron paid \$745m to staff ahead of bankruptcy

AFP, Washington

Enron Corp. gave some 745 million dollars in salaries, bonuses and stock options to senior executives in 2001 before sinking into bankruptcy, according to court documents.

The documents filed in US Bankruptcy Court show former chairman and chief executive got payments of some 103 million dollars -- including a salary of 1.07 million dollars and a seven million dollar bonus, plus a loan advance of some 81 million.

Lay also had stock options with a value of 49 million dollars, of which 34 million dollars worth were exercised.

Among other top executives, Jeffrey Skilling, who held the job of chief executive until being replaced by Lay in July 2001, received some 8.7 million dollars in salary, bonus and other incentives along with stock options valued at 26 million dollars.

Andrew Fastow, the chief financial officer who set up the special partnerships where debts were hidden, received compensation of 2.4 million dollars and stock options of 1.8 million dollars.

The documents also showed Thomas White, a former executive at Enron's retail energy services unit who is now US army secretary, received compensation of 1.9 million dollars in 2001 compensation plus stock options valued at 15 million dollars.

## Fiat to cut 550 more jobs

AFP, Milan, Italy

The industrial and auto group Fiat said on Wednesday it would cut 550 jobs in addition to 2,887 job cuts announced in May.

The latest cuts, in the form of early retirement, would occur at Powertrain, a company set up with the US auto group General Motors, which owns 20 per cent of Fiat, to make engines and gearboxes, a Fiat spokesman told AFP.

Fiat, which is struggling to overcome a financial crisis, said in May that it would shed 2,887 jobs, of which 2,442 were in the auto division.