

# Star BUSINESS

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## Indian PC sales tumble by 11pc

AFP, New Delhi

Indian computer sales fell 11 per cent to 1.61 million units in the year to March from the previous year due to slow economic growth, industry figures showed Friday.

In the previous financial year, sales had grown 34 per cent, the Manufacturers Association of Information Technology (MAIT) said.

"The severe recessionary trend in the Indian economy has adversely impacted the domestic hardware market," MAIT said.

"The market witnessed significant slowdown in IT consumption in general manufacturing, banking and finance, media and service sectors."

MAIT said a sales recovery was expected in the current year with 12 per cent growth seen likely.

"The slowdown in the IT market is of immense concern to the industry, but increased sales in smaller towns and cities brings a ray of hope," Vinnie Mehta, executive director of MAIT, told a news conference.

Sales of computers in smaller towns and cities more than doubled.

"There is an increased need to support this market and grow it further. However, it can only happen if applications, tools and content are made available in the local language to create a pull effect," Mehta said.

He said the industry would help research and development in this area.

Of total computer sales, 56 per cent were purchased in the biggest four Indian cities of Delhi, Bombay, Madras and Calcutta, and sales in these cities was down 14 per cent from the previous year.

## EU, Asian finance ministers meet

AFP, Copenhagen

EU and Asian finance ministers and officials gathered here on Friday for a two-day meeting, hosted by Denmark, to discuss global economic growth and prospects for a recovery with a view to strengthening structural reforms.

The Danish foreign affairs ministry said: "The global economic slowdown and the prospects of fast recovery and the economical-political challenges related to this will be discussed" at the Asia-Europe Meeting (ASEM) of finance ministers and their representatives.

The discussions, which are closed to the press, were to kick off later in the afternoon here.

However, although global economic growth and recovery were high on the agenda, experts said that Japan, with its huge but limping economy, was likely to be in focus.

Even though a Bank of Japan official warned only on Wednesday that the Japanese economy was vulnerable to shocks, the meeting comes as a forward-looking index of economic activity in Japan indicated the situation was improving, providing a ray of light for the Japanese economy, which has been dogged by weak growth and banking system crippled by bad loans.

The Danish foreign affairs ministry explained the meeting would allow the EU representatives to present Europe's extensive regional cooperation systems as a model to their Asian counterparts with a view to strengthening Asian cooperation initiatives that arose during the 1997 and 1998 financial crisis in the region.

"The political experience of the European ASEM members on regional cooperation, in particular in economical-political, monetary and financial areas are of some interest for the Asian members."

## JAL joins air freight alliance

AFP, Tokyo

Asia's top carrier Japan Airlines Co. Ltd. said Friday it had reached a basic agreement to join an air freight alliance formed by three major international airlines.

The WOW air freight alliance, one of the major players in the global cargo business, includes Germany's Lufthansa AG, Singapore Airlines Ltd., and Scandinavian Airlines System and was formed in April 2000.

"Japan Airlines Cargo joining WOW is a natural development of our prior bilateral and also tripartite cooperation including Lufthansa Cargo," Peter Groenlund, president and chief executive officer of SAS Cargo Group AS, was quoted as saying in a joint statement announcing the tie-up.

## Shortfall attributed to yarn import ban

# Benapole customs misses revenue target

UNB, Benapole

Benapole customs house failed to achieve its revenue collection target in the just concluded financial year.

Official sources said the customs house earned Tk 704.17 crore against its revised target of Tk 780 crore in the 2001-2002 fiscal.

A senior official at the customs house attributed the declining revenue earnings to government ban on yarn import and suspension of fruit import by traders.

Local businessmen said the transfer of former customs commissioner during the peak time of import also contributed to the falling

revenue earnings as the new commissioner imposed various restrictions on import.

The customs house collected Tk 586.41 crore in revenue against its target of Tk 595 crore in 200-2001 fiscal year, but the revenue collection fell far short of its target in the last fiscal.



PHOTO: STAR

Demand for dry fish has gone up with the scarcity of fishes in the city markets. Dry fish of different varieties is sold at Tk 50 to 100 per kg in Karwan Bazar market.

## Christian missionaries enter Indian tea business

AFP, Guwahati, India

A Christian church in India's northeast is poised to make inroads into the tea business to create employment for tribal people.

The Partnership Mission Society which belongs to the Presbyterian Church will soon take over the reins of a medium-sized tea plantation in southern Assam's Cachar district.

"We want to be self-reliant and with the income that we hope to generate by running the tea garden we will help poor tribal people living in the area," said Kh Thangdailo (ed: correct), director of the Partnership Mission Society based in northeastern Manipur state.

The society, which already runs schools and hospitals, said it had offered to buy the cash-strapped tea estate so that it could find jobs for impoverished Christian Hmar tribals.

The proprietors had put the tea estate on the market for eight million rupees (1.6 million dollars) after tea prices crashed in the weekly auctions.

Since the beginning of 2002, a kilogram (2.2 pounds) of top quality

Assam tea has been selling for at least 12-15 rupees (25-35 cents) less at weekly auctions than it did three years ago.

India is the world's largest tea producer and accounts for more than 30 per cent of global tea production, but its growers have been losing out on the global market.

India's tea production dropped from 870 million kilograms (1.9 billion pounds) in 1998 to 823 million kilograms last year, while exports accounted for just 25 per cent of the production.

India's northeastern state of Assam accounts for more than half of the tea produced in India with more than 800 tea estates which employ roughly 4,000 to 5,000 workers each.

But several tea gardens in Assam have been finding it increasingly difficult to meet their wage bills because of crashing tea prices.

On June 25 India announced it would allow 100 per cent foreign direct investment in tea plantations to attract much-needed funds to revitalise the country's 1.5 billion-dollar-a-year tea industry.

Until the ruling by the Indian

cabinet, foreign business houses were not allowed to hold more than a 26 per cent stake in the sprawling British-built colonial Indian tea estates.

The government has, however, made the condition that foreign firms have to give up 26 per cent of the equity after five years of making the investment, to either an Indian partner or the public.

Tea bushes were first discovered in Assam in 1815 by British travellers C.A. Bruce and Robert Bruce. Tea gardens in Assam were run mostly by European planters until they left Assam during the Indo-China border conflict in 1962.

Most tea estates are now run by Indian managers but the Partnership Mission Society plans to make a journey into the past by employing Australian planter Peter Clayton who worked in Assam's tea industry in the 1960s.

"Clayton's return to head a tea plantation could well be the beginning of a new era for the Indian tea industry. It will mark the return of the 'Boga Sahib' (white master) after four decades," said a tea industry official.

## Bush business record questioned

### Pre-presidential dealings resurface in wake of massive US accounting scandals

AFP, Washington

President George W. Bush's own past business record was under public scrutiny Thursday just days before he was to issue a stern warning to Wall Street on the need for corporate responsibility.

Bush's pre-presidential dealings as a Texas oilman, which resulted in a Securities and Exchange Commission investigation, have resurfaced in the wake of massive business scandals that have rocked the country's economy.

The president has labored to put as much distance as possible between himself and the apparent fraud that brought down energy giant Enron and troubling revelations dogging communications titan WorldCom.

But questions over his stock transactions of over a decade ago have resurfaced, specifically his failure to promptly disclose stock sales.

According to SEC documents, Bush filed four separate Harken

Energy Corp stock transactions totalling more than one million dollars between 15-34 weeks late in 1990 and 1991 when he was director of the troubled company.

On August 20, 1990, Harken announced it had sustained a loss for its quarter ended June 30, 1990, of more than 23 million dollars, sending its stock sharply down on the markets, according to SEC documents posted by the Center for Public Integrity.

Bush sold 848,560 dollars worth of shares in the company on June 22, 1990, but filed the transaction only on March 4, 1991.

The White House has played down the stock sale flap, blaming the lawyers of the Texas-based energy company for Bush's delay in disclosing the stock transactions.

White House spokesman Ari Fleischer has said the president had done nothing wrong. The SEC cleared Bush of insider trading following an informal investigation after the delay came to light during the term of then-President George

Bush, his father.

"There was indeed a mix-up, a clerical mistake involving the lawyers at Harken" Energy Corporation, who failed to file a form disclosing Bush's sale of shares in the firm, as required by law, the spokesman told reporters Wednesday.

During his successful 1994 run for Texas governor, Bush offered a different explanation, insisting that he had filed the form and speculating that the SEC had lost it. Fleischer stood by the explanation that the lawyers were at fault.

Although the SEC concluded in 1992 that the president had not done anything wrong, Democrats seized on the issue Wednesday.

"It's time this CEO, President Bush, took responsibility for his actions as a private businessman and as president of the United States," said Terry McAuliffe, chairman of the Democratic National Committee, on Wednesday.

"Bush and his administration have given the green light to unscrupulous CEOs by helping to foster a business environment that says, 'If it feels good, do it.'," he added.

Bush in March unveiled a 10-point plan aimed at improving corporate disclosure of key financial data in an effort to boost investor confidence following the Enron collapse.

"The whole design of free market capitalism depends upon free people acting responsibly," Bush told a business group at the time. "Business people must answer not just to the demands of the market or self-interest but to the demands of conscience."

Among its recommendations, the plan calls for corporate officers to disclose their purchases and sales of company stock within two days. A senior administration official said some of those disclosure requirements are currently as high as 40 days.

"Corporate officers should not be allowed to secretly trade their company's stock," Bush insisted.

## Europe not immune to accounting scandals, experts issue warnings

AFP, London

As global stock markets reel from a string of corporate scandals in the United States that has left the country's accounting model under fire, experts warn that Europe is not immune to balance sheet shenanigans either.

Once again the spotlight has been turned on accounting standards after US telecoms giant WorldCom revealed last week a 3.8-billion-dollar black hole in its accounts for 2001 and the first quarter of 2002, eclipsing even the Enron scandal.

WorldCom admitted to presenting 3.8 billion dollars in current expenses incurred since 2001 as capital outlays, an accounting trick to conceal losses.

In recent days investors have also been punishing any European companies with a whiff of accounting irregularities about them, and experts warn against being complacent about the risk of WorldCom-esque scandals in Europe.

"I think it could happen here," said Professor Rob Bryer at Warwick University.

"If you take the WorldCom debacle that they've just gone through, mixed up revenue and

capital expenditure, they could certainly do that in this country because the definitions are not clear basically," he told AFP.

Bryer said Britain has a definition of capital expenditure that says an expense must be treated as capital expenditure if it improves the performance of the asset.

"That's a rather open-ended definition," he said. "I think it's much worse in the rest of Europe as they have only a legal-based system which leaves huge areas of discretion."

Unlike countries elsewhere in Europe, Britain does have a principle which overrides all accounting standards and laws and requires accountants to give a "true and fair view" of a company's accounts.

In the United States by contrast, companies are required only to present accounts in accordance with general accepted accounting principles (GAAP).

Some analysts are now raising eyebrows over the auditing techniques used by European telecoms companies.

Bank of America Europe equity strategist Robert Kerr noted that it is normal practice for Swedish companies such as mobile telephone maker Ericsson to book their

orders as revenues, when under British and most other accounting regimes they would have to include them as they invoice them, or in other prudent ways.

"So the argument is that Ericsson may well be front-loading the sales which themselves are disappointing," he told AFP.

French media giant Vivendi Universal has also been in the spotlight after the French newspaper Le Monde alleged that the company had tried to stretch accounting treatment of its disposal of its stake in BSkyB.

The company denied any wrongdoing, explaining it was operating to French and US accounting standards, the French regulators said that they had tough negotiations with the group to impose their viewpoint.

But in any case the group, which has replaced its chairman Jean-Marie Messier, is facing a cash crunch and possible break-up amid concern that there might be skeletons in the cupboard.

"Perhaps it's no coincidence that the worst of these scandals are coming in France and the US where the chairman and chief executive are generally the same person, where power is concentrated in one

individual," said Kerr.

But British business leaders warn against the imposition of stricter regulations which they say would place a greater burden on companies already struggling with the difficult economic climate.

The head of the Confederation of British Industry, Digby Jones, says that Britain has learnt from past mistakes such as the multi-billion-dollar collapse of the Bank of Credit and Commerce International (BCCI) in 1991 and the fraud scandal that felled conglomerate Polly Peck in 1990.

He said this week that Britain has the most transparent accounting system in the western world and should not be "muzzled".

The Association of Private Client Investment Managers and Stockbrokers in Britain is also concerned about "worrying developments over the past week or so where there have been serious runs on perfectly reputable businesses because rumours have abounded about accounting problems," said spokesman Brian Mairs.

"We have to be wary about ... overregulating in a situation where there was not initially a problem," he warned.

## Lanka outlines plans for recovery

AFP, Colombo

Sri Lankan Prime Minister Ranil Wickremesinghe called for patience Thursday as he outlined his government's plans to lead the country towards economic recovery.

In a televised address to the nation about the recession-hit economy, Wickremesinghe said the government would soon launch a new economic development drive aimed at increasing levels of national productivity and efficiency.

Wickremesinghe said total debt servicing was 327 billion rupees (3.4 billion dollars) for the year which exceeded total state revenue

of 278 billion rupees (2.8 billion dollars).

"This is the most difficult year. The next year will be better due to crash programmes to resurrect the economy," he said.

The Sri Lankan premier said that the target was an overall growth rate of 3.7 per cent following last year's contraction of 1.4 per cent -- the first recession since the country gained independence from Britain in 1948.

The huge budget deficit of 10.5 per cent is expected to be reduced to 8.5 per cent of the GDP by the end of the year, he said.

The government is planning new

laws, to be passed in August, aimed at reducing government expenditure and removing legal and administrative impediments to national productivity levels, the prime minister said.

An expected revenue of 21 billion rupees from the proposed privatisation of loss making public ventures will be used for debt servicing.

Sri Lanka has been ravaged by three decades of conflict between government troops and Tamil Tiger rebels.

Both sides have been observing a ceasefire since February, but Wickremesinghe said that even if

the peace process led to an end to the separatist war, the government was committed to meeting bills of previous military purchases amounting to 13.6 billion rupees until 2008.

The previous government, which Wickremesinghe's team replaced in December last year, went on a huge arms buying spree in 2000 when Tamil Tiger guerrillas launched a major offensive against government forces in the northern peninsula of Jaffna.

"Our problems will not end overnight. But we are on the right track and are heading the right direction," he said.

## ASEAN ministers sign MOU on \$7b gas pipeline project

AFP, Jakarta

Southeast Asian energy ministers signed an initial agreement on Friday to pave the way for a seven-billion dollar regional natural gas pipeline project.

The memorandum of understanding sets out frameworks for cross-border supply, transportation and distribution among the member states of the Association of Southeast Asian Nations (ASEAN).

It also lays out plans for greater partnership between the public and private sectors, said a statement released after a meeting in Indonesia's resort island of Bali.

The trans-ASEAN gas pipeline project will link gas demand and utilisation centers with a pipeline infrastructure tapping gasfields in

the region.

Total investment for seven pipelines which have been or are being built amounts to seven billion dollars.

Indonesia's Energy Minister Purnomo Yusgiantoro told the meeting that Indonesia would this year complete a pipeline to pipe natural gas to Malaysia from its West Natuna field.

Indonesia last year for the first time delivered natural gas from West Natuna to Singapore via a 650-kilometer (406 mile) pipeline system.

Indonesia's natural gas reserves total 170.3 trillion standard cubic feet. It is also East Asia's only OPEC member.

The ministers also endorsed policy initiatives on an ASEAN power grid project, with a regional

masterplan to be completed in March next year.

Indonesian President Megawati Sukarnoputri, opening the one-day meeting, said energy had changed from being simply a national issue to a regional and even international topic.

She said energy demand was likely to rise as Southeast Asia emerges from the 1997-98 financial crisis.

The plan to build a trans-ASEAN power grid and gas pipeline was agreed in principle during a ministerial meeting in 2000 in Hanoi.

ASEAN groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

AFP, Georgetown

Leaders of the 15-nation Caribbean Community (CARICOM), at their annual summit in Guyana, agreed on Thursday to craft a regional economic stabilisation programme to approach the European Union (EU) and Japan for assistance, Antigua and Barbuda Prime Minister Lester Bird said.

A task-force of experts under the joint chairmanship of the Barbados-based Caribbean Development Bank (CDB) and the St. Kitts-headquartered Eastern Caribbean Central Bank (ECCB) was appointed to come up with the stabilisation programme at a caucus of the leaders.

The stabilisation programme was necessary because of the downturn of the Caribbean's vital tourism industry due to last

September's terrorist attack on the United States, repeated hurricane disasters in several countries as well as the removal of the preferential market access for Caribbean bananas in the EU by the World Trade Organisation (WTO).

He said the stabilisation programme is expected to allow the Caribbean to seek aid from international sources and domestic central banks rather than seeking development financing from the CDB because of the rigid conditionalities.

Caricom hopes to tap into soft loans from the International Monetary Fund (IMF), EU, Kuwait, Libya and Japan.

Nearly all Caribbean nations represented at the 23rd CARICOM Summit are not keen to go the IMF because of the harsh conditions attached to aid like the retrenchment of workers.

"Most people are against going to the IMF because first of all what you are going to get is not enough and tough conditionalities so the idea is that we have to do it for ourselves," Bird told reporters.

During the drafting of the economic stabilisation programme, Jamaica and Guyana will share their experiences of IMF-prescribed structural adjustment programmes to avoid any pit-falls.

Governor of the ECCB Dwight Venner said the stabilisation programme would include the phased reduction of expenditure and an increase in revenue to avoid political and economic dislocation.

"You have to assess what is the time period over which it can be handled without disrupting unduly the political and social environment," Venner told AFP.

Caricom leaders were expected

to wrap up the first day of the summit with discussions on the formula for funding the Caribbean Court of Justice (CCJ).

## Unemployment rate in Canada falls to 7.5pc

AFP, Toronto

Canada's unemployment rate fell slightly, by 0.2 per cent, to 7.5 per cent in June compared with May, Statistics Canada said Friday.

Jobs in full-time employment rose by 60,000 in June, accounting for the majority of the 66,000 jobs created in the month.

Since the labor market rebound began in January, overall employment has increased 303,000, or two per cent, the government agency said.