

Siemens becomes GP dealer

GrameenPhone Limited signed a dealership agreement with Siemens Bangladesh Limited in the city on Thursday, says a press release.

Under the agreement, GrameenPhone's subscription and all other products will be available at all Siemens sales centres in the country.

Siemens is a leading manufacturer of mobile phone handsets and network equipment, which are now widely used in Bangladesh. This agreement will expand GrameenPhone's relationship with the German company in telecommunications business.

Ola Rea, managing director of GrameenPhone, and Dr Peter E Albrich, managing director and CEO of Siemens Bangladesh Limited, signed the agreement on behalf of their respective organisations.

N K A Mobin, director-finance of GrameenPhone, and Christian Laufer, executive director and CFO of Siemens Bangladesh Limited were present on the occasion.

Kafil H S Mueed, general manager-Sales and Marketing Division, Syed Yamin Bakht, AGM-Information Department, Mahboob Hossain, additional general manager-Distribution, Masud A Mallick, head of Dealer Management of GrameenPhone, and Aminur Rashid, general manager-Mobile Phone Division of Siemens, also attended the signing ceremony.

Russia hikes import duty on foreign used cars

AFP, Moscow

Russian Prime Minister Mikhail Kasyanov announced a modest hike in customs tax on used foreign cars Thursday, rejecting calls from domestic automakers to slap on massive duties to price them out of the market.

Kasyanov signed a programme aimed at developing the Russian car industry between now and 2010, including a measure to impose a single 25 per cent tax on all imported cars, the government press service said.

"A customs duty of 25 per cent will be imposed on all foreign cars, whatever their age, for a period of seven years, which corresponds to the transition period for Russia's accession to the World Trade Organisation (WTO)," the programme says.

Earlier this year the government had appeared poised to give in to the auto lobby and raise tariffs dramatically on second-hand foreign cars, reportedly up to 100 per cent.

But it has since drawn back because of public anger and concern about the reaction from the WTO, to which Russia is hoping to be admitted to soon.

Kasyanov last month said his government would reject proposals for a massive hike until Russian automakers, widely ridiculed for their poor quality, can provide consumers with decent alternatives.

DPRK scrapping state rationing system

AFP, Tokyo

Stalinist North Korea is scrapping its decades-old state rationing system and relying on private markets to supply staple food to its people, a diplomatic source here said Friday.

The measure could mean a sea change to North Korea's centrally planned economy since its foundation in 1948 as the hunger-hit country is looking to the capitalist world for an economic lifeline.

"I have personally learned that a new economic system has been in place since this month," said the official involved in relations between North Korea and Japan.

"I have yet to get precise information but I have heard the rationing system has been replaced with more than 10-fold increases in wages," he said.

Such staple food items as rice and the spicy kimchi pickled cabbage had been rationed but from now on they should be purchased with the Korean currency won, the official said.

"This new measure applies to all categories of society: workers, farmers or officials, as they live in an egalitarian society," he said.

North Korea, which officially rejects any kind of market economy, has maintained a rationing system to feed its people since its foundation in 1948.

But the country has suffered from chronic food shortages after a series of failures in its centralized economic planning and natural disasters.

Twin fallout of AJM closure

Huge surplus of raw jute, abrupt decline in jute goods export likely

UNB, Dhaka

Jute sector is exposed to an imminent crisis with huge surplus of raw jute and abrupt comedown of jute goods export that are seen as the twin fallout of Adamjee closure.

Contraction of local industrial use and absence of marketing support for raw jute abroad would open conduits for smuggling of raw jute to India, the second-biggest buyer of Bangladesh jute for value-added manufactures.

Procurement prices dropped by around Tk 150 per maund from last year's rates just at the beginning of the season this year, signaling bad days for growers who would be deprived of fair price of their produce.

Adamjee Jute Mills, which went

down as a footnote in history on July 1 this year, used to consume 3.5 lakh bales of raw jute annually and fetch roughly Tk 150 crore by exporting 50,000 tons of jute goods on average.

Additional 5 lakh bales are expected in the current season from this year's good harvests.

Jute mills, either state-owned or private, are not ready to absorb this surplus quantity of raw jute. Nor are they capable of making up the export gap.

Jute sector people suggest that arranging low-interest bank loans for raw jute exporters, extending financial support to the closed private mills and increasing efficiency in state-owned mills could enhance domestic use and export of jute.

Only a sum of Tk 50 crore can help rerun the wheels of many of the 25 shut-down private mills that can consume 3 lakh bales of raw jute in addition to 5 lakh bales they used last year.

A little care of the government, on the other hand, can enhance production efficiency of 28 mills in the public sector.

If bank loans are available in time and at 7 per cent interest rate, as applied to other export sectors, raw jute exporters can raise their export volume.

All these steps, if taken immediately, can salvage the sector from an inevitable setback, jute sector insiders said, seeking kind attention of the government.

Raw jute exports fetched a total of US\$ 65.6 million (Tk 373 crore) in

2001-02 fiscal year while jute goods added another amount of US\$ 223.5 million (Tk 1270 crore) in July-May period of the last fiscal.

Annual jute production varies from 40 to 45 lakh bales, of which 30-35 lakh bales are used locally and 15 lakh bales exported raw.

Last year state-owned mills controlled by BJMC consumed 14 lakh bales, private jute mills 5 lakh bales, jute spinners 11 lakh bales and BJA exported 14 lakh bales.

While jute and jute goods are gaining ground worldwide for environmental reasons, exporters observed, Bangladesh is set to lose market for absence of government support for boosting jute export and its use in local mills.



Picture shows GrameenPhone and Siemens Bangladesh officials at an agreement signing ceremony held in the city on Thursday.

Microsoft sales grow 10pc in 4th quarter

REUTERS, Seattle

Microsoft Corp said Thursday sales grew 10 per cent in the fourth quarter, lifted by demand for its Windows XP operating system and software for businesses while losses on cable investments cut into earnings.

Redmond, Washington-based Microsoft also pared back its full year profit and sales outlook slightly, and said that growth was more likely to come later in the fiscal year.

Indian software revenues set to soar

AFP, Bangalore

India's revenue from the software industry is expected to rise 21 per cent year-on-year to 12.3 billion dollars in the current fiscal to March 2003, the country's top software body said Thursday.

The National Association of Software and Service Companies (Nasscom), an umbrella organisation of more than 2,500 IT firms, in an annual study also forecast software exports to grow 24 per cent to 9.6 billion in the current fiscal year.

"While globally, IT budgets are expected to be flat or marginally up, the share of software services in IT budgets is expected to increase,"

Nasscom President Kiran Karnik said in a statement in Bangalore, India's software hub.

"Moreover, within IT services we are going to see a further up-take in outsourcing due to continued cost pressure faced by global companies. This will ensure continued volume growth for Indian software and service companies."

Karnik said despite the last fiscal year being a challenging one for the Indian software industry the sector proved to be resilient.

"The industry crossed the 10-billion-dollar landmark figure on an increasing base and generated 92,000 new jobs and provided indirect employment to over

250,000 people," in the last year ended March 31, 2002.

Software exports during the previous fiscal grew at 29 percent to 7.7 billion dollars mainly driven by the IT-enabled services such as call centers and back office operations.

"The growth of exports this year (March 2001 to March 2002) has been the IT-enabled services sector, which grew at a stupendous 67 percent," Karnik said.

Almost 60 percent of India's software exports, driven by a huge pool of English-speaking professionals and cheap labour, are to the United States.

The study said Indian software services industry will witness an increase in terms of new markets

and geographies in the future.

"Amongst the new geographies that will provide growth opportunities for India include Germany, France and Italy in Europe, Singapore, Korea and Malaysia in South East Asia, and Chile, Mexico, Uruguay and Brazil in Latin America," it said.

"The industry is also expected to witness a rise in merger and acquisitions ... as players try to broaden product offerings and build scale."

It said the country's top IT firm, Tata Consultancy Services, retained its number one position as the top software exporter with revenues of 792 million dollars for the last fiscal year.



Gas Transmission Company Ltd (GTCL) of Petrobangla and Serck Controls Ltd, UK signed an agreement in the city recently to implement the incomplete work of "Scada Telecommunication System" project. High officials of the British High Commission, DFID, PB Technology, UK and GTCL were present at the signing ceremony.

Philadelphia Fed business activity index falls

AFP, Washington

The Philadelphia Fed business activity index fell to 6.6 in July from 22.2 in June, the bank said Thursday.

The reading indicates positive growth in the key eastern economic region, but at a slower pace than the previous month.

"Although most current indicators fell from their readings in June, the major indicators of output remain positive for the seventh consecutive month," the Fed said.

BOJ chief calls for bank mergers

AFP, Tokyo

Bank of Japan governor Masaru Hayami on Friday called for a cut in the number of Japanese banks through mergers, saying the central bank was ready to back integration of the troubled sector.

"There is an argument over whether 700 banks are too many or not. But I think it is okay to decrease the number by letting them come together," Hayami told a news conference at the bank's headquarters in Tokyo.

Mergers were also important "from the point of view that we must strengthen our financial system," Hayami said.

"It is important to improve profit-

ability and strengthen management. So, I do not hesitate to support the type of merger which leads to these purposes," he said without elaborating.

His remarks came after the Financial Services Agency said last week it would study a possible injection of public funds into regional banks that agree to merge.

The agency has encouraged mergers mainly at regional banks ahead of the planned extension of the limit on the government's full-refund guarantee to all types of deposits next April.

In April Tokyo imposed a cap of 10 million yen per bank per depositor on time deposits it will reimburse in the event of a bank failure under

its deposit insurance system.

It plans to impose a similar cap on ordinary deposits, checking accounts and other types of liquid bank savings starting April 1, 2003.

Hayami opposed proposals made by some ruling party lawmakers to delay the deadline.

"There is no need to postpone it" if banks make full preparation by April next year, Hayami said.

"It is extremely abnormal that a country secures deposits at a financial institution," he said, adding that starting the new system in April as promised would regain trust at home and overseas.

At the conference, Hayami repeated comments made to parliament earlier in the week that a

further slide in the dollar against major currencies was unlikely.

It had been "natural" for the dollar to decline to current levels (around 116 yen) as the United States was suffering trade and fiscal deficits, Hayami said.

"But I don't see many reasons for a further decline in the dollar," he said.

During the week, the dollar fell below 116 yen for the first time in 10 months despite expectations of intervention by Japanese authorities in a bid to curb the Japanese currency's recent gains.

Concerns grew that many exporters, a major engine of economic recovery, would suffer sizeable foreign exchange losses at the 115-yen level.

ATAB election postponed

STAR BUSINESS REPORT

The Association of Travel Agent of Bangladesh (ATAB) election has been postponed for an indefinite period.

Earlier, the ministry of commerce has asked ATAB to postpone the polls.

According to sources, associate members of ATAB have applied to the ministry to participate in the polls as general members. The ministry took their appeal into consideration and subsequently asked ATAB to postpone its election.

Sources also informed the associate members of ATAB would be made general members through holding an extraordinary general meeting (EGM) of ATAB within next one month.

The election of ATAB was scheduled to be held on August 20 after seven years following instruction of the commerce ministry.

ATAB took all preparations to hold the election. Even the candidates submitted their nomination papers.

Koizumi orders ministers to show reform steps by Aug

AFP, Tokyo

Japan's Prime Minister Junichiro Koizumi on Friday ordered seven cabinet ministers to draw up concrete measures by late August to cut budgets, targeting bloated public works, farm subsidies and several other areas.

"I want you to show in your plans how reforms in systems and policies should be in the ministries in fiscal 2003 (to March 2004), and over the medium-term," Koizumi told the ministers in a meeting, according to a government statement.

He said he hoped to see "concrete reform ideas that are beyond mere ambitions."

Chief Cabinet Secretary Yasuo Fukuda told a press conference the government needed to "review fiscal spending strictly" to achieve true reform.

Asked whether saved money should be used to finance tax cuts, Fukuda said: "It will certainly be considered."

The premier urged the ministers to make "top-down" decisions on reform measures for intensive debate in late August at the Council on Economic and Fiscal Policy.

The seven addressed were the ministers for home affairs, education, health and welfare, agriculture, trade, land and infrastructure minister, and science and technology.

Koizumi said he hoped their plans would include reviews of public works projects, farm policy -- such as a 300 billion yen (2.5 billion dollar) budget to maintain rice prices -- and government outlays covering compulsory education.

The Nihon Keizai Shimbun said Koizumi was seeking to reduce the total size of public works projects to the level seen a decade ago by scaling down 15 long-term public works projects.

He wanted to halt or cut back on nine projects due to be completed this fiscal year, while asking the ministers to consider expediting the remaining six projects, the eco-

Citibank raises dollar buying rate by Tk 0.20

UNB, Dhaka

Citibank NA raised buying rate by 0.20 taka for a dollar in prompt compliance with government instructions for facilitating exporters and remitters.

The new rate will come into effect from today, the foreign bank said in a release yesterday announcing that the readjusted exchange rate would also be applicable for the purchase of other foreign currencies.

Citibank NA Bangladesh became the first among the foreign and local commercial banks dealing in foreign currencies to respond to the Finance Minister's directive for rationalising their exchange rates.

Finance Minister M Saifur Rahman, who appeared tough on

banks' profiteering spree, on Thursday cautioned the bankers of tougher control over foreign exchange if they did not go for narrowing the gap between buying and selling rates.

On Wednesday, commercial banks offered selling rates to importers ranging between Tk 58.51 and Tk 58.58 against a dollar while they offered buying rates to exporters from Tk 57.19 to Tk 57.23.

The central bank's buying and selling rates against the greenback ranged between Tk 57.40 and Tk 58.40 while the cash dollar in public deals was traded between Tk 57.40 and Tk 58.58.

Poorest countries lash out at richest

AFP, Nadi, Fiji

The world's poorest nations unleashed a barrage of complaints against the globe's richest countries here on Friday, voicing anger over globalisation, migration, nuclear waste and unilateralism.

Delegates to the 78-nation African, Caribbean and Pacific (ACP) summit, which normally restricts its agenda to trade and aid issues with the European Union (EU), broke from protocol to address political concerns with the developed world.

A statement at the end of the summit acknowledged poor nations did benefit from globalisation, such as through reduced trade barriers, but said the process still discriminated against them.

"The envisaged benefits have not materialised for most of the poor countries and even when they have, these are not equitably shared while the costs are borne by all," the statement said.

ACP states enjoy preferential trade access to the EU but these are to go by 2008 in a new deal to be negotiated over the next five years.

Delegates to the summit opposed the changes, saying poorer countries needed special treatment and policy flexibility to enable them to develop their economies and protect their own financial interests.

The summit also strongly condemned nuclear waste shipments across the world's oceans by EU member states and Japan.

Weekly Currency Roundup

July 13-18, 2002

Local foreign exchange market operated in full swing. Demand for dollar was high.

In the weekly Treasury bill auction held on Sunday, Bangladesh Bank accepted treasury bills worth of BDT 10,715 billion. The government accepted BDT 10,090 million at 5.2 per cent for 28-day t-bills, BDT 120 million at 5.96 per cent for 364-day t-bills and BDT 505 million at 8.61 per cent for 5-year t-bills. Demand for BDT for overnight borrowing at call was steady throughout the week and the call money ranged between 3.0 and 4.5 per cent.

In the beginning of the week, battered US dollar came under renewed attack against the yen as lingering worries about corporate America's credibility and weak economic data outweighed fears of possible Japanese intervention. The dollar fell to a new 10-month low of 116.07 against the yen. The euro and GBP also gained an upturn on dollar in line with dollar's weakness. Unfavourable consumer confidence data in the USA added fuel to the downward rally of USD.

In the middle of the week, the dollar came below parity with euro for the first time in over two years and hit a post September 11 low against the yen as worries about US corporate credibility and the outlook for Wall Street encouraged investors to flee US assets. USD remained vulnerable as investors waited anxiously for words from Federal Reserve chief Alan Greenspan for his testimony before the Senate Committee. GBP remained strong against already battered US dollar after the report showing that Britain's underlying inflation rate tumbled to its lowest annual level in 27 years.

Later in the week, dollar traded in a thin range amid weariness over US corporate accounting scandals. Though Dow Jones Industrial Average (DJIA) and Nasdaq composite index broke the seven-day losing streak, dollar didn't get as much support. Earlier dollar got a boost from US Federal Reserve Chairman Alan Greenspan's testimony where he was unusually outspoken on currency matters. Only the intervention fear by Bank of Japan (BOJ) held the dollar above its 17-month low against the yen. Euro held its strength against the dollar above the parity.

At 1645 hours on Thursday, euro traded at 1.0058/61 against dollar, pound sterling at 1.5541/46 and yen traded at 117.03/08 against US dollar.

- Standard Chartered

Bank Bank

ROK banks' profits up 32pc in first half

AFP, Seoul

South Korean banks posted a 32 per cent increase in net profits in the first half of the year, with years of restructuring in the country's banking sector paying off, financial authorities said Friday.

The average ratio of non-performing loans against all loans also fell below three per cent for the first time in South Korea's history, the Financial Supervisory Service said.

Some banks including Shinhan, KorAm and Hana, reported ratios of non-performing loans of below two per cent, about the same level of top banks in advanced countries.

The aggregate first-half net profits of 20 South Korean banks stood at 4.89 trillion won (4.2 billion dollars), up 31.6 per cent from 3.15 trillion won during the same period last year.

Second quarter profits, however, totaled 1.78 trillion won, down 22.5 per cent from previously due to increased provisions to cover loans to ailing Hynix Semiconductor Inc. and housing loans.

Earnings from securities also fell in the second quarter amid the downturn in the stock market.

The average ratio of non-performing assets of the banks reached 2.4 per cent at the end of June, down 0.7 percentage points from 3.1 per cent at the end of March.

The ratio fell sharply from eight per cent at the end of 2000 to 3.4 per cent at the end of last year.

Global trade talks on track: WTO head

AFP, Geneva

WTO chief Mike Moore voiced confidence here on Thursday that new global trade talks were largely on track and could be concluded by the scheduled end-of-2004 deadline.

"The mood is good, in most areas we believe we are on target," Moore, the director-general of the World Trade Organisation, told reporters half way through the first day of a key meeting.

Negotiators from the 144-strong Geneva-based body have gathered here for a two-day meeting to give impetus to the new round of talks to further reduce trade barriers,

launched in Doha last November.

Moore said that in one area of the negotiations the "wheels are spinning a little bit", but voiced confidence that a disagreement over talks on market access for non-agricultural products could be overcome.

"It will be resolved, the question is, is it within hours or within days or within weeks, it certainly will not be within months," the former New Zealand prime minister told journalists.

He said deadlines and ministerial involvement were critical to "bring this down on time" and achieve the three-year timeframe laid down by WTO ministers in the Qatari capital.

"I believe it can be, and that the last 48 hours have been useful, we're not totally there yet, but the reports from so many committees ... each of those reports I think was constructive," he said.

He gave the press conference at WTO headquarters jointly with his successor, former Thai deputy prime minister Supachai Panitchpakdi, who is due to take over as WTO director-general in September.

The transition is "going professionally, it will be seamless and done in a correct and proper way", Moore added.

Supachai said: "We should not be too pessimistic about some

delays, deadlines are there, we must and should do our best to make the deadlines, but it's not the end of the world if you would miss some deadlines."

WTO ministers are scheduled to meet in the Mexican city of Cancun in September 2003 to review progress on the new trade round.

Asked about efforts in the United States to grant President George W. Bush increased trade negotiating powers, or Trade Promotion Authority (TPA), Moore said if it did not happen it would be "enormously disappointing" for the new trade talks.