

Bank Asia signs deal on WAN connectivity with Ranks-ITT

Bank Asia and Ranks-ITT have signed an agreement for providing Wide Area Network (WAN) connectivity amongst all the branches of Bank Asia throughout the country.

The agreement was signed between the two organisations in the city on Wednesday, says a press release.

Erfanuddin Ahmed, executive vice-president of Bank Asia Ltd, and Md Fazle Selim, managing director of Ranks-ITT, inked the deal on behalf of their respective sides.

Syed Anisul Huq, managing director of Bank Asia Ltd, was present at the signing ceremony.

The move will enable Bank Asia to implement Stellar online real-time banking software.

It will help clients to have access to their accounts from any of the bank's branches or other delivery channels, taking advantage of online ATM facilities, internet banking.

Ranks-ITT is the only nationwide data communication and internet service provider using optical fiber backbone facility of Gramene Phone Ltd. Its WAN solution is most suitable for a financial institution since fiber optics network is most secured and reliable.

After setting milestone by acquiring the local operations of two foreign banks, Bank Asia and Ranks-ITT recently signed an MOU with ETA-InfoTech LLC of Dubai, UAE, for setting up a Joint Venture IT company for providing banking and other software solutions to the local market.

HSBC interim profit falls 7pc

AFP, Hong Kong

A British-based banking giant HSBC Holdings plc said Monday first half net profit fell seven per cent to 3.28 billion US dollars as bad debt charges mounted amid "difficult market conditions".

HSBC chairman John Bond said the bank remained cautious and was continuing to position itself for "a subdued environment" over the rest of the year.

The group's pre-tax profit also fell seven per cent to 5.06 billion dollars in the six months to June. However, the net profit result was at the upper end of analysts' expectations, which ranged between 2.9 and 3.3 billion dollars.

"Our performance in the first half of 2002 showed once again the resilience of HSBC in difficult market conditions," Bond said.

"Compared with the first half of 2001, we added some 300 million dollars in revenues and held costs flat," he said. Net interest income rose 5.5 per cent to 7.59 billion dollars while non interest income declined 1.8 per cent to 5.51 billion dollars.

But profits took a blow as provisions for bad and doubtful debts climbed to 715 million dollars from 441 million dollars a year earlier. The latest figure was down 881 million dollars from the second half of last year, when it took a 1.12 billion dollar hit for its operations in crisis-racked Argentina.

Uruguay House approves new banking law

AFP, Montevideo

Scrambling to rescue their country from a deepening economic crisis, Uruguay's House of Representatives approved new banking legislation Sunday as civilians in poor neighborhoods resorted to soup kitchens to feed their hungry children.

The vote came the day after the Senate approved the Banking System Stability Act, aimed at avert a default on the country's international debt payments and allowing the government to block the withdrawal by account holders of hard currency held in state banks for up to three years.

Uruguay is struggling with its fourth year of recession, further aggravated by the financial turmoil of neighboring Argentina, where half the country now lives in poverty and nearly one-quarter is unemployed.

The bill also sets up an special fund of one billion dollars to reinforce the Uruguayan central bank, and sets aside a further 400 million dollars to help guarantee the activities of three other banks in which the state is involved.

The move, a precondition to the release of new financial aid from the International Monetary Fund and the reopening of the banking system, is likely to be unpopular with the public, who stampered to ATMs and looted supermarkets when the system was shut down last week.

Under-invoicing allegation against importer, PSI firm

MONJUR MAHMUD

A trade association has accused a local importer of under-invoicing and held responsible a PSI company for helping the malpractice.

The allegation came after two pre-shipment inspection (PSI) companies issued separate clean report of findings (CRFs) in favour of two importers for the same product from the same country of origin having more than 300 per cent price difference.

Raising questions about main objectives of allowing PSI companies to minimise revenue leakage and make import hassle-free, Bangladesh Accumulator & Battery Manufacturers Association (BABMA)

formally informed the finance ministry about the price difference and urged it to take necessary action.

According to sources, Uttara Motors imported 120 pieces automotive batteries of model NS40 under HS code no 8507.10.00 at US\$ 12.87 per piece. Bussan Creative Corporation of Japan sold the products of Tanjung Priok, Jakarta, Indonesia. PSI company Bureau Veritas (BIVAC) Bangladesh Limited attested the copies of CRFs.

On the other hand, White Products and Electronics Ltd imported 150 pieces of same automotive batteries of same model NS40 under HS code no 8507.10.00 at US\$ 3 per piece only. Mentioning

the country of origin as Indonesia, Trust Motto Pte Ltd sold the products from Singapore and PSI company Inspectorate Griffith (Singapore) issued the CRF certificates.

According to BABMA, the price of a unit of the automotive battery ranges between \$ 11 and \$ 13 in international market.

"It is clear that White Products and Electronics Ltd is involved in under-invoicing. We have no objection about the import of this item but it is absurd that a local business house is importing it at \$12.87 a piece and another is buying the same item at \$ 3 from the same country," said a leader of BABMA.

Not only the local manufacturers are facing unfair competition for

such unethical import but also the government is deprived of revenue, he mentioned.

When contacted, an official of Inspectorate Griffith (BD) Ltd admitted the model and HS code number were same in this case. "But the manufacturers may not be the same. Prices of a product of two companies may be different, although the model is same" he said requesting anonymity.

"When customs authority raise questions, we try to provide them with necessary information," the official added, declining any wrong doings in this case of automotive battery import.



PHOTO: DCCI

DCCI President Matur Rahman (2nd-L) addresses a roundtable on SME Development and Export Expansion organised jointly by The Dhaka Chamber of Commerce & Industry (DCCI) and Asian Development Bank (ADB) at the DCCI Auditorium yesterday. Executive Chairman of Bangladesh Export Processing Zones Authority (BEPZA) Brig. Gen (Retd) M Mofizur Rahman (2nd-R), ADB Senior Financial Economist Dr Virgilio T. Velasco (R) and DCCI Vice-President Hossain Khaled (L) are also seen in the picture.

Future economic index remains positive

Weak financial markets may slow Japan recovery

AFP, Tokyo

Japan's key index of future economic activity remained above the 50 point boom-or-bust line for the sixth straight month in June, but rising stockpiles and weak financial markets may slow recovery, the government said Monday.

The leading index of economic activity for the next three to six months stood at 70.0 points, against a revised 90.9 in May, the Cabinet Office's economic and social research institute said.

The 50-point mark is regarded as the dividing line between growth and contraction in the economy.

"There were an increasing number of poorly performing indices for June, especially corporate inventory-related indices, which showed increases on a month-on-month basis which will send the

leading index lower," a cabinet office official warned.

Stockpiles were rising for construction materials, small passenger cars, as well as chemical and electronics products, the official said. Financial markets were also performing badly with the Tokyo stock index down 18.1 per cent from the previous year.

"There is a high probability the July leading index will fall below the 70.0 points seen in June. However, (it) will remain above the 50 point threshold," he said.

Japan's leading index is based on a raft of financial figures which offer a pointer to the direction of the world's second biggest economy, such as commodity indices, new car registrations and the number of new home building projects.

ING Barings chief economist said the slump in economic data for

June was merely a reaction from strong May figures and did not signal a slow down in recovery.

"(But) saying that we do not need to worry about June data is not the same as saying that we can be relaxed about the prospects towards the end of the year," he warned.

"Recent data from the US support the idea that equity market weakness could damage demand. Considering the cyclical pattern of the past couple of years, it would seem likely that if the US is heading into a double-dip recession, then Japan is going to follow."

Japan's coincident index measuring the current state of the economy came to 77.8 points in June, after reaching 100.0 points in May, rising above the 50-point level for the fifth straight month.

Women Chamber participates in Barcelona summit

Bangladesh Women Chamber of Business & Industry recently participated in the global summit of women in Barcelona of Spain as an international partner organisation, says a press release.

Selima Ahmad, President of BWCB attended the summit.

This year's summit focused on increasing women's opportunity to conduct cross border business.

The summit provides a forum for women leaders to exchange strategies and solutions developed by women to address common issues.

Bangladesh Women Chamber played a vital role to raise US\$10,000 for distressed women of Afghanistan.

About 625 women from 76 countries attended the summit.

New DMD of Dutch-Bangla Bank Ltd

Abul Hashem Khan took over as deputy managing director of Dutch-Bangla Bank Limited on Sunday, says a press release.

Prior to the new assignment, Khan was senior executive vice president and company secretary of the bank.

Japan PM okays budget for next financial year

AFP, Tokyo

Japanese Prime Minister Junichiro Koizumi on Monday approved in principle the finance ministry's budget framework proposal for the financial year to March 2004, a news report said.

Vice Finance Minister Toshiro Muto was quoted by Kyodo News agency as saying Koizumi approved the plan expected to be finalised later in the week.

The framework included specific figures on spending cuts in various categories, Kyodo said.

Muto did not reveal the figures, but when asked by reporters whether they included a plan to trim public works spending by three per cent, he was quoted as saying: "Such a figure was mentioned."

Daihatsu aims to boost business in Southeast Asia

AFP, Tokyo

Japanese automaker Daihatsu Motor Co. Ltd. said Monday it hoped to increase investment, production and sales in Southeast Asia to cut costs and meet a growing demand.

The firm, a subsidiary of Japan's Toyota Motor Corp., said it was considering increasing a stake in Indonesian unit PT Astra Daihatsu Motor from 40 per cent.

"We also hope to boost capacity there," said a Daihatsu spokesman, declining to give a specific target. The Indonesian plant currently makes 25,000 vehicles a year.

"Additionally, we are looking to raise the per cent of car parts made locally in Indonesia from 60 per cent at present," he said, adding this would cut costs.

Annual output at the factory is projected to double to 50,000 vehicles by 2005, the Nihon Keizai Shimbun newspaper reported earlier.

Daihatsu would boost its stake in the Indonesian factory to 60 per cent from 40 per cent as early as this year and raise local part procurement to 80 per cent, the financial daily said, citing company sources.

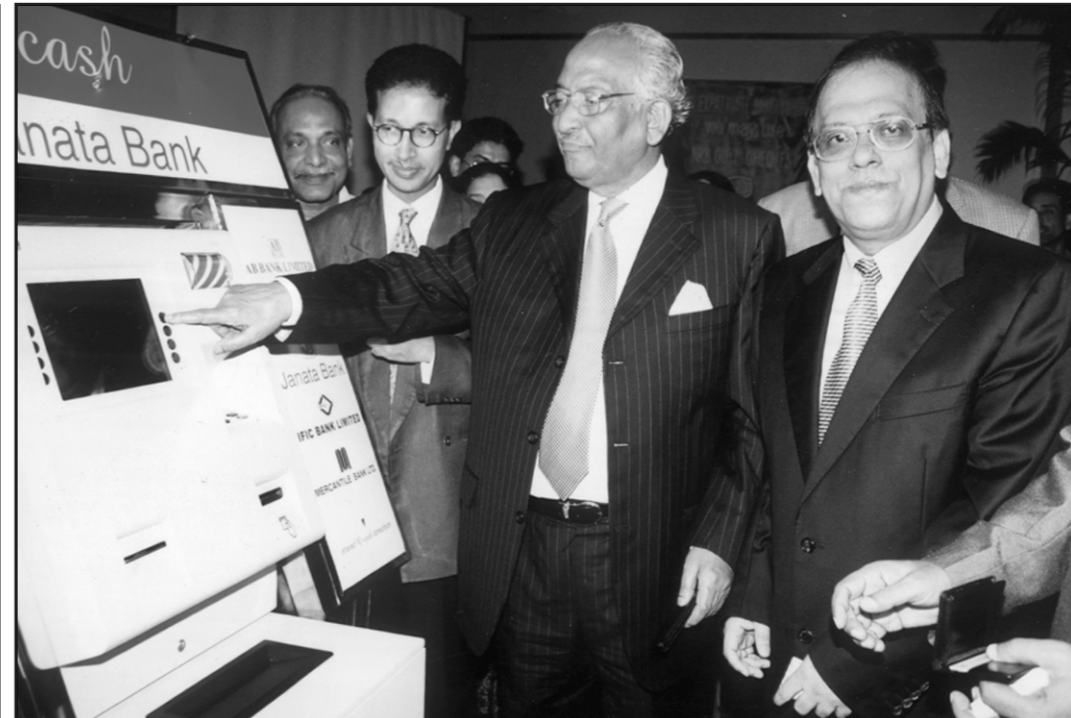


PHOTO: JANATA BANK

Finance and Planning Minister M Saifur Rahman inaugurates Janata Bank's ATM Q-Cash Card System at a function organised by the bank to accord a reception to its prime customers at a city hotel on Saturday. Managing Director of the bank Murshid Kuli Khan is also seen in the picture with other executives.

Iraq targets 11pc annual growth over next decade

AFP, Baghdad

Iraq's cabinet set an ambitious goal of 11 per cent annual economic growth for the next decade at a meeting chaired by President Saddam Hussein on Sunday, despite the tough sanctions on the country and amid increasing US threats to topple the regime.

"The Iraqi president examined the main lines of an economic development plan for the coming 10 years, proposed by the ministerial committee and led by Deputy Prime Minister and Finance Minister Hekmat al-Azzawi," the state INA news agency reported.

The economic development plan sets for a "minimum annual economic growth of 11 per cent," it said.

Saddam asked his ministers in late May to elaborate a 10-year

economic development plan and said the following month he wanted to see his country double its non-oil income over this period.

The Iraqi economy has been seriously undermined by UN sanctions imposed on the country following its August 1990 invasion of Kuwait. The sanctions have also made it difficult to obtain definitive figures on the country's current economic growth.

Prior to the sanctions, Iraq exported up to 3.14 million barrels of oil per day, and oil exports are still the main source of income, even though they are now monitored by the six-year-old UN administered oil-for-food-program which allows it to obtain basic medical and food supplies.

With oil reserves estimated at 115 billion barrels, Iraq ranks second in the world behind Saudi

Arabia, which has reserves of 261 billion barrels.

US rhetoric against Iraq has been rising, with repeated declarations by senior officials in Washington that they want to change the regime in Baghdad, which accuse of developing weapons of mass destruction.

US President George W. Bush repeated his determination Saturday vowing to use "all tools" at his disposal to achieve this goal. However many Arab countries, Iran and the Soviet Union are strongly opposed to such an attack which they believe will further destabilize the Middle East.

With the mounting US threats, Iraq has strengthened ties with its neighbors mainly by signing free trade agreements with 10 fellow Arab countries in violation of the UN-imposed trade embargo.

S'pore manufacturing index shoots up

AFP, Singapore

Higher export orders and increased production boosted Singapore's key manufacturing index to 52.3 per cent in July in the fifth straight month of growth after 13 months of decline, a survey released Monday said.

The Purchasing Managers' Index (PMI), based on a survey of more than 150 industrial companies, said the July reading was up 0.2 per centage points from 52.1 recorded in June.

"The marginal increase in overall PMI was attributed mainly to higher new orders and new export orders, as well as an increase in production," the Singapore Institute of Purchasing and Materials Management said.

"However, the declining inventory and employment levels offset the higher readings. The overall

finished goods stocks also contracted after recording an expansion in the previous month," it added.

A PMI reading of above 50 per cent on the scale up to 100 per cent indicates an expanding manufacturing industry, which accounts for a quarter of Singapore's trade-driven economy.

Singapore's key electronics sector, a pillar of the manufacturing industry, also saw its PMI index rise to 54.40 per cent in July, up from 53.0 per cent in June.

"In the electronics sector, most of the indicators recorded improvements in the index readings," it said.

The electronics new order index continued to expand for the seventh consecutive months. Output for the electronics sector also rose but the sector recorded contractions in inventories and stocks of finished goods.

Al Baraka Bank Board meets

The 55th meeting of the Board of Directors of Al Baraka Bank Bangladesh Limited was held the board room of the bank's head office in the city recently, says a press release.

Masum A Chowdhury, chairman of the Board of Directors of the bank, presided over the meeting.

The meeting also reviewed overall performance and future plans of the bank.

Among others Abdul Matin Khan, vice chairman of the Board, Dr F M Rafiqul Islam, chairman of STC, S S Nasim Afaz Chowdhury, Shahedul Islam, Dr Shah Ahmed Iqbal, Ismail Dobash and Shakila Akhter Lovley, directors, were present in the meeting.

Md Abdus Samad, general manager, Bangladesh Bank, Syed Nurul Amin, executive president (Current Charge), Alamgir Kabir Samad, Secretary to the Board also attended the meeting.

Philippines may trim key rates amid US economic uncertainty

AFP, Manila

Philippines central bank governor Rafael Buenaventura suggested Monday monetary authorities may trim key interest rates if they see signs that the domestic economy is losing steam amid an increasingly uncertain US recovery.

The US market is the destination for about 30 per cent of all Philippines merchandise exports.

Asked what the central bank intends to do in the event that the Filipino economy slows down, he told reporters the central bank might then cut rates with or without any corresponding action by the US

Federal Reserve.

Signs of a domestic slowdown may precipitate a rate cut, Buenaventura added.

A growing number of US economists are predicting the Federal Reserve, in the face of a faltering economic recovery, may cut interest rates further from 40-year lows.

Buenaventura said the benign annual inflation rate, which stood at 2.6 per cent in July also gives the central bank room to cut rates further.

The central bank's key overnight rates have been steady at 7.0 per cent for overnight borrowing and 9.25 per cent for overnight lending

since March, after a series of cuts totalling eight per centage points.

A US cut and an improvement in Manila's fiscal position would also boost chances of a rate cut, Buenaventura said.

Manila overshot its first half budget deficit ceiling by 53 per cent with a six-month shortfall of 119.7 billion pesos. The full year target is 130 billion pesos (2.5 billion dollars).

But Economic Planning Secretary Dante Canlas said the benign picture on consumer prices should help stabilize Treasury bill rates and "in turn generate interest savings for the national government, thus improving the chance to meet the deficit target for the year."

AFP, Beijing

China's farmers are already feeling the pressure of increased competition following the country's entry to the World Trade Organisation (WTO), with the effect likely to intensify in coming months, officials said Monday.

The warning has been sounded despite the fact that exports of Chinese agricultural products grew in the first half of the year while imports fell, leaving a farm trade surplus of three billion dollars, the state-run China Daily reported.

Agricultural exports reached more than eight billion dollars, up 6.6 per cent against the same period of 2001, Ministry of Agriculture figures showed.

Over the same period imports dropped 8.5 per cent year-on-year to just over 5 billion dollars.

Nonetheless, the situation was likely to worsen for Chinese farmers as the year progressed and tariff reductions introduced under the terms of WTO membership took effect, an official think tank told the

newspaper.

"When looking at tariff rate quotas and the number of orders placed in the first half of this year to be delivered in the second half ... China's imports are going to rise and so will pressure on the domestic market and farmers," said Cheng Guoqing of the Development Research Centre.

WTO membership had "profoundly re-shaped" the country's agriculture sector said Cheng, whose group is run by the State Council, China's cabinet.

Evidence of this included Chinese imports of 300,000 tonnes of edible oils in June alone, a "heavy blow" to domestic producers, according to Cheng.

Other factors have hit the country's agriculture sector in recent months, such as the EU's suspension of imports of some Chinese food products over fears they could be contaminated with the banned antibiotic chloramphenicol.

However WTO membership was the main factor increasing the pressure on Chinese farmers,

Cheng said.

Cheaper foreign imports will hit farmers, making it "harder for them to increase their incomes," he told the China Daily.

"This is a problem of paramount concern."

A series of analysts and experts have warned that China's mainly inefficient and small-scale agriculture sector could be devastated as tariffs fall following WTO entry.

Low incomes among China's vast rural population are already causing great concern to China's leaders.

Earlier this year, Premier Zhu Rongji admitted the "one single issue that causes me the worst headache" was how to increase farming incomes.

However, economic figures released last month showed disparities between urban and rural incomes continued to swell in the first six months of the year.

Urban wage earners saw a year-on-year wage boost of 17.5 per cent to the end of June, against just 5.9 per cent for country dwellers.