

84pc BSB financed projects in the red

STAR BUSINESS REPORT

The ailing Bangladesh Shilpa Bank (BSB) sees no light to get out of its 'troubled status' as 84 per cent of its financed projects are reeling in the red for long, according to sources.

The bank has now 513 projects in its loan portfolio and owes Tk 2000 crore to these units. Of these projects, only 84 units are regular in loan repayments and the rest 429 have been classified for long.

The classified loans of the BSB amounted to Tk1270.08 crore, which is 64 per cent of its

total loan portfolio as on June 30 this year, according to the bank's latest statistics.

The BSB has filed cases against 275 projects to recover the loans. Of the cases, 208 have been under trial for more than five years, bank sources said.

"The situation is so frustrating that most of the default projects will not be able to repay their loans. And, even if we get court verdicts to sell their assets or the bank waives 100 per cent interest, we would not be able to recover the principal amount," said a top official of the bank.

In this context, the BSB management thinks only a 'realistic policy' and government support can save the bank from further trouble.

"So, the bank has to find a way to come out of this situation and the government should take a specific measure in this regard."

The BSB, a state-run development financial institution, has so far financed 1,771 projects of which 1258 units have repaid their loans.

The bank's classified loans rose to as high as 73 per cent in 1998-99 financial year but after taking some special measures the situation has now improved slightly.

EU exempts seven China TV makers from dumping tariff

REUTERS, Shanghai

The European Union said yesterday it had exempted seven of China's largest television makers from a hefty anti-dumping tariff, throwing a lifeline to an overcrowded sector increasingly reliant on exports.

The deal, reached on July 29, exempted the seven companies from a 44.6 per cent anti-dumping duty on condition they sell only a certain number of television sets and at a minimum price, the EU's China office said.

Analysts estimate the firms -- which include China's top three TV makers, Sichuan Changhong Electric Co Ltd, Konka Group Co Ltd and TCL King Electrical Appliances -

- account for 90 per cent of the domestic market.

"The European Commission (EC) accepted an undertaking offered by these seven Chinese companies," Beijing-based EU spokeswoman Isabel Ramallo told Reuters.

"This is a kind of an exception to an anti-dumping duty, which is only applicable to these seven TV producers, and only as long as they respect the quota system and the agreed minimum price," she said.

The others are Xiamen Overseas Chinese Electronic Co Ltd, Haier Electrical Appliances Corp Ltd, Hisense Import and Export Co Ltd and Skyworth Multimedia International

(Shenzhen).

A handful of China television stocks leapt on the news.

Hong Kong-listed Skyworth International had surged 8.75 per cent by 0430 GMT and TCL was up 6.02 per cent, against a 0.35 per cent dip in the Hang Seng Index.

Xiamen Overseas saw its domestic A shares, off limits to foreigners, rise 1.76 per cent by the lunch break. The Shanghai A share index was down 0.89 per cent.

Details of the price floor and quota were not included in an EU statement on deal and industry sources said they would be negotiated on an annual basis.

"Being able to export to the

European Union is a very good thing," said a company official from Shenzhen-based Konka, China's number two television producer.

"In 2000 we exported one million television sets and since that year not one set has gone to the European Union. It's just too expensive," said the official, who asked not to be named.

Konka posted its first annual net loss in 20 years last year and is one of several television makers which have diversified into other more lucrative industries, such as mobile phones, to offset losses in the saturated domestic appliances market.



PHOTO: ADCOM

Acting Editor of the Ittefaq Rahat Khan poses with others at the prize giving ceremony of Fair and Lovely Diamond Jhalak writing skill competition held at a city hotel on Tuesday.

Prize giving ceremony of Fair and Lovely campaign held

Prize giving ceremony of Fair and Lovely Diamond Jhalak writing skill competition was held at a city hotel on Tuesday, says a press release.

Acting Editor of the Ittefaq Rahat Khan was present as chief guest in the prize giving ceremony. The ceremony was also attended by Srinivas Nagappa, marketing and development director of Lever Brothers Bangladesh Limited, Aseur Rahman, brand manager of Fair and Lovely, and Nahim Farhan Chowdhury of Adcom Ltd.

Both Tahmina Akter Majumder of Comilla and Minoti Mahbuba Khandaker of Jamalpur placed first position in the competition and received diamond necklaces worth Tk 350,000 each.

The competition was organised for the clients of Fair and Lovely that started in last month.

Around 339,900 customers participated in the promotional competition.

Ban on tobacco ad ASEAN fails to reach consensus

AFP, Bangkok

The Association of Southeast Asian Nations failed Wednesday to reach consensus on a tobacco advertising ban, an alliance of health-related groups said, slamming the outcome as a step backwards.

Representatives of the 10-nation regional grouping concluded a three-day meeting here aimed at solidifying their position on tobacco control measures, including smuggling, labelling and advertising.

"Despite strong leadership by Thailand and Malaysia, countries were unable to agree to a total ban on tobacco advertising," according to a statement by the Framework Convention Alliance (FCA), a non-governmental body which comprises some 180 groups in more than 70 countries.

"Perversely, Singapore, one of the first countries in the world to ban tobacco advertising, was unwilling to support a ban," the FCA said. It did not elaborate on Singapore's position.

"This represents a step backwards from the position taken in Penang (Malaysia) in March 2002" when ASEAN's first inter-session meeting on the subject was held.

GM extends crucial help to Daewoo

AFP, Seoul

US auto giant General Motors Corp. has sealed a 107 million dollar deal to help its faltering South Korean subsidiary, Daewoo Motor Co., Daewoo officials said Thursday.

The deal to buy parts from 19 Korean auto parts makers was part of a plan announced by General Motors (GM) in June to source parts worth 1.2 billion dollars from Korean suppliers, Daewoo said.

Daewoo's contractors and suppliers agreed Wednesday to resume the delivery of parts, which was halted for the past week over delayed payments.

But the embattled South Korean company said its production would remain crippled because its largest supplier, Korea Delphi Automotive

System, refused to follow suit.

Delphi insisted creditors should first pay it 214 billion won (179 million dollars).

Daewoo stopped production on August 28 when Delphi and other contractors suspended the supply of parts.

GM bought Daewoo in April, promising to create a new corporate entity. But its plan has been delayed because of a dispute among creditors over how to share losses and new loans totalling some two billion dollars.

GM will control a 42 per cent stake in the new company, Daewoo creditors 33 per cent and GM's business partners 25 per cent.

Daewoo was declared bankrupt in 2000 with liabilities of 17.5 billion dollars.

Japan sued for \$165m over losses from Tokyo-funded dam

AFP, Tokyo

Nearly 4,000 Indonesians filed an unprecedented lawsuit against Japan in a Tokyo court Thursday seeking 165 million dollars in compensation for losses caused by a controversial dam project financed by Japanese aid.

A total of 3,861 villagers from Sumatra island filed a suit with the Tokyo District Court against the Japanese government, official aid agencies and firms engaged in building the Kotopanjang Dam, completed in 1997.

They are seeking 19.3 billion yen (165 million dollars) in compensation.

The suit names as respondents Tokyo Electric Power Services, the Japan International Cooperation Agency (JICA) and the Japan Bank for International Cooperation (JBIC) as well as the Japanese government.

"Local residents have not received adequate compensation for the damage they have suffered because of the dam construction," said Fumio Asano, a Japanese lawyer representing the group.

"The project damaged the natural environment and threatens endangered animals," he said.

The plaintiffs claim as many as 23,000 people were forcibly resettled or lost part of their property due

to the 31.2-billion-yen hydropower project financed with Official Development Assistance (ODA), as Japan's aid is formally known.

The case is the first ever brought by local residents against the Japanese government and aid organisations over their responsibility for the impact of ODA, lawyers for the plaintiffs said.

One of the plaintiffs, farmer Masrul Salim, 49, said he and others were promised they would be moved to new farms with rubber trees and oil palms.

"But those properties were not good enough for farming," he said through an interpreter.

The Indonesian government only paid out about two dollars per palm tree to farmers losing their land to the reservoir, Masrul Salim said.

"Three harvests from one palm tree would give us 10 times more than that amount," he said.

Adhel Yusirman, an Indonesian lawyer representing the group, said the plaintiffs would file a similar suit against the Indonesian government in October and would try to "expose those who received unfair benefits through the project."

"The Indonesian government tricked the village residents with promises that they never kept. But the residents only saw their community destroyed and were harmed economically," he said.

ILO urged to help country overcome impact of globalisation

BSS, Dhaka

State Minister for Labour and Employment Lutfur Rahman Khan urged International Labour Organisation (ILO) to adopt programmes to help face Bangladesh the consequences of global trade from 2005.

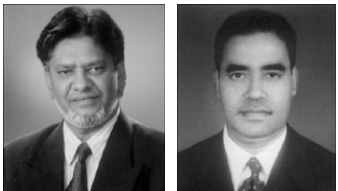
The export-oriented industries of the country will have to face uneven competition from 2005 following duty and quota-free access to global trade, he said, at a meeting with Herman Vandern Laan, Director of ILO New Delhi, at Secretariat yesterday.

Secretary of Ministry of Labour and Employment Md Helal Uddin Khan and ILO Area Director of Dhaka Gopal Bhattacharya were also present at the meeting.

The State Minister said Bangladesh as an elected deputy member of ILO governing body wants to play effective role in maintaining labour standard. The government has undertaken a number of social programmes towards elimination of child labour, he informed.

The visiting director told the State Minister that ILO wants to work with close cooperation with the government in the fields like decent work, women's employment, child labour and workers' training programme.

Two new vice chairmen of Shahjalal Bank



Mohiuddin Ahmed and Md Solaiman have been elected vice chairmen of Shahjalal Bank, says a press release.

The decision was taken at a meeting of the Board of Directors of the bank held last week at a city hotel.

Mohiuddin Ahmed is also the chairman of Rupsha Trading Corporation, Pacific Automobile and Mohiuddin & Company. He is also the vice chairman of South East University.

Md Solaiman is also the managing director of Paradise Corporation and Paradise Electronics, Chittagong. He is also the vice chairman of Mercantile Insurance Co.Ltd.

ScanCement announces best dealer award

ScanCement International Ltd, a leading cement producer, has announced Best White Cement Seller Award in the city, says a press release.

To encourage the dealer ScanCement arranges a competition among its dealers across the country in every quarter.

M A Sagir of M/s Sowdagar Agencies Ltd, Chittagong received the award for this quarter.

General Manager of Sales and Marketing KM Zahid Uddin recently handed over the award. Ramakanta Bhattacharjee, deputy general manager, and other officials of the company were also present.

Taiwan to open ports for transshipment of Chinese goods

AFP, Taipei

Taiwan plans to open its ports up for the transshipment of all goods from China to boost business, the Board of Foreign Trade (BOFT) said Wednesday.

The government currently allows a limited number of items from China for transshipment in southern Kaohsiung harbour for other destinations.

The BOFT would propose easing trade restrictions on Taiwan-China commerce to allow Chinese products, which are not allowed to be

imported to Taiwan, to pass through Taiwanese ports for transshipment, it said in a statement.

Authorities here allow 58.6 per cent of farm products from the mainland to enter the island while 76.6 per cent of industrial goods are permitted for imports from China, it said.

Other than Kaohsiung harbour, Taiwan's major ports include Keelung harbour in north and Taichung harbour in central Taiwan.

Trade between Taiwan and China is conducted through third parties, largely Hong Kong, as

Taipei still bans direct transport links with the mainland.

Direct commercial links between the two rivals were cut off in 1949 when they split at the end of a civil war.

Despite bans on direct links, China has become Taiwan's largest export market since November with shipments to the mainland accounting for 23.8 per cent of the island's total exports.

Exports to the mainland grew 28.8 per cent year-on-year to 14.84 billion US dollars in the six months to June.

Bids invited for revamp of Air India, Indian Airlines

AFP, New Delhi

India on Thursday invited bids from consultants to revamp state-owned Air India and Indian Airlines, whose privatisation bids have been stalled due to a poor response.

The government has set September 20 as the last date of submission for shortlisted bidders.

The consultants will have to prepare a business and financial

plan for the airlines and also identify areas that can be hived off or integrated.

While Air India has a fleet of 27 aircraft which operate mostly on international routes, Indian Airlines has 56 aircraft and operates primarily on domestic routes.

However, rather than interlinking each other's operations, the two state-owned airlines compete in some routes such as to lucrative

Middle Eastern destinations.

Attempts to privatise the two airlines failed last year when most of the major bidders pulled out and those which showed interest did not fulfil criteria set by the government.

Both the airlines have gradually lost market share to competitors as they are saddled with a huge workforce and old, inefficient aircraft that have been flying for nearly 20 years.

Suspected cover-up 2 ratings firms warn Japan co

AFP, Tokyo

Two global ratings agencies on Thursday warned Tokyo Electric Power Co. Inc. (TEPCO) its business could suffer a long-term negative impact from the suspected cover-up of defects at its nuclear power plants.

Standard and Poor's said it placed its AA- long-term rating on the world's largest private power company on creditwatch with negative implications.

In addition, Moody's Investors Service said the affair was unlikely to have a "significant negative and direct impact on TEPCO's credit profile" but it had the potential to negatively affect TEPCO's long-term business.

Moody's has assigned a Aa2 long-term debt rating for the utility. Top TEPCO executives have

resigned over the scandal in which the company is suspected by the government of having made false reports about cracks and other faults in reactor equipment in the late 1980s and early 1990s.

"Standard and Poor's will analyse the impact of the cover-ups on TEPCO's operations, and the effect of the additional costs from further examinations of its nuclear power plants," said Masako Kuwahara, a Standard and Poor's Tokyo credit analyst.

"In addition, we will monitor any adverse changes in the regulatory environment that might arise from weakened public trust in nuclear power," she added.

Moody's said in a statement that based on an analysis conducted by TEPCO, the government's Nuclear and Industrial Safety Agency assessed the safety of the company's reactors had not been

seriously affected.

It added: "The direct impact of the incident on TEPCO will include the incremental cost to its operations during the inspection period and the potential for punitive measures from the authorities."

"Given the nature of TEPCO's operation as a materially monopolistic public utility, the Ministry of Economy,

Trade and Industry is unlikely to impose measures that are so drastic that they could significantly weaken the company's operation or financial position," the Moody's statement said.

Standard and Poor's said TEPCO's creditwatch status would be resolved within the next one or two months, after further internal and external examinations of its nuclear power facilities were completed.

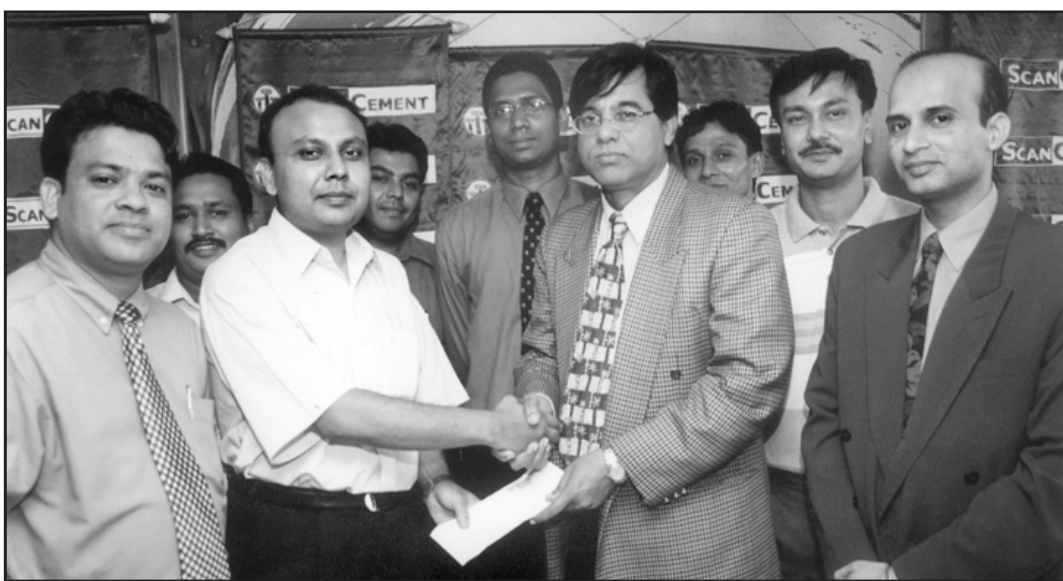


PHOTO: SCANCEMENT

Cement producer ScanCement's General Manager of Sales and Marketing KM Zahid Uddin hands over Best White Cement Seller Award to MA Sagir of M/s Sowdagar Agencies Ltd of Chittagong in the city recently.

Siemens launches customer care campaign

Siemens Bangladesh Ltd launched a customer care campaign for its mobile set users on 1st September with very lucrative offers including 100 per cent discounts on downloading ring tones, software upgradation and non warranty service fee, says a press release.

Furthermore, 10 per cent discount has been offered on all spare parts, battery, desktop and travel charger, belt clip, and head set. Warranty extension for non warranty C35 and C25 model mobile sets has also been offered at very nominal premium, besides exchange of old model sets with new ones.

Apart from these, each walk-in customer will receive a discount coupon for next purchase of any Siemens mobile phone, home appliance and OSRAM lighting products. This campaign will end on 14th September.

Free servicing facility for Moulinex, Yashica products

On the occasion of 3rd anniversary of Excelsior Home Appliances Ltd the company has announced a month-long free servicing facilities for Moulinex home appliances and Yashica products from its service centres in Dhaka and Chittagong, says a press release.

In Dhaka, this free service will be available from 1st September to 15th September at the service centre of Excelsior Home Appliances Ltd at 345 Segun Bagicha. And in Chittagong the service will be available from 16th September to 30th September at 41 MM Ali Road.

IATA sees airline recovery only in 2004

REUTERS, Geneva

The International Air Transport Association (IATA) said yesterday that passenger and cargo traffic should regain pre-September 11 levels in 2003, but globally financial recovery could take a further year.

"By the end of 2003, we expect to recover most of our lost ground and to be back at pre-September 11 volumes," IATA's new Director General Giovanni Bisignani said.

Encouraging first half figures for airlines outside the United States suggested that losses on international scheduled operations would fall to \$4-6 billion in 2002, down from \$12 billion last year and lower than the \$4-8 billion IATA had predicted in April, the Geneva-based body said in a report.

Passenger traffic was seen declining three per cent this year before rebounding six per cent in 2003. Average growth up to the end of 2006 was expected to reach four per cent.

But outside the United States, passenger traffic was likely to increase one per cent in 2002 and then grow five per cent in 2003 and 2004 and four per cent in the following two years.

Recovery has been strongest in the Asian Pacific market. In Europe, carriers with the largest exposure to the United States continued to feel greatest negative impact.

In its report, IATA hit out at airport and air traffic control (ATC) companies for not shouldering enough of the increased financial burden from heightened security measures taken after the suicide plane attacks in the United States.

"It is unacceptable that in a year in which airlines without exception have suffered losses amounting to billions of dollars, some industry partners including airports and ATC providers have posted strong profits," Bisignani said.