Star BUSINESS

DHAKA TUESDAY SEPTEMBER 10, 2002

StanChart, Rangs sign discount agreement

A memorandum of understanding (MoU) was signed between Standard Chartered Bank and Rangs Electronics Ltd on Sunday to offer discounts on all Rangs products and Alap CityCell mobile phone connections, says a press release.

The discount will be offered to Standard Chartered customers on display of their Privilege Cards or at the time of making payments through their Standard Chartered credit cards.

Sajidur Rahman, acting head of consumer banking of Standard Chartered Bank in Bangladesh, and Aktar Hussain, managing director of Rangs Electronics Ltd, signed the MoU on behalf of their respective organisations.

Tejendra K Roy, controller of Accounts and Finance, and Wahidur Rahman, area sales manager of Rangs Electronics Ltd, and Tanvir Haider Chaudhury, head of Product Development & Marketing Services of Standard Chartered Bank, were also present on the occasion.

Saudi deposits abroad fall to $45.9b

REUTERS, *Basel, Switzerland*

Deposits by Saudi residents in banks abroad fell by 10 per cent to $45.9 billion in the first three months of 2002, the fourth quarterly drop in a row, data from the Bank for International Settlements shows.

In its quarterly report, including the most recent data from banks in the United States, Japan and Europe, the BIS said Saudi residents withdrew some $5 billion from reporting banks in the first quarter after a net fall in deposits of $9.7 billion in all of 2001.

"Almost the entire amount withdrawn by Saudi residents in the first quarter came from banks in Europe and most of the funds were denominated in US dollars," the BIS said.

Analysts have noted that large quantities of Saudi funds overseas have been repatriated in the aftermath of the September 11 attacks. But the move also coincided with global equity market turmoil and falling oil prices.

The BIS said Saudi residents across the Middle East and Africa withdrew funds from abroad for the third successive quarter.

"Coupled with new bank credit, withdrawals resulted in net flows of $7 billion into the region in the first quarter ... most (of which) went to oil-exporting countries, in particular Saudi Arabia," it said.

Malaysia posts strong growth in manufacturing

AFP, *Kuala Lumpur*

Malaysia's industrial output rose 6.9 per cent in July from a year ago and rebounded 10.4 per cent from June due to growth in the manufacturing, mining and electricity sectors, the Department of Statistics said Monday.

The three sectors grew 8.1 per cent, 4.6 per cent and 0.1 per cent respectively on a yearly basis, the department said in a statement.

On a monthly basis, the manufacturing sector rose 11.7 per cent with mining up 9.7 per cent and electricity 0.9 per cent higher.

In June, Malaysia's industrial output rose 4.9 per cent compared with a year earlier but fell 6.3 per cent from the previous month.

Economists hailed the data, saying the manufacturing sector would fuel economic growth.

Lee Soo Kai at OSK Research said: "These are very good numbers. Exports did well in July and boosted manufacturers' confidence. Manufacturers are still quite optimistic at this moment."

Song Seng Wun, regional economist at GK Goh Research, said the manufacturing sector picked up after slowing down in June as a result of the football World Cup.

"The June production numbers were soft largely due to the World Cup. This exaggerated the monthly rebound in July," he said.

Song said the positive July output data augers well for the overall economy, which he expects to grow by 6.5-7.0 per cent year-on-year for the six months to December period.

"Malaysia is off to a good start for the second half of the year," he said, adding he has forecast full-year economic growth at 4.5 per cent.

The Malaysia government hopes to achieve 3.5 per cent growth this year.

CONCOP reactivated to run SOEs profitably

UNB, *Dhaka*

The government has reactivated the dormant Consultative Committee of Public-sector Enterprises (CONCOP) for running state-owned enterprises (SOEs) profitably through their necessary restructuring and sharing of resources.

Official sources said the measures aimed at strengthening the economic base of the country through operating the SOEs efficiently.

At a meeting of the reconstituted executive body of the CONCOP in the city yesterday Industries Minister MK Anwar advised the concerned authorities to prepare a report about the fate of some 600 SOEs privatised so far.

"It will help the government assess the degree of achievement of privatisation aims," he said.

The industries minister also urged the chief executives of public-sector estates to make a self-analysis about the performance of the SOEs.

In the meeting with the minister the newly elected executive committee of CONCOP, the co-ordinating body of all 53 sector corporations and state-owned industrial service-oriented enterprises, led by BRTC Chairman Taimur Alam Khondakar, elaborated the mission and vision of CONCOP.

Held at the industries ministry, the meeting was attended by Industries secretary Al Ameen Chowdhury and all 10 executive members of CONCOP.

Elaborating the steps taken by the CONCOP, the members said eight committees had been formed to identify sectoral problems and possible remedial measures to be taken with a view to running the SOEs "efficiency and profitably".

The committee also will look after the present manpower and workload support of the government in implementing the remedial measures and recommendations to run the viable SOEs profitably.

Its members noted that cost of production in SOEs is higher than private production for many reasons, including differences in procurement and marketing process. They also requested the government to look into the matter for establishing a level playing field.

Appreciating the efforts of CONCOP, established in 1984, the minister said SOEs could also make profit and this is going to be proved in sugar sector as the sugar industries are expected to make substantial profits in the coming season.

"The government has a policy to privatise the SOEs, but if the SOEs could run profitably, then it would reconsider the policy," said the minister.

Reports say many of the privatised units have virtually failed to take off successfully and there has been a slowdown in sell-out of the listed enterprises.

The minister assured that the government would support the structural adjustment in the SOEs to make them profitable.

Chairman of RAJUK, managing director of HBFC, director general of BSTI, chairman of TCB, chairman of BSFIC and other members of the CONCOP attended the meeting.

SME fair begins Sept 15

136 enterprises to showcase products

STAR BUSINESS REPORT

One hundred and thirty-six small and medium enterprises (SMEs) are going to exhibit their products in a six-day SME Fair 2002, the first of its kind, in the city starting September 15.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) is organising the international fair at the Bangladesh-China Friendship Conference Centre to help promote the SME products.

Prime Minister Khaleda Zia is expected to inaugurate the fair. Among others, Finance Minister M Saifur Rahman, Industries Minister M K Anwar and Commerce Minister Amir Khasru Mahmud Chowdhury will attend the inaugural function.

"We want to display the development of our SME products. SMEs are contributing to about 90 per cent export of the country," said FBCCI President Yussuf Abdullah Harun at a press conference yesterday.

The products will be displayed at 136 stalls and eight pavilions at the exhibition, where visitors' entry fee has been fixed at Tk 20.

The organisers are expecting positive responses from foreign buyers and visitors.

The FBCCI has already invited chambers of different countries, including EU countries, SAARC nations, seven north-eastern states of India, Japan and the USA. It has also invited foreign missions in Bangladesh.

The local items which would be put on display include agro-based products, bicycle, ceramic and melamine, software, cosmetics and beautification products, furniture, electrical and electronic goods, food and beverage, household appliance, handicrafts, ink and paint products, jewellery, leather and leather products, light engineering products, plastic and plastic goods, optical goods, pharmaceutical products, printing and publications, real estate, textile and garments, toys and stationery, security service, bank, insurance, leasing, chemical and service sector products.

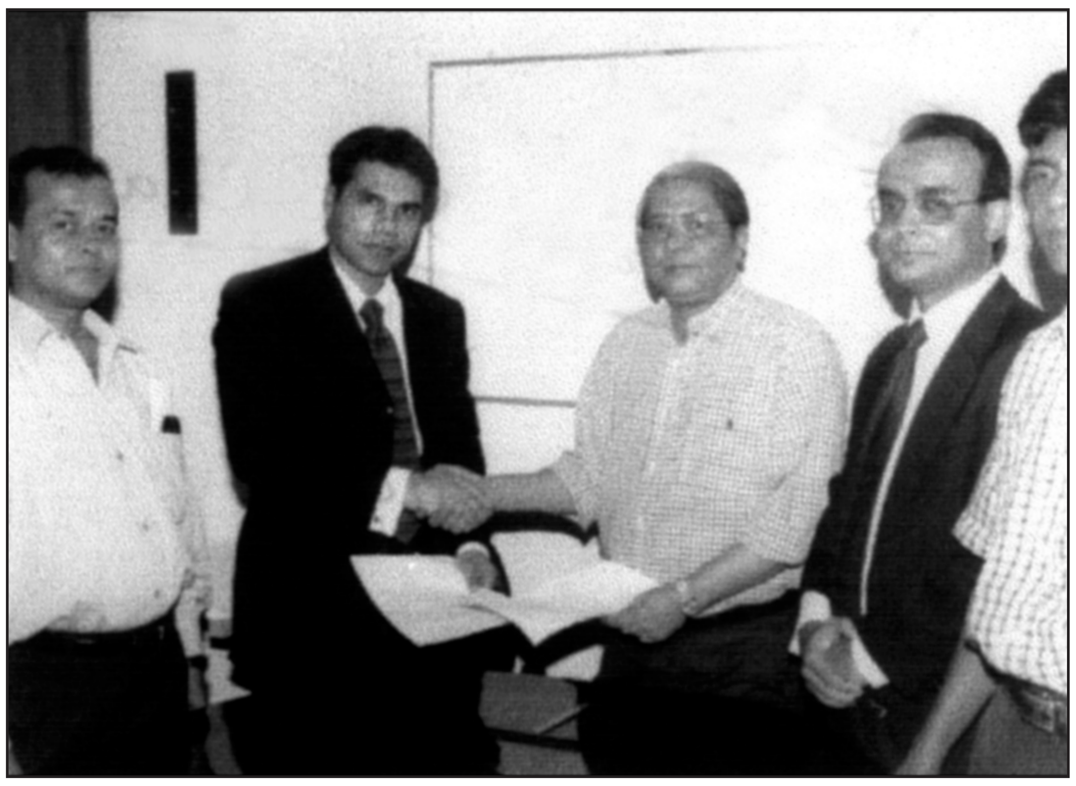

PHOTO: INTERSPEED

Sajidur Rahman, acting head of consumer banking of Standard Chartered Bank in Bangladesh, and Aktar Hussain, managing director of Rangs Electronics Ltd, shake hands after signing an MoU on behalf of their respective organisations on Sunday in the city.

HSBC signs Hexagon deal with Partex

The HongKong and Shanghai Banking Corporation (HSBC) Bangladesh has signed the 100th Hexagon customer agreement with Partex Group, says a press release.

Adil Islam, head of marketing of HSBC, and A A Kaiser, vice chairman of Partex Group, recently signed the agreement on behalf of their organisations in the city.

HSBC maintains one of the world's largest private data communication networks. The proprietary software, Hexagon, allows HSBC customers to have PC access to payment and cash management services, trade services, securities services and other information through a single platform.

Hexagon is one of the most successful customer service-driven technological innovations.

HSBC Group, which has 60,000 Hexagon users worldwide, handles over 200 transactions every second.

In Bangladesh, HSBC started its operation in 1996.

PHOTO: HSBC

A A Kaiser, vice-chairman of Partex Group, and Adil Islam, head of Marketing, HSBC Bangladesh, sign an electronic banking agreement on behalf of their respective organisations in the city recently.

Stalled oil firms sell-off threatens to derail Indian economic reforms

AFP, *Bombay*

The stalled privatisation of two fuel-producing firms has threatened to derail India's economic reforms and raise the fiscal deficit to six per cent in the financial year to March, analysts said Monday.

Prime Minister Atal Behari Vajpayee on Saturday postponed by three months a plan to privatise Bharat Petroleum Corp. Ltd. (BPCL) and Hindustan Petroleum Corp. Ltd. (HPCL) to cool the tempers of leaders in his multi-party government.

The market reacted sharply with brokers on the country's main Bombay Stock Exchange resorting to heavy-selling in blue chips and state-owned stocks.

On Monday, at 2:00 pm (0830 GMT), the Bombay Stock Exchange's 30-share index touched 3,093.26, down 47.85 points from Friday's close.

HPCL was down 69.55 rupees at 201.65 rupees, while BPCL was down 52.25 rupees at 201.65 rupees.

"The drama that unfolded over the weekend has spoiled everyone's mood in the market," said Vijay Tilakraj, dealer at KJMC Capital Market Services.

"The market is hit with uncertainty over India's privatisation reforms. Investors are now doubting the government's political will to carry reforms forward."

Analysts added the decision would impact on India's yawning fiscal deficit.

"It is a serious setback for the government's reform process which was led by steady and successful privatisations in the current year," said Ravi Mehrotra, director at Franklin Templeton (India), a leading private sector mutual fund.

He added he believed India's fiscal deficit would remain high.

"Sentiment has definitely taken a hit in the market as can be seen today," said Mehrotra.

"I expect the fiscal deficit to rise to more than 6.2 per cent given the fall in disinvestment proceeds and also after taking into account the drought effect," said HSBC Securities head of research Vasudeo Joshi.

In July, India suffered the worst drought in 15 years which is expected to shave off more than one per cent of the country's gross domestic product this financial year.

The government has so far only managed to raise 50 billion rupees (one billion dollars) from privatisation in the current year against a targeted 120 billion rupees.

"Disinvestment was the only bright star in the government's armour and even that has now dimmed," said Joshi.

"Apart from privatisation, there was nothing much happening on the reforms side say in the legal, labour or finance sector."

Franklin Templeton's Mehrotra was however optimistic privatisation efforts would be kick-started later in the year.

"I still hope that the present decision of the government will have a short-term impact," he said.

Earlier this year, India successfully sold bluechip state-run firms such as telecoms major, Videsh Sanchar Nigam to the Tata group and Indian Petrochemicals Corp to the Reliance group.

The sale of fuel companies was however stuck since April after Petroleum Minister Ram Naik objected to the sell-off.

The government had announced in February it wanted to privatise the companies as part of its plan to trim its budget deficit to 5.3 per cent of economic output in the fiscal year ending March 2003.

Arab states wasting huge financial potential: WEF

AFP, *Geneva*

Arab countries are wasting huge financial potential and are ill-prepared for future needs generated by massive population growth, according to a report by the World Economic Forum (WEF) to be released Monday.

The "Arab World Competitiveness Report" was presented to Arab business and political leaders, including the secretary-general of the Arab League, Amr Mussa, at a two-day meeting which began in Geneva on Sunday.

In a chapter of the report, the UN Population Fund (UNPF) warns that the region's total population is expected to double from its current level of about 290 million within 30 years.

It will then double again by about 2070.

"These figures are alarming and pose substantial challenges for the Arab world, especially when the limited capacity and availability of land, and the scarcity of water resources are taken into account," WEF said in a statement.

The report by academics and international specialists says that the focus on the Middle East conflict and a "delicate political climate" have hidden an urgent need for structural change in Arab economies.

"The region has for too long pursued a one-dimensional growth strategy that is far too reliant on capital accumulation as the single engine for growth," according to the report.

Growth in the region over the past decade was "highly disappointing" despite huge, if volatile, oil revenues and has tended to decline since the 1960s, it continued.

Despite some tentative steps towards reform, private investment in the Arab region is both "insufficient and inefficient", as savings "have not been properly channelled by the financial sector (banks) to productive projects".

The environment for investors is described as hostile because of a combination of "excessive political, social and military" conflicts, "excessive government intervention", and an inadequately trained or educated workforce.

The report also points out that the gap between rich and poor has hardly narrowed over the past two decades.

It warns that the continued concentration on oil exports has left many countries highly exposed to external shocks.

Sixteen countries have exports in less than eight sectors, with Algeria, Kuwait, Libya, Qatar and Yemen at the bottom of the ranking with two or three goods or services exported.

Cairns Group launches campaign for global farm trade overhaul

AFP, *Sydney*

The Cairns Group of agricultural exporting nations has called for the world's industrialised economies to increase quotas on farm imports by up to five times current levels.

The proposal, lodged with the World Trade Organization (WTO) for consideration during its Doha round of multilateral trade negotiations, would significantly benefit agricultural producers, Australian Trade Minister Mark Vaile said Monday.

In Australia's case it would open up new export opportunities for its dairy products, beef, lamb, sugar and cotton, among others.

At the moment, they are all severely restricted by quotas imposed by the European Union, the United States and Japan, among others.

Significant benefits would flow to each member of the 17-nation group, which is chaired by Australia.

The others are Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay.

Effectively, they want a major overhaul of global markets for agricultural products by slashing tariffs to no more than 25 per cent while export subsidies on such products would be eliminated completely.

The group also wants to expand developed country tariff quota access, and improve tariff quota administration to promote new market access.

Vaile said the proposal would not only add a new dynamic to the WTO negotiations, but also demonstrate the commitment of Cairns Group members to help developing countries.

"We have developed concrete proposals to address poverty alleviation and food security concerns of developing countries," he said in a statement.

"Our proposal would allow them time to adjust to trade liberalisation measures and, in recognition of the special needs of least developed countries, we would not require any tariff reduction commitments from them."

Although its own heavily protected farm sector has prompted strong international criticism, the US has also called for major reforms including big cuts on tariffs on agricultural products and for the elimination of export subsidies on such goods.

But the Cairns Group proposal goes much further.

Officials say that, for instance, under the US proposals volumes of imports under such quotas would be increased by 20 per cent, while the Cairns Group wants to see tariff rate quotas increased over five years by four or five times present levels.

The US has offered to increase its annual beef import quota from 700,000 tonnes to 840,000 tonnes. But under the Cairns proposal, it would rise by 2.5 million tonnes, or a fifth of its annual beef consumption.

Vaile said agricultural tariffs had long presented an artificial barrier to efficient agricultural producers and kept their products out of many major markets.

"The success of the round depends on whether it provides substantial improvements in agricultural market access," he said.

PHOTO: APEX FOOTWEAR

A new showroom of Apex Footwear Ltd was inaugurated at Zindabazar in Sylhet recently. The inauguration ceremony was attended, among others, by Marketing and Planning Director Saiyad Ghias Hussein and General Manager-Sales Abdullah-Al-Mossadeque.