

## Russell Lodge signs MoU with National Housing

Russell Lodge Holdings Ltd signed a memorandum of understanding (MoU) with National Housing Finance and Investments Limited yesterday, says a press release.

Under the arrangement, the clients of Russell Lodge will receive faster and superior customer service from National Housing Finance and Investments Limited in getting up to 70 per cent housing loans of their apartment and shop prices.

Ansar Uddin Ahmed, managing director of National Housing Finance and Investments Limited and Shafiqul Islam, managing director of Russell Lodge Holdings Ltd signed the MOU on behalf of their organisations.

Shabbir Ahmed (DMD), Nizam Ahmed (AVP), of National Housing Finance and Investments Limited, Foyez Ahmed, senior manager (Marketing & Planning) of Russell Lodge Holdings Ltd were present in the signing ceremony.

## CityCell Launches family package

Cell phone CityCell has come up with a family package offer, says a press release.

Introduced in last February 2003, the package, one2one, allows a person to communicate with another one with CityCell postpaid connection at 50 per cent of the regular tariff.

Under this package, a person who has a CityCell postpaid connection has to buy another CityCell postpaid connection in his/her name. The billing address for both the connections has to be same. Then, it will be possible to communicate between these two connections at half the regular rate in both peak and off-peak hours.

So, for the regular outgoing rate of Tk 4 during peak hour and Tk 3 during off-peak hour, the package allows reduced rates of Tk 2 and Tk 1.5.

One who does not have a CityCell connection can purchase two CityCell postpaid connections in his/her name at a time and obtain a 10 per cent discount on the whole package price. But, it has to be ensured that both the connections have the same billing address.

## EXIM Bank client get-together held in Ctg

Export Import Bank of Bangladesh Limited (EXIM Bank) held its client get-together of Chittagong region in Chittagong on Saturday, says a press release.

Md. Nazrul Islam Mazumder, chairman of the bank, Mohammed Lakiottullah, managing director, and Borhanuddin Ahmed Chowdhury, manager of Agrabad branch spoke on the occasion.

Among the clients, Sufi Mizanur Rahman, chairman of PHP Group, Alhaj Khalilur Rahman, chairman of KDS Group, and SM Nurul Hoque, vice-president of BGMEA, also spoke at the function.

Ekrumul Hoque, deputy managing director, Md. Shahidullah, manager of Khatungonj branch, and many valued clients were present.

In his speech, the chairman of the bank expressed his heartfelt gratitude to the clients for their faith, confidence and ongoing co-operation with EXIM Bank.

In his speech the managing director said bank earned a profit of Tk 10 crore in the year 2000, Tk 28 crore in year 2001 and Tk 40 crore in year 2002.

## Indian air carriers hit hard by Iraq war tensions

AFP, New Delhi

India's airlines are being hit hard by surging aviation fuel prices and a drastic drop in passengers to highly-profitable Middle Eastern destinations due to the Iraq war, industry analysts said Thursday.

The situation will be exacerbated the longer the war continues, they added.

A 15 per cent hike in fares by domestic carriers Indian Airlines and Jet Airways as well as a five per cent increase by international carrier Air India was already beginning to thin the number of air passengers, and the trend would continue.

# US FDA team postpones visit on Iraq war

MONJUR MAHMUD

The scheduled visit of the US Food and Drug Administration (FDA) inspectors to Bangladesh from April 14 has been postponed due to the ongoing war in Iraq.

Sources said the visit has been put off in view of security alert, which was issued by the US government following the war.

The US inspectors were scheduled to visit some remote areas in Khulna, Chittagong and Cox's Bazar to inspect the entire shrimp production chain.

"Due to the ongoing war and security alert the trip has been postponed until further notice," Cherae P. Frazier, international programme specialist, Division of

Field Investigation of USFDA, wrote to the Director General of Directorate of Fisheries Md Nasir Uddin Ahmed recently.

According to a statement of Bureau of Consular Affairs of US Department of State, Bangladesh continues to experience some anti-American sentiment as a result of US military and other actions "in the war against terrorism" and events in the Middle East.

"Anti-American demonstrations throughout Bangladesh normally occur on Friday afternoons but now they may take place any time at any place," US State Department said.

American citizens residing in or visiting Bangladesh are urged to consider carefully the security risks in deciding whether to attend large

public gatherings.

"The US authority has postponed the visit temporarily as part of security reasons. If the situation improves, the visit will take place at a convenient time," Abdul Haq, secretary of the Ministry of Fisheries & Livestock, told The Daily Star.

The shrimp sector was expecting a team of US FDA inspectors to confirm that its food safety procedures are up to their standard. During a month long visit, the team was supposed to visit processing plants, farms, hatcheries, depots, quality control labs and landing centres.

The aim of the visit was to check hygiene in the cultivation, transportation, storage and processing of shrimp to ensure that quality

control systems are in place and food safety standards are being met.

According to officials of the Directorate of Fisheries, the department is keen to retain the image of Bangladesh shrimps by strictly following Hazard Analysis Critical Control Point (HACCP) principles. It has already urged growers and exporters to ensure that quality is being maintained throughout the entire production process.

The visit was considered a crucial one for Bangladeshi exporters as the US is the single largest importer of Bangladesh shrimp and the FDA inspectors were supposed to have endorsed the sector's production process.



Prime Minister Khaleda Zia hands over a crest to Syed Mahmudul Huq, vice chairman of Bangladesh Myanmar Business Promotion Council. The crest was presented by the Union of Myanmar Federation of Chambers of Commerce and Industry in recognition of his contribution to promotion of economic cooperation between Bangladesh and Myanmar during prime minister's meeting with joint Chamber of both the countries in Yangon recently. Commerce Minister Amir Khosru Mahmud Chowdhury was also present.

# Prolonged war to further slow down global recovery: IMF

AFP, Washington

A bogged-down Iraq war would hit gingerly recovering world financial markets hard, the International Monetary Fund warned Thursday.

"While markets may have priced in a short and decisive war, any departure from this scenario could weaken confidence further," the IMF said in its twice-yearly Global Financial Stability Report.

"Moreover, markets may not have yet focussed on the possibility that uncertainty could persist for some time."

The IMF report was drawn up several weeks before US and British forces invaded Iraq.

A week after the campaign began, and despite a "shock and awe" blitz of Baghdad, the Iraqi regime still stands as US forces mass en route to the capital.

Field reports put the Third Infantry Division less than 100 kilometers (60 miles) south of Baghdad, the US 101st Airborne moving up from the southwest and US Marines to the east.

Financial markets rallied as the opening shots were fired in the Iraqi war, but they have since retreated a little as visions of an immediate collapse of the Iraqi regime vanished.

Even if US and British forces won quickly, hesitancy in financial

markets could last, the IMF said.

"Uncertainty could also persist despite a short and decisive military conflict owing to the potential for continued geopolitical instability and tangible threats of terrorism," it said.

"Prolonged uncertainty could keep risk aversion at a high level, depress financial markets and reinforce the headwinds against global economic recovery."

Financial markets were suffering the hangover of the bursting of the late 1990s technology-driven asset bubble, leading to uneven global growth and businesses' reluctance to invest, the IMF said.

The malaise appeared to be lifting, the IMF said.

Large cash balances had been built up by households and institutions as they resisted investing during the uncertain climate but also benefitted from low interest rates.

But interest rates might now present a serious risk, the IMF warned.

"When growth prospects improve and investors shift to higher-risk assets, short- and long-term interest rates will likely rise. This interest rate risk is significant at this juncture."

Many financial institutions had snapped up higher-interest, long-

term treasury bonds, funding the purchases with cheaper, short-term money, it said.

Market sources said many of those investments were unhedged, exposing in particular investors in mortgage-backed securities, the IMF said.

"Consequently, the potential for sizeable losses could exist for some market participants on top of losses experienced since the bursting of the equity price bubble and the ensuing flight from corporate risk."

Monetary policy in the major economies was appropriate to forestall faltering consumer and business confidence and to give respite to financial markets, the IMF said.

But Japan, the world's second largest economy after the United States, should urgently take new steps to reform companies and the financial sector, it said.

"To improve their financial conditions, many Japanese financial institutions need to address their loan-loss provisions more resolutely and their high cost base more generally," the IMF said.

"A corporate sector reinvigorated by successful restructuring is crucial for allowing Japanese financial institutions to improve their earnings," it said.

## Mercantile Bank declares 40pc dividend

Mercantile Bank Limited has declared a 40 per cent dividend for the year 2002, says a press release.

The dividend declaration came at the annual general meeting of the bank held at a local hotel in Dhaka on Monday.

Of the dividend, 35 per cent is in the form of cash and 5 per cent bonus share.

The meeting also approved the balanced sheet, profit and loss account, directors' report and auditors' report for the year ended on December 31, 2002.

Chairman of the bank Md Abdul Jalil presided over the meeting.

M Taheruddin, managing director, Lutfar Rahman Sarkar, chief advisor, and directors and sponsors of the bank also attended the meeting.

## Lanka tea prices drop as war disrupts shipping

REUTERS, Colombo

Sri Lanka tea prices fell at the latest auction Wednesday, with large stocks going unsold because of fears about shipping through the Middle East while the war in Iraq rages.

The anticipated gross sales average was 142 rupees (\$1.47) per kg, compared with 143.79 rupees last week, Forbes and Walker Tea Brokers said in a statement, but brokers said about 35 per cent of teas from low-grown regions went unsold.

"There is no movement through borders and people aren't buying much for stock either," said Dilan Polonawitta, a broker at Forbes and Walker.

Exports to the Middle East account for more than 40 per cent of the market, with about six per cent last year going to Iraq.

The Gulf states favour cheaper teas from the low-grown regions while teas from the temperature high-grown zones are generally preferred by the European and Japanese markets.

Among low-growns, brokers said tippy teas were "virtually unsellable", with the balance selling 20 rupees below last week's levels. More than 65 per cent of flowery broken orange pekoes went unsold because of a lack of bids.

Leafy varieties sold better, but most declined by five to eight rupees, with pekoes lower by 10 to 15 rupees and more.

"If teas are withdrawn, how are they to find the money to pay the small growers? The industry is facing a real cash-flow crisis," Polonawitta said.

## Phoenix Leasing okays 23pc cash dividend

Phoenix Leasing Company Ltd has declared a 23 per cent cash dividend for the year 2002, says a press release.

This was disclosed in the annual general meeting of the company held on Monday at a local hotel.

The meeting was presided over by Deen Mohammad, chairman of the company. Vice chairmen M Yunus and Md Shoeb; directors Mazharul Haque, Mobarak Ali, MA Majid, Ali Afzal Khan, Rafiqul Islam Khan, Evana Fahmida Mohammad and Selina Akter; and Managing Director A Quadir Choudhury were present in the meeting.

# Senate okays \$2.2t budget Bush's tax cut proposal trimmed by half

AFP, Washington

The US Senate on Wednesday approved a 2.2 trillion dollar budget, which kept in place sharp reductions on a 726 billion dollar tax cut sought by the White House.

The Republican-controlled Senate approved the measure by a vote of 56 to 44, but Republican leaders were less than jubilant in victory, after a protracted and contentious budget battle in which neither side could claim outright victory.

It was "not an easy process," said Don Nickles of Oklahoma, at a press conference immediately following the vote. "It was not the prettiest process in the world."

Republicans suffered a setback in the budget process on Tuesday, when Democrats succeeded in swaying three moderate Republican members to break ranks and vote to slash by half the huge tax cuts proposed by President George W. Bush as part of his economic stimulus program.

The White House submitted its tax cut proposal to Congress in January, as part of its 10-year 2004

budget. Two weeks ago, the House of Representatives approved a budget bill keeping the president's tax cut intact.

In a statement issued shortly after the vote, the president said the Senate's decision to trim his tax cut proposal was "unfortunate" and expressed the hope his plan would be restored in conference.

"The House budget took the bold steps necessary to boost our economy, and we will work to ensure that the final House-Senate budget provides the growth measures American workers deserve," Bush said.

But Senate Democratic leader Tom Daschle disagreed.

"We made an irresponsible budget a little more responsible," he said earlier Wednesday.

The Senate Republican leaders failed to restore the tax cuts Wednesday, but vowed that a higher tax cut package will emerge once the disparate Senate and House versions of the budget legislation are reconciled.

"We hope we can get much closer to House levels," in conference talks to be held in the coming

weeks said Judd Gregg, Republican of New Hampshire.

He applauded the just-approved Senate bill as having "the right priorities in many areas."

Democrats, and many Republican moderates, have vowed to continue to fight to limit tax cuts of the magnitude sought by the president, which they say are untenable at a time when the government faces a soaring budget deficit, an escalating bill to finance the Iraq war, and an equally imposing tab for rebuilding the country.

"We now see that with the president's request for additional funding for the war, the budget deficit this year will be over 580 billion dollars," said Democratic Senator Kent Conrad at a press conference earlier Wednesday.

"That is twice as much as the previous record budget deficit in the whole history of the United States. That should sober us all," the North Dakota senator said.

Republicans spurned Democrats' assertion that they have been fiscally irresponsible in their budget agenda.

# US wheat industry eyes regaining Iraqi market

REUTERS, Washington

US wheat growers and exporters hope eventually to recapture part of the large Iraqi market it lost nearly a decade ago when Saddam Hussein's regime banned American food imports, according to an industry group.

American-grown wheat already is in the pipeline for Iraq as part of a massive humanitarian aid effort to avert food shortages related to the US-led war to evict Iraqi President Saddam Hussein.

The US agriculture sector, however, is looking beyond the war to the possibility of wheat sales once a new regime is installed in Baghdad, a US wheat industry official told Reuters earlier this week.

"Ideally, markets should determine what wheat flows where. Under that scenario, I'm confident that both US and Australian wheat will find its way to Iraq," said Alan Tracy, president of the US Wheat Associates, a Washington-based group that promotes American wheat exports.

Prior to Iraq's invasion of Kuwait in 1990, the United States was a major supplier of wheat, rice, poultry and a range of other farm commodities to Iraq. Much of those sales were backed by \$2 billion in Agriculture Department export credit guarantees that Baghdad never paid off.

While US food shipments to Iraq continued for a few years after the Gulf war, they eventually were replaced with other exporting countries enjoying better relations with Saddam.

Iraq had been importing about 3 million tonnes of wheat a year, with Australia taking 2 million tonnes of that. France, India and others supplied the rest. But such purchases, which were financed by Iraqi oil sales overseen by the United Nations, have been interrupted by the US-led war.

The Australian government, in a statement on Friday, warned that it would "take the necessary measures to protect this important relationship" with Iraq.

Before the Gulf war, the United States shipped about 1 million

tonnes of wheat to Iraq each year, much of it the hard red winter variety used to bake bread.

A new market in Iraq could not come at a better time, with US wheat exports in the current season down 13 per cent from the prior year. Traditional big customers like Egypt have switched to cheaper wheat from aggressive new exporters like Russia and old rivals like France.

But for now, Tracy insisted that the world should focus on feeding Iraqi civilians. "I would hope all donations of food from around world would be welcome," he said.

US Agriculture Secretary Ann Veneman, asked this week whether American wheat should have special entree into Iraq after the war, said: "I wouldn't speculate on that at all. The issue today is to complete the war" and deliver humanitarian aid.

Last week, the Bush administration said it was withdrawing up to 600,000 tonnes of wheat from a government-held reserve to facilitate wheat and rice donations to Iraq.



PHOTO: MERCANTILE BANK

Md Abdul Jalil, chairman of Mercantile Bank Limited, presides over the annual general meeting of the bank in Dhaka on Monday. Chief Advisor Lutfar Rahman Sarkar and Managing Director M Taheruddin were also present.

# US defends award of contracts only to American companies

AFP, Brussels

A top US official Thursday strongly defended the initial handout of contracts to rebuild Iraq only to US companies.

Alan Larson, the undersecretary of state for economic, business and agricultural affairs, denied that the United States was already sharing out the spoils of war and said foreign scepticism about the contracts was "surprising".

Washington had sought only "to make sure that there would be people who would be ready to come in to restart the electric generators, to operate the ports, to put out oil fires", he told reporters in Brussels.

"It was exactly the right thing to do, the responsible thing to do,"

Larson added.

"The awarding of these contracts was about how can we make sure that the Iraqi people get the help that they need quickly, not about who is going to get the economic benefits of post-conflict reconstruction in Iraq."

The US army on Tuesday announced it had granted the main Iraqi oil-well firefighting contract to a unit of Halliburton Co., a firm once run by Vice President Dick Cheney, without any bidding.

Two other US companies have benefited from contracts worth a total of 11.9 million dollars, including one to manage the Iraqi port of Umm Qasr.

Other contracts could be awarded this week, particularly for

infrastructure projects worth about 600 million dollars, for which eight US firms have been invited to bid.

Larson said that in talks Wednesday with European Commission officials, there was agreement that the "20 years of misrule" of Iraqi President Saddam Hussein was to blame for his country's plight, not the US-British military campaign.

"This is not, and I think our European interlocutors understood and agreed with us, this is not about reconstruction from this military campaign," he said.

"If there was a bill to submit for the destruction of Iraq, it would be a bill that we should present to Saddam Hussein."



PHOTO: PHOENIX LEASING

Deen Mohammad, chairman of Phoenix Leasing Company Ltd, presides over the annual general meeting of the company on Monday in Dhaka.