

Oil prices higher in Asian trade

AFP, Singapore

Oil prices were marginally higher in Asian trade Tuesday but the gains were capped by technical factors, dealers said.

At 11:30 am (0330 GMT), the New York light sweet crude for June delivery was trading at 28.85 dollars a barrel, slightly higher than its close of 28.83 dollars a barrel in New York.

Dealers said the market was in a correction mood after recent price increases due to concerns sparked by the wave of suicide bombings in Saudi Arabia and Morocco last week.

Mahathir rules out review of currency peg

AFP, Kuala Lumpur

Prime Minister Mahathir Mohamad on Tuesday ruled out a review of Malaysia's five year-old currency peg of 3.80 to the dollar despite the US currency's depreciation.

Malaysia's dollar income is still good although the US dollar had fallen by 30 per cent in value since 2001, he was quoted as saying by Bernama news agency.

The premier, who fixed the ringgit to the greenback as part of capital controls imposed in 1998 to pull the economy out of recession, said there was no "intention of making changes."

He was speaking at a dialogue with business leaders to discuss the national budget for 2004, normally unveiled in September.

All the capital controls apart from the peg have since been lifted after Malaysia's economy rebounded the following year.

Mahathir, who is also finance minister, has previously said Malaysia may review its peg only if the ringgit appreciates or depreciates against regional currencies and stayed there.

Microsoft to set up product support centre in India

AFP, Bangalore

Software giant Microsoft is planning to set up a global product support services centre in India's technology hub of Bangalore, a report said Tuesday.

The centre, which will employ 100 software professionals initially, is part of the 400-million-dollar investment announced by Microsoft chief Bill Gates during his visit to India last November.

"Microsoft product support services support 54 million customers globally on an annual basis," Rajiv Kaul, managing director of Microsoft India, told the Times of India daily.

"In order to continue its efforts ... Microsoft is announcing a pilot programme in Bangalore to support select Microsoft professional products," Kaul said.

About 250 additional software engineers from Microsoft partner firms such as Infosys Technologies, Wipro Limited and Tata Consultancy Services will also work with the professionals in the centre.

Kaul said Microsoft is also ramping up its development centre in the neighbouring state of Andhra Pradesh's capital Hyderabad.

Malaysia's bio-tech hub kicks off

AFP, Dengkil, Malaysia

Prime Minister Mahathir Mohamad on Tuesday launched an ambitious bio-technology hub as part of Malaysia's push towards a knowledge-based economy but analysts say it faces an uphill climb.

Mahathir, performing the groundbreaking ceremony for BioValley Malaysia, invited foreign scientists and investors to set up base there to tap the country's rich bio-diversity.

He said the government would invest 100 million ringgit (26.3 million US dollars) in the initial phase to build infrastructure and facilities, including three research institutions dealing in genomics, pharmaceuticals and agriculture by 2006.

"I do hope that foreign scientists and foreign companies will come to Malaysia and work with our scientists to ensure that we get the best out of nature's gifts to Malaysia," Mahathir said.

Leasing companies seek tax system similar to banks

STAR BUSINESS REPORT

In the absence of a tax provisioning system for bad and doubtful debts, leasing companies are forced to pay more income tax than commercial banks.

The companies are now demanding a similar treatment as has been extended to commercial banks, which enables them to calculate profit after deducting three per cent of their outstanding loans or provision amount, whichever is lower.

"But leasing companies are not allowed any such facility, making them pay more taxes," said acting

Chairman of Bangladesh Leasing and Finance Companies Association A Quadir Choudhury while briefing journalists yesterday.

He said leasing is seen as an alternative to conventional bank financing but leasing companies are facing uneven competition with banks due to such discriminatory policies.

Choudhury said both banks and leasing companies are regulated by the central bank. Some banks are also in leasing business although the Bank Companies Act governs them.

Like banks, leasing companies have to make provisions against

outstanding lease finance (leased assets) at a rate prescribed by the Bangladesh Bank. But unlike banks, leasing companies cannot allow these deductions on tax payments as per the present income tax ordinance.

The leasing association, in a consultative meeting with the National Board of Revenue, pointed out the discrepancy in the income tax ordinance and urged the government to allow similar provisioning system for leasing companies.

Talking to the press, Choudhury said the government should also give a legal cover to the non-banking financial institutions (NBFIs) which extend syndi-

cated lease finance since depreciation allowance due on account of a particular lessee is distributed on a pro rata basis.

Currently, there is no clear government directive on the treatment of depreciation allowances for assets, which are jointly leased out by more than one company.

He said such regulations are required to encourage syndication or consortium financing of lease projects by more than one financial institution in line with present government policy of encouraging large-scale project financing by the non-banking financial institutions.

SARS pushes HK jobless rate to 7.8pc in Apr

AFP, Hong Kong

Hong Kong's unemployment rate rose to 7.8 per cent in the three months to April, reflecting the adverse impact of Severe Acute Respiratory Syndrome (SARS), the government said Tuesday.

The Census and Statistics Department said the unemployment rate increased from 7.5 per cent in January-March to 7.8 per cent in February-April, while the underemployment rate -- which counts people with jobs not paying enough to cover their basic needs -- increased from 2.9 per cent to 3.2 per cent over the same periods.

A government spokesman noted that the jobless rates went up during the period, mostly reflecting the adverse impact of the spread of SARS since mid-March.

He warned that the impact of SARS would continue to be reflected in both the unemployment and underemployment rates in the near term.

Hong Kong's unemployment rate rose to 7.4 per cent in the three months to February, after reaching a record 7.8 per cent in July last year.

Air France, BA weather global aviation woes

AFP, Paris

Air France and British Airways have eclipsed their European rivals in weathering a downturn in civil aviation sparked by global economic sluggishness, the war on Iraq and the SARS respiratory epidemic.

European carriers such as Lufthansa of Germany and Alitalia of Italy, after recently reporting negative quarterly results, have said they foresee ending the year with a loss.

Air France by contrast last week said its 2002-2003 fiscal year to March 31 ended in positive territory for the sixth straight time. Company officials said they expected to end the current fiscal year with a "slightly positive" operating profit, excluding special items and sales of aeronautic assets.

British Airways on Monday surprised analysts with better-than-expected pre-tax profits of 135 million euros (190 million euros, 218 million dollars) for the 12 months to March 31 as well as a fourth-quarter loss that was less severe than had been feared.

West Africa gas pipeline by '05

AFP, Abuja

The shareholders of a large west African natural gas pipeline project signed a 500 million dollar (428 million euro) deal on Monday that should see it operational by 2005, the firm's chairman said.

The West African Pipeline Company will transport natural gas from fields in southern Nigeria and the Gulf of Guinea to the Nigerian city of Lagos and along the west African coast to Ghana, Togo and Benin.

"This is the end of a process that started about 10 years ago," said company chairman Jackson Gaius Obaseki.

Initially, the firm's shareholders will be US energy giant ChevronTexaco with 41 per cent, the Nigerian national Petroleum Corporation with 25, the Anglo-Dutch major Shell on 18 and Ghana's Tokoradi Power with 16 per cent.

Later Togolese and Beninois investors are expected to come on board.

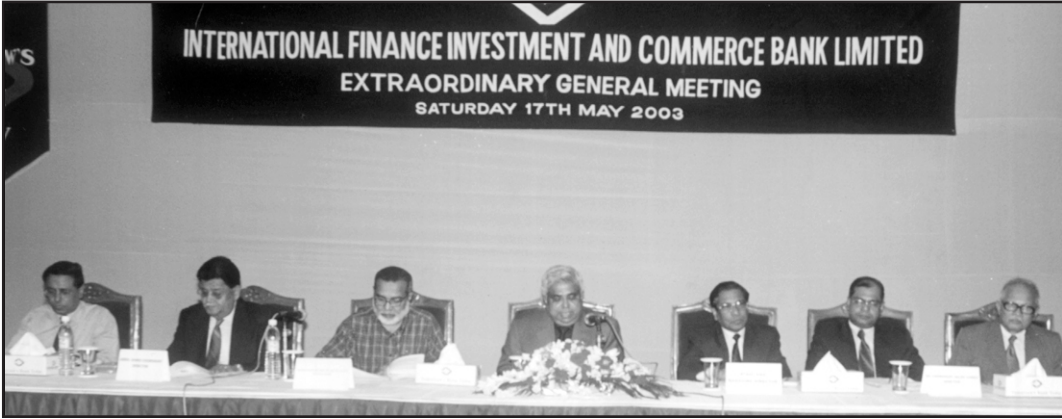


PHOTO: IFIC BANK

Shafiqul Islam, director of IFIC Bank Ltd, presides over an extraordinary general meeting of the bank at BDR Darbar Hall in Dhaka on Saturday. Directors Maj Gen (Rtd) AR Khan, Abdul Hamid Chowdhury, Mohammed Delwar Husain, Chowdhury Saleh Ahmed and Managing Director Ataul Huq were present.

IFIC bank okays joint venture in Pakistan

International Finance Investment & Commerce Bank Limited (IFIC Bank) has approved the proposed amalgamation of the bank's two branches in Pakistan and National Development Leasing Corporation Limited (NDLC) of Pakistan.

The amalgamation will result in a joint venture bank -- NDLC-IFIC Bank Limited -- in Pakistan, where IFIC Bank will have 20 per cent equity.

The approval was given at an extraordinary general meeting of the shareholders of IFIC Bank held in Dhaka on Saturday, says a press release.

Shafiqul Islam, director of the bank, presided over the meeting. Managing Director Ataul Haq, directors AR Khan, Abdul Hamid Chowdhury, Mohammed Delwar Husain, Chowdhury Saleh Ahmed were present at the EGM.

JB starts month-long loan recovery drive

Janata Bank has started a month-long drive to recover classified loans, says a press release.

The May 15-June 14 programme aims to strengthen the bank's efforts for reducing the rate of classified loans to 20 per cent by December 30 this year and ensure that no loan becomes classified again.

Declaring the period as month of recovery of classified loans, the bank is now holding workshop, seminar and fairs at different places to motivate borrowers to repay defaulted loans.

To make the drive a success, executives, officers and staff of all divisional, area, zonal offices and branches are compulsorily meeting the defaulting borrowers.

A total of 31 mobile teams comprising deputy general managers, assistant general managers and senior officers are making extensive tours throughout the country to speed up recovery of classified loans. Managing director and deputy managing directors are providing necessary guidance to the officers.



PHOTO: UTTARA BANK

Shamsuddin Ahmed, managing director of Uttara Bank Limited, speaks at a workshop on Artha Rin Adalat Ain-2003 in Comilla on Thursday. The workshop was participated by regional heads and managers of Chittagong, Sylhet and Comilla zones.

EC sounds new alarm over euro-zone deficits

AFP, Brussels

The European Commission will this week warn that euro-zone countries with large deficits -- namely France, Germany and Italy -- will have trouble balancing their budgets by 2006 or 2007 unless they adopt fresh measures.

In a report on the 12-nation euro zone's public finances obtained by AFX News, a financial news subsidiary of AFP, the EU executive also said the medium-term fiscal targets of member states are based on overly optimistic growth forecasts.

The report to be published on Wednesday described 2002 and the early part of this year as "the most difficult period" for budgetary policies since the launch of the euro.

It noted that most member states have presented economic programmes committing them to balancing their budgets by 2005 or 2006.

"However, it should be noted that the medium-term targets of member states are based on growth assumptions which in light of developments in recent months now appear to be optimistic," the report said.

"In countries where large cyclically adjusted deficits remain, the timeframe for reaching the close-to-balance or in-surplus objective has been pushed back to 2006 or 2007.

"Even this date will only be met if additional consolidation measures are undertaken," it warned.

Germany, which last year breached the EU Stability and

Growth Pact's deficit limit of 3.0 per cent of gross domestic product (GDP), said this month that it would do so again this year.

The German government will also have trouble meeting the 2006 deadline agreed by all euro-zone countries except France for reaching budget balance, Finance Minister Hans Eichel admitted.

Both Germany and France are the subject of an "excessive deficit procedure" from Brussels -- a set of deficit-busting measures that they must follow on pain of multimillion-euro fines.

The commission acknowledged efforts by Germany to cut its deficit, but said that "only a very limited improvement in nominal terms is expected in 2003 as growth conditions deteriorate".



PHOTO: SUPREME SEED COMPANY

Mohammed Masum, chairman of Supreme Seed Company, addresses the annual dealer conference of the company in Dhaka on Sunday. Managing director, deputy managing director, directors, project director and advisors of the company were present.