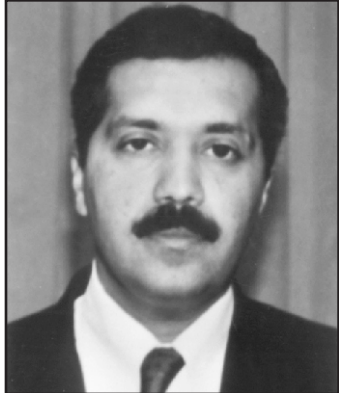


Citibank area head due today



Citibank Area Head for South Asia Sanjay Nayar is due in Dhaka today on a two-day visit to Bangladesh.

He is also the chief executive officer of Citibank, India.

During his visit, he will meet senior government officials, diplomats, multilateral agency heads, major clients of the bank and review Citibank's growth opportunities in Bangladesh, says a press release.

Nayar was previously global sales head for Fixed Income Emerging Markets business at Smith Barney in New York and also held various positions in the Corporate and Transaction Bank, Corporate Finance and Capital Markets businesses in Citibank in the UK and India.

\$20m S Korean loan for rural electrification

UNB, Dhaka

South Korea will provide \$20 million as loan to Bangladesh for the implementation of a project of the Rural Electrification Board (REB).

An agreement to this effect was signed by ERD Secretary Mirza Tasadduq Hossain Beg and South Korean Ambassador to Bangladesh Kyu-hyung Lee on behalf of their respective governments at the Economic Relations Division (ERD) yesterday.

Under the project "Implementation of Intensification and Expansion of Distribution System of REB, Second Phase", a 12000-km of line, including 3365 km of taken over lines, and 40 Nos. (including 8 Nos. augmentation) of substation will be constructed.

The project will cover all 67 Pali Biddut Samity (PBS), including nine new upazila -- Digholia in Khulna, Hatibandha, Kaliganj, Patgram in Lalmonirhat, Sharonkhola in Bagerhat, Debhata, Kaliganj, Shyamnagar in Satkhira and Tetulai in Panchagarh -- which were not included in Rural Electrification programme.

With the implementation of the project, some 348,000 consumers of different categories will be benefited and would be able to improve their socioeconomic condition in rural areas.

Wal-Mart sales strong but profit view cloudy

REUTERS, Chicago

Wal-Mart Stores Inc on Thursday reported surprisingly strong January sales, but the world's biggest company said quarterly profits may reach only the low end of its forecast because of a new German tax law.

Bentonville, Arkansas-based Wal-Mart said January sales at US stores open at least a year rose 5.7 percent, ahead of its forecast for 3 percent to 5 percent growth.

Total sales for the four-week period ended Jan. 30 reached \$18.4 billion, up 14.3 percent from a year earlier.

"With January sales exceeding our expectations, we would have expected earnings per share around the high end of our previous guidance of 63 cents to 65 cents per share," Wal-Mart said in a statement.

Pepsi profit rises on snack food sales

REUTERS, New York

PepsiCo Inc said on Thursday quarterly profit rose as consumers snapped up snack foods from the company's Frito-Lay division and juices.

New York-based Pepsi said it earned \$897 million, or 51 cents a share, in the fourth quarter, compared with \$689 million, or 39 cents a share, a year earlier.

Bailout package for 1996 stock bust victims

ICB account holders to get interest waiver

STAR BUSINESS REPORT

The Investment Corporation of Bangladesh (ICB) has decided to rehabilitate its investment account holders who incurred huge capital loss during the 1996 stock market crisis.

Under the rehabilitation package, the ICB will waive up to 75 percent of their interest and make up their loss from erosion of assets in a bid to help them reactivate their accounts.

According to sources, about 30 percent of ICB's 50,110 investment account holders were affected by the '96 share market scam.

"A significant number of investors has remained inactive for long. We have taken the rehabilitation programme for the affected investors so that they can participate in the market again," an ICB official told The Daily Star.

The account holders will have to repay by March 31 this year making five percent down payment of their debit balance.

Investors who faced erosion of assets due to sharp price fall after 1996 scam will get 75 percent waiver on accrued interest for the period between July 1, 1996 and June 30, 2003.

Against the debit balance the account holders will also get up to 75 percent waiver of the asset deficit but the amount will not be higher than the accrued interest for the same period.

Investors who have debit balance but did not face asset erosion for price fall will get 50 percent waiver on the accrued interest for the same period.

After waiving of the interest and adjustment of the down payments the account holders will have to

repay the rest amount in cash by June 30 this year. The ICB will not charge any interest for the period between July 1, 2003 and June 30, 2004.

"We want the affected investors back in the market. We want to give them loans so that they can buy shares," the ICB official said.

The ICB will sell the securities and adjust them with the debit balance if the account holders don't take the offer. Legal action will also be taken to recover the debit amount.

Presently, ICB gives loan up to 67 percent to the investment account holders for buying shares of the companies with strong fundamentals. In case of buying securities of ordinary companies, the account holders get 50 percent loans. In both cases, the interest rate is 13.5 percent.

Global recovery robust, but jobs lagging

REUTERS, New York

The huge US services sector surged to its best level in seven years in January and the European economic recovery is firmly underway, but jobs remain elusive for the millions out of work, surveys showed Wednesday.

Surveys of the key services sector showed business activity is powering ahead in the US, the euro zone and Britain, but companies are hesitant about taking on more staff or expanding capacity.

The Institute for Supply Management said its index of US non-manufacturing activity rose to 65.7 last month from 58.0 in December, a record high since the series began in 1997. It was far above economists' forecasts for a

65.0.

But a key measure of employment slipped, as firms remain reluctant to add to payrolls.

"The service sectors of the economy are booming," said Steven Wood of Insight Economics.

"However, companies still appear to be keeping a tight rein on inventory building and hiring, which suggests that businesses are still concerned about the sustainability of the economic expansion," he said.

Much hangs on whether the recent burst in economic activity translates into new hiring. The risk is, without a stronger labor market, consumer spending will falter.

It was a key risk noted by Chicago Federal Reserve President Michael Moskow on Tuesday, who

said the big question for the economy is whether the recent surge in demand is sustained, or falters like the spurt in activity in 2002.

That will influence the timing of when the Fed puts through an increase in official interest rates. Economists are split between a rate rise this summer, or not till 2005.

The US economy created only 1,000 new jobs in December, and hopes are high for a solid increase of 150,000 payrolls in January. But similar hopes have been dashed in recent months by anemic job creation. The payrolls report is due on Feb. 6.

"The lack of a big surge in the January services employment suggests that January payrolls may not be the "break-out" month that many expect," cautioned HSBC

China, India set to hit UN poverty reduction targets

AFP, Manila

Asian giants China and India are on track to meet UN poverty reduction targets, but other nations in the region are being left behind, a UN official warned here Thursday.

Thailand and Malaysia were also set to hit most of the UN's 'millennium development goals' set for the year 2015, Kim Hak-Su, executive secretary for the United Nations Economic and Social Commission for Asia and the Pacific (Unesap), told journalists here.

But despite the unprecedented economic growth in Asia since 1990, some countries in the region were being left behind.

Kim said Cambodia, Laos, Nepal, North Korea, Bangladesh, Myanmar, Afghanistan and most Pacific island nations were unlikely

to hit even one of the UN's eight development goals by the 2015 deadline.

UN members committed themselves in 2000 to hit eight development goals by 2015 in a bid to lower poverty worldwide.

These goals include cutting the number of people living in extreme poverty in half, achieving universal primary education, promoting gender equality, reducing child mortality sharply, improving maternal health and curbing AIDS, malaria and other major diseases.

The other goals involve ensuring environmental sustainability and helping force partnerships for development.

With China, India, Malaysia and Thailand each posting more than six percent growth annually, they seem poised to hit most of these develop-

ment goals, particularly regarding poverty levels, said Kim.

Other countries like the Philippines "will meet some goals but not others," said Kim, citing the high educational levels but also the high levels of poverty in this country. Not all of the poorest countries were being left behind, Kim stated, adding that "Mongolia is poor but they are coming up very well."

Among the characteristics of the countries expected to hit the goals were "good long-term planning and vision," as well as "good incentive measures for foreign investment," Kim said.

These countries also had many "pro-poor policies in the social area," aimed at helping the disadvantaged.



PHOTO: STAR

A cloth vendor looks for customers at his footpath shop in Dhaka yesterday who are hard to come by. After doing hectic business before the Eid-ul-Azha traders are now waiting for normal economic activities to resume after the prolonged Eid holidays.

Rancon Motors wins best sales award

Rancon Motors Limited, general distributor of DaimlerChrysler in Bangladesh, has won the 'Best Sales Performance Award 2003' for its outstanding performance.

Romo Rouf Chowdhury, managing director of Rancon Motors Ltd, received the award from Klaus Mormann, general manager, DaimlerChrysler, at the company's Annual Dealers and Distributors Meet - 2003 for the South Asian region held in New Delhi recently.

Rancon Motors has been into operation for one and a half years as local distributor of DaimlerChrysler, the manufacturer of Mercedes-Benz range of vehicles.

From its very inception the company has been strictly following the Mercedes-Benz guidelines to provide after sales services and sales procedures.

In the meantime, Rancon Motors has arranged two free-service campaigns under the guidance of German technical experts and provided the clients with original spare parts from Germany.

As per Mercedes-Benz worldwide guideline on new vehicles Rancon Motors provides two years warranty with unlimited mileage.

The sales of Mercedes-Benz range of vehicles has also broken all past records in Bangladesh. So far, around 100 units have been sold.

Earlier, Rancon Motors achieved the "Best Facilities Award 2002" in the South Asian region for its showroom, upkeep of its premises and providing best after sales services.

EU may face trade bill for enlargement

REUTERS, Brussels

The European Union is likely to face demands for trade compensation from top commercial partners such as the United States, China and Japan if enlargement of the bloc hits their exports, officials said Wednesday.

Russia has already expressed worries that the inclusion of 10 mostly eastern European countries into the EU this year will hit its exports of steel and other goods due to higher duties and the imposition of quotas where there are currently none.

European Commission officials said WTO Trade Organisation (WTO) countries also had the right to seek compensation for any trade losses incurred as a result of less attractive terms of access to the EU than they currently get in the future members.

"This will probably be the bigger countries," said one Commission official, noting that trade partners most likely to seek compensation would be the United States, China, Japan, South Korea and Taiwan. The official could not give a figure for how much in compensation such countries would seek or which products were concerned, but did not think the amounts would be huge.

Any compensation would be given by lowering tariffs or offering more beneficial trade terms in other areas rather than by cash handouts.

Global free trade talks stir after hibernation

REUTERS, Geneva

Global free trade talks are starting to stir after months of hibernation and envoys and analysts are quietly hopeful it will not prove a false spring.

Many observers had written off 2004 after a key meeting of trade ministers collapsed in September, arguing that with elections in the United States and elsewhere, no progress could be expected at the World Trade Organisation (WTO) negotiations for a year or more.

But the mood has changed, partly in response to a strong call by chief US trade negotiator Robert Zoellick not to "waste" the year and partly because of signs progress can be made on issues previously seen as intractable, like agriculture.

Combined with the more assertive stance of WTO chief Supachai Panitchpakdi, who had been accused by some trade representatives of being too diffident in the past, and the result is a new sense of determination, envoys say.

Few believe the original goal of completing the talks -- known as the Doha round -- by the end of the year is achievable, but, equally, few now rule out partial deals in 2004. The

first part of the year could be crucial.

"Significant things are occurring," said trade analyst John Weekes of Geneva law firm Sidley, Austin, Brown and Wood. "The circumstances are more conducive to producing a good result, or at least progress."

The round, launched in the Qatari capital in late 2001, seeks to lower commercial barriers around the world from farm trade to services. According to the World Bank, success could add more than \$500 billion to world incomes by 2015 and lift 144 million people out of poverty.

But talks struggled from the start. And when ministers met in Mexico last autumn to try to inject new momentum, they simply deepened divisions, particularly over farm trade and whether to introduce new areas for negotiation, such as pacts on investment and competition policy.

A new alliance of developing countries, the G20, led by Brazil, India and China, made clear there would be no let up in the call for rich states -- the United States and the European Union -- to cut the massive subsidies they pay farmers and which poorer nations say exclude them from world markets.

Both rich and poor nations left the meeting in the Mexican resort of Cancun blaming each other for the breakdown.

But since then there have been signals from the EU, the world's most lavish user of farm handouts, that it could concede more in agriculture, particularly in the most sensitive area of export subsidies for goods such as sugar and dairy produce.

When Zoellick wrote last month to all 146 WTO members urging them to redouble efforts for a deal, he said it was clear farm export subsidies would have to go as the price of any progress.

The new mood could get its first real test on February 12-13 when senior officials from the G20 and the EU meet in Geneva, with agriculture topping the agenda.

The G20 has said it also wants to meet US negotiators, although Zoellick, who sets off on a two-week tour of trade capitals this weekend, has yet to react to the invitation.

Various Doha negotiating committees, which had been on hold since the middle of last year as the WTO sought to focus attention on just a few key areas in the run-up to Cancun, will also resume work this month.

Bird flu to have least effect on Asian economies: UN

AFP, Manila

Avian flu is unlikely to have a major effect on the economies of Asia, unlike the outbreak of Severe Acute Respiratory Syndrome (Sars) last year, a UN official said Thursday.

Kim Hak-Su, executive secretary of the UN's Economic and Social Commission for Asia and the Pacific, said economic progress in the region was widely expected to be better this year than in 2003 despite the outbreak that has claimed 17 human lives.

The fallout from the outbreak has so far been limited to sectors like the poultry industries of certain countries, and the human death toll was still relatively small, he said.

Kim said this estimate did not take into account fears bird flu might

be spread directly among humans rather than being spread by contact with infected birds.

Experts have warned a worldwide epidemic might result if the bird flu crisis escalates through human-to-human transmissions.

But Kim said he was optimistic a vaccine or treatment for bird flu could soon be developed since it was just a form of influenza.

"It is not so serious in terms of economic impact," he told reporters in the Philippines.

"Sars had an impact on travel-related industries, hotels, airlines and a substantial decline of tourists in the region. But so far, there is no such sign of a decline in tourists" due to fears about bird flu, Kim said.

The overall impact of bird flu was "not so serious" and would be limited to the poultry and livestock sectors, which were already suffering, Kim said.

Tens of millions of chickens in 10 affected countries have been culled to keep the disease from spreading.

The H5N1 bird flu virus has emerged in Cambodia, China, Indonesia, Japan, Laos and South Korea, Thailand and Vietnam, while Taiwan and Pakistan have reported weaker strains.

In contrast, Sars, which first surfaced in China's Guangdong province in November 2002, spread to more than 30 countries. It killed nearly 800 people and spawned a panic that caused millions of people to curtail travel to and within Asia.

Internet telephony set to slash call costs between India, US

AFP, New Delhi

The cost of telephone calls between India and the United States is set to plunge in the near future with the large-scale emergence of low-cost Internet telephony, a US official said Thursday.

"We expect to see in the near future the emergence of voice over Internet technology," David Gross, US international coordinator for information and communications

policy, told a news conference.

"The cost structure should go down significantly and so prices should go down (as well)," he said.

Gross said the quality of telephone service would be maintained despite the introduction of cheaper technology.

Internet telephony involves communication via the Web in which voice signals are converted into a digital format, slashing call costs.

The Indian government legally allowed the operation of Internet telephony services out of the country two years ago, but service providers are still in the initial stage of setting up business.

The United States has more than two million people of Indian origin living in the country and their main means of communication with friends and relatives in India is by Internet and telephone.