

Banks set to arrange new loans for flood-hit industrial units

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Nationalised and private commercial banks are set to draw up new loan facilities for flood-hit industrial units after assessing the damage.

Branches of all nationalised commercial banks (NCBs) and private commercial banks (PCBs) have been instructed to assess the damage incurred by their borrowers from the devastating floods.

It is learnt that some PCBs like the NCBs have deferred loan repayments by borrowers for a period of time with additional steps for post-flood rehabilitation facilities.

NCBs have already sent circulars to branches to postpone farm loan recovery drive and asked them not to file any new certificate cases.

All branches have been instructed to send details of damage the industrial units have incurred, said Tahmilur Rahman, acting managing director of Sonali Bank.

The head office of Sonali Bank will then conduct a case to case assessment of the damage to offer special loan facilities, Rahman added.

The factories in Narayanganj are the worst sufferers followed by units in Tongi and Savar, he said.

On post-flood rehabilitation programme on the agricultural front, Rahman said Sonali Bank will disburse Tk 700 crore loans, including Tk 400 crore crop credits.

Khandakar Ibrahim Khaled, managing director of Pubali Bank Ltd, said loans will be given to factories to replace damaged machinery.

He also said ready-made garment exporters have already been given additional loans to recover from the floods.

Pubali Bank will also postpone loan recovery programme for three to six months in the agriculture sector, Khaled added.

Agrani Bank and Janata Bank have also made similar plans for post-flood rehabilitation for agriculture sector. A high official of Janata Bank said the bank will disburse Tk 400 crore farm loans until Boro paddy season and the bank's 35 mobile teams will monitor the

programme.

National Credit and Commerce Bank Ltd (NCCBL) has also chalked out an alternative scheme to take a village as a model for introducing post-flood rehabilitation pro-gramme where all flood-affected farmers will be extended support.

NCCBL Board of Directors has already approved Tk 10 lakh for the scheme.

"We will select a remote village which fails to receive any support," said Nurul Amin, deputy managing director of NCCBL.

"Flood-hit farmers in the village will be given all sorts of farming needs until next harvest," Amin said.

Deal on leasing out Dhaka-Ctg optical fibre cable network

The Infrastructure Investment Facilitation Centre (IIFC) will assist Power Grid Company of Bangladesh (PGCB) in leasing out Dhaka-Chittagong optical fibre cable network.

An agreement to this effect was signed between the two organisations in Dhaka on Wednesday, says a press release.

Mohammed Salim, secretary of PGCB, and Md Golam Mostafa, secretary of IIFC, signed the deal on behalf of their sides.

PGCB Managing Director ANM Rizwan and IIFC Executive Director and CEO Nazrul Islam were also present at the signing ceremony.

The project will increase availability of network resources of all the existing and new cellular and fixed line operators.

Pakistan's forex reserves up

REUTERS, Karachi

Pakistan's foreign exchange reserves rose by \$4 million to \$12.098 billion in the week ended Aug. 7, the central bank said, helped by an increase in inflows to commercial banks.

But reserves held by the central State Bank of Pakistan dropped to 10.003 billion, from \$10.102 billion a week earlier, due to debt repayments and its dollar sales in the forex market over the last three months to support the rupee and to discourage excess speculation.

The rupee hit a two-year low of 59.35 per dollar last week, but has since recovered. It was trading at 58.78/81 at 0550 GMT. The unit has depreciated about 1.5 percent over the last two months. The central bank has sold more than \$700 million in the market over the last three months to support the rupee and to discourage excess speculation.

The reserves held by commercial banks rose to \$2.095 billion, from \$1.992 billion a week earlier, the central bank said.

The forex reserves have increased steadily since 2001, partly due to higher remittances from expatriate Pakistanis through official channels after crackdown on money laundering that followed the Sept. 11 attacks in the United States.

Bankruptcies in Japan fall

REUTERS, Tokyo

The number of Japanese firms that tipped over into bankruptcy in July fell for the 19th straight month on a yearly basis as corporate health improved in line with a recovering economy, a research firm said Friday.

Teikoku Databank said bankruptcies in July fell 16.8 percent from a year earlier to 1,151, while the debt of failed firms was down 13.6 percent at 605.34 billion yen (\$5.46 billion), below 1 trillion yen for the fourth straight month.

With Japan's economy recovering thanks to strong exports and rising domestic demand, the number of corporate bankruptcies was likely to fall further this year, economists said.

"There is no question that the general trend of bankruptcies is down and that is likely to continue to the end of the year," said Stefan Worrall, economist at Credit Suisse First Boston Securities Japan.

China axes discriminatory software buying policy

REUTERS, Beijing

China has axed a software buying policy that would have discriminated against Western firms such as Microsoft after bowing to international pressure and internal critics, government and industry sources said Thursday.

The State Council, or cabinet, had been widely expected to announce a new policy this summer requiring a percentage of software bought by ministries and state-owned companies to be made by Chinese firms.

Rumours swirled that the minimum would be anywhere from 50 percent to 70 percent. That's big money in a fast-growing, multi-billion-dollar industry in which government purchases are estimated to account for up to a quarter of the total.

But officials drafting the software-buying policy have decided to back off from the original, patriotic version.

Thai bourse eyes joint listing with CSE

Stock Exchange of Thailand chief tells *The Daily Star*

STAFF CORRESPONDENT, Ctg

Stock Exchange of Thailand (SET) has set its sight on cross-border trading and joint listing with Chittagong Stock Exchange (CSE), SET President Kittirat Na-Ranongsaid.

"But it is not possible just now as both the bourses have some differences in their operations and practices. For instance, all the companies listed with SET are required to be registered in Thailand," chief of the Thai bourse told *The Daily Star* in an exclusive interview yesterday.

"However, cross-border trading and joint listing must take place in the course of time," said an optimistic Na-Ranong, who is leading a three-member team of the stock exchange to Bangladesh to explore ways for enhancing cooperation with CSE in line with a memorandum of understanding (MoU) signed in 2002.

The two bourses signed the MoU on December 13, 2002 in the Thai city of Chiang Mai during the visit of Prime Minister Khaleda Zia at a function attended by prime ministers of the two countries.

Purpose of the deal was to develop capital markets of both the countries by utilising all possible means under the umbrella of a long-term friendly relation between Bangladesh and Thailand.



Kittirat Na-Ranong

SET president said the visit of SET delegation is the first step for working towards the goal of MoU to foster the ties between the two bourses. "We had meeting with CSE leaders and high officials to identify areas of closer co-operation and to exchange information, knowledge, experiences and technologies," he said.

"To start with we have agreed to exchange executives to work closely," said the SET president. "Two of our officials -- Sarin Kliewpaisal and Suraphon Buphakosum -- arrived here earlier and closely observed the operation and activities of CSE," he added.

CSE has good potential to become one of the fastest growing bourses in this region. CSE has a good number of quality listed companies. He, however, said some of the companies need to improve their practices.

He said Stock Exchange of Thailand overcame the 1995 and 1997 capital market debacle and the economic recession and so did Bangladeshi stock exchanges in 1996. So, the two bourses can help each other on the experiences of crisis management, he said.

CSE has 196 listed companies as against 430 of SET. However, 113 of CSE listed companies offer around 10 percent dividend while 430 companies listed with SET on average offer three percent dividend.

The SET with \$100 billion capital contributes around 80 percent to the Thai GDP while CSE with a capital of \$ 2 billion contributes some 4 percent to the GDP of Bangladesh.

On the contribution to the GDP, the SET president said the Thai bourse is much older and larger than CSE, but it does not mean that the SET is more advanced in all areas. Both the bourses have many things to share with each other, he added.

US-Australia free trade deal appears to be in danger

AFP, Washington

A US-Australia free trade deal appeared to be in jeopardy Thursday as the United States warned it had the right to reject new Australian amendments aimed at curbing drug prices.

In Canberra, Australian Prime Minister John Howard reluctantly backed opposition Labor Party changes to the deal. The amendments guarantee Australians access to cheap prescription medicines.

The prime minister supported the changes to get the trade deal through parliament, but he warned that the United States might decide the enabling legislation flouts the terms of the agreement.

"If that were to occur, then it would be entirely the fault of the Labor Party," he said.

US Trade Representative Robert Zoellick's spokesman, Richard Mills, warned that Washington had the right to ensure that the enabling legislation abided by the terms of the free trade agreement (FTA).

"We understand that the FTA implementing legislation and amendments pose important issues in Australia, just as they did in the United States," Mills said in a statement.

The United States chose not to intervene in Australia "at this point," he said.

"We have stated that it is Australia's obligation to implement the FTA in a manner consistent with both the terms of the FTA and international intellectual property agreements," Mills warned.

"We've made clear that the United States must certify that the implementation language fulfills the obligations under the FTA before the FTA can come into force. We reserve all our rights in this process."

Washington had given no support to the Australian legal amendments, Mills said.

"At no point have we expressed acceptance of the proposed legislation and/or amendments," he said.

US President George W. Bush last week signed the agreement into law, describing the deal as "a milestone in the history of our alliance."

The agreement, seen by some politicians in Washington as a payoff for Canberra's strong support for the US-led Iraq war, is scheduled to come into force next year.

With an election imminent, politicking has bogged down the free trade agreement for months, even though both sides in Canberra support the deal

and it sailed through the legislative process in Washington.

The stumbling block had been an opposition demand for an amendment to prevent US drug companies from abusing Australian patent provisions in order to stop cheap generic drugs reaching the market.

Australia's subsidised medicines system, known as the Pharma-ceutical Benefits Scheme (PBS), is regarded as the "gold standard" of its type in the world.

Under the PBS, the price of selected prescription medicines is kept down and subsidised so that Australians can buy them at a fraction of the price paid by Americans.

However, the Washington-based Pharmaceutical Research and Manufacturers Association said during the free trade negotiations that Australia had "anti-competitive prices" under the PBS and it saw the FTA as a means to dismantle that.

Two-way trade in goods and services between the United States and Australia amounts to about 28 billion US dollars a year, with the United States enjoying a surplus of nine billion dollars.

UPVC pipe factory launched in Narayanganj

UNB, Dhaka

Bestec Corporation launched its UPVC pipe factory at Vaila in Rupganj, Narayanganj yesterday.

Speaker Jamiruddin Sircar was the chief guest at the launching ceremony.

Bestec Corporation Chairman Enayet Kaber told the function that the local customers would get sewerage UPVC pipes to be produced at the factory at lower costs, "but the standard will be equivalent to the imported ones."

Bestec Managing Director Tariqul Islam also spoke at the function.

Eurozone gives more signals of firm growth

AFP, Brussels

The eurozone economy grew by 0.5 percent in the second quarter and is likely to keep up the recovery momentum through the second half of the year, a first estimate by the EU statistics office Eurostat showed Friday.

On a 12-month comparison, second quarter growth was 2.0 percent in the eurozone compared to 1.3 percent in the previous quarter, Eurostat said.

Economists had been expecting the estimate to show the area's economy maintaining the 0.6 percent growth rate set in the first quarter.

In all 25 countries in the European Union growth in the second quarter was 0.6 percent from the first-quarter figure and 2.2 percent on a 12-month basis.

That compared to a 0.6 percent quarter rate and a 1.7 percent 12-month rate in for the whole EU in the first quarter.

Meanwhile the European Commission said it expected the eurozone economy to keep recovering from several lean years in the second half of the year.

Slower economic growth looms for India

AFP, New Delhi

India, the second-fastest expanding economy last year, is facing slower growth after being hit by a patchy monsoon, soaring oil prices and inflation at 42-month highs.

Add to that rising expectations for higher interest rates to rein in prices and the new Congress government, elected in May on a platform of spreading prosperity to India's poor, is faced with significant financial hurdles in the coming months.

Analysts have already trimmed growth forecasts for the Asian giant to 5.5 percent to 6.5 percent from seven to eight percent for the financial year ending in March 2005.

Economists say the "dream team" of Prime Minister Manmohan Singh and Finance Minister Palaniappan Chidambaram, seen as staunch economic reformers, will have their work cut out for them to ensure the damage does not worsen.

But with seven months left in this financial year, and with the global economy seen to slow and world oil prices remain at record highs, the outlook for India, which relies heavily on imported fuel, could darken further.

"I want us to grow at 6.5 percent... but I would rather be prepared for the worst," said Omkar Goswami, founder of economic consultancy CERG Advisory.

India's economy was the second fastest growing last year after China's, expanding by a scorching 8.2 percent, on the back of the best monsoon rains in a decade which fuelled demand in the farm-dependent nation.

This year has been a different story.

Economists say the effect of the stop-go monsoon, a lifeline for India where more than 600 million out of its billion plus people rely on agriculture for their livelihood, is still unclear.

The rains are at last soaking vital

crop-growing areas in India's north-west but may be too late to rescue harvests and are still below normal. Healthy rural incomes are key to industrial, consumer and other demand.

"We still don't know how badly agriculture has been hit," said Saumitra Choudhury, economic adviser to credit rating agency ICRA.

Spiralling oil prices -- India relies on imports for 70 percent of its crude needs -- and their effect on inflation, riding at a three-and-a-half year high of 7.61 percent, are another big worry.

Analysts expect inflation, which is also being driven by higher food prices due to the erratic rains, to breach eight percent in coming weeks.

The government knows inflation can be a political landmine.

In 1998, soaring prices of onions, an Indian cooking staple, resulted in the Hindu nationalist Bharatiya Janata Party losing office in the state of Delhi.

New EU commission chief unveils big-hitting team

AFP, Brussels

The incoming head of the EU executive unveiled on Thursday what he boasted would be a hard-hitting team to push through economic reform and balance the interests of big and small, old and new EU members.

Among the 24 commissioners who will serve under Jose Manuel Durao Barroso, president-elect of the European Commission, are Britain's Peter Mandelson, a close ally of Prime Minister Tony Blair but a controversial character who has twice had to resign cabinet posts.

After announcing their portfolios, Barroso said they would help Europe face its most pressing challenges.

"I want to put the commission in the driving seat of Europe, a Europe that really benefits our citizens," the polyglot former Portuguese prime minister told a news conference.

"My task was made easier by the high quality of commissioners," he added, noting also an unprecedented number of female members -- eight -- and claiming a fair distribution of jobs to the bloc's 10 newest member states.

"There will be no first- and second-class commissioners," Barroso said.

Provided it is endorsed by the European Parliament in October, considered a formality, the new commission will take office on November 1.

A succession of bruising defeats in battles with member states suffered by the outgoing commission, led by the ineffectual Romano Prodi, has under-

lined the task facing the new team in the next five years.

But Barroso, a Maoist turned conservative, paid credit to EU countries for giving him a free hand in naming his lineup.

"There is not a strong commission with a weak president," he said, pointing to the experience he can muster from the clutch of ex-prime ministers, foreign ministers and finance ministers on his team.

Barroso named five vice presidents, up from two in the outgoing commission, including one each from the twin motors of European integration -- France and Germany.