

Star BUSINESS

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Australian court clears Citigroup of insider trading

AFP, Sydney

An Australian court on Wednesday cleared Citigroup of insider trading charges brought against the world's biggest bank by the local corporate regulator.

The Australian Securities and Investments Commission (ASIC) had accused Citigroup's Australian arm of insider trading and failing to manage a conflict of interest over stock trades in logistics firm Patrick Corp in August 2005.

ASIC charged Citigroup after one arm of the bank bought Patrick shares while another was helping organise a takeover of the firm, in a case that had the potential to set a new precedent on the way investment banks deal.

Citibank was advising bidder Toll Holdings on the takeover and ASIC alleged it had inside information when one of its traders bought Patrick shares a day before the bid was announced.

The Federal Court in Sydney dismissed the charges, saying Citigroup had adequate safeguards in place to ensure the trader who bought the Patrick shares knew nothing about the upcoming takeover.

"Citigroup had in place, inter alia, Chinese walls which insulated the trader from the information so as to satisfy the requirements of section 1043F of the Corporations Act," judge Peter Jacobsen said.

Citigroup welcomed the decision, which came 15 months after the charges were originally laid.

"Citi Australia is pleased with the outcome handed down today by the Federal Court in Australia in the case against Citigroup Global Markets Australia," it said in a statement.

"Citi Australia looks forward to continuing to work with ASIC and the industry to develop and uphold a well regulated market for financial services in Australia."

Eastland Ins declares 10pc cash, 21pc stock dividends

Eastland Insurance Company Ltd has declared a 10 percent cash dividend and a 21 percent stock dividend for the year 2006.

The dividends were announced at the 20th annual general meeting (AGM) of the company held in Dhaka on Wednesday, says a press release.

Chairman of the company Mahbubur Rahman presided over the AGM, which was also attended by Managing Director M Azmal Hoque and Secretary M Abidur Rahman among others.

StanChart, HSBC targeted in China forex crackdown

AFP, Hong Kong

HSBC and Standard Chartered confirmed Thursday they were among banks targeted in a crackdown by China's foreign exchange regulator on speculative capital inflows.

The two British lenders said they had recently been inspected by the State Administration of Foreign Exchange (SAFE) and had taken action to ensure they complied with China's forex rules.

SAFE said Tuesday it would crack down on fraudulent export transactions that disguise the movement of speculative funds after finding "some problems" in commercial banks' foreign exchange dealings.

HSBC confirmed it was inspected by SAFE in March and April this year.

Standard Chartered said it had taken "appropriate actions" according to the findings of a SAFE audit.

Pioneer Ins approves 20pc cash dividend

Pioneer Insurance Company Ltd has approved a 20 percent cash dividend for the year that ended on December 31, 2006.

The approval came at the 11th annual general meeting (AGM) of the company held in Dhaka yesterday, says a press release.

Syed Manzur Elahi, a director of the company, presided over the AGM, which was also attended by other directors and senior officials.

No place for defaulters, tax dodgers, criminals in trade body polls

FBCCI okays commerce ministry directive

SARWAR A CHOWDHURY

August 16.

On June 4, the commerce ministry in a handout said loan defaulters, tax evaders and persons convicted of crimes from now on will not be able to contest elections to any trade bodies including the apex trade body, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Such people -- defaulters, tax dodgers and convicts -- will also lose eligibility to be nominated as directors or executive members of the trade bodies.

The FBCCI at an extra-ordinary general meeting (EGM) yesterday approved a commerce ministry directive that sought measures to prevent the offenders from holding the top posts in the country's apex trade body.

The members at the EGM unanimously approved the government order," FBCCI President Mir Nasir Hossain told reporters after the meeting at the federation building.

The members also gave consent to changes to the FBCCI constitution relating to participation in its biennial election scheduled for

Mir Nasir also said the EGM decided to request the government to withdraw the provision of nominating 14 directors from seven leading associations and chambers.

The members urged the government to introduce the previous system of direct election to choose directors, president and vice-presidents," he said.

As per the FBCCI constitution, of the 38 executive committee members of the apex trade body, 12 will be elected from district level chambers and 12 from trade associations, seven will be nominated from the MCCI and six divisional chambers, and seven from leading trade associations. FBCCI president will be elected from the association group this year.

Earlier, various quarters concerned urged the authorities not to allow loan defaulters to contest the FBCCI election, saying their presence in the executive body will not only discourage honest businesspersons but also encourage others to default on loans.

If the FBCCI fails to amend its rules as required, the government can change the rules through a gazette notification, the June 4 letter said.



PHOTO: EASTLAND INSURANCE

Mahbubur Rahman (C), chairman of Eastland Insurance Company Ltd, speaks at the 20th annual general meeting of the company in Dhaka on Wednesday. Managing Director M Azmal Hoque (L) and Secretary M Abidur Rahman are also seen.

IMF fights for legitimacy 10yrs after Asian financial crisis

AFP, Washington

Ten years after playing a controversial role in the Asian financial crisis, the International Monetary Fund (IMF) is now in the midst of its own identity crisis.

The six-decade old institution, which lent over 38 billion dollars during a two-year period to Asian countries on the condition they adopt strict austerity measures, finds itself 10 years later shunned by many of the countries it had previously helped.

"The Asian crisis was the beginning of a process whereby, over the last decade, the IMF has lost most of its influence in the world," said Mark Weisbrod, codirector of the Center for Economic and Policy Research, a left-leaning Washington-based think tank.

Forged in the ashes of World War II to guard the stability of the international financial system, the IMF today is facing pressure to reform its own practices. Critics claim the IMF serves the interests of wealthy nations by seeking to impose free market practices.

Venezuelan president Hugo Chavez announced in May that

his country was quitting the IMF and the World Bank, which he described as a "tools of US imperialism" that exploit poor countries.

Caracas, following the lead of several other countries in Latin America and Asia, has repaid all its IMF debts.

Several other Latin American presidents, including Nestor Kirchner of Argentina and Rafael Correa of Ecuador, have also not hidden their disdain for the IMF.

At its last general assembly in Singapore, the IMF came under pressure to allow poor and developing countries more of a say with its executive board.

Several countries could benefit from changes to how the Fund is governed, as South Korea already has with its new voting rights.

Progress could be reached at a Fund meeting planned for October, but the process could also drag on much later into 2008.

In the past 10 years since the Asian financial crisis, several IMF client states have ridden a bout of strong economic growth, rendering IMF missions to their countries redundant.

New regional institutions have

also emerged to challenge the IMF's status, and a long period of robust global growth and an explosion of private credit on global markets has also opened up rival arenas for countries seeking funds.

The IMF's reform process, meanwhile, has been moving slowly.

The Fund's exchange rate surveillance role has emerged as one of the most challenging issues facing the IMF, an issue which also carries some diplomatic risks.

It is seeking more leverage on its members' foreign exchange policies, but does not want to be accused of serving American interests against Asian powerhouse China.

The Fund's own financial welfare is also facing hurdles, due in part to a drop in its lending to debtor nations.

The IMF has delayed by about a month a meeting previously scheduled to occur in June to debate selling off some of its valuable gold reserves as a way to help shore up its finances.



Syed Manzur Elahi, a director of Pioneer Insurance Company Ltd, presides over the 11th annual general meeting (AGM) of the company yesterday in Dhaka. Other directors and senior officials were also present at the AGM.

EU to ban all Indonesian airlines

AFP, Brussels

All 51 Indonesian airlines will be banned from flying to the European Union from next week after EU air safety experts deemed them to be unsafe, the European Commission said Thursday.

The experts' decision, which includes national flag carrier Garuda, comes after four recent crashes in the Asian archipelago and Indonesian authorities' failure to provide adequate safety assurances, an EU official said.

Although only Garuda currently flies regularly to and from the EU, the ban could also have a big impact on European passengers travelling with Indonesian airlines outside the EU.

Under European rules, passengers must be informed if an airline is on the list of banned carriers and have the right to reimbursement or demand an alternative carrier for tickets bought in Europe for flights that do not enter EU skies.

The ban will become official when the European Commission, the EU's executive arm, endorses the experts' recommendation to ban Indonesian airlines on July 6, in its latest update to the EU's list of unsafe airlines.



PHOTO: PID

President Iajuddin Ahmed approves the budget for fiscal year 2007-08 at Bangabhaban yesterday while Finance Adviser AB Mirza Azizul Islam looks on.

Lanka exports hit as shipping lines drop Colombo

AFP, Colombo

Sri Lankan exporters are being squeezed as fewer container ships heading west call into Colombo, with global shipping lines moving more business to India and its booming economy.

Shipping costs have soared

nearly 600 dollars for a standard 20-foot container (TEU) over the past six months as a result, compounding problems for Sri Lankan exporters who compete on price, innovation and time with their large northern neighbour.

"Some of the bigger shipping lines have changed their schedules over the past six months and the crisis is affecting exports of garments, tea, rubber and coir (coconut fibre)," said Sri Lanka Shipper's Council chairman Jayanath Perera.

Clothing, which accounts for

more than half of the island's near

seven billion dollar export trade, is especially feeling the heat as exporters face tight deadlines from buyers such as Victoria's Secret, Gap, Nike and Marks and Spencer.

"The next alternative is to airlift shipments but that costs 75 percent more than sea freight. Air freight is not an option for a price sensitive industry like ours," said shipping consultant Rohan Masakorale.

Masakorale, also a senior member of the clothing industry's Joint Apparel Association Forum, said Colombo port is now fighting to retain its status as South Asia's transshipment hub and to stem the flow of ships to India.

India has embarked on a major modernisation drive of its main ports, slashing charges to attract more international shippers to carry its booming cargo volumes.

Colombo's port, which straddles the Indian Ocean trade from the Strait of Malacca into the Arabian

Sea and then onto the Suez Canal, had been considered ideal for ships making the voyage from Asia to Europe and the US east coast.

But big shipping lines such as Maersk, the United Arab Shipping Company, Norasia Container, K-line and Hanjin now bypass Colombo and call directly at Indian ports like Mumbai.

"Earlier, these ships called on Colombo to pick up Indian cargo and then carry it to Europe. There is a shortage now of around 600 TEUs of cargo space each week out of Colombo," said Perera.

"In some instances, the rate increases are very high and when taken in context of reduced flexibility and capacity, it is potentially very damaging," said Dilhan Fernando, director at Dilmah, one of Sri Lanka's big tea exporters.



PHOTO: GREEN DELTA INSURANCE

Chairman of Green Delta Insurance Company Ltd AZ Mohammad Hossain speaks at the 21st annual general meeting (AGM) of the company yesterday in Dhaka. Directors and managing director, among others, were present.

Aviation forum hails India, China air travel boom

AFP, Bangkok

Aviation industry figures and politicians on Thursday hailed a boom in air traffic in India and China, with operators keen to cash in on growing numbers of passengers travelling to the regional giants.

Thai Prime Minister Surayud Chulanont told an aviation forum in Bangkok that the expansion of air traffic in China and India was contributing to the growth of the overall Asian economy.

"The expanding economic power of China and India is a key factor in Asia's dynamism ... (and) this has already impacted on the aviation industry," Surayud told the seminar, organised by

airline network Star Alliance.

"It's clear that China and India's trade and traffic with the rest of Asia will help shape the future of aviation in the region," he added.

Air China and Shanghai Airlines will later this year become the newest members of Star Alliance, the largest global passenger airline network.

Jaan Albrecht, Star Alliance CEO, said they hoped the new members would bring a two-to-three percent increase on their existing 400 million yearly passengers.

Albrecht told the forum that they were also in negotiations with two other possible new members -- one from India and one from Russia.

"Like China, India is definitely a



PHOTO: NCC BANK

Officials are seen at the launching function of remittance services in KSA recently.