

# Star BUSINESS

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## Pfizer facing 4 court cases in Nigeria

AP, Kano, Nigeria

A security guard in this dusty Nigerian city is living with tragedy — a 14-year-old son whose dazed eyes, slow speech and uneven gait signal brain damage. Mustapha Mohammed says he knows who to blame — Pfizer Inc., the world's largest drug maker.

New York-based Pfizer is facing four court cases — two filed by the Nigerian government and two by officials in the northern Nigerian state where Mohammed lives — over a decade-old drug study that included Mohammed's son.

The company, which denies any wrongdoing, is accused of using a 1996 meningitis epidemic to push through a sloppily managed drug study that contributed to death in some and infirmities in others.

The fallout provides a case study of the ethical dilemmas that arise when Western medical priorities run into Third World poverty and ignorance. The communication gap between those handing out medical aims and those receiving has bred mistrust and anger in Kano — with damaging, far-reaching effect.

The Pfizer case was cited as one reason residents of Kano and the state of the same name boycotted a polio vaccine in 2003, fearing it was a plot to make Africans infertile. Polio exploded in Nigeria and eventually spread to 25 previously polio-free countries.

Though the meningitis epidemic is long over and the polio vaccination program is back on track, misinformation and suspicion persist.

Mohammed is sure no one asked his permission to test a drug on his child. But he also wasn't asking many questions when he rushed his son to the hospital in 1996.

"We were desperate for drugs. We just took it in good faith," said Mohammed, who lives in a tiny house off a dirt road in one of Kano's poorer neighborhoods. Mohammed who can't read or write only later found out that the pink paper he kept with Pfizer's name and treatment dates meant his son had been in the study.

Pfizer says it explained the study to families using practices in line with U.S. and international guidelines, even employing Nigerian nurses and doctors who spoke Hausa, a main Nigerian language. Written permission was obtained when possible, or oral consent if parents were illiterate.

Across town, Abu Abdullahi Madaki can't be sure if her daughter Firdausi took part in the Pfizer study. Citing privacy concerns, Pfizer has declined to release the names of the 200 children it treated.

## UAE telecom firm to bid for Qatar's new mobile fixed line licenses

XINHUA, Abu Dhabi

Etisalat, the telecom giant of the United Arab Emirates (UAE), will bid for Qatar's new mobile and fixed line licenses in a move to expand in the Gulf country's telecom market, local newspaper Gulf News reported Friday.

"They will be running two rounds, one for GSM and one for fixed... We will participate in both," said Jamal Al Jarwan, Etisalat's general manager of international investments.

According to Qatar's Supreme Council for Information and Communications Technology, bidding for the country's second mobile license begins in September, and the winner will be announced in October.

As for Qatar's second fixed line license, the deadline for registration is Sept. 9, and the winner will be announced at the end of this year.

Etisalat is among the 12 firms deemed eligible for the country's second mobile license, which include other Middle East operators like Jordan Telecom and Kuwait's Mobile Telecommunications Company, and international players like Vodafone and AT&T.

Both licenses will benefit Etisalat from both an operations and revenue perspective, said Al Jarwan, who believed that winning the mobile auction first would make the fixed license more attractive.

But it was too early to speculate on how aggressively Etisalat would bid for the fixed license, he added.

Established in 1976, Etisalat now manages 14 service providers in the Middle East, Asia and Africa. Its services currently reach more than 32 million subscribers.

# Corporate governance commission needed to ensure accountability

## Seminar told

STAR BUSINESS REPORT

A separate corporate governance commission is needed to ensure transparency and accountability in business houses, a seminar was told yesterday.

"Establishment of a corporate governance commission is required for business houses to make them fully compliant," said Dr Akbar Ali Khan, former finance adviser to the caretaker government.

Echoing Khan, other speakers also stressed the need for amending related laws to ensure governance in corporate houses.

The Dhaka Chamber of Commerce and Industry (DCCI) and Bangladesh Enterprise Institute (BEI) jointly organised the seminar at DCCI auditorium in Dhaka.

DCCI President Hossain Khaled presided over the seminar. Safi

Rahman Khan, consultant of BEI, Mohammad Musa, professor of United International University, and Muhammad (Rumi) Ali, managing director of BRAC Enterprises and former deputy governor of the Bangladesh Bank, presented three separate keynote papers on corporate governance.

The former finance adviser also termed corporate governance the base of economic democracy.

He said accountability and transparency are the two major requirements for both politics and economy.

The present company act is not so adequate to establish corporate governance in the country, Khan said.

He further questioned the effectiveness of monitoring of business activities by the Securities and Exchange Commission (SEC) and

Registrar of Joint Stock Companies and Firms.

There is a lack of proper law to ensure corporate governance in the country, observed Faruk Ahmad Siddiqi, chairman of SEC.

A significant number of companies enlisted on the stock exchanges are practising corporate governance, the SEC chief said, adding that there are hundreds of companies, which do not practise governance.

He also said businesspeople should be aware of the benefits of corporate governance.

Citing an example, he said a number of companies hold their annual general meetings without having general discussion among the shareholders. But the companies need to encourage fruitful discussion among the shareholders.

## Duty cut may not cool inflation

Vietnam businesses doubt ANN/ VIET NAM NEWS

The Ministry of Finance of Vietnam has issued decisions reducing import duties levied on over 20 categories of goods in an effort to cool inflationary pressures, but whether prices will go down still remains to be seen.

The duties on many categories of goods have been reduced by half or more. Businesses, however, are doubtful that the new measures will have much significance.

"Taxes only account for a small part of the prices of our products," said Viet Nam Dairy Products Joint Stock Company (Vinamilk) deputy general director Tran Bao Minh. "Meanwhile, now we have to import materials at a cost nearly double that at the beginning of the year (US\$5,200 per tonne compared with \$2,700)."

For steel makers, cutting prices at the moment seems impossible, as the prices of steel ingot have increased rapidly. Ingot costs have reached \$500 per tonne, up \$60-70 per tonne over last year's average.

"The price of steel ingot can be reduced only \$15 per tonne as the import duty applied has been reduced from 5 per cent to 2 per cent it's not very significant," said Viet Nam Steel Corporation's marketing department deputy director Le Thiet Hung.

Prices of foodstuffs are not likely to go down, according to Vissan Company general director Bui Duy Duc, who explained that supply is now scarce on both the home and world markets.

Duc gave pork as an example: the local supply has been reduced due to an epidemic, and on the world market, China is also a big importer, so it's not easy to maintain a sufficient amount from imports to meet domestic demand.

The Ministry of Finance, however, sees the situation differently.

"We believe that the tax policy will help improve the current situation," Deputy Minister of Finance Truong Chi Trung said at a press conference on Thursday discussing measures to stabilise market prices.

# US shares slash losses after Fed cash injections

AFP, New York

US shares slashed losses Friday after an injection of 38 billion dollars into the banking sector by the Federal Reserve aimed at easing investor fears of a credit crunch.

The Dow Jones Industrial Average closed 31.14 points (0.23 percent) lower at 13,239.54 in final figures and the tech-rich Nasdaq composite fell 11.60 points (0.45 percent) to 2,544.89.

The broad-market Standard Poor's 500 index closed essentially flat, up 0.55 point (0.04 percent) at 1,453.64.

All three major indexes had opened sharply lower, and the Dow plunged more than 200 points in the morning, as Wall Street extended the prior day's bloodletting. The Dow lost 2.83 percent Thursday, its steepest decline since February.

Fears about the distressed US mortgage sector and tightening credit have spooked investors around the world, sending Asian and European markets into negative territory for the second day in a row in a massive flight from risk.

At the close in Europe, the FTSE 100 in London was down 3.71 percent, in Paris the CAC 40 fell 3.13 percent and in Frankfurt the Dax lost 1.48 percent.

Central banks acted for the second straight day to inject liquidity into financial markets to offset tightening credit and calm jittery markets.

The Federal Reserve pumped 38 billion dollars into the US banking system in a bid to calm widespread market turmoil. The Fed made three injections: 19 billion dollars and another 16 billion in the morning, and three billion dollars in the afternoon.

On Thursday the central bank injected 24 billion dollars.

"The Federal Reserve is providing liquidity to facilitate the orderly functioning of financial markets," the US central bank said in a rare statement accompanying the morning injections.

Dick Green, an analyst at Briefing.com, said: "This is an important symbolic move that helps provide temporary liquidity to the financial markets, but won't solve the root problem or end the fears about ongoing problems in the credit markets."

The European Central Bank, meanwhile, pumped more money into the eurozone banking sector, taking its cash injections to 155.85 billion euros (212.98 billion dollars) in two days.

Central banks in Japan, Australia and Canada also injected money into their systems Friday.

"Central banks are doing the right thing: they're adding liquidity to a system that needs it and they will continue to do so until it doesn't need it," said Art Hogan, an analyst at Jefferies.

"That's happening on the face of a pretty strong global economy so I think at the end of the tunnel there is some light."

The International Monetary Fund judged the global financial market turmoil "manageable," stressing "the fundamentals supporting strong global growth remain in place."

The market was volatile, similar to most recent sessions. The Nasdaq Stock Market said it had its biggest day Thursday, trading a record 3.31 billion shares.

Investors, who were taken aback Thursday by French bank

BNP Paribas's announcement it had suspended three funds exposed to the distressed US subprime market, heard another warning, from Countrywide Financial.

The leading US mortgage lender said that market conditions could affect its bottom line, sending its share down 2.79 percent to 27.86 dollars, after it plunged more than 10 percent in opening trade.

Elsewhere in the financial sector, US bank Washington Mutual fell 2.20 percent to 35.95 dollars after warning that the subprime mortgage sector crisis is threatening its operations.

Investment bank Bear Stearns dropped 3.38 percent to 110.20 and Lehman Brothers lost 1.80 percent at 59.07.

On the upside, Merrill Lynch rose 0.75 percent to 74.12 and Goldman Sachs added 0.96 percent at 180.50.

The Wall Street Journal reported online, citing people familiar with the inquiry, that the Securities and Exchange Commission is checking the books at top Wall Street brokerage firms and banks to make sure they are not hiding losses in the subprime-mortgage meltdown.

Among other stocks in focus was Boeing, which reversed losses to add 0.14 percent at 98.44 dollars. The company denied a report by The Seattle Post-Intelligencer that it was delaying the first flight of its 787 Dreamliner to October from late September.

# Iran, Iraq sign oil pipeline deal

AFP, Tehran

Iran and Iraq signed an agreement to build pipelines for the transfer of Iraqi crude oil and oil products, the state-run Iran news network Saturday quoted the oil ministry as announcing.

The 32-inch (81-centimetre) pipeline will bring crude from the southern Iraqi port of Basra to the southwestern Iranian port of Abadan. There will be a separately 16-inch one for oil products.

Under the deal, Iran would buy 100,000 barrels of Iraqi crude to be refined in the southern port of Bandar Abbas, then sell the product back to Iraq. The accord would have

no upper limit on quantities. The report did not say when the pipeline will be built or who will pay for it.

In August 2006, Tehran and Baghdad signed a memorandum of understanding for Iran to refine 100,000 barrels per day of Iraqi crude in return for two million litres per day of refined products.

Iraq has the world's third-largest proven reserves of crude but has faced chronic shortages of refined products ever since the US-led invasion of 2003, as insurgents have targeted its oil infrastructure.

The Iraqi government has been forced to import refined products from a number of neighbouring

countries. Relations between Iraq and Iran, which were at war from 1980-88 when Saddam Hussein was in power in Baghdad, have improved markedly since a Shiite-led full-term government took power this year.

The agreement was signed on Friday by visiting Iraqi Oil Minister Hussein al-Shahrastani and his Iranian counterpart, Kazem Vaziri Hamaneh.

Sharistani's visit to Tehran comes two days after one by Iraqi Prime Minister Nuri al-Maliki, in which he had talks with officials that reinforced growing bilateral ties.



PHOTO: FIRST SECURITY BANK

First Security Bank Ltd opened a branch on Topkhana Road in Dhaka on Thursday. Managing Director of the bank AAM Zakaria inaugurated the branch, while senior officials were present among others.

## Citigroup launches two microfinance initiatives

Citigroup has just launched two microfinance initiatives targeted, on the one hand, at those who would like to make an outright gift, and, on the other hand, at those who are more comfortable with giving in the form of an investment, says a press statement.

Melanie Schnoll-Begun, Citi Philanthropic Services managing director, says the offerings are a first of their kind by any financial institution. "This is truly a statement that we believe in this space. With the right advisory services, we can help clients move significant assets into the emerging marketplace."

Merrill Lynch and Capgemini's recent wealth report indicated that socially responsible investing and philanthropy are areas of keen interest among the Asian wealthy.

Over the next few days, Citigroup is introducing clients in Singapore and Hong Kong to the two initiatives. So far, interest has been good, says Michael Troth, managing director of Citigroup Private Bank.

The two-pronged effort comprises the Citi GIFT Microfinance Donor Fund and the Citigroup Global Microfinance fund. While they both help to fund microfinance institutions, there are distinct differences.

The donor fund aims to benefit emerging microfinance institutions, which are unregulated. They operate as non-profit organisations and need the philanthropic dollar. There is no expectation of a return, and the minimum US\$50,000 donation is irrevocable.

Quarterly reports will be prepared by two independent companies, as well as conference calls with the leading personalities, including Nobel winner Muhammad Yunus himself. Yunus founded Bangladesh's Grameen bank which extends small loans to the poor, especially women.

Tips will also be arranged for donors to view the projects they are funding.

Fees at an estimated 1.1 percent a year are said to be much lower than any other donor fund where fees range between one and 3 percent. "1.1 percent is an incredible cost for getting access to such critical information. We subsidise some of the costs. We also recognise that this is not an area where we expect a large return. It's an opportunity to educate clients," says Schnoll-Begun.

With microfinance, a sum of US\$500,000 would make a huge

impact, unlike the US\$100 million that may be needed to build a hospital.

The Global Microfinance Fund, on the other hand, will invest in 'tier one' microfinance institutions which aim to generate a profit. The universe comprises about 150 institutions in 58 countries. The fund will be sub-advised by BlueOrchard Finance, a Swiss company set up to manage microfinance investment products. The fund aims to earn a return of Libor plus.

Citigroup itself will commit US\$10 million to the fund, which is expected to raise a total of about US\$100 million. Fees are expected to cost around 2.25 percent a year.

On its website, BlueOrchard estimates that micro-bankers will need between US\$10 billion and US\$20 billion over the next five years to meet demand. Traditional sources of funding like client savings and the international community are expected to cover just 5 percent of the needs. Hence, the need to tap capital markets.

## New vice chairmen of Mercantile Bank



Mosharref Firoz Alam

Mosharref Hossain and AS M Firoz Alam, two sponsor directors of Mercantile Bank Limited, have recently been elected first and second vice chairmen of the bank, says a press release.

Hossain, a leading business personality in the country's printing industry, is also a director of Toka Ink (BD) Ltd. and president of Bangladesh Paper Importers Association.

Alam is also chairman of Eco Inamori Fashions Limited at Gazipur and vice chairman of Premier Leasing International Limited.

## WORKSHOP ON UCP 600

# ICC-B calls for efficiency on new int'l trade rules

OUR CORRESPONDENT, Ctg

ICC-B President Mahbubur Rahman yesterday stressed building efficiency on new international trade rules and acquiring adequate knowledge from recent developments in global trade to reduce risks and facilitate transactions.

Without uniform set of rules to guide banks from different countries, contracting parties will not be able to traverse the maze of different national documentary credit regulations, said the president of International Chamber of Commerce-Bangladesh (ICC-B).

As a result, costs of business will go up and international trade will suffer, he added.

He was speaking as chief guest at the inaugural session of a workshop on 'Understanding the UCP 600' in Chittagong, where ICC expert from Europe Vincent O'Brien also spoke.

ICC-B organised the workshop in collaboration with German Technical Co-operation (GTZ) in order to disseminate the latest updates regarding letter of credit (L/C).

A total of 65 senior officials and representatives from different garment factories of the port city participated in the workshop.

Mahbubur Rahman said documentary credit is an integral part of

international trading system as it reduces risks and facilitates transactions of around US\$1.25 trillion, which is estimated to be around 20 percent of the total yearly international trade that depends on L/C.

Documentary credits have been very popular in South and Southeast Asia as well as Middle East region that issue more than 25 percent of the world's documentary credits, he said.

The ICC-B president said the ICC is trying to help ensure smooth transition to the new UCP (Uniform Customs and Practice for Documentary Credits) and reduce the rate of rejections by banks caused by faulty paperwork.

Being situated at the crossroads of the world's trade routes, Bangladesh has substantially benefited, he said. "Our total international trade grew by 17.19 percent in fiscal year 2006-07 reaching \$29.6 billion."

Vincent O'Brien said UCP 600 is the latest version of documentary credit that came into effect on July 1 this year and is used by banks and commercial parties in more than 175 countries.

The latest rules under UCP 600 have been made more user-friendly to suit the needs of modern business, he said.

## Chrysler plans expansion after Daimler split

AFP, Traverse City, Us

Chrysler LLC is working on a significant global expansion following its split from Daimler AG, a senior executive said Thursday.

That expansion will include forging new international partnerships and could involve renewing past alliances with Mitsubishi and Hyundai, said Frank Klegon, vice president of Chrysler's product development.

"We want to grow as a global enterprise," Klegon said at an automotive conference in Traverse City, Michigan.

The announcement comes as

Chrysler flexes its muscles under new owner Cerberus, a private equity group which bought an 80.1 percent stake in the historic US car company for 7.4 billion dollars on August 3.

Plans are in the works for new engineering and procurement centers in China and Poland to supplement facilities already established in Mexico and India, Klegon said.

These centers will also help locate suppliers for various components, negotiate with local governments on regulations and fine-tune vehicles to regional consumer demands, he said.