

**International Business News**

**S Korea to invest \$900m to train young workers**

AFP, Seoul

South Korea will invest some 900 million dollars over the next five years to train 100,000 young people for next-generation industries, the Ministry of Strategy and Finance said Thursday.

It said the project aims to ease youth unemployment and increase expertise in future growth engines such as "green" projects, IT, cultural content, medical technology and the knowledge-based service industry.

Starting with 118 million dollars to be spent next year, the ministry will channel the funding to schools and research institutes with relevant training programmes.

Young South Koreans are struggling to find jobs amid the sluggish economy.

The overall jobless rate stood at 3.1 percent in August, unchanged from a year earlier. Youth unemployment, however, jumped 0.4 percentage point to 7.1 percent.

Job creation is one of the key campaign pledges of President Lee Myung-Bak, who took office in February.

Last month he unveiled a "green growth" strategy to drive the economy in future decades, saying the renewable energy industry would create several times more jobs than existing industries.

**Taiwan unveils \$5.6b economic stimulus package**

AFP, Taipei

Taiwan announced an economic stimulus package Thursday worth 5.6 billion US dollars less than four months since the president took office as growth flags and the stock market struggles.

The initiative, worth 180 billion Taiwan dollars, would help the island achieve the government's target of 4.3 percent economic growth this year and shore up the ailing stock market, officials said.

"The package aims to stimulate spending, boost investment and infrastructure, and stabilise financial markets," said Chen Tian-jy, the chairman of the Council for Economic Planning and Development.

But Taiwan's stock market tumbled just over three percent Thursday to a 33-month low, even though the package includes a provision of 30 billion dollars to halve the stock transaction tax to 0.15 percent for six months.

Taiwanese President Ma Ying-jeou was inaugurated in May after sweeping to a landslide victory largely on pledges to boost the island's economy and achieve six percent annual economic growth, partly by improving ties with rival China.



Chinese investors check their stock prices at a security firm in Xian, northern China's Shaanxi province, yesterday, as shares slumped to close down 3.34 percent amid deepening fears of an economic slowdown and a lack of market-boosting policies from Beijing.

**US investment fund offers to take over Japanese heating firm**

AFP, Tokyo

US investment fund Steel Partners on Thursday made an offer to take over leading Japanese heating company Noritz Corp., its latest target in a country that frowns on unsolicited bids.

Steel Partners, the biggest shareholder in the company with an 18.7 percent stake, said it sought at least 50.1 percent of the firm's shares on a voluntary basis. Noritz's total share value is 52 billion yen (484 million dollars).

The fund made the offer "as a last resort" due to Noritz's failure to meet its operating profit plans and as the Japanese firm's shares have fallen some 35 percent since last year, Steel Partners said in a statement.

Noritz has "not given us any reason to believe that they are taking appropriate steps to ensure that such deterioration will not continue well into the future," Steel Partners head Warren Lichtenstein wrote in a letter.

"It has become clear to us that management ... does not understand the need to immediately implement appropriate changes. The status quo is not acceptable," he added.

**EU finance ministers gather for fight against recession**

AFP, Nice, France

Averting a recession in Europe is the burning issue for EU finance ministers as they meet on the French Riviera on Friday and Saturday, but officials predicted no sweeping stimulus plans.

The two-day meeting of finance ministers and central bankers in Nice, southern France, comes amid growing indications that the European economy is headed for a recession.

"We should see ... how we can try to put a more coherent strategy in place," said Luxembourg Finance Minister Jean-Claude Juncker, who chairs regular meetings of his eurozone counterparts and speaks on their behalf.

However, Juncker recently stressed that "there is no question of implementing an economic stimulus plan in Europe."

**CREDIT CARDS**

**Banks peddle Eid smart cards**

SAJJADUR RAHMAN

Is the unavailability of ready cash dampening the Eid celebrations of the inhabitants of Dhaka? Are liquidity issues on the back of everyone's minds? Or, are people swiping the power of plastic in their shopping frenzies, bringing back the glitz and glamour of 'yeter-Eid' to today?

With hardly any festival loan products on offer, banks are now presenting tempting credit card packages, designed to meet the needs of varied clients and to help bridge the gap between consumers' purchasing power and the additional costs during this time of the year.

Banks turn it up a notch as they are offering annual charge waivers, quality services and flexibility in the utilisation of credit cards.

Will such moves help bring back the cheer in Eid, the largest festival for Muslims in Bangladesh? The issues lie on how well consumers adopt buying on credit, a concept that is a deviation from traditional mindsets.

Standard Chartered Bank (SCB), a foreign bank operating in Bangladesh, has customised a special package for Eid shoppers using the bank's credit cards. They are offering a 50 percent waiver on the annual fees on credit cards that are issued in the month of Ramadan. There will also be cash back facilities for the big spenders.

"Our credit card sales have increased by about 50 percent after the launch of the new offer," Gitanka Datta, business head of the Credit Card Division of SCB, said.

SCB has around 200,000 credit cards currently in the market and the number continues to grow as 3,000 more cards, on average, are added to the list every month, according to the official.

"Upon introduction of the Ramadan offer, we have sold an additional 1,500 cards this month," the SCB official said.



**Payments and transactions through credit cards by private banks rose to Tk 4.31 billion in December 2007 from Tk 1.92 billion in June the same year, according to Bangladesh Bank**

The bank's maximum credit ceiling stands at Tk three lakh for golden cardholders and up to Tk 90,000 for silver cardholders.

On the other hand, Eastern Bank Limited (EBL), a local private commercial bank, offers a 25 percent discount on the annual issuance fees, for those who are acquiring and using the bank's credit card this month.

The credit card is a technology driven product, more

popularly known as plastic money. Private and foreign banks are leading the way in this category.

Generally, small and medium businessmen, and government and private sector employees are the main users of the credit cards in Bangladesh. It is now quite fashionable to use the credit card, especially as banks and other financial institutions, allure clients with special benefits to net new customers.

According to Bangladesh Bank (BB) data, payments and transactions made through credit cards by private banks rose to Tk 4.31 billion in December 31, 2007 from Tk 1.92 billion in June of the same year. During the same period, payments and transactions through debit cards and automated teller machines (ATMs) reached Tk 24.95 billion and Tk 24.80 billion, respectively from Tk 11.74 billion and 11.62 billion.

**Major credit card holding banks**

Banks	Credit cards
StanChart	200,000
Brac Bank	55,000
United Commercial	17,000
National Bank	10,000
EBL	10,000

17,000 cardholders, National Bank Limited with 14,000 cardholders and EBL with 10,000 cardholders.

Other notable banks that provide credit card services are Prime Bank, Dhaka Bank, Premier Bank, The City Bank, etc.

"Credit card utilisation rate goes up significantly in this month (Ramadan)," said Abedur Rahman Sikder, head of marketing and corporate affairs of BRAC Bank.

Sikder said the use of personal loan products, in addition to credit cards, also go up prior to Eid.

"There will be no annual charge if a customer uses his/her card over 18 times a year," said Nazim Ahmed Chowdhury, head of marketing and corporate affairs of EBL.

SCB has also offered the same facility to allure the customers focusing on Eid.

However, consumers blame that the banks' interest rates are too high for the credit cards and other personal loan products.

"I have to pay about 30 percent interest rate when I use SCB's credit card. There is no way out for me as I have to bank on my credit card to meet the additional expenses during Eid," said Aminur Rahman, an employee of a private firm in Motijheel.

Rahman charged Tk 50,000 using his SCB credit card and he has to repay the amount through equated monthly instalments.

SCB charges 2.5 percent monthly interest rate for its credit card, Gitanka Datta said.

Customers also blame the banks for not protecting their interests. They said many shop owners charge extra if they use their credit cards, which is unlawful. Jewellery and electronics shops are mainly to blame, as they publicly commit such crimes. The practice seems to have gone up during the buying spree on Eid.

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**ENERGY**

**Opec moves to keep oil above \$100**

AFP, Vienna

With oil prices falling below 100 dollars per barrel this week, oil producer group Opec decided to cut production to prevent a further drop, despite an economic crisis in consumer countries.

"It looks like they are willing to defend 100 dollars (as a floor)," Mike Wittner, an analyst at Society Generale, commented following Tuesday's Opec decision.

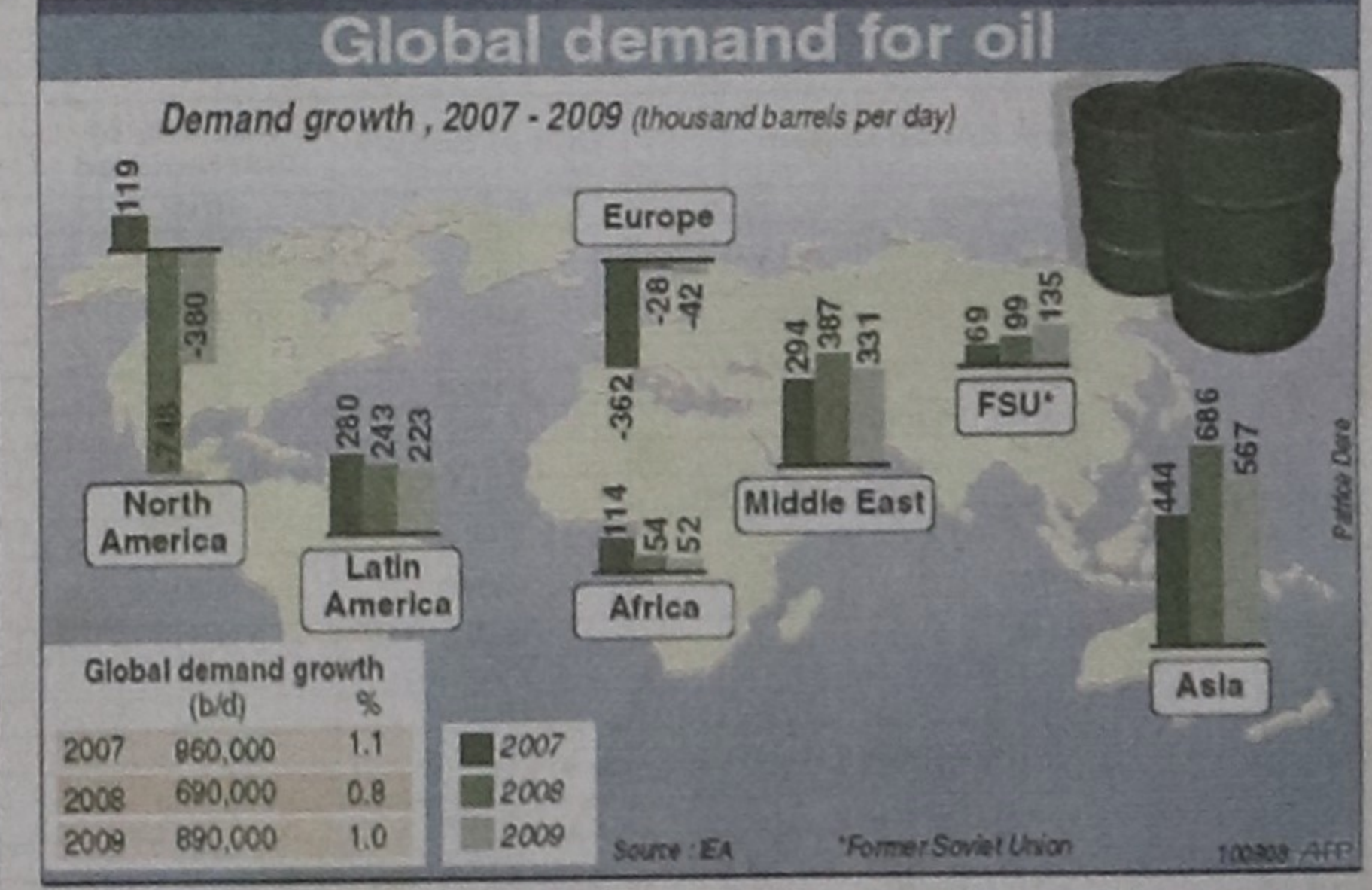
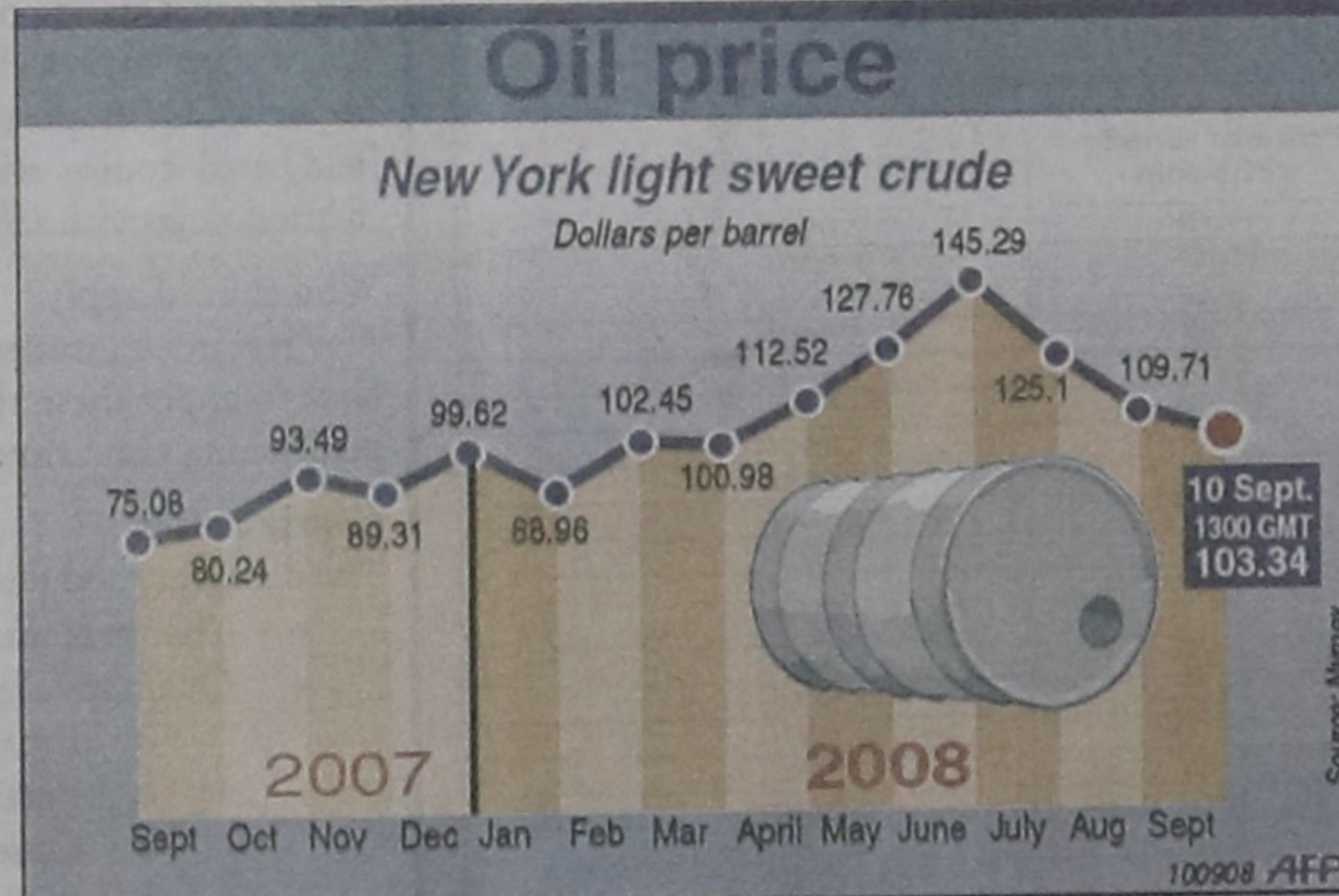
Oil prices topped a record 147 dollars in July but have since fallen some 30 percent, dropping below the symbolic 100-dollar mark for the first time in five months on Tuesday, as the Organisation of Petroleum Exporting Countries was meeting in Vienna.

"The market was coming down very dramatically but I hope it will relax now," Opec Secretary General Abdullah al Badri told journalists Wednesday after the cartel's 13 members agreed to cut excess production by 520,000 barrels per day (bpd). The White House expressed its disapproval of the decision Wednesday, with spokeswoman Dana Perino telling reporters: "We would like to see more oil on the market, not less."

The oil producers maintained their official output quotas at Tuesday's meeting, although the total figure dropped to 28.8 million barrels per day after Indonesia suspended its membership of the group.

But they also pledged to respect the quotas.

The cartel's members have been



pumping far above their quotas, producing a surplus of 520,000 bpd, Opec president and Algerian Energy Minister Chakib Khelil pointed out.

"The decision is significant, it took the market by surprise," Wittner said of the surplus cut. "They expected a rollover," meaning there would be no change in production, he added of analysts' forecasts.

Influential Saudi Oil Minister Ali al-Nuaimi said the oil market was "fairly well balanced," on arriving in Vienna Tuesday, increasing speculation that production levels might remain unchanged.

Riyadh had hiked its oil output by a total 500,000 bpd in May and June in response to orders from customers.

In August, Saudi Arabia pumped

9.45 million bpd, far above its 8.94 million bpd quota, according to the International Energy Agency (IEA).

Wednesday's decision could thus be seen as a victory for Opec's traditional price hawks, Iran and Venezuela, which had called for a surplus cut and strict compliance with official quotas.

They were backed by other members, such as Algeria and Libya.

These producers do not want oil prices to drop below 100 dollars "for budgetary and political reasons," said one analyst, who asked not to be named.

Analysts see Saudi Arabia and other Gulf states on the other hand as being comfortable with a figure of 80-90 dollars.

They are unlikely to face budget crises over oil prices at 70 dollars,

David Kirsch, an analyst for Washington-based consultancy PFC Energy, told AFP.

Gulf states are also keen not to put Western economies, their main consumers, under pressure while they teeter on the edge of a recession.

But the cartel's hawks fear prices will fall if oil surpluses start building up at a time when the world economy is weakening, observers say.

Opec is said to be haunted by the "ghost of Jakarta" after a decision to increase production at a meeting in the Indonesian capital in November 1997 as the Asian financial crisis erupted.

That crisis slashed economic growth and oil prices dropped from 20 dollars a barrel at the time to a low of 8.0 dollars in early 1999.

Bill Farren-Price of Medley Global Advisors noted however that Opec's decision did not necessarily mean a victory for the price hawks.

"It seems unlikely that the Saudis will reduce production while their customers are needing oil," he told AFP.

Instead, Riyadh will probably stick to its usual policy of responding to demand and lowering production discreetly when necessary, he said.

Last month for example, the Saudis cut production by 100,000 bpd, the IEA noted.

But market observers remained cautious.

"We probably won't see prices rebounding until the declared cut in production has resulted in a drop in inventories, which won't happen before four weeks," said Wittner.