

Country's 1st offshore banking branch opens at Savar

Standard Chartered steals a march

SAVAR, Aug 16: The country's first trade finance and offshore banking branch went into operation at the Dhaka Export Processing Zone (DEPZ) here today to enable foreign investors to borrow and deposit funds, reports UNB.

The Standard Chartered Bank a British multinational, set up the branch and became the first and only bank in Bangladesh to offer a dedicated trade finance facility as well as offshore banking services.

Commerce Minister M Shamsul Islam inaugurated the branch saying that Bangladesh should focus on penetrating export markets and making itself an attractive place for investment.

The government is committed to stimulating external trade, he said, adding that economic well being and the favourable balance of trade of

any country in the world is linked to its scheme of international trade, specially the export markets.

"Being the first bank to introduce the Automatic Teller Machines in Bangladesh, the Standard Chartered has once again led the market by being the first financial institution to open an offshore banking unit here," the minister said.

British High Commissioner in Bangladesh Peter J. Fowler, EPZ officials, customers and senior executives of the bank attended the inaugural function.

Islam said the technological and worldwide network advantages of an international bank will undoubtedly be an added incentive to investors wishing to do business in Savar.

The Standard Chartered which has offshore banking units in various countries around the world should be

well-versed in offshore banking and export procedures and this particular branch would be in an ideal position to serve the foreign trade needs of the business operating in the DEPZ, he said.

The minister congratulated Standard Chartered for taking the lead in venturing into a business area that would directly benefit Bangladesh's economy.

Chief Executive Stephen M. McCarthy said the new branch would offer a computerised trade finance facility linked electronically to the bank's global network.

The offshore banking services will give the investors access to the overseas financial markets and enable them to choose the currencies in which they wish to trade which depending upon market rates, could prove to be financially beneficial, he said.

The branch will accept deposits and arrange loans in foreign currencies.

According to the customers owning plants in the EPZ, the branch would increase their efficiency because of the availability of the much-needed services on their doorsteps.

Sources in banking circles said that an offshore banking centre might be defined as a financial centre free of many taxes and constraints in respect of international banking business.

The term was first used to literary indicate offshore centres of the USA like the Bahamas and Cayman Islands.

A large volume of international transactions done in centres like New York, London, Paris etc are also offshore business which is especially free from most of the domestic taxes and levies.

In contrast to domestic

banking offshore banking consists mainly of borrowing and lending of non-resident foreign currency denominated assets.

What an offshore bank basically does is borrowing and lending, both short and long term, in Euro-currencies, the currencies like US dollar, Japanese yen, pound sterling which are held outside their respective countries of origin by banks, organisations and individuals.

The Bangladesh Bank allowed operation of offshore banking units in the country in 1985 under certain terms and conditions but efforts to introduce this form of banking until now failed to yield results.

The Agrani Bank ANZ Grindlays Bank and Habib Bank were given licenses to operate offshore banks but, the sources said market conditions did not allow them to operate.



Commerce Minister M Shamsul Islam seen inaugurating the Trade Finance and Offshore Banking Unit of Standard Chartered Bank in Dhaka Export Processing Zone at Savar yesterday. The British High Commissioner in Bangladesh Peter J. Fowler is on his right.

Visiting expert says

Bangladesh can attract more Italian entrepreneurs

By Staff Correspondent

A visiting Italian expert yesterday said Bangladesh could attract more Italian entrepreneurs who were moving to low-wage countries.

Dr. Loche, Secretary General of the Italian Institute for Asia, said the high production cost in his country had forced many entrepreneurs to relocate to other regions for cheaper labour cost. Besides, Italy also wants to promote trade and economic ties with friendly countries like Bangladesh, he added.

After meeting with local ministers including Finance Minister M Saifur Rahman the Italian expert sat for a discussion meeting with the Exporters' Association of Bangladesh (EAB) at the Conference Room of the Bangla-

desh Garments Manufacturers and Exporters Association (BGMEA) yesterday.

"Bangladesh is full of potentialities. Its human resource is a very important capital," he said.

Italy can assist Bangladesh with technology, management, marketing and training.

But it cannot provide much financial help as the country does not have surplus capital at this moment, he added.

Dr. Loche is now in Dhaka to talk to the government leaders, entrepreneurs and officials on a proposed investment seminar on Bangladesh to be held in Italy in December this year. Finance Minister Saifur Rahman is expected to inaugurate the seminar. Over one hundred

leading entrepreneurs of Italy are expected to attend the seminar to discuss the prospect of investment in Bangladesh, it is learnt.

The discussion meeting was presided over by BGMEA President Redwan Ahmed MP and was also attended by a number of local entrepreneurs and exporters.

Muhammad Abul Kashem, a leading businessman and past president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) said Bangladesh as a small country does not need big industries like the Italians. He suggested setting up of small industries in Bangladesh and said Italian investment could come up in the food processing and wood processing sectors.

BKB announces Tk 865 cr credit programme for '94-'95 fiscal

Bangladesh Krishi Bank (BKB) yesterday announced a Tk 865 crore credit programme for the current fiscal year (1994-95) amidst exhortation by Finance Minister M Saifur Rahman for raising the bank's disbursement efficiency, reports UNB.

BKB disbursed Tk 598.56 crore in the last fiscal (1993-94) against a target of Tk 660 crore.

"Credit is the inherent strength of empowering the rural economy," Saifur Rahman said while revealing that the government was desperately exploring other complementary channel, the NGOs, to infuse increased loans into rural sectors.

"Some one hundred local NGOs will disburse Tk 100 crore in the rural sector this year. If they (NGOs) succeed, the minister said, the amount

would be raised in future.

The government has also the target of disbursing some Tk 850 crore in two years (1993-94 and 1994-95) through Gramseebank.

The BKB's credit programme for the current year and its activities in the last year were made available to the press by its Managing Director Dr A K M Shamsul Huda at a briefing in the afternoon.

Apart from the Finance Minister, Finance Secretary Nasimuddin Ahmed and the Chairman of BKB board of directors were present.

Of this year's credit programme, Tk 602.52 crore (70 per cent of the total volume) will be disbursed as short-term crop loan. The remaining 30 per cent will go to live-stock, fishery, irrigation and smallscale agro-based industries as medium term loan.

As the amount of bank's overdue loans have accumulated to Tk 2714.78 crore in last June, it has projected to recover Tk 669 crore during the current year. BKB recovered Tk 569.24 crore last year against a target of Tk 680 crore.

Briefing the government's relief and incentive package to the farm sector since it took over, the Finance Minister said the measures have started to deliver.

"There has been a spectacular achievement in the live-stock, poultry and fishery sector."

The country now produces 25 crore eggs a year while "half self-sufficiency" has been attained in milk production, Rahman added.

The finance minister also noted that apart from writing off farm loan up to Tk 5,000,

interest rate has been brought down to 12 per cent from 16 per cent. Interest rates, which were previously compound, have been made simple.

Some 1300 small defaulting loans in small industrial projects were made operative by giving various reliefs.

BKB Managing Director Dr AKM Shamsul Huda, while expressing satisfaction at the recovery performance, said recovery situation would further improve if there is no "political pressure" in disbursement.

On the accumulation of the default loans, Dr Huda attributed the crisis mainly to the bank's programme to give loan to various sectors other than agriculture in the eighties. "BKB gave credit in transport, textile and even in jangle manufacturing at that time. Most of the stuck up loans are those ones."

Singapore's electronics industry output rises

SINGAPORE, Aug 16: Singapore's electronics industry continued to lead growth in manufacturing output in June, expanding by 28.8 per cent from a year earlier, a government agency said yesterday, reports AFP.

The Economic Development Board (EDB) said in a statement overall industrial output was up by 13 per cent in June.

The EDB attributed the strong growth to the usual and of quarter hike in disk drive production and continued vigorous demand from the United States.

Production of computer peripherals such as printers, monitors and keyboards also rose on higher overseas orders while production of semiconductor printed circuit boards and consumer electronics were also higher.

BIBM Workshop on credit risk analysis ends

A 3-day Workshop on 'Credit Risk Analysis and Decision Making' was concluded at BIBM in the city yesterday, says a press release.

The Bangladesh Institute of Bank Management (BIBM) conducted the workshop with a view to familiarising the participants with the concept of credit risk. The workshop contents included, intra-lia, preparation, interpretation and application of financial spread sheet and credit scoring system, identification and assessment of various categories of risk factors.

A H M Nurul Islam Choudhury, Director General of BIBM, presided over the concluding session of the workshop and gave away the certificates to the participants.

NAM meet endorses need for substantial debt reduction

JAKARTA, Aug 6: Ministers from 31 member states of the Non-Aligned Movement (NAM) ended a three-day meeting on Monday with a call for creditor countries to solve the debt crisis with substantial debt reductions, reports Reuters.

"The debt issue is not a simple one but we must continue the struggle to solve it," Saleh Afiff, Indonesia's Coordinating Minister for Economic Affairs, told reporters.

Afiff said the meeting prepared a report for the NAM's 111 members, industrial countries, the World Bank, the International Monetary Fund and the United Nations.

"The meeting endorsed the need for substantial debt re-

ductions, as opposed to repeated debt rescheduling, as the most appropriate approach for the resolution of the debt crisis of developing countries," the report said.

It urged a "once-and-for-all arrangement for settling all outstanding debt, including multilateral debt."

The report added there would "necessarily be a case-by-case approach in dealing with the debt of individual countries."

"The meeting agreed that, in light of poor economic policies that some countries had pursued in the past... countries will need to put sound economic policies to restore growth and external

viability."

Gamrani Corea, Chairman of the NAM's Advisory Group of Experts on Debt, said on Friday between 55 to 60 developing countries had serious problems. The total value of their outstanding long-term debt was 248 billion US dollars in 1992 compared with 224 billion US dollars in 1987.

Indonesia's President Suharto, the NAM's present leader, called on Saturday for a comprehensive and permanent solution to debt problems in developing countries.

Indonesia, Asia's only OPEC member, has a foreign debt of about 90 billion US dollars under Suharto.

China to place ceiling on percentage of foreign investment

BEIJING, Aug 16: China is to place a ceiling on the percentage of foreign investment allowed in Chinese listed companies while renouncing overseas-invested stocks on the country's exchanges, reports said Monday, according to AFP.

China's securities authorities will stipulate the proportion of stocks issued to overseas buyers by the country's shareholding companies may not exceed 35 per cent of the firms value, the China securities newspaper said.

"The move seems to be linked to officials' sensitivity that too many state assets are being sold off cheaply to for-

eign investors," said an analyst.

At present, the total market capitalisation of foreign investor 'b-shares' — denominated in yuan but traded in US or Hong Kong dollars — is about 10 per cent of stocks available to Chinese investors, or 'a-shares'.

The report also said under new regulations to be issued soon, stocks issued to foreigners on the country's two exchanges in Shanghai and Shenzhen would no longer be called 'b-shares'.

"As English is not the official language in China and should not be cited in Chinese laws, China has decided to change the name of overseas-

invested stocks from b-shares to 'domestically listed overseas-invested stocks,'" it said without commenting on whether a-shares would also be renamed.

In addition the report said Chinese citizens who can pay with hard currency would also be allowed to invest in 'domestically listed overseas-invested stocks' in the future.

However, analysts said Chinese investors with large hard currency accounts with brokers had in practice been able to buy b-shares for some time, estimating that they accounted for some 10 per cent of turnover on the foreign indices in the Shanghai and

Shenzhen markets.

"The securities authorities are trying to make out they are in control and coming out with new regulations, but these regulations aren't going to change the playing field much," one analyst said.

The announcement of new b-share rules come about two weeks after the Chinese Securities Regulatory Commission announced a package of measures to bring a-share indices off record lows including suspending the issue of new stocks until at least the end of the year.

The moves have sparked a dramatic, but volatile revival in the domestic share index.

Plutonium smuggling
US asks Russia to cooperate with Germany

WASHINGTON, Aug 16: The United States urged Russia on Monday to cooperate fully with a German investigation into the seizure of plutonium on a flight from Moscow to Munich, reports AFP.

State Department spokesman Michael McCurry said he had no confirmation that the material confiscated at Munich International Airport on Wednesday was "weapons-capable," but said the "reports themselves are very troubling."

"We think that close cooperation between Germany and Russia is warranted," he said, noting that the United States recently set up an office in Moscow to help monitor the trafficking of weapons-quality nuclear material.

Bavarian authorities said on Monday they had seized 300 to 350 grammes of 87 per cent pure plutonium-239, as well as some 200 grammes of uranium-235 and that a Colombian and two Spaniards, had been arrested at the airport.

McCurry said US officials did not know whether the amounts in the seizure — the third announced by Germany this summer — were samples for prospective customers or quantities being collected for a bomb, which takes about 10 kilograms (22 pounds) of plutonium.



Amanullah Miah, Chairman, Excom, presided over the 14th meeting of the executive committee of AL Baraka Bank Bangladesh Ltd. in the board room of bank's head office in the city on Monday. Also seen in the picture are: Kazi Golam Rahman, Mohd. Abdul Khaleque, FM Rafiqul Islam, Md. Ashraf Ali, Humayun Kabir, Aminul Islam Khan, A H M Kamaluddin, Dr. SA Shakoor, Muhammad Rezaul Karim, and Mohd. Monwar.

Arab oil earnings decline

ABU DHABI, Aug 16: Arab oil earnings dropped by more than five billion dollars in 1993 due to weak crude prices although Kuwait's oil output was sharply higher, an official report said yesterday, according to AFP.

The earnings stood at around 92 billion dollars compared with 97.7 billion dollars in 1992, said the report by the Organisation of Arab Petroleum Exporting Countries (OAPEC).

The report, carried by the official emirates news agency WAM, gave no breakdown but

experts said nearly half the revenues were earned by Saudi Arabia, which produced an average 8,095 million barrels per day (BPD) in 1993.

Total Arab crude output stood at nearly 17.5 million BPD, more than a quarter of the world's oil supplies.

The Kuwaiti-based OAPEC said most Arab countries lost revenue due to the fall in oil prices in 1993 to around 16.33 dollars from 18.44 dollars in 1992.

Kuwait's earnings, however, jumped by around 53 per cent

because of a surge in crude production to an average 1.88 million BPD in 1993 compared with 918,000 BPD in 1992.

The rise followed a gradual rehabilitation of the emirate's oil sector which was crippled by the Iraqi invasion.

Kuwait now produces two million BPD under an OPEC accord and it has indicated it would seek a higher quota as it presses ahead with plans to boost output capacity, including in the neutral zone it shares with Saudi Arabia.

Jute Minister calls for developing new method of jute retting

Jute Minister ASM Hannan Shah yesterday urged the agricultural scientists to develop the techniques of jute retting and extraction for quality fibre, lowering cost of production and promoting the environment, reports BSS.

He made this call at the final co-ordination meeting for the IJO-FAO project on 'Improved retting and extraction of jute at Bangladesh Jute Research Institute here.

Chaired by Jute Secretary Mohammad Abu Hena, the meeting was also addressed by Executive Director of International Jute Organisation (IJO) KM Rabbani, Agriculture Secretary M Akhtar Ali, chief technical advisor of the IJO-FAO project Dr Anwar Alam, FAO representatives Naoto Yoshikawa and Narong Chonchawal and regional project coordinator of the project Dr M Ziaul Haque spoke on the occasion.

The minister said the main plank on which jute is being marketed worldwide is its being cheap natural fibre, bio degradable and thus environment friendly. "So all efforts should be made to remove all the associated environmental irritants," he said.

Hannan said jute sticks are major by-products of retting (soaking in water) and extrac-

tion of jute. He said for each tonne of fibre two to three tonnes of sticks are produced which are "quality soft-wood with varied application potentials."

Hannan stressed the need for the optimum use of these

by-products through evolving new systems for the financial benefit particularly of the rural people.

The minister appreciated that the jute producing countries have come together under the auspices of

International Jute Organisation and Food and Agriculture Organisation for technical co-operation for mutual benefit.

K M Rabbani said evaluation report of the project would be published next month with the recommendations for new technologies for jute retting and extraction for the consideration of the jute producing countries.

He said the long-term objective of the project is to assist the project participating six countries—Bangladesh, China, India, Indonesia, Nepal and Thailand to improve fibre quality and to establish a basis for future economic and technical cooperation between these countries.

Abu Hana said as jute is facing increasing challenges in export markets, the jute producers need cheap but quality fibres for which the project is of high importance.

He noted with satisfaction that the project has also come up with solutions that eliminate water pollution associated with jute retting and extraction.

Dr Anwar Alam said the three-year project is working on TCDC pattern of operation with 8.95 lakh US dollar budget and it is expected to be completed by December next.

MMM chief charged with tax evasion

MOSCOW, Aug 16: The man at the center of Russia's biggest investment scandal was formally charged Monday with tax evasion, a spokesman for the tax police said, reports AP.

Sergei Mavrodi, whose MMM investment company attracted millions of investors with promises of huge profits, could face a five year prison term on the tax charges, plus two years for impeding an investigation, said tax police spokesman Nikolai Medvedev.

Mavrodi has been in custody since a police raid on his Moscow apartment August 5. Officials say Mavrodi has refused to cooperate with investigators while in jail and say he destroyed documents just before he was taken into custody.

The Tax Police say Invest Consulting, one of about 40 companies that Mavrodi controls, owes 49 billion

roubles (25 million dollars) in taxes and fines for the first quarter of 1994. Mavrodi's lawyers say he is innocent.

MMM was widely considered a pyramid scheme with no real investment strategy. Some early investors made huge profits, as money from subsequent investors was used to pay high returns. But the price of MMM stock collapsed after government warnings about the fund's instability in late July.

About 500 MMM shareholders demonstrated Monday in Moscow in support of Mavrodi, calling for the government to resign, the Interfax news agency reported.

The demonstrators shouted "Free Mavrodi!" and "We don't believe the government, we believe Mavrodi," as they began a petition calling for a nation wide referendum in his support.