



HYUNDAI

CARS THAT MAKE SENSE

Saudi Prince formally opens Faysal Bank today

The first branch of world's largest Islamic bank Faysal Islamic Bank of Bahrain EC will be formally inaugurated here today, reports UNB.

Chairman of the Board of Director Prince Mohammad Al Faysal Al Saud is expected to inaugurate branch, said a press release.

The Prince, together with the bank's Vice Chairman and an entourage of senior officials of the bank and its Geneva based parent company Dar Al-Maal Al-Islami, arrived yesterday on a three-day visit.

But the bank's first branch located at an exclusively designated premises on Rajuk Avenue here started full-fledged operation on November 15, last year.

The branch has been established in Bangladesh in response to the personal interest shown by Prime Minister Sheikh Hasina during her visit to Saudi Arabia to perform Umrah some time back.

During their stay the Prince and the members of the delegation will call on President Justice Shahabuddin Ahmed and Prime Minister Sheikh Hasina.

They will attend a dinner to be hosted in their honour by Finance Minister Shah AMS Kibria and a breakfast meeting to be hosted by Foreign Minister Abdus Samad Azad, the press release added.

Dutch logistics giant enters Bangladesh

Star Business Report

Dutch logistics giant Hudig Group of Companies and Meah Group of Chittagong have set up a joint venture company, Hudig & Meah (Bangladesh) Ltd.

It was announced in the city on Monday, according to a press release.

Speaking on the occasion, the Managing Director of the joint venture company MA Rahim said, "The formation of Hudig & Meah (Bangladesh) Ltd brings to Bangladesh the company's renowned international expertise."

Joint Managing Director John Brough said, "It is not merely another forwarding company but a company that can act in the best interests of importers and shippers in Bangladesh, by accepting the payment of freight in local currency."

The buying power of the Hudig Group will result in fairer ocean freight rates for exporters and importers in Bangladesh, he added.

Elaborating the business plan for Hudig & Meah (Bangladesh) Ltd, the joint Managing Directors informed that the company would be active in road, rail, river, sea and air transportation as well as make available the company's expertise in chartering, vessel and liner agency, and cargo superintendence services.

There are also plans for introducing Hudig's modern IT system, which will enable clients of the company to track their cargo from their own desks.

The company's immediate plan includes upgradation of present facilities in Chittagong and the establishment of a container freight station which will embrace the very latest technology used in European warehousing facilities, and a container yard for the storage, maintenance and repair of containers.

BCI chief congratulates Kibria

President of Bangladesh Chamber of Industries, Sharif M Afzal Hossain in a statement on Tuesday congratulated Finance Minister Shah AMS Kibria for taking measures to decrease the duty on onion import, reports BSS.

He condemned the 'vested quarter' for its bid to undermine the image of the government by creating artificial salt crisis despite sufficient stock and supply of salt.

Calling for bringing the prices of the daily essentials within the reach of the people's purchasing capacity, the chamber leader said that the government must keep keen vigil on the market of essentials and take prompt action accordingly.

The decrease in duty on onion import from 30 per cent to 7.5 per cent would benefit the commoners, he hoped.

Dwelling on the situation, Sharif said that inadequate quantity of onion was produced this year due to inclement weather, on the other hand, a vested quarter taking advantage of the situation created artificial crisis with ulterior motive.

Turning to the salt crisis, the BCI president said that there was a stock of over 6,50,000 tonnes of salt in the country. The weather was favourable for salt production and the target of production would be supposedly fulfilled.

Banks seeking to operate in stock market allege Policy changes put spoke in spanner

By M Shamsur Rahman

Frequent policy changes and bureaucratic red tape stand in the way of financial institutions seeking to operate in the stock market when their participation is seen crucial in salvaging the ailing market, bankers allege.

Several banks -- both local private and foreign -- complain the process of getting approval is long and cumbersome, which they say run contrary to government attempts to lure them into the cash-hungry market.

When the Dhaka Bank applied for a merchant banker's licence in October 1995, the regulators told the bank that any permission for portfolio and mutual fund management would follow formulation of laws which would govern the business. The bank, in capital market since August 1995, then started underwriting and issue management.

In April 1996, the Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Regulations 1996 was finalised. In May 1997, the SEC issued letters of intent to five applicants, including Dhaka Bank.

The letter of intent clearly stated: "There shall be a separate unit with separate person-

nel and designated area for the purpose of merchant banking operation." It also said that a separate fund of two crore taka must be made available.

On June 10, 1997, the Dhaka Bank deposited the fee along with a compliance report to the SEC.

Later, the SEC issued another letter in which it said: "In case of a bank, an establishment of a subsidiary company having separate legal entity is required for merchant bank operation." The SEC also said the bank would have to "submit a fresh application and the earlier letter of intent may be considered withdrawn."

The whole process thus becomes lengthy and discouraging.

Because banks, seeking to establish a subsidiary company, need clearance from the Bangladesh Bank and the Section 26 of Banking Companies Act speaks of prior permission of the government before the central bank can allow any bank to open a subsidiary company.

A bank has to apply to the Bangladesh Bank, which will send the application to the ministry of finance. The next

stop is the Cabinet sub-committee which may seek opinion of the Law Ministry before it goes to the Prime Minister's Office.

"Who knows how many years it will take before we finally get approval as a merchant bank," says Kazi Fariduddin Ahmed, Senior Vice President of the Dhaka Bank.

"We have already hired a 1300-square-foot space, opened a separate investment division and invested almost Tk 25 lakh for decoration and installing computers and softwares," he said.

There are other changes which have not been supportive to the market.

The institutional investors once enjoyed quota in Initial Public Offerings (IPOs), but now it has been withdrawn, says one banker.

Any big institution wanting to buy shares in the primary market will have to go through lottery and the money will be stuck for at least 40 days.

"Since institutions apply for bulk share and do not want their money to remain idle for such a long period, the institutional participation in IPOs are declining," says another banker.

Turbulence in SEA money market

Kibria gives cautionary signal to leasing, finance firms

Finance Minister Shah AMS Kibria yesterday sent a cautionary signal to the private leasing and finance companies, saying these companies would be the first victims of any turbulence in the regional money or capital markets, reports BSS.

Kibria was addressing the opening session of the 17th general assembly and leasing seminar organised by Bangladesh Leasing and Finance Companies Association (Bangla Lease) at Sonargaon Hotel here.

The minister said the seminar and institutional meeting of Asian Leasing Association in some South East Asian countries, particularly Indonesia, Thailand, South Korea and Malaysia, are going through a period of turmoil.

President of Asian Leasing Association M Aminul Islam, Deputy Governor of Bangladesh Bank Ataul Haq, Secretary General of Asian Leasing Association Albertus Banunack and Vice Chairman of Bangladesh Leasing and Finance Companies Association M Mobassar Husain, among others, addressed the inaugural session.

The Finance Minister said fortunately Dhaka (Bangladesh economy) has been "so far unaffected by the shock-wave in the Asian markets."

Speaking about the role of leasing companies, Kibria said the leasing companies emerged as an alternative investment option in emerging economies and registered an impressive growth in the last one decade in Latin America, Middle-East

(West Asia), Africa and Asia. He said new leasing solutions are coming up to inject more capital and for ensuring entrepreneurs access to technology and equipment.

Referring to government policies, the Finance Minister said, "the liberalisation of the financial and capital market coupled with the creation of enabling environment for investment and production of goods and services is an integral part of the policy framework of Prime Minister Sheikh Hasina's government."

President of Asian Lease Association M Aminul Islam pointing to the turbulence in the Asian markets, said: "Financial systems across the globe along with the Asian countries are now caught in a whirlwind that produces both

an upward spiral and downward crash."

Urging the need for counteraction, he said to strike an equilibrium between the two extremes and yet not to miss out in the high road to growth, the imperative is to put our heads together and negotiate the path for both foreseen and unforeseen upheavals. It requires speed against speed that does not throw you off-balance, he said.

He said the leasing industry needs an enlightened and practical regulatory framework conducive to the development of leasing, including clearly-defined contact and property laws, progressive tax laws, laws on investment and business incentives with fiscal and accounting regulations for leasing.



Finance Minister Shah A M S Kibria speaking at the 17th General Assembly and Leasing Seminar of the Asian Leasing Association at Sonargaon Hotel yesterday.

New DG of BIBM

Dr Muinul Islam took over as Director General of Bangladesh Institute of Bank Management (BIBM) on March 1, says a press release.

Prior to his new assignment he was a Professor of Economics in the University of Chittagong.

He is also a columnist on economic issues.

EBL Board members meet Ctg clients

Nurul Hussain, Chairman and the members of the Board of Directors of Eastern Bank Ltd met the bank's clients in Chittagong recently, says a press release.

The Board members are Gazul Haque, Mir Nasir Hossain, A M Shaikat, Ali and Md Showkat Ali Chowdhury. Managing Director M Khairul Alam was also present.

They also visited the branches of the bank and addressed the officers. The chairman and directors stressed the need for all-out cooperation to the clients towards the growth, progress and development of the bank.

Exchange Rates

Following is Wednesday's forex trading statement by Standard Chartered Bank, Dhaka.

Central Bank USD/BDT Rate: Buying-BDT46.15/Selling-BDT 46.45

Selling		Buying	
TT/OD	BC	Currency	TT Clean
46.5100	46.5500	USD	46.1100
77.2066	77.2730	GBP	75.6204
25.8389	25.8611	DFM	25.3352
0.3736	0.3739	JPY	0.3645
31.9218	31.9492	CHF	31.2187
22.9113	22.9310	NLG	22.4927
28.7099	28.7346	SGD	28.1159
7.6876	7.6942	FRF	7.5714
32.9624	32.9908	CAD	32.2222
5.8577	5.8627	SEK	5.6856
31.9524	31.9799	AUD	30.7554
12.6558	12.6667	MYR	11.8383
6.0137	6.0189	HKD	5.9466
12.4692	12.4799	SAR	12.1984

US Dollar		Libor				
Buying	Selling	1 Month	3 Months	6 Months	12 Months	
Cash	46.05	46.80	USD 5.68750	5.68750	5.71875	5.81250
Notes						
TC	45.90	46.50	GBP 7.50391	7.56250	7.56641	7.56641

Exchange Rates of Some Asian Currencies Against US Dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
39.40/39.70	44.06	42.85/44.05	3.700/3.800	9250/9450	1689/1972

Market Commentary
Trading was hectic in the local foreign exchange and money market on Wednesday.

Faysal Bank to focus on manufacturing, industry

By Almas Zakiuddin



Nabil Nassief

Job creation is a major aim of the Faysal Islamic Bank of Bahrain, E.C. says Nabil A. Nassief, President and CEO of Faysal Islamic Bank of Bahrain E.C.

Speaking on the eve of the formal inauguration of the bank's first branch in Bangladesh, Nassief said the Faysal Islamic Bank of Bahrain E.C. has entered Bangladesh with a focused strategy to participate in the domestic manufacturing and industrial sectors, and in particular to support the growth of employment opportunities.

"Our main objective is to participate in the development of this country by creating real assets which will provide employment for the people," Nassief explained.

Faysal Islamic Bank of Bahrain E.C. has already financed two manufacturing projects in the textile and pharmaceutical sectors, respectively, he stated, and the Bank's strategy in Bangladesh will continue to be formulated on the basis of these objectives.

According to Nassief, the Bank's presence in Bangladesh highlights the essence of the Bank's mandate and that is to introduce the concept of Islamic Banking and to serve the countries of the Islamic world.

The Chairman of the Board of Directors, Prince Mohamed Al Faysal Al Saud, who has pioneered the concept of Islamic Banking, and founded Faysal Islamic Bank of Bahrain, is deeply committed to this mission, Nassief said.

The Prince, who is the eldest son of the late King Faisal, is the Chairman and founder of Dar Al-Maal Al-Islami, a Geneva-based holding company which owns and operates an international network of Islamic banks, investment companies, Islamic business and finance companies.

"His Royal Highness has a soft spot for Bangladesh and other Muslim countries like In-

donesia, Egypt, Turkey and Pakistan," Nassief stated.

Recalling that the Bank's presence in Bangladesh was kindled some two years ago, during the visit of Prime Minister Sheikh Hasina to perform Umrah, Nassief commented that he had been extremely gratified by the goodwill shown to the Bank from the Prime Minister, the Government and the people in Bangladesh with whom the Bank had been dealing.

"It has been the explicit wish and aim of His Royal Highness that we establish our branch here," Nassief said. He remarked that Bangladesh holds a special place in their minds and hearts because it is a Muslim country. Furthermore, it has shown great potential for the future as well.

"This country has tremendous potential and as an emerging economy of 120 million people, there is a great deal to offer investors," he said, adding that the Bangladesh govern-

ment's policy to open up the economy has played an important part in encouraging confidence among potential investors.

There is confidence that with a bold policy of economic reform being implemented in the near future in Bangladesh, this country would be well equipped to enter the global economy and take its place in the international banking world.

Though tough and harsh, Nassief stated that financial reform was necessary and would be ultimately beneficial to Bangladesh.

As for the Bank's own role in the global economy, Nassief acknowledged that in order to grow in strength, Islamic Banking concepts and practices needed increasing legislative support from and within different countries.

Due to the unique principle of profit and loss sharing upon which Islamic Banking is based, Islamic banks do not participate in interest-bearing transactions or activity and hence often operate at some disadvantage within existing conventional banking systems. Consequently, there are arguments to support a more dynamic thrust towards legislative changes which would enable Islamic banking to operate on a competitive basis with conventional institutions.

Nassief pointed out that while there is tremendous room for growth, Islamic Banking has advanced in stature over the years.

"Islamic Banking is no longer an experiment, but a reality with a unique system of financial benefits to offer its clients," he stressed.

Giving examples from countries like Malaysia, Yemen, Pakistan and Bahrain where more and more changes are taking place in recognition of the advantages of Islamic banking, Nassief said that the value attached to the concept of Islamic

Banking had come about because it was seen how this system creates real assets and real value under a just and equitable financial system.

"The essence of Islamic banking is, after all, very simple. You manage people's money, but you do so based on participation or the profit and loss sharing concept. This has a similarity to investment banking - it is basically an asset-based type of banking," he explained.

A major advantage of Islamic Banking, he further explained, was that it has consistently brought higher returns to investors. Naturally, in order to obtain such a result the Bank has to operate on sound policies, extremely stringent financial monitoring, and high levels of expertise, he added.

In Bangladesh, for instance, the Bank has worked in a focused manner over the last two years to study the market, plan its strategy and then establish its presence and make its mark as a responsible, consistent, dynamic and reliable partner.

Beginning with a thorough study which was undertaken by senior executives, the Bank has followed through with sustained marketing and research.

An important asset for Faysal Islamic Bank of Bahrain is the experience it has gained in developing countries like Pakistan. Starting some 10 years ago with one branch in Pakistan, the Bank now has 11 branches and since 1994, it has gone public as a local bank. In Bangladesh, the Bank is looking ahead with quiet optimism.

"We aim to obtain the same, if not better, achievements in Bangladesh, inshallah," Nassief said.

"This is our first branch, and we plan inshallah to expand and make our presence in Bangladesh worthwhile and actively linked to the growth and development of this country, its economy and the well being of the people," he stated.

Hardboard price hike protested

Star Business Report

Bangladesh Hardboard Dealers' Association has expressed strong protests against an eight per cent increase in price of hardboard produced at Khulna Hardboard Mills Ltd.

Bangladesh Chemical Industries Corporation increased the price of hardboard by eight per cent on March 1 this year, according to a press statement of the organisation.

The price was also increased by 10 per cent on August 18 last year.

This price hike will encourage the import of the item and the mill will be losing its market, the association said.

Tea prices down at Ctg auction

CHITTAGONG, Mar 4: Tea prices were further down compared to the previous sale as the offer was mostly poor and off-season type at the weekly tea sale held here yesterday, market sources said, reports BSS.

The prices were down as there was a limited demand from Russia, Poland, Pakistan and Afghanistan, the sources added.

The few clean bold and large brokens eased only slightly but all others were a lower market declining up to Tk 15 to Tk 20 per kg. The few clean medium and small brokens were mostly lower up to Tk 10 but all others were easier by Tk 15 to 20 per kg.

A handful of reasonably clean fannings were easier up to Tk 10 about all others registered a drop of Tk 15 to Tk 20.

In all, 16,605 chests, 4,821 gunny sacks (885 chests, 437 gunny sacks of season 1998) were on offer in the sale.

FedEx launches new box service

Federal Express (FedEx), the world's largest express transportation company, recently launched two new box products with flat rates for express users in Bangladesh.

The FedEx 10kg box and FedEx 25kg Box will be introduced through Bangladesh Express Co Ltd (Banex), licensee of Federal Express Corporation, says a press release.

The development of the box is based on FedEx's own customer research which mentioned "ease of use," "value for money" and "quality" as the main elements to optimise customer satisfaction.

The FedEx 10kg and FedEx 25kg boxes have been designed keeping this in mind. They are made of double corrugated, thick cardboard, which is water resistant, and finished in a tough lamination to protect the contents to ensure they look good on arrival.

Quasem elected Chairman BIMST-EC Business Forum formed

Star Business Report

The members of the business community assembled in Bangkok at the Expert Group meeting on BIMST-EC formed a working group, BIMST-EC Business Forum, and elected A S M Quasem from Bangladesh its first Chairman, says a press release.

Quasem is the immediate past president of Dhaka Chamber of Commerce Industry.

The Group met on Tuesday during the Expert Group meeting on BIMST-EC: Promoting Government-Private Sector Partnership, which was held on March 2-3, under the auspices of ESCAP.

About eighty businessmen from Bangladesh, India, Myanmar, Sri Lanka and Thailand representing various trade organisations and private business houses of the respective countries participated in this Expert Group meeting.

The Business Forum will meet at least once in six months to identify inhibiting factors in

the process of fostering business cooperation among the BIMST-EC member countries and recommend corrective measures to increase intra-regional trade within the BIMST-EC member nations.

One designated trade organisation in each country was selected as a nodal point for co-ordinating of the activities of the BIMST-EC Business Forum. The Dhaka Chamber of Commerce and Industry was selected as the nodal point for Bangladesh for the above purpose.

The nodal points will also form National Committees with representatives drawn from the identified priority sectors to deliberate on sectoral issues in the context of business development within the member countries.

Bangladesh will host the first meeting of the BIMST-EC Economic Forum sometimes in the second half of the current year.

Vietnam suspends cow imports from nine countries

HANOI, Mar 4: The Ministry of Agriculture is suspending imports of cows and other ruminant animals from nine countries out of concerns over mad-cow disease, a newspaper reported Wednesday, reports AP.

The Lao Dong (Labour) newspaper said the ban, which affects animals and products processed from them, will take effect Friday. The countries involved are Britain, France, Ireland, Portugal, Switzerland, the Netherlands, Belgium, Luxembourg and Germany.

In January, the ministry suspended imports of chickens and eggs from China, Italy and Australia because of worries over bird flu.

Hide prices fall in northern dists

From Our Correspondent

NATORE, Mar 4: The price of hides in the northern region including Natore district has fallen drastically, traders said.

According to sources, the price of a cow hide varied between Tk 1,800 and Tk 2,200 during this period last year but it is now being sold for Tk 800 to Tk 1,000.

However, the price of goat-skin remains unchanged and it is selling for Tk 150 to Tk 200 now.

Traders attributed the price fall to their financial inability to buy the item and smuggling of Indian hides into Bangladesh.

Poor recovery of money from tannery owners, want of adequate working capital and smuggling of hides across the border are some of the reasons for the dull trade in the region, traders said.

Some of the hoarders (arotdars) and wholesalers at Natore hide market told The Daily Star that the trade had become very risky and uncertain now-a-days due to non-payment of crores of taka from various tannery owners in the capital.

There are about 200 hide traders and wholesalers in Natore. Being unable to realise their money from the tannery owners, they can not make payment to the local traders and suppliers. As a result, the flow of hides supply to the wholesalers by the small traders has fallen, sources said.

Kashem Ali Pramanik, a member of Natore Hide Traders' Samity, said, "All the traders of this region are facing economic hardships due to non-payment of money against the goods sold on credit to the middlemen and tannery owners in Dhaka."

He said that like many other hide traders here he had a huge ready stock of hides since last July. They are now selling their goods below purchasing price.



The French Ambassador, Renee Veyret, along with the Trade Commissioner, Bertrand Desruelles, called on the President of Metropolitan Chamber of Commerce and Industry, Dhaka, Laila Rahman Kabir, and the Secretary-General, C K Hyder, in the city on Wednesday.



The annual branch managers' conference of Peoples Insurance Company Limited was held in the city recently. M A Mannan, Chairman of the Board of Directors of the company, presided over the conference.