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## IMF welcomes banking reform measures in Indonesia

WASHINGTON, Aug 22: The International Monetary Fund called Indonesian banking reform measures announced Friday by officials in Jakarta "a significant step in the right direction," says AP.

The government clearly recognises that Indonesia cannot achieve meaningful economic recovery without undertaking sweeping reforms in the banking sector, an IMF spokesman said.

"Today's measures are a significant step in the right direction," he said. "They address critical issues, and the IMF and the World Bank will continue to work closely with the authorities in strengthening the banking system."

In a long-awaited move, the Indonesian government announced it would take major steps to clean up the country's ailing banking system.

These include closing PT Bank Dagang Nasional Indonesia, a large private bank, PT Modern Bank and PT Bank Umum Nasional. Their deposits will be transferred to state banks and are fully guaranteed by the government, the government said.

The government will also merge four state-owned banks and the corporate business of Bank Rakyat Indonesia, according to the plan.

# Kibria, Saifur denounce poor state of auditing, call for reforms

Star Business Report

The finance minister and his predecessor joined hands yesterday to decry the state of auditing and accounting standards in Bangladesh, calling for drastic changes.

They said the chartered accountants must adopt modern practices of accounting to match world standards.

"I feel horrified by the standards of our audit reports," said a former finance minister Saifur Rahman. "Unless you go with the most modern practice of accountancy foreigners will not come."

Saifur Rahman presented the key-note paper at the inaugural session of the two-day

conference of 13th South Asian Federation of Accountants (SAFA) being held in the city.

Calling chartered accountants and lawyers two most important groups of professionals who had learnt mostly from the colonial British, he said: "It's high time to improve these two institutions," he said. "These are the two basic foundations of free market economy."

"Most of the people of this region suffers from malnutrition and are poor. There are more hungry people in SAFA countries than before and the first challenge of the 21 century should therefore be war against

poverty and the second one should be to complete the reform agenda," Saifur Rahman said.

Finance Minister Shah AMS Kibria also spoke in the same vein. "Upgradation of the standards are vital to face globalisation and meet challenges of the next century."

Kibria criticised the auditing practices in Bangladesh saying reports audited by CA firms were "considered final" by both the stock market regulator and the revenue authority.

"But I see no ground for automatic acceptance. There has to be accountability and a check

and balance of the reports," Kibria said.

Kibria also agreed with his predecessor that upgrading the standards of accounting to international level would be vital to facing globalisation and overcoming poverty.

Tofail Ahmed, the minister for commerce and industries, said the year 1999 should be the year for preparation for the 21st century.

"The society now demands more from the chartered accountants and the accountants will have to meet the requirements of the society by giving better financial reports,"

## UN, Iraq discuss cuts in oil-for-food aid

UNITED NATIONS, Aug 22: The United Nations and Iraq have begun discussing cuts in Baghdad's plan to distribute food and medicine to needy Iraqis because revenues from oil sales are coming up less than expected, UN officials said Friday, says AP.

Next week, Secretary-General Kofi Annan is expected to deliver his mid-term update on the so-called oil-for-food programme, which allows Iraq to circumvent UN sanctions and sell its oil to buy humanitarian goods for its 22 million people.

The report notes that oil-for-food revenues over the last three months will fall short of expectations and that Baghdad must begin work on prioritising aid requests, said a UN source familiar with the data of the report.

The United Nations had expected the shortfall because of current low oil prices and known production limits of Iraq's oil infrastructure.

In a letter to the UN chief made public Friday, Iraqi Foreign Minister Saïd al-Sahaf blamed the United States and Britain for the shortfall in revenues, saying the two countries were delaying approval of contracts.

The delays will force Iraq to reduce the quantities of exports already agreed to in some oil contracts, al-Sahaf wrote. "It will also have an adverse impact on the quantities of humanitarian goods and supplies for which contracts have already been concluded," he said.

UN officials are establishing its priorities in the three northern governorates of Iraq where the central government's control is limited.

"There have been discussions on it," said the UN official. "There is certainly an awareness on the Iraqi side of a need to priorities."

While it's up to Baghdad to decide where and how deeply to cut the aid plan, diplomats said they will favour keeping food, medical supplies, and spare parts for Iraq's oil sector. The council recently authorized the delivery of \$300 million in spare pipeline parts to help Iraq repair its oil infrastructure and boost oil revenues.

The oil-for-food programme was established in 1996 to help provide for Iraqis suffering under UN sanctions imposed after Baghdad invaded Kuwait in 1990.

Concerned that Iraqis were still suffering despite the programme, the Security Council in February raised the maximum amount of oil Iraq can sell over six months from two billion to 5.2 billion dollars.

Nevertheless, Iraq is on course to raise only \$3 billion through oil sales in the six months beginning May 30, al-Sahaf wrote. Since 34 cents of every oil-for-food dollar go for Gulf War reparations and administrative costs, only two billion dollars is expected to be available for humanitarian aid.

Baghdad has characterised oil-for-food as a tool to justify what it considers unjust sanctions imposed in 1990 after Saddam Hussein's invasion of Kuwait.

## Chinese police break major fraud case

BEIJING, Aug 22: After an 18-month investigation, Chinese police have recovered half of the 347 million yuan (\$42 million) lost in one of China's biggest bank fraud cases, the Xinhua News Agency reported Saturday, reports AP.

Investigators trekked over half of China and travelled to the United States, tracking the money and the culprits, the news agency said.

Most of the money came from accounts in the Bank of China's branch in central Henan province's Xingyang city. Xinhua said assistant bank manager Chen Jianmin and Ren Changhai, head of the Three Benevolence Enterprise Group, pocketed money in fixed deposit accounts.

Police put Chen under house arrest at the investigation's start on Jan 31, 1997, but Ren fled, Xinhua said. It added that investigators persuaded Ren to return to China from the United States in February. At least three others have been arrested.

The suspects managed to squander an unrecoverable 162 million yuan (\$19.6 million) out of the stolen funds, the news agency said.

Xinhua described the investigation as part of a nationwide effort to end pervasive corruption and clean up the banking system.

## Business Briefs

### MEA, Air France sign deal

BEIRUT: Middle East Airlines (MEA), the Lebanese national carrier, signed an agreement Saturday with Air France to improve the air service between France and Lebanon.

The agreement was signed at Beirut International Airport by MEA Chairman Mohammed al-Hout and Jean-Cyril Spinetta, the chairman of Air France.

A statement said the accord would offer passengers a wide choice of connections between Beirut and Paris. The two airlines would cooperate on information technology, purchasing, catering and flight operations.

The aim is to offer Air France and MEA customers' even better service, while seeking optimum economic conditions, the statement said.

By next year, MEA will have transferred its operations from Orly Sud, its current airport outside Paris, to Charles de Gaulle airport north of the city, the statement said. The two airlines will also coordinate their daily Paris-Beirut flight schedules.

As Lebanon tries to regain its pre-civil war status, the debt-ridden MEA has been seeking new aircraft and routes to add to its fleet.

### KSE-listed cos' profits down 14 pc

KUWAIT: Companies listed on the Kuwait Stock Exchange made 261.44 million dinars (\$854.37 million) in net profits in the first half of the year, down 14 per cent from the corresponding period in 1997, Al-Siyassah daily reported Saturday.

Quoting a study by the Securities House Co, the newspaper said mid-year results of three of the exchange's 75 companies were not included because they were not available.

Profits of the local banking sector were the highest. The Securities House Co. said. The seven banks and one Islamic banking company posted a combined profit of 112.89 million dinars (\$368.92 million), up 8 per cent from the first half of last year.

### Jordan can't absorb over 1.5m workers'

AMMAN: The Jordanian labour market cannot absorb more than 1.5 million foreign workers owing to the high percentage of unemployed Jordanians, a senior official said Saturday.

Saleh Tarawneh of the Ministry of Labour, said statistics show there is high number of foreign workers who are illegally employed.

Jordan is estimated to have an unemployment rate of more than 20 per cent of the labour force. Jordanians are currently employed in jobs, such as sanitation work, that they previously shunned and allowed foreign workers to fill, Tarawneh said.

### Arab-Int'l Hotels Co profits slip

AMMAN: The Arab-International Hotels Company earned a profit of 1.1 million Jordanian dinars (\$1.5 million) during the first six months of the year, the Al Rai newspaper reported Saturday.

The profit margin was 31 per cent lower than that earned over the same period last year, the daily said.

The company owns the second largest hotel in the Jordanian capital, the five-star Marriott, and its total assets amount to an estimated 40 million dinars (\$56.3 million).

The hotel business has suffered decline in takings this year due to a fall in tourism. The drop is blamed on the political uncertainty in the Middle East.

### Netscape fixes Internet bug

MOUNTAIN VIEW (California): Netscape Communications Corp on Thursday released a new version of its World Wide Web browser that fixes a widely publicised e-mail bug capable of crashing computers.

The scheduled upgrade to Netscape's Communicator software also adds features that let users type in keywords to search more effectively for information on the Web and to display sites related to the one viewed.

The new Communicator version 4.06 fixes a flaw discovered last month in the previous version that allows malicious programmers to send an e-mail message with a long file name capable of crashing the computer or executing code to implant a virus on the computer. The company said there were no reports of this occurring.

The e-mail bug, which also affected two e-mail programmes from Microsoft, was discovered in July by Finnish researchers. Microsoft released fixes on its Web site within days of the discovery. But Netscape waited until now to fix the flaw.

—AP reports

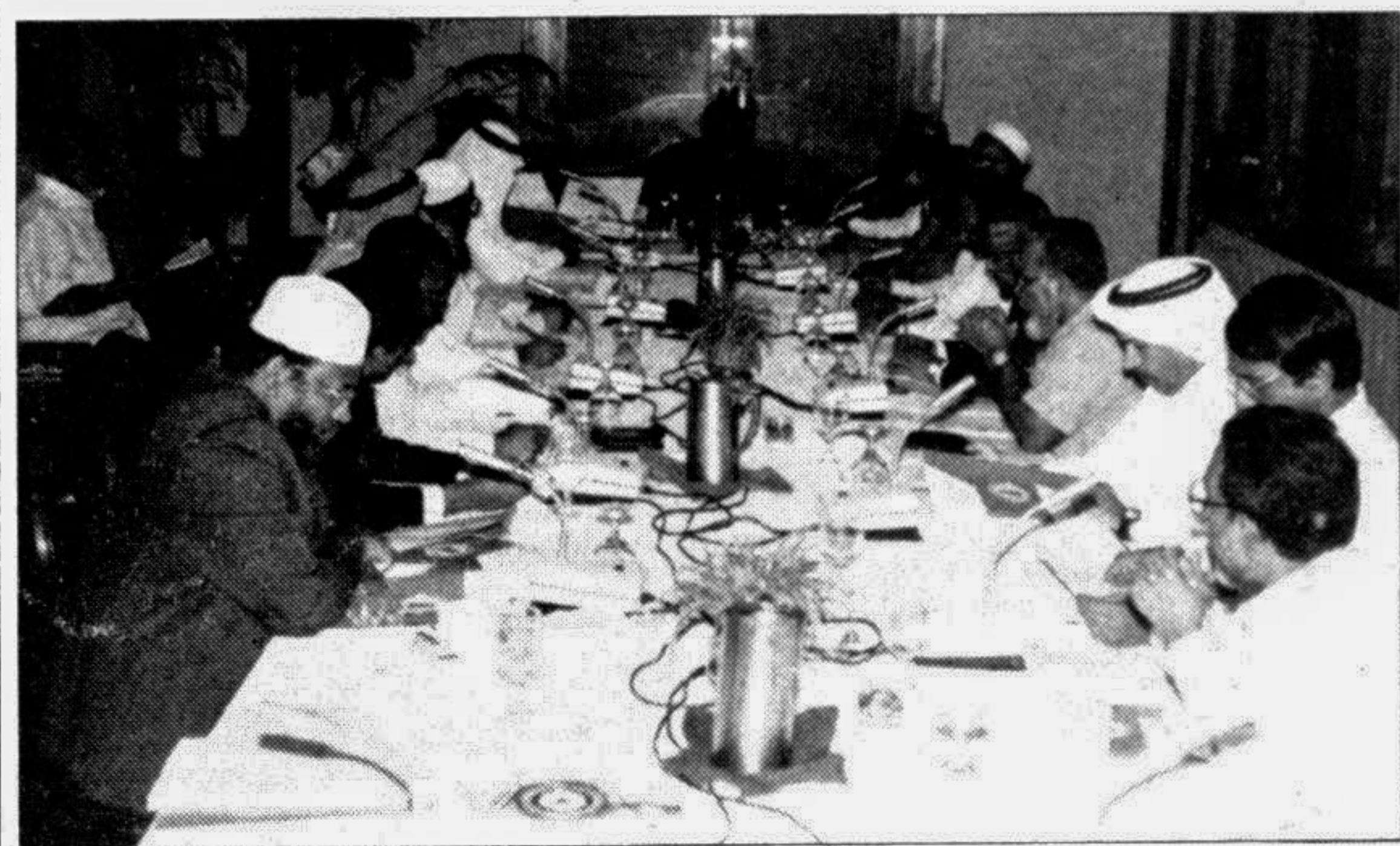
## Ataur Rahman re-elected IBBL Board Chairman

Star Business Report  
Commodore Mohammad Ataur Rahman (ret'd) has been re-elected Chairman of the Board of Directors of Islami Bank Bangladesh Limited (IBBL), says a press release issued yesterday.

Mohammad Younus and Yousif Abdullah Al-Rajhi, representative of Al-Rajhi Company for Industry and Trade, Saudi Arabia, have also been re-elected vice chairmen of the bank. Meanwhile, the executive committee of the bank was re-constituted with Mohammad Younus as its Chairman.

The election was held at the meeting of the Board of Directors of the bank. Presided over by Mohammad Ataur Rahman, the meeting was attended by foreign and local IBBL directors.

Earlier in the 15th Annual General Meeting of the bank, Mohammad Mosharraf Hossain - MP, Prof. Mohammad Abdullah, MP, Engr. Mohammad Eskander Ali Khan, Sheikh Abdul Wahab A-Houti, representative, Kuwait Awqaf Public Foundation, Bader Abdul Mohsin Al-Mukhalazem, representative, Kuwait Finance House, Prof. Md Fazole Azim, Ziaul Haque Khandker, representative, ICB, were re-elected and Shah Abdul Hannan, ex-secretary and Chairman of the National Board of Revenue was elected directors of the bank.



A meeting of the Board of Directors of Islami Bank Bangladesh Limited was held on Thursday with Commodore (ret'd) Mohammad Ataur Rahman, Chairman of the bank, in the chair. —IBBL photo

## Call for Kiriyenko's dismissal rejected Russian central bank runs short of funds to fix rouble

MOSCOW, Aug 22: Russia's central bank no longer has the reserves to fix the rouble rate and will hence let the market dictate the currency's exchange level, deputy chairman Denis Kiselyov told Moscow Echo radio, reports AFP.

"The central bank has no more funds and possibilities to fix the rouble rate," Kiselyov told the radio station. "The interbank market determines the rate in line with market supply and demand, and as a result we fix it as the official rate."

He said that the new widened corridor of 6.0-9.5 to the dollar set by the bank earlier this week was given out as a general guideline to industry for revising their budgets.

"From a long-term macro-economic position, we had to say that the rouble will most likely hold within these limits," Kiselyov said.

Monday to effectively devalue the rouble, which has triggered fears of a rouble rout and economic meltdown.

Stroyev, an experienced centrist who has often supported the government in times of crisis, said Kiriyenko should not shoulder all the blame for the current emergency, the agency quoted him as saying.

"The difficulties and mistakes we are now suffering from are the result of long irresponsible work by the previous government and errors regarding the GKO (treasury bill) market," she said.

His comments were a reference to criticism from ex-Premier Viktor Chernomyrdin — dumped by President Boris Yeltsin in March in favour of the youthful Kiriyenko — who Friday slammed the government's handling of the crisis.

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## All SAFA awards go to non-Bangladeshi firms

Star Business Report  
Prime Minister Sheikh Hasina yesterday distributed South Asian Federation of Accountants (SAFA) awards for best corporate reports.

Hutton National Bank of Sri Lanka picked the first prize, the second to Faysal Bank of Pakistan and the third to HDF Corporation Ltd of India for best financial sector reports.

Infosys Technologies Ltd of India got the first prize for non-financial best corporate reports followed by Hayles Ltd of Sri Lanka. Shell Pakistan Ltd of Pakistan won the third prize.

## ICL markets new Motorola GSM phone

Star Business Report  
Integra Communications Ltd (ICL), the authorised distributor for Motorola GSM cellular phones has formally started marketing of Motorola Amio A-108 cellular mobile phone set.

ICL has started its operations in Bangladesh for one year, says a press release.

Introducing the new set to the dealers at a launching ceremony at a city hotel recently the Managing Director of ICL, N S M Faruque, Marketing and Sales Manager, Nafis A. Ahmed, and Operation Executive Sarwar Jamil spoke on the occasion.

Motorola has 60 per cent share in the world's telecommunications sector which started commercial production of cellular phone during the 80s and earned reputation throughout the world because of its quality product.

The officials of the ICL said that they had brought the new brand Motorola Amio A-108 because of its low price and high performance.

The most amazing aspect of this phone is that it has been drop tested from 5 feet height from any angle.

## World oil demand to grow by lowest rates since '93

NICOSIA, Aug 22: World oil demand over this year and next will grow by the lowest rates since 1993. When demand growth came to a temporary halt, the specialist Middle East Economic Survey (MEES) reported yesterday, reports AFP.

World demand will grow by one million barrels per day (BPD) in 1998 and 1.2 million BPD in 1999, MEES quoted London-based Dresdner Kleinwort Benson Research (DKBR) as saying in a recent report.

The report predicted a rebound in demand growth to 1.6 million BPD in the year 2000, but warned that figure is highly dependent on renewed demand in the Asia-Pacific region, according to MEES.

"The DKBR outlook for oil demand in the Asia-Pacific region is the most bearish presented by the firm so far," the specialist newsletter published here reported.

It said the research firm expects total regional demand to fall by over 100,000 BPD in 1998 before recovering by around 180,000 BPD in 1999.

Total Asia-Pacific oil demand in 1998 will reach 19.5 million BPD, while total demand for 1999 will increase to just 19.7 million BPD, according to DKBR.

Japan, which accounts for just short of 30 per cent of total Asia-Pacific oil demand, saw domestic consumption fall by five per cent in the first five months of the year, or around 280,000 BPD, according to the report.

"Since the economy is facing another year of recession DKBR forecasts a three per cent decline in demand for 1998, MEES said.

Thailand saw domestic oil consumption decline by 10.5 per cent between January and April based on official data.



The management of Dhaka Sheraton welcomes the Chairman of Halcrow Group David O Lloyd and Mrs Lloyd to the hotel recently. Picture shows the guests with Jashim Ahmed, Chief Executive of Halcrow's Asia-Pacific region. —Sheraton photo

## DCCI chief on business sector problems

Star Business Report  
We must accept challenges of new world trade regime

The Dhaka Chamber of Commerce and Industry (DCCI) organised an open discussion Thursday on the commercial and industrial problems of the country and measures for solving them, says a press release issued yesterday.

Welcoming the participants in the discussion at DCCI auditorium, Chamber President R Maksud Khan said that the free trade regime, based on high technology and globalisation of the world market, had brought both challenges and opportunities for a country like Bangladesh. Khan opined that unless we accept the challenges of the new world trade regime we will fail to keep pace with competitive world community.

It is the concerted and continued efforts of the business community through which we can enhance our capability and improve our technology to face the competition successfully.

Khan told the members of the business community present at the discussions that in the open market regime, the private sector was the engine of economic development. "So, we have to be more alert, active, inventive and innovative, which will enable the new and younger entrepreneurs to face the challenges with more competence," he added.

Khan said the DCCI has been playing a leading role for the development of the private sector of the country and offering its suggestions and recommen-

## Insurance policyholders' group formed

A new organisation styled Bangladesh Insurance Policyholders' Association (BIPA) was formed on Friday to protect policyholders' interests.

Mahbubur Rob Sadi, a former member of parliament, and Al Masoom, a social worker and businessman, were made convenor and member-secretary respectively of the body.

The meeting, presided over by Seheli Husna Banu, a policyholder of American Life Insurance Company, was addressed among others by Sadi, Masoom, Altaf Hossain Selim, Ratan Mahmud, Abdul Qudus Bhuiyan, Afroz Zahán Jemsin, Sahidul Haque Swapan and Rezaul Karim Tapan.

The objectives of the association, among other things, are to create awareness about insurance business among people and try to protect interest of the policyholders, a press statement said.

## Japanese officials stepping up efforts to save troubled bank

TOKYO, Aug 22: Japanese officials are stepping up efforts to save Long-Term Credit Bank of Japan, readying emergency loans and urging another leading bank to speed up a planned merger with the ailing lender, says AP.

The government is considering using part of a 13 trillion yen (91 billion dollars) fund to help LTCB clean up its bad loans, Japan's leading financial daily, the Nihon Keizai newspaper reported Friday. Japan established the fund earlier this year to stabilize its debt-ridden financial system.

To head off any potential opposition to using a big share of the public money for LTCB, the bank will announce a stringent restructuring plan and top executives will resign as early as September to take responsibility for the bank's troubles, the paper reported, citing LTCB sources.

The bank would also likely close all its overseas operations, the report said.

LTCB declined to comment but media reports said the bank would unveil its plan as early as Friday evening.

Prime Minister Keizo Obuchi took the unusual step of calling the president of Sumitomo Trust and Banking Co. to his residence late Thursday to ask him to move quickly on a planned merger with LTCB.

The Long-Term Credit Bank, among Japan's 19 lenders, has repeatedly denied it has serious financial problems. But rumours that bad loans

threaten to sink the bank had driven its shares down to below their 50 yen par-value.

Analysts have said that whether the rumours were true or not, the bank would have difficulty remaining afloat with investor confidence so low.

How Japan deals with the LTCB problem is seen as a crucial test of its ability to stabilize its shaky banking system and keep troubles there from dragging down the whole economy.

In what has been widely seen as a government-orchestrated rescue, Sumitomo announced in June that it was negotiating to absorb LTCB, but said it was not willing to take over LTCB's bad debt.

Several Japanese newspapers have reported this week that the government has decided to inject 500 billion yen (3.5 billion dollars) to 1 trillion yen (7 billion dollars) of public money into LTCB to dispose of its bad loans and make it a more attractive merger partner for Sumitomo.

Government regulators have determined that despite the bank's troubles, its condition has not deteriorated to the point where its liabilities exceed its assets, a key requirement under Japanese law to qualify for a public bailout.

The Bank of Japan was also preparing to extend special loans to Long-Term Credit Bank as early as next week to help it through any short-term funding problems, a bank of Japan official told Dow Jones newswire Thursday on condition of anonymity.

Unlike conventional banks, LTCB raises money by issuing bonds and has been forced to pay more as investors increasingly view the bonds as a risky investment.

The government's financial system stabilization fund was established to buy shares in a number of leading banks as a way of strengthening their capital bases.

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## Grain procurement falls short of target in K'ganj

KISHOREGANJ, Aug 22: Shortfall in food grain is feared in the district as the target of wheat procurement during the current season could not be achieved, reports UNB.

Officials of the Food Department said only 259 tonnes of wheat could be procured through three centres against a target of 835 tonnes.

The procurement drive was launched on March 15 and continued till the end of July.

Five centres at Kulliarchar, Shararchar, Kotiadi, Karimganj and Tariail failed to procure any wheat during the season, said the officials.

The centre-wise targets were: Sadar 200 tonnes, Kulliarchar 40, Shararchar 85, Pakundia 170, Hossainpur 120, Kotiadi 95, Karimganj 100 and Tariail 25 tonnes.

The Daily Star reply  
The story was based on an on-the-spot investigation by our correspondent. It is also full of quotations of local people to back up the points made. In fact, the allegations have been made mostly by the local people.  
Dam or embankment. It is obvious that the correspondent referred to the embankment being built there.  
Therefore, we stand by our story.