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Telephonic trading allowed SEC announces Rights Issue Rules '98

Securities and Exchange Commission (SEC) has announced Rights Issue Rules - 1998 for regulating the right issues by the public listed companies, reports UNB.

The rules were effective from August 25, which was published in the Bangladesh Gazette. SEC sources said yesterday.

The SEC also issued notification allowing telephonic buying or selling order of securities of the listed companies at the stock exchanges through stock dealers or brokers with effect from August 27.

Dhaka-Ottawa sign MOUs on food, poultry aid

Star Business Report
Bangladesh and Canada signed a Memorandum of Understanding yesterday to provide 46.5 million Canadian dollars (Taka 114 crore 15 lakh) worth of wheat.

The wheat will be given over a period of three years (1998-2001), says a press release.

Through its food assistance, Canada will lend its support to the Vulnerable Group Development (VGD) and Rural Development (RD) programmes implemented across the country, including the Chittagong Hill tracts, the Rural Maintenance Programme (RMP) managed by CARE as well as the National Nutrition Programme of the government of Bangladesh.

The agreement also covers the 2.5 million Canadian dollars (Taka 7 crore 75 lakh) in emergency food aid recently announced in support of flood relief.

Bangladesh and Canadian International Development CIDA also signed another Memorandum of Understanding for the poultry sector development project.

Under this agreement, CIDA will provide 4.85 million Canadian dollars (Taka 15 crore 3 lakh 50 thousand).

The project's main focus will be on improving the quality of prepared poultry feeds, thereby increasing poultry and egg production.

The project's objective will be achieved through the provision of technical assistance for training, extension services, demonstrations, contracted services etc. and the establishment of linkages with the Canadian poultry sector.

RKUB allocates Tk15.75cr loan

BOGRA, Sept 15: Rajshahi Krishi Unnayan Bank (RKUB) has allocated an amount of Taka 15.75 crore for disbursement as agriculture loan this year under its rural poverty alleviation project, an official source said, reports BSS.

JB takes up post-flood action plan

Star Business Report
The Board of Directors of Janata Bank in a meeting held recently reviewed the bank's action plan to support the government in its post-flood agricultural rehabilitation programme and help the flood victims through related programmes, says a JB press statement issued yesterday.

The meeting was presided over by Mohammad Ali, chairman of the Board, while managing director, directors and general managers were present. Threadbare discussions were held to ascertain the bank's role, particularly in rehabilitating the rural economy and adopt suitable instructions for the field officials in this regard.

The board was informed of the steps taken to reschedule the loan of '97-98 and 98-99 for the flood-affected farmers upto Tk 15,000, making them eligible for fresh loans. Credit programmes for other off-farm activities have also been intensified.

The meeting emphasised participation of the entire bank machinery with zeal and specific action plan to implement the field-level rehabilitation programme.

The board came up with the following action plans:
a) Ensure speedy disbursement of projected loan of Tk 250 crores during 1998-99 on crops and other off-farm activities. The allocation may be enhanced up to required amount if necessary.
b) Conduct survey to ascertain the extent of damages.
c) Ensure rehabilitation of shattered cottage industries and agro-based projects.
d) Adopt new product line and expand poverty alleviation programmes for the underprivileged segment of the society.
e) Ascertain dedication of the field-level officials in implementing these programmes, so that their conduct and services reflect the thrust of the government as well as of the bank.

Tofail sees no flood impact on forex reserve

Commerce and Industries Minister Tofail Ahmed said in Dhaka yesterday that there would be no pressure on the country's foreign exchange reserve in the wake of the flood as the development partners had committed additional assistance, reports BSS.

The reserve now stood at 1.82 billion US dollars, he said. Addressing a press briefing in the ministry's conference room the minister said development partners like World Bank had committed to providing financial assistance for import of foodgrains to meet additional food requirements.

The minister said there would be no possibility of starvation after the flood as the country would have enough food to provide for the affected people. He said apart from the government import of 10 lakh tonnes private sector would import 15 to 20 lakh tonnes of rice which would reach the country during the months of October and November.

He said donors including the US, WFP, European Commission and the UK have assured Bangladesh of giving 10 lakh tonnes of foodgrains and the country needed around four million tonnes of additional food.

The minister said the government was sending teams to Vietnam, Pakistan, India, Myanmar and Thailand for state-to-state-level buying of 3.5 tonnes of foodgrains.

The industries minister expressed his firm determination that food aid and other relief materials would reach the flood victims properly as the country's infrastructure, though damaged, was developed then and there was an adequate number of transports.

sector would be overcome by the next fortnight.

Regarding prices of essentials, the commerce minister said the prices of some essentials, particularly rice, shot up mostly because of panic buying. But the prices are now coming down as there is no dearth of supply, the minister said, adding that "I am sure the prices will come down to levels lower than pre-flood period."

The industries minister said the government has taken certain steps to assess damage and rehabilitate the flood affected industries of the country. The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the apex body of business community, would assess the damage caused by the flood in the private sector industries, the minister said adding that step had been taken to help the damaged industries through banks.

The minister said the commercial banks and Bangladesh Bank would assess the damage separately.

FBCCI President Yusuf Abdullah Haroon, Bangladesh Garments Manufacturers and Exporters Association (BGMEA) President Mostafa Golam Qudus and Manzurul Huq of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) also spoke on the occasion.

The FBCCI president said the assistance so far given by the government to the private sector to overcome the current disaster was unprecedented.

He said FBCCI has already taken up steps to assess the extent of damage to industries by the flood.

The FBCCI President said, "There is no reason for the scarcity of essentials under the present circumstances."

The BGMEA president lauded the role of the government for arranging uninterrupted export of garment products at the quickest possible time.

'Govt determined to help flourish IT industry'

State Minister for Planning, Science and Technology Dr Mohiuddin Khan Alamgir yesterday said the government is firm to help flourish the information technology to lead the country in facing the challenges of the new millennium, reports BSS.

Speaking at the product demonstration of Dohatec New Media, a premier software developer and exporters of the country, at Sonargaon Hotel here as the chief guest, Dr Alamgir reaffirmed the government commitment to support any initiative in this regard.

He said the government has already withdrawn all duties and taxes on computer software and hardware and giving more emphasis on computer training. Specific suggestions have been sought to this effect, he said.

The display session was also addressed by Prof Jamilur Reza Chowdhury, a computer expert, as special guest and Executive Chairman of Board of Investment Farooq Sobhan. Luna Shamsuddoha, director of Dohatec New Media, apprised the session of the activities of the company and the software presentation was conducted by its Chief Executive Officer Nazmul Huda.

Dr Alamgir said the government has approved the setting up of a Computer Bhaban, the work on which is expected to be completed by the end of the year. The software developers of the country will get all help from there, he said.

Lauding the efforts of Dohatec New Media in the development of information technology, the minister said if the personal initiatives are carried forward in wider perspective, the overall development scenario of the country will be changed.

He said if we can develop a knowledge-based society, the huge manpower could be turned into human resources to reach the goal of development.

Prof Jamilur Reza Chowdhury said due to lack of trained manpower and infrastructure the country is facing the uphill task in entering into the information technology business. He lauded the government initiative in this regard saying the government has already implemented 12 out of the 45 recommendations submitted by a committee headed by him.

Northwest takes to the skies

MINNEAPOLIS, Sept 15: Northwest Airlines took to the skies Monday for the first time since ending a 15-day pilots' strike - but another labour dispute threatened to ground the airline again, says AP.

The International Association of Machinists' 27,000 members have overwhelmingly rejected a tentative agreement with Northwest and want federal mediators to start a 30-day countdown to a possible strike.

"They (the pilots) did better than the original offer and that indicates that we can do better too," said Vince Barzachini, president of the International Association of Machinists Local 1833.

"But how much better, that remains to be seen."

On Saturday, the 6,200-member Air Line Pilots' Association ratified a new four-year contract that includes a 12 per cent raise over the life of the contract, job protections, stock options and profit-sharing.

The 31,000 Northwest employees laid off during the strike were told Saturday to get ready to come back to work. The airline expected to have a quarter of their flights back on schedule for Wednesday and to be in full service by next Monday.

The airline's first post-strike flight, a freighter with a crew of three, left at 8:40 am from the Twin Cities airport in Minneapolis-St. Paul. It was bound for Seattle and Tokyo with 30,000 pounds (13,500 kilos) of company material and supplies needed for bringing the airline back to full operations, the company said.

New president of COAB

Star Business Report

Kazi Shfiqul Islam, vice president of the Federation of Bangladesh Chambers of Commerce and Industry, took over as the president of Coastal Ship-Owners Association of Bangladesh (COAB) recently.

He has been elected chairman by the newly elected members of the executive committee of the association.

According to a press statement, chairman of COAB Election Board, Munshi Akteruzzaman, announced the final election result at the annual general meeting.

A Z Feroz Kabir Chowdhury and Mohiuddin Al-Farouque have been elected vice-chairman, the statement added.

The newly elected members of the executive committee are Nazrul Islam Khan, Abu Bakar Siddique, Shamsuddin Ahmed, Tazul Islam, S M Ashab Hossain, Rashid Hasan, Shawkat Ali, Sakawat Hossain, Shafiq Ahmed, M Nawshurul Islam and Rana Kaiser Siddique.

The committee has been elected for a two-year term.

SCB workshop on foreign trade & forex held

Institutional banking, correspondent banking arm of Standard Chartered Bank Bangladesh, on Monday organised a workshop on 'Foreign Trade and Foreign Exchange' for mid-level executives of National Bank Ltd.

Inaugurating the workshop, Geoff Williams, Chief Executive Bangladesh for Standard Chartered Bank reiterated the bank's commitment to be identified in the development process of the banking sector, says a press release.

He also emphasised the development need of the bank officials to face future challenges.

Mohd Lakiottullah, Executive Vice President of National Bank Ltd, was present as the guest of honour. Dr. Toufiq A. Choudhury, Faculty Member of BIBM, Mamum Rashid, Head of Treasury and Institutional Banking, were among others who conducted the workshop.

A total of 14 officials from National Bank Ltd participated in the workshop.

India's inflation rate hits 3-yr high

NEW DELHI, Sept 15: India's annual inflation rate has hit a near three-year high of 8.78 per cent, following a sharp increase in edible oil prices, according to official figures published here yesterday, says AFP.

Clinton vows to work with US allies to tackle global financial crisis

WASHINGTON, Sept 15: President Bill Clinton, struggling to regain his footing from the Monica Lewinsky affair, pledged Monday to work with America's allies to deal with the "biggest financial challenge facing the world in a half-century," reports AP.

The president said that with one-fourth of the globe currently in recession, "the balance of risks has now shifted" from inflation, the economic bugaboo of the past three decades, to the need to contain a spreading economic crisis coming out of Asia.

"The industrial world's chief priority today plainly is to spur growth," Clinton said in an economic address to the Council on Foreign Relations in New York.

In an unusual move to coordinate a policy message, finance ministers and central bank presidents of the world's seven richest countries released a joint statement within an hour of the conclusion of Clinton's speech endorsing his major themes.

The Group of Seven statement specifically said that "the balance of risks in the world economy had shifted" and the major countries would need to work together to deal with a financial crisis that began a year ago in Thailand and has now spread to Russia and is threatening to engulf South America.

Clinton's comments increased hopes in US financial markets that Federal Reserve Chairman Alan Greenspan will soon reduce US interest rates. Greenspan raised that possibility himself on Sept 4 when he said it was implausible to believe that the United States could remain an "ocean of prosperity" against a backdrop of growing global recessions.

The Dow Jones industrial average, which was rebounding strongly even before the president spoke, finished the day up 149.85 at 7,945.35, slightly above where it began the year.

While fueling interest-cut hopes in the United States, Clinton's remarks and the G-7 statement don't make a coordinated round of rate reductions a certainty, private economists insisted.

And a senior administration official who briefed reporters cautioned against expecting any type of coordinated global rate cuts to emerge based on the G-7 statement.

They saw Clinton's speech as an effort to demonstrate that the Lewinsky matter has not diverted his attention or the efforts of his economic policy team away from the global financial crisis. The G-7 statement, which was produced after a series of weekend phone calls led by aides to Treasury Secretary Robert Rubin, was seen as an effort to respond to criticism that there has been a global leadership vacuum.

"It is very difficult at this moment with Clinton's presidential powers diminished to really assert the kind of global leadership that is needed," said David Jones, chief economist at Aubrey G Lanston and Co in New York. "This is mostly rhetoric. I couldn't see in the G-7 statement any action."

Rubin, who accompanied Clinton his trip to New York, insisted that there has been no change in the administration's long-held stance that the Fed is an independent body and it will not attempt to jawbone the central bank into cutting interest rates.

Clinton pledged to "respond immediately and with financial force, if necessary" to any deepening crisis in Latin America by tapping a 15 billion dollars emergency bailout fund administered by the International Monetary Fund. Those comments bolstered markets throughout Latin America, easing investors' fears that Brazil will soon be forced to devalue its currency.

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Malaysia warns money changers Licences to be revoked if new rules aren't followed

KUALA LUMPUR, Sept 15: The Malaysian central bank has warned money changers their licences will be revoked if they fail to comply with new guidelines following the imposition of sweeping exchange controls this month, reports AFP.

Amid expectations the new controls will lead to a black market in foreign currencies, Bank Negara Malaysia said the maximum spread for buying and selling six major currencies would be fixed at two per cent.

With the ringgit now fixed at 3.80 to the dollar, the buying rate for money changers must not be less than 3.7620 ringgit while the selling rate cannot be more than 3.8384 ringgit, the

bank said in a statement released Sunday.

Similar spreads of one per cent either side of the mid rate should be applied to the British, German, Hong Kong, Japanese and British currencies.

For other currencies, the bank said the spread must be 1.5 per cent either side of the mid rate, or three per cent between the buying and selling rates.

"All customers are to be issued with official receipts for all money-changing transactions done with money changes," the statement said.

Bank Negara warned it would revoke licences issued to money changers if they failed to comply with the new rules.

IMF for short-term capital controls in Asia

SEOUL, Sept 15: Short-term capital controls may be adopted to avert the kind of regional contagion that caused a serial swoon among Asia's economies last year, the IMF's Asia-Pacific Director Hubert Neiss said yesterday, reports AFP.

Speaking at a media conference on the Asian financial crisis, Neiss said the deliberations about the extent of these controls were still going on, apparently with the IMF's blessing.

"My only prediction is that it will lead to some measures that will make it difficult for banks to run up short-term debts to foreigners," he said.

He said this would likely be done through a combination of prudential regulations and taxes on foreign exchange deposits. South Korea was on the brink of national default on its short-term obligations last December after exhausting its foreign exchange reserves in a futile bid to prop up its won currency during the regional currency crisis that began last year.

Neiss declined to elaborate on what the controls would entail and where they would be implemented, saying the discussions were about controversial measures.

"It is important that (the controls) should not proliferate into general capital controls," Neiss said. "They should act to prevent excesses and abuses."

An unexpected dimension of last year's financial crisis was the panicky withdrawal of capital and the calling in of short-term loans by foreigners under a psychology of fear and contagion.

The new controls would try to protect countries from the over-volatility of short-term flows of capital, Neiss said.

"No final conclusion has been reached," he added.

Neiss also said the IMF was keenly watching Malaysia's experiment with more sweeping capital controls.

Malaysia recently introduced a range of foreign exchange controls to shield its ringgit currency and economy from speculators and global financial instability.

"This is an experiment that everybody will be carefully watching, and whether it succeeds over a short while or on an enduring basis," Neiss said.

"Experience has shown that bankers and businessmen have proven to be too clever about circumventing" such controls, when they have been applied elsewhere, he said. "It is not certain that Malaysia can insulate its economy," Neiss said.

"Whilst you have these controls and you succeed in insulating interest and foreign exchange rates, whether you use this to push ahead with reforms is the question," he said.

"Maybe some breathing space will make it easier to push for reform," Neiss said, "or maybe because there's breathing space, there's less pressure to make these reforms than there would be."

Bank Negara Deputy Governor Zeti Akhtar Aziz told Reuters on Friday the country could and the controls if stability was restored to the financial markets.

Neiss said the first phase of the crisis in Asia has passed with the stabilization of currencies and external debt. The IMF austerity prescription was necessary for that to happen.

The next phase of restructuring - and dealing with a sharp recession - comes with different medicine, Neiss said.

"The IMF is not preaching austerity, at the moment, it's preaching fiscal expansion, we're in a different phase now."

The IMF has arranged nearly 120 billion dollars in bail-out packages for South Korea, Indonesia and Thailand.

The big rescue deals in Asia and Russia have left the world's lender of last resort with as little as five billion dollars to cope with mushrooming problems elsewhere.

Neiss said the commitments to Asia were not endangered.

"The money committed to Asia over three years has been set aside and is still available," he said.

AFP says from Tokyo: Asia's suffering economies fear a lame duck US President Bill Clinton will create a logjam in Washington's responses to emerging crises, analysts said yesterday.

Markets are living the sex-and-lies scandal from moment to moment, he said, hoping Clinton can surmount his woes to propel the US economy and avert crises from Asia to Latin America and Russia.

Investors believe "what is bad news for the US is probably worse news for Asia in the short term so what is good news for the US is good news for Asia," said Pelham Smithers, strategist at ING Barings Japan.

"That is the attitude right now and it may be wrong."

Tokyo shares rallied 2.2 per cent yesterday in the belief that Clinton had been thrown a lifeline through the Republicans' reticence to go for the jugular and the lack of greater damage in independent counsel Kenneth Starr's report, he said.

But the big risk was that Clinton remains in office, hobbled by the scandal and facing a Congress willing to give him rope enough for a hanging but unwilling to deliver legislative success, said Smithers.

"Where we see the big problem lying is if you get into the situation whereby Congress and Clinton are at loggerheads" threatening critical legislation such as recapitalising the International Monetary Fund.

There is a raft of hypothetical logjams making it harder for Washington to respond to "suddenly created financial crises whether it be in Asia, Latin America or Russia," Smithers said.

One foreign brokerage analyst in Bangkok agreed: "My feeling is that the whole Clinton affair makes getting funding for the IMF through Congress more difficult," he told AFP.

Singapore's Straits Times said in an editorial that at best Congress may censure Clinton and at worst impeach him.



The new committee members of Bangladesh Employers' Association led by its president Rokia A. Rahman met Prime Minister Sheikh Hasina at her office Monday. — BEA photo



President Clinton and first lady Hillary Rodham Clinton walk from their helicopter to board Air Force One at Andrews Air Force Base, Md, Monday, en route to New York City. In New York, the president will address the Council on Foreign Relations on the global economy before attending several Democratic Party fundraising events. — AP/UNB photo