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DHAKA, WEDNESDAY, NOVEMBER 25, 1998

## Dhaka to get Tk 101cr aid from Denmark

Danish International Development Association (DANIDA) will provide Tk 100.94 crore to Bangladesh as project aid for post-flood rural infrastructure development, reports UNB.

The aid will be utilised for reconstruction and repair of roads, bridges and culverts, and development of rural markets in 11 thanas of Patuakhali and Barguna districts under the second phase of the Rural Development Project-16.

This was disclosed at a meeting between LGRD and Cooperatives Minister Zillur Rahman and a DANIDA delegation here yesterday. Danish Charge d'Affaires Finn Thilsted led the DANIDA delegation.

Local Government and Engineering Department (LGED) will start the project implementation work in April next year. The project is expected to be completed by March 2004.

The LGRD minister thanked the delegation for the project aid and said the government is very sincere to maintain political stability for the sake of development.

Appreciating the government's anti-hartal announcement, Finn Thilsted said Bangladesh has the potential for a developed economy.

He stressed the need for mutual understanding and tolerance of all quarters to improve socio-economic condition of the people as peaceful democratic process, political stability and development are pre-conditions for poverty alleviation.

## Cotton research centre, seed farm in shambles

JESSORE, Nov 24: Country's largest regional Cotton Seeds Multiplication Farm (CSMF) and Cotton Development Research and Training Centre (CDRTC) here is in sorry state due to alleged decision to abolish a number of key-posts of the farm, reports UNB.

CSMF and CDRTC were set up on 100 acres of land at Jagadishpur in Sadar thana in 1981 under the Integrated Cotton Development Project.

Funded by EEC, the farm started functioning under a Board of Directors, jointly formed by Agriculture Ministry and Cotton Development Board (CDB).

The farm produces huge quantity of quality seeds of new varieties every year. Besides, cotton growers in the Khulna Division are being imparted training on using advanced technology. Various research activities are also being done in the research centre of the farm.

In a bid to ensure smooth and proper functioning, the Board of Directors approved a total of 33 posts including Farm Manager as chief of the farm and three other gazetted officers.

The farm achieved a record progress for sometimes, but suddenly, the overall progress of the farm began to fall after the expiry of the term of EEC funding in June, 1995.

Since then salary and the allowances of its officers and other staff, which used to be disbursed under the project head, have become uncertain and irregular.

## Japan plans \$41b loans for ailing Asian economies

TOKYO, Nov 24: Japan plans to extend special low-interest loans to struggling Asian economies totalling about 5 trillion yen (\$41 billion), a newspaper reported Tuesday, says AP.

The loans will be made on condition they directly benefit Japanese companies operating in the region, the mass-circulation Ashahi Shimbun said. They aim to help promote growth in Asia as well as provide economic relief to Japan, the paper said.

The newspaper quoted Trade Minister Kaoru Yosano, on a visit to Thailand, as providing the figure for the loans, but the ministry said officials were still working out details of the plan.

Japan will provide 1 trillion yen (\$196 billion) economic stimulus package to lift Japan out of its recession, but did not provide the amount of the loans.

Countries throughout Asia have been battling a severe economic crisis triggered by the plunge of regional currencies last year.

## Pubali Bank booth at Bangabandhu Medical Varsity

Pubali Bank has decided to open a booth at the Bangabandhu Sheikh Mujib Medical University in addition to its Shahbag branch, reports UNB.

This was disclosed by the Managing Director of the bank, Kamrul Huda, while leading a five-member delegation of the bank to Health and Family Welfare Minister Salah Uddin Yusuf at his office here yesterday, said an official hand out.

This booth will help the patients as well as the authorities to deposit and collect fees for admission in the hospital and other purposes.

# Mills suspend output as earnings fall sharply

## Dull int'l market turns jute exporters' bane

Star Business report

Several private Jute mills have ceased production due to a dull international market and higher freight charges, according to jute spinners.

Nazmul Huq, Chairman of Bangladesh Jute Spinners Association (BJSJA), told the Daily Star on Saturday that at least 10 jute mills had been forced to shut down over the past three months after prices of jute goods fell almost 15 per cent in the international market, well below the production costs.

Shipping lines raised their freight charges by 50 and 45 per cent for 20 feet and 40 feet containers respectively in the middle of this year. They also increased terminal handling charges (THC) by a wide margin of 350 per cent.

Bangladesh exports jute goods like bags, hessian and

carpet backing cloths (CBC), which fetch the country around US \$325 million per annum.

The country meets about 67 per cent of the global demand for these items while India provides 20 per cent and Thai exports accounts for 7 per cent.

The price of a unit of bag consisting of 100 pieces has fallen to \$40 and \$41 against \$48 and \$50 two or three months back.

"This is the result of the increase in freight charges and also because our clients buy jute products on a free-on-board (FOB) basis," the BJSJA Chairman said.

Prices of hessian have dropped to 16-17 dollar per 100 yards as against the previous rate of 22 to 23, CBC is selling at prices between \$625 and \$672

per tonne against the earlier rates of \$1,020 to \$1,040, jute yarn and twine products prices have slipped to 500 to 600 dollar per tonne from \$700 to \$800.

"Another major cause for the price fall is the crumbling economic recession in Russia and the far eastern countries, which are big buyers of our jute products," he said.

Many jute goods exporters believe that the introduction of direct subsidy by the government on exports may have influenced world prices.

"Buyers are reluctant to pay higher prices as they have come to know that export of Bangladesh's jute products are subsidised," said one exporter who declined to be identified.

He said that the subsidy on export of jute goods had caused more harm than good.

The production cost of one tonne of sack is estimated at Tk 3,000 to Tk 3,200 while its price in the international market hovers around Tk 2,100 and Tk 2,200, they said.

The cost of production for one tonne of CBC ranges between Tk 40,000 and Tk 44,000 against its export prices of Tk 32,000 to Tk 34,000.

The exporters want the government to do something with a view to save them from incurring huge financial losses.

Exporters now demand exemption of peak-hour power tariff and reduction of bank loan interests to facilitate their exports.

Bangladesh earns about 10 per cent of its foreign currencies by importing jute and jute goods every year.

# Huge classified loans deprive honest borrowers: Kibria

Burdened with roughly Tk 15,000 crore of unpaid loans, the country's banking sector is hardly in a position to give low-interest credit support to genuine entrepreneurs, the Finance Minister said yesterday, reports UNB.

"Honest borrowers are not getting loans... they are paying high rate of interest" due to the huge backlog of classified loans, S A M S Kibria told a seminar on 'non-bank financial institutions (NBFI)' at Hotel Sheraton in the morning.

The Finance Ministry, Bangladesh Bank and the World Bank jointly sponsored the seminar on 'Credit, Bridge and Stand-by Facility' under the proposed NBFI development project of the World Bank.

The day-long seminar and workshop were largely attended by senior executives of the central bank, commercial banks, financial institutions and business community leaders.

The Finance Minister observed that lack of enforcement of law and absence of morality are two basic problems and stressed the need for rapid implementation of the already-undertaken reform measures in

financial and judicial sectors.

He said reforms must be carried forward to get rid of the bad loans that crippled the banking system and to create an environment so that both nationalised and private banks and other financial institutions can work maintaining their standards and norms.

"There are honest entrepreneurs and honest borrowers, who want to pay back the loans," Kibria said. "But there are people who want to borrow money through political connections and manipulation, and use many devices not to pay back the money."

In this regard, he mentioned that legal procedures often delay the attempts to recover the loans.

The Finance Minister said the banks inherited a huge sum of classified loans given through political connections in the past. He also reminded the financial institution managers of the question of morality.

"We've diagnosed the disease now. We know who are the defaulters" he said, but added that many of them remained out of the reach of the banking system.

Kibria welcomed the functioning of the NBFI, some of which, he said, are backed by international agencies, while commercial banks are failing to provide sufficient credit supports.

"But we don't like to see any proliferation without control" the Finance Minister said, warning that the NBFI are the first to be hit by any financial crisis. He cited the cases in some Asian countries, including Thailand and Malaysia.

ERD Secretary Dr Mashiur Rahman, Bangladesh Bank deputy governor Dr Sohrabuddin, Securities and Exchange Commission (SEC) Chairman M A Syed, and World Bank executives Mohsin Ali Khan and Shamsuddin Ahmad also spoke at the inaugural session.

In his address Economic Relations Division (ERD) Secretary Dr Mashiur Rahman said political stability is a must for long-term investment. Structural reforms and a suitable set of rules are also needed to encourage entrepreneurs and protect their interests.

In this context he referred to the ongoing financial sector reforms, capital market development programmes and promotion of NBFI.

Deputy Governor of Bangladesh Bank Dr Sohrabuddin said non-bank financial sector is still relatively small in the country with 18 institutions operating with an investment of Tk 590 crore.

These institutions need financial resources, and the regulatory and supervisory framework of SEC and Bangladesh Bank for them also need to be improved, he felt.

SEC Chairman M A Sayeed said transparency is the most important tool for clean, efficient, competitive, fair and orderly capital market. He also referred to various programmes undertaken by the Commission to reform the capital market.



Abdul Awal Mintoo, Chairman of National Bank Limited (NBL), speaks at the bank's 15th annual general meeting held in the city yesterday. —NBL photo

## Y2K to cost US \$ 10b

WASHINGTON, Nov 24: Updating US government computers to fix the year 2000 bug could cost 10 billion dollars, according to a Congressional expert, says AP.

The government estimates the cost so far is about 7.2 billion dollars "but will end up costing at least 10 billion," said Stephen Horn, Chairman of a House sub-committee that oversees the Federal government's efforts to keep computer systems from going haywire on January 1, 2000.

Many older computer programmes can only read the last two digits of the year and may process the year 2000 as if it were 1900.

According to Horn, one-third of the Federal government's computer systems are still not ready for the year 2000.

Some of the State Department's computers, for example, will not be able to make the differentiation before 2034.

# Govt exploring new jute markets abroad

State Minister for Jute A K Fayeul Huq has said the present government is pursuing its relentless efforts to expand and improve the Bangladesh jute markets abroad through increasing exports, reports BSS.

The government has a plan to increase export of jute and jute goods through exploring new markets and establishing new links in the world market, he said while replying to a question from Hajeer Mohammad Selim (AI-Dhaka) in the Jatiya Sangsad yesterday.

He said Bangladesh as part of the efforts for increasing jute exports was taking part in international trade fairs as well as conferences, sending jute delegations and inviting representatives from jute buying countries to Dhaka to create new markets and expand the

present export level in the greater national interest.

He stressed the need for improving and stabilizing the domestic market to ensure steady use of jute and jute goods by the people of the country.

Replying to a supplementary from JP's N K Alam Choudhury, the State Minister said the present government was considering BMRE of jute mills including the Adamjee Jute Mills.

Referring to widespread use of polythene in the country, he said the past BNP government decided to stop its use in the country but did not do it for reasons still unknown.

Replying to a supplementary from Mir Shakawat Hussain Daru of Awami league, Fayeul Huq said the jute sector recorded loss every year after 1975 except only one year.

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# EPB to set up display centres at all diplomatic missions

The Export Promotion Bureau (EPB) will set up display centres at all diplomatic missions and open web pages to attract foreign buyers for Bangladesh products, reports APB.

In the first phase, display centres will be opened at the Tokyo, Madrid and Singapore missions, this was disclosed at a meeting of the EPB management board here yesterday.

At the meeting the Commerce and Industries Minister Tofail Ahmed asked EPB to expand market for the country's products abroad through export diversification.

Tofail, who is the President of the EPB Management Board, also advised the authorities to make sector-wise development plan in consultation with the exporters associations.

The minister said Bangladesh should launch special drive for market expansion in view of the currency devaluation of its competing countries and other related causes.

"We have to find out new exportables and markets to sustain us from the affect of current regional and global economic recession," he said, adding that we have a few prospective sectors like computer, agro-products and non-traditional items including jewellery, toys, flowers and handicrafts.

The meeting was told that Bangladesh will participate in 27 international trade fairs in the current financial year. The EPB will also arrange one single-country fair and seven Meena Bazars.

EPB will also arrange, for the first time, a three-day International Leather Fair here from January 27 next year. Besides, Bangladesh will participate in the International Leather Fair in Italy next May.

The EPB is planning to arrange an international sea-food fair at Dhaka next June.

The meeting was also informed that the month-long Dhaka International Trade Fair will be inaugurated on February 1 next year. As the 3rd SAARC Commerce Ministers' conference will be held at that time the ministers may attend the inaugural function.

The meeting was told that

EPB approved the proposal for setting up a 'Garment Fair' at Hemayetpur near Savar. Bangladesh Garment Manufacturers and Exporters Association (BGMEA) will take necessary steps to implement the project.

On garment quota transfer, the EPB decided that all such transfers will be executed on recommendation of the respective exporters association. The Industries Minister asked the EPB to complete the 1999 quota distribution by February next year.

The construction of World Trade Centre (WTC) in Dhaka is progressing and the BGMEA Bhaban will be set up beside the WTC, the meeting was informed.

The computerisation of EPB including opening of web page and e-link with a cost of Tk 1.48 crore is also progressing very fast, the meeting was told.

The minister asked the EPB authorities to expedite the implementation of the project as it will also help check manipulation and irregularities regarding quota distribution and transfer. The project will increase efficiency and productivity in giving services to the private sector, he said.

Analysing the export performance in the last few months, the minister urged the exporters of all sectors and EPB to achieve the export target for the year which has been refixed at 5.8 billion US dollars from 5.63 billion dollars.

He said the government is ready to implement any positive suggestion from the private sector for expansion of exports. He called upon the exporters to expedite their efforts to diversify their markets broad as well as explore new ones.

Members of the Parliamentary Standing Committee on the Ministry of Commerce M Muhibur Rahman Manik, Biren Sikder, Prof Shahidul Islam and M Akther Hamid Siddiqui attended the meeting on special invitation.

Commerce Secretary Sayed Alamgir Farouq Chowdhury, BGMEA president Mostafa Golar and Qudus, EPB vice-chairman A B Chowdhury and other members of the board were present in the meeting.

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This general view taken on Monday shows the so-called twin towers of the Deutsche Bank headquarters in Frankfurt, Germany. Germany's largest bank is close to acquiring Bankers Trust in what would be the largest takeover of a US financial institution by a foreign bank, The New York Times reported Saturday. —AP/UNB photo

# Standard & Poor's gives negative ratings to nine Japanese banks

TOKYO, Nov 24: Financial rating agency Standard and Poor's (S&P) said Tuesday it had placed the credit ratings of nine Japanese banks under negative credit watch.

The agency said the move reflected its expectations that problem loans of the banks had continued to rise substantially in line with the decline of the Japanese economy.

The nine are Asahi Bank Ltd., Dai-ichi Kangyo Bank Ltd., Daiwa Bank Ltd., Fuji Bank Ltd., Industrial Bank of Japan, Sumitomo Bank Ltd., Sanwa Bank Ltd., Sakura Bank Ltd. and Tokai Bank Ltd.

The banks named said on Tuesday they will try to clear up their bad loans in the current business year, and six of them said they will post losses as a result.

To replenish their already weakened capital positions, the banks must seek new capital from outside sources, probably through applying for public funds.

Of the nation's 18 top banks, 16 have said they were considering applying for 4.88 trillion yen (\$78 billion) of public money by next March, but Bank of Tokyo-Mitsubishi (MBK) and Nippon Trust Bank said they would not obtain public money by then.

Japan bit the bullet last month and passed a law to inject 25 trillion yen (\$206 billion) of public money into the bad-loan laden banking sector to boost banks' capital bases and thus help them dispose of bad loans.

S&P said it the injection of public funds is a positive development, but noted its concern that the capital injection may not be enough to buffer the banks against losses.

The agency will continue to focus on the results of the banks' self-assessments of their loan portfolios, and said it expects to resolve the credit watch listings within the next 30 days.

Analysts doubted whether

the banks could clear up the loans in the foreseeable future.

"Some existing loans are moving into the non-performing category due to poor economic conditions, and it looks like the amount of (potential) problem loans will remain large," said Akira Takai, a senior analyst at Daiwa Institute of Research. "I don't feel that the major banks will be able to end their massive bad loan disposals by the end of the current business year."

He said only a few of the nation's strong banks such as Sumitomo Bank are seen achieving their goal this financial year of disposing of bad loans -- a legacy of the late 1980s economic bubble of inflated land and stock prices.

Tuesday's announcements mean 13 of the 18 biggest banks will post parent current losses in the business year ending next March 31 to dispose of massive problem loans.

Nippon Credit Bank (NCB) plans to post 735 billion yen

(\$6.05 billion) of loan loss charges for 1998/99, the fourth-biggest such sum among the 18. After 910 billion yen (\$7.50 billion) expected by Sakura Bank, and about 800 billion yen (\$6.59 billion) each forecast by Sumitomo Bank and Sanwa Bank.

"We would like to make a fresh start from the next business year after disposing of a large amount of problem loans (in 1998/99)," an NCB executive told reporters.

The bleak earnings forecasts come a day after Sanwa sold its U.S. corporate finance unit to Fleet Financial Group (FLT), leading to speculation that other divestiture or outright sales could be in the works.

"It is in line with financial reorganizations on a global basis," said Yuji Watanabe, a managing director of Industrial Bank of Japan (IBJ). "But our bank does not plan to make any international tie-ups... for the time being."

—Reuters-Internet

# Pakistanis, Bangladeshis poorest earners in UK

LONDON, Nov 24: Ethnic-Chinese men have become the highest earners in Britain, slightly ahead of Whites, while immigrants from Pakistan and Bangladesh are the poorest, a new study showed yesterday, reports APF.

The study, by the Institute for Social and Economic Research at Essex University, said the data showed huge gaps in earnings between different groups and that it was wrong to consider all ethnic minorities as automatically vulnerable.

The analysis of government income data found that Chinese men on average earn 368 pounds (607 dollars) a week, compared to 331 pounds (546 dollars) for Whites, 317 pounds (523 dollars) for Blacks and just 220 pounds (363 dollars) for Pakistanis and Bangladeshis.

While only nine per cent of Chinese men were unemployed, the figure went up to 15 per cent for Whites, 17 per cent for Indians, 31 per cent for Blacks and 39 per cent for Pakistanis and Bangladeshis.

However, overall rates of poverty were higher for Chinese

and Indian households, at 28 and 22 per cent respectively, than for White, at 16 per cent, the study said.

"The analysis shows that by no means all minority groups experience low incomes on some measures, Indians and Chinese are in a very similar position to the White population. So the poverty of Pakistanis and Bangladeshis cannot be explained solely by the fact they are an ethnic minority," said the author of the study, Richard Berthoud.

The reasons for the depth of Pakistani and Bangladeshi poverty include lack of education and training, as well as Muslim resistance to women working, and the practice of having large families.

Another cause was the many living in Yorkshire and Lancashire where the economy has been severely affected by the collapse of the local textiles industry.

The Chinese, however, have a high degree of self-employment, especially in money-spinning ventures such as restaurants. Chinese and Indian women are often employed in the family business.

# UNSC prepares to renew oil deal for Iraq

UNITED NATIONS, Nov 24: The Security Council circulated a draft resolution Monday to renew the UN "oil-for-food" programme for another six months and allow Iraq to buy another \$300 million in spare parts to repair its oil facilities, says AP.

The council was expected to adopt the resolution sometime before the expiration on Wednesday of the current phase of the programme, which lets Iraq sell limited amounts of oil to pay for food and medicine for Iraqis suffering under UN sanctions.

The new draft allows Iraq to sell another \$5.2 billion in oil over 180 days.

Iraq has been barred from freely exporting oil since its 1990 invasion of Kuwait, which sparked the Gulf War. The council will only lift the sanctions after UN arms experts report that Baghdad has destroyed its weapons of mass destruction.

The council agreed to start the oil-for-food programme in 1996 to allow imports of basic necessities for Iraq's 22 million people.