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The Daily Star BUSINESS

DHAKA, MONDAY, DECEMBER 7, 1998

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\$25m Swedish grant for flood victims soon

Sweden is ready to grant \$25 million (over Tk 122 crore) in addition to ongoing activities to help the most vulnerable flood affected people of Bangladesh.

This was stated by the Assistant Director General of Swedish International Development Co-operation Agency (SIDA), Klas Markensten, during his recent visit to Bangladesh, says a press release.

The assistance would be given to the most vulnerable groups through income generating activities, mainly in the field of labour intensive rural infrastructure and microcredit schemes.

So far, \$ 3 million additional support has been provided as emergency relief mainly through NGOs working in the country, the release added.

The new \$ 25 million grant would be in addition to the annual grant programme of about \$30m, where reallocation for relief situation will be made of some activities in the field of education and health.

The Swedish government is presently reviewing its co-operation with Asia with a view to widening the relations. The co-operation with Bangladesh has shown a steady positive trend with enlargements also in the field of trade and commercial relations, it said.

Bangladesh takes part in COMDEX Fall '98 in US

Star Business Report

A nine-member delegation of leading IT firms of Bangladesh took part in COMDEX Fall '98 in Las Vegas, USA.

The five-day show (held from the 16th of last month) was the biggest annual information technology event in the United States, says a press release.

This was the first time Bangladesh participated at COMDEX Fall '98 exhibitor.

Bangladesh's participation in the exhibition was jointly organised by the Bangladesh Export Promotion Bureau (EPB) and the Bangladesh Association of Software and Information Services (BASIS).

A Towhid, President of BASIS was the Pavilion Director and Ghulam Hossain, Commercial Counsellor of Bangladesh Embassy in Washington represented the govt of Bangladesh at the exhibition.

Bangladesh's presence at this exhibition created a lot of excitement among visitors from USA and foreign countries who were astonished to learn to the existence of a world-class software and IT services industry in Bangladesh.

Single global ad agency for Shell Oil

Shell is going to improve the management of its most valuable asset - the Shell brand, says a press release.

The company recently concluded a global agreement, under which its all oil products advertising outside of North America will be handled by J Walter Thompson (JWT). The Oil Products business includes more than 40,000 branded petrol stations and serves 200 million customers a week.

"There is a significant prize in being able to manage our communications under one umbrella," said Raj Pinnell, Shell International head of global Brand and Communications.

"This shift to one agency will enable us to save costs and have a consistent global strategy and communications plan," he said. For the past two years, Shell has been making and doing business in over 40 markets around the world exploiting its connection with Ferrari and its Formula 1 team.

"We have had an interesting journey with Shell over the last two years," concluded Tim Davis, World Wide Director at JWT and head of the Shell account team, "and we have been able to demonstrate that we have both the appetite and the experience to meet their challenges. By working as one international team with Shell International staff, and through our network of local offices, we have been able to move ahead quickly to a more coordinated approach. We are delighted that the global relationship has now been formalised."

National Life's prize distribution ceremony held

The annual prize distribution ceremony of National Life Insurance Co was held at BARD in Comilla, recently, says a press release.

Chairman of the Company Mr M Haider Chowdhury distributed prizes among the best performers of the company. Managing Director Rezaul Hakim presided over the function.

The Chairman in his speech advised the field workers and officers to ensure the quality services to the policyholders.

The function was attended by reputed local personalities, the executives and a large number of field-workers and officers of the company.

Bangladesh eyes neighbouring markets for export

4 new joint venture cement companies by 2002

By Mustak Hossain

With the demand for cement rising every year, four joint venture plants are to be set up with a total annual production capacity of about 1.5 million tonnes.

The new plants are expected to go into production by 2002. The country's existing cement factories were also being modernised and expanded to raise their production capacity to 5.5 million tonnes a year. The modernisation works will be completed by the end of 1999.

The Nordic building materials group Scancem and Japan's Sumitomo Corporation have already started work on a US \$90 million joint venture cement grinding plant.

Lafarge Ciment of France and its local partner, the Islam Group of Companies, are close to completing construction of a \$237 million plant that would

come on line soon. South Korea's Hyundai Cement Co Ltd has already started production with an initial capacity of 130,000 tonnes per year.

Mexican Cementos Mexicanos SA (Cemex) will invest about \$250 million in Bangladesh while Holderbank of Switzerland and Greece-based Interbulk Overseas SA Ltd has also proposed for setting up cement factories here.

"We are on our way to attain self-sufficiency in cement by the year 2000. This is very important for the country's infrastructure development," said A.K.M. Muhiuddin, Convenor of Bangladesh Cement Manufacturers Association (BCMA).

He said that the country's construction sector, which contributed more than six per cent to the country's Gross Domestic Product (GDP) last year,

was growing fast.

"We are eyeing the markets in Nepal and Bhutan to export our surplus production," he said.

"If everything goes well we shall be able to produce between 6.5 million and 7.0 million tonnes of cement by the year 2002 and start exporting the surplus," he told The Daily Star.

Currently, Bangladesh has 13 cement factories, including one in the public sector, producing 1.6 million tonnes of cement against 2.6 million tonnes of their annual capacity. The country's cement demand stands at between 3.5 and 4.0 million tonnes a year, he said.

Power outages and stiff competition from foreign producers were hitting local cement producers, he said.

"The average price of imported cement is about 25 per

cent less than the locally-produced brands."

Muhiuddin said that the country's cement consumption would increase with the rise in its production. "In other words, the higher consumption of cement will reduce use of wood for making houses and help protect our environment," he said.

Producers imported bulk cement clinkers for production as the country did not have the raw materials excepting gypsum to produce cement, he said.

Shipping delays in clinker deliveries has also slowed down cement production this year, Muhiuddin added.

Cement factories employ some 35,000 people in Bangladesh. The country produced only 30 per cent of its total needs, the BCMA leader said. The rest has to be imported.

SCB GM for ME & S Asia tells The Daily Star Fine managers Bangladesh's biggest corporate strength

Star Business Report



John Filmeridis

which is a big support for it.

"In addition, we have an outstanding team of people working with us. We have capital and financial muscle and we always introduce new products," said the SCB executive.

"On top of that we have the commitment and belief that it is a constantly growing region and will continue to do the same," said Filmeridis.

"In Bangladesh, we have developed our business tremendously by quadrupling our capital in the last three-and-a-half years, in-

creasing manpower by 50 per cent, and jacking up our balance sheet by 400 per cent. We have introduced consumer banking and brought in the best of technological innovations in the banking sector."

"We want to expand our branches in Bangladesh by setting up two new ones in 1999," said Filmeridis. "Our focus in 1999 will be to consolidate our relationships with the local banks, provide more value to corporate clients by offering them first class services. We also have plans to provide more funds for industrial projects."

"The bank has every faith in Bangladesh's economy. There could be hiccups in any economy. But our view is that the current global depression will not persist for long. In about three years, Asia will emerge out of the crisis and go for higher growth. "Bangladesh has so far been able to hold up extremely well against the floods, currency devaluation and the East Asian crisis," said Filmeridis.

BR introduces 4 new inter-city trains today

CHITTAGONG, Dec 6: Bangladesh Railway is introducing two pairs of inter-city trains on Dhaka-Chittagong route with renovated amenities from today, reports UNB.

The Railway authority made the announcement on Saturday after the import of chair car from Iran.

The Shovan coach with be replaced by the imported chair car with the Chittagong-bound Mahanagar Provat from Dhaka and Dhaka-bound Mahanagar Goudhuly from Chittagong and another train plying on the route Nishitha for greater comfort of the passengers, said a press release.

French Forum '98 begins today

Star Business Report

The French Forum 1998, an annual event to boost trade ties between France and Bangladesh, will begin today at Dhaka Sheraton Hotel.

The France-Bangladesh Chamber of Commerce and Industry and French Trade Commission has jointly organised the three-day forum in Dhaka and Chittagong.

Fourteen companies will participate in the Forum. The companies are: Lectra Systems-Texas (textile machinery), Sepia, Legrand Energypac (aquaculture and agro business), Cummins Wartsila Beximco Trading (power generation), Schneider Adex (power

distributor), Credit Agricole Indosuez, Degremont (water treatment), Rhone Poulenc (pharmaceuticals), L'OREAL Transcom (cosmetics), Alstom Gec Ltd. (transport engineering), Lafarge (cement), ELF (gas), Bureau Veritas BD Ltd (inspection and survey) and JW Thomson (TV transmitting and broadcasting).

Minister of Civil Aviation and Tourism Engineer Mosharraf Hossain will formally inaugurate the Forum at Chittagong Club swimming pool at 10:00 am on tomorrow.

The Forum will offer visitors a chance to acquaint them-

selves with the French technology and products.

A series of meetings will also take place today between representatives of the resident French companies and the visiting ones with the European Union, Commonwealth Development Corporation, IFC, as well as the Board of Investment, International Chamber of Commerce, Foreign Investors Chamber of Commerce and Industry and Dhaka Chamber of Commerce and Industry.

France is the fourth importer of local products to tallying 3.5 billion francs since independence and the eighth exporter to Bangladesh.

Supply glut leads to price plunge in int'l market

Tea cools down this year

From Nurul Alam

CHITTAGONG, Dec 6: Tea glut in the world market has sent a grim signal to Bangladesh tea push in down its prices and export, tea officials and brokers said.

As a result, Bangladeshi tea, which saw an abnormal price increase last year bringing a windfall profit for the producers and traders, is facing a tough time this year due to competition from others.

An over supply due to bumper crops, led to the drop in prices, sources said.

Thanks to good weather, the major tea producing countries including Kenya, India, Sri Lanka, Indonesia, Malawi and Bangladesh in nine

months till September this year produced 1190 million kg, an increase of 115 million kg compared with last year '97, reports available here said.

Last year, all those countries suffered production shortfall due to draught and other unfavourable climatic conditions that resulted in sales of tea like 'hot cakes' amid price-jump, market sources said.

Bangladesh Tea Board sources said in 10 months till October this year 46.7 million kg of tea were produced as against 42.5 million kg, recorded during the corresponding period last year, showing an increase in output of 4.2 million kg.

On the other hand, export of tea from Bangladesh in nine months (Jan to Sept) this year dropped to 15.9 million kg from 18.3 million kg recorded during the same period in 1997, Tea Board sources said.

Market sources said average auction price of tea now declined to Taka 60 per kg while last year the average price jumped to Taka 87 per kg during Oct-Nov.

Rafat Nizam, an executive of a leading tea brokerage house said, "Buying pressure is almost absent in the auctions this year due to less export enquiry."

"Major foreign buyers are operating very selectively". Nizam said in the auctions held here demand for tea marked decrease though supply increased due to good harvest.

The auctions which saw an offering of around one million kg of tea last year, now could see offering of 1.2 to 1.4 million kg," he informed.

However, brokers source said currency crisis in Russia, US economic sanctions against Pakistan and Afghan problem also fuelled the dull trading of Bangladeshi tea as those countries were earlier major buyers.

Bangladeshi tea produced in about 150 gardens is exported to 25 countries.

Optimistic BTTB officials say Unmet phone demand in city unlikely by 2000

While thousands of applicants are losing their patience waiting for phone connections, optimistic telephone officials say there will be no surplus demand by 2000.

"If the on-going projects complete in time, there will be no pending demand for telephone in Dhaka by year 2000," a BTTB official told UNB on Saturday.

Bangladesh Telegraph and Telephone Board (BTTB) is set to provide 67,500 new telephone lines by end of next year with the completion of Greater Dhaka Telecommunications Project, funded by Japan under the Overseas Economic Cooperation Fund (OECF).

The project, second phase of which is now under way, will

create scopes for adding 71,000 more connections to the BTTB's existing capacity by August 2000, the telephone board's general manager, Manwar Ali, told a group of newsmen during a field trip to project site at Gulsitan on Wednesday.

The pending demand for telephones in Dhaka was some 110,310. There was also a demand for 135,420 phone all over the country as on September this year, according to officials.

"Hidden demands, however, will be seven to eight times as many as the demands we record," he said.

The project is likely to complete by December 1999, five months behind BTTB's schedule. Work suspension during the

recent flood caused the delay, officials said.

"The work now is going on in full swing. We hope to complete by December next year," Ali said.

A delayed start of the project work has created the backlog of demands of telephones in the city, mainly in its southern part, causing tremendous pressure on BTTB and suffering to intending subscribers.

Although the agreement was signed in May 1992, work of the 14.71 million yen (equivalent to Tk 4,920 million) second phase actually began much later in 1997, holding back its implementation.

Dhaka entered into the digital telecom network in 1989 setting up first digital exchange at Uttara under the first phase of the OECF-financed project.

Later six exchanges were set up with a total capacity of 26,000 lines, which was raised to 56,000. At present Dhaka city has 168,570 digital connections and 61,500 analogue phones.

"By the year 2000 there will be no analogue connections in Dhaka," the GM said.

The existing analogue lines will be automatically transformed into digital ones in phases and the subscribers will not need to make extra payments, he clarified.

The project is designed to install tandem-switching facilities connecting old and new exchanges by underground optical fibre lines, creating scope for 138,500 lines to cope with the future needs.

Meanwhile, expansion works of six exchanges are going on, to add to the capacity to the BTTB.

Repayment default HBFC in Rajshahi stops giving loans

NATORE, Dec 6: The House Building Finance Corporation (HBFC) in Rajshahi region has stopped sanctioning loans on the plea of non-repayment of outstanding huge dues causing enormous problems to construct houses, says UNB.

Sources said construction of residential buildings in the region is also being hampered due to the complex procedures maintained by the HBFC regarding the sanctioning of loans and the fresh loan seekers are suffering due to defaulters.

In the past, a section of unscrupulous and corrupt staff of HBFC sanctioned loans to some dishonest borrowers who constructed the low cost houses ignoring the conditions set by the authority.

Most of the borrowers saved a substantial amount from the money sanctioned by the HBFC by drastically curtailing the expenditure in construction of houses.

After completion of construction, they rented their houses but did not respond to the instruction of the HBFC to repay the loan thinking that they had nothing to lose if the buildings constructed at low costs are taken by the HBFC due to nonpayment of loan money.

The buildings constructed with the loans have become liabilities to the corporation as most of those have lost their market value due to low quality materials used in construction those.

The HBFC is confronted with dozens of such cases at Rajshahi and as a result, it has stopped sanctioning loans in the region and kept confined its loan activities to other parts in the country.

The rigid policy of the corporation has also affected the fresh loan seekers adversely in the region.

Thousands of satellite phones expected in Indian villages

By Sanjay Suri

LONDON, Dec 6: Thousands of satellite telephones are expected to be installed in remote villages of India under an agreement with the communications cooperative Inmarsat.

An announcement from the Indian Department of Telecommunications (DOT) on installation of the telephones in the villages is expected next month, inmarsat officials told IANS here.

India is a shareholder in Inmarsat, which is a cooperative firm of 79 countries. The cooperative offers its communications services to member countries commercially.

About half of India's 650,000 villages still have no telephone links. Inmarsat telephones, which have direct satellite links, are being considered in villages that are more than 25 km from places with normal telephone linkages. "It is in low usage areas that such telephones can be cost effective," an official said.

Inmarsat put up 13 experimental telephones in recent months to gauge their performance. The telephones were put up in Siachen glacier in Kashmir, Rajasthan desert, in outposts in the northeast and other places far removed from normal telephone services.

Inmarsat is setting up 87 telephones for the defence forces in Kashmir, the north-east and other border areas, the official said.

Each battery-operated telephone links directly to an Inmarsat satellite and then to any other conventional telephone number. "Soldiers posted in Siachen have found the telephone a godsend," the official claimed.

Inmarsat charges up to \$3,000 per telephone installa-

tion and then 35 cents per minute for phone calls. But users of the new telephones in remote areas are not expected to be charged such high rates. Inmarsat officials said.

The cost is expected to be subsidised so that users in these areas pay as much as users elsewhere. The DOT decision next month is expected to cover hundreds of points, but the number of sites has not been

specified as yet.

Inmarsat is in competition primarily with the firm Iridium in providing direct satellite telephones. Inmarsat is offering data transfer services additionally to the voice contact offered by Iridium systems.

Inmarsat, which is planning to go private from April next year, started off with a communications system for ships, a service in which it is still the leading provider.

The marine communications service will be operated along with other commercial contracts that the international cooperative takes up.

Inmarsat has already set up satellite telephone systems on the Rajdhani Express trains. The phones are installed for passenger use, but the communications system is also available to the crew.

One consultant said such communication systems on all trains could prevent accidents of the kind that occurred in Punjab yesterday.

Inmarsat telephones are also being considered for disaster communications all over the country, the official said. "The plan is to have two such telephones in every district, one at the office of the collector and one vehicle-mounted," the official added.

The new kind of telephone systems are now being preferred to the older multichannel radio systems that have not been working very well, the Inmarsat official said.

Inmarsat is also offering small tracking devices that can help locate vehicles for fleet operators. "We have been in touch with several transport companies," the official said.

— India Abroad News Service



M Haider Chowdhury (centre), Chairman, Rezaul Hakim (R), Managing Director and WI Chowdhury (L), Executive Vice President of National Life Insurance Company, are seen at the company's annual prize distribution ceremony held at BARD in Comilla recently. — National Life photo



New chairman of Sonali Bank

The government has appointed Dr A I Aminul Islam Chairman of the Board of Directors of Sonali Bank, says a press release.

Prior to his present assignment, he was a director of the Board of Directors of Sonali Bank and member, consultative committee of the finance minister of Bangladesh.

He held various positions at the Asian Development Bank in Manila and officiated as Chief Economist.