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BFFEA welcomes new fisheries minister

Star Business Report
Bangladesh Frozen Food Exporters Association (BFFEA) President Mohammad Golam Mostafa congratulated ASM Abdur Rob on his taking over the charge of the Ministry of Fisheries and Livestock.

In a statement, he also recalled the contribution of outgoing state minister Shatish Chandra Roy to the development of the fisheries sector.

He hoped that the new minister would contribute a lot and implement the decisions taken earlier for further improvement of the sector.

Russia okays plan to overhaul car industry

MOSCOW, Dec 28: The government yesterday approved a plan to overhaul Russia's car industry by 2005 in cooperation with foreign auto makers.

By that date, the local market is expected to distribute 1.85 million cars, 25 to 30 per cent of which will be imported, it quoted Deputy Economy Minister Sergey Mitin as saying.

He emphasised Russia's interest in cooperating with foreign auto makers Fiat, Ford, Renault and Volkswagen.

Five joint ventures will be set up, Mitin said. He did not give details.

Steps would also be taken to bar imports of old cars on the Russian market, he added.

Mitsubishi Heavy to manufacture plane parts

TOKYO, Dec 28: Japan's Mitsubishi Heavy Industries Ltd is to take part in aircraft production with European plane maker Airbus Industrie, reports said yesterday, says AFP.

Mitsubishi Heavy hoped to reach a basic accord with Airbus Industrie next year and the Japanese company was expected to start by making aircraft parts, the Asahi Shimbun newspaper and Jiji press said.

Mitsubishi Heavy, Japan's largest heavy machinery maker, was also looking at taking part in Airbus Industrie's plan to develop next-generation A3XX aircraft, the Asahi Shimbun said.

A3XX will have a seating capacity of 550 passengers and Airbus Industrie plans to launch it in 2004 to compete with the Boeing 747, the reports said.

Mitsubishi Heavy was seeking new lines of business as it saw little increase in the number of government defence contracts in the future due to the end of the cold war, the daily said.

The plan to collaborate with Airbus Industrie is "necessary for the company's survival in the industry," a Mitsubishi Heavy official was quoted by the daily as saying.

The company's decision was also based on its judgement that Airbus was more aggressive than Boeing Co. of the United States in winning contracts and developing new planes.

The company could not be reached for comment.

Of Japan's major heavy machinery makers only Kawasaki Heavy Industries Ltd currently has a contract with Airbus, with the rest enjoying closer ties to Boeing, the newspaper said.

Citibank-HK, DHL to widen document collection services

Citibank Hong Kong recently announced the broadening of its document collection service for cash and trade customers through a strategic partnership with DHL, says a press release.

The bank provides a customised pick-up service for customers from over 50 convenient locations in Hong Kong through DHL. Customers can drop off their banking instructions and cash and trade documents at these locations for delivery to Citibank at no charge. This is the first arrangement of its kind in Hong Kong.

Citibank can also arrange for daily pick-up of documents from customers' offices. Customers can choose either automatic daily pick-up from their office or on-call pick-up service via phone call.

TC Chan, Head of Global Corporate Banking for Citibank Hong Kong said, "Citibank is pleased to be a DHL partner, a leader in air express services, in enhancing our document collection services for our customers."

"We recognise how demanding today's business environment can be, therefore we are offering an express collection service tailored to meet the needs of companies as part of our ongoing commitment to better serving our customers," he added.

Christine Lam, Head of Global Transaction Services for Citibank Hong Kong, added, "We have already made a series of improvements to our cash and trade services so far this year, including the introduction of electronic forms, extended service cut-off time, and the launch of an integrated customer hotline for inquiries."

Jute exporters to get cash subsidies

The government has decided to provide cash subsidies against export of jute products of all state-owned and private mills to give a nudge to their sluggish going, reports UNB.

Officials said the rate of subsidy would be 10 per cent of the FOB prices of exports.

The government measure came against the backdrop of a slump in jute export during the current fiscal year for problems in international markets.

Sources said exports reduced because of US dollar crisis in Iran, Indonesia, Turkey, Brazil, Pakistan and China as these countries are the major importers of Bangladesh jute and jute products.

The items getting the subsidies are hessian, sacking, CBC, yarn, twin, jute carpet, mat, tape, geojute, bag and rope.

Complying with the bailout decision taken by the government, the Bangladesh Bank has sent funds to the head offices of

commercial banks that negotiate export documents of the jute goods produced by the local mills.

The exporting mills will apply to the negotiating branches of the banks for the cash subsidies. They will be paid the incentives immediately after the export money reaches the bank branches.

Export of raw jute suffered tremendous setbacks during the first four months of the current fiscal year (1998-99). Raw jute export fell short of target by 60.83 per cent during the July-October period.

The export of jute products fell short of targets by 11.88 per cent.

The target for raw jute exports for the four months was 40 million US dollars while the export amount was a meagre 15.67 million dollars. Jute good export target was 100 million dollars while the return was 88.12 million dollars.

Seminar on audit practices told Banking sector needs Int'l Auditing Standards for transparency

Star Business Report

Speakers at a seminar yesterday said the country's banking sector needed immediate implementation of the International Auditing Standards (IAS) to ensure transparency in their financial statements.

"I have been told that foreign investors will not come to the country unless we allow foreign Chartered Accountant (CA) firms to ensure transparent accounting of companies," said Golam Rahman, chief of the Banking Division and Additional Secretary of the Ministry of Finance.

"I don't think that our CA firms are less qualified. They must face competition from abroad," he said.

The seminar on IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions was organised by the Institute of Chartered Accountants of Bangladesh (ICAB) at its auditorium yesterday.

Rahman informed the seminar that a committee had already been constituted to implement the International Accounting Standards (IAS) 30 in the banking sector. "If implemented, it will increase transparency and accountability in the banking system."

While presenting his keynote paper, Jamaluddin Ahmed, General Manager, Finance and Administration of IPDC, said that many of the country's banking problems could be avoided through better disclosures of their financial statements.

Ahmed said that the auditing a bank was a complicated task which required specially-trained auditors. Yet banks employ auditors who often lack required qualifications, he added.

He also mentioned that the NCBs and Bangladesh Bank

lacked directors with needed capabilities to understand banking.

The Board directors of the NCBs and the Bangladesh Bank are mostly political nominees and retired bureaucrats who mostly lack professionalism and entrepreneurial spirit. This encourages political influence in sanctioning loans," he added.

Anwaruddin Chowdhury, Vice-President of ICAB said that IAS had that intention to narrow down differences and overcome inconsistencies in accounting policies and practices world-wide.

In the context of Bangladesh, IAS 30 would be particularly relevant to its financial institutions, he said.

Chowdhury said IAS 30 requires a bank to disclose the detailed accounting policies and other relevant information regarding losses on loans and advances.

The practical implementation of IAS 30 together with disclosures of compliance will have significant impact on the banking sector over the years.

The financial reporting of the banks will be improved and there will be an increasing degree of comparability.

Consequently, the usefulness of financial statements in the banking sector will be enhanced, he said, adding that the adoption of IAS 30 might well be considered a 'must' for ensuring required transparency and credibility of financial statements of banks in Bangladesh.

However, he suggested that the government and ICAB could establish a joint Financial Information Review Committee (cell) to monitor implementation of the adopted IAS 30. The committee would review the audited financial statements of all banks.

Bank holiday

All sorts of transactions will remain closed on December 31 in all scheduled banks including Bangladesh Bank on the occasion of Bank holiday, said a BB press release yesterday, reports UNB.

Tourist arrivals in S'pore down

SINGAPORE, Dec 28: Visitor arrivals in Singapore fell 5.3 per cent from a year earlier to 506,950 in November with the number of tourists from Southeast Asia falling markedly, the Singapore Tourism Board said today, reports AFP.

Arrivals from member-states of the Association of Southeast Asian Nations (ASEAN) fell 16.7 per cent as the region remained in the grip of a deep economic slump triggered by the currency crisis which erupted in mid-1997.

The board attributed the big regional decline to a 27.1 per cent fall in arrivals from Malaysia, the largest to date, as travellers from the neighbouring country continued to spend their holidays at home.

Persistent social problems and the economic malaise surrounding Indonesia also deterred travellers, the board said.

In Thailand, however, a gradually stabilising currency encouraged traffic to show continued growth for the fourth month running rising 10.9 per cent in November.

Apart from Singapore, Thailand, Malaysia and Indonesia, ASEAN consists of Brunei, Laos, Myanmar, the Philippines and Vietnam.

The tourism board also said that Singapore's total visitor arrivals from January to November declined by 14.4 per cent to 5.66 million.

Tourist arrivals last year reached 7.1 million, massive for a city-state of 3.1 million people.

HK business may remain poor next year

HONG KONG, Dec 28: Hong Kong's business climate is expected to remain poor in 1999 but expected to improve substantially by 2001, according to the results of a survey released here today, reports AFP.

The survey, carried out by Hong Kong General Chamber of Commerce, showed that 66 per cent of the 551 respondents believed business conditions would be "poor to very poor" in the new year.

Just one per cent of respondents said business conditions would be very good, five per cent felt they would be good and 28 per cent said they would be satisfactory.

The survey was released as Hong Kong battles its first recession in 13 years. The economy posted its biggest quarterly contraction on record in the three months to September, shrinking 7.0 per cent.

Unemployment has risen to a record 5.5 per cent in the three months to November, while major employers announced pay freezes almost daily.

In the survey, a total of 77 per cent of the 3,800 member companies, employing more than 1.5 million staff, said they will freeze spending on pay in the coming year.

Eighty-eight per cent of the respondents thought wage levels were too high and only 12 per cent said that they were just right.

On employment plans, only 11 per cent expected staff levels to fall while 57 per cent expected no change.

China cuts rates on pound, HK dollar deposits

SHANGHAI, Dec 28: China's top state bank sharply cut interest rates Monday for deposits of British pounds and Hong Kong dollars and unified rates for four European currencies linked to the new euro, a bank official said, reports AP.

The one-year rate paid by the Bank of China for British pounds fell from 5.25 per cent to 4.625 per cent, while the rate for Hong Kong dollars fell from 5 per cent to 4.375 per cent, the official said.

The reduction reflected lower global interest rates, the official told Dow Jones Newswires. Hong Kong banks cut lending and deposit rates by a quarter of a percentage point earlier this month.

The rate for US dollars was unchanged at 3.75 per cent, compared with a rate of 3.78 per cent for the Chinese currency, the yuan, said the official, who spoke on condition of anonymity.

Rates for German marks, French and Belgian francs and Dutch guilders were unified at 2.1875 per cent, compared with previous rates ranging from 1.5 to 2.625 per cent, the official said.

The bank did not explain the changes, but the official said they were linked to the Jan. 1 introduction of the euro, the new European Union currency.

Britain, although part of the EU, is not participating in the launch of the euro.

Some Chinese banks say they will offer euro accounts, and the currency exchange in Shanghai plans to introduce the euro later in 1999.

Exporters fear New GSP rules to hit growth of backward linkage industry

Growth of backward linkage industries in the country will be hit hard by changes in the GSP rules for apparel export to European countries, local yarn and textiles manufacturers feared, reports UNB.

But the readymade garment manufacturers hoped that the new GSP (generalised system of preference) will help increase buyers confidence and expand apparel market abroad, specially in Europe.

"We'll face serious problem because of the new GSP. We need some incentives from the government," Bangladesh Textile Mills Association (BTMA) Chairman Salim F Rahman told the news agency.

He said the BTMA will sit soon with FBCCI, BGMEA and BKMEA to assess the extent of harm and work out what kind of incentives are needed from the government for the backward linkage industries.

Welcoming the government's assurance of consideration in

giving incentives to the backward-linkage industries, the BTMA Chairman said they expect to put forward some recommendations to the government within the next three or four days.

He said although the new GSP rules will frustrate both local and foreign investment in backward-linkage industries here, the government, in fact, had no alternative but to accept those.

According to the redefined GSP, which comes into effect from January 1, 1999, the European Union will concede two-stage derogation to knitwear and one-stage to woven garments for the LDCs instead of the previous three and two stages.

The government, also concerned about the negative impact of the changed GSP, is considering some incentives for the backward-linkage industry, a thrust sector for attracting both foreign and local investment.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Mostafa Golam Qudus, however, held a positive view about the changed GSP.

He said the two-stage derogation for knitwear will facilitate knitwear manufacturers to buy yarn from anywhere of the world and remove buyers' confusion about the origin. It will help make the local yarns and fabrics more competitive.

The BGMEA president said one-stage derogation for woven garments will accelerate the growth of local backward-linkage industries and give them a firm footing much before the year 2005, the beginning of the quota-free trade regime.

An estimate of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) showed that some three billion US dollar is needed to set up backward-linkage industries to feed the apparel industry.



Peter J. Rose, Chairman and CEO of Expeditors International of Washington Inc., hands over the "Far East Best Office" award to Syed Ershad Ahmed, Managing Director of Expeditors (Bangladesh) Ltd., in Hong Kong recently. — Expeditors Ltd photo

Expeditors Bangladesh given best office award

Star Business Report

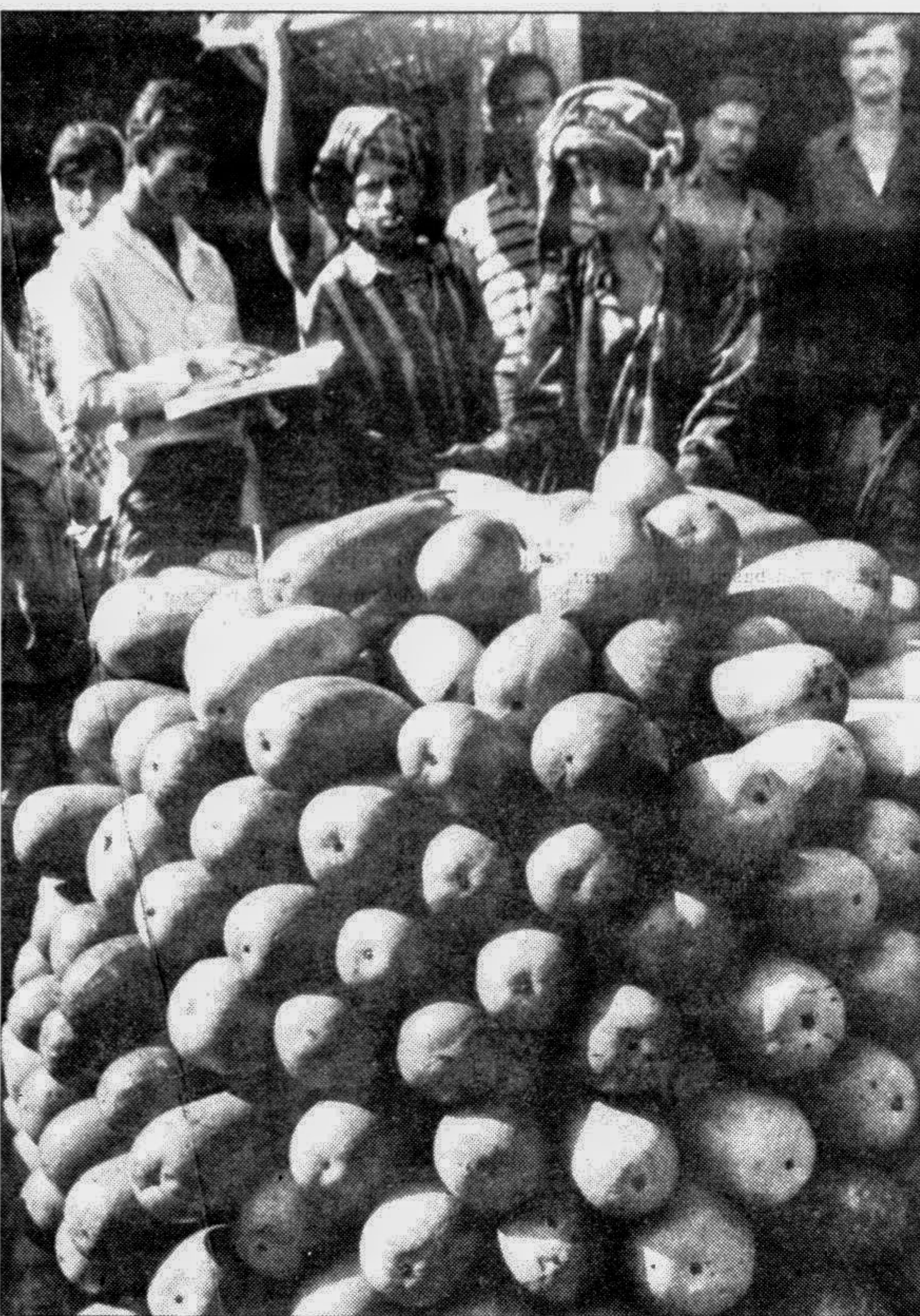
Expeditors (Bangladesh) Ltd has been awarded the best office trophy in the Far East region for the year 1998.

The award was handed over to the Managing Director of the company, Syed Ershad Ahmed, by the chairman and CEO of Expeditors International of Washington Inc Peter J. Rose, at a ceremony held in Hong Kong recently.

Expeditors (Bangladesh) Ltd was selected out of 27 offices of the company in the region.

It may be noted that Expeditors is one of the largest Global Logistics company having its charter all over the world and headquartered in Seattle, Washington, USA.

Expeditors have started its office in Bangladesh since 1996.



FRESH WINTER DELICACY: Gourd, a common winter vegetable, is now found in abundance in city markets. With the increase in supplies, its price has come down to Tk 15-20 a piece. —Star photo

Use of wind energy in SAARC Experts make 10-point recommendation

Star Business Report

SAARC experts at a meeting on utilisation of wind energy in the region have made a 10-point recommendation.

The three-day meeting ended at BCSIR in the city recently, said a press release.

Organised by the Ministry of Science and Technology and supported by SAARC — Japan Special Fund, the concluding session on the meeting unanimously made the recommendations which were considered as fruitful for popularising wind energy in the SAARC countries.

The meeting recommended that efforts be made to create extensive data base for wind mapping in all the SAARC countries.

Research and development efforts with regard to the design, fabrication and performance of wind mills should be intensified and standardised and disseminated in the potential areas, said experts at the meeting.

The concluding session also recommended that wind mills match appropriate types of water pump and wind turbines.

Hybrid energy system with wind may be developed where applicable, experts opined.

It was also suggested that the member countries attach due priority to installing wind en-

ergy system in the inaccessible areas where national electricity grid is not available.

Twenty wind experts from Bangladesh, India, Pakistan, Bhutan, Maldives, Sri Lanka and Nepal took part in the meeting. Seven country papers presented by the member countries were thoroughly discussed in the four technical sessions.

Presided over by Prof M. Moshihuzzaman, Chairman, of BCSIR, the concluding session was attended by Tahir Iqbal Butt, Director-Science and Technology and International Co-operation, SAARC Secretariat as chief guest.

Consumer demand keeps more Britons working on Xmas day

LONDON, Dec 26: The number of Britons working on Christmas day has risen by a third in the past 10 years, a survey published today showed, reports Reuters.

Eight per cent of companies now had staff on duty on Christmas day, the Daily Mail quoted the Reed Personnel Services survey as saying.

Europe seeks Indian cooperation in satellite programme

By Ranvir Nayar

BRUSSELS, Dec 28: Europe has sent strong signals to India seeking cooperation and participation in the Global Navigation Satellite System being planned by the European Union countries and some other nations.

Currently, there are two satellite navigational systems in operation in the world — the GPS of the Americans and GLONASS of the Russians. Both systems, with 24 operational satellites, though developed for military purposes, are being increasingly used for civilian or commercial uses.

However, according to the Europeans, the two systems are not enough to provide coverage, especially of some remote areas. Due to the positioning of the satellites, the two systems have a number of blind spots where their signals cannot reach.

To complicate matters further, these blind spots keep moving as the satellites move. Hence, the Europeans say, there is an urgent need for a third system that would work parallel with the existing systems and provide better coverage.

For the past four years, the E.U. has been contemplating this third system. The system

may again have 24 satellites, but each of these will be placed at a medium orbit, unlike the low orbit that the American and the Russian systems are in.

Literally riding over the existing systems, the European system will verify the signals from the existing satellites and also provide a third signal, thus virtually removing any chance of error in location. It will also be able to remove the numerous blind spots that both the systems have by sharing of signals.

Europe first approached the U.S. to see if they would share their system. But the Americans, who still use the GPS for numerous military purposes, turned them down. Then the E.U. touched base with the Russians, who have been much more receptive and have agreed to share their GLONASS system.

The E.U. then looked around for other countries that had reasonably advanced space programs, especially satellite manufacture and launch capabilities. In this, they zeroed in on two nations — Japan and India.

While negotiations with the Japanese have progressed quite far, the Europeans have also

had three rounds of talks with the Indian Space Research Organisation (ISRO). The last round was held early this year, but soon afterwards India tested nuclear warhead capable missiles, stirring a hornet's nest in Europe.

The satellite technology that Europe would share with India can also have military applications for missile guidance systems and thus unnerved the Europeans — at least in the beginning — who developed cold feet on taking the negotiations further. In fact, at one point in June, there was talk of India being removed from the programme.

The Europeans insist that their programme, EGNOS, is totally civilian focusing on transport and emergency rescue. They are keen on using this system for aviation, rail transport, tracer systems and communications for remote areas like deserts and mountains.

However, of late, the Europeans have come round to seeking Indian participation. India has a lot to go in from participating in this programme, they say, as it would immediately upgrade the poor aircraft guidance systems in place at almost

every Indian airport. It will also help in oil and gas exploration and provide telecommunication links with the Himalayan region and other remote areas. But, India has refused to come back to the table in a hurry.

According to the E.U., by bringing in other countries like Japan and India, it can reduce the cost of the system which is expected to be close to two billion dollars.

Countries like India can help by designing or building satellites, making several components for these satellites or launching some of them as Indian launches may be more economical than those by the Europeans, they say.

Currently, the E.U. is developing a framework for EGNOS and will share it with the Japanese and Indians when it is ready early next year. "Then the Indians will have the entire picture in front of them and we really hope that will make them come back to the negotiating table as it is beneficial for the Indians as much as it helps us," a senior official of the European Commission told IANS.

— India Abroad News Service