

Indo-Pak power talks resume tomorrow

NEW DELHI, Jan 27: India and Pakistan will begin the second round of discussions on the proposed sale of 2,000 MW power by Islamabad to New Delhi from January 29, reports PTI.

The Pakistani team headed by its secretary, Ministry of Water and Power, Syed Shahid Hussain would arrive here on Thursday, an official announcement said here yesterday.

The Indian delegation would be led by special secretary, Ministry of Power, Pradip Bajjal, the release said.

It said, the discussion is in continuation to the technical negotiations held at Islamabad on November 25-26 last year.

The two sides are likely to discuss various technical, financial and legal issues relating to in the transfer of power from Pakistan to India.

India and Pakistan had recently reached a broad agreement in the last meeting to transfer up to 500 MW of electricity in the short-run, the release said.

It is proposed that if the deal passes through, the surplus power taken from Pakistan could be used to feed the power starved states of north including Punjab and Uttar Pradesh.

Agrani Bank earns Tk 84.80cr in '98

Star Business Report
Agrani Bank earned a profit of Tk 84.80 crore last year, ending on December 30, 1998, compared to the same period of the preceding year, posting a growth of 9.6 per cent, says a press release of the bank issued yesterday.

Like the previous year, Agrani Bank has also superseded all Bangladesh banks dealing in foreign exchange business, maintaining 16 per cent share of the total national foreign exchange business. The bank handled foreign exchange business including import, export and remittance amounting Tk 9248.93 crore which was Tk 8868.67 crore during the same period of 1997.

At the end of the year, its total deposit and advance stood at Tk 8282.18 and 6688.21 crore respectively against Tk 7300.88 and 6214.40 crore of the corresponding period of the previous year. The bank's deposit and advance growth rate are 13.44 per cent and 8 per cent respectively.

For the 1998-99 financial year, Agrani Bank undertook an extensive programme to disburse agri/rural and agri-based industrial credit of Tk 330 crore. Under this programme, the bank has so far disbursed a credit amount of Tk 130.15 crore.

This loan amount was disbursed among 1,78,785 farmers of which 73,300 farmers across the country.

AEI wins BIFA Gold Award for Logistics and Destination

The British International Freight Association (BIFA) has awarded AEI the organization's prestigious "Gold Award" for Logistics and Distribution, says a press release.

The Award recognizes AEI's success in helping businesses effectively manage their global supply chains.

In addition, AEI won a BIFA "Freight Service Award" in the Sea Freight category. The award honoured AEI's strong NVOCC services — which now provides scheduled service to 170 ports worldwide — and its commitment to creating electronic links with major shipping lines.

AEI received the prestigious awards at a gathering of 400 industry executives in London, sponsored by BAA Air Cargo.

BIFA, an apex body of 1,200 organisations, selected AEI for the top logistics award after a rigorous screening process. In selecting AEI, the BIFA judging panel said, "AEI has listened and responded to the needs of their customers, and through a series of developments and acquisitions, built its business to deliver services across the entire supply chain."

This is the first time AEI has won the BIFA Gold Award for logistics and distribution. Since 1990, AEI has won four BIFA Air Freight Gold Awards for its achievements in implementing ISO 9002, its IT systems and aviation security programme.

Ford to lay off 3,500 of 5,000 workers at Cologne unit

COLOGNE (Germany), Jan 27: The German subsidiary of Ford is to lay off 3,500 of 5,000 workers at its factory here for 11 days in February owing to weak demand, the company said today, reports AFP.

"In Cologne we make fiestas for the whole of Europe," said spokesman Paul Schinofen. "And the markets in southern Europe are experiencing sales problems, owing to competition."

Tofail says at Nat'l Flower Exhibition '99

Non-traditional export item growers to get govt credit

The government will provide credit to the growers of non-traditional commercial items including flowers under a 46 million US dollars export diversification project to boost country's export earnings, reports BSS.

The World Bank will provide a significant portion of the fund for the project which is expected to be launched in the current fiscal year. Commerce and Industries Minister Tofail Ahmed said this while inaugurating a four-day National Flower Exhibition '99 in the city yesterday.

A total of 40 stalls, containing

various species of flowers and plants, were set up in the exhibition.

The minister said that the government was giving priority to export of flowers to promote the growers of non-traditional commercial items.

He instructed the Export Promotion Bureau (EPB) to form a committee for removing bottlenecks in exporting flowers and put concrete suggestions so that proper and realistic steps could be taken to increase flower export.

"It is not at all difficult to increase export earnings from the present level if we work to-

gether keeping business above politics," Tofail said urging the opposition not to give political programmes that might hamper the country's business and economy.

The function was addressed, among others, by Commerce Secretary Syed Alamgir Faruq Chowdhury, Vice Chairman of EPB A B Chowdhury, Director General of EPB Mohammad Shafiuddin and participants in the exhibition Mohammad Shahidul Alam and Dr Ferdousi Begum.

Giving a brief resume of the country's export earnings, the commerce and industries min-

ister said earnings from export were increasing every year.

He said that the country earned 4.42 billion US dollars from export in the fiscal 1996-97 against 3.8 billion US dollars during the last fiscal. In the fiscal 1997-98, export earnings was 5.16 billion US dollars which also shows increase over the last year, he added.

Tofail also said that the government had set the target of export earnings in the current fiscal 1998-99 at 5.8 billion US dollars. "We are hopeful to achieve this target despite severe lashing of flood a few months back," he said.

Impact studies on local market

Euro to reduce forex trade, conversion costs

By Monjur Mahmud

Introduction of euro will reduce currency transactions and conversion costs for banks, currency brokers and even customers, say analysts.

Banks have now to convert just one currency to dollar instead of 11 European currencies, they said.

"Because of the absence of bid-ask spread in euro quotation, the costs of converting from one currency to another would be saved," says a study by Dr Toufic A. Choudhury and Dr Ananya Rahman, both faculty members of BIBM.

The study will be presented at a discussion on "Introduction of euro: Issues and Opportunities for Bangladesh."

European Economic and Monetary Union (EMU) and the subsequent launching of the euro will bring changes to for-

ign exchange markets and will have implications on foreign exchange products, interest rates, currency swaps and trading, they said.

Euro is expected to develop into a significant reserve currency of not only participating European countries but also other non-European nations. This will enhance the international credentials of euro and the currency is likely to acquire a reserve status now enjoyed by the dollar.

The 11 euro countries together constitute a major trading partner for Bangladesh.

In 1998, 16.4 per cent of total external trade of Bangladesh was done with this region, which accounts for 33.3 per cent of total exports and 8.4 per cent of total imports.

A strong and stable euro will

be favourable in accepting export settlements with the region, they said.

"Bangladesh is enjoying an export surplus with the euro region and strength and stability of the euro is likely to augur well for flourishing of the country's external trade," said AM Kazmi, Executive Director of Bangladesh Bank.

A strong euro will mean low interest rates on euro borrowings, he said, adding that owing to relative weakness of the Taka, the costs of servicing external euro-denominated debts may sometimes turn out to be high because of exchange rate risks.

For the industrial enterprises in Bangladesh, looking for external financing from the euro region, equity might be a more preferable option than

debt from the possible exchange rate risk's point of view.

As Bangladesh Bank does not deal with authorised dealers in any foreign currency other than the US dollar, the exchange rate of euro against Taka is not specified by the central bank, he said, adding that euro exchange rate against Taka for non-bank transactions of authorised dealers and for their interbank dealings will be guided by day-to-day exchange rate of the euro against the US dollar in international markets, and the Taka-US dollar exchange rate specified by Bangladesh Bank.

He said that the euro settlement options will be available to individuals and businesses in Bangladesh through banks engaged in external transactions.

Airbus seeks to sell two more aircraft to Biman

Star Business Report

Airbus Industrie is negotiating the sale of two more latest A300-600 aircraft to Bangladesh Biman to fly on its short and regional routes.

After delivering two A310s aircraft a few months back, Airbus Industrie, which is a European consortium, sees ample room to add A300-600s to the national carrier's fleet.

"Two A310s are already the workhorses of Biman Bangladesh Airlines' regional routes. It has the capability to

grow into regional airliner and we believe that it needs to add A300-600 to its present fleet," said David Velupillai, a Airbus Industrie senior official, at a press conference held at a city hotel yesterday.

The 266-seat Airbus A300-600 might be a good substitute for old DC-10-30 not only for safety reasons but also due to economic considerations. "It is 13 per cent better than DC-10-30 in terms of operational expenditures and will save the

airlines millions of dollars in fuel cost," David said.

"The price of per new Airbus is around 80 to 90 million US dollars including some spares and training facilities."

Airbus Industrie predicts an important market for 345 airlines worth \$ 31.4 billion in the Southwest Asia region over the next 20 years. This is the result of its latest market forecast, based on a detailed analysis of nine airlines in Bangladesh, Nepal, India,

Pakistan and Sri Lanka, he added.

"Today, these carriers fly around 150 airlines," he said, adding "all these aircraft need to be replaced." In addition, a further 195 aircraft are necessary for traffic growth.

"Airbus Industrie is particularly well placed to meet Bangladesh's airline needs, because its entire family is the most comprehensive as well as most up-to-date, efficient and attractive," David said.



Rod Schrock (left), the newly-named president and CEO of the AltaVista Company, speaks during a news conference as Eckhard Pfeiffer, president and CEO of the Compaq Computer Corporation, looks on Tuesday, in New York. Pfeiffer, seeking to take advantage of the boom in Internet stocks, announced plans to spin off its AltaVista online search service into a separate, publicly traded company. — UNB/AP photo

Microsoft to open office in Karachi

ISLAMABAD, Jan 27: Microsoft yesterday announced it would open an office in Karachi to boost its penetration of the Pakistan market, reports AFP.

The decision came after a three-member Microsoft delegation called here on Pakistani Prime Minister Nawaz Sharif. The company will initiate its business by opening an office in Karachi as soon as possible. General Manager of Microsoft, Gem (Gulf) and eastern Mediterranean Bahram M. Hazzebi told reporters.

Pakistan is a market with a huge technology potential and Microsoft was ready to help it realise that potential, M. Hazzebi said.

"Today we are announcing that we are embarking on along term commitment to Pakistan by establishing our presence here," he said.

Emre Berkin, the regional director for Microsoft, also met Sharif.

Talks on banana trade row runs into stalemate

GENEVA, Jan 27: Talks between EU and US representatives in the Geneva-based World Trade Organisation (WTO) on an escalating row over European banana imports ran into stalemate yesterday with the US insisting on imposing trade sanctions despite opposition from three WTO member states, reports AFP.

A WTO spokesman said that the US ambassador to the Organisation, Rita Hayes, was persisting with demands that WTO authorisation be given for the United States to impose punitive tariffs on a range of European products.

But two Caribbean states, Saint Lucia and Dominica, with the support of the African coun-

try of Cote d'Ivoire — with strong ties to EU members Britain or France — were resolutely blocking US attempts to put the sanctions issue on the meeting's agenda.

The deadlock came on the second day of negotiations between the world's two biggest economic blocs aimed at smoothing over a growing row over the banana issue before it turns into a tit-for-tat, transatlantic trade war.

Washington in threatening to impose sanctions on 520 million dollars (448 million euros) worth of European exports as of February 1 if the EU import regime is not changed. The move would come into practical effect from March 3.

It says it is entitled to impose sanctions on the EU because Brussels has not completed with a WTO ruling that the regime discriminates against the United States.

The United States believes that the EU gives preferential access to producers in Africa, the Caribbean and Pacific — several of them former French and British colonies — and puts Latin American producers, which are dominated by US groups, at a disadvantage.

That point of view is also held by Ecuador, Guatemala, Honduras and Mexico.

The first round of WTO talks late Monday ended with no progress made at all, setting up the confrontation between the United States and the three opposing WTO members which Hayes said were acting on behalf of Brussels.

Wall Street rally boosts stocks Asian currencies hold their ground

SINGAPORE, Jan 27: Asian currencies held their ground today while stock markets took heart today from a Wall Street rally as fears of a yuan devaluation eased after China's central bank governor said it was unlikely this year, reports AFP.

"There are no benefits to devaluation," People's Bank of China Governor Dai Xianglong said in the latest in a raft of statements reaffirming support for the stability of the yuan-greenback exchange rate.

"Only if there was a great imbalance in the balance of payments and the cost of exports greatly increased (would there be pressure to devalue)," he said in Beijing, adding that these were "not going to happen this year."

Asian financial markets had taken a hit Monday as concerns of a yuan devaluation

flared anew. In New York, blue-chip stocks rose by 1.3 per cent Tuesday buoyed by a rise in the consumer confidence index despite renewed pressure on the Brazilian real.

The real had fallen to 1.89 in the US on rumours that Brazilian Finance Minister Pedro Malan would step down. The rumours were denied.

The Indonesian rupiah was lower mid-afternoon at 9,250 to the US dollar from 9,075, the Singapore dollar was at 16,844, down from 1,6823, the Thai baht was down slightly at 36.69 from 36.65.

The Philippine peso was up slightly at 38.44 from 38.47, while the Taiwan dollar barely moved from 32.29 the day before. The South Korean won rose slightly to 1,175 from 1,176.

Besieged Vajpayee govt pushes ahead with reforms

NEW DELHI, Jan 27: Prime Minister Atal Behari Vajpayee's government has been quietly pushing ahead with far-reaching economic reforms, belying the impression that it is under siege from both its friends and foes.

The government took the liberalisation process a step further when it announced measures that could revolutionise the country's telecommunication and civil aviation sectors which have so far been government monopolies.

The move came in the wake of other steps like the insurance regulatory bill, seeking to open the insurance sector to foreign participation, and the patents (amendment) bill, giving exclusive marketing rights to foreign companies for their products, until India fell in line with the World Trade Organisation (WTO) requirements.

The Prime Minister took personal initiative for a liberal telecom policy last week, aim-

ing to open up the basic telephone services to all, allowing fibre optic cable operators to enter basic services and freeing domestic long distance services. The steps, which means that the Department of Telecommunications' monopoly in these sectors have to go, comes ahead of the new telecom policy, scheduled to be announced by March 31.

The government also approved a proposal to convert the five airports in Delhi, Mumbai, Calcutta, Chennai and Bangalore into commercial corporations. Announcing the cabinet decision, Civil Aviation Minister Anant Kumar said foreign consultants would be entrusted the responsibility of setting up the legal and financial structures for the proposed airports.

The minister said global financial and legal consultants would be selected by the federal government for charting out the structure of the proposed "corporatization," which is expected

to be completed within a year. The foreign consultants would be required to float joint ventures with Indian partners to be eligible to bid for the projects.

The five international airports, as well as numerous domestic air stations, are now functioning under the overall supervision of the Airports Authority of India (AAI), a statutory autonomous body under the Civil Aviation Ministry. Even as it sought to forge ahead with economic reform measures, with the Prime Minister seemingly ploughing a lonely furrow, his vulnerable government continued to be under pressure from its coalition partners and attack from the opposition on a range of issues.

Vajpayee lost considerable face when he failed to carry out the promised expansion of the cabinet due to pulls, pressures and demands from his allies. The West Bengal firebrand and Trinamool Congress leader Mamata Banerjee's insistence

that her party should be given the important portfolio and the equally strong opposition by the Samata Party, whose Nitish Kumar now holds the portfolio, was only part of Vajpayee's problems.

Most other 16 partners of the government had also demanded their pound of flesh, forcing Vajpayee to shelve the cabinet expansion for the time being.

The formal announcement that the expansion was deferred, coming as it did just a day after Mr. Vajpayee had set the date, does not add in any way to the image of the prime minister finally beginning to assert his authority," said The Hindu newspaper in an editorial.

"The Bharatiya Janata Party (BJP)-led government's claim to usher in a new style of governance has taken a severe beating," it said.

It branded Banerjee's insistence on the Railway Ministry

as "nothing but an expression of narrow parochialism" and said it may be positively harmful to entrust persons with narrow agendas important portfolios like the Railways.

An unseemly confrontation between the head of state, President K.R. Narayanan, and the Chief Justice of India, Adarsh Sein Anand, over the appointment of judges also saw the government getting embroiled in yet another controversy.

Though the prime minister sought to defuse the controversy and called on the President, allegations flew thick and fast that it was the government itself which had leaked Narayanan's confidential notes on the appointment of judges to a news magazine.

The controversy revolved on a list of four names the Chief Justice reportedly sent to the federal government for approval or appointment as Supreme Court justices which required presidential assent.

While approving the appointments, the President reportedly wrote on the file that members of the economically and socially backward "scheduled castes and scheduled tribes" should be considered for such appointments. Scheduled castes and scheduled tribes are listed for affirmative action in the country's constitution.

Narayanan, himself a member of a scheduled caste, said that eligible persons from these communities were available for appointments and their under-representation or non-representation would not be justifiable.

While observers said that the controversy could reopen the debate over "merit" versus "reservation", or affirmative action, the opposition, including the Congress party which never misses an opportunity to embarrass the government, asked it to take note of the President's observations. — India Abroad News Service

Filipino bad loan ratio declines

MANILA, Jan 27: The ratio of bad loans in the Philippine banking system declined to 11.82 per cent in November from 11.97 per cent the previous month, a tentative sign that the level may have peaked after rising steadily since Asia's financial crisis began, reports AP.

It was the first time in seven months that the closely watched bad loan ratio of the country's 53 commercial banks declined.

The Philippine central bank attributed the decline to steady improvements in the quality of banks' loan portfolios.

"The November result is an encouraging sign that further confirms the relative stability of the Philippine banking system," central bank governor Babriel Singson said Wednesday.

"We see the situation remaining stable if not improving further down the road as the economy recovers and interest rates normalize," he added.



ROME: A model displays a black evening dress with assymetric transparent top created by Lebanese stylist Elie Saab during the designer's Spring/Summer 1999 high fashion show in Rome, late 25 January. —AFP photo