

Tk 229.49 cr three ECNEC projects approved

The Executive Committee of National Economic Council (ECNEC) yesterday approved three projects involving Tk 229.49 crore, including project aid of Tk 65 crore, reports UNB.

The approval was given at a meeting of the ECNEC held in city with Prime Minister Sheikh Hasina in the chair.

The approved projects envisage construction of peace home for the distressed old men and women, construction of 7,650 metre portable steel bridge and development of Tongi-Kaliganj-Ghorasal road.

The meeting also reviewed four years' accounts of the Mongla Port Authority.

Among others, LGRD and Cooperatives Minister Zillur Rahman, Finance Minister Shah AMS Kibria, Education Minister ASHK Sadique, Water Resources Minister Abdur Razak, Commerce and Industry Minister Tofail Ahmed, Post and Telecommunications Minister Mohammod Nasim, Food and Agriculture Minister Begum Matia Chowdhury, Communications Minister Anwar Hossain and State Minister for Planning Dr Mohiuddin Khan Alamgir attended the meeting.

Thailand quits Int'l Rubber Organisation

BANGKOK, Feb 10: The Thai cabinet agreed that the country withdraws from the International Natural Rubber Organisation (INRO), which is expected to trigger the collapse of the body, a government house press release available here today said, reports Xinhua.

Thailand, the world's largest producer and exporter of natural rubber, will also delay paying 401 million baht (11.1 million US dollars) to the INRO until the other members pay their share.

The press release said the reason for Thailand's withdrawal is that "the benefit of being a member of the INRO is not significant compared to the financial support Thailand contributed to the INRO."

"Thailand has paid a total of 2.3 billion baht (63.9 million dollars) to the buffer fund that is used to support the rubber price," it said.

Nawin Chidchob, Deputy Agriculture and Cooperative Minister, said the INRO had done nothing to help producers and it had tended to help rubber consumers instead.

So far, the foreign ministry has been assigned to proceed on the notification to the secretary general of the United Nations.

Thailand's withdrawal from the INRO will end within one year from the date when the UN Secretary General receives the official statement from Thailand.

Thailand is likely to receive a two billion baht (55.6 million dollars) refund.

The INRO comprises six rubber producing countries and 16 consuming countries.

Although Thailand last month paid 375 million baht (10.4 million dollars) toward the rubber fund, major producers — Nigeria, Malaysia and Indonesia had not paid their contributions nor had large-scale users.

German Bayer to invest \$ 4.52b in Asia by 2010

LEVERKUSEN (Germany), Feb 10: The German chemicals and pharmaceuticals group Bayer said yesterday that it planned to invest more than eight billion marks (four billion euros, 4.52 billion dollars) in Asia by 2010, reports AFP.

"Bayer remains firmly convinced of the long-term growth prospects of the Asian market," said Bayer management board member Dieter Becher in a statement.

The German group would invest about 4.8 billion marks (2.45 billion euros) in new production sites and plants in Asia, Becher said.

More than two billion marks (1.02 billion euros) would be invested in the development of new drugs and crop-protection products in the group's research centres in Japan.

And a total 1.2 billion marks (610 million euros) had been earmarked for potential acquisitions in Asia, the board member said.

Becher said that the economic and financial crises in a number of Asian countries had led to a decline in sales in the region of some one billion marks (510 million euros) in the first eleven months of last year.

In 1997, Asian sales accounted for 7.5 billion marks (3.83 billion euros) or 14 per cent of overall group turnover.

Nevertheless, Bayer would continue to expand in the region in the long term and the group's investment plans underlined that, Becher said.

Asia is expected to account for 32 per cent of world chemical sales by 2010 and Bayer is planning to lift the proportion of business generated in the far east to 20-25 per cent by then, Becher said.

Bayer would achieve this mainly by internal growth, he said.

High-level team meets Finance Minister IMF concerned over political situation

By Inam Ahmed

A high-level visiting IMF team has shown its concern over the political situation in the country urging the government to avoid any programme that would hamper development activities.

The IMF concern was expressed during a meeting of the team with Finance Minister SAMS Kibria this week, sources said.

Earlier, an IMF status report on Bangladesh also made similar observations.

The team is now in Dhaka to discuss conditionalities of ESAF loans sought by the government to help its balance of payment situation. It held a series of meetings with the Privatisation Board (PB), Bangladesh Bank (BB), Ministry of Finance and National

Board of Revenue (NBR).

In its meeting with the PB, the team expressed its dissatisfaction over the slow pace of privatisation. On the other hand, the PB officials informed the team that a number of steps were being taken to speed up the process.

PB said that the move had been taken to build public awareness about the need for privatisation and new laws have also been formulated for quicker actions.

The PB officials claimed that in the next one-year time, the country would see more privatisation of SOEs.

In its meeting with the BB, the IMF team also advocated greater autonomy for the central bank.

However, Finance Minister SAMS Kibria had contested the IMF view saying that BB was already enjoying enough autonomy in respect of supervision.

He also pointed out that the central bank had enough authority over the appointment and removal of managing directors of banks, sources said.

He also said that even the Bank of England did not enjoy absolute autonomy.

The IMF team also wanted to see an increase in revenue and cuts in expenditures, especially in unproductive areas.

The Fund delegation also asked the government to further liberalise trade, follow a flexible exchange control mechanism and carry out required reforms of the public administration.

Visiting US energy delegation chief says Regulatory system a must for long-term investment

Star Business Report

The visiting US energy delegation chief Calvin Humphrey yesterday said that to attract foreign investment in the country's energy sector on a long-term basis, it was important to develop an energy regulatory system which the foreign investors would trust.

"Bangladesh should have a regulatory system which the investors would trust and respect and seek remedy that would be fair," he said at a discussion hosted by the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) yesterday, adding, "its absolutely necessary."

Setting up an independent regulatory body in the energy sector is hard. He maintained

that it was hard in US too, but the US had some experience in the legal aspect, which it would share with Bangladesh, said Calvin Humphrey, Acting Assistant Secretary for Policy and International Affairs, US Department of Energy, FBCCI chief Abdul Awal Mintoos hosted the programme, which was attended, among others, by US Ambassador John C Holzman, and Additional Secretary of the Energy Ministry Syed Tanvir Hossain.

Calvin Humphrey added that an energy information exchange system between USA and Bangladesh would be established soon to ensure a better decision-making process in Bangladesh's energy sector.

"Informed decisions need accurate data. In energy sector, assessments are made on the basis of scientific knowledge. We're here to help Bangladesh deal with that chapter," he said.

The Geological Society of USA, which was currently surveying the world's energy reserves, is expected to come to Bangladesh this spring and exchange views with the government, he said.

US Ambassador John C Holzman quoting a Transparency International survey said the general people of Bangladesh thought that the present legal system did not protect their rights.

"If that is the public perception, the government must do something to improve the situation," he added.

FBCCI chief Abdul Awal Mintoos told the delegation that the US companies should not limit their activities in discovering and recovering gas or oil, they should rather be involved in pipeline development and other energy sub-sectors.

"I would like to tell you that Bangladesh provides an excellent opportunity and congenial environment and an attractive package of incentives for doing business and making investments," Mintoos told Calvin Humphrey.

"In our opinion, the conditions are quite favourable and comparable if not better than those in other South Asian countries. Actually, we consider our investment laws to protect foreign investment as much better than those of most Asian countries," he said.

Romania abolishes tax breaks for investors

BUCHAREST, Feb 10: The Romanian parliament voted yesterday to abolish tax breaks for investors, in an attempt to reduce the budget deficit to two per cent of gross domestic product, reports AFP.

"These breaks were costing Romania between 400 and 800 million dollars in revenue a year, which equated to a deficit of four per cent of GDP," said Finance Minister Traian Remes.

Microcel's mega show at DITF

Star Business Report

A leading Information Technology (IT) vendor has put on display some new products and services at the Dhaka International Trade Fair '99 (DITF), which includes live demonstration of the world's first Multimedia video and still recorder, world's fastest Pentium III 500 MHz computer, and the three-dimensional movie (3D) system.

Microcel, a computer systems integrator, which has brought with it the IT marvels to the fair, has been playing a pioneering role in familiarising its local customers with the latest hi-tech innovations.

"We are offering a range of products including a CPU which can be simultaneously used by two separate monitors on two different applications," said an executive of Microcel at its DITF pavilion.

While one person is busy browsing the Internet, another can work with Microsoft Word without waiting for the other to finish, he said.

Another soundbox-shaped

product called 'Rex' sounds like an angry guard dog and is used as a safeguard against home intruders.

Microcel has also arranged demonstrations of the three-dimensional virtual reality show for the first time in Bangladesh.

"The three-dimensional impact makes one see things as really happening in front of his eyes. He can watch objects coming out of the screen and hitting his face," the executive said.

The company earlier organised Digital Expo '97. It also created widespread enthusiasm by demonstrating its latest products among the local users about Information Technology (IT) at the International Computer Show '98 organised by Bangladesh Computer Society (BCS).

"We have plans to market some fresh products for the local consumers within a short span of time," Mamun Chowdhury, Managing Director of Microcel, told reporters at the fair pavilion.

Bid to cover non-performing loans Bangkok Bank to raise 10-20 billion baht by mid-'99

BANGKOK, Feb 10: Thailand's biggest commercial bank, Bangkok Bank Plc (BBL), said Wednesday it will raise 10 to 20 billion baht (270-540 million dollars) by mid-1999 to cover non-performing loans as banks here scramble for fresh capital, reports AFP.

BBL executive chairman Kosit Panpiemras said the bank took the decision to issue preferred shares with attached subordinated debt because the economy had "shown no signs of recovery."

"We expect the recapitalisation via SLIPS to be completed by mid-year. The proposal is awaiting Bank of Thailand approval," Kosit told reporters at a press conference.

The bank has decided to go ahead with the SLIPS programme because the economy has shown no signs of recovery yet.

SLIPS stands for Staple Limited Interest Preferred Structures, an instrument used with success by Thai Farmers Bank Plc. earlier this year to raise 40 billion baht.

Subordinated debt can only

be claimed by an unsecured creditor after the claims of secured creditors have been met.

Bangkok Bank has consistently gone to the market to raise finance rather than join the government's rescue scheme for indebted banks. It raised about one billion dollars through a share issue last year.

Thai banks are scrambling to raise capital to meet the government's strict new provisioning and cash reserve requirements introduced last year to stave off future financial crises.

Non-performing loans (NPLs) are estimated at more than 45 per cent of total loans throughout the devastated Thai banking sector, which was gutted by the float of the baht in July 1997.

"Based on December and the latest figures, we see some signs of decreasing NPLs. The 48 per cent level for NPLs (at BBL) as of December last year may be the peak," Kosit said.

But analysts said the bank appeared to be taking an optimistic view of the situation and would likely have to raise a lot more money before too long.

"They are about 50 per cent of their way toward the provisioning target by the end of the year 2000 and we're looking at 49 per cent NPLs at that time," one research analyst with a foreign firm told AFP.

"Realistically speaking, based on the provisioning target, they will have to raise a lot more money than that," he added, estimating the total required by BBL by the end of 2000 at about 60 billion baht.

The bank's shares closed 2.53 per cent in the red on the Stock Exchange of Thailand.

"The announcement by BBL made investors realise that every bank must seek to recapitalise this year," National Finance Securities analyst Niwat Vichiennumkul said.

Kosit said the recapitalisation plan was based on projections of a 1.0 per cent contraction in gross domestic product this year.

The bank's current classified loan provision stood at 64 per cent of the level required by 2000 when the government's new standards are to be fully realised.



BERLIN (Germany): A woman holds a newly-developed cellular phone with integrated video display and camera during an information congress of German electronics company Siemens in Berlin, Tuesday. The cellular phone is equipped with a small stamp-size LCD screen and a built-in micro camera and is able to transmit video signals along with the telephone signal. Siemens plans to present the prototype at this year's "CeBIT" Electronic and Telecommunication Fair in Hannover, 18th to 24th of March. — AFP photo

Iraq vows to maintain oil exports to Jordan

BAGHDAD, Feb 10: Iraqi Oil Minister Amer Mohammad Rashid today pledged to maintain the sanctions-hit state's oil exports to Jordan, reports AFP.

"Iraq's commitment for several years to meet all of Jordan's oil and oil products needs is absolute," the minister told journalists here.

"We will continue to provide Jordan with all its needs in crude oil and oil products at preferential prices," he said.

In January, the two countries renewed an oil agreement, first signed in December 1996, for 4.8 million tonnes of Iraqi crude in 1999, or some 96,000 barrels per day.

Half of the oil is provided free while the rest is set at an average price of 8.4 dollars a barrel. The minister said the free oil would be worth between "200 and 250 million dollars" in 1999.

Saudi newspaper Al-Sharq Al-Awsat on Monday quoted an unnamed government official as saying Saudi Arabia was ready to supply Jordan with cut-price oil.

Rashid also said Iraq would "express its appreciation of countries calling for a lifting of the embargo" imposed on Baghdad after the 1991 invasion of Kuwait, by giving them priority on oil contracts.

He said "Russia, France and China are among the first friendly countries, and there are other countries like Malaysia, Indonesia and Italy who have positive positions."

The contracts come under the UN oil-for-food programme that allows Iraq to sell limited quantities of crude in return for basic products.

Meanwhile, Iraq exported 17.7 million barrels of oil worth some 150 million dollars in the week ended February 5 under the UN oil-for-food programme, the United Nations said in a statement Tuesday.

Oil exports since the fifth phase of the programme began in December have averaged 2.06 million barrels per day with a total of 129.84 million barrels generating revenues of 1.1 billion dollars.

The UN Sanctions Commit-

tee also approved two new contracts for the sale of Iraqi oil, with a total of 15 million barrels. A total of 79 contracts worth 292.9 million barrels has so far been approved.

The committee also approved 13 new spare parts contracts for Iraq's crumbling oil sector, worth some 9.6 million dollars.

Under the current six-month phase of the programme first introduced in December 1996 to ease the effects of more than eight years of sanctions, Iraq is permitted to sell 5.2 billion dollars of oil to pay for humanitarian goods.

About eight months ago, Baghdad was authorised to import 300 million dollars of spare parts for its dilapidated oil industry. UN officials in New York said last week that the Sanctions Committee had approved a total of 293 contracts worth 163.4 million dollars.

Iraq exports its oil through Turkey's Mediterranean port of Ceyhan and the Al-Bakr terminal on the Gulf.

India lifts ban on onion exports

NEW DELHI, Feb 10: The Indian cabinet lifted a four-month ban on exports of onions Tuesday following a good harvest of the country's favourite vegetable, a minister said, reports AFP.

The cabinet decided to allow 75,000 tonnes of onion for exports "in view of good onion production in states of Maharashtra and southern Karnataka," Home Minister Lal Krishna Advani told reporters.

"It will be exported in three months' time with the concerned agencies being permitted to ship 25,000 tonnes of onions every month," he said.

New Delhi partially lifted the ban last month and allowed the sale of 3,000 tonnes of onions to Sri Lanka.

The government had imposed curbs on onion exports in October after a lingering shortage caused a more than 500 per cent jump in its price.

Prices of onions had shot up from 10 rupees (25 cents) a kilogram (2.2 pounds) in August 1998 to more than 60 rupees after widespread floods and cyclones extensively damaged crops in the onion-growing states of Maharashtra and Gujarat in western India.

Yuan devaluation unlikely, says ADB chief

MANILA, Feb 10: China is unlikely to devalue its currency, the yuan, this year because of its rising trade surplus and foreign-currency reserves, the new president of the Asian Development Bank said Wednesday, reports AFP.

Tadao Chino, a former senior Japanese finance official, praised China's determination last year to keep the yuan's exchange rate steady.

"This had an important stabilising influence on foreign-exchange markets last year," he said.

Fresh fears earlier this year that China would devalue its currency sent tremors through the world's financial markets. These subsided after the Beijing government pledged to maintain a stable yuan this year.

China said China's favorable balance-of-payments positions should reduce pressure on the yuan this year.

Despite a decline in export growth, China's trade surplus totalled \$43.59 billion at the end of 1998, an 8 per cent increase from 1997.

In addition, the country's substantial foreign-currency reserves provide a "thick cushion," helping it maintain a stable exchange rate, Chino said.

China's foreign-currency reserves, which stood at \$ 145 billion at the end of 1998, are the second-largest in the world, behind Japan's.

"I feel it's unlikely China will need to devalue (the yuan) to boost domestic demand," Chino said.

However, the ADB's newly appointed head cautioned that China still faces many challenges, particularly in restructuring its financial sector and state enterprises.

New BMW chief already thinking of resigning

HAMBURG, Germany, Feb 10: The newly-installed chairman of German car maker BMW, Joachim Milberg, is already thinking of stepping down again only days after his surprise appointment, German weekly magazine Stern said in a report to be published on Thursday, reports AFP.

Little-known Milberg was the unexpected successor to the previous chairman, Bernd Pischetsrieder, who was ousted in a brutal management ouster after an extraordinary supervisory board meeting last Friday.

But Stern quoted insiders as saying that Milberg is already thinking of resigning.

A spokesman for BMW, Juerg Danner, dismissed the report as "absolute rubbish."

BMW's previous number two, Wolfgang Reitzle, had been widely tipped to succeed the luckless Pischetsrieder.

But Reitzle refused to accept the position because his appointment was approved by the supervisory board with only a tiny majority, the magazine said.

Reitzle was unwilling to tackle the huge problems at the loss-making British unit, Rover, without the full backing of the employee representatives who sit on the supervisory board, Stern reported.

The appointment of Milberg, who auto industry experts say has little operational experience in the car industry, was therefore to avoid any embarrassment, the magazine continued.

But a spokesman for the powerful and secretive Quandt family, which owns around 49 per cent of the car maker, insisted on German television late on Tuesday that Milberg had acted as an advisor to a number of major auto concerns in the past and was therefore "no compromise candidate."

While the management changes were not announced until February 5, Pischetsrieder had already been forced to step down on the afternoon of February 1 and had cleared his office by last Thursday, Stern said.

Bad loans by S'pore banks may double this year

SINGAPORE, Feb 10: Bad loans given by Singapore's banks could more than double this year to 15 per cent of total lending after a deterioration in financial performance in 1998, global ratings agency Standard and Poor's forecast Wednesday, reports AFP.

It added however that banks in the recession-hit city state were strong enough to weather the storm.

Singapore's banks have already seen profits plunge because of a rapid regional economic slowdown and their exposure to countries like Malaysia and Indonesia.

"As a consequence of Singapore's own economic slowdown and recessionary conditions in the Asian region, Standard and Poor's expects that the Singapore banking system's gross problematic assets (GPA), will peak at 10 to 15 per cent of total assets in a worst-case scenario," it said in a statement.

GPA includes non-performing loans, restructured loans and foreclosed assets.

As of September 1998, some 6.6 per cent of loans given out by Singapore banks were classi-

fied as non-performing, according to the latest official figures.

Restructured loans and foreclosed assets also stem from non-performing loans.

With the rising bad loans problem, Singapore is expected to join the ranks of the other battered Asian economies where percentages of non-performing loans have soared to double-digits.

Standard and Poor's also said Singapore's banks were expected to report a further deterioration in their 1998 financial performance compared with the previous year.

Singapore's five listed local banking groups are due to release their 1998 year-end financial results over the next few weeks.

According to a survey of analysts by Singapore's Business Times, some of the banks could see net profits plummeting by more than 40 per cent.

The banking system continues to be characterised by weakening asset-quality and an associated increase in charges in bad and doubtful debts, adversely affecting profitability

and capitalisation," Standard and Poor's said.

The agency said that for Singapore banks, the Year of the Rabbit "will definitely not be docile as they attempt to manage the negative effects arising from the Asian regional crisis, and increased foreign competition resulting from the country's continuing financial sector liberalisation."

Prime Minister Goh Chok Tong recently warned local banks against complacency, urging them to look to strategic mergers to cope with globalisation.

The Monetary Authority of Singapore, the de facto central bank, is also opening up the financial sector to foreign competition, posing further challenges to local players.

Leading Bank Oversea-Chinese Banking Corp. (OCBC) was reported Wednesday as saying it was looking at acquiring banks in Malaysia, Hong Kong and at home.

OCBC has three branches in Hong Kong, 25 branches in Malaysia and 44 branches in Singapore.