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# The Daily Star BUSINESS

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DHAKA, MONDAY, MAY 17, 1999

## 'Strong dollar is in US interest'

LANGKAWI, Malaysia, May 16: A strong dollar is in the United States' national interest, US Treasury Secretary-designate Lawrence Summers said Sunday, reports AP.

Secretary Rubin and I have seen this the same way for many years," he said. "A strong dollar is very much in America's national interest."

This is the first time Summers has commented on the dollar since he has been nominated for the post of Treasury Secretary. Last week, Treasury Secretary Robert Rubin submitted his resignation.

Summers made his remarks following a weekend gathering of Asia-Pacific finance ministers at this resort island off of northern Malaysia.

## Gulf Air to take Airbus A330-200 delivery

Gulf Air is set to take delivery of its first Airbus A330-200 aircraft in June.

The airline has placed firm orders for six A330-200 aircraft with options for six more aircraft, says a press release.

Delivery of the four is expected this year, with the other two joining the fleet by year 2000.

Gulf Air has invested about US \$550 million in the purchase of six Airbus A330 aircraft, financed by Credit Agricole Indo-Suez.

The investment reflects the commitment of the airline to constantly replenish its fleet, provide better quality products and higher standards of service to its customers.

Dr Shaikh Ahmed bin Saif Al Nehyan, President and Chief Executive of the airline, described the arrival of the first Airbus A330-200 as an important event for the company.

"While Gulf Air was among the first air carriers in the Middle East to operate Airbus aircraft, A330-200 represents the most efficient in its class, he added.

The new aircraft has undergone substantial changes from the standard facilities.

## IFADEP-1 workshop held in Rangamati

State Minister for Women and Children Affairs Prof Zinnatun Nessa Talukder attended the closing session of a workshop on 'Progress and Future of Project IFADEP-1' that was held from May 10 through 12 in Rangamati, says a press release.

IFADEP-1 is a pilot project, aiming to develop replicable approaches and methodologies which allow for enhancement and creation of productive employment opportunities of the VGD cardholders.

The four-year project, which started in January, 1996 is funded by the European Commission together with the Bangladesh government and is implemented by the Department of Women Affairs.

The total budget of the project is Tk 46.126 crore, of which Tk 42.93 crore is donated by the European Commission which also provides 72,600 tons of wheat.

Objective of the workshop was to study the approaches and methodologies the project has developed so far and which and how these can be replicated in the future after the pilot phase.

The workshop was attended, among others, by the Director General and Deputy Director of the Department of Women Affairs, the First Secretary and Food Security Adviser of the European Commission, the Director of IMED, the Divisional Chief of the Planning Commission, the Director of the Planning Commission, the representative from the World Food Programme, the ERD, NGOs, district Women Affairs Officers and project staff.

## BFFEA urges govt to set up more hatcheries

KHULNA, May 16: The Bangladesh Frozen Foods Exporters' Association (BFFEA) has urged the government to set up more hatcheries in the country to produce shrimp fries, says APB.

The annual requirement of fries is about 400 crore but only 25 crore is produced in 18 hatcheries in Cox's Bazar district and another 100 crore collected from the shoreline, leaders of the association told a press conference here recently.

The country now earns around Tk 1500 crore a year by exporting 25,000 tonnes of shrimp. The production can be increased substantially if more fries can be supplied, they said.

Hatcheries can also be set up in the private sector if the government provides support, they said.

Ferdous Alam Farazi, vice-president of the association, M A Salam, Abdul Khaleque and Atiar Rahman spoke at the press conference.

# Tofail seeks post-MFA compensation Canada keen to invest in energy, infrastructure sectors

Visiting Canadian Secretary of State for Asia Pacific region Raymond Chan yesterday said Canadian investors are interested to invest in the energy and infrastructure sectors of Bangladesh, reports BSS.

Talking to Commerce and Industries Minister Tofail Ahmed at his office, Raymond Chan said Canadian investors are also keen to participate in BMRE of Karnaphuli Paper mills along with engineering and other intellectual support.

Raymond Chan, leading a 17-member Canadian business delegation, said that the relationship between the two countries was strengthening due to economic cooperation.

Responding to the request of the Minister on increasing the quota for RMG import from

Bangladesh, Chan said he would convey the message to his government.

Tofail said Bangladesh is doing very good in RMG exports after eliminating child labour from this sector.

"Canada is our important development partner and we are getting active support and assistance from Canada since independence," Tofail said.

He requested the Canadian government to continue compensatory measures in favour of LDCs including Bangladesh after the phasing out period of multi-fiber agreement (MFA) under GATT.

"Developed countries should provide more market access facilities to LDCs," the minister said.

Tofail Ahmed said: "We have taken private sector-led growth strategy to attract foreign investment in our country. He said that the govt has formulated an industrial policy to expedite private sector initiatives for industrialisation.

The government is facilitating private sector business initiatives, he said, adding that energy, telecommunications and infrastructure sectors were opened to private investment.

Welcoming Canadian investment in these prospective sectors, the Minister said "we are getting very good response from the foreign investors."

The two sides underscored the need for frequent visits of private sector delegations for expediting trade and investment between the two countries.

# Standard Chartered launches 2 cash-management products

The chief executive is away from the country and the company needs his authorisation for an urgent transaction. This situation could well prove a pesky one for the firm. But with Standard Chartered Bank's (SCB) Electronic Banking Services (EBSW) at hand, the company can safely manage the situation.

Under this system, the executive can stay away from his office and still authorise transactions through the information technology. By using the same system, he can do more things like checking his accounts both with SCB or any other bank, be it inland or abroad.

Judging that the country's corporate bodies are coming of age and businesses need faster and reliable banking operations, Standard Chartered Bank has introduced two new cash management suits of products - Premium Service Banking (PSB) and Electronic Banking Service for Windows (EBSW).

"Our Cash Management Solution is a series of products which help companies better manage their cash flows by streamlining their payments," said Sethu Venkateswaran, Standard Chartered Bank Chief Executive for Bangladesh, at a press briefing yesterday on the eve of formally launching the bank's packages. "These are designed to increase convenience and improve control through a range of value-added transactional services."

PSB is a module which aims at middle-market companies with its six components - PSB Courier, Auto fax Reports, Hotline, Inward Remittance Information Service, Express Payments and Foreign Exchange and Money Market Information.

The Courier will offer the bank's customers the convenience and security of a daily

courier pick-up and delivery service for routine banking transactions. The service is available for cheque deposits, trade finance documents, payment instructions, statements and cheque-book requests.

Auto Fax Reports provide the clientele with a comprehensive daily account statement covering detailed transaction information.

Hotline is an easy-to-remember telephone number which is specifically reserved for corporate customers of PSB to provide with a single window into the bank for all transactional banking enquiries.

Inward Remittance Information Service provides customers with a daily fax report detailing all inward SWIFT payment messages received by the bank for their accounts.

Through the Express Payment, the customers can make requests or payments through a fax machine.

Foreign Exchange and Money Market Information gives fixed information on foreign exchange and money market rates on a daily basis.

"By using our EBSW, a customer, while sitting in his office, can check out his balances not only with our bank but also with other banks as well. All he has to do is to approach his other banks and ask them for information regarding his accounts. He can even check his account with any overseas bank."

"Customers will also have a full range of domestic and cross-border transaction initiation capabilities through EBSW including electronic funds transfer as well as paper-based payment options like drafts," says Wasim Saifi, Head of Business Development, Middle East and South Asia (MESA).

"EBSW enables a customer to access information on his outstanding import LCs, LC drawings and import collections.

"You can schedule your business without waiting for bank people to come to office. Customers can also download data about his account and export it to his back-office," says SAA Masrur, Head of Corporate Banking.

SCB has brought this product to Bangladesh within six months of its global launching. The bank invested about 3.5 million pound sterling to develop the system for the Middle East and South Asia region. Next year, another 3.5 million pound sterling will be spent on the bank's product development, said Sethu Venkateswaran.

Already 15 clients have picked up PSB, while five others have signed up for EBSW.

The market is prospective for such products. Readymade garment (RMG) sector is a major exporter of the country and we have a large clientele there. They will need such products for trade related businesses," said Venkateswaran.



Sethu Venkateswaran, Chief Executive Bangladesh, and Alex Thursby, Regional Head of Corporate Banking, Middle East and South Asia Region, of Standard Chartered Bank, explain Cash Management products. SAA Masrur, Head of Corporate Banking Bangladesh, and Wasim Saifi, Head of Business Development, Middle East and South Asia Region, are also seen in the picture.

Fazle Hasan Abed, the founder and Executive Director of BRAC, has been elected Chairman of the Board of Directors of Delta-BRAC Housing Finance Corporation Limited (DBH) at a meeting of the Board held in Dhaka, says a press release issued yesterday.

A joint venture of BRAC, Delta Life Insurance Company, International Finance Corporation (part of the World Bank Group) and Housing Development Finance Corporation, which is the largest of such private sector institution in India, DBH is established in mid-1997 as a pioneer private sector housing finance institution of the country.

It provides long-term loans for up to 15 years to individuals for construction of houses, extension and improvement of existing houses and purchase of apartments and even housing plots. DBH, which was set up to ease the severe housing problem in urban areas, has so far sanctioned housing loans of over Tk 55 crores in two years.



Workers tend to a garden with the background of the Coca-Cola building in Shanghai's Pudong special economic zone yesterday. China's expected entry into the World Trade Organisation (WTO) will sound the death knell for the special economic zones which have dominated foreign investment since it began in earnest in the 1980s.

# Asian stock markets may lose ground this week

SINGAPORE, May 16: Asian markets may lose ground this week following declines in the US and Europe on worries that the global low interest rate regime will soon end, reports AFP.

But the region's resilience to external shocks depends largely on its own economic restructuring efforts, analysts said.

Asian stock markets ended last Friday mixed as key indices in Europe and the record-setting Dow Jones tumbled on US Labour Department figures indicating an increase in inflation in the booming US economy.

Selling in global stock markets ensued out of fear that US authorities would raise interest rates soon.

The possibility may emerge in Tuesday's meeting of the US Federal Open Market Committee, analysts said.

But Asian markets would hold up despite the concern, analysts said.

"It's fair to expect some weakness," said Anand Aithal, chief strategist at Goldman Sachs Singapore.

"I don't believe in apocalypse. The markets are rightly concerned about US inflation but the long-term picture for Asia is still up, as long as Asia continues to restructure," he told AFP.

Significant progress in Asia's efforts to restructure corporate and financial institutions will determine the region's resilience against external shocks, analysts said.

And Asia is likely to get a bigger push in that direction with the naming last week of Lawrence Summers to the post of US Treasury Secretary, following Robert Rubin's resignation.

Asian stock markets initially fell on Rubin's move but later shrugged off the losses, feeling that Summers would continue Rubin's policies.

# IMF warns Asia against slowing reforms

LANGKAWI, Malaysia, May 16: The International Monetary Fund on Sunday warned Asian nations against slowing down economic reforms because of a new euphoria about recovery and growth, reports AP.

There is a risk of complacency and for countries to abandon what they call 'harsh' discipline," IMF Managing Director Michel Camdessus told a small group of journalists on the fringes of a weekend meeting of finance ministers from the 21 countries in the Asia-Pacific Economic Cooperation.

"More and more countries know that a reform not completed is not a reform, and leaves countries in a more risky situation than before," he said.

When currency devaluations and stock market crashes hit Asia two years ago, the IMF stepped in to bail out Asian nations, including Thailand, South Korea, Indonesia, and Malaysia.

But Malaysia, a late victim of the economic crisis, refused to accept an IMF bailout, saying the strict financial austerity advocated by the Monetary Fund would bring more pain to common citizens and cripple many healthy businesses.

Instead, Malaysia put curbs on the movement of capital in and out of the Southeast Asian nation and halted offshore trading of its currency, the ringgit. As the economy began to recover this year, Malaysia has relaxed some curbs, but says it will not abandon controls.

Summers' accession increases the likelihood that the International Monetary Fund and the United States "will step up pressure on governments to increase structural reform of the banks and corporates," analyst Desmond Supple of Barclays Capital said.

"Under the latter scenario, growth would slow further over the short-term as structural reform is a process that is initially contractionary — as capacity shutdown increases unemployment — and deflationary," he said.

An easier monetary policy, which means significantly weaker exchange rates, "will play a crucial role in supporting regional economies during this initial downturn," he added.

# Asia makes slow progress on biting bankruptcies

MANILA, May 16: Asian countries are making slow progress clearing the wreckage of a two-year financial crisis with weak or untested bankruptcy laws running into cultural barriers and other hurdles, analysts said, reports AFP.

Amid early stirrings of an economic recovery, about 200 billion dollars in non-performing loans (NPLs) weigh on the books of South Korea, Thailand and Indonesia banks — and some analysts say much of that capital could well be wiped out.

The three countries all passed new bankruptcy laws in the last 15 months — a key requirement for multi-billion-dollar bailouts led by the International Monetary Fund (IMF) after their currencies collapsed in 1997.

In general the countries, have been moving forward with structures that would handle the problems," L. William Seidman, who helped clean up the US savings and loan crisis in the early 1990s, told an international conference here last month.

But he warned there was still a "huge amount" of work to be done.

The Manila-based Asian Development Bank puts the region's NPL ratio as of end-1998 at between 20-30 per cent.

This represents "an equivalent share of output, as financial leverage in Asian economies remained at about 100 per cent of GDP (gross domestic product)," it said in a report.

An excessive amount of bad loans makes banks more conservative in lending, leading to a shortage of credit even for good firms.

Thousands of Asian firms have filed for debt relief since 1997. But prior to the reforms creditors invariably had a hard time going after corporate deadbeats, as governments first had to weigh the social and political impact before allowing a company to be liquidated.

And now there are mounting fears booming regional markets could be used by regulators and policy makers as a pretext to drag their feet on financial sector restructuring.

IMF Asia chief Hubert Neiss has warned that unless the stock market frenzy is accompanied by banking reforms and corporate sector restructuring, "there could be a change in sentiment."

To a lesser degree the dilemma is also apparent in Malaysia, and in the Philippines where the World Bank is leading calls for bankruptcy law reforms.

Seoul has won the most praise after swiftly passing a new bankruptcy law in February 1998 that took on the "bigger is better" culture of its highly leveraged chaebols.

Under the new liquidation law, the decision whether to give an insolvent firm a lifeline or not will be made purely on its economic viability," said Sung Chang-Hoon, deputy director of the finance and economy ministry.

South Korean officials estimate there are bad loans worth 113 billion dollars in the sys-

tem, though analysts say it could be closer to 125 billion dollars.

Indonesia's bankruptcy law, passed last September, has drawn the most flak, with the newly established commercial court accused of inconsistency, debtor bias and even incompetence.

Just some 60 insolvency cases have reached the special court since it was founded and only a third led to liquidations.

"There are many weaknesses," said Hotman Paris, a lawyer who has handled many bankruptcy cases in Jakarta.

"No bankruptcy laws in the world were formulated in only two weeks. The drafters are foreign consultants with the IMF who don't know anything about Indonesia. Many things are unclear."

Indonesia's 74 "Group A" banks hold non-performing loans worth 9.3 billion dollars, including 3.5 billion dollars which had gone bad, said Bank of Indonesia director Subarjo Joyosumarto.

Thailand, the birthplace of the currency crisis, was only able to pass new bankruptcy and foreclosure laws two months ago amid widespread opposition.

Sivaporn Daradananda, corporate debt restructuring committee chief of the Thai central bank, said last week that while the new regime should help bring down the 73 billion-dollar NPL level of Thai banks, a portion "can't be restructured. They only recourse will come through the courts."

## 5-day course on ISO-9000 begins

A five-day training course on ISO-9000: Lead Auditor began in the city yesterday, reports UNB.

BSTI director general Abu Taleb inaugurated the course jointly organised by Bangladesh Standard and Testing Institute (BSTI), Asian Productivity Organisation (APO) and National Productivity Organisation (NPO).

Speaking on the occasion, Taleb said that there was no alternative to implementing the ISO-9000 in the industrial and service organisations to make Bangladeshi goods competitive.

Yek Sin Kiat and Chiew Yang Huat of Singapore Productivity and Standard Board, nominated by APO, will conduct the course.