

Transportation of goods through Bangladesh

Committee to vet Indian proposal formed

A committee comprising experts from both India and Bangladesh has been formed for vetting Indian proposal for transportation of their goods from one frontier to another through Bangladesh by Bangladeshi transport, says UNB.

This was disclosed at a meeting of the Commerce Ministry in Dhaka on Monday that took stock of the entire spectrum of the country's external trade.

It was apprised that the proposal was given by Indian authorities during recent 'successful' visit of Commerce and Industries Minister Tofail Ahmed to India aiming to improve Indo-Bangladesh trade relations.

Addressing the meeting the minister said that the committee would also look into the possibility of border-trade

agreement with India in the model of the Bangladesh-Myanmar accord.

Under this agreement, businessmen of the two neighbouring countries can trade commodities worth 5000 US dollars without LC either way.

Another committee was formed at Monday's meeting to frame a strategy for projecting a complete trade picture in the ensuing WTO meeting and subsequent negotiations to clinch due facilities for boosting country's exports. The Commerce Secretary is its chief.

Tofail Ahmed said issues like renegotiating world trade and newer barriers in open market would be raised at the ministerial meeting of the World Trade Organisation.

"These topics are very important for improving future trading status of the third-

world countries like Bangladesh," he told the review meeting with executive heads of the Commerce Ministry and its departments.

Rebutting the comments of some political parties on Trans Asian Railway, Tofail said the ports of the country were not capable to cope with the rising volumes of exports and imports that are expected to redouble with the TAR installation.

He said the opposition wanted to isolate Bangladesh from the outer world, but there is no scope for following 'Way alone Policy' now.

Maintaining Bangladesh export trade is possible through regional and international co-operation, the minister reminded the critics.

Expressing satisfaction at the export incomes in the current year, despite the damage

done by devastating floods, the Commerce Minister said the current earnings were, in fact, the earnings of nine months as the country could not get order from abroad for three months for the calamity and some propaganda.

"Even then, export earnings so far showed 3 per cent growth in terms of the dollar," he said, adding that the turnover is expected to rise at the year end.

Tofail Ahmed pointed out that earnings from jute, jute goods, leather and shrimps decreased for a price slump in these sectors on the international market this year compared to last year.

He advised the Export Promotion Bureau to be more active for product diversification and creating new markets to overcome these hurdles.

LEADS strikes software export deal with Saudi co

LEADS Corporation Limited, one of the leading information technology organisations of Bangladesh, has entered into a contract with CAP Saudi Arabia Company Limited for export of its PCBANK/2000, an integrated banking application software, says a press release issued yesterday.

It may be mentioned here that LEADS developed a banking application software which has been in use since 1986, and its current version called PCBANK/M is being used by 11 commercial banks, including one foreign bank, in over 100 branches. PCBANK/2000, a completely new package, is developed on Oracle under client-server architecture, having many new features, such as phone banking, home banking, ATM interface, signature capture etc.

The software is fully integrated, with centralised as well as distributed database.

LEADS came in contact with CAP during COMDEX Fall'98, the biggest information technology exhibition held in Las Vegas, USA, in November last year. The show was jointly organised by Export Promotion Bureau, the Government of Bangladesh and Bangladesh Association of Software and Information Services (BASIS) and participated by nine software companies from Bangladesh.

LEADS and CAP signed the agreement on May 2 in Jeddah.

PCBANK/2000 is now being converted into a bilingual version, initially in English and Arabic. A team of computer professionals from LEADS will shortly be sent to Saudi Arabia for this conversion.

Mercantile Bank starts operation today

An new private sector bank, the Mercantile Bank Limited, will start its operation today (Wednesday), reports UNB.

Prime Minister Sheikh Hasina will be the chief guest at the formal inauguration of the bank at Hotel Sheraton, said a press release.

Finance Minister SAMS Kibria will attend the function as special guest which Bangladesh Bank Governor Dr Mohammad Farashuddin will be the guest of honour.

New GM of Sonali Bank

Kh Mahbubur Rahman has recently joined Sonali Bank as General Manager, says a press release Monday.

Prior to this assignment, he had been working as General Manager of Rupali Bank Ltd.

Rahman joined the then State Bank of Pakistan Officials Training Scheme in 1967 and was absorbed in banking service by the then National Bank of Pakistan (now Sonali Bank) in 1968.

In September 1997, he was promoted to the rank of General Manager from Sonali Bank Wage Earning's Cooperative Branch, Dhaka, and got posted to the Divisional Office, Bangladesh Krishi Bank Barisal. He joined Rupali Bank Head Office Dhaka in December 1997.

Rahman, an MA in Economics, participated in various training courses on banking including the one on 'Investment Planning Appraisal and Management' for Development Finance Institution at the University of Bradford, England in 1990.

AKM Nozmul Haque Agran Bank's new MD



AKM Nozmul Haque has joined Agran Bank as Managing Director.

He took over the responsibility of the position on Monday, says a press release.

Earlier he was the Managing Director of Rupali Bank.

After obtaining MSc in Statistics securing 1st class 1st from the Rajshahi University in 1965, he worked there as a lecturer.

In 1967, he joined the then State Bank of Pakistan in Karachi and after liberation he continued his service in Bangladesh Bank in Dhaka.

Before joining Rupali Bank Ltd as Managing Director he was the Deputy Managing Director of Sonali Bank and also served as General Manager, Sonali Bank, UK operations UK. He held responsible positions in Bangladesh Krishi Bank.

Haque also obtained MA in Economics from New York University, USA in 1976.



A woman displays the latest lap-top computer developed by Taiwan's Twinhead International Corp. at the Taipei computer show opening Tuesday. The maker said the computer weighed only 1.7 kilograms (3.74 pounds). —AFP photo

Bid to gear up restructuring tasks

Indonesian banks release lists of worst indebted firms

JAKARTA, June 1: Indonesian bank authorities and top banks today named hundreds of the most indebted firms, many of them linked to the associates and family of former president Suharto, says AFP.

The Indonesian Bank Restructuring Agency (IBRA) said the companies were required to start or continue negotiations with the agency on how to resolve the debts.

"Those debtors that have not yet started talks or have yet to receive invitations from IBRA are required to send a formal letter to start to search for ways to resolve their obligations," it said.

In its latest letter of intent to the International Monetary Fund (IMF), Indonesia pledged to name the top debtors of state banks and government institutions by this month to help speed up the task of restructuring.

The pledge to the IMF did

not, however, bind the banks or IBRA to specify the amount of debt, and none was given in either dollar or rupiah terms.

The IBRA list of 200 top debtors included Suharto family-linked petrochemical giant Chandra Asri, paper plant Kiani Kertas owned by his business associate Bob Hasan, and PT Timor Putra Nasional, the car plant run by his son "Tommy" Hutomo Mandala Putra.

It also included aerospace firm IPTN, a brainchild of president BJ Habibie, who succeeded Suharto when the strongman stepped down in May last year.

PT Bank Central Asia, once the country's largest private bank named its top 21 debtors, including a Batam island company, PT Paperbox Industries Indonesia (Batam).

Formerly owned by the Salim Group, BCA was taken over by the government last year.

State-run PT Bank Rakyat

Indonesia in its list of 193 largest debtors named A Latief Nusakarya Corp, controlled by a former minister, the state-owned PT Semen Gresik, and a cash cow for the Bimantara Group owned by Suharto's son Bambang Tjahjono — Trans Javaga Pipeline.

In a statement, it also named cigarette company PT Bentoel and PT Mulia Industri in the top 20, as well as other well-connected companies, PT Rajawali Corporation, PT Kawasan Industri Jababeka, and PT Mulia Glass.

Apart from A Latief Nusakarya Corp, the list also includes a large number of other companies controlled by Abdul Latief, once manpower minister during the rule of Suharto.

PT Bank PDFCI, another bank taken over by the IBRA, named flagship carrier Garuda Indonesia and Medco Energi Corp as among its largest debtors.



Mohammad Faiz, Managing Director of The City Bank Ltd, opens the new premises of the bank's Netaganj Branch at BK Road in Nayanganj Monday. Executive Vice-President Satya Gopal Podder, Senior Vice-President Delwar Hossain, Vice-President Manash Kumar Ghosh and AY Hafizur Rahman are also seen. — City Bank photo

Dhaka-Tripura trade promotion discussed

Sree Jitendra Chowdhury, Minister in charge of Information, Cultural Affairs and Tourism and Youth Affairs and Sports of the government of Tripura, called on Abdul Awal Minto, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at the Federation Office yesterday, says a press release.

They had a wide ranging discussion on promotion of trade and other matters.

Prospects of importing spices, oranges and pineapple from Agartala and exporting consumer goods like cosmetics, toiletries, edible oil, textile etc to Agartala were discussed.

Both sides emphasised the need for increasing formal trade for mutual benefit.

Earlier, Sjaiddin Ahmed, Executive Chairman of the Board of Investment (BOI), called on Abdul Awal Minto, and discussed ways of strengthening the role of BOI and improving the operational activities at the ground level.

The BOI executive chairman proposed an indepth discussion with FBCCI for promoting both domestic and foreign investment at a later date. The FBCCI president welcomed the new BOI executive chairman and assured him all possible cooperation. He also indicated that the cooperation agreement between BOI and FBCCI must be implemented without further delay.

New GM of Janata Bank

Kazi Abul Khair has joined Janata Bank as General Manager.

Prior to his present assignment, he was the Deputy General Manager of Sonali Bank, says a press release.

Kazi Abul Khair started his banking career in 1965 as Trainee Officer in the then National Bank of Pakistan.

Effective product distribution network stressed

President of the Dhaka Chamber of Commerce and Industry (DCCI) M H Rahman emphasised the need for establishing effective product distribution networks for increasing market share in the present competitive business world.

Rahman said this while inaugurating a 5-day training course on 'Developing Distribution Network for Marketing of Products' at DCCI Training Centre Sunday, says a press release.

The course was organised by Business Advisory Service (BAS) Project of DCCI in cooperation with German Technical Cooperation (GTZ).

Rahman regretted that most of our companies lack in experience and ability to handle a countrywide distribution mechanism to deliver their products to consumers. This has led them to become dependent on intermediaries.

The intermediaries, on the other hand, control the distribution system so effectively that entrepreneurs are now hostages at the hand of their distributors. Rahman hoped that the participants would apply their advanced knowledge to establish scientific distribution systems for marketing their products.

BAS Project Coordinator Michael K Nathan also spoke on the occasion. He gave a brief resume of the project and encouraged the participants to avail themselves of BAS services to promote their business.

The training course was conducted by Enterprise Development Initiative headed by Mdul Kanti Biswas.

BAS Project Manager Md Emdadul Haque acted as the course coordinator.

32 executives from pharmaceutical companies, manufacturers of consumer and industrial products and distribution companies attended the course.



A girl waits in a luggage cart as her father tries to get on a flight to Malaysia, which Cathay Pacific chartered from Malaysia Airlines to make up for one of its cancelled flights Tuesday at Hong Kong's Chek Lap Kok airport as a Cathay pilots' protest goes into its fifth day causing the cancellation of another 37 flights. Cathay enlisted more aircraft and crew from other airlines in an effort to accommodate passengers inconvenienced by the pay cut dispute between pilots and management, while the pilots' association announced that it will call a strike ballot if any pilots are fired. —AFP photo

More flights cancelled

Cathay aircrew union discusses dispute

HONG KONG, June 1: Senior Cathay Pacific Airways Ltd pilots called in sick for a fifth day today, forcing the airline to cancel 37 international flights in a dispute over pay cuts for the Hong Kong carrier's aircrews, says Reuters.

The pilots' union, the Aircrew Officers Association (AOA), met on Tuesday to discuss the dispute and set a news conference for 1530 local (0730 GMT).

"We certainly will be discussing the way forward to ... bring Cathay back to the negotiating table," AOA general secretary John Findlay said on government radio.

So far, both sides have refused to back down in the dispute which cut more than nine per cent of the value of Cathay shares on Monday.

The shares rose in Tuesday morning trade, gaining HK\$0.20 or 1.88 per cent to HK\$10.85 but brokers said uncertainty surrounded Cathay.

"It will be risky to chase after the stock because no one really knows how long the dispute

will last and how deep the impact will be," said Anthony Mak, sales director at Vickers Ballias.

The AOA's Findlay has said pilots calling in sick since last Friday are suffering from stress due to Cathay's demand that by June 11 they leave or take cuts ranging from seven to 22 per cent over two to three years.

Cathay countered the 'sick out' on Monday by hiring charter aircraft, with 10 charters bolstering its schedule on Tuesday.

The dispute has forced cancellation of more than 120 flights since Friday, disrupted plans of more than 12,000 passengers and forced more than a 1,000 travelers to spend an extra night in Hong Kong.

Cathay suffered a HK\$542 million (US\$70 million) loss in 1998, its first in 35 years, and said it was determined to stand its ground to improve the airline's long-term competitiveness.

Cathay's director of corporate development, Tony Tyler, said again on Tuesday there was

no point in any further discussions if the pilots did not share "common ground" on seeking to ensure the airline's future.

"There is no point in discussing anything which doesn't address the issue of our long-term competitiveness," Tyler said. "There is no point meeting to talk about something that is not going to be acceptable to the company in the long run."

Cathay broke off nine weeks of talks last Tuesday, saying its pay cut proposal would save HK\$1.5 billion over 10 years while the pilots' proposal would cost HK\$1 billion in the same period.

The dispute comes at a time when Hong Kong companies, and those in the rest of Asia, are trying to cut costs in the face of heavy losses caused by a two-year regional financial crisis.

Cathay handles about a third of all Hong Kong visitors. Tourism contributes about eight per cent of the territory's gross domestic product but it has been hit hard over the past two years.

Hedging loan risks

Global standard for banks to be unveiled tomorrow

ZURICH, June 1: A panel of international bank regulators will unveil on Thursday its long-awaited proposal to change the standard for how much capital the world's banks must set aside to cover risk, a senior official involved in the discussions told Reuters.

The proposal, to be unveiled in London, is expected to allow banks greater flexibility than the original 1988 Basle Capital Accord allows them in the amount of capital they must keep on hand based on the riskiness of the loans they make. Banks now must hold capital equal to 8 per cent of assets, but this approach is seen as outmoded.

"We are issuing the consultative paper on the third of June," said Daniele Nouy, Secretary General of the Basle Committee, based at the Bank of International Settlements. The revisions were postponed after an initial deadline of April 9.

Nouy declined to elaborate on the latest proposals. Banks and others in the private sector have yet to contribute their input, so the final revision is likely to take more several months, regulators say.

The current accord requires banks to hold capital equal to 8 per cent of assets, but this approach is seen as outmoded. The revised Accord is expected to better reflect inherent riskiness of loans.

Regulators working on the revisions recently hit snags over what seemed at first to be relatively minor issues. One was believed to be whether German banks should be allowed to use a preferential credit weighting for some mortgage loans.

Sources said differences have been largely resolved for now.

The original accord was produced under former Bank of England officials Peter Cooke, against a backdrop of the Latin American debt crisis which left banks undercapitalised.

The Accord, which can determine indirectly where banks lend, and at what price, still provides a useful yardstick, especially for banks in emerging markets, say regulators.

Under the current accord, loans risk is accounted for by risk 'buckets' to which all credit positions are assigned. The weightings range from zero

to the full 8 per cent.

US regulators including New York Federal Reserve President William McDonough, also chairman of the Basle Committee since last year, are expected to favour a more flexible approach.

This could include keeping a minimum capital requirement, but also introducing credit ratings to determine how much capital should be put aside for individual loans.

There is general agreement that loans to companies with 'junk bond' credit ratings should require more capital than loans to triple-A corporate borrowers. But Europeans worry their banks will be at a disadvantage if private ratings agencies are used in the evaluations process. This is not the case now.

The problem is, the percentage of rated entities in Europe is much smaller than the percentage of rated entities in the States. If the BIS would say you can only allow for external ratings, then that would, at least for an interim period, give the US banks the best competitive advantage.