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The Daily Star BUSINESS

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SB Calcutta tops profit-earners' list in '98

Among the overseas banks, doing their businesses in India, Sonali Bank Calcutta Branch has topped the list of profit earners during last year, says a press release.

The Daily Statesman on Sunday last said that Sonali Bank Calcutta had earned 5.44 per cent profit of its total assets, while Deutsche Bank became second with 3.58 per cent of profit.

It may be mentioned here that a recent Statesman survey found that the earning of Sonali Bank had not only topped that of others overseas banks, but the Bank had also performed better in comparison to local banks as well.

Sonali Bank Calcutta, the lone branch of the bank in India, started functioning in 1974. The present amount of deposit with the branch is Rs31 crore and it earned a gross profit of Rs 6.56 crore during last year. Of this, the net profit is Rs 4.63 crore.

The bank branch is not only mobilising deposits locally but has also started investments both in commercial and industrial sector.

OOCL, Wan Hai offer joint service

Orient Overseas Container Line (OOCL) and Wan Hai Lines Ltd. (WHL) Wednesday announced that they would jointly offer a direct service between North China, other Asian ports and the Middle East.

The new China/Middle East service is scheduled to be launched on July 26 from Dalian, says a press release.

This new fixed-day weekly service is the first direct service between North China and the Middle East and offers a fast and reliable service to customers.

A total of six 1,100-teu vessels will be deployed which will ensure the increasing demand from customers is met.

The port rotation will be Dalian, Tianjin, Qingdao, Shanghai, Hong Kong, Singapore, Port Kelang, Dubai, Karachi, Port Kelang, Singapore, Hong Kong, Dalian.

Customers will enjoy some of the industry's best transit times between North China ports and the Middle East hub port, Dubai.

In addition, customers will benefit from the new service in some other Intra-Asia corridors between North China ports, Hong Kong and other Asian ports including Singapore and Port Kelang.

This marks a major milestone for both OOCL and Wan Hai and reflects a mutual commitment to the Intra-Asia market.

With the launch of the new service, there will be major improvement to the overall logistics chain to and from the Middle East and the Subcontinent.

President opens BIBM silver jubilee Sunday

President Justice Shahabuddin Ahmed will inaugurate the silver jubilee programme of Bangladesh Institute of Bank Management (BIBM) on Sunday at 10:00 am, says a news release.

The inauguration will be followed by second Nurul Matin Memorial Lecture on "Ethics in Banking", which will be delivered by Justice Muhammad Habibur Rahman, former Chief Justice ex-Chief Advisor of the caretaker government.

Bangladesh Bank Governor and Chairman of BIBM Governing Board Dr. Mohammad Farashuddin will chair the inaugural session, while Dr. Muinul Islam, Director General of BIBM, will make the address of welcome.

Besides, President Shahabuddin Ahmed will unveil the Silver Jubilee Memorial Plaque at the BIBM premises. In observance of the Jubilee, BIBM has also arranged a photo exhibition.

Toshiba to buy IBM share in chip jt venture

TOKYO, July 8: Japan's Toshiba Corp. will buyout International Business Machines Corp's share in a US computer-chip maker that the two companies established as a joint venture, Toshiba said on Wednesday, reports AP.

Toshiba will buy IBM's half of Virginia-based Dominion Semiconductor by December 2000, the company said, in a press release.

Toshiba did not say what it paid for the company or disclose any terms of the deal. The company, which is currently owned half by Toshiba and half by IBM, began operations in September 1997.

The Japanese electronics company said it wanted to acquire Dominion "to realize stable production and a supply of products best suited to meet market demand."

Toshiba plans to increase the production of standardized dynamic random access memory chips to about 6 million a month from 4 million now.

PM calls for large-scale British investment

Prime Minister Sheikh Hasina yesterday called upon the British entrepreneurs to make large-scale investment in Bangladesh assuring them of her government's commitment to make extra efforts to facilitate new investments in her country, reports BSS.

"I am confident, the British investors and entrepreneurs would find Bangladesh an attractive place for investment in industrial, natural resource-based activities and in various service sectors," she said.

The prime minister further expressed her hope that the British entrepreneurs would bring their technical expertise and experience to facilitate large investment projects in Bangladesh to the mutual benefit of both sides.

The prime minister was giving a key-note address at a seminar entitled "Bangladesh - A new era for growth and investment", organised by the Confederation of British Industry (CBI).

Hasina said the responding to the liberal investment climate, foreign investment in

Bangladesh has been on the increase. The major investing countries include Malaysia, Japan, Hong Kong, USA and UK.

The prime minister said large investments registered with the Board of Investment (BOI) have been for the services sector, followed by chemicals, textiles and engineering, she added.

While listing some pre-conditions for attracting direct foreign investments like economic and political stability, favourable incentives, adequate infrastructure and legal and administrative framework, Sheikh Hasina categorically mentioned that Bangladesh has made important strides in all these areas.

Turning to the opportunities that exist for foreign investment in the manufacturing, oil and gas and service sectors in Bangladesh, the prime minister said that investment in the private sector was being vigorously encouraged.

The prime minister told the seminar that private sector participation in infrastructure investment was also being en-

couraged in Bangladesh.

Sectors such as gas exploration, power generation and telecommunication are now open for private investment, both local and foreign.

At present, she said, the potential sectors for foreign investment in Bangladesh include textiles, leather, oil and gas, power, telecommunication, air transportation, light engineering, tourism, agro-based industries and computer software.

The prime minister said that foreign investment is particularly welcome in the export oriented industries, enterprises in the export processing zones (EPZs), high technology products, industries based on indigenous raw materials, natural resources and labour intensive technology based industries and the service sector.

In addition to joint ventures, foreign entrepreneurs are allowed 100 per cent ownership of their enterprises.

While highlighting the package of incentives being provided by her government to attract foreign investment, Sheikh Hasina mentioned,

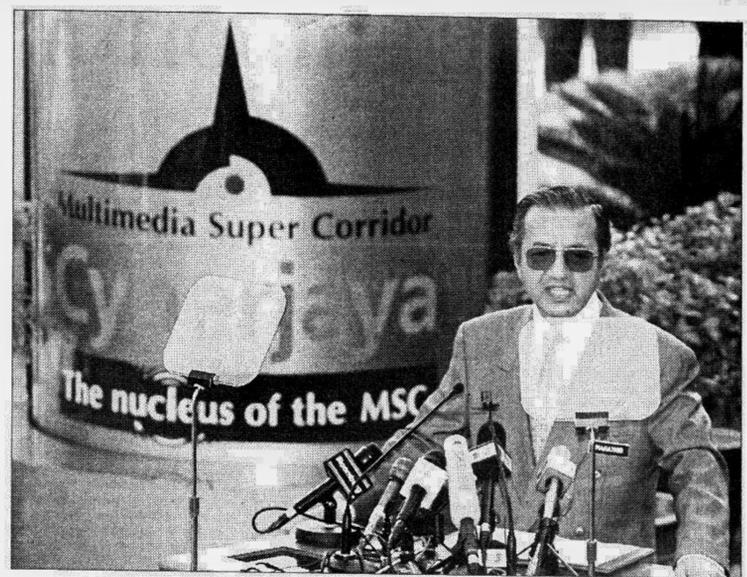
among other things, communication facilities of the country with other parts of the globe, availability of cheap labour, electricity and water supply, adequate banking facilities and legal protection against nationalisation.

The prime minister also noted various steps of her government including micro-economic and structural reforms, reforms in country's tax system and flexible exchange rate policy.

She said, although foreign assistance still plays a major role in the country's development efforts, her government was trying to reduce country's dependence on foreign aid.

Turning to domestic economy, the prime minister said Bangladesh witness considerable dynamism in recent years. For the last three years, the growth rate of GDP was 5.6 per cent on average.

Although the country experienced the worst flood in living memory, it was possible to post a growth rate of over 5.2 per cent in the last fiscal.



Malaysian Prime Minister Mahathir Mohamad delivers his opening remarks Thursday as he officially opens the Cyberjaya technology city in Cyberjaya. Cyberjaya is the nucleus of the Multimedia Super Corridor (MSC), a 15-by-50 kilometre (nine-mile-by-31-mile) project located 30 kilometres south of the capital.

—AFP photo

Asian crisis may not erode people's faith in gold

SINGAPORE, July 8: The Asian financial crisis has taught one thing to many — gold is more reliable than the local currencies or the banking system, reports Reuters.

Traders said the slump in world gold prices was unlikely to hurt people's belief in the yellow metal. Rather, it is a great opportunity to stack up more gold, especially as their currencies have recovered over the past few months, they said.

"Premiums for kilobars have gone up quite a bit because of the sudden demand. It's gone up about 20 per cent. This week, a gold trader in Singapore said.

Quotes for the Singapore premium over the London spot price varied widely but several were around 100 cents an ounce. "If you had the experience that Indonesia had during the crisis, you definitely know the value of keeping your wealth in the form of gold," he added.

Traders said physical demand had picked up in Asia after the fall in gold prices to 20-year lows of around \$256 per ounce on Wednesday, triggered by Britain's first auction of its gold reserves.

Many more buyers are waiting for the price to slide towards \$250 or below to cash in on the bargain, especially as their economy has stabilised or started to pick up after two years of trauma, they said.

"Everybody's up for \$250. We're going to see more buying at that kind of price," a trader said. "Especially with a five-dollar drop in a day, they're convinced they are going to see \$250 soon."

Koh Tong Huat, regional manager for finance, administration and planning at the World Gold Council, said: "This is the fourth quarter that showed continued growth in gold demand. At the rate we are going, we should reach pre-crisis levels soon."

In Indonesia, Thailand, Malaysia or China, where many still lived in rural areas far away from any banks, traders said that people were unlikely to change their habit of buying gold to hedge against difficult times ahead.

They added the Asian crisis had only proved how wise their grandfathers had been in buying gold chains, instead of turning to the banks, many of which

had gone bankrupt over the past two years.

"A vast majority still live in rural areas banks have not proven especially reliable to them," one trader said.

"A lot of gold is going to India and to Indonesia. I don't think it will change in the near future," he said. Traders saw particularly strong demand from Indonesia, one of the countries worst hit by the Asian contagion.

The rupiah languished as low as 17,000 to a dollar last year, compared with about 2,500 in July 1997 and around 6,640 currently.

To protect themselves against such turmoil, Indonesian farmers went as far as holding back their coffee or cocoa beans — other international commodities — amid uncertainties ahead of the first elections in more than 40 years in June.

In some countries, such as India, traders said, buying gold would remain a way of life as traditionally, they were required to give a lot of gold to their daughters when they get married.

Janata Ins board recommends 25 pc dividend

Star Business Report

The Board of Directors of Janata Insurance Co Ltd has recommended a 25 per cent final dividend for the shareholders for the year 1998.

The dividend was announced at the 89th meeting of the company held at its head office in city on Wednesday, says a press release.

The meeting was presided over by the Chairman of the company Aziz Al-Kaiser.

The dividend i.e. Tk 25 per share 25 per cent including 10 per cent interim was declared and paid earlier.

Provisional Accounts for the year 1998 was reviewed.

Some other important decisions relating to the company's business improvement were also taken in the meeting.

Among others, Chief Adviser Zafar Ahmed Chowdhury, Directors Belal Ahmed, MA Qudus, Md Nazrul Islam Khan, Md Abu Toyyab, Abdur Rahim Chowdhury, Md Nazir Hossain, Abdur Gaffar Chowdhury, Sahriur Ahmed, Shahidul Kadir, Hajee M A Kalam, Fahima Akhter, Advisers MA Hashem, Md Jahangir Alam Khan and Managing Director Md Maqbul Husain were present at the meeting.

Malaysia launches high-tech zone on high hopes

CYBERJAYA, Malaysia, July 8: Malaysia inaugurated the core of its ambitious high technology zone today, saying the nation's answer to Silicon Valley is on track despite a recession and will be the next engine of growth, says Reuters.

Prime Minister Mahathir Mohamad told executives from leading global information technology firms the government is committed to the success of Cyberjaya — the nucleus of Malaysia's new Multimedia Super Corridor (MSC).

The MSC is a 15-by-50 km (nine mile by 31 mile) zone located 30 km (20 miles) south of the capital Kuala Lumpur and surrounded by oil palm groves.

The government has planned and promoted the MSC as a magnet for world-class technology companies in hopes they will help develop the local information technology sector. It is also a testbed for information technology and multimedia solutions.

A total of 225 companies, including 108 Malaysian firms, have joined the MSC. Among them are Microsoft Corp, British Telecommunications Plc, Intel Corp, Nippon Telegraph and Telephone Corp

(NTT) and Reuters Group Plc.

Investment by participating companies in the zone to date totals more than \$300 million.

Mahathir today officially launched Cyberjaya, the heart of the MSC. It includes the headquarters of multimedia industries, the Multimedia University and the MSC operators, the Multimedia Development Corp.

The MSC also is home to Putrajaya, Malaysia's new administrative capital, the Kuala Lumpur International Airport and the Petronas Twin Towers, the world's tallest buildings.

Mahathir, addressing critics who have questioned the viability of the MSC, said the government had provided infrastructure and "cyberlaws" governing use of information technology, and would respond to investors' needs.

"Any large and pioneering initiative will have its share of detractors and cynics. However, our success to date speaks for itself," Mahathir told chief executives of global high-technology companies, ministers and diplomats.

The businessmen were attending a two-day meeting of

the MSC's International Advisory Panel which started on Thursday.

The MSC's developers have dismissed talk foreign investors were pulling out of the zone due to economic or political uncertainties.

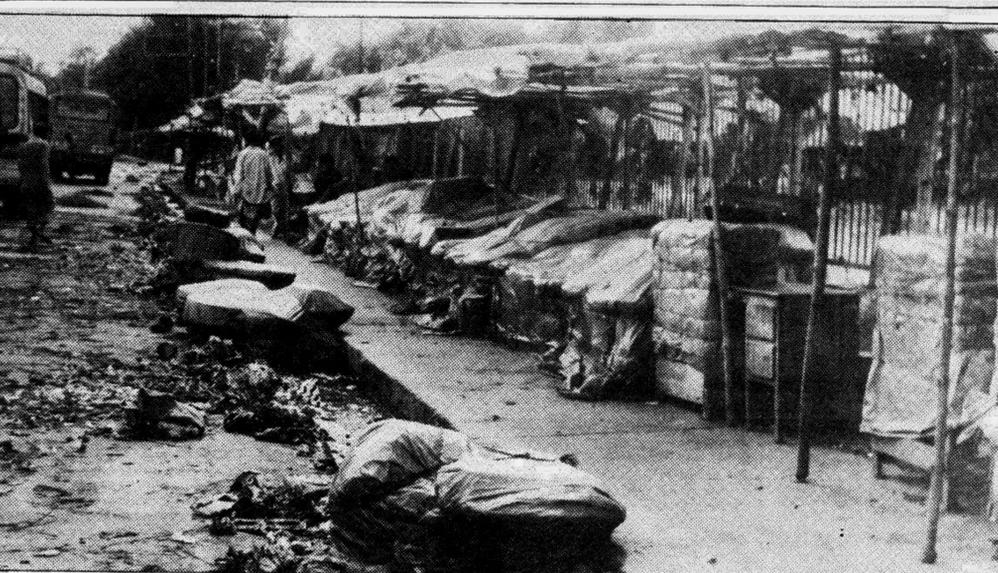
Business Week magazine said in March the MSC had been wounded by the country's recession and political unrest stemming from the sacking last year of former finance minister Anwar Ibrahim.

It said capital controls imposed last September had raised doubts among potential foreign investors.

Speaking in a lush hotel garden surrounded by palm estates at the centre of Cyberjaya, Mahathir said 285 companies had applied for MSC status and 225 had obtained it, against an initial target of attracting 50 companies by 2003.

He said 21 firms had set up in Cyberjaya. On Friday Mahathir will open NTT's office as well as the Multimedia University.

"The MSC initiative will carry the Malaysian success story of growth and stability well into the next millennium," he said.



The opposition's dawn-to-dusk strike yesterday forced vendors at city's Gulistan, who generally do businesses on the footpaths, to keep their activities dangling for the day.

\$ 16.67 m ADB loan for GrameenPhone project

The Asian Development Bank (ADB) is providing a private sector loan of 16.67 million US dollars and 1.6 million US dollars equity investment for the GrameenPhone Project in Bangladesh.

The project entails the construction and operation of a nationwide cellular telephone system in Bangladesh which will provide common cellular services in the main cities and a village pay telephone (VPT) service in rural areas, says an ADB press release.

The Agreements were signed between all parties concerned at the Bangladesh Resident Mission of the Asian Development Bank on Wednesday.

P Suphaphiphat, Resident Representative, signed the document on behalf of the Bank.

An amount of 33.3 million US dollars is also being provided as loan for the project by the International Finance Corporation, the Commonwealth Development Corporation and the Southasia Regional Fund.

The borrower is GrameenPhone Limited, a public limited

liability company incorporated in Bangladesh.

The project sponsors are Telenor Invest AS of Norway; Grameen Telecom of Bangladesh, Marubeni Corporation of Japan; and Gonofone Development Corp. of USA.

The project is the first significant private investment in the country in the telecommunications sector which is underdeveloped and has a high level of unmet demand.

It will, therefore, significantly contribute to the economic development of Bangladesh, improve access to health, education and government services and strengthen cultural and social ties.

The loan/equity investment covers the first four years of investment and operations, after which the project will become self-financing.

A key component of the project is an 1,800 kilometer optical fiber transmission system for which the owner, Bangladesh Railway, has entered into a lease agreement with GrameenPhone for excess capacity.

New MD of Janata Ins



Md Jainul Abedin has been appointed new Managing Director of Janata Insurance Co Ltd, says a press release of the company.

Prior to taking over the new assignment, he had been working as the Deputy Managing Director of the company.

Jainul Abedin joined Pakistan Insurance Corporation in 1969 and served in various capacities in Sadharan Bima Corporation from 1972 to 1986. He joined Sadharan Bima as Assistant Vice-President in 1987 and held the charge of Chittagong zonal office as Deputy Managing Director upto May 1999.

He contributed significantly to the growth and development of the company.

Russia to sign IMF letter of intent for \$4.5b loan

MOSCOW, July 8: The Russian Central Bank was to sign yesterday a letter of intent for the International Monetary Fund, opening the way for an IMF loan of 4.5 billion dollars to Russia, Interfax reported, quoting a senior official, reports AFP.

The government would make some "purely editorial changes" to the text today before handing it over for signing by Prime Minister Sergei Stepashin and Russian Central Bank governor Viktor Gerashchenko, according to Mikhail Zadornov, who is in charge of relations with the IMF.

'India was misled into signing WTO deal'

LONDON, July 7: India was misled into signing the present agreement of the World Trade Organisation (WTO), Commerce Secretary P.P. Prabhu said at a roundtable meeting on trade policy here.

"We are now wiser," Prabhu said, "and able to appreciate and evaluate the pluses and minuses more realistically."

Prabhu's remarks were a clear signal that India will not be easily convinced about the new round of agreements to be negotiated in Seattle, the United States, later this year. India wants implementation of what has been undertaken and correction of the "imbalances and inequities within the system," Prabhu said.

The intention of the developed world "appears to be to cast more and more obligations on the developing world and that too in new areas of domestic policy and in fields even unrelated to trade," he added.

The attempt to raise issues

like child labour is "one more example of lofty ideas being used to thwart market access," Prabhu said. It was an attempt to negate the "comparative advantage of low wages" in developing countries, he said.

India is determined to eradicate child labour, but this cannot be achieved through trade prevention measures, he said, calling the move "another thinly veiled measure of protectionism." Prabhu also said that "linking trade and environment is not the way to protect environment." He said "India will resist with determination any attempt to use trade rules as a tool for exploitation of less privileged peoples as a device for widening disparities and increasing inequalities."

Misgivings expressed by India and other developing countries had meant that the so-called Millennium Round was renamed the Development Round "with essentially the same ingredients but with some

sops thrown in for developing countries," Prabhu said. "This gives me an uneasy feeling of deja vu," he added.

The Uruguay Round itself had been negotiated on the development plank, "but the development dimension was jettisoned even before the ink was dry on the Marrakesh agreement," he said. "Almost immediately after the deed was done, the concern for development vanished into thin air and we began to hear sermons based on jungle law — the survival of the fittest."

Claiming that declarations by the developed world had been misleading, Prabhu said commitments made by them for the Uruguay Round had become "pious platitudes rather than guidelines for implementation."

The Commerce Secretary, known for his reticence rather than strong language, said that "when the present system is itself perceived to be inequitable,

and least developed countries." The barriers exist in the form of "quotas, sanitary and phytosanitary measures and technical regulations and standards, sometimes pegged at unrealistically high levels, thereby denying market access," he said.

In areas like textiles and agriculture, for example, there is a strong feeling in developing countries that the WTO regime "instead of subserving the developmental aspirations and programmes of developing countries, actually limits the strategic policy options available to developing countries," Prabhu said.

The European Union had extended the textile quota system for ten years. But it has not removed quota for a single product and it is unlikely that the E.U. will do so in the remaining transition period.

"The bottom line is that the E.U. etc. can maintain textiles quotas as they can't face com-

petition and require a long structural adjustment period of ten years, but developing countries can't face quantitative restrictions as it is not conducive to efficiency and is against the principles of free trade," he said.

Anti-dumping measures are "being increasingly used as protectionist measures rather than as devices to counter anti-competitive action," he said.

Developed countries had pressed for liberalisation of trade services in cross-border supplies, consumption abroad and commercial presence. But when India had spoken of a fourth dimension on movement of natural persons, "we were told it is a sensitive subject."

An economic needs test was applied to every commitment undertaken by Britain, "making us wonder whether the commitments undertaken have any value at all," Prabhu added.

— India Abroad News Service