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# The Daily Star BUSINESS

DHAKA, TUESDAY, JULY 27, 1999

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## Banks decide to form joint software co

Lack of integrated software is hampering computerisation of banking, specially in nationalised commercial banks, reports UNB.

Bangladesh Bank officials said all banks, after observing the problem, "unanimously decided in principle" to form a joint software company under the leadership of the country's central bank.

The decision was taken after elaborate discussion on the development of software for the commercial banks at the bankers' meeting with BB Governor Dr M Farashuddin here on Sunday.

It also decided to form a committee with representation from different banks and a senior BB official as its head to determine infrastructure, manpower and financing of the software company, the officials said.

The meeting stressed immediate launch of the proposed software company on the basis of the report of the committee for development of banking software package.

## Two-week BIA course begins at Netrokona today

A two-week course on 'Sales and Marketing' begins at Netrokona sales office of Jiban Bima Corporation today, says a news release. Bangladesh Insurance Academy has arranged the course for the development of sales officers.

Fourty officers from Jiban Bima Corporation will participate in this course, which will conclude on August 07.

## Philips agrees to buy 50pc stake in ROK computer screen maker

SEOUL, July 26: Royal Philips electronics of the Netherlands agreed Monday to buy a 50 per cent stake in LG LCD Co an advanced flat-panel computer screen maker, for \$1.6 billion, says AP.

The agreement marks the largest investment in South Korea by a foreign company and the Dutch company's biggest foreign investment, LG LCD officials said.

LG LCD, a wholly owned subsidiary of the LG group, is one of the world's largest producers of thin-film transistor liquid crystal displays, or TFT-LCD. It has three plants in South Korea.

The deal gives the Dutch-based multinational a key supply source in one of the fastest growing markets in the multi-media hardware industry. Flat-panel screens are increasingly used in cars, handheld devices, televisions and military equipment.

LG moved into the TFT-LCD business in the early 1990s and has since expanded its facilities aggressively. The global market for flat-panel colour screens reached \$8 billion last year and is growing rapidly.

LG-LCD's current output is estimated at 4.7 million screen a year. Its sales are expected to reach \$1.8 billion this year, up from \$500 million last year.

LG South Korea's third largest conglomerate, plans to use the huge cash inflow to cut debts. As of late April, the business group had 36.5 trillion won (\$30.4 billion) in debts, compared to 48 trillion won (\$40 billion) in total assets.

## Australia to give \$455,000 aid to crisis-hit ASEAN countries

SINGAPORE, July 26: Australia will provide 700,000 Australian dollars (\$455,000 US) to help Southeast Asian nations strengthen their economic and social systems against future financial crises, Foreign Minister Alexander Downer said today, reports AFP.

About 500,000 dollars would be used to develop and strengthen social safety nets and the remainder to reform competition policy and consumer protection systems, he said in a statement.

Downer, here to attend meetings sponsored by the Association of Southeast Asian Nations (ASEAN), said the total aid package would be provided through the Australian government's overseas aid programme.

The Association of Southeast Asian Nations (ASEAN) comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Most of the ASEAN economies were hit by the regional financial crisis which erupted in mid-1997 and plunged them into recession.

Downer said Australia was also helping to set up an Internet site, called the Asia Recovery Information Centre, to facilitate exchange of information on reform issues and impact of the Asian financial crisis.

## NBR chairman says at AmCham meeting

# PSI, income tax ease to curtail officials' discretionary power

Star Business Report

Chairman of the National Board of Revenue (NBR) Abdul Muveed Chowdhury yesterday said that this year's budget took an aim at dismantling the discretionary power of tax officials by making pre-shipment inspection (PSI) compulsory and simplifying the income tax system.

The chairman was speaking at a luncheon meeting of the American Chamber of Commerce in Bangladesh (AmCham) at a city hotel yesterday.

He said the existence of a number of tax rates breed corruption as goods with higher duties are often declared falsely to take advantage of lower duty slabs. "This year's budget has gone a long way in removing such anomalies to make the system corruption-free."

Chowdhury also said that duty on industrial raw materials had been lowered in the budget to promote industrial activity.

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ties and the number of duty slabs has also been reduced.

"Duty on finished goods has been fixed at 37.5 per cent, intermediary goods at 25 per cent, while for spares and machinery, it is five per cent."

The NBR chairman said that duties on machinery and spare parts have been reduced to encourage maintenance of factories, which, otherwise, would have proved a costly affair.

He said the government has

given a boost to the agro-processing industries in the current budget, which can play a significant role in the economy.

Chowdhury also pointed out that due to high import duty on medical equipment, treatment often proves costly and people need to travel to neighbouring countries for availing themselves of healthcare facilities.

He hoped that new incentives to hospitals would make treatment cheaper.

## Tofail says at CEMS exhibition Product diversification can help win int'l markets

With a call for diversifying the country's export products Commerce and Industries Minister Tofail Ahmed inaugurated an exhibition of local and foreign commodities in city yesterday, says UNB.

He told local entrepreneurs that diversification of export basket and projection of the products could help find greater international market to strengthen the country's economy.

"If we can project our product properly, we would be able to attract foreign buyers," the minister said.

He said interaction between the consumers and the sellers

through the fair would help boost trade and industrial production in the country.

The three-day fair titled "Mid-Mix '99," organised by Conference and Exhibition Management Services (CEMS), at the winter garden of Dhaka Sheraton Hotel will remain open for the visitors from 10 am to 8 pm till Wednesday.

Some 24 companies put on display their products and services, ranging from food items to electronics and computer technology, at 38 stalls of the fair.

Barring seven local manufacturing companies, most of the stalls were seen occupied by

foreign products that are marketed in the country by local traders and agents of the foreign manufacturing companies.

Of the local manufacturers, PRAN, Partex group, Nitol group, Zoha Properties, Sopura Silk, Erada Boutique House and Interior Heights Ltd put on display their products like food items, partex door and milk products, cement, silk saris and punjabes and interior services.

The foreign products include gas appliances, building material and furniture, electrical and electronic home appliances, bath fittings and accessories, biscuits, food and beverages, fruits juice, jam and jelly.

## New Emirates office opens at Gulshan

Star Business Report  
Emirates has opened new office in the city's commercial district of Gulshan.

The office was inaugurated by the Chairman of the airlines, Sheikh Ahmed bin Saeed Al-Maktoum, during his visit to Bangladesh recently, says a press release.

Present with Sheikh Ahmed were Emirates Commercial Operations Director Ghaith Al-Ghaith, Emirates Manager Bangladesh, Ederis Taher, Chairman and Managing Director of ABC Air Ltd - GSA of Emirates, Alexander Lee.

Emirates' new office in Gulshan is close to embassies and offers much easier access to most of the airline's customers.

"The new office offers much easier access to Emirates customers," said Ederis Taher, adding "our Motiheel office will continue to serve passenger and travel agents there as before."

Emirates operates nine flights a week between Dhaka and Dubai.

## Mercantile Bank officers' basic course ends

A five-week basic training course for the probationary officers of Mercantile Bank Ltd ended at Bangladesh Institute of Bank Management (BIBM) yesterday.

M Taheruddin, Managing Director of the Bank, attended the concluding session of the course as chief guest while Dr Muinul Islam, Director General of BIBM presided over the function, says a press release.

A total of 64 probationary officers participate in the course.

The course mainly dealt with microeconomics and its application to banking, functions of central bank and its relation with schedule banks, human skill of bankers and modern banking products.

In his speech, the managing director emphasised the need for training, especially for the new bankers to equip themselves with modern knowledge and skills for serving their clients efficiently.

In his presidential speech Dr Muinul Islam underscored the importance of training of bank officers to help attain high degree of professionalism for most efficient discharge of banking services which are undergoing considerable changes with the introduction of new laws and regulations and innovative financial intermediation techniques.

## LPG crisis taking toll on forests in Kushtia

From Our Correspondent

KUSHTIA, July 26: Scarcity and price hike of LP gas have been causing sufferings to people in general and housewives in particular in the district.

Due to severe LPG crisis housewives have now been compelled to use firewood or kerosene as fuel. As a result, prices of firewood have also shown an abnormal rise in recent days.

Massive felling of trees, on the other hand, is causing depletion of forests resulting in ecological imbalance.

When contacted, the dealers said that supply dearth had resulted in the shortage of LP gas in the district. They also said the use of LPG has been increasing day by day as other fuels used by the consumers have become costly.

The use of LP gas has become ideal and its use is gradually increasing since it helps smooth cooking without any smoke but its supply is not commensurate with the demand.

Some dishonest dealers are taking advantage of the crisis and selling LPG at higher prices making windfall profit. Price of LP gas is Tk 310, but it is now being sold at Tk 400 to 500 per cylinder.

As there is no gas supply to the northern and southern part of the country, people of those areas have been using firewood as their only cooking material for a long time. At the same time, brickfield owners and tobacco growers are consuming firewood rampantly, causing depletion of forest resources.

## Products to cut costs by up to 25pc Concord opens Conpac salesroom in city

Star Business Report

Concord Group yesterday opened a sales centre in city for its newly developed Conpac building materials, which, the company claims, will reduce construction costs by up to 25 per cent and cut construction time by 20 per cent.

There is a huge demand for various types of hollow concrete blocks, ceiling blocks, corrugated roof tiles, double and mono-layer terrazzo tiles and homogenous reconstituted natural marble slabs in the country," said Engineer S M Kamaluddin, Chairman of Concord Group, while inaugurating the showroom at city's Mahakhal.

"Previously, only the rich could afford these types of imported construction materials. Now, they are no more considered as luxurious items," he said.

"Now people would be able to use modern building products at reasonable prices," Kamaluddin told reporters.

"The technology used for making our products is not new... it has long been used in Europe and America with proven longevity and strength," he said.

We have imported plant equipment from countries like Spain and use the best available raw materials to get the best results. We also ensure American Society of Testing Materials (ASTM) standard of our products," he said.

"These products are made from reinforced concrete and are damp-proof."

Concord Ready Mix and Concrete Products Ltd (CRM-CPL) also has been offering ready mix-concrete for high strength concrete, which produced in computerised batching plant supplied by transit mixer for optimum strength and best use of concrete materials, one Concord officials said.

The (CRM-CPL) has started production in early 1998 with an investment of Taka 36 crore. The investment for tiles project is amounting Tk. 20 crore.

The CRM-CPL product also includes: cladding, ornamental blocks, paving stone, PVC door, roof levelling tiles etc.

We have a plan to export a major portion about 70 per cent of our tiles specially mono-layer terrazzo tiles to European countries. Our mono-layer terrazzo tiles industry is the third of its kind in the world.

The quality of the mono-layer terrazzo is as like marble stone slabs but price is very cheap and with in the reach of general people, said Saleh Mustafa Kamal, Director of CRM-CPL.

## Dhaka, Rabat to sign trade accord soon

Bangladesh and Morocco are going to sign bilateral trade agreement very soon, reports BSS.

Moroccan Industry, Commerce and Handicrafts Minister Alami Tazi invited his Bangladesh counterpart Tofail Ahmed to visit Rabat for signing the agreement. Bangladesh has so far signed similar agreements with 43 countries.

Moroccan Charge d'Affaires to Bangladesh Abdel Illah Marzil, who called on Commerce and Industries Minister Tofail Ahmed at his office here yesterday handed over the invitation letter of Mr Alami Tazi to the minister.

Accepting the invitation, the minister said, Bangladesh is eagerly waiting to sign the trade agreement with Morocco to extend its trade network to North Africa.

Earlier, the South Korean Ambassador to Bangladesh Tae Kyu Han called on the Commerce and Industries Minister at his office.

The ROK envoy informed the minister that more Korean companies are coming soon to Bangladesh to invest in different sectors since Bangladesh is providing attractive incentives and facilities to foreign investors.

## Malaysia may lack champagne for millennium parties

KUALA LUMPUR, July 26: Malaysians have been advised to stock up on champagne for the millennium bashes as supplies in the Southeast Asian nation could run dry by September, a news report said Monday, reports AP.

By then it would be harder to get champagne," Xavier Guichard, managing director of Olivier Supplies, a champagne distributor, was quoted as saying by The Star daily.

He added that other countries had also been affected by limited stocks as champagne producers usually provide each country with a specific allocation.

Malaysia was already beginning to have a shortage, the report said. Retailers in the country were now receiving more requests for champagne cases rather than individual bottles.

Alcohol is freely sold in Malaysia, although Islam, the country's official religion, forbids drinking.

## House prices in London fast rising

LONDON, July 26: London house prices are rising fast, and could increase by 26 per cent over the next two years, the Centre for Economics and Business Research (CEBR) said today, reports Reuters.

They may already be up to 10 per cent higher than figures from the Halifax Group Plc HFXL, Britain's biggest mortgage lender, are showing, the London-based economic consultancy said in a report.

The Halifax survey for the second quarter showed prices in the Greater London area rose 12 per cent in the second quarter from a year earlier.

The Halifax index for the second quarter of 1999 may not be reflecting fully the house price inflation in London that has already happened," it said, adding that prices had risen sharply in recent weeks, thus not being included in the Halifax survey for the second quarter.

"If house prices were in fact already ahead of where they appear to be on the Halifax index, then the implication would be that they must be more stretched relative to average earnings," CEBR said.

But it also said house prices would have to rise by a further 40 per cent before they became as overblown as they were in the late 1980s.

The latest price surge appeared to be driven by a trend towards "buying to let," it said, but added that downward pressure on rental yields as a result of this trend could well cause the property market to pause next year, as could a fall in the stock market.



Emirates Chairman Sheikh Ahmed bin Saeed Al-Maktoum opens the airline's new office at Gulshan in city recently. — Emirates photo

## Private security service business flourishing

Apart from providing services to individuals, enterprises and residential complexes, private security companies in recent years have emerged as a major business proposition in the country inviting foreign investment and collaboration, reports BSS.

Compared with only a few companies that operated a decade or little ago mostly in the capital, the number of security service providers now stood over 200 and cover areas in and outside Dhaka.

Some of these companies are quite large and have employed more than one thousand people.

Consistent to its policy of encouraging foreign investment in the field of private security, the government last year permitted one foreign company, Group-4 International, to operate in the country.

Private security system was recognised by the government as an industry with its inclusion in the VAT net in the 1998 budget.

Integrated Security Services Limited (ISL) is one such organisation which in only four years has become one of the biggest providers of private security service in the country.

The ISL has recently reached an understanding to enter into a joint venture with Ceylenco Consolidated and

Cisco companies from Sri Lanka and Singapore respectively, to render quality security service in the country.

Deshamanya Lalith Kotelwala, chairman of Ceylenco, is now in Bangladesh as a member of the delegation scheduled to arrive today. The team will be led by Prof G. L. Peris, Minister of Justice, Constitutional Affairs, Ethnic Affairs and National Integration and Deputy Minister of Finance.

A joint venture agreement is scheduled to be signed between

## Japan to launch \$85m project to help Russia

TOKYO, July 26: Japan will launch a project worth 10 billion yen (85 million dollars) next month to help Russia tackle environmental problems and save energy, a daily reported today, says AFP.

The Yomiuri Shimbun said the project was partly aimed at breaking an impasse in talks over Tokyo's demand for the return of the Kuril Islands, seized by Soviet troops in the closing days of World War II.

Japan will announce the project by the end of this month, the reports said.

ISSL and CEYLINCO and CISCO during Kotelwala's visit, ISSL sources said.

The new joint venture company to be named as ISSL-CEYLINCO-CISCO JV Ltd will be involved in cash in transit operation/secured transfer service, electronic security and pay packaging.

It is gathered Ceylenco Consolidated will open its Dhaka office during the current visit of its chairman, Ceylenco Consolidated is a leading business conglomerate of Sri Lanka, while Cisco is Singapore's premier protection and loss prevention solution provider.

The collaboration will primarily be on technical aspects of security, the sources added. Encouraged by government's incentives, the security companies have employed mostly ex-servicemen and other youngmen in their ventures.

The companies are creating jobs for thousands of unemployed youths. The total number of guards and other staffers in the security companies would be around 50,000, informed sources said.

Though some of the leading companies like ISSL have recently introduced elected gadgets, alarms and access control system, the service is now mostly involved in supplying uniformed guards to clients.

## Hydra-headed Daewoo may die under elixir of debt

SEOUL, July 26: Kim Woo-choong, founding chairman of Daewoo Group DWGR, CN, seems destined to preside over the dissolution of South Korea's second largest conglomerate, an empire that lived, thrived and may die under the elixir of debt, says Reuters.

South Korea's economic policy-makers said at the weekend Daewoo's creditors - who rescued it from bankruptcy with emergency financing last week - would soon move to spin off the hydra-headed group's many affiliates.

Creditor banks will implement the separation actively starting next month for speedy sales of Daewoo firms," said chief financial regulator Lee Hun-jai.

Shareholders in the affiliates, many of them Daewoo family members, may see a drastic reduction in the capitalisation of the affiliates before creditors swap their loans into equity.

That will make it easier to sell them to local and foreign investors, the Financial Supervisory Commission chairman said.

In his first public comments since the bail-out was announced last Monday, Kim Woo-choong apologised on Sunday for the troubles his

group has caused the country and pledged to carry out his reform plans before retiring from the fray.

"All my life, I have tried to contribute what little I can to the economic growth of the country through corporate management," he said. "I will do the best with all I've got, to remove any burden on the country's economy by normalising the management of the Daewoo Group as soon as possible and make an honourable exit."

The silver-haired, 62-year-old Daewoo chairman has proved the sceptics wrong before.

With \$5000 in borrowed money, Kim started Daewoo, or "Great Universe", in 1967 as a small textiles firm, importing yarn and cloth and exporting finished goods.

It grew to sprout 22 affiliates, including nine listed companies, accounting for around five per cent of the country's gross domestic product.

Typical of many Korean conglomerates, Daewoo makes almost everything, from ships to cars, electronic home appliances and computers. Its huge construction arm builds houses, skyscrapers and shopping centres. Daewoo Securities is the country's largest broker-

age and one of the group's most profitable units.

As a boy, Kim sold newspapers in the central city of Taegu, where his family fled in 1950 after invading North Korean soldiers abducted his father from the dinner table.

He remembers in his autobiography, "Every Street is Paved with Gold" that "people were so destitute it was easier to die than to live. We were constantly hungry."

Now his roads are lined with debt and lead to an unsympathetic creditor's door.

It is a cruel irony for a man who made his reputation as Korea's first leveraged buyout artist, who the government repeatedly turned to in the 1970s to take over ailing firms.

In 1976, the government asked him to run a shipbuilding firm founded by the Japanese in 1937. He merged it with his own heavy industries firm, turning a profit the next year.

Impressed with that success, the government asked him to become General Motors' GM, N partner in an automaking venture, taking over from another failed company. Eventually, Kim took over GM's stake in what became known as Daewoo Motors.

In 1978, Korea's dictator Park Chung-hee, once a student

of Kim's father, handed him the giant state-owned Okpo shipyard project, then only one-quarter completed and awash in red ink. It eventually turned that into one of the biggest and most profitable shipyards in the world.

But by the end of the 1970s, Daewoo had nine times as much debt as equity.

Kim Woo-choong was above all a salesman, a man who believed in his ability to tackle any project, whatever the odds," writes Mark Clifford in his book about Korea Inc, "Troubled Tiger".

In a last desperate attempt to save scraps of his empire, Kim pledged 1.26 trillion won (\$1.04 billion) of his own money last week as part of the 10 trillion won Daewoo has put up in collateral for creditors.

He has promised to resign once he gets his prized automaking business back on a normal footing.

But Kim will remain chairman of an oligarchic business council that groups the heads of the top five conglomerates, which includes Hyundai, Samsung, LG and SK, until this month ends next February.

Kim may be the first of that group to fall, but may not be the last.



A pedestrian passes by a cluster of Daewoo Group name plates plastered on the wall of the group's sprawling Seoul headquarters Monday. Daewoo is plagued by a severe liquidity crisis with creditors pumping cash into the embattled group as share prices tumbled amid lingering fears over the group's future. — AFP photo