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# The Daily Star BUSINESS

DHAKA, WEDNESDAY, JULY 28, 1999

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## Dhaka, Tokyo sign deal on investment

Japan and Bangladesh have signed an exchange of notes to execute the agreement on the promotion and protection of investments between the two countries, reports UNB.

The agreement is intended to create a favourable climate for promotion of investments in Bangladesh and Japan and for the protection of investments.

Foreign Minister Abdul Samad Azad and Japanese Ambassador Yoshikazu Kaneko inked the exchange of notes in the city yesterday.

The Foreign Minister and the Ambassador formally handed over the notes at the Foreign Ministry.

It will come into force from August 25, 1999.

The agreement was initiated during Prime Minister Sheikh Hasina's visit to Tokyo in July 1997. Later Azad signed the agreement during his official visit to Japan in November last year.

## BEXIM Bank's new MD



Mohammad Lakiotullah has taken over the charge of Managing Director of the Bengal Export Import Bank Ltd (BEXIM Bank).

Prior to his joining the present assignment, he was the Executive Vice President of National Bank Limited, the first Private Sector Bank of Bangladesh where he worked since April 1993, says a press release.

He began his banking career as a Probationary Officer with the then United Bank Ltd. of Pakistan in 1970.

He held many important positions in Janata Bank and National Bank Ltd.

He also participated in a number of training and seminars at home and abroad.

He had his banking training with Deutsche Bank AG, Frankfurt, Germany, in 1978-79.

## 5-day computer fair begins in Bogra Aug 6

A 5-day computer fair will begin in Bogra on August 6.

The fair is being organised by Whizkids Computers and Peripherals, sole distributor of Daffodil Computers Ltd in Bogra, along with eight other companies, says a press release.

The objective of the fair is to offer the latest configuration PCs and other products and provide updated information and technology to the customers at competitive prices.

The participating companies are: Whizkids Computers & Peripherals, Hitech Professional, Microtech Computers, Stamina Computer Club, BC Tech, World Computer Vision, COBITE & Basic Computer Network.

The computer fair was first organised in Dhaka in May 1999, and the Daffodil Computers Ltd announced to hold frequent fairs in different districts of the country to keep pace with the rapid change of the IT industry.

During July 16-22, 1999, it organised a computer fair in Chittagong.

## Shell, Siemens sign accord on power tech

Shell Hydrogen and Siemens Westinghouse recently announced an agreement to develop and market a unique power generation technology fuelled by natural gas that would essentially eliminate the release of greenhouse gases to the atmosphere, says a press release.

Utilising a special type of solid-oxide fuel cell (SOFC), developed by Siemens Westinghouse in cooperation with the US Department of Energy, and carbon-dioxide sequestration (removal) technology being developed by Shell, electricity can be generated that would nearly eliminate emissions to the atmosphere.

These advanced solid-oxide fuel cell power plants will only produce water and pure carbon-dioxide (CO<sub>2</sub>) as by-products. The CO<sub>2</sub> will be injected into depleted oil and gas reservoirs.

Here it will remain permanently 'sequestered' replacing the hydrocarbons that had previously been trapped naturally underground for millions of years. The water may even be pure enough to drink.

A typical SOFC plant uses hundreds of electrochemical fuel cells 150 centimetres in length and 2.2 centimetres wide, which are bundled together into stacks.

# FBCCI, Karnataka businessmen observe Regional trade should get priority over politics

Star Business Report

Business leaders from Bangladesh and Indian state of Karnataka yesterday observed that economics rather than geopolitics should now get priority in the harsh reality of South Asia.

Political agenda must be separated from economic issues to boost trade among the SAARC countries, they said.

"The harsh reality in South Asia suggests that geo-economics get the upper hand over geo-politics," said Abdul Awal Mintoo, President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), at a meeting with the visiting trade and investment mission from the Karnataka state of India at the federation conference room.

"Unless we prepare ourselves, we will be at a most disadvantageous situation," said D R Srikantaiah, President of the Federation of Karnataka Chambers of Commerce and Industry (FKCCI).

He said Karnataka will host the first-ever summit of SAARC

business leaders in October to bring the business communities of the region closer.

"The summit will discuss the business problems and prospects of SAARC members," He stressed the need for more interactions among the SAARC countries for generating more business.

Abdul Awal Mintoo said politics should not 'distort' geographical advantages that are available in the region. "We have a sad history of preponderance of geo-politics in the relationship among the SAARC countries. We urge upon the political leaderships to give priority to the geo-economic issues in the interest of the wellbeing of the teeming millions of people in the region."

He said: "Unless the SAARC countries strengthen cooperation and fortify their position as an economic power bloc, there is every possibility that we shall be swamped by other powerful blocs in world trade and economy."

The crucial factor in promoting economic cooperation between Bangladesh and India is investment, he said.

The trade and economic situation of the SAARC countries is deplorable, he said mentioning that the intra-regional trade volume was only three per cent of their total trade.

"The intra-regional investment in SAARC countries is only about one per cent of total investment. This compares with 43 per cent among the ASEAN countries and 64 per cent among the European Union."

He said joint venture projects under buy-back arrangements and joint development of infrastructures could play an important role in offsetting the current trade imbalance.

Mintoo mentioned a number of potential sectors for joint venture projects, which include food processing, textiles, steel plants, light industries, coal, natural gas and hydrocarbon based industries, cement, telecommunication, power,

tourism, computer, electronics and leather.

He said the SAPTA under SAARC promises to create a congenial environment for boosting intra-regional trade and provide opportunities for consolidation of its seven member countries into an economic powerhouse. This would increase South Asia's negotiation strength.

Speaking at the meeting, Dr C Manohar, Secretary of FKCCI, said that they would cooperate with Bangladeshi entrepreneurs in developing information technology (IT) industry.

"We have excellent expertise in IT. We can assist Bangladesh to develop its IT industry," Manohar mentioned that FKCCI was going to organise a mega event of IT industry, IT Com, to be held from November 1 to November 4.

He urged Bangladeshi entrepreneurs to join the event and find business partners for IT ventures.

# MCCI calls for greater market access Indians keen to set up jt venture software firms

Star Business Report

The visiting Karnataka businessmen yesterday showed their keen interest in setting up joint venture computer software companies in Bangladesh.

They also showed interests in telecommunications, cement, surgical equipment, sea food and tourism sectors.

The visiting business delegation led by the President of the Federation of Karnataka Chambers of Commerce and Industry (FKCCI), D R Srikantaiah, expressed these at a meeting with the Dhaka Metropolitan Chamber of Commerce and Industry (MCCI) at the Chamber building.

MCCI President Mahbub Jamil, Commerce Secretary Alamgir Farooq Chowdhury, former Deputy Prime Minister Jamaluddin Ahmed, former adviser of the caretaker government Manzur Elahi were present in the meeting.

Addressing the delegation, Mahbub Jamil sought collaboration with Karnataka firms in software and data processing services which, he said, would be beneficial for both the sides.

He pointed out that the local computer market is well over

Tk 100 million with an annual growth rate of 12 to 15 per cent.

Terming the country's industrial policy attractive, Jamil said Bangladesh offers many tariff and non-tariff advantages for boosting foreign investment.

Pointing to the widening trade deficit with India, he said the already agreed zero-tariff facility for 25 Bangladeshi goods to India is yet to be implemented due to bureaucratic tangles.

## FM opens jt venture security firm today

Foreign Minister Abdul Samad Azad will formally inaugurate a Bangladesh-Sri Lanka-Singapore joint venture project in private security system at a city hotel today, reports BSS.

Integrated Security Services Limited (ISSL) of Bangladesh has joined with Ceylinco of Sri Lanka and Cisco of Singapore for the joint venture to form ISSL-Ceylinco-Cisco JV Ltd.

He stressed the need for greater market access of Bangladeshi products to the Indian markets to reduce the trade gap.

He gave a detailed account of the tariff and non-tariff barriers which make it difficult for Bangladeshi products to enter the Indian market.

He also briefed the delegation about the business opportunities in Bangladesh and said the growing middle-class consumers presents a solid market.

FKCCI President D R Srikantaiah said that India could provide Bangladesh with health-care equipment and help set up high-tech hospitals.

He said that the Indian government had emphasised the software industry as investment in this sector generated more value addition than other sectors.

He said the Indian state of Bangalore is fast advancing in software business and 17 firms have set up institutions to produce software engineers.

FKCCI Secretary C Manohar urged the SAARC Chamber to help set up joint venture companies in the region.

# India, Iraq set to sign a number of trade deals

BAGHDAD, July 27: India's oil minister V K Ramamurthy said yesterday that he would be signing a variety of deals with Iraqi officials during his visit to Baghdad, says Reuters.

"We will be signing some protocols in different areas such as oil, agriculture, commerce and other areas," Ramamurthy told Reuters.

He said his visit to Iraq was meant to pursue trade talks already on between the two countries.

## S' Korean tycoon sentenced to 5 years in prison

SEOUL, July 27: The chairman of Shin Dong-A group was sentenced to five years in prison Monday for illegally siphoning large sums of money out of South Korea, says AP.

Choi Soon-young, 61, was also fined 196 billion won (\$164 million), the same amount he illegally transferred to overseas bank accounts.

"Some six months ago the (Iraqi) oil minister was leading a giant delegation to India. It is a continuation of that meeting," Ramamurthy said.

The official Iraqi News Agency (UNA) said on Sunday — the day Ramamurthy and his delegation arrived — that the Indian group included representatives from the ministries of oil, foreign affairs, trade, finance as well as Indian companies and the Industrial and Commerce Chamber Federation.

This is Ramamurthy's second visit to Baghdad in less than two months.

In late May, Iraq and India signed a deal to develop Iraqi oil fields and refineries besides renewing deals to sell crude oil to New Delhi.

India is looking for trade agreements that come within the scope of the United Nations "oil-for-food" deal amid the UN's trade sanctions, imposed on Iraq for its invasion of Kuwait in 1990.

In the current phase of the deal, Iraq is allowed to sell \$5.26 billion worth of oil over

six months to buy food, medicine and other humanitarian supplies for its people.

Last July, India signed contracts worth \$35 million with Iraq under the UN programme.

Iraq buys most of its tea under the oil pact from India.

## Bangladeshi expats urged to invest at home

NEW YORK, July 27: State Minister for Jute A K Fazlul Huq urged the Bangladeshi immigrants to come forward in setting up industries, especially joint venture industries in their homeland to help achieve its goal of industrialisation, says BSS.

"There is a tremendous scope for setting up industries, especially export-oriented joint venture industries in Bangladesh following the liberal industrial policy of the government," he said while addressing a meeting of Bangladeshi community in New York last evening.

## Kibria says Agro-processing industry to get all-out support

Finance Minister SAM S Kibria yesterday said pragmatic steps were taken in the budget to promote agro-based industry that has bright prospect, reports UNB.

"Processing of agri products helps in keeping the price of essentials stable. The producers also get a fair price," he told a delegation of Association of Bangladesh Agri Business Organisations.

Its convenor AFM Fakhrul Islam Munshi who led the delegation informed the minister that they continued united effort for boosting the agriculture sector.

The Finance Minister lamented that agro-processing industry didn't flourish to the desired level although economy of the country is based on agriculture.

"As a result, marketing of fruits, vegetables and other agri products with rich food value is limited. But they have good demand both at home and abroad throughout the year," he said.

Kibria told the delegation that a lot of foreign exchange could be earned by developing agro-processing industry. He assured all-out support for its development.

Describing Prime Minister Sheikh Hasina's sincerity in flourishing the sector, he advised the entrepreneurs to come forward and invest in agro-processing sector.

Bangladesh Agro-Processors' Association president Maj Gen (ret'd) Anwar Khan Chowdhury, Bangladesh Oil Mills Association president AJM Enamul Islam, chief of Technology Development Project for Agro-based Industry Dr Ronald P Black were among those present at the meeting.

## Vietnam to sell \$7.2m T-notes on Wednesday

HANOI, July 27: Vietnam will offer for sale 100 billion dong (\$7.2 million) worth of one-year Treasury notes tomorrow, an official at the central bank said, reports Reuters.

At the last sale of government paper on July 21, the central bank sold 100 billion dong worth of one-year Treasury notes to two domestic institutions at an annual interest rate of 9.4 per cent.



D R Srikantaiah, President of Federation of Karnataka Chambers of Commerce and Industry (KCCI) and leader of the Karnataka business mission, addresses the members of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) yesterday. Mahbub Jamil, President of MCCI, Mahbub Rahman, president of International Chamber of Commerce-Bangladesh, and former MCCI presidents Syed Manzur Elahi, M Anis Ud Dowla, Samson H. Chowdhury and Secretary-General CK Hyder are seen in the picture. — MCCI photo

# Lankans willing to set up jewellery factory in Bangladesh

A group of Sri Lankan investors are keen to set up a gem and jewellery factory in Bangladesh, reports UNB.

The investors, led by Chairman of Ceylinc Consolidated of Sri Lanka Deshamanya Lalith Kotelawala, met Commerce and Industries Minister Tofail Ahmed at his office here yesterday and expressed their interest to invest in Bangladesh.

The minister said Bangladesh have opened up all its sectors except some security and environmental ones for private sector investment.

He said government has identified some potential sectors, including gem and jewellery, for expanding export and offered cash incentives for the exporters in this sector.

The minister said the World Bank is providing 46 million dollar to diversify the export basket and this fund will be given to private entrepreneurs on the basis of equal equity.

Tofail said the government

have formulated a very liberalised investment policy and offered a very attractive incentive package to the investors especially the foreign investors.

He also said Bangladesh have homogeneity and work-force readily available and requested the Sri Lankan investors to invest more in Bangladesh to strengthen the SAARC spirit.

## Truckers go on strike in Brazil

RIO DE JANEIRO, July 27: Tens of thousands of truckers across Brazil parked their vehicles by the sides of major interstates Monday to protest poor roads, high tolls and the price of gas, union leaders and highway police said, reports AP.

Nello Botelho, spokesman for Union of Brazilian Truckers, estimated that about half of Brazil's 1.5 million truck fleet was adhering to the strike.

## Asia urged not to abandon tough reforms

SINGAPORE, July 27: Asian countries should resist the temptation to ease up on their tough economic reforms now that the region is beginning to recover from its financial crisis, top diplomats said Tuesday, says AP.

Foreign ministers from the Association of Southeast Asian Nations and 10 other countries welcomed recent bright economic signs in Asia, but warned that a lasting recovery is only possible if the reforms are completed.

"Many of the reforms still need to run their course before we can safely declare ourselves as out of the woods," said Singapore Foreign Minister Shanmugam Jayakumar.

Jayakumar, who is chairing a series of meetings this week between ASEAN and its 10 "dialogue partners," warned of "strong political pressure" on governments to ease up on the more difficult reforms because of the signs of an early recovery.

The 2-year-old crisis, which pushed millions of Asians back into poverty, has been blamed in part on weak regulation of financial markets.

# South Africa aims at making businesses competitive

JOHANNESBURG, July 27: New legislation aimed at making South Africa's corporate landscape more competitive will soon take effect in a country striving to emerge from a past when a handful of conglomerates ruled business, reports Reuters.

The Competition Act comes into force on September 1, a new tool for a government keen to neutralise market dominance as it strives to create jobs, stimulate small business, empower blacks and attract foreign investment.

The key mandate of the new act is to stop any business activities that stifle competition.

It will also regulate mergers and acquisitions and prevent already dominant firms from abusing their power, tasks, analysts say, two-decade old legislation — long up for review — did not tackle adequately.

"The new Act has more teeth. It is a clearer, more certain law and more in keeping with international practice," says David Lewis, chairman of the newly-formed Competition Tribunal.

Isolated under apartheid, control of South Africa's economy became concentrated in a few powerful hands giving rise to sprawling conglomerates that joined diverse businesses in a complex web of cross shareholdings and directorships.

Although an unbundling trend has begun to loosen this tight ownership structure, more than half of the market value on the Johannesburg Stock Exchange is still in the hands of just five of South Africa's biggest companies.

High concentrations continue to occur in industries including beer, carbonated beverages, tobacco and diamonds.

"Foreign businesses would not like to come to a market which they see as dominated by domestic cartels or monopolies," says lawyer Norman

Manoim, one of the drafters of the new act. Since South Africa's first all-race elections in 1994, foreign investors, many of whom packed their bags under anti-apartheid sanctions in the 1980s, have set up shop again.

**New structure, greater powers**

Under revamped legislation, the largely powerless Competition Board will be dismantled to make way for a new watchdog consisting of three arms each with a specific brief.

The Competition Commission's chief task will be to conduct investigations into potentially anti-competitive practices. A separate Competition Tribunal will make rulings on whether firms' actions are suppressing competition.

A third arm, a Competition Appeal Court, will hear appeals against decisions and will be the last word in South Africa on competition issues.

"Under the old act you had policemen and judge all in one body. That was unhealthy. Hopefully the separation will create a greater sense of fairness," Manoim says.

Along with the changed structure comes greater and more independent powers for the new body.

For one, it can now impose fines on offenders. The board has no punitive powers and has to rely on the criminal justice system to mete out punishment, something that seldom happened.

The scope for investigations has also been broadened.

In the case of mergers and acquisitions, the definition of the terms has been widened to include, for example, a lease between two firms.

While the previous competition authorities could only consider horizontal mergers between firms, for example that of two banks, the new body can also scrutinise vertical (bank-

supplier) and conglomerate (bank-insurer) links.

Another key change over 1979 legislation is that companies planning mergers or acquisitions over a certain size will now also have to pre-notify competition authorities of their plans. The threshold for notification has still to be decided.

**De-politicising competition decisions, some exceptions**

New laws will depoliticise the process of adjudicating competition matters. Previously the minister of trade and industry could override decisions by the board.

This created "uncertainty, political lobbying and scant respect for the board," according to a policy working document.

Now the Competition Appeal Court will have the final say, stripping the minister of decision-making powers.

One exception to the rule is that the minister can intervene

in merger proceedings on a limited set of public interest factors. These include job creation, international competitiveness and the development of businesses by historically disadvantaged people.

A merger or acquisition that might have been blocked, may be given the nod if its broader social and economic impact can be shown to outweigh its possible anti-competitive effects.

**Business gives act thumbs up, but harbours concerns**

"Coming from where we were with no proper competition environment, it's a huge step for us," says Ben van Rensburg, economist at the South African Chamber of Business (Sacob).

Sacob joined labour and the government at the table to draft new legislation in lengthy and often fractious talks, not least of all business concerns about public interest exemptions.

Changes to the 1979 Act were

first mooted in 1993 and an attempt made to draft it two years later. But the then trade and industry minister rejected the revamp out of hand, reportedly incensed at the absence of measures to deal with the concentration of economic power in South Africa.

Talks were restarted late in 1997 when a fresh policy document on competition issues was published, which has become the backbone of the soon-to-be implemented Act.

Van Rensburg says there are concerns the new competition body may expose itself to an onerous workload, creating backlogs on decisions and uncertainty for business.

He suggests, as one way to speed up the process, block exemptions across an industry instead of individual company by company investigations if common practices, for example standard contracts, are found not to be breaching competition law.

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