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EPZ to be set up in Tangail

An Export Processing Zone (EPZ) will be set up in Tangail under the private sector, State Minister for Foreign Affairs Abul Hasan Chowdhury said Saturday, reports UNB.

Speaking at a meeting of Tangail District Association Hasan said that the proposed EPZ would provide job opportunities to the people and help develop the area.

Advisor to the Prime Minister Khondoker Asaduzzaman MP, founder secretary of the Association Abul Mannan MP, president Prof Khalilur Rahman, general secretary AHM Kamruzzaman and Prof Ashraf Siddiqui also spoke at the function.

They expressed the view that there was no tangible development of Tangail district as expected following the opening of the Bangabandhu Bridge. Some of them also expressed concern at the intensity of river erosion rendering thousands of people homeless.

US jute goods buyers for end to shipment problem

US jute goods buyers apprised State Minister for Jute A K Faezul Huq of the shipment problem and high price of Bangladesh jute goods, reports UNB.

Haq, now visiting New York, had a series of meetings with the buyers in a bid to regain the market for jute goods, according to an official message received in Dhaka yesterday.

The minister assured the jute goods buyers of appropriate measures to overcome the shipment problem and to ensure price competitiveness.

While pointing to their problems in buying jute goods from Bangladesh, the importers suggested that a specific quantity of jute goods should be kept ready for them, so that they get the offer on inquiry.

The buyers told the minister that the November-December shipment price quoted by Bangladesh was higher than that of India. They suggested price rationalisation keeping in view all the related factors.

Representatives of jute goods importing companies attended the meetings held at the office of the Bangladesh Consulate General.

'1m foreigners work illegally in Iran'

DUBAI, Aug 1: An Iranian official said Saturday that some 1.3 million foreigners working illegally in Iran should be dismissed from their jobs, the official state news agency reported, says AP.

The workers make more than \$1.5 billion annually combined, do not pay taxes and smuggle most of the money abroad, labour ministry official Shokouh Ebrahimi reportedly told the official Islamic Republic News Agency. It is illegal to take currency out of Iran.

Noting that over 2 million Iranians are unemployed, he said, "The Ministry of Labour and Social Affairs believes that foreign nationals residing in Iran illegally should be dismissed from their jobs as soon as possible." Ebrahimi was quoted as saying by IRNA. The report was monitored in Dubai.

The illegal workers are among the more than 2.5 million foreigners residing in Iran, mainly nationals from Afghanistan, Pakistan, Iraq, India and Bangladesh, IRNA quoted Ebrahimi as saying.

Ebrahimi said that 30,000 of them have been granted refugee status.

DHL to establish new hub facility in Singapore

DHL Worldwide Express, the world's leading international air express service, has announced a major investment of SGD 58 million (USD 34 million) for the establishment of a new hub facility at Singapore Changi International Airport, says a press release.

The new DHL hub will be located at the SGD 30 million (USD 18 million) Express Courier Centre 2 (ECC2), which will be built by SATS to the specific needs of DHL.

It represents SATS' first purpose-built facility, and brings SATS Cargo's total investment at Changi Airport to USD 350 million over the past 18 years.

Ground breaking of the 14,000-square-metre hub facility is slated for later this year, with completion of the facility targeted for mid-2001. The new hub will occupy 10,000 square metres of the building.

Charles Longley, Chief Executive Officer for DHL Asia-Pacific/Middle East, said: "The decision to invest in Singapore comes after a comprehensive study of locations throughout the region, which took into consideration factors such as location, space availability, infrastructure, opportunity for expansion, long-term operating costs as well as the availability and quality of labour."

Global economic meltdown, floods take toll

Export earnings 5.63pc short of target in '98-99 fiscal

Star Business Report

Bangladesh exported goods worth US \$5312.86 million against the target of US \$5630 million in the last financial year, which is 5.63 per cent or US \$317.14 million short of the target.

The export earnings target could not be achieved in the 1998-99 fiscal year due to global economic meltdown and the three-month long devastating floods. Commerce and Industries Minister Tofail Ahmed said at a press conference at his office yesterday.

Citing examples of leather and jute sectors, he said that prices of some of the major export items declined drastically in the international market.

Prices of leather and leather products fell by 38 per cent,

while that of jute and jute goods witnessed a 34 per cent slump in the last financial year, the minister mentioned.

"Moreover, the country's export activities were hit hard by the crushing effect of the prolonged flood during July to September last year," he said.

Tofail said the volume of export beat the target by two per cent, but the earnings goal could not be reached as prices went down significantly in the global markets.

"Prices of primary products underwent considerable declines in the last fiscal year," he mentioned.

The minister said that export growth in 1997-98 fiscal was 16.8 per cent. In 1996-97,

export earnings were US \$4.42 billion while in 1995-96 it was US \$3.8 billion.

Boosted by growth in exports in the '97-98 fiscal year, the target was raised to an ambitious US\$ 5.8 billion, but was later revised at US\$ 5.63 billion.

"Although we could not reach the target, export registered a growth by 2.94 per cent in value compared to the 1997-98 fiscal year. Look at countries like Japan, Indonesia, India, Pakistan, Thailand, and Malaysia who experienced negative export growth last year," the minister said.

Earnings from the garment sector was US \$2.984 billion in the 1998-99 fiscal year, which

exceeded the target of US \$2.843 billion, he added.

Commerce Secretary Syed Alamgir Faruque Chowdhury and Vice Chairman of the Export Promotion Bureau (EPB) were present at the press conference.

EPB statistics show that export targets of major sectors, except for woven garments, could not be achieved in the fiscal 1998-99 year.

The target of major foreign-earning sectors, which included knitwear, frozen foods, leather, raw jute and jute goods, agricultural products, petroleum by-products, chemical products, engineering products, electronics and handicrafts, could not be achieved last financial year.



Sheep farmer Broni Jekyll shows off two of her sheep to three-year-old Joel Curr (R) at a protest outside the US Embassy in Canberra, Australia Sunday. Australian lamb producers, angry over US import barriers on their products, started a one month picket of the American Embassy. — AFP photo

Visiting team tells Tofail

ADB keen to extend long-term private sector assistance

Asian Development Bank (ADB) is keen to expand its financial support to Bangladesh's private sector development to help attain sustainable development, create more jobs and contribute to poverty alleviation, reports UNB.

The visiting ADB delegation, led by its Executive Director Lynda Yang, told Commerce and Industries Minister Tofail Ahmed yesterday that it would like to provide Bangladesh with long-term credit for expansion of its private sector.

Industries Secretary K M Ijazul Huq was present when the delegation met the minister at his office.

The minister lauded the Bank's contribution to Bangladesh's development efforts from the beginning.

ADB's assistance to private sector would accelerate the country's economic uplift, Tofail said.

and cooperation in making the privatisation process in Bangladesh a success, reports UNB.

The assurance came when the four-member delegation led by Ambassador Linda Young called on Privatisation Board Chairman Kazi Zafarullah at his office here yesterday, officials said.

They showed keen interest about the privatisation process in Bangladesh.

The Board Chairman briefed the ADB team about the status of the privatisation efforts in the country and said the government is pledge-bound to alleviate poverty in society and trying its best to reform various sectors.

"Privatisation is a must to check the internal haemorrhage of the national economy as the state-owned enterprises are incurring huge amount of losses every year," he told the delegation.

About welfare and social security of the retrenched workers, the chairman said the government was aware of the interest of the workers and that is why the Privatisation Board had taken step to introduce incentive packages like golden handshake, safety net and re-training programmes for them.

Matters relating to ongoing and future programmes on privatisation, including formulation of a legal framework and public-awareness programme, also came up for discussion.

Schroeder defends austerity budget

BERLIN, Aug 1: Determined to move his Social Democratic party to the political center, Chancellor Gerhard Schroeder pledged Saturday to stick to plans for trimming the welfare state and reducing business taxes, and announced measures aimed at bringing leftist critics in line, reports AP.

In an interview with Der Spiegel newsmagazine, Schroeder cited polls showing public support for his 9-month-old government's efforts to balance the budget, yet "uncertainty" over whether he will be

able to get the necessary cuts through parliament in the fall.

Schroeder accused old guard leftists of encouraging those doubts and hurting the government with constant carping over his budget plans, which he insists will encourage economic growth and help reduce the country's 10 per cent unemployment.

Union leaders and other leftists charge the austerity budget puts too much of the cost-saving burden on the working-class and doesn't demand enough from industry and the rich.

Business Briefs

Tourist arrivals in Jordan up 20 pc

AMMAN: The number of tourists visiting Jordan increased 20 per cent in the first half of 1999, the tourism ministry said Saturday.

The ministry said 583,577 tourists came to Jordan during this period, 98,283 more than in the first half of 1998.

A little more than half the tourists came from Gulf Arab states. European tourists accounted for 23 per cent of the total, with Americans 10 per cent and Israelis just over 9 per cent.

Tourism contributed 10 per cent of Jordan's \$7 billion Gross Domestic Product last year. The kingdom hopes to get a spillover from the thousands of tourists expected to see in the new millennium in Jerusalem and Bethlehem.

Jordanian ban on French, Dutch chicken goes

AMMAN: Jordan will lift Sunday a month-long ban on imports of chicken, eggs and their by products from France and the Netherlands, but will maintain the ban on Belgian products, a health ministry official said Saturday.

As with many countries, Jordan imposed such a ban on food from the three European states in June as a precaution against dioxin contamination.

The cancer-causing agent dioxin had been found in May in animal feed in Belgium, prompting the Brussels government to remove poultry, eggs and their by products from supermarket shelves.

The scare also involved red meat, but Jordan already prohibited imports of beef from the three European states as a precaution against the Mad Cow Disease.

Ahmed Barmawi, director of the ministry's Food Health Department, said Jordan would only allow in foodstuffs from France and the Netherlands which were produced after Aug 1 and carry a dioxin-free certificate.

Jordan's Higher Food Council has said it would maintain the ban on Belgian poultry despite assurances from the European Union that it is now free of dioxin.

Kuwaiti ins co posts sharp profits

KUWAIT: The Kuwaiti firm Warba Insurance Co said Saturday that its net profits for the first half of 1999 have more than doubled over last year's figures, reaching 997,679 dinars (\$3.26 million).

An advertisement in Al-Qabas daily did not explain the 116 per cent jump, but it said its total revenues for the same period rose 159.3 per cent to 1.46 million dinars (\$4.77 million).

The company is the smallest of four local insurance companies listed on the Kuwait Stock Exchange. It has a paid-up capital of 5.75 million dinars (\$18.79 million).

— AP reports

NCBs' forex business down by Tk 100 cr

Star Business Report

The country's public sector banks witnessed a decline of Tk 100 crore in foreign exchange business during the first six months this year over the corresponding period last year.

The four nationalised banks — Sonali, Janata, Agrani and Rupali — carried out foreign currency transactions amounting to Tk 13,962.44 crore during the period.

The bankers attributed the decline to a lesser demand against imports. Foreign currency transactions against exports and remittances, however, increased during the time.

Bangladeshi expatriates sent Tk 1,490.52 crore through Sonali bank during the months while Agrani Bank dealt Tk 1854.29 crore export business

and Janata Bank Tk 1830 crore.

Most of the businessmen are still depending on the public sector banks for dealing their foreign businesses as the local private banks are yet to enter foreign exchange business in large scale, sources said.

Agrani Bank had been dominating the foreign exchange business for the last ten years but recently Sonali Bank surpassed it.

The foreign banks operating in Bangladesh are dealing foreign exchange business through much efficient way and modern technology. Local private banks are trying to follow them. The public sector banks should also adopt new method and technology, they said.

BB T-bill auction held

The 47th auction of the 28-day, 91-day, 182-day, 264-day, 2-year and 5-year Treasury Bills were held here yesterday, reports UNB.

The offered amount against the 28-day, 91-day, 182-day, 364-day and 2-year bills were Tk 1018.50 crore, Tk 34.00 crore, Tk 36.00 crore, Tk 79 crore and Tk 74.66 crore respectively.

The range of the implicit yields against the 28-day, 91-day, 182-day, 364-day and 2-year bills were 7.19-7.65 per cent, 8.35-8.44 per cent, 8.75-8.85 per cent, 8.83-9.25 per cent and 9.08-9.20 per cent annum respectively.

Of these, Tk 654.00 crore, Tk 0.50 crore, Tk 10.00 crore, Tk 20.00 crore and Tk 9.66 crore of 28-day, 91-day, 182-day, 364-day and 2-year bills were accepted respectively.

ROK bank restructuring may tumble on Daewoo crisis

SEOUL, Aug 1: South Korea's efforts to restructure its banks could suffer a major setback due to the cash crisis at the giant Daewoo Group, financial sources say, reports APF.

Anxieties over Daewoo and North Korea's missile threats have thwarted an attempt by Hanvit Bank to raise one billion dollars in New York, the bank said Saturday.

The country's largest commercial bank postponed the issue of depositary receipts (DRs) worth one billion dollars for about a month, a spokesman said.

It was the first time that the Daewoo crisis had spilled over to affect the credibility of South Korean financial institutions.

"The market situation was extremely unfavourable and the price offered by foreign investors was too low," the Hanvit

spokesman told the agency.

Hanvit had expected to receive more than 9,000 won per DR but foreign investors in New York offered a "very low" price in comparison, he said.

Munhwa Daily said the foreign investors offered less than 7,000 won.

Before Daewoo's liquidity crisis came to the fore Hanvit was trading at around 12,000 won per share. It fell to 8,700 won on Thursday, the day it was negotiating the price of the DRs in New York.

Hanvit Bank, which came into existence early this year as a result of the merger between the Commercial Bank and Hanil Bank, has an exposure of 2.5 trillion won (two billion dollars) to Daewoo.

The failure of the issue hampered efforts by the bank to boost its financial strength by

attracting foreign capital.

Hanvit Bank initially wanted to raise 1.5 billion dollars by selling DRs before lowering its target to one billion dollars following the Daewoo crisis.

Daewoo, the country's second biggest conglomerate or chaebol, may be totally dismantled after 30 years of highly-leveraged expansion were derailed by Seoul's financial crisis.

Creditors have thrown a four-trillion-won (3.4-billion-dollar) lifeline to Daewoo to keep it afloat before dismantling the tottering group.

Following the failure of its depositary receipts issue, Hanvit may have to look to the government for another injection of public funds to meet international standards for provisions, Munhwa Daily said.



Janata Insurance Company Limited Managing Director (current charge) Md Jainul Abedin (2nd from right) addresses as chief guest the inaugural session of the company's training course for officers at its local office in city yesterday. Senior Vice-President and Company Secretary Mohd. Rashed Ali (2nd from left), Senior Vice-President and Incharge of Local Office S A Kader (right) and Course Coordinator and Incharge of the Underwriting Department S M Shafiqullah (left) were present. — Janata Ins photo

Asian institutions in flux amid crisis recovery

SINGAPORE, Aug 1: Malaysia's competitive edge over its Asian neighbours may suffer due to poor perceptions of its national institutions while those in Thailand have improved significantly as the region emerges from its economic crisis, an independent think-tank says, reports APF.

Indonesia needs five years to restore its national institutions to functioning levels, criticism has emerged of Singapore's well-run institutions and the Philippines' economic institutions are viewed more favorably than its judiciary and police.

These are among the findings of a survey of expatriates in Asia conducted early this year by the Political and Economic Risk Consultancy (PERC). Respondents were asked how they viewed the police and judiciary, the monetary author-

ity, the legislature and the stock market regulators in 11 countries.

Ratings of Malaysian institutions slid from a year earlier, attaining an overall grade of 6.43 compared to 5.71 last year. Ratings are made from zero to 10, with zero the best grade possible and 10 the worst.

Malaysia is arising from the crisis "with bigger question marks hanging over it — foreign firms in the financial sector are particularly nervous — and this could make it more difficult for Malaysia to compete with other Asian countries for certain types of foreign investment," PERC said.

The poor perceptions were attributed to the imposition of capital controls to shield the country from the impact of volatile foreign capital flows, and the arrest and trial of for-

mer deputy prime minister Anwar Ibrahim.

"In contrast, Thailand — whose institutional weaknesses were a major contributing factor not only to the country's economic problems but also to the negative fallout that shook the rest of Asia — has consciously tried to rebuild the credibility of its national institutions," PERC noted.

Thailand garnered an average of 7.31 for its institutions, up from 8.19 last year.

"Many of the faces are the same and the internal politics are as contentious as ever, but the government has pushed ahead with a reform program. The legislature may have debated key points and slowed down actual implementation, but it has not blocked reforms and Thailand is better for it," the consultancy said.

Indonesia, which underwent massive social and political upheaval amid the economic turmoil, could only hope for an interim period "in which the presidency is relatively weak but the country gets a breathing space during which national institution-building can take place."

The peaceful elections in June compared to the May 1998 riots was "more a reflection of the good sense of both the current power holders and their political opponents than evidence of the inherent stability of the Indonesian political system," PERC said. Indonesia's overall rating fell marginally to 8.13 in 1999.

The Philippines' central bank won praise for its handling of the crisis but expatriates felt much must be done to improve transparency in the

stock market.

The decline in kidnappings helped improve perception of the police and judiciary but "corruption remains a serious problem throughout the system," with quite a few senior officials still getting involved in damaging controversies," it said.

The country received an overall rating of 6.41 this year, up slightly from 6.72 in 1998.

Singapore once again topped the survey but its overall rating declined to 3.37 from 3.00 last year.

While the island state's institutions were still professionally run, there were controversies suggesting they may face some challenges in the future. PERC cited President Ong Teng Cheong's revelation of "behind-the-scenes struggles he had with the government and the bureau-

cracy during his term of office."

Singapore will hold elections before August 31 for a new president. There is also a growing cynicism among Singaporeans about how their institutions operate and this could "surface in unexpected ways in future conflicts where the political elite is less united than it is at present," it added.

Hong Kong's grade fell to 3.94 from 3.86. PERC noted that the survey was conducted before Beijing overturned the Hong Kong Court of Final Appeal ruling which had allowed more mainland-born children right of abode in the territory.

But expatriates were hopeful that Hong Kong's legislature would serve as a "check and balance on the system and hopefully will ensure that the integrity of the judiciary is not seriously compromised."

17th Biman System Marketing Confce begins today

The 17th System Marketing Conference '99 of Biman Bangladesh Airlines begins at the conference room of Biman Head Office "Balaka" at Kurmitola today (Monday), reports UNB.

Civil Aviation and Tourism, Housing and Works Minister Engineer Mosharraf Hossain will inaugurate the three-day conference as the chief guest at 11:30 am.

Civil Aviation and Tourism Secretary Chowdhury Mohammad Muhsin will attend the function as special guest.

All country managers, regional managers, district managers under Biman network and other concerned officials will take part in the conference.