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Shippers express concern over army withdrawal move from port

The Shippers' Council of Bangladesh has expressed its deep concern over the government decision to withdraw army from the port who were deployed to ensure security, reports UNB.

The Council chairman Hasan Moniruzzaman in a statement yesterday said the users of the port were happy at the improvement of security following deployment of army.

But the decision of their withdrawal may pose security threat to the port and its users, he said.

Hasan urged the authorities to cancel the decision of withdrawing army for the sake of security and uninterrupted operation of the port until the civil administration could strengthen its measures.

PM seeks more South Korean investment

Prime Minister Sheikh Hasina said there were ample scope for Korean investment in different fields of Bangladesh and requested the outgoing ROK envoy to apprise their investors of the prospects, reports UNB.

She, in this context, hoped that after the completion of Korean EPZ, trade and business between the two countries would expand significantly.

The Prime Minister made the observations when outgoing Ambassador of the Republic of Korea Tae Kyu Han made a farewell call on her at the PM's Office yesterday.

She expects that the relationship between South Korea and Bangladesh will strengthen further in the years to come.

During the meeting, the envoy expressed his satisfaction over the existing bilateral relations, particularly in the field of trade and commerce.

He also said on completion of the exclusive Korean EPZ, the ties would be cemented further. He mentioned his efforts in developing the bilateral relations during his two-and-a-half-year tenure in Bangladesh.

Tae Kyu Han congratulated Prime Minister Hasina on her playing a vital role as spokesperson of the Least Developed Countries. "Under your able leadership, the image of Bangladesh brightened in different international fora," said the ROK diplomat.

He especially observed that the image would further get a boost after the holding of NAM summit in Dhaka in 2001.

Principal Secretary to the Prime Minister Dr SA Samad was present in the meeting.

Parjatan Corp earns Tk 2 cr profit

Bangladesh Parjatan Corporation has earned a pre-tax profit of about Tk 2 crore in 1998-1999 financial year, reports UNB.

It was informed at a meeting of senior officials of the Tourism Ministry and the Corporation today that reviewed the performances of tourism.

The meeting felt that the country has tremendous prospect of development to attract large number of tourists. The tourism officials were asked to work with more zeal and devotion.

BB T-bill auction held

The 48th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held in city Sunday, reports UNB.

Tk 918.00 crore, Tk 68.00 crore, Tk 24.00 crore, Tk 80.50 crore and Tk 50.00 crore were offered respectively for the 28-day, 91-day, 182-day, 364-day and 2-year bills.

The range of implicit yields against the bills were 6.93-7.54 per cent, 8.00-8.50 per cent, 8.60-8.81 per cent and 8.70-9.16 per cent and 9.04-9.10 per cent per annum respectively.

Of these, Tk 608.50 crore, Tk 20.00 crore, Tk 3 crore, Tk 10 crore and Tk 15 crore of 28-day, 91-day, 182-day, 364-day and 2-year bills were accepted.

The range of implicit yields of the accepted bills were 6.93-7.35 per cent, 8.00-8.30 per cent, 8.60 per cent, 8.70-8.75 per cent and 9.04-9.06 per cent per annum respectively.

No bid was offered for the 5-year bill.

GE re-enters Vietnam after 24 years

HANOI, Aug 9: The appliance arm of US giant General Electric Co. has re-entered Vietnam 24 years after the end of the Vietnam War to sell white goods, a GE executive said today, reports AFP.

General Electric Appliances has appointed Hong Bao Corporation in Ho Chi Minh City as its sole local distributor, Andre Sauvageot, chief representative of GE International, told the agency.

ADB bureaucratic hassles prove too much

Titas gas regulating, metering project hangs in balance

Star Business Report

A Titas Gas project for setting up 18 gas regulating and metering stations to improve Dhaka's congested gas distribution system has become uncertain due to bureaucratic bottlenecks in the Asian Development Bank (ADB), sources said.

Already, gas supply in many areas including Gulshan, Banani and Rampura has become severely problematic due to excessive demands.

Sources said if these metering stations are not built before next winter, the city's existing gas supply system would not be able to handle the growing gas demand.

The tender for this Asian Development Bank (ADB)-funded project was floated by Titas Gas on August 31, last year. Titas had selected six bidders after four months. Then the project continued to progress very slowly due to bureaucratic hassles at ADB.

Now after delaying the US 20 million dollar project for over nine months, ADB recently suggested Titas to re-tender it.

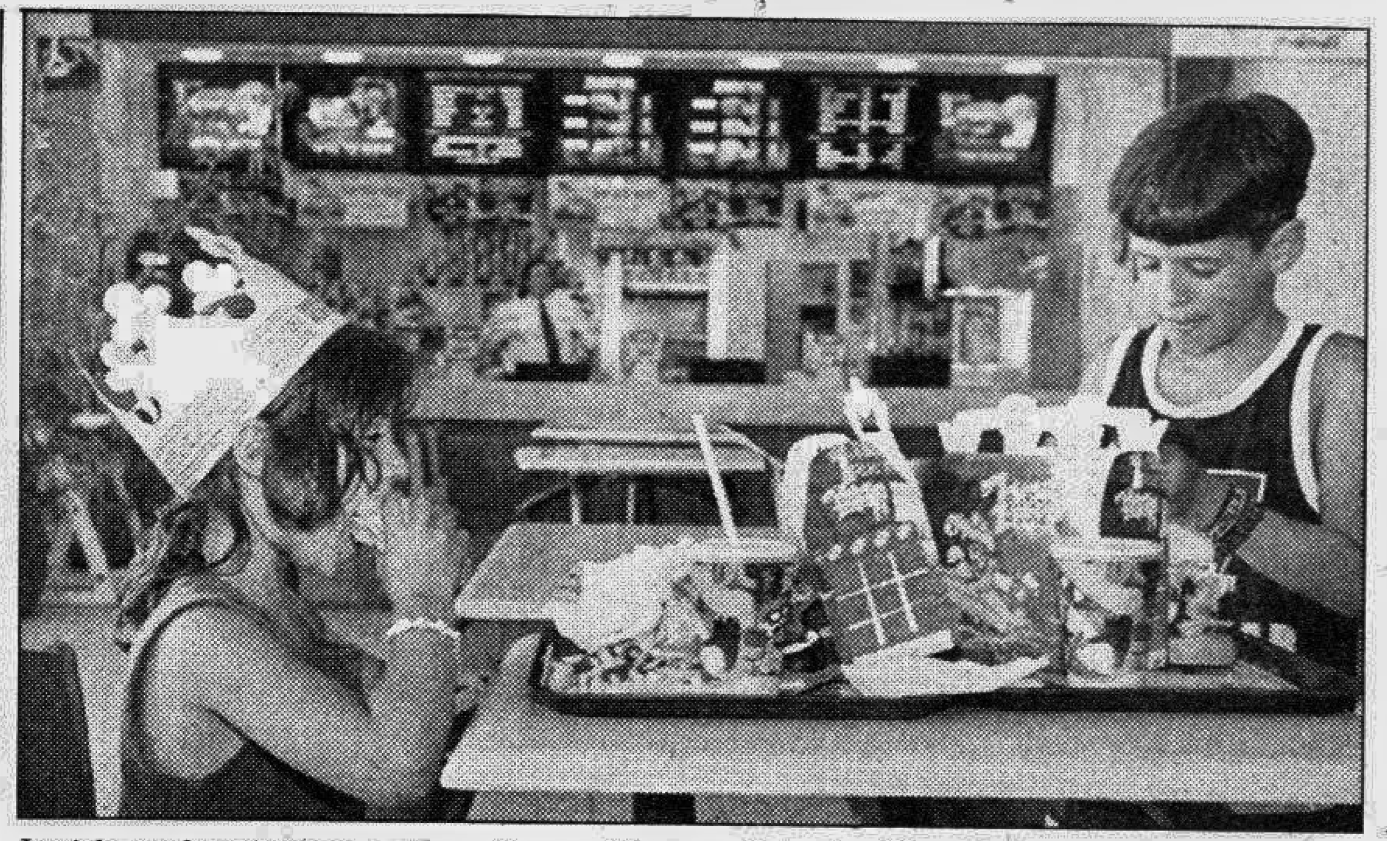
Sources said that some 14 companies had participated in the tender that aimed at rejuvenating the city's gas distribution system under the ADB-fianneed Third Natural Gas Development Project.

Titas afterwards chose six companies for the project and its board approved the selection in February. The Board then sent the report to ADB for concurrence on February 27.

For the next two months, ADB did not move the file. However on the third month, after repeated reminders from Titas, ADB said that it had lost the report and asked Titas Gas to re-sent it. Accordingly, Titas sent the list again.

But again on June 24, ADB asked Titas to re-tender the whole project, leaving the gas company yet to decide on it.

Sources said that once the contracts were awarded to different companies, it would take some six months to complete the gas metering plants. "But if we start it all over again, the tender procedure itself would kill one more year, said a source," expressing his worries that the delay would throw Dhaka's gas system in jeopardy next year.



Jewish settler children enjoy a Burger King meal in the West Bank settlement of Ma'ale Adumim Monday. The Arab League has threatened to stage a boycott of the US fast-food chain after it opened a new restaurant in the Jewish settlement, which is located on land seized by Israel in the 1967 Six-Day war. — AFP photo

BB directive to put curb on pvt banks' insider lending

Loans to directors, relatives to be okayed by board or AGM

Star Business Report

In a bid to stop insider lending, the Bangladesh Bank (BB) on Sunday issued fresh directives saying that loans to private bank directors or their close relatives have to be sanctioned by the board of directors and approved in the annual general meeting (AGM) of banks.

It also said that no private bank directors would be eligible for loans or advances exceeding 50 per cent of the paid-up value of his shares in the bank.

Moreover, if loans already issued to the directors or their relatives cross 50 per cent of the paid-up value of their respective share-holdings, it must be repaid within the time-limit approved by the central bank.

Under no circumstances, renewal of credit facilities or extension of time will be made for loans surpassing the said amount, it added.

All sorts of credit facilities, including *Mudaraba* or *Musharaka*, which make exemptions in parts or full in case of losses incurred, will no longer be issued in favour of the bank directors or their near relatives.

In compliance with the above conditions, private bank directors or their relatives having association with private, joint venture, public or private limited companies would be issued credits or L/Cs, performance bonds, bid bonds and guarantees not exceeding Tk 50 lakh. If the amount goes beyond the given limit, permissions have to be sought from the central bank.

Besides, prior permissions of the central bank will also be required in sanctioning the same, provided the amount of direct loans in the forms of cash credits, overdrafts, preshipment credits etc., surpassed Tk 10 lakh.

The BB circular mentioned that directors would be considered to have vested interests "even if they have any indirect influence in running and coordinating the affairs of any industrial or commercial enterprises in which they also act as guarantors."

Moreover, the amount of bank loans of any director will be considered as his or her percentage of share-holdings in the same bank, it said, adding that the liabilities of the directors will be fixed in proportion to specific amounts of guarantees made by them against loans taken.

In addition to the general compliance with rules on bank loans under the Bank Company Act, 1991 and other regulations put in place by the central bank, all legal formalities would have to be strictly followed in issuing loans to enterprises where the directors have personal interests, the circular said.

Rising fertiliser prices mar *aman* enthusiasm

NATORE, Aug 9: As *aman* farming is gaining momentum, prices of fertilisers have shot up in remote areas of the district, dampening the enthusiasm of poor farmers, reports UNB.

A visit to the local markets showed that prices of fertilisers have gone up by Tk 50 to 75 per bag within a span of days.

Farmers attributed the sudden price hike of fertilisers to illegal hoarding of TSP and other fertilisers by traders and the recent ban on import of SSP without ensuring sufficient stocks.

Officials said the demand for fertiliser in the district has increased as 50,000 hectares of land in six thanas have been brought under cultivation due to favourable weather.

At present, TSP (Kargil) fertiliser is selling at Tk 610 per bag against the previous rate of Tk 585 while TSP (China) at Tk 525 against Tk 500, TSP (local) at Tk 670 against Tk 630, MP (China) at Tk 400 against Tk 388 and powdered SSP (local) at Tk 320 against Tk 272.

The unusual rise in the prices of sulpher and SSP, two vital nutrients for *aman* has puzzled the farmers.

A 40-kg bag of sulpher (local) is now selling at Tk 520 against the previous rate of Tk 420 in the district.

Farmers said that their efforts to avail of the chances of a good harvest would go in vain if the government failed to take immediate steps for adequate supply of fertilisers.

WTO ministerial meet at year-end

Tofael urges SAARC states to seek duty-free access

Commerce and Industries Minister Tofail Ahmed urged the SAARC member countries to support Bangladesh proposal for zero-tariff access of LDC products to developed countries in the ensuing WTO ministerial meeting to be held in Seattle at the end of the year, reports UNB.

He was speaking at the plenary session of the one-day SAARC commerce ministers meeting held in Maldives capital Male yesterday to coordinate their positions for the forthcoming WTO ministerial negotiations, according to a message received here.

The ministers decided to meet again in early November at Colombo to finalise common stand on various issues to be raised in the WTO meet.

The minister emphasized that the agenda of WTO negotiations should not include issues such as environment, child labour, labour standards, social clause, and governance as they were being dealt in other organisations and fora.

He said that the government of Bangladesh had already taken various initiatives to address these issues within the country.

He said, before starting new round of WTO talks 134 members of the global body should assess implementation of the decision of the first round concluded in 1994, especially decision regarding preferential market access of LDCs' products and improvement of trade capacities of LDCs.

On exports of the LDCs, the minister said, many countries are dependent on a limited range of products for their exports. He said Bangladesh is heavily dependent on textile exports and has had faced multifaceted non-tariff barriers like child labour and labour standards.

In addition, some garments importing countries are phasing out quotas as per WTO agreement in such a way that it does not allow Bangladesh to derive full advantage of preferential market access, he said, adding WTO members should look into this issue to ensure that the LDCs' interests are not adversely affected.

The SAARC commerce ministers were meeting to coordinate their positions on issues that are on the agenda or are likely to come up within the WTO framework.

Tofail Ahmed after the meeting left Male for Beirut to attend a 2-day meeting of the Asia group of G-77.

Arranged by UNCTAD, the meeting will begin tomorrow at which the trade ministers of Asian countries will discuss ways and means to increase their share to world trade.

A lady working at the street exchange office changes the dollar rates in Moscow Monday. The ruble fell by 3.0 per cent to 25.29 to the dollar at the fixing by the central bank after President Boris Yeltsin sacked the government, the Itar-Tass news agency reported. — AFP photo

New Russian PM says

No major changes in economic line likely

MOSCOW, Aug 9: The new Russian prime minister, Vladimir Putin, signalled after his appointment today that his government would not veer greatly from the economic line adopted by his predecessor, Sergei Stepashin, reports AFP.

He said the economic team in the Russian government will "not change too much," ITAR-TASS reported. "The financial staff will stay the same."

President Boris Yeltsin on Monday unexpectedly fired Stepashin, who had been in office less than three months. He appointed the former head of the Russian security services in his place.

Yeltsin also said he wanted Putin to succeed him as Russia's next president in elections due next summer.

Putin was appointed head of Russia's Federal Security Services (FSB), the main Russian successor to the Soviet-era KGB, last July.

The Russian stock market took a beating after Stepashin's dismissal was announced.

Stocks on the main Russian Trading System went down 10.63 per cent to 92.19 on trading volume of 4.2 million dollars at 12:30 (0830 GMT).

The ruble, which had recently stabilised after crashing last summer, lost 3.6 per cent of its value to close at 25.29 to the US dollar.

Minimum wage rate fixation for EPZs

Authorities take to go-slow strategy

As workers prefer market-determined wages, authorities have adopted a go-slow strategy to refix the minimum wage rate for the country's export processing zones (EPZs), reports UNB.

Sources said an initiative was taken in early 1998 to review the minimum wage rate as per the guidelines of Bangladesh Export Processing Zones Authority (BEPZA), but the move faced stiff resistance from the workers.

In accordance with the guidelines to review the rate every five years, they said, BEPZA had decided to raise the minimum wage to USD 25 from the previous rate of US dollar 22 fixed in 1993.

But the workers launched agitation demanding that the internal labour market of the EPZs determine the wage because they are getting better wages than the rate fixed by the authorities, sources said.

They said an entry-level worker remains in an upper hand salary structure, drawing Tk 1200 per month plus dining allowance, health services, over time allowance and gratuity.

Moreover, workers are getting skilled very quickly and there is a high demand for skilled workers in the exclusive industrial zones. The entrepreneurs want to keep them in their industrial units by enhancing wages instead of looking for fresh ones.

As a result, many workers are even getting wages in the range of US dollar 60 to 75 only after three months. Many are drawing around Tk 5,000 per month, including over time, sources said.

As long as expansion of enterprises continues, the demand for labour will go up and better wages will be offered, the sources said, adding that it would not be wise to fix minimum wage until the expansion ends. Workers also requested the authorities not to go for fixed wages.

"We don't want to take any risk on this sensitive issue, letting political parties to take advantage of it for the sake of investors' interest," said a BEPZA official preferring anonymity.

He said that there was a controversy over whether the wage rate instructions were accurate or not. As a result, the wage fixation committee could not reach a consensus as the instructions were faulty.

However, the minimum wage rate will be fixed when the situation will permit, he said, adding "We are still watching the situation."

Meanwhile, sources said, some 14,000 workers were added to Dhaka and Chittagong EPZs in the last fiscal year, raising the cumulative workforce to about 84,000 at the end of June 1999. They are earning about Tk 300 crore annually.

They said that some 15,000 to 20,000 more workers would join the workforce at the zones in the current fiscal.

With other incentives, they said, the EPZs in Bangladesh offer a very competitive package of wages.

New Comptroller and Auditor General

Syed Yusuf Hossain, the newly-appointed Comptroller and Auditor-General of Bangladesh, has taken oath on Sunday, says a press release.

Acting Chief Justice of Bangladesh Latifur Rahman administered the oath at a simple ceremony held at the office of the Chief Justice of Bangladesh Supreme Court.

The function was attended, among others, by M Hafizuddin Khan, outgoing Comptroller and Auditor-General, Dr Akbar Ali Khan, Finance Secretary, and other high officials of the Ministry of Finance and Audit Department.

Prior to his present appointment, he was Defence Secretary.

After the oath-taking ceremony, the newly-appointed Auditor-General sought cooperation from all the officials and employees of Audit Department in smooth discharge of his constitutional responsibility.

Crisis fetches fortunes for Russian firms, hurts foreigners

MOSCOW, Aug 9: As Russia grappled with its deepest economic crisis in years in 1998, some new words entered the language like "defolt" (default) and "devalvatsiya" (devaluation), reports Reuters.

A year has now passed since Asian contagion spread to Russia and turned into a particularly nasty bout of Russian flu, but the mood among domestic manufacturers is more upbeat and the gloomy vocabulary of those crisis days is heard less often.

"We have already started to get out of the crisis situation. Banks suffered badly, but others are doing all right," Pyotr Zrelov, president of the Russian Business Culture Association, told Reuters.

"What is noticeable is that this crisis has led to a sharp recovery in the fortunes of Russian producers," he added.

For foreign investors, the picture remains far from rosy, especially for those who depended on imports which became much more expensive after the August 17 de facto rouble devaluation.

Many are slashing costs to limit the damage or putting fresh investments on hold. Some have quit Russia altogether.

But a few who had either the temerity or foresight to launch investment projects even at the peak of the crisis, have no regrets and they are positively belligerent about conquering the potentially vast market that others fled in panic.

One such company is KLP Soft Drinks Ltd, which is enjoying a roaring success with Irn-Bru, "Scotland's other national drink" and started production in Moscow in July 1998. The bright orange, fizzy liquid is now Moscow's third most popular soft drink.

"The most important thing is that we started from zero in this market. Coke KO.N and Pepsi PEP.N were dominating along with other well-known brand names," said KLP President Sergei Konov.

"Everybody thought it was a crazy idea (to open a year ago) ... but very soon we became rather popular among Muscovites."

Russian producers and companies like Irn-Bru, which use mostly local supplies, did not suffer much from the devaluation, which saw the rouble lose more than 70 per cent of its value.

The competitive advantage of these firms, not to mention the windfalls enjoyed by Russia's dollar-earning oil exporters, is now being reflected in figures for industrial output, which rose 11 per cent in July compared with the same month last year.

Others would argue that the recovery is based on shaky foundations since key structural reforms have still not been implemented and corporate governance is not far short of a disgrace, with minority shareholder rights often flouted.

Corruption is still rife, and accounting standards are so primitive and financial transparency so lacking that it is often difficult to say what enterprises are worth investing in.

Anders Aslund, senior associate at the Carnegie Endowment for International Peace, said the government was doing very little in terms of structural reforms, but nevertheless he was sanguine about the overall economic outlook.

"We are seeing a fundamental improvement in the real economy and the share of barter and other non-monetary payments is falling sharply," he said.

Foreign direct investment (FDI) in Russia, the world's largest country with a wealth of natural resources, has always been low because of political and economic instability and a lack of the necessary investment guarantees.

Last year, FDI totalled a paltry $2.2 billion, down from $6.2 billion in 1997. China, by comparison, netted $45.6 billion in actual FDI last year.

Economists say foreign companies are unlikely to invest significant amounts in Russia until after a parliamentary election in December and a presidential poll in mid-2000.

As far as foreigners are concerned, the business environment remains pretty bad, with companies facing the difficult decision of whether or not to produce in Russia or stay out of the potentially lucrative market altogether.

Irn-Bru, widely believed in Scotland to cure hangovers, has made some sober calculations about expanding. It is increasing sales in Moscow and aims to become the market leader thanks to original and aggressive television and poster advertising.

"We are prospering because of our advertising," said financial director Gerald Jay Laba.

Gregory Berenstein, a representative of the investment company behind KLP Soft Drinks, said annual capacity at the Irn-Bru plant in north Moscow would soon rise to 150 million litres from the current 30-35 million.

"The company is taking a stronger and stronger position from month to month," he said.

Berenstein knew that Russia was in for a rough ride last year when the International Monetary Fund was putting together its multi-billion-dollar rescue package and the rouble still collapsed. "But we had already made commitments," he said.

When the crisis peaked in August, Russians emptied shop shelves and some companies stopped producing as it became difficult to set prices with inflation surging. But Irn-Bru stepped in to take market share.

And now its advertising catchphrase — "Hubba, Hubba!" — is becoming part of Moscow street slang, if not part of the language.