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SB to pay higher rates on fixed deposits

Sonali Bank (SB) has decided to pay interests at higher rates to Fixed Deposit Accounts of the bank with effect from August 1, 1999 to encourage the depositors, a press release said yesterday, reports BSS.

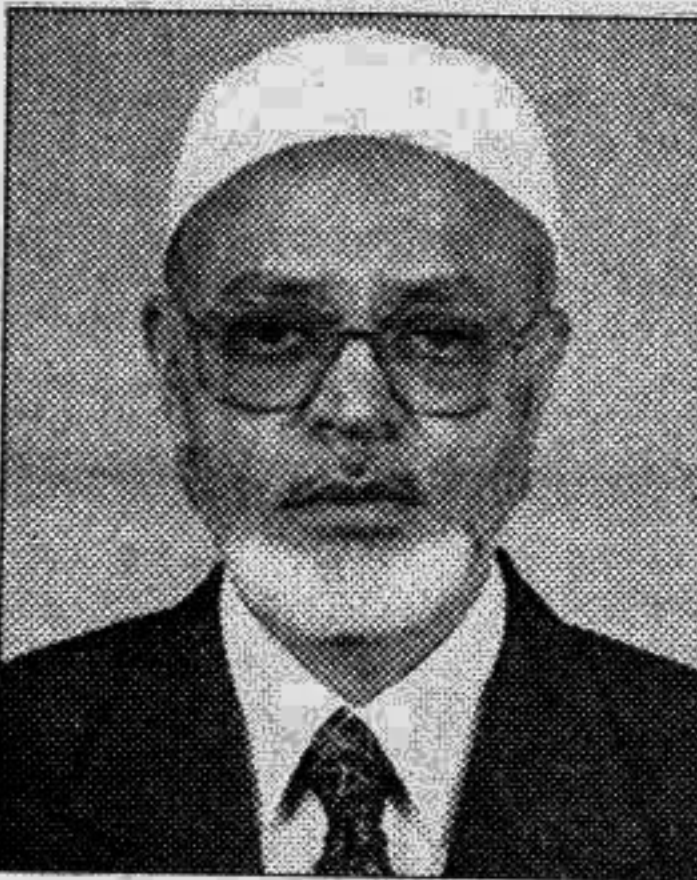
The interest rates have been raised from the existing 8.25 per cent to 8.75 per cent for the three months and above but below six months deposits, from 8.50 to 9 per cent for the six months and above but below one year deposits, from 8.75 to 9.25 per cent for the one-year and above but below two years deposits, from 9.25 to 9.50 per cent for the two years and above but below three years and from 9.75 to 10 per cent for the three years and above but highest five years, the release added.

New member of SEC

Moniruddin Ahmed, FCA, has joined the Securities and Exchange Commission as a member.

Earlier he was the Chairman of Bangladesh Sugar and Oil Industries Corporation and Bangladesh Jute Mills Corporation, says a press release.

Shafiu Alam becomes Agrani Bank DMD



ABM Shafiu Alam, has joined the Agrani Bank as Deputy Managing Director on promotion.

Prior to his present assignment, he was the General Manager in Janata Bank says a press release.

Alam started his banking career in 1965 as an Officer Grade-II at the Head Office of the then United Bank Ltd. (at present Janata Bank) in Karachi.

He was the Chief Executive of the branches of Janata Bank in the United Arab Emirates from 1995 to 1998.

He also attended various seminars, work-shops and training programmes.

GrameenPhone, Prime Bank strike deal

GrameenPhone Limited has signed an agreement with Prime Bank Limited under its new Corporate Sales Package initiative, says a press release.

Under this agreement, Prime Bank will get GrameenPhone's mobile-to-mobile connection to link its head office with its different branches. In addition, the GP-GP service will also link the bank's head office with its branches in Chittagong, enabling it to communicate efficiently and economically.

GP's new Corporate Sales Package drive provides special customised packages to suit the connectivity needs of multinational companies, big local firms, NGOs, international organisations, government organisations, banks and financial institutions.

The agreement was signed recently by Ferdousur Rahman of GrameenPhone's Corporate Sales Department and Executive Vice President of Prime Bank Zubaidur Rahim.

Also present on the occasion were DGM (Sales) of GrameenPhone Mahboob Hossain, Deputy Manager of the Sales Department Masud A Mollick, Senior Vice President of Prime Bank Mufakarur Islam and Senior Vice President Abdus Samad.

Japan auto output set to rise for first time in 2 years

TOKYO, Aug 19: Japan's quarterly auto production is expected to rise in the July-September period for the first time in two years a further indication the economy is on the mend, a newspaper report said Wednesday, reports AP.

A recession at home and battered economies in Asia, one of Japan's biggest auto markets, have stalled the country's formidable auto industry.

But a domestic boom in mini-cars is expected to help Japan's vehicle output to rise about 3 per cent in the July-September quarter to more than 2.45 million vehicles the Nihon Keizai newspaper said.

The leading economic daily calculated the figures from auto output projections at Japan's leading carmakers.

Suzuki Motor Corp. and Daihatsu Motor Co. two of Japan's main minicar manufacturers, expect double-digit rises in output.

Step seen helping weather stocklot crisis

Govt mulls over interest-free block accounts for RMG

The government is actively considering the demand of garment manufacturers for special banking facilities to help them tide over 'stock lot' crisis, reports UNB.

Finance Minister Shah AMS Kibria Wednesday asked the Bangladesh Bank Governor Dr Mohammad Farashuddin to take steps in the shortest possible time regarding the BGMEA's demand for interest-free block account for garment units which suffered stock lots, official sources said.

The decision, if implemented, will facilitate garment factories to repay their overdue forced or demand loans in easy instalments without interests.

On the other hand, it will help banks to gradually recover their outstanding loans amounting to Tk 3 billion.

Over 400 garment units suffered stock lots due to 1995-96 political movement, 1998

floods and infrastructural problems like power crisis.

If given special banking facilities, those units may return to business adding some 200 million US dollars to annual export incomes and employing some 200,000 workers, said a BGMEA leader.

A Bangladesh Garment Manufacturers and Exporters Association (BGMEA) delegation led by its President Capt (ret) Anisur Rahman Sinha met Finance Minister Shah AMS Kibria and Commerce and Industries Minister Tofail Ahmed on Wednesday.

Ministry and BGMEA officials said both the ministers were convinced about the BGMEA demand for interest-free block account for those units which have stock lots or have been forced to sell out stock lots at discounted rates.

They also agreed in principle

to extend banking facilities to the units that closed down under stock-lot burdens so that they could resume production.

"We're sincerely trying to solve the problems of the garment sector. We're considering their demand for interest-free block account," Commerce and Industries Minister Tofail Ahmed told newsmen after the meeting.

"We expect that the Bangladesh Bank will shortly decide to allow us to open block accounts for the suffering factories," BGMEA vice-president Engr Nurul Huq Shikder told UNB after meeting finance minister and commerce minister on the day.

The association has long been demanding government policy supports for several hundred garment units which were closed due to stock-lot crisis triggered by the prolonged

political turmoil in 1995-96.

Earlier on February 5, 1997, a meeting of commerce secretary, Banking Division secretary of the Finance Ministry, Bangladesh Bank governor, managing directors of commercial banks and BGMEA executives agreed to allow affected units to repay their forced or demand loans in easy instalments free of interest.

But the agreement was not implemented, rather 1998 floods and strikes at Chittagong port forced many more garment industries under stock lots.

Meanwhile, the finance minister, commerce and industries minister and the Bangladesh Bank governor agreed in principle to turn the unpaid loans of the stock-lot hit garment factories into block accounts and allow them to repay debts in rational instalments without interests.

China's Hubei keen on joint ventures in Bangladesh

A delegation from the Chinese province of Hubei yesterday showed their keen interest in joint venture investments in Bangladesh's textiles and agro-based industries, reports UNB.

"Hubei has a strong manufacturing base in agricultural machinery, agro-based industries, fertiliser and textiles," said Zhou Jianwei, vice-governor of the province and leader of the 17-member delegation, at a meeting with FBCCI.

President of the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) Abdul Awal Mintoo led the local businessmen at the meeting held at FBCCI conference room.

Zhou said there is a bright prospect of economic cooperation and joint venture investment between the two countries.

"We are studying a project in Bangladesh," he said, adding that Hubei had some advantage in water management and hydropower sector.

"Mutual exchange and cooperation between Hubei province

and Bangladesh will be beneficial for both the people," Zhou said.

The FBCCI president said Bangladesh can provide a low-cost production base in various sectors like agro-based industries, food processing and preservation, poultry, dairy, fisheries and livestock, light engineering, leather, textiles and infrastructure development.

"Textile is a sector where Chinese investors may come in a big way," he said, adding that there was a captive demand of over 2 billion meters of fabrics, which was now being imported.

Mintoo said there is an obstacle standing on the way of Chinese investment. The problem is bank guarantee against suppliers' credits, usually sought by Chinese partners from the EXIM Bank of China.

Chinese partners can probably avoid the problem through supply of machinery and equipment under buy-back arrangements, he said.

He said the Bangladesh gov-

ernment has undertaken a wide range of reforms covering both policy and institutional measures to boost economic growth at a faster rate and the task has now been assigned to the private sector.

China and Bangladesh have been enjoying a stable and healthy mutual relation since the establishment of diplomatic relations and made great achievements in trade and economic cooperation, he said.

"This visit will further enhance bilateral cooperation and promote trade and investment," he hoped and assured all support and cooperation of FBCCI to help increase trade deals and make investment in Bangladesh.

Bangladesh's export to China shows a fluctuating trend within a range of US\$ 8.53 million and US\$ 55.59 million in the last eight years, while imports from China shows a rising trend from US\$ 119.07 million in 1990-91 to US\$ 630.76 million in 1997-98.

Tofail says at AmCham luncheon meeting

Transshipment refusal to India may mean market losses

Star Business Report

Commerce and Industries Minister Tofail Ahmed yesterday said that Bangladesh may lose prospective markets in the eastern states of India if it denies transshipment facility to Delhi.

The minister was speaking as chief guest at the monthly luncheon meeting of the American Chamber of Commerce (AmCham) in Bangladesh at Dhaka Sheraton Hotel in the city.

About the business prospects with the eastern-Indian states, the minister said: "There is no market for our products there. But it will become a viable market for us only when we are allowed zero tariff access."

Tofail, however, observed that the country's infrastructure needed to be developed before giving the transshipment facility.

Referring to the opposition protest against the government's decision in principle to allow the joint expert committee-level discussion on transshipment with India, he said that politics should be separated from economy in the context of globalisation.

The minister said that the country would consider gas exports only after fulfilling its domestic demands.

"We are yet to decide on gas exports and this is a politically sensitive issue. But time will come when we will be able to

export gas," he said.

At present, the country has a gas reserve of 10 trillion cubic feet (TCF), which is not sufficient for launching exports. But the reserve will increase after assessing it at different blocs, which have been awarded to different companies, Tofail said.

Executive Director of US-Bangladesh Business Council (USBBC) Dr Herbert J. Davis attended the meeting as the special guest, while it was addressed, among others, by US Ambassador John C. Holzman and AmCham President Forrest E. Cookson.

Pointing to the US-Bangladesh trade relations, the minister said that US had been

playing a positive role in the economic development of Bangladesh.

"USA is not only acting as the development partner of Bangladesh, but is also helping us increase trade," the minister said.

At present, 37 per cent of the country's total exports go to the US market and Bangladesh is the fifth largest readymade garment (RMG) exporter to USA, Tofail mentioned. He urged the US authorities to increase RMG quotas by 30 per cent.

Dr Herbert J. Davis, USBBC Executive Director, mentioned that it was working to extend the existing trade between the two countries.



Minister for Commerce and Industries Tofail Ahmed speaks at the monthly meeting of the American Chamber of Commerce in Bangladesh (AmCham) at a city hotel yesterday. Also seen in the picture are (from left) M. Nurul Islam, Vice President of AmCham, John C. Holzman, US Ambassador, Forrest E. Cookson, AmCham President, Dr. Herbert Davis, Executive Director-USBBC, and A. Gafur, AmCham Executive Director. —AmCham photo



Ferdousur Rahman of GrameenPhone's Corporate Sales Department and Prime Bank Executive Vice President Zubaidur Rahim sign the agreement that aims at providing mobile-to-mobile link between the bank's head office and its different branches. —GrameenPhone photo

Chinese delegation tells BOI about problems at CEPZ

Star Business Report

Leader of the visiting high-powered Chinese business delegation and Vice Governor of Hubei provincial people's government Zhou Jian Wei yesterday informed the Board of Investment (BOI) about the various problems faced by Chinese investors in the Chittagong EPZ.

BOI Chairman Serajuddin Ahmed assured the team leader of cooperation to solve these problems, a press release issued by BOI said.

The members of the delegation also expressed their interest to invest in the agro-based industries in Bangladesh, particularly in agro-machinery and fertiliser plants.

Serajuddin Ahmed said that Bangladesh had a large domestic market and was endowed with natural and agricultural resources.

"There are potentials for joint venture investments in industries and infrastructure," Ahmed said. "The policies and legislation of Bangladesh adequately protect the interests of the investors -- both local and foreign," he added.

Symposium on agro-business policy in city

Steps recommended to boost farm output

A two-day symposium on the "Determinants of Agro-Business Policy for Bangladesh" has recommended certain measures to be taken in the sectors of seed and field crop, agri-machinery, livestock, fertiliser, horticulture, poultry, fisheries and shrimp and agro-processing to stimulate farm production in the country, reports BSS.

The symposium focussed on the steps already taken by the government to promote agrifood and agro-processing.

Split sector-wise, the symposium was followed by discussions by groups of agri-business leaders, representing both private and public sectors.

Representatives from the USAID, IFDC, ATDP and some other associations deliberated on the issues to arrive at the recommendations.

It was sponsored by the Agro-based Industries and Technology Development Pro-

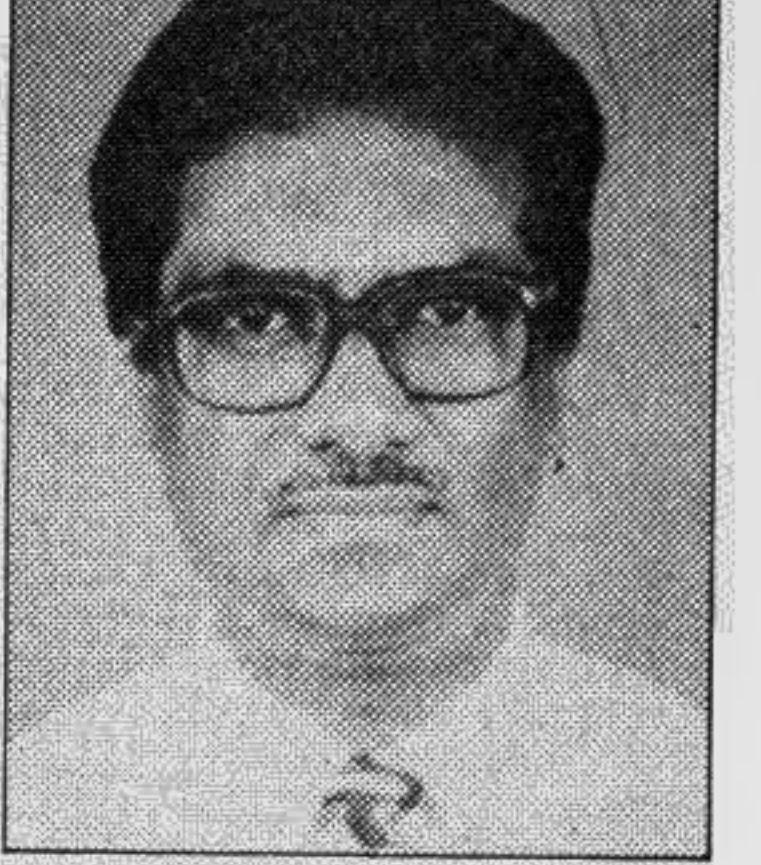
ject [ATDP], an Agriculture Ministry Project supported by USAID and managed by the International Fertiliser Development Corporation (IFDC).

A former government secretary and senior advisor to the ATDP, Irshadul Huq, made summary presentation of the recommendations.

It was presided over by Abdul Hamid Chowdhury, Secretary of Planning Division. Dr A M Showkat Ali, Agriculture Secretary, was the chief guest.

Ronald P. Black of ATDP, Gerdol H. West, Mission Director of USAID, Ayub Quadri, Secretary, Fisheries and Livestock Ministry, Syed Alamgir Farouk Chowdhury, Commerce Secretary, K M Ejazul Huq, Industries Secretary, and Abdul Mueyee Chowdhury, Chairman, National Board of Revenue (NBR) spoke on the recommendations and measures already taken.

New DMD of Sonali Bank



Mohammad Hossain has recently joined Sonali Bank as Deputy Managing Director.

Earlier he was the Managing Director (current charge) of Rupali Bank Ltd, says a press release.

Hossain started his career as an officer of the then United Bank Ltd.

In his long banking career, he held many important positions Janata and Sonali Bank.

3 top Japanese banks agree to form world's largest alliance

TOKYO, Aug 19: Three major Japanese banks today appeared close to an agreement to create the world's largest financial group with \$1.3 trillion in assets, says Reuters.

Industrial Bank of Japan (IBJ) \$302.T said on Thursday it was mulling a possible alliance with two of the nation's other big banks, Fuji Bank Ltd 8317.T and Dai-ichi Kangyo Bank (DKB) 8311.T. An IBJ spokesman said forming a joint holding company was one possible option.

IBJ news agency, quoting unidentified sources, said the three banks will announce a deal on Friday.

Several Japanese media flashed news of the triple tie-up just as Tokyo financial markets were winding down for the day.

The reports jolted the summer lull at the Tokyo Stock Exchange, which halted the trading of shares in all three banks. IBJ was last traded at 984 yen, up its daily limit of 100 yen or 11.81 per cent. DKB rose 91 yen or 11.12 per cent to 909 and Fuji Bank also rose its daily limit of 100 yen or 11.72 per cent to 953.

By a simple calculation of assets, the trio would create a banking conglomerate with more than 140 trillion yen (\$1.26 trillion) in total assets,

surpassing Deutsche Bank AG DBKG.F, currently the world's largest bank with assets of \$735.2 billion.

The news is the latest in a wave of global banking mergers.

In the past year, Deutsche has taken over Bankers Trust Corp in the largest takeover of a US bank by a foreign firm, while in France, Banque Nationale de Paris has been battling to create the world's first trillion-dollar bank by absorbing rivals Paribas and Societe Generale.

"If the Japanese banks and up in a full merger, they will have beaten the French in the trillion dollar stakes."

"If it happens, it would create a huge financial institution but with a great need to consolidate," said Brian Waterhouse, senior financial analyst at HSBC Securities. "Whether it would be a profitable institution, though, remains to be seen."

Waterhouse estimates a merged bank combining the three would have revenues of \$54 billion, profits of \$1.7 billion and staff of 41,000 in 772 branches in Japan and around the world.

"It would create Japan's own Citicorp," Robert Zielinski, senior vice president of equity research at Lehman Brothers,

told Reuters Television. Analysts say the tie-up is sorely needed at a time when Japan's battered banking sector faces stiff domestic and foreign competition under the nation's 'Big Bang' financial deregulation.

The three institutions are also among 15 big banks that in March received an injection of public funds totalling over seven trillion yen to mop up their massive problem loans, a bruise within the industry that has yet to heal.

The Financial Supervisory Agency, Japan's financial watchdog which oversees the banking industry, had no immediate comment on the possible alliance deal.

Earlier, the daily Nihon Keizai Shimbun reported the banks agreed to a comprehensive tie-up that will include setting up a joint holding firm as early as autumn 2000.

The daily, quoting unnamed sources, said the three institutions would divide their banking operations into retail, corporate and investment banking sections that would eventually be integrated.

By restructuring and integrating their operations, the three banks hope to gain a competitive edge to survive heightened competition following financial deregulation in Japan,

Quake threatens Turkish economic reforms

ISTANBUL, Aug 19: Flames leap from a key refinery and roads and telephone lines are in ruins in Turkey's economic heartland, devastation that is likely to jeopardize government plans to carryout tough economic reforms, says AP.

The earthquake, which struck Tuesday, has left more than 4,000 people dead and parts of western Turkey in ruins. The area accounts for some 35 per cent of Turkey's gross domestic product.

People in the devastated region are demanding aid to rebuild their homes from a government that is already struggling to cut back a state deficit estimated at more than \$20 billion and reduce an annual inflation rate of 50 per cent.

Turkey is hoping to sign a crucial \$5 billion loan with the International Monetary Fund later this year, and is working on reforms that are needed before the loan is approved.

But as Turkey assesses the earthquake damage, reforms may become more difficult due to the need to rebuild.

Clouds of black smoke billow from the state-run Tupras oil refinery, which provides more than a third of Turkey's retail and industrial grade fuel. There are fears that the blaze could spread to the entire field of 30 giant storage tanks.

New Russian PM seeks a realistic 2000 budget

MOSCOW, Aug 19: Russian Prime Minister Vladimir Putin told a government meeting today he wanted a "realistic and forward-looking" budget next year that will restore faith in the economy and raise living standards, reports Reuters.

A draft budget obtained by Reuters showed the government, which faces pressure from the International Monetary Fund to tighten its belt, discussed a \$25 billion plan with a deficit of 1.13 per cent of gross domestic product, less than half this year's.

Putin, who was confirmed in his post on Monday, said the 2000 budget still needed to be worked out before it was submitted to the State Duma lower house of parliament on August 25, Itar-Tass news agency reported.

"The main objective of the budget for the year 2000 is restoration of trust of the population and participants in the economic activity in the state, progress of the Russian economy and the raising of the living standard of citizens," he said.

Putin's call for a realistic budget follows sharp criticism of previous budgets as over-optimistic. This year's revenue targets have been met so far

thanks largely to higher inflation and steeper than expected depreciation in the rouble.

Rising prices of oil, Russia's chief export, have also helped the state, and the new budget envisions raising export duties to take more advantage of the black gold bonanza.

In a draft obtained by Reuters, the rouble is expected to average 32 to the dollar against a current 25 and expected 1999 average of 21.5, and inflation is seen at 18 per cent, against 30 per cent in the 1999 budget and 50-100 per cent now expected.

Next year the key primary surplus, which is calculated before foreign debt servicing, is projected at 3.18 per cent of GDP, though the IMF is said to want it to be 3.5-4.0 per cent.

Privatisation will also be stepped up to bring in 18 billion roubles. Russia hopes to finally sell stakes in Svyazinvest telecoms company, and major oil firms including LUKOIL, LKOH. RITs though sales have been delayed this year as investors fled crisis.

Russian and foreign investors lost faith in the economy following last year's deep financial crisis, which led to the collapse of financial markets and crippled the banking system.

The draft envisages revenues of 743.5 billion roubles (\$23 billion) at the projected exchange rate and spending of 801.42 billion.

Russia will essentially roll over its foreign debt coming due. It plans to take foreign loans of \$5.89 billion, \$585 million more than needed to pay off credits due in 2000.

It will borrow 40 billion roubles domestically.

RIA news agency said a group of IMF experts arrived in Moscow on Thursday to monitor the economy ahead of a decision next month on releasing the next tranche of a \$4.5 billion credit for Russia.

UK money supply growth slows

LONDON, Aug 19: Growth in Britain's broad measure of money supply, M4, slowed to a six-year low of 3.5 per cent year-on-year in July, the Bank of England said today, reports Reuters.

It also said M4 contracted by 0.4 in July from June, following June's 0.6 per cent drop, the first time since records began in 1982 that there have been two consecutive monthly falls.