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The Daily Star BUSINESS

DHAKA, FRIDAY, AUGUST 27, 1999

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DHL plans \$ 1.5b investment in aircraft, ground infrastructure

DHL Worldwide Express, the world's leading air express service, has announced plans to invest 1.5 billion US dollars in aircraft and ground operations infrastructure and to support customer growth and development into the new millennium, says a press release.

Of the investment, 1.3 billion US dollar is earmarked to acquire aircraft for the company's air network in Europe and Africa.

The fleet modernisation programme represents the single largest air transport investment in the company's 30-year history.

DHL is planning to acquire 40 to 45 aircraft that will largely exceed international standards on noise control.

DHL is currently evaluating a number of aircraft options, with a decision expected in the next two months.

The new fleet will be phased into the company's Europe and Africa network from 2001, and will gradually replace the existing fleet of B727s.

In addition to the acquisition of aircraft, DHL has earmarked 234 million US dollars for ground operations and information technology infrastructure in both Asia and Europe to upgrade its capabilities.

Commenting on the investments, Mr Charles Longley, Chief Executive Officer for DHL Asia-Pacific/Middle East, said, "we are investing heavily in aircraft, infrastructure and information technology to make sure we have the right capabilities to service our customers."

These investments represent our continuous commitment to service excellence in both Asia and Europe. With them, we shall be best positioned to meet any challenges in the new millennium."

"DHL is the largest air express service in both Asia and Europe, and these investments will put us even ahead of the competition. Without doubt, DHL is the first choice for shippers in both Asia and Europe," concluded Mr. Longley.

Lafarge Surma Cement MD calls on BOI chief

Michel Folliet, Managing Director of Lafarge Surma Cement, called on the Executive Chairman of the Board of Investment, M Mokammel Haque, here Wednesday, says UNB.

Folliet sought necessary co-operation and assistance for the quick and smooth implementation of their project. Haque assured him of his full cooperation and asked him to contact BOI for any possible help.

Lafarge Surma Cement is the biggest foreign investment in Bangladesh in the cement sector.

The Executive Director of the US Bangladesh Business Council (USBBC) Dr Herbert Davis also called on BOI Executive Chairman Wednesday to inform him about the growing opportunities of investment in Bangladesh, particularly in the natural resources sector.

The BOI Executive Chairman stressed the need for cooperation between USBBC and BOI and assured him of all out cooperation.

Samabay Bank disburses Tk 10cr loans in '98-99

Bangladesh Samabay Bank has extended loans of Tk 10 crore to farmers through cooperative societies at thana level during the last fiscal year, says UNB.

The bank has taken up a programme to inject more funds to cooperative societies to expand rural credit during the current year.

Besides, negotiations are on with the government to turn Samabay Bank into a scheduled bank, said Chairman of the Bank Afzal Khan.

Khan who is also the President of Comilla Chamber of Commerce and Industry said he would seek for continuing to lead the Samabay Bank for another term of three years.

The election is scheduled for September 4. Some 500 members of the bank including 200 in Chittagong division will vote for the new committee.

Russia sure to get IMF funds in September

MOSCOW, Aug 26: The International Monetary Fund praised Russia's economic success yesterday and the finance minister, opening talks with the Fund, said he was sure of getting the next tranche of a \$4.5 billion loan on schedule, says Reuters.

"At the beginning of September we should agree all the conditions, and at the end of September we plan to get the next regular \$640 million tranche," Mikhail Kasyanov told a news conference.

The head of the IMF mission confirmed Russia was fulfilling the economic programme underlying the loan.

PSI to come into force by Oct 1

Pre-shipment inspection (PSI), which is mandatory for imports, is unlikely to come into force by October 1 as announced earlier, reports UNB.

The National Board of Revenue (NBR) officials said they are yet to prepare the final draft of guidelines that are required for floating tenders for selection of PSI agent.

Meanwhile, NBR discussed with different Chambers that have been pressing for long for introduction of PSI mandatory to avoid harassment on them by the Customs.

"We are on the process. We hope we will invite tenders in a week after finalising the guidelines," said an NBR official.

As 45-day lead-time will be given before closing the tender bids, it will not be possible to

introduce PSI on October 1, he added.

Two agents of PSI, one principal and an alternative to guard against faults or misdeeds of the principal agent, will be selected from among the participants in the bidding.

Besides, the Customs authority at ports will check 20 per cent of the import bills on random basis.

The PSI agent will verify the quality, quantity and price of goods from sources at origin. Besides it will check the identity of importers.

NBR Chairman Abdul Mueed Chowdhury told a press conference in late July that they are trying to introduce PSI from October 1 to check duty evasion by importers and corruption by the Customs officials.

PSI has been made mandatory in the current budget following demands by various chambers and trade bodies to free them from harassment at ports by the Customs.

NBR estimates PSI will fetch the exchequer an additional Tk 600 crore in revenue. PSI is in force in 40 countries.

Business sources said the process of introducing PSI should not take such a long time when the decision was taken before June.

They suspect the delay is deliberate on the part of the officials concerned to harass the traders by the Customs and extend facilities to a section of importers to evade duty in connivance with corrupt officials.



A flower trader shows his prized bouquet at a shop in the city's Shahbag area. —Star photo

Over Tk one crore business a month Flower finding its way to more city hearts

By Monjur Mahmud

Even before the break of the dawn, the Shahbag square in front of the National Museum starts reverberating with brisk business activities.

As the city basks in early morning glow, trucks loaded with flowers line up beside the road and flower traders from all parts of the city gather to make their choices.

In about a couple of hours, the auction is completed and flower traders head for their respective shops with varieties of floral booty to cater to the needs of the city-dwellers.

Flower trade has nowadays evolved as one of the budding businesses with more than Tk five lakh sales everyday in the capital city alone.

"Flowers worth Tk five lakh are being auctioned everyday in front of the National Museum in the early morning although we do not have a permanent auction place or wholesale market for the products coming from different parts of the country," said Md Maznu Miah, President of Bangladesh National Flower Traders Association (BNFTA).

With the continuing rise in demand, flower cultivation has also become a profitable undertaking for farmers particularly in Jessore, Chuadanga, Narayanganj, Savar and Mirpur.

Gladiolus, Marigold, tuberoses, rose and bellies are the most popular local varieties available in the country's emerging flower markets. "Besides, there is a good demand for orchids. But quality orchids are not locally grown," said Maznu Miah who has been in flower business for the last 18 years.

He said that the October to February period is the peak time for flower sales.

"Flowers are even flown in from Bangkok to meet the high demand during festivals like the New Year's Day, Eid and Pahela Baishakh," he claimed.

There are about 150 permanent flower shops in the city, Gulshan, Shahbagh, Katabon and Baily Road are the posh areas for flower shops. Besides, flowers are also sold at around 200 small stalls in different parts of the city.

"Each shop sells flowers worth between Tk 2,000 and Tk 5,000 a day. But during the peak season, some big shops in the city even sell Tk 10,000 to Tk 20,000 flowers a day," said a shopowner at Katabon.

"It's a good day for a shopowner when he gets a wedding order," he said, adding "we charge between Tk 500 to Tk 5,000 for the adornment of a bridal car, while the same amount is also charged for Bashor Ghar (nuptial) decorations."

It's not only the number of sellers which is increasing day by day, but the demand for quality flowers has also been showing a rising trend these days with the change in tastes of the common people, he added.

"The farmers here are growing flowers in the traditional way. They will be able to supply better-quality flowers if they are trained and provided with the latest know-how," said Maznu Miah. This potential business will expand more if the farmers are given proper support, he observed.

\$ 792b tax cut will plunge US 'permanently in debt'

EDGARTOWN (Mass), Aug 26: America will be thrown into permanent debt and see some of its most valued social programmes crippled or eliminated if a Republican \$792 billion tax cut becomes law, President Bill Clinton said yesterday, reports Reuters.

In a new broadside against the tax cut, Clinton sent letters to leaders of the Republican-controlled Congress along with a report from the White House Office of Management and Budget.

The report described what it said would be the budget fallout from the \$792 billion tax cut — already passed by both houses of Congress — including an automatic cut of \$41 billion in Medicare over five years and the eventual elimination of \$19 billion in farm safety net programmes.

The report said the tax cut would also eliminate veterans readjustment education and

training benefits by \$3.2 billion, cut student loans, eliminate child support enforcement by cutting \$10.3 billion, and wipe out social services block grants by eliminating \$4.4 billion.

Clinton wants to use \$2.9 trillion in projected budget surpluses over the next 10 years to bolster Social Security and Medicare and begin paying down the national debt.

"If your tax cut became law, it would leave America permanently in debt," Clinton said in letters to House of Representatives Speaker Dennis Hastert of Illinois and Senate Majority Leader Trent Lott of Mississippi.

Clinton has instead supported tax cuts of up to \$300 billion aimed at lower- and middle-income families.

Republicans have argued that American taxpayers deserve some of the money they paid in taxes handed back to

them and dispute Democratic projections of huge budget cuts if the tax cut goes through.

The OMB report's conclusions reflected the message that Clinton wants to convey during the congressional summer recess while lawmakers are discussing the tax cut with their constituents — that the size of the tax cut represents an unacceptable risk to America's fiscal health.

"Now more than ever, we must maintain the fiscal discipline that has helped strengthen our economy, fuel record investment and lower interest rates and mortgage payments for tens of millions of families," Clinton said.

The White House has brushed off a Republican National Committee ad being run frequently here on cable television during Clinton's vacation on the Massachusetts coast of Martha's Vineyard.

In the ad, RNC chairman Jim Nicholson asks Clinton to call Senate Democratic leader Tom Daschle of South Dakota and urge him to support the Republican "lockbox" bill intended to ensure that Social Security surpluses are used for the retirement system and not anything else.

The ad was playing on television in the White House briefing room here as Lockhart gave his daily briefing. Lockhart walked to the television, pointed to the lockbox in the scene, and said, "It's phony."

The House and the Senate have each passed the \$792 billion tax cut but have not yet sent it to the White House, where it awaits certain veto by Clinton.

The potential for an autumn budget showdown has grown as Republicans and Democrats try to agree on a budget in time for the start of the next fiscal year on Oct 1.

HSBC refutes press report

The Hongkong and Shanghai Banking Corporation Limited (HSBC), Dhaka has refuted a news item published in some news papers on August 19, 1999 under the caption "Stanchart wins ISO 9002 for IT services."

"We are going to make a final decision today. At least 10 units will be placed under a workout programme. The number of those units turned out to be much higher than expected," said an official of the Korea First Bank, the group's key creditor.

Bank officials said the workout was unavoidable as some units of the country's second biggest group were in a state of virtual default. The group owes a total of 51 billion dollars.

Call for plans to ensure fair prices of jute

State Minister for Jute AK Faezul Huq has called upon the business community to come forward with effective plans and programmes to ensure fair prices of jute and promote the export of jute and jute goods, reports BSS.

He made the call at a meeting with leaders of Bangladesh Jute Association (BJA) here yesterday.

The meeting reviewed the problems in the sector, their solutions and steps for the development of the jute sector.

Faezul Huq underlined the need for strengthening the jute sector in time with priorities to the country's agro-based economy.

The minister said the government would continue efforts to protect the interest of jute growers and traders.

He said the country needs collective efforts of all concerned to ensure a golden future for jute, the golden fibre.

The minister sought all out cooperation to ensure fair prices of raw jute and keep the prices stable.

The private jute traders appealed to the government to sanction a working capital and reduce the rate of bank interest in the sector like the frozen food, garments and leather sectors.

The meeting was addressed, among others, by chairman of BJA Sharif Md Faezul Rahman, Senior Vice-chairman Mozammel Huq, Advocate M Rezaul Karim and Mahfuzul Huq.

Key creditor banks say

Daewoo units to come under emergency rescue plan

SEOUL, Aug 26 : Creditor banks said today they would put at least 10 units of South Korea's ailing Daewoo Group under an emergency rescue plan to avert debt default, says AFP.

"We are going to make a final decision today. At least 10 units will be placed under a workout programme. The number of those units turned out to be much higher than expected," said an official of the Korea First Bank, the group's key creditor.

Bank officials said the workout was unavoidable as some units of the country's second biggest group were in a state of virtual default. The group owes a total of 51 billion dollars.

Television reports said Daewoo chief Kim Woo-Chong approved the workout programme after talks Wednesday with

The programme will allow the group to freeze repayment of its debts to financial institutions for three months.

The units to be put through the programme will include Daewoo Corp and other major subsidiaries of the tottering conglomerate, it said, adding that creditors decided to take over the group's cash cow, Daewoo Securities Co.

Six creditor banks of the Daewoo Group were expected to reach an agreement at the meeting to take a 16.38 per cent stake in Daewoo Securities Co Ltd, Korea First Bank said.

Television reports said Daewoo chief Kim Woo-Chong approved the workout programme after talks Wednesday with

President Kim Dae-Jung.

The Financial Supervisory Commission (FSC) said the government was making a last-minute attempt to reconcile differences between creditors and Daewoo over the workout.

"No decision has been made at least for now. But a last-minute fine-tuning of all the steps (by all concerned parties), including workout plans, is being carried out," FSC spokesman Kim Young-Jae told Yonhap.

Financial officials have called for an early rehabilitation plan for the group to contain the fallout from Daewoo's problems, which left thousands of its contractors facing a severe liquidity squeeze.

Malaysian central bank rules out change in capital control

KUALA LUMPUR, Aug 26: A senior central bank official today ruled out any change in Malaysia's capital control policy saying it would be preserved to help rebuild the economy, says Reuters.

Bank Negara Malaysia's exchange control director Bakarudin Ishak said the curbs, imposed last September during the country's first recession in 13 years, had "worked extremely well" to speed up a recovery.

Bank Negara Wednesday declared the recession over as the economy emerged from five consecutive quarters of contraction to expand 4.1 per cent in the three months to June.

But there was "no guarantee that Asian currencies will not be hit again" amid uncertainties about foreign prospects in some major countries and a possible realignment of key regional currencies, Bakarudin said.

"The policy on the elimination of offshore trading of the ringgit and the fixed exchange rate against the US dollar will be retained to ensure financial stability in the country," he told an economic seminar.

"We will continue to implement the controls flexibly in response to changing economic conditions as well as to prevent inconvenience to trade and investments."

While Malaysia remained committed to financial liberalisation and globalisation, it would only lift the controls when global financial reforms were implemented to ensure stability, Bakarudin said.

The curbs had given Malaysia breathing space to accelerate financial reform and banking restructuring, he said, adding that the economy was now in a "position of strength."

"We are confident that the worst is over and foreign funds will continue to be driven into the country by the currently

favourable economic fundamentals," he said.

The impending inclusion of Malaysia into the widely followed Morgan Stanley Capital International portfolio indices also "added another degree of confidence," he added.

Morgan Stanley recently said it would reinstate Malaysia in its emerging market and all-country indices from next February as long as there was no reversal in the country's financial liberalisation.

Bakarudin also shrugged off fears of a mass capital flight when a one-year lock-in period for foreign holders of local stocks and bonds expires Wednesday.

"With the vastly improved economic conditions and return of confidence in the economy, the date 1 September 1999 is a non-issue," he said, adding that foreign investments were "well safeguarded" in the country.



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