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ANZ Grindlays lowers lending rates

ANZ Grindlays Bank yesterday announced a reduction in interest rates of all existing industrial term loan facilities up to 1 per cent and working capital financing up to 0.25 per cent unless prevented by contractual obligations.

The bank's new band of interest rate for term loan financing is now 12.50-14.50 per cent.

This revision in the interest rate takes effect from September 1, 1999, says a press release.

It may be mentioned that industrial term loan and working capital financing for manufacturing industries constitute approximately 70 per cent of ANZ Grindlays Bank's total lending portfolio in Bangladesh and the reduction will benefit all industrial borrowers.

This reduction in interest rates has been made in line with the bank's initiatives to encourage the country's industrial growth and the bank hopes that this downward revision would make a positive impact on the country's economy.

BB T-bill auction held

The 51st auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held in Dhaka Sunday, reports UNB.

Tk 702.50 crore, Tk 64.50 crore, Tk 71 crore, Tk 54 crore and Tk 60 crore were offered respectively for the 28-day, 91-day, 182-day, 364-day and 2-year bills.

Of these, Tk 564 crore, Tk 49 crore, Tk 47.50 crore, Tk 10 crore and Tk 30 crore for the 28-day, 91-day, 182-day, 364-day and 2-year bills were accepted, respectively.

Range of the accepted implicit yields were 7-7.15 per cent, 8-8.10 per cent, 8.30-8.38 per cent, 8.50 per cent and 8.95-8.98 per cent per annum respectively.

No bid was offered for the 5-year bill.

US-Japan accord on forex rate likely soon

TOKYO, Aug 29: The United States and Japan are moving closer towards an agreement that a weak dollar is undesirable, and this will be at the top of the agenda at a G7 deputies meeting in September, Japan's former Vice Finance Minister for International Affairs Eisuke Sakakibara said, reports Reuters.

"A further strengthening of the yen is undesirable for the United States, and I don't think US Treasury Secretary (Lawrence) Summers wants that either," said Sakakibara, who was known as "Mr Yen" during his tenure at the finance ministry for his ability to sway currency markets.

"So the question is where that view and Japan's view that a rapid appreciation of the yen is undesirable will converge," he said on Fuji Television on Sunday.

Sakakibara said the issue will be discussed when deputy finance ministers of the Group of Seven (G7) industrial nations meet next week to prepare for a regular meeting of G7 finance ministers later in September.

"I think this (G7 deputies) meeting should be watched closely," Sakakibara said.

The foreign exchange market has been in a guessing game over whether Japan and the US were in disagreement over foreign exchange policy since Summers criticized "the manipulation of currencies" in July, around the time Japan was intervening in the market to weaken the yen.

'KL can withstand capital outflows after Sept 1'

KUALA LUMPUR, Aug 29: Malaysia can withstand any capital outflows which may occur after September 1, when an exit tax is due to be scrapped, Deputy Prime Minister Abdullah Ahmad Badawi said, reports Reuters.

"With foreign exchange reserves of \$31.9 billion, the economy can withstand any outflow," he was quoted as saying by the national Bernama news agency late on Saturday.

Malaysia's liquidity ratio or the amount of foreign reserves to all short term debt and principal repayments within a year in 2.84, one of the highest in the world," Abdullah was quoted as saying.

Malaysia has a higher level of liquidity than Thailand, South Korea and Indonesia, he said.

Last September 1 the government imposed capital controls, preventing foreigners from repatriating the principal of their investments for one year.

In February Malaysia partially relaxed the 12-month holding rule and replaced it with a series of declining levies which come to an

FICCI luncheon meeting in city told FDIs hinge on bureaucracy, lack of infrastructural facilities

Star Business Report

Foreign Investors' Chamber of Commerce and Industry (FICCI) yesterday said that bureaucracy and lack of adequate infrastructural facilities were the major reasons for non-implementation of a good number of investment proposals registered with the Board of Investment (BOI) in recent years.

"Although the avowed policy of the present government is to encourage and facilitate investment in general and foreign direct investment (FDI) in particular, there are too many tumbling blocks, particularly bureaucracy and dearth in adequate infrastructural facilities, in the way of prospective foreign investments," said Chan Kun Han, acting President of FICCI, while speaking at the monthly luncheon meeting of the Chamber at Sonargaon Hotel in city.

Bureaucracy still remains the main obstacle to investment and growth of the national economy, he said, adding that procrastination, inordinate delay, inefficiency and rent-seeking tendencies of the desk officials, including those of BOI, frustrate the existing and promising foreign investors and add to the already existing image problem of the country abroad.

Han urged the government to take immediate steps towards simplification of the conflicting rules and minimising discretionary powers of the lower-level desk officials with a view to minimising rent-seeking and corrupt practices.

He said that the industrial policy of the government and the incentive package offered to the investors are by far the best

available in the region. But, until these are given proper legislative cover for making the policy provisions binding on all concerned government quarters, it would be difficult to achieve the policy objectives, he added.

Bangladesh Telephone and Telegraph Board (BTB) is presently playing both the role of a service provider and a controlling and regulatory authority, the FICCI Acting President said, proposing elimination of the dual role of BTB.

He mentioned that the Bank of Nova Scotia, a member of FICCI, applied for 12 telephone lines from BTB and they have only got two which is inadequate to run such an international banking business.

Han said that the government had enough capacity to provide VSAT connections to

businesses, in fact, most of the existing capacities remain idle.

"Moreover, a 64 KBPS VSAT line is billed at over US \$8,000 per month which should not be more than US \$2,500."

Since speed depends on the equipment of the user, the government should not charge on the basis of it, Han said, urging BOI to take the issue of increasing VSAT capacity with the Ministry of Post and Telecommunications.

Speaking at the function as the guest of honour, M Mokammel Haque, Executive Chairman of BOI, admitted bureaucratic hassles and infrastructural inadequacies and said "these problems will not disappear overnight."

He, however, suggested the foreign investors to invest in joint venture projects.



The meeting of the Board of Directors of Islami Bank Bangladesh Limited held at a local hotel Thursday. —IBBL photo



Unplanned parking, which sometimes stretches out to the middle of the roads, is perhaps one of the major reasons for the bugging traffic jams in city. This picture, taken yesterday from city's Motijheel, well establishes the fact. —Star photo

Japan upbeat on Asian recovery fine-tuning

SINGAPORE, Aug 29: Japan expects gross domestic product growth this year to come in above the 0.2 per cent forecast by the International Monetary Fund, a finance ministry official said here on Saturday, reports Reuters.

"The IMF projection for this year 1999 is 0.2 per cent, but we think it should be higher than that," the official, who declined to be named, told reporters on the sidelines of a meeting of Asia-Pacific central bank and finance ministry deputies.

Japan turned in a stunning economic performance in the January-arch quarter this year, posting two per cent growth quarter on quarter, or annualised growth of 7.9 per cent. April-June GDP growth is expected to be lower.

But even if second-quarter GDP was flat, the big jump in the first quarter meant the annual rate would be positive, the official said.

Depending on second quarter GDP data, Tokyo would consider additional economic stimulus measures, he said.

"We cannot tell whether the Japanese economy now is in a

firmly established recovery process, but there are many elements that show the recovery is starting."

The news was a good start to one-and-a-half days of meeting of the Manila Framework, grouping delegates from Australia, Brunei, Canada, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the United States.

Officials from the International Monetary Fund, the World Bank and Asian Development Bank are also attending the meetings.

The group was set up in 1997 to meet twice yearly to discuss the response to Asia's worst economic crisis in decades.

Singapore's central bank chairman and Deputy Prime Minister Lee Hsien Loong said the probe had been to slow.

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capital accounts should not outpace the abilities of a country's domestic financial systems.

He gave the example of Indonesia, where the government did not know how much companies had borrowed when the crisis struck.

Indonesia's bank reform programme has been consumed by the scandal of banking deals done by PT Bank Bali Tbk BNLJ.

The investigations involve payment of a fee by Bank Bali — of more than \$70 million at current exchange rates — to a firm run by an official of the ruling Golkar party to help recover loans from the Indonesian Bank Restructuring Agency.

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100 dollar billionaires in India

NEW DELHI, Aug 29: India has 100 dollar billionaires whose total wealth equals 27.5 per cent of the country's foreign exchange reserves of 33 billion dollars, the Hindustan Times newspaper reported today, says AFP.

The first study of domestic billionaires, conducted by the financial daily Business Standard, put Azim H Premji, owner of the software firm Wipro Ltd at first place with a net value of 4.1 billion dollars.

Shiv Nadar, proprietor of another software group HCL Ltd, came second with 1.6 billion dollars, followed by Dhirubhai Ambani of India's textiles and petrochemicals giant Reliance Industries.

India's growing poor, on the other hand, is estimated at a third of its one billion population.

The listing, based on the net worth of individual entrepreneurs and their associates derived from the market capitalisation of their stakes in their companies.

It does not include leading industrialist Ratan Tata, as he is not the owner of the 9.4 billion dollar Tata group, whose holding company Tata Sons is in the hands of a variety of trusts.

Latin America pours cold water on dollarisation

JACKSON HOLE, Wyo, Aug 29: Senior Latin American finance official yesterday poured cold water on the idea that adopting the US dollar as their official currency could help solve emerging economies' problems, says Reuters.

While dollarisation may be useful to some countries, it certainly doesn't present a shortcut to virtue for most countries, Arminio Fraga, head of the Brazilian central bank, told a gathering of central bankers and other finance officials from around the globe in this remote Rocky Mountain retreat.

Some Latin American nations, in particular Argentina, have toyed with the idea of ditching their local currencies and replacing them with the US dollar, hoping such a move would help them gain more credibility with international investors.

Introducing the US dollar as it officials means of payment would obliterate a country's ability to conduct an independent monetary policy, thus eliminating the risk of a currency devaluation that could cause large losses for foreign investors.

But Mexican Central Bank Governor Guillermo Ortiz told the exclusive gathering that stepped-up efforts to strengthen domestic financial institutions, the rule of law and the credibility of economic policies should take precedence over efforts to "dollarise" Latin American economies.

"The much better alternative is to rebuild institutions and

credibility," he said. "The whole issue should be focused on that."

Argentine President Carlos Menem in January unveiled a plan to formally adopt the dollar as the nation's official currency, aiming to reduce his country's vulnerability to external economic shocks.

Around 70 per cent of Argentina's money supply is already in dollars, under a so-called currency board system which rigidly ties the peso's value to the dollar.

Argentina has informally discussed the plan with the US central bank and Treasury but has received a mixed response from the United States.

US Treasury Secretary Lawrence Summers and Federal Reserve Chairman Alan Greenspan have said they would not oppose such moves, but insist that any country that considers adopting the greenback in its economy should talk to Washington first.

The International Monetary Fund's number-two executive, Stanley Fischer, told the same meeting that he expected an increasing number of emerging economies to adopt flexible exchange rate regimes, rather than rigidly fixed rates or even moves to adopt the dollar outright.

"For now, except for a couple of countries... we are going to see more of a move to flexible (exchange) rates with massive attempts to strengthen the domestic financial system and reduce the vulnerability to external shocks," he said.

IBBL Board meets

A meeting of the Board of Directors of Islami Bank Bangladesh Ltd (IBBL) held in city Thursday re-elected Commodore Mohammad Aatur Rahman (Retd) Chairman of the bank, says a press release.

The board also re-elected Quasim Ali and re-elected Yousif Abdullah Al-Rajhi of Saudi Arabia, Vice Chairmen, Mohammad Younus has been re-elected Chairman of the Executive Committee of the bank.

Presided over by Commodore Mohammad Aatur Rahman (Retd), Chairman of the bank, the meeting was attended by foreign and local directors.

Earlier in the 16th annual general meeting of the bank, Mohammad Younus, Prof Md Sharif Hossain, representative of Islamic Economics Research Bureau, Moulana Mohammad Kutubuddin, representative of Baitush Sharaf Foundation Ltd, Engineer Mostafa Anwar, ANMA Zaher, representative of Ibn Sina Pharmaceutical Industry Ltd, Yousif Abdullah Al-Rajhi, representative of Al-Rajhi Company for Industry and Trade, Saudi Arabia, and Sheikh Hamad Al-Hageer, representative of the Public Institution for Social Security, Kuwait, were re-elected and Nazir Ahmed elected directors.

First AGM of BASIS held

The first annual general meeting of Bangladesh Association of Software and Information Services (BASIS) held at Hotel Sheraton Saturday elected an executive committee for the 1999-2001 period.

The elected committee members are: S M Kamal, President, Moin Khan, Vice President, K Atique-e-Rabbani, Secretary General, Mustafa Rafiqul Islam, Treasurer, Mahmudur Rahman, Member, Mouluk Sabir Ahmed, and Member, Shaquaq Haider, Member.

All members of the association attended the meeting.



Picture shows the newly-elected Executive Committee members of BASIS (from left) Mouluk Sabir Ahmed, Member, S M Kamal, President, Moin Khan, Vice President, K Atique-e-Rabbani, Secretary General, Mahmudur Rahman, Member, and Mustafa Rafiqul Islam, Treasurer. —BASIS photo

Changing climate may hit global tourism

LONDON, Aug 29: Heat waves, droughts and disease brought on by global warming could keep tourists away from some of the world's most popular vacation destinations in the coming decades, a new report warned Sunday, says AP.

The report, conducted by a British University for the Worldwide Fund for Nature, said the changing climate could have a serious impact on countries that depend on tourism.

Problems associated with rising temperatures are expected to include shorter seasons and less snowfall at ski resorts, and more days with unbearable heat in popular Mediterranean vacation spots.

"The tourism industry could be faced with huge costs as global warming begins to influence decisions about when and where people go on holiday," said Ute Collier, a researcher with the University of East Anglia's Climatic Research Unit, which conducted the study for the conservation group.

The study analyzed the potential impact of the changing climate on some of the world's favourite vacation sites.

It found that shorter skiing seasons and less snow are likely to hit the ski industry in the Alps and Scotland, while extreme heat could keep tourists away, tax water supplies and increase the risk of disease in traditional vacation destinations such as Greece, Turkey and southeastern Spain.

In addition, wildlife-related tourism in east and South Africa could be disrupted as drought and changing temperatures drive animals out of protected areas, while rising temperatures and less rainfall could damage the fragile ecosystems of Brazil's rainforests, the report said.

Lankan bourse now battling '97 N-blast after-shocks!

COLOMBO, Aug 29: When Sri Lanka's stock exchange was devastated in a massive bombing, the market did not lose a single day's trading. But two years later, it is the aftershocks of nuclear blasts the bourse is battling, says AFP.

The Colombo Stock Exchange (CSE) was reduced to rubble in the 1997 bombing of the World Trade Centre where the trading floor is located and some were unaware of the destruction because the CSE had a back-up system elsewhere.

"I don't think we have sufficiently marketed the fact we did not lose any trading after the bombing," said CSE director general Hiran Mendis.

"Maybe it is time for us to show this as a positive thing to show the world."

The 1997 bombing,

blamed on the separatist Liberation Tigers of Tamil Eelam (LTTE), surprisingly did not affect the market. Prices kept on rising.

It was the nuclear test blasts carried out by neighbouring India and the fit-for-tat explosions in May 1998 by Pakistan that really hurt the market. Sri Lanka is still suffering the after effects even though the markets in India and Pakistan have recovered. Only the Sri Lankan market has remained in the doldrums. East Asian markets are out of the woods and others in South Asia are also doing well.

Another director of the CSE, Ranjith Fernando, said the bluest of the blue chips in Sri Lanka were selling at a discount to the book value, making Colombo one of the most attrac-

tive bargain basements.

"All regional markets are doing well, and why is Sri Lanka in this state?" Fernando asked. "There is misinformation about Sri Lanka and if we get the fund managers down here we can show the positive aspects and admit the negatives."

This year there had been a net outflow of foreign money from the Colombo bourse, which is now regarded as one of the worst performing emerging markets. Back in 1994 it was considered the world's best performer.

Sri Lanka blames its misfortune of the May 1998 nuclear tests by India and Pakistan that led to a flight of foreign capital from the entire South Asian region.

Between May and September last year the Colombo market

fell 41 per cent. More than 2.5 billion rupees (34 million dollars) in foreign capital has left the country in the past year.

Getting foreign investors back is not easy and the CSE says they can no longer remain passive victims of a free-fall.

The CSE is throwing a freebie to any foreign fund manager who is willing to buy an airline ticket at a discounted rate from the national carrier to come here and take a first hand look at facilities available.

The CSE is hoping to invite about 350 fund managers for a two-day conference in Colombo with another two days at a beach resort or at a golf club in the mountains early October.

The blue chip companies which pick up the tab for the free stay of the fund managers say the money will be spent be-

cause there was an urgent need to get foreign investors interested in the market in order to revive it.

Mendis said foreign participation accounted for about half the trading at the stock exchange, whose market capitalisation is a mere 1.5 billion dollars.

"Better-informed investments by foreign fund managers would help reduce the volatility of the market," Mendis said, adding that they hoped at least 50 key foreign fund managers would attend the early October conference.

He said Sri Lanka was streets ahead of neighbouring countries in terms of technology, accounting standards and regulatory framework.

CSE director Fernando, who is also the general manager of a

top development bank here, said even if only two foreign funds decided to invest 0.5 per cent of their money in Colombo it would immediately turn around the market.

He admitted the continuing Tamil separatist war was a damper but said the security risks in Colombo were somewhat similar to other places in the world.

"Even the Bombay stock exchange had been hit by bombs," he said, adding many realised after visiting Sri Lanka that it was not as bad as they imagined it might be.

With little sign of any market moving political news from the Sri Lankan government, brokers say they are pinning hopes on the fund managers' meeting to end the gloom and doom sentiment.