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# The Daily Star BUSINESS

DHAKA, MONDAY, SEPTEMBER 13, 1999

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## It venture bus service finally hits Dhaka roads this week

By M Shamsur Rahman

A joint venture premium bus service will finally hit the city roads this week after fighting a court battle with the Bangladesh Road Transport Authority (BRTA).

Userix Nirapad Ltd, the first-ever joint venture transportation company, was scheduled to be launched on August 29 after being formally inaugurated by Communications Minister Anwar Hossain Manju.

But the move hit snags when BRTA issued an order on the same day stating that it had not issued route permits for the operation of the buses. The authorities said that it had only issued an acknowledgement slip, which can not be treated as route permits and that the company needs to launch the service with at least 40 buses rather than with only 11 it has.

Userix Nirapad Ltd applied for permission to operate its services between Uttara and Motijheel via Mohakhali, Farmgate and Dhaka Sheraton points. On July 21, 1999, the company received an acknowledgement slip specifying the routes.

Later on August 29, 1999, the company launched its air-conditioned premium city bus service at the IDB Bhaban in the presence of Communications Minister Anwar Hossain Manju and Malaysian High Commis-

sioner Dato Zulkifli along with other guests and city elite.

After BRTA cancelled the launching, the company officials argued that as the route and registration numbers were mentioned in the slip, the authorities' claim that it is merely an acknowledgement slip does in no way support itself.

"In addition, when a car is registered, the owner is given an acknowledgement slip before the blue book is issued. The slip allows the vehicle on the roads," Managing Director of Userix Nirapad Ltd Feroz Mehdi said.

He also brushed off the BRTA argument that the company did not have the adequate number of vehicles to start the service. "Our application for the route permits were separately processed for every vehicle and were not related to each other. Therefore, the question of having 11 vehicles does not arise at all," He added.

He also pointed out that there was no such provision or condition in the Motor Vehicles Ordinance, 1983.

The company officials also pointed out that they had already invested around Tk seven crore and the "authorities could have rejected their project proposal at the initial stage."

But as BRTA remained un-

wavered by the company's argument, it finally filed a writ petition with the High Court and. The court stayed the BRTA order for three months.

After hearing the petitioners, the court also issued a rule upon BRTA to explain as to why its letter cancelling the route permit shall not be declared unlawful and having no legal effect.

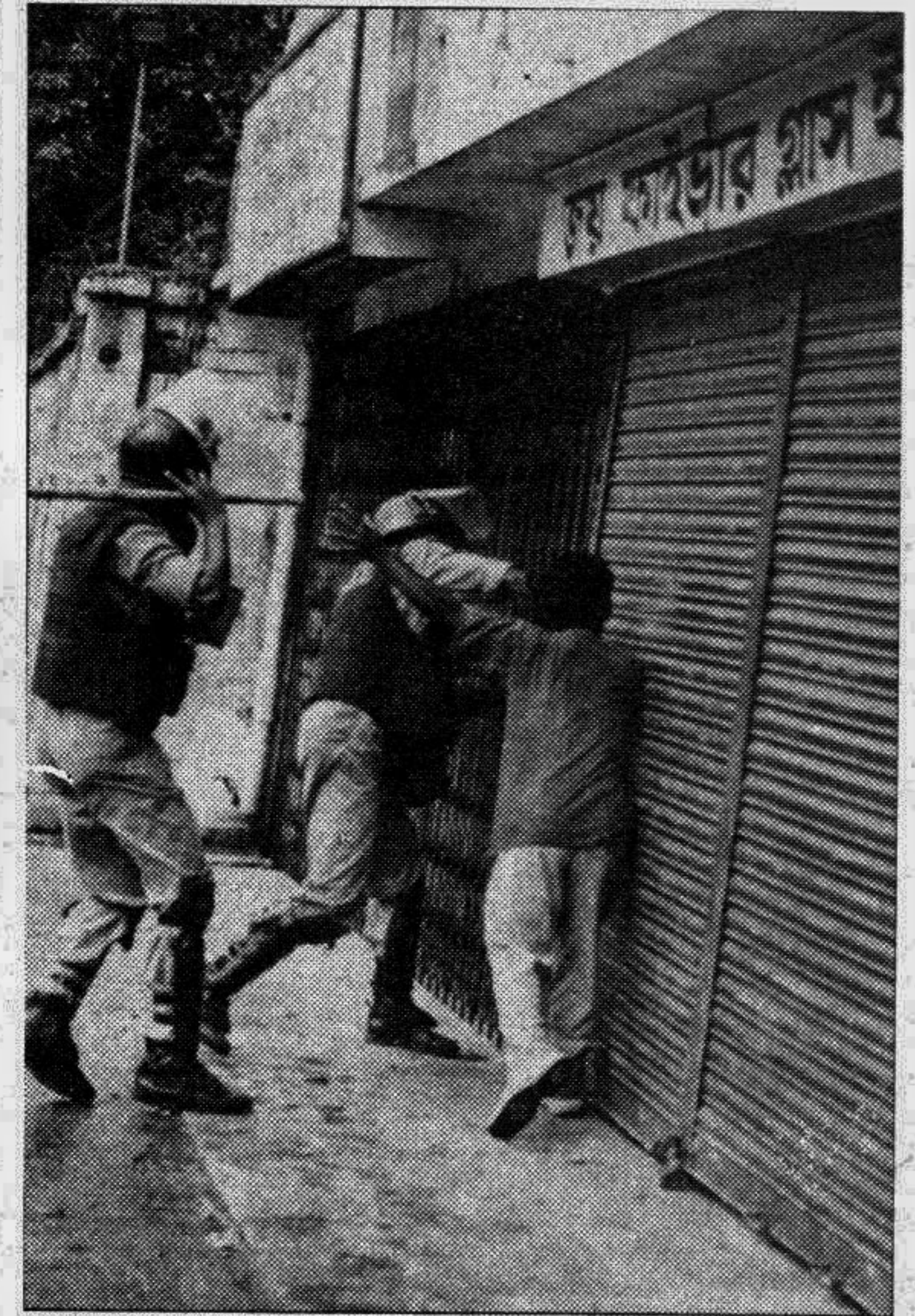
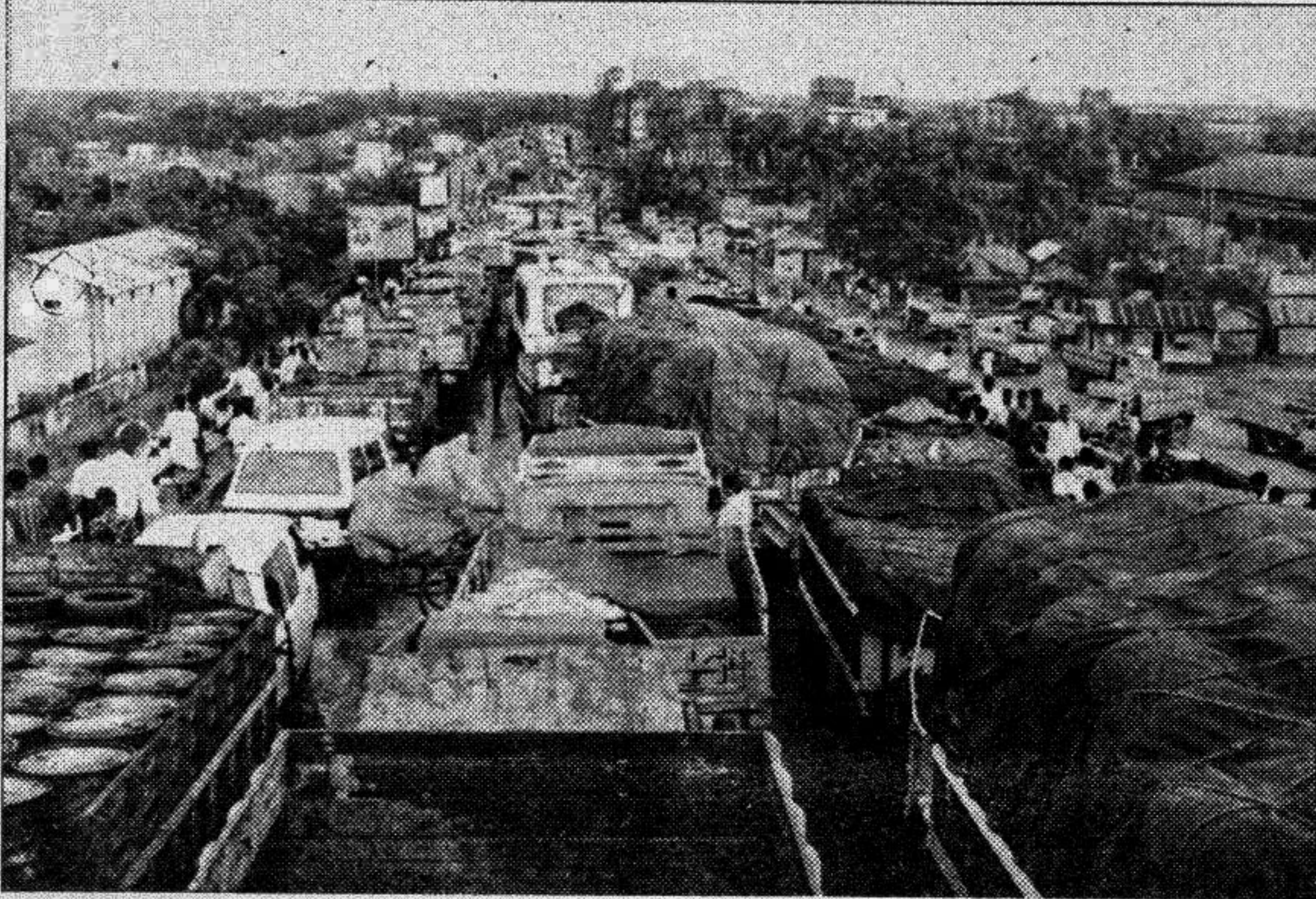
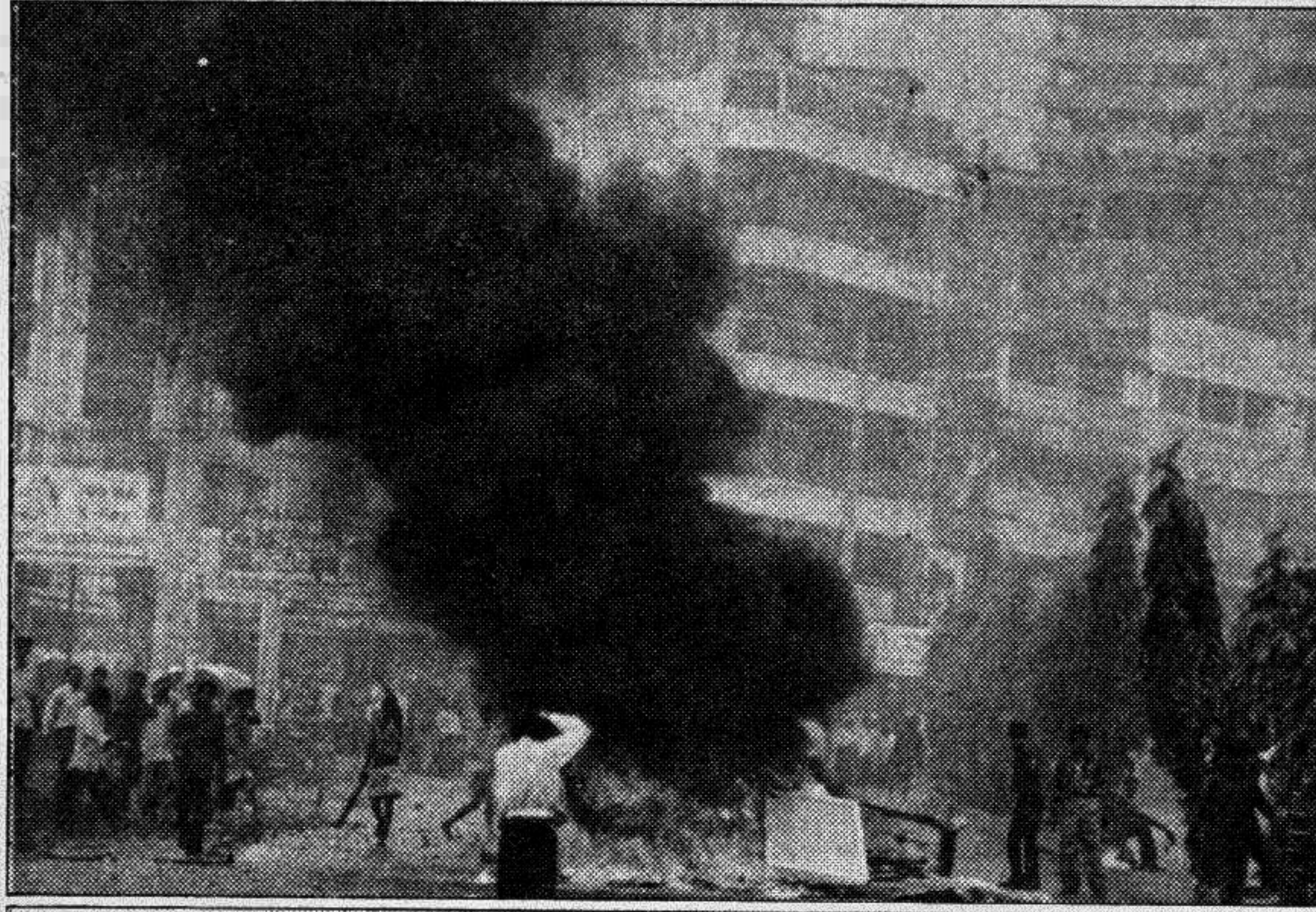
Meanwhile, after winning the High Court order, the company planned to start its bus service from today, but was again forced to shift it due to the opposition-called hartal.

The company has already imported 14 air-conditioned 45-seater luxurious coaches, each costing Tk 50 lakh. It has also set up roadside shades for passengers.

Currently, only one private company is operating premium bus service on the route.

According to a World Bank report, there was a requirement for 4000 to 5000 buses in Dhaka city. The Bank also held an international conference inviting investments in the transport sector from all over the world.

Following the WB move, local businessmen started looking for foreign partners and finally a joint venture company between Bangladesh and Malaysia, Userix Nirapad Ltd, came into being.



**Business at a standstill:** Motijheel, the city's business hub, was gripped by panic yesterday as the police and opposition fought a series of battles during a sit-in demonstration. Shops kept their shutters down throughout the day (above), as demonstrators clashed with the law-enforcers. Brand new cars and motor bikes went up in smokes over-casting corporate buildings with fear (top-left). Those who managed to attend the offices braving violence, basically spent the day in anxiety and political gossip. At the same time, the Dhaka-Chittagong highway link was totally cut off as vehicles could neither enter nor exit the city (bottom). As a result, exports suffered the most. Businessmen are bitter about the whole situation as the three-day hartal starting from today will further dent their activities.

—Star photo by AKM Mohsin

## Oil output cuts to remain in force: OPEC chief

ABU DHABI, Sept 12: Production cuts agreed last March by members of the Organisation of Petroleum Exporting Countries (OPEC) will remain in force, the body's president said here yesterday, reports AFP.

The agreement of March 1999 to cut oil output will be maintained until March 2000," said Yousef Youssi, quoted by the official WAM news agency. "There has been a great improvement in the price of oil, as results of (members) respect for the agreement," he added, but warned that "world stocks remain high."

Oil-producing countries decided in March to reduce world crude oil production in a bid to boost flagging prices.

OPEC members accounted for about 1.7 million barrels per day (bpd) in cuts, while non-OPEC producers shaved an additional 400,000 bpd off their production.

Youssi is in Abu Dhabi for a 24-hour visit as part of a Gulf-wide tour ahead of the cartel's meeting in Vienna later this month, WAM said.

He is to discuss the oil market with Emirati Oil Minister Obaid bin Saif al-Nasseri during his stay.

Youssi, who is also Algeria's energy minister, is one of three candidates for the post of secre-

tary general of OPEC. Saudi Arabia and Iran have also named candidates.

Meanwhile, a report from Tehran says: Iranian President Mohammad Khatami yesterday hailed cooperation between his country and Saudi Arabia, which boosted oil prices to their highest level in 32 months and he called for more work to strengthen OPEC.

Khatami's remarks came after he received a message from Saudi Arabia's Crown Prince Abdullah delivered by a Saudi cabinet member, Tehran radio said.

"The strong stances of Iran and Saudi Arabia have led to a gradual increase in oil prices which are reaching their natural and rational levels in the markets," Khatami was quoted as saying.

"We must strive to make OPEC stronger and more coherent."

Oil prices, which plunged to their lowest level in more than a decade last year due to oversupply, have risen sharply since March after OPEC and non-OPEC producers agreed to slash output.

Former rivals Iran and Saudi Arabia played a leading role in bringing about the agreement to cut production, OPEC delegates say.

Iranian Oil Minister Bijan Zanganeh arrived in Saudi Arabia on Saturday on a private visit to perform the Muslim Umra pilgrimage. Gulf news agencies reported.

While in the kingdom, he is expected to meet his Saudi counterpart, Ali al-Naimi, for informal talks before OPEC's ministerial meeting later this month in Vienna.

Tehran radio gave no details on the contents of the Crown Prince's letter, which it said was delivered by Saudi Minister of State Abdul-Aziz bin Abdullah al-Khoweitar.

Iran and Saudi Arabia are on course for a showdown at the Vienna talks as both countries have nominated candidates to serve as secretary-general of the 11-nation cartel.

The election must be unanimous and neither Saudi Arabia or Iran has so far shown any willingness to compromise.

Khatami made a landmark visit to Saudi Arabia in May, the first by an Iranian president, which went a long way to dispel mutual suspicions between the former foes.

"Iran's increased relations with Saudi Arabia are a source of blessing for the people of the two countries and the region," state radio quoted the president as saying on Saturday.

## Anti-group conference told

### APEC free trade agenda ignores ordinary people

AUCKLAND, Sept 12: "Free trade" — APEC's buzzword, panacea and holy grail — is inciting the ire of grassroots groups around the Asia-Pacific region opposed to what they see as the forum's exclusive focus on business, reports AFP.

Many are questioning how trade liberalisation and the expansion of global markets advocated by APEC — the 21-member Asia-Pacific Economic Cooperation forum — have addressed poverty, homelessness, unemployment and human rights.

And the overshadowing of APEC's "strictly business" agenda by the East Timor crisis highlights one of the main criticisms of the forum — that there is something immoral in refusing to include, or at least in sidelining, political issues.

As some of the world's most powerful leaders flew here for trade talks, lesser known but ardent critics from around the

region converged for two parallel anti-APEC conferences.

While the finer points of global trade may seem too abstract for the layman, hostility to what 10-year-old APEC is perceived to stand for is palpable in the streets of Auckland, judging by anti-APEC banners, placards, street-corner protest groups and marches.

But opposition to APEC goes deeper than irritation with traffic delays, roadblocks, disruptions to mail delivery and rubbish collection, retail and school closures and unprecedented security barriers.

Staging APEC this year has cost this small nation of 3.8 million people around 26 million US dollars.

For many New Zealanders, APEC is a flashpoint for growing disillusionment with the promised "economic miracle" the country's free trade policies were supposed to have delivered.

More than 20 academics, economic analysts and trade union representatives from New Zealand, Australia, Canada, the Philippines, Japan, South Korea and Papua New Guinea gathered at Auckland University for an "Alternatives to APEC" conference.

"Citizens in many countries are challenging the role of economic policy-making forums like APEC and the World Trade Organisation where, only governments and business are represented," argued New Zealand author and social commentator Jane Kelsey.

"The secrecy of such negotiations, and the corresponding lack of public debate, parliamentary scrutiny and indigenous voice, have fuelled complaints of a democratic deficit and loss of sovereignty."

She is part of the New Zealand APEC Monitoring Group, which has its own website.

## No Computer Show on hartal days

Star Business Report

The 15-day BCS Computer Show '99 which opened in city on Saturday will remain closed on hartal days.

"Although hundreds of enthusiastic people are visiting the show, we would not be able to run it during hartal days as we could not ensure the support services here in the fair," said Ahmed Hasan, General Secretary of Bangladesh Computer Society (BCS), at a press briefing yesterday.

This year's annual information technology (IT) extravaganza at city's IDB Bhaban marks the opening of the long-awaited Computer City, a permanent one-stop service for the end-users.

Around 20,000 people visited the show on the very first day, while the number of visitors stood at about 10,000 yesterday, Hasan said.

"The number, however, is not up to our expectations," he said, adding that although the number of visiting school students yesterday was encouraging, the prevailing political en-

vironment left a negative impact on the overall turnout.

He said that the BCS-arranged bus service for the visitors continued till 2 pm yesterday but the deteriorating political tension and its spillover effect on the city made its running in the evening really impossible.

"We are yet to decide on the extension of the show," Hasan added.

BCS President Afiaz Uf Islam and Vice-President Mainul Islam attended the press briefing.

As many as 160 IT firms are participating in the annual fair, dubbed BCS Computer Show '99, organised by Bangladesh Computer Society.

The 10am-8pm show, open to public, will charge Tk 10 each for entry.

The fair concludes on September 25, and the Computer City will be open to all free of charge. During the fair, products will be offered on discount, organisers said.

## Talks on WTO entry resumes Pact with China to be good for America: Clinton

AUCKLAND, Sept 12: As negotiations resumed today on China's bid to join the World Trade Organisation, President Bill Clinton began the task of convincing a sceptical US Congress and public that a pact with Beijing would be good for America, reports Reuters.

Record-setting US trade deficits have heightened protectionist sentiment in the United States, casting doubt on Clinton's ability to get a trade pact with China or any other country through the Republican-controlled Congress.

But Clinton told business leaders on the sidelines of Asia-Pacific Economic Cooperation (APEC) forum that he was committed to bringing Beijing into the 134-member WTO as soon as possible, assuring them that he would not cave to domestic pressure to rebuff the Chinese.

US businesses have a lot riding on a pact since it would help them tap China's vast market, the world's largest with 1.2 billion consumers. They criticised Clinton in April when he backed away from an agreement in hope of winning more market-opening concessions.

"I want to assure you — every one of you — that we are working hard to make it happen soon," Clinton said in Auckland, New Zealand.

After meeting with Chinese President Jiang Zemin on Saturday, Clinton instructed his

top negotiator, Trade Representative Charlene Barshefsky, to jump-start WTO talks with her Chinese counterpart, Trade Minister Shi Guangsheng.

China had suspended the talks after NATO's May 7 bombing of the Chinese embassy in Belgrade sent Sino-US relations to their lowest point since diplomatic contacts were established in 1971.

Barshefsky and Shi began their meeting early on Sunday.

US officials said a pact could be completed relatively quickly. Commerce Secretary William Daley said negotiations could take just two weeks, so long as the Chinese stick to the market-access promises they made earlier this year.

But White House officials warned that there was little time left to get a pact through the Republican-controlled Congress.

Late November, when WTO ministers launch a new round of global trade talks in Seattle, is widely seen as a deadline for China's accession to the WTO. China had high hopes of joining those talks, as any delay could leave it shut out of the global trading body for years.

Congress would not vote on China's WTO entry. But as party of the pact, Clinton must persuade lawmakers to grant Beijing permanent most-favoured nation status, which the United States now refers to as normal trade relations.

Many US lawmakers are sceptical of free-trade agreements in general, and trade with China in particular, reflecting the views of a growing number of Americans who worry that cheaper foreign-made goods will put them out of work.

Other groups want a commitment from Beijing to improve human rights, labour and environmental standards.

Many Republicans in Congress want Clinton to address their concerns about alleged Chinese espionage at US nuclear labs, and are pressing the White House to increase security for Taiwan.

Despite these obstacles, White House economic adviser Gene Sperling said Clinton and his economic team were committed to securing normal trade relations status for China by year's end by "whatever steps are necessary."

Clinton insisted on Sunday that a pact would benefit the US economy in the long run, an argument he will use to convince lawmakers and the public later this year.

"In our country, we have had remarkable growth with low inflation, thanks in no small measure to greater competition," Clinton said. "The world trading system will be even more beneficial as more nations commit to play by its rules."

## Thai 'Tiger Eye' cigarette to light up market battle

BANGKOK, Sept 12: Thailand's 10 million cigarette addicts will this week offer their first verdict on the tobacco industry's latest bid to smoke out a foreign invasion of the billion dollar Thai market, reports AFP.

"Tiger Eye" is a new cigarette designed to take on evocative foreign brands which have over the last year increased their share of a market worth 50 billion baht (1.2 billion dollars) by 50 per cent.

It is conceived as a high quality but affordable alternative to major international brands at a time when many cash-strapped Thais are struggling to satisfy their habit amid the worst economic crisis on record. Foreign tobacco giants like Philip Morris and RJ Reynolds now control 12.5 per cent of the domestic market, compared to eight per cent a year ago, industry sources said.

Some experts have warned foreign market penetration could soon reach 25 per cent. Global tobacco powers have poured vast resources into Asia in recent years in response to growing health concerns in the West and more stringent anti-tobacco legislation, the World Health Organisation says.

Smoking is expected to be the world's leading cause of premature death and disability by 2020, and a large part of that toll is expected in Asia.

As Thailand's Tobacco Monopoly battles the foreign

influx, it is being closely eyed by those same foreign giants who are keen to profit from a privatisation expected under a liberalisation programme born in economic crisis.

"Tiger Eye is a new cigarette brand we are launching specifically for our fight with foreign competitors," said Thailand Tobacco Monopoly managing director General Ong-art Champoonat.

"It is of international standard but the price is low, in line with Thailand's economic situation."

"Tiger Eye" will retail at 26 baht (55 cents) per pack, or about 10 per cent cheaper than imports such as More and Letm which normally sell for around 29 baht.

TTM's top-selling brand, Krong Thip, costs 29 baht per pack. Top of the range Marlboro cigarettes, made by US tobacco and food giant Philip Morris cost around 43 baht per pack.

About 4.65 billion foreign cigarettes were imported into Thailand last year worth around 10 billion baht in sales, up from 3.31 billion cigarettes in 1997 and 2.01 billion cigarettes in 1996.

Despite import tariffs, foreign cigarettes are roughly comparable in price to domestic products due to lower production costs.

TTM hopes the new brand will be more successful than the cheaper "Krongthip American" brand which failed to generate

hoped-for revenue last year.

"Tiger Eye" has been set a 200 million baht sales target by the end of next year.

Thailand 10.5 million smokers, who on average smoke 12.5 cigarettes a day, provide a huge market for the other sectors of the Thai economy, was badly hammered by the economic crisis which erupted in 1997.

Rising unemployment, layoffs and the collapse of the baht currency led to a retail slump, which tobacco could do little to escape.

Revenue in 1998 dropped to 35.86 billion baht, down from 46.44 billion the previous year.

With the worst of the crisis now apparently past, TTM hopes to earn about 40 billion baht this year from 32 billion cigarettes, said TTM deputy managing director for marketing and supply Suchon Watanapongvanich.

The new cigarette is not expected to increase the number of smokers, Ong-art added, but to limit the advance of foreign brands and importantly to safeguard jobs in harsh economic times.

Around 80 per cent of the raw materials for "Tiger Eye" will come from inside Thailand and help support 769,000 agricultural workers, he said.

TTM is also targeting other local markets in Myanmar, Laos, Cambodia, Vietnam and China, company officials said.

## Indonesian bank agency says Red tape delaying payment of interbank claims

JAKARTA, Sept 12: Indonesia's Bank Restructuring Agency (IBRA) has blamed conflicting banking laws and data problems for government delays in paying trillions of rupiah (millions of dollars) in interbank claims, reports AFP.

The inconsistencies... have created impediments in the proceeding of the government. IBRA blames red-tape, data problems for delays in meeting interbank claims," IBRA said in a statement released yesterday entitled "Clarification on Bank Guarantee Programme and Bank Recapitalisation."

The claims, owed to several major private banks by institutions closed by the government, should have been paid out months ago under the state-run bank guarantee scheme.

IBRA said the problem stemmed from conflicting laws covering who should be responsible for registering obligations for guarantee under the scheme — the creditors or the debtors.

The government's failure to pay interbank claims is at the centre of a major politically-tainted scandal, which is threatening the government's credibility and involves one of the country's major private banks, PT Bank Bali.

Bank Bali made a 546 billion rupiah (\$80 million dollar)

payment to a private company, PT Era Giat Prima, which is linked to the ruling Golkar party, in exchange for its help in securing a 904.6 billion rupiah interbank claim.

The money was owed to Bank Bali by institutions closed by the government.

Under the bank guarantee scheme, Bank Bali should have automatically been reimbursed without resort to a third party.

The case has led to allegations the claims process in the guarantee scheme may have been subverted to enable politically connected figures to extort commission payments out of the private banks.

The statement gave no details on the commission payment by Bank Bali to Era Prima, except to say that it lay outside the bank guarantee scheme claims process.

The World Bank has said it knows of other major private banks with large interbank claims that have also been approached by third parties offering to help with recovery.

The International Monetary Fund, which is running a 46 billion dollar bailout to help Indonesia out of the Asian financial crisis, has ordered an investigative audit into the bank guarantee scheme as a result of the Bank Bali case.