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The Daily Star BUSINESS

DHAKA, WEDNESDAY, OCTOBER 20, 1999

Citibank launches int'l electronic software in Bangladesh

Citibank NA yesterday launched its international electronic banking software "New Citibank [NCB]" in Bangladesh, specifically designed to handle international business needs of banking institutions, says UNB.

Recognised globally for its leading electronic banking system, New Citibank conduct their international trade and cash management business through the system.

Southeast Bank is the first bank in the country to install the software already used by several hundred banks in many countries and Citibank will be installing the system in several other local banks before ending the year.

The software was launched at a simple ceremony at the head office of Southeast Bank on Monday in presence of its Chairman Yusuf Abdulla Harun, said a press release.

Chief Executive Officer of Citibank, Bangladesh, NA David Rees and President and Managing Director of Southeast Bank Syed Anisul Huq were also present on the occasion.

Speaking on the occasion, Harun expressed his optimism that NCB will help Southeast Bank to increase international cash management and trade capabilities and provide superior services to its customers.

Congratulating Southeast Bank, David Rees said effective technology was essential to maintain competitive advantage as the global delivery systems for banking were fast changing.

Citibank NA is the world's largest and most international bank with a presence in 104 countries and opened its first-service branch in Bangladesh in June, 1995.

Saudi Airlines team due in city Oct 24

Star Business Report

A Saudi Arabian Airlines team is due in city on Sunday on a two-day visit to Bangladesh.

The team will be led by the Executive Vice-President [Marketing] of the Airlines, Abdul Aziz Al-Hazmi, says a press release.

The other members of the team are Abdul Hamed Al-Jahdaly, Vice-President, Passenger Sales and Services and Ahmed Mustafa, General Manager, Passenger Sales and Services for Asia and Australia.

During its stay, the Executive Vice-President will attend station presentation and address staff of the airline and recognise with awards the services of some of them.

He will inaugurate jointly with the Ambassador of the Custodian of the two holy Mosques Abdullah Omar Barry the refurbished and expanded office of the airline at Pan Pacific Sonargaon Hotel, attend a reception and distribute certificates among the top travel and cargo agents of Bangladesh.

The reception and certificate distribution ceremonies will be held at Ballroom of Pan Pacific Sonargaon Hotel on 25 October. The team is expected to leave Dhaka on October 26.

Samad Azad seeks more US investment

NEW YORK, Oct 19: Foreign Minister Abdus Samad Azad has urged more American investments in Bangladesh and sought improvements in the textile trade, reports BSS.

"We want more US oil and gas investments" The Washington Times quoted Azad in a story published yesterday.

Azad also sought fresh US investments in computers, telecommunication and leather sectors.

The foreign minister who was interviewed by The Washington Times correspondent Ben Barber recently said, "we want to increase by 30 per cent the quota on ready-made garments we export to the United States."

Referring to Azad's meeting with US Secretary of States Madeleine Albright, the paper reported that Bangladesh pledged its support for CTBT [Comprehensive Test Ban Treaty] and renewed the country's commitment to ratify it.

China-EU WTO talks begin Oct 26

BEIJING, Oct 19: Long Yongtu, China's chief negotiator for its bid to enter the World Trade Organisation, will hold talks with European Union officials Oct 26-28 in Geneva, Foreign Ministry spokesman Zhang Qiyue said at a briefing Tuesday, reports Reuters.

China still needs to win the endorsement of the European Union, United States and Canada to ensure its accession into the 134-nation trade group.

China suspended talks with EU and US trade negotiators for four months after NATO bombed the Chinese Embassy in Belgrade on May 7. The talks were resumed last month.

DCCI urges entrepreneurs to avail themselves of MGF

Dhaka Chamber of Commerce and Industry (DCCI) President MH Rahman has urged the entrepreneurs to avail themselves of Matching Grant Facility (MGF) to increase foreign exchange earnings, reports UNB.

"Under the globalisation process and increasing unemployment scenario, we have no alternative to diversifying our exports to increase foreign exchange reserve," he told a seminar at DCCI auditorium in the city yesterday.

Organised by the chamber, programme manager of the World Bank MGF Management Unit Joseph F Burke explained the modalities of assisting businesspeople.

Under the US\$ 12 million export-promotion programme, launched by the government with soft IDA credits, 50 per cent cost of a product development and promotion plan would be provided as grant from

the MGF on first-come-first-served basis.

MH Rahman said the entrepreneurs here are striving hard even for setting up a manufacturing plant with limited fund. They don't have necessary fund for marketing purpose, he added.

"This programme will certainly help us. It will enable our export enterprises to offer innovative and new products or services that will satisfy consumer expectation," the DCCI president said.

Burke said the MGF aims at stimulating exporters to undertake appropriate export diversification and development plans whereby they may reach a higher level of competitiveness and acceptance in export markets.

The focal point of MGF is to induce exporters to purchase consulting and other services

that would help them diversify and expand their product lines and their export markets," he said.

It also incorporates matching-grant funds to encourage the growth of more professional and sophisticated provision of consulting and other commercial services to exporters in Bangladesh.

Eligible activities are a wide range of professional services and their support costs, as well as travel expenses to be used by MGF clients, aims at creating a greater ability to compete internationally, MGF management unit sources said.

It said private firms, including commercial branches of NGOs which are current exporters, providers of inputs to exporters, producers on the threshold of exporting, and pre-investors in proposed new export activities, would be eligible for exporters grants.

In case of exporter plans, the MGF may reimburse up to a total cumulative equivalent of US\$ 200,000 per company or holding of companies.

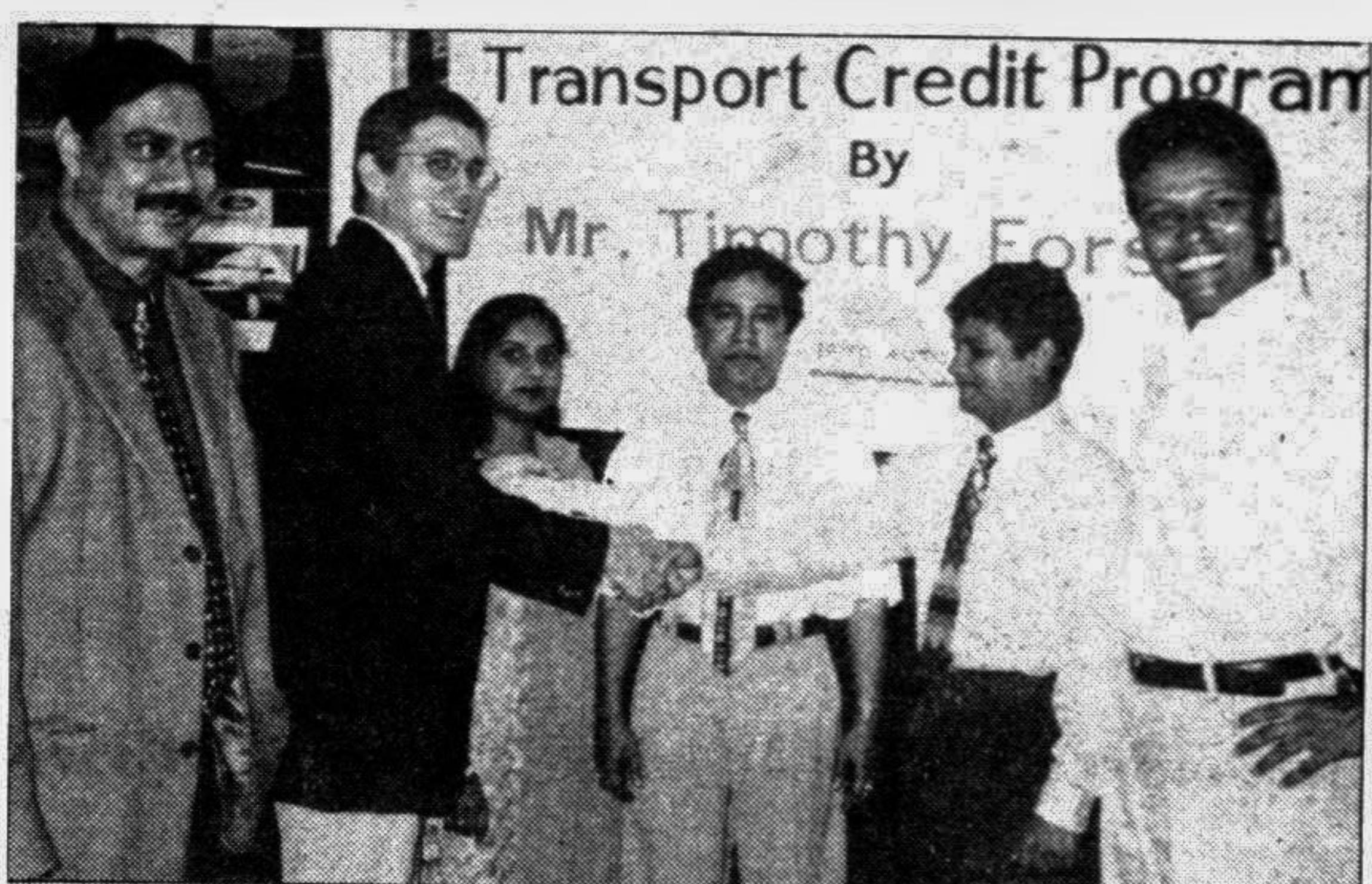
Under service-development plans, a maximum of US\$ 50,000 may be reimbursed to private firms or US\$ 200,000 to eligible chambers and associations.

Prospective clients eligible for participation in service-development grants are both private firms and non-governmental bodies like chambers and trade associations that sell professional and support services to exporting firms.

Export diversification and development clients have an available funding of US\$ 10 million while service-development clients US\$ 2 million. No single sub-sector will have access more than 10 per cent (US\$ 1.2 million).

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A transport credit programme, run by the local sales and marketing agent of Ford vehicles Taiyo Auto Car Sales Co, was launched in the city on Monday. Timothy Forsyth of the Economic and Political Dept of American Embassy inaugurated the programme and handed over the key of a vehicle to the first recipient. Syed Ershad Ahmed, Executive Member of American Chamber of Commerce in Bangladesh, was present at the launching ceremony.

— Taiyo Auto photo



Alhaj Md Abu Taher Chowdhury, Chairman of the Central Insurance Company Ltd, opens the new premises of the Motijheel branch of the company at its own building in the city recently. Tulu Kalimullah, Vice Chairman, A K M Azizur Rahman, Director and ex-Chairman, Sofia Kabir, Md Nurul Islam, M R Ali, Directors, Shah Alam Chowdhury, Director and ex-chairman, Shahida Naznin, Director and Md Shamsul Hoq, Managing Director of the Company, were also present.

— Central Ins photo

Bankers tell East Asia conference

Financial reforms crucial to overall recovery

SINGAPORE, Oct 19: Bank and financial restructuring efforts crucial to the overall recovery of Asian economies leave much to be desired, top regional bankers say, reports AFP.

A sense of urgency on restructuring appears lacking after economies hardest hit by the crisis began recovering earlier this year, according to the bankers attending the World Economic Forum's East Asia conference here.

Just as the pace of change has been dramatic in an historic context, it has been disappointing because so much remains to be done," said John Olds, chief executive of Southeast Asia's top bank, the Development Bank of Singapore.

"Basic tenets like creditors' rights and the enforcement of contractual obligations seem so antithetical to vested interests that even where standards exist, delay and inaction are the rule rather than the exception," he said.

Chartsiri Sophonpanich, president of Thailand's

Bangkok Bank, said that restructuring efforts in Thailand were heading in the right direction, albeit not as speedily as officials would like.

Thailand, along with South Korea and Indonesia, had followed mandates set by the International Monetary Fund to sort out the mess its banking system got mired in as the crisis struck in mid-1997.

"We must confront challenges that will be a heavy burden on our hopes of economic recovery and growth if they go unresolved," said Chartsiri, citing the difficulty of managing non-performing loans among Thai Banks and the absence of transparency.

The costs of cleaning up banking systems continue to mount as financial institutions drag their feet on reforms, the bankers warn.

South Korea has spent 64 trillion won (53.15 billion dollars) or 15 per cent of its gross domestic product on restructuring, and Indonesia may spend up to 80 billion dollars on such efforts.

"This extracts a tremendous

toll on businesses large and small and is especially cruel to those below the poverty line, breeding waves of political discontent and sometimes political instability," said Olds.

It's early to claim victory over crisis'

At adds: It is still too early to claim victory over East Asia's devastating financial crisis despite numerous signs of recovery, a top World Bank official on Tuesday told a global economic conference in Singapore.

"I agree with the general consensus that East Asia is in the process of recovery, but I think it is a little too early to declare victory," World Bank Senior Vice President Joseph Stiglitz said in speech at the eighth annual East Asia Economic

summit.

Stiglitz said he was worried that "wrong lessons will be drawn from the fact that recovery has occurred," warning that some government policies used to combat the crisis might not always work.

Referring to the government efforts in this regard, Mannan said, we are committed to present a prosperous and peaceful poverty free Bangladesh before the next generation.

MIDAS Financing gets BB licence

Micro Industries Development Assistance and Services (MIDAS) floated a subsidiary company named MIDAS Financing Limited to operate as a non-bank financial institution under the Financial Institutions Act 1993.

The subsidiary company is a public company limited by shares.

Bangladesh Bank has issued licence in favour of MIDAS Financing Limited to operate as a non-bank financial institution.

The enterprise financing business of Micro Industries Development Assistance and Services (MIDAS) will be taken over by MIDAS Financing Limited which is going to start operation in no time, says a press release issued yesterday.

2-day workshop on poverty alleviation begins

A two-day national tripartite workshop on poverty alleviation began here yesterday with a call to put in coordinated efforts to fight the curse of poverty and hunger from society, reports BSS.

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"I don't see any major policy departures in the budget. But I expect government will make announcements to phase out capital controls that are in place," he said in an interview.

"I expect the budget to be expansive and it will aim at stimulating the domestic economy," he added.

"With elections round the corner it may carry some good-

Election-eve budget late this month

KL may announce phase-out of capital controls, tax cuts

KUALA LUMPUR, Oct 19:

Malaysia's government may announce tax cuts and a phase-out of capital controls when it unveils an election-eve budget late this month, the head of a leading think tank said today.

Mohamed Ariff, executive director at the Malaysian Institute of Economic Research (MIER), told Reuters the 2000 budget deficit was likely to be at least five per cent of gross national product (GNP) and would include a cut in individual income tax rates.

But he did not speculate on how the government would phase out the country's year-old capital controls, which fixed the value of the ringgit and sought to shore up a fragile economy.

"I don't see any major policy departures in the budget. But I expect government will make announcements to phase out capital controls that are in place," he said in an interview.

"I expect the budget to be expansive and it will aim at stimulating the domestic economy," he added.

"With elections round the corner it may carry some good-

ies which is quite normal in any country."

Tax cuts

Ariff said the budget would focus on consolidating economic recovery and putting Malaysia back on a high-growth path.

MIER on Tuesday revised its economic growth forecast for 1999 to 3.6 per cent from 1.8 per cent, and said business and consumer confidence had improved in the third quarter.

Ariff said the budget was also expected to provide policy incentives to energise the private sector, which is emerging from the nation's deepest recession since independence in 1957.

He said the government was likely to leave corporate taxes untouched but could lower individual income tax rates.

Reduction in individual tax rates would make both political and economic sense now," he said. "A cut in income tax would raise personal incomes and spur consumption, he added.

"What is worrying is the fact that private sector investment and consumption expenditure are not really growing," he said. "Therefore the government has

WHO goes for Grameen phones

GrameenPhone Limited has signed an agreement recently with the local office of World Health Organisation (WHO) under its Corporate Sales Package initiative, says a press release.

Under the agreement, WHO will be provided with GrameenPhone's EASY Pre-Paid mobile telephone service to monitor the activities of its Polio Plus campaign around the country.

David H Sniadack, Medical Officer of WHO and EPI, and Masud A Mallick, Head of Corporate Sales of GrameenPhone, signed the agreement on behalf of their respective organisations.

Habibullah Khan, Vice Chairman of the National Polio Plus Committee, Mehbob Chowdhury, Sales and Marketing Director of GrameenPhone, and Robert A Keegan, Deputy Director of CDC in Atlanta, were also present on the occasion.

WHO is committed to eradicate Polio from the world by the year 2000.

The Polio Plus campaign, under the EPI programme of WHO, is being conducted throughout the country to achieve this goal.

Faezul, IMF team discuss jute sector situation

The government has taken a number of pragmatic steps to make the jute sector profitable by minimising its accumulated losses, reports UNB.

State Minister for Jute AK Faezul Haq informed this to the visiting 3-member IMF delegation when it called on him at his office yesterday.

During the meeting, the delegation led by Advisor of Asia and Pacific Department Lazaros E Molhor had a detail discussion on the overall situation of the jute sector.

Faezul Haq highlighted the total picture of the jute sector with emphasis on future plan and the government steps taken so far for its development.

He mentioned that the loss in this sector was due to the lack of facilities for balancing and modernisation of the aged machinery, low price of jute products in international market and increased use of synthetic fibre.

US trade deficit raising chances for more dollar declines

Imports are still so much bigger than exports," he added.

The value of the dollar against other currencies suffers when the trade gap swells, because Americans are sending more dollars abroad to pay for imports than the country is drawing in from sales of exports.

Although a stronger-than-expected rise in August factory orders points to a small uptick in US exports, a modest contraction in the trade gap will not be enough to help the dollar's recent declines against the Japanese yen and major European currencies, said analysts.

Market watchers — and the Federal Reserve — will be most interested in whether US imports continue to climb sharply, pointing to possible price pressures, said Takanobu Igarashi, money market economist at Sanwa Securities.

"If the trade figures worsen due to larger imports, that might be translated into very strong domestic demand which will cause further concern in the market," Igarashi said.

"We're looking for another big one," said Ram Bhagavatula, chief economist at NatWest Global Financial Markets.