

JET
New Jet Wash technology.
Micro-computer controlled fully
Automatic Washing Machine.

SANYO
Japan

Transfin Trading Ltd.
Tel : 815807-10, Fax : 813062

The Daily Star BUSINESS

DHAKA, SATURDAY, OCTOBER 23, 1999

National Housing Finance & Investments Ltd.
Home Mortgage Loans available for:
Construction of houses
Purchase of houses or apartments
Renovation or extensions to existing properties
Purchase of housing plots in approved land developments

Telephone inquiries are welcome
Chamber Building (6th Fl.) 122-124 Motiheel, Dhaka-1000
Telephone 955 9311-2, 955 3387 955 3254 Fax 956 8987

RAKUB to disburse Tk 350cr in '99-2000

RAJSHAHI, Oct 22: Rajshahi Krishi Unnayan Bank (RKUB) has embarked on a massive farm-loan disbursement programme in 16 northern districts, reports UNB.

Officials said loan totaling Tk 350 crore would be disbursed among farmers of the districts in the current fiscal year.

They said RKUB already disbursed Tk 53.87 crore in last three months through its 300 branches while it realised Tk 54.89 crore outstanding loans from farmers.

During the corresponding period of the last fiscal year, the bank had disbursed Tk 39.89 crore.

Farmers received the loan to purchase bullocks and irrigation machinery, and undertake income-generating programmes like pisciculture, poultry farming and set up agro-based cottage industries.

The bank also has a programme to disburse Tk 89 crore for rabi crop cultivation.

Of the amount, Tk 8.52 crore will be distributed in Rajshahi, Tk 12.02 crore in Naogaon, Tk 8.40 crore in Chapainawabganj, Tk 16.82 crore in Bogra, Tk 6.05 crore in Joypurhat, Tk 9.50 crore in Gaibandha, Tk 8.77 crore in Pabna, and Tk 8.54 crore in Sirajganj.

Besides, Tk 5.14 crore has been earmarked for Natore, Tk 11.33 crore for Rangpur, Tk 9.22 crore for Kurigram, Tk 7.28 crore for Nilphamari, Tk 7.45 crore for Lalmonirhat, Tk 16.38 crore for Dinajpur, Tk 5.47 crore for Thakurgaon and Tk 1.16 crore for Panchagarh districts.

Asian energy sector needs \$400b in 5 yrs

MANILA, Oct 22: Asia needs up to 400 billion dollars in energy sector investments to meet its growing demand in the next five years, a top World Bank expert said today, reports AFP.

Yoshihiko Sumi, World Bank director for energy and mining in East Asia and the Pacific, and other experts attending an international conference here urged governments to begin seeking alternative energy sources, warning that demand was likely to outpace production.

Sumi said that while access to energy had improved through "institutional reforms" there was still a need to set up independent energy regulators and privatise utilities and restructure tariffs.

"Public and private sectors need to cooperate and meet the challenge together," Sumi told delegates to the Pacific Economic Cooperation conference, a forum of business leaders and politicians from Pacific Rim countries.

In his presentation, Sumi told the delegates the region needs "investments of 400 billion US dollars in the next five to seven years" in the energy sector.

Philippine energy undersecretary Cyril del Callar said breakthrough liberalisation and globalisation had put the sector at the forefront of economic developments and it is now seen as a "vital propeller" of growth in many economies.

"The sector is now confronted with the challenge of preparing and adopting to future events by ensuring greater security in energy supply and rationalising energy prices, institutionalising regulatory reforms and addressing responsibilities in environmental aspects," Callar said at the conference.

ICFTU seeks WTO talks on workers' rights

GENEVA, Oct 22: The World Trade Organisation must set up a working group to discuss the links between workers' rights and trade, the International Confederation of Free Trade Unions (ICFTU) said here yesterday, reports AFP.

Labour standards have never been the subject of WTO negotiations, but is a contentious issue among the 134 members.

Developed and developing countries are divided over the issue, with most developing nations condemning attempts to introduce rules on workers' rights as protectionist measures by developed nations.

But ICFTU Assistant General Secretary, Eddy Laurijssen, said at a press conference in Geneva on Thursday that the move to introduce discussions at the WTO level was not a "crusade" against imperfect societies.

He said it was an attempt to help developing countries who are trying to improve labour standards compete against competition from those who are not.

"We are not proposing that countries in which there is child labour, like India and other countries, that these countries should be punished," Laurijssen said.

The social dimension had been "glaringly absent" from the international economic framework so far, he said, and a modest start would be for the WTO ministerial meeting taking place in Seattle, Washington, next month, to set up a working group or committee.

Net worth of banks eroding with provision shortfalls

By Inam Ahmed

The net worth of the country's commercial and specialised banks has been eroding invariably with their provision shortfalls amounting to Tk 4839.97 crore till June 30, 1999.

On the other hand, the increasing amount of suspended interests due to mounting classified loans has reduced their profitability to a large extent.

Till June 30, 1999, the banks' suspended interests amounted to Tk 7515.14 crore, which had a bearing on their profitability.

The situation has now become so grave that the net worth of at least five private commercial banks (PCBs) has become negative.

The four nationalised commercial banks (NCBs) alone had a shortfall of Tk 3600 crore, which has increased by Tk 447 crore in six months since December 31, 1998.

On the other hand, the PCBs have a Tk 922.88 crore provision shortfall and their suspended interest amounts to Tk 1322.96 crore.

The foreign commercial banks (FCBs) are on a much firmer footing in this regard. In total, they have a Tk 24.98 crore provision surplus and a meagre Tk 37.82 crore in suspended interest.

The specialised banks have a provision surplus of Tk 342 crore with a huge Tk 3043.64 crore in suspended interest.

Among the NCBs, Sonali Bank has the highest Tk 1832.15 crore provision shortfall and Tk 1328.29 crore in suspended interest.

Agrani Bank has a shortfall of Tk 770.56 crore and Tk 863.91 crore in interest suspense. Janata has Tk 772.69 crore shortfall and Tk 526.42

crore in interest suspense interest, while Rupali has Tk 224.67 crore shortfall and Tk 392.10 crore suspended interest.

Among the PCBs, three banks have provision shortfalls of over Tk one hundred. These are Pubali (Tk 304.80 crore), Uttara (Tk 226.78 crore) and NBL (Tk 102.78 crore).

Three more PCBs have shortfall over Tk 50 crore. These are City Bank (Tk 64.56 crore), UCBL (Tk 67.70 crore) and Al-Baraka (Tk 82.71 crore).

NCCBL has Tk 25.28 crore shortfall while Prime (Tk 0.98 crore), Dhaka Bank (Tk 3.24 crore), AL-Arafah (Tk 1.94 crore) and Dutch-Bangla (Tk 0.88 crore) are just below the border line.

While inquiring about such huge interest suspense and provision shortfall, sources concerned said that the huge provi-

sion amount in the NCBs could be attributed to lending to SOEs and large private concerns, which were granted loans under influence. Large bad debts in the PCBs are attributable to lending to directors' allies or to local corporate bodies without proper business risk analyses by corrupt bank officials.

Among the PCBs, National Bank of Pakistan had Tk 0.08 crore, Scotia Tk 0.16 crore, HSBC Tk 0.99 crore and Faysal Islami Bank Tk 0.10 crore provision shortfalls. Credit Agricole Indosuez has the highest Tk 18.81 crore suspended interest followed by Standard Chartered (Tk 11.57 crore), ANZ Grindlays (Tk 5.32 crore), State Bank of India (Tk 0.97 crore), American Express (Tk 0.52 crore), Habib Bank (Tk 0.39 crore), Muslim Commercial Bank (Tk 0.14 crore) and HSBC (Tk 0.11 crore).

New type of immigration visa proposed US needs high-tech workers

WASHINGTON, Oct 22: A foreign-born worker would need an advanced degree in a high-tech field and a job offer paying at least \$60,000 a year to qualify for a new type of immigration visa being proposed as a solution to a shortage of technology workers, says AP.

A bill introduced by Sen. Charles Robb would create the new immigration category for recent graduates of US master's or doctoral programme in mathematics, science, engineering or computer science who currently are in the country on student visas.

Businesses would have to pay \$1,000 for each visa, allowing a foreign worker to remain in the United States for five years. Extensions would cost \$500 each. The money would be used to help pay for grants to improve mathematics, science and technology education, in US public schools.

"Our economy has grown, the number of quality jobs has increased and a new and increasingly more important form of commerce has been born," Robb told the Senate Judiciary

Committee's immigration subcommittee during a hearing Thursday.

"But as with any burgeoning industry, there are likely to be growing pains, and the most significant one that we see now is the shortage of skilled workers to fill the nearly 350,000 vacant information technology jobs in this country," Robb said.

High-tech companies have been lobbying hard for Congress to allow more skilled immigrants into the country for jobs that can't be filled adequately by Americans.

In response, Congress raised the cap on "H-1B" visas, which are reserved for foreigners with specialised job skills, from 65,000 in fiscal 1998 to 115,000 in each of the next two years.

High-tech executives say their businesses are growing so fast that those visas no longer are enough. All for the fiscal year that ends Sept. 30 may be used up as early as January, they said.

"What happens when companies like mine can't hire the workers we need?" asked Susan Williams DeFife, chief execu-

tive officer of womenCON-NECT.com, an Internet site for women in business. "We have to delay projects, and in the interim industry where change occurs daily and competitors are springing up all around you, waiting to execute a project can be lethal."

Skeptics warn that the government must step up efforts to make sure that companies aren't simply trying to hire foreign workers at lower salaries than they would have to pay US residents.

Another bill, introduced by Sen. Phil Gramm, would increase the number of H-1B visas to 200,000 annually over the next three years.

Robb said he has proposed creating a new visa category because simply increasing the number of H-1Bs also would increase the number of foreign workers for industries that aren't experiencing worker shortages.

Those visas "can be granted to anyone from bakers to occupational therapists, computer programmers to fashion models," he said.



Honda's electronic-powered cart and bike for children are displayed at the Honda booth of the Tokyo Motor Show in Makuhari on Friday. The "Dream Kids Wakuccho" (L) and "Dream Kids Dokitto" (R) are made from the same of the same components as road motorcycle and automobile.

Japan undermining new round of global trade talks: US

WASHINGTON, Oct 22: Japan is jeopardising a new round of global trade talks before they even start by pursuing a self-serving strategy of protecting existing barriers, the White House told Congress on Thursday, says AP.

Commerce Undersecretary David Aaron said Japanese officials, as far as he could see, had "no positive objectives" they were pursuing in a proposed new round of talks.

Aaron said Japan seemed only to be interested in protecting favoured domestic industries such as fishing and lumber and in attacking the laws employed by the United States to protect American steelmakers against a surge in low-cost Japanese steel.

"It is worrisome strategy they seem to be employing here," Aaron told the senate finance subcommittee on trade, which was hearing testimony on US objectives in the talks.

Sen. Max Baucus said he shared the concerns about Japan and said he believed Japan had been allowed to avoid making serious commitments to lower trade barriers in

the last round of global negotiations, known as the Uruguay Round.

The World Trade Organization will conduct negotiations Nov. 30-Dec. 3 in Seattle, aimed at achieving agreement to launch a new three-year round of negotiations among its 134 member countries to lower trade barriers in agriculture, services and manufactured goods.

Japan has been pressing for agreement that the new talks will revisit WTO rules on the use of anti-dumping laws, which allow a nation to impose high tariffs on imports if the country determines those goods are being sold at unfairly low prices.

The United States used its anti-dumping laws to put stiff tariffs on steel from Japan and other nations earlier this year and ease a surge in foreign shipments after the Asian financial crisis. The commerce department reported Thursday that imports of steel fell 10.1 per cent in September compared with August and for the first eight months of this year are running 13.8 per cent below last

year's levels.

Aaron welcomed the decline but told reporters Japanese steel imports were still one-third higher than they were before 1997. He said Japanese shipments must fall still more.

Aaron said the United States will never agree to include America's anti-dumping rules in a new round of global negotiations. He said calls by developing countries to reopen this issue had been orchestrated by Japan.

"I think [all countries] have a stake in having good, fair trade laws, which quite frankly are violated most frequently, as far as we can tell, by the Japanese government," Aaron said. For the Japanese to now try to change those rules which they have been found in violation of strikes me as unseemly at best.

Aaron's comments highlighted the trade tensions that are surfacing among the world's major economic powers as they bargain behind the scenes on what matters will be covered in the new negotiations.

Earlier Thursday, French Prime Minister Lionel Jospin

told a meeting of French farmers in Paris that the United States was being unreasonable in trying to restrict the negotiating topics in the new round, saying that it should be as broad as possible to respond to the concerns of ordinary people about the impact of globalisation.

US officials contend that Europe's strategy is to load up the negotiating agenda to keep from meeting the primary US objective of sharply reducing trade-distorting farm subsidies. Most such subsidies are provided by the 15-nation European Union for its own farmers.

The White House's language has begun to harden as the US trade deficit has risen this year. The government reported Wednesday that the deficit through August is running at a record annual rate of \$252 billion and the imbalance with Japan and China is well above last year's levels.

Treasury Secretary Lawrence Summers will lead a delegation of US officials in talks Sunday and Monday in Beijing.

Square Pharma declares 55pc cash dividend Star Business Report

Square Pharmaceuticals Ltd has declared a 55 per cent cash dividend to its shareholders for the year ending March this year.

The dividend was announced at the 33rd annual general meeting of the company held in the city on Thursday, says a press release.

The Chairman of the company, Samson H Chowdhury, presided over the meeting. It was disclosed in the meeting that despite adverse market situation arising from the devastating flood sales turnover of the company increased to Tk 2423 million from Tk 2055 million of the previous year.

The gross profit, net profit (BT) and net profit (AT) were Tk 737 million, 439 million and 366 million respectively which are 19.45 per cent, 19.06 per cent and 30.59 per cent higher than the previous year.

The company contributed 493 million to the national exchequer indicating an increase of 13.08 per cent over the previous year.

Under the modernisation and expansion plan of Pabna Unit, the total amount invested as capital expenditure stood at Tk 52 million. During the year under review, the company introduced 17 new products which were licensed by the Directorate of Health Services of the govt of Bangladesh.

An amount of Tk 786 million has so far been invested in the implementation of Dhaka Unit Pharma Project which is expected to be completed by the end of March 2000 at an estimated final cost of Tk 1600 million.

The total turnover increased from Tk 380 million in 1997 to Tk 1010 million in 1998 with net profit of Tk 117 million. The company declared a dividend of 10 per cent on its existing share capital of Tk 100 million.

EU states keen to invest in EPZs

The European Commission alongwith two European countries was expressed its desire to invest more in Bangladesh particularly in the country's Export Processing Zones.

The three ambassadors expressed their desire during a meeting with the Executive Chairman of the Bangladesh Export Processing Zones Authority Brig MAB Siddique Talukder in Dhaka recently.

The Ambassador and Head of the Delegation of the European Commission in Bangladesh alongwith the envoys of Sweden and France attended the meeting, says a press release.

The Swedish Ambassador Anders Johnson who is also the current President of the European Union has expressed his deep appreciation to the facilities and incentives offered by BEPZA specially to the foreign investors.

He said he is very impressed to see the productive and congenial atmosphere prevailing in the EPZs of Bangladesh. He is looking forward towards more fruitful cooperation between his country and the Export Processing Zones of Bangladesh, he added.

The French Charge d'Affaires Jean Guy de Wargny said the EPZs of Bangladesh are ideally suited for small and medium size industries. The Ambassador and Head of the Delegation of the European Commission Antonio de Souza Menezes said he visited both the existing EPZs of the country and was very much impressed to see the skill of the Bangladeshi workers. The Executive Chairman of BEPZA briefed them about the entire gamut of the Export Processing Zones of Bangladesh.

Senior officials of BEPZA

China considering new rules for non-IPO issues

BEIJING, Oct 22: China's securities market watchdog is considering a new policy for non-initial public offering (IPO) of A shares, if an experiment by the Shenzhen Konkka Group Co. Ltd succeeds, Xinhua learned here today, says Xinhua.

According to sources at the Beijing-based China International Capital Corporation (CICC), the company has started a revolution in China's securities market by introducing the international practice in underwriting Konkka's 80 million new A shares.

Unlike previous non-IPOs, in which the new shares were allocated among prior shareholders at a price usually 40-50 per cent lower than the market value, Konkka's former shareholders would not participate in the allocation. But they can bid on the stock exchange as do the ordinary investors.

A second difference relates to pricing. Instead of the usual fixed price, the price of Konkka's new shares will be negotiated between the underwriter and institutional investors based on the current market value of the Konkka A share listed on the Shenzhen Stock Exchange and at a discount of not higher than 20 per cent.

The price of the these new stocks will be offered to general investors on the stock exchange.



(From the left) Kazi Iqbal Harun, Director; Barrister Rakanuddin Mahmud, Legal Advisor; Dr ARQ Baksh, Deputy Managing Director; Md Kabir Reza, Company Secretary; Chairman, Samson H Chowdhury; Tapan Chowdhury, Managing Director; Jahanara Chowdhury, Director; and Anjan Chowdhury, Director, are seen at the annual general meeting of Square Pharmaceuticals Ltd held in the city on Thursday.

Experts welcome KL move to scrap bank merger plan

KUALA LUMPUR, Oct 22: Analysts yesterday broadly welcomed the Malaysian central bank's decision to scrap its tough plan of forced bank mergers, with one saying small fish had been asked to swallow whales, says AFP.

They predicted some arm-twisting by the authorities in future if the new deadline to slim down the scores of financial institutions is to be met.

They said three new "core" or "anchor" banks were likely to emerge — the Chinese-run Hong Leong Bank Bhd, Rashid Hussain Bank Bhd and Arab Malaysian Bank Bhd.

Charles Wheeler, Singapore-based senior capital analyst,

said "clear heads prevailed."

"The idea of consolidation is good since there were too many banks but what the government tried to do was trying to get small fish to swallow the whales," said the Standard and Poor's MMS International analysts.

Wheeler said the restructuring programme failed because some of the core banks selected by the government did not have the resources to manage the other banks.

"The anchor banks selected by the government were the wrong banks. It made no sense. Those banks do not have the management resources to run the big enterprises."

"Hong Leong Bank is a well-managed bank but it was to be taken over by a not so well run bank. You were looking for a real big mess to happen," he said.

The central bank had originally ordered the country's 58 financial institutions to merge into six groups, each led by an "anchor" bank which it named.

But on Wednesday, after a series of comments from Prime Minister Mahathir Mohamad that the plan would be relaxed, Bank Negara said banks were free to choose their own merger partners. It also extended the deadline for mergers from next April 1 to December 31.

Analysts and opposition

groups had criticised the original plan as politically motivated — trying to put the powerful financial sector in the hands of those linked to the government.

They said the move to scrap it was due to political pressure before and expected general election and active lobbying by the banks.

Wheeler said that it was a fallacy that forcing different banks to unite would create a strong financial entity. "Banks are like two people with two different cultures. If you have a bad bank taking over small well-run banks, you will get one big bad bank," he said.

Bhanu Baweja, Singapore-based economist with financial house IDEAGlobal. Com, said the shift only highlighted the volatility of policies in Malaysia, which was "not conducive for long-term investors."

He said the latest announcement would create uncertainty in banking stocks since it was not known who would emerge as the core banks.

"It will not hurt sentiment but people will be cautious. There won't be massive selling. An economist with a local brokerage said the initial plan favoured certain groups. Those who lost out had lobbied against the plan.

The initial reaction of the

bankers is one of wait-and-see," he said. "We are looking at three new core banks emerging."

Earlier Thursday, the central bank said that banks would be free to choose the number of groups they would form, a day after formally ditching the original forced merger programme.

Governor Ali Abul Hassan Sulaiman said the central bank had decided not to determine the ultimate number of anchor banks. "It's all up to the banks. We will leave it up to them but we want to see as much consolidation as possible."

But a regional analyst based in Singapore told AFP-Asia, an AFP affiliated financial

newswire, that the move from a "forced merger" to almost total flexibility may create another set of problems.

"Of course, there was the natural dislike of being forced to merge with other banks, but the question is who wants to buy who? No one wants to be a secondary player."

He said that by January next year, Bank Negara would still have to step in to see the merger process through as many banks are unlikely to be able to reach an agreement.

"I suspect a large portion of the mergers would still have to be guided by Bank Negara as none of the banks want to be gobbled up," he added.