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The Daily Star BUSINESS

DHAKA, WEDNESDAY, NOVEMBER 10, 1999

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EC-Bangladesh working group meets today

Star Business Report
The two-day sixth EC-Bangladesh working group meet will begin in the city today.

The meeting will discuss the on-going EC-assisted projects in Bangladesh.

It will also exchange views on the pipe line of future development and economic cooperation projects in the country, says a press release.

A five-member official delegation from the European Commission led by Dr. Müller, Head of Unit in the Directorate-General for External Relations, will represent the European Commission, Brussels, along with the officials of the EC Delegation in Dhaka.

At the Bazaar, Joint-Secretary of Economic Relations Division, will lead the home team comprising representatives from various concerned ministries and departments of the government.

Tofail seeks UK investment

Commerce and Industries Minister Tofail Ahmed has urged the investors and businessmen of UK, especially expatriate Bangladeshis, to invest in Bangladesh in a bigger way, reports UNB.

He was talking to the visiting 15-member mission of the Birmingham Chamber of Commerce and Industries at his office in the city yesterday.

The minister said more than 40 British firms are working here and they would be the index to attract more British investment in Bangladesh.

He said Bangladesh offered most attractive incentives, both fiscal and non-fiscal, to foreign investors.

He also said that favourable investment climate is prevailing in Bangladesh. And as such, Bangladesh has achieved the highest growth rate in FDI in Asia, he added quoting UNCTAD investment report for 1998.

Referring to very good trade link with UK, the minister said that Bangladesh had a historic relation with that country. He mentioned the help and support provided by the British government and people during the Liberation War.

Tofail said Bangladesh wants to strengthen the relation further by expanding trade and investment links adding, "We now welcome private investment in many sectors including energy, telecommunication, infrastructure." Besides, he said that government is pursuing the privatisation programme and requested them to participate in the privatisation process.

Focusing on the bright prospect of Bangladesh for economic development, the British delegation members showed interest to set up EPZ in Sylhet. They also showed interest to invest in small and medium scale industries, said an official handout.

China's industrial output growth slows

BEIJING, Nov 9: Slower-than-expected industrial output growth in October indicates the impact of debt-driven state investment is wearing off, economists said today, reports Reuters.

Some said this suggested economic growth this year might fall short of the seven per cent government target. The economy grew 7.8 per cent last year.

The State Statistical Bureau said China's value added industrial output rose seven per cent year-on-year in October compared with 8.1 per cent in September and 9.5 per cent in August.

The actual October figure was well short of the 8.1 per cent growth forecast in a Reuters poll of non-government economists last week.

"In addition to an unusually long holiday last month, weak investment is another key factor in slowing manufacturing," said Liu Xianfa of the China Development Institute in Shenzhen.

Official figures showed state investment declined a year-on-year 2.8 per cent in September compared with a 15.1 per cent surge in the first half of the year. Such declines have been unknown in recent years.

7 pc GDP growth in doubt

Value-added industrial output, which excludes the cost of raw materials, was 181.8 billion yuan in October, the bureau said.

Industrial output rose 9.1 per cent in the first 10 months of 1999 from a year earlier to 1.6258 trillion yuan, it said.

In October, heavy industries generated output of 103.7 billion yuan, up 7.6 per cent year-on-year, while light industrial output rose 6.6 per cent to 78.1 billion yuan, the bureau said.

Output of state-owned firms rose 6.8 per cent to 104.5 billion yuan in October. The output of collectives rose 4.5 per cent to 31.3 billion yuan and that of foreign-invested companies surged 12.3 per cent to 38.9 billion yuan.

Involvement of NGOs, embassies found: BB considering actions 7 banks deal in Tk 1100cr thru' hundi

By Inam Ahmed

Regulators are considering actions against seven private and foreign banks after unearthing crores in illegal hundi transfers and other exchange control violations.

A Bangladesh Bank investigation revealed Southeast, Uttara and Prime Bank illegally transferred over Tk 950 crore into Bangladesh from Hong Kong, Singapore and Bangkok from January 1997 to September 1999.

National, UCBL, ANZ Grindlays and American Express also broke exchange control rules, transferring just over Tk

140 crore during the same period. This is the first time regulators have discovered illegal transfers. The central bank sent warning letters to the banks and will probably crack down hard on the offenders.

The central banks investigation found hundi dealers bought foreign exchange from individuals and organisations in South East Asia at high rates and then deposited the money into Bangladesh accounts.

Hundi dealers also used foreign exchange to meet the foreign liabilities of various local

firms like the Grameen Phone. The central bank also discovered some foreign embassies and international organisations also use hundi transactions to avoid the government's foreign exchange controls.

In the five month period after January 1999, the National Bank conducted Tk 72 crore transactions at its main branch in Sylhet. During this period, someone deposited Tk 55.47 crore and withdrew Tk 55.23 crore from the account of one A Ahmed, a service holder, by wire transfer.

Suspicious transaction also occurred at UCBL. Dealers used the accounts of M.A. Mukit and Abdullah, two factory workers, to transfer Tk 35.04 crore through its four branches in Sylhet.

In the principle branch of Southeast Bank, the central bank detected Tk 75.48 crore, including Tk 4.83 crore foreign wire transfers, deposited in the account of Nusrat Ali, a businessman.

Grameen Phone transferred Tk 18.19 crore to Nusrat Ali's account. This money was later transferred to a Sylhet account

by wire. The bank's Laidighirpar branch also engaged in suspicious transactions worth Tk 151.03 crore.

The same Nusrat Ali had Tk 325.87 crore deposited and withdrawn with and from its account at the Uttara Bank's corporate branch through wire and pay orders. From his accounts, Tk 1.25 crore was transferred to Ford Foundation's account with ANZ Grindlays Bank and Tk 1.05 crore to the account of the US Disbursement Office (USDO) maintained with American Express Bank. The central bank feels that a suspi-

cious transaction relationship has developed among Nusrat Ali, USDO and the Ford Foundation.

The central bank's inspection also found the Sylhet branch of Prime Bank was widely used by hundi dealers. It detected ten accounts at the branch which were used to transfer Tk 159.11 crore. One Sulaiman Mia had the highest Tk 102.87 crore deposited with his account during January, 1998 and July, 1999. This account was closed after the investigation.

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He also said that the recent SEC inquiry reports also indicate such bad corporate practices which need to be changed.

He said that the SEC had proposed amendments to the Companies Act to bring such defaulters to book.

At the yesterday's meeting, Registrar of Joint Stock Companies Mohammad Saifuzzaman said that his organisation was suffering from manpower crisis as there were only 39 employees including ten fourth class workers for its four offices in Dhaka, Chittagong, Rajshahi and Khulna.

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2-day seminar on GSP Scheme begins in city EU to continue preferential treatment beyond 2004

Star Business Report

The European Union will continue preferential treatment for Bangladeshi products beyond 2004 when trades will be globally free, said EC officials at a seminar yesterday.

Most of the LDCs have substantial trade deficits with the developed countries, they said adding that better access to the markets of the wealthier nations would greatly help them reduce the imbalance.

They mentioned that the LDCs now contribute to only a minor fraction of the world trade volume, less than 0.5 per cent.

The LDC exports represent on an average nine per cent of their GDP, which is eight per cent in case of Bangladesh. But their imports are equivalent to 16 per cent of their GDP, which is 10 per cent for Bangladesh, they pointed out.

The two-day seminar on European Community's GSP

Scheme, organised jointly by the Delegation of the European Commission in Bangladesh and Export Promotion Bureau (EPB), began at the city Sonargaon Hotel.

AB Chowdhury, Vice-Chairman of EPB, Jorg Volker Ketelsen, First Counsellor, Delegation of the European Commission in Bangladesh, and Md Fazul Huiq, Additional Secretary of the Ministry of Commerce, addressed the inaugural session of the seminar.

Jorg Volker Ketelsen said an unimpeded access to the single European market is vital for Bangladesh.

"The European Union puts emphasis on the importance that the LDCs are beneficiaries of the multilateral trading system."

Emphasising the need for export diversification, Ketelsen said that the European market scenario would change for

Bangladesh garment industry by the year 2005 when quantitative restrictions on exports would be abolished.

In fiscal 1996-97, Bangladesh exported 44.1 per cent of its products to European Union while 32.4 per cent to the USA and 2.6 per cent to Japan, he added.

Additional Secretary Md Fazul Huiq pointed out that availability of GSP facilities had helped the country increase its exports substantially.

At the first business session of the seminar, W Plaza, Administrator of the "Generalized Tariff Preference" unit of the DG Trade at the EC, gave a presentation on GSP facilities while P Cuisson, Administrator of the "origin of goods" unit, Directorate General, Taxation and Customs of EC, gave a presentation on the rules of origin and bilateral, regional and cumulating systems.

Holding AGMs, paying dividends Authorities to crack down on defaulting companies

By M Shamsur Rahman

The Securities and Exchange Commission (SEC) will send a list of the publicly traded companies which do not hold annual general meetings (AGM) on a regular basis to the Registrar of Joint Stock Companies for necessary action.

The decision came at a meeting between the SEC and the Registrar of Joint Stock Companies yesterday.

The meeting also decided that both these organisations would work together to monitor and take necessary actions against the companies which do not hold AGMs and pay dividends within 60 days of declaration.

The SEC officials said that the meeting was arranged as some regulations of both the institutions overlapped with each other. The Companies Act says vaguely about dividend related issues.

"Many unscrupulous com-

panies take advantage of the loopholes in the Act and do not hold their AGMs regularly in order to hide their misdeeds. These companies do not even face any legal consequence which gives rise to a very bad corporate culture," according to one SEC official.

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Microsoft Corporation stock information (L) is seen on a wall of monitors at the NASDAQ stock exchange Monday in New York. Microsoft was down by as much as four points early in the day because of a federal court ruling against the software giant 05 November, 1999. The ruling said that Microsoft has a monopoly in the personal computer operating system market. — AFP photo

US, China reach moment of decision in WTO talks

WASHINGTON, Nov 9: With world trade talks just three weeks away, the United States and China have arrived at the moment of decision on Beijing's bid to join the World Trade Organisation, reports Reuters.

A final round of negotiations should be announced in the coming days, after President Bill Clinton and senior administration officials appeared directly to Beijing to renegeage, trade sources said.

In preparation, the Clinton administration has been fine-tuning its market-access demands, which could serve as the basis of a last-minute compromise acceptable to China, as well as US business groups and their allies in the Republican-controlled Congress.

Although time was running out and major hurdles remained, experts said Washington and Beijing could still work out their differences before World Trade Organisation (WTO) members gathered in Seattle Nov 30, clearing the way for China's accession into the 134-member trade body at the meeting or early next year.

Clinton sends aide to Beijing

Another report says: President Bill Clinton took the unusual step of sending a trusted White House aide to China with his trade negotiator to show how serious he was about striking a deal for Beijing

to join the World Trade Organisation (WTO). US government officials and trade analysts said.

Gene Sperling, who chairs the influential White House National Economic Council, left Washington on Monday with US Trade Representative Charlene Barshefsky on a mission to China to resume negotiations on its bid to join the WTO.

"The president wants to send the signal that we are dead serious," said a US official, who asked not to be named. "There is a window of opportunity and, without setting any artificial deadlines, we want to signal that this is a critical time to move," the official added.

Asia still home to 900m extremely poor people ADB launches new battleplan

MANILA, Nov 9: In a radical policy overhaul, the Asian Development Bank launched today a new battleplan to conquer the region's massive problem of poverty, says AFP.

The move followed a dressing down of the bank's management by Western donors during its annual meeting here in May, for lending heavily to help bail out countries stricken by the 1997 Asian financial crisis.

European donors, sanctioned by the United States, urged the bank to refocus on its role of addressing the structural causes of poverty and leave the role of fighting financial turmoil to the International Monetary Fund.

"Despite the development gains of the past few decades, Asia is still home to 900 million extremely poor people. This is unacceptable," said ADB president Tadao Chino, who succeeded fellow Japanese Mitsuo Sato in January.

"Public policy and action can change this and we are refocusing our work with the single, over-arching goal of eliminating poverty from the region," he said in a statement.

The new strategy was recently endorsed by the Manila-based bank's 57 shareholder economies.

Under the blueprint, the ADB's major goals of promoting economic growth, improving

the status of women, protecting the environment and developing human resources will be rendered into a single objective: combating poverty.

"Future projects will have to show that they directly or indirectly benefit large numbers of very poor people," said bank vice president Peter Sullivan, who headed the committee which drew up the plan.

"This means we'll be doing more farm-to-market roads and fewer expressways, more rural electrification projects and fewer big power plants."

Of the 6.0 billion dollars the ADB lent in 1998, the financial sector accounted for 25 per cent with 1.7 billion dollars.

Industrial output up in Malaysia

KUALA LUMPUR, Nov 9: Malaysia's industrial output surged by a stronger than expected 19.3 per cent in September on a year earlier in a clear signal the economy's rebound gathered pace in the third quarter, reports Reuters.

The Department of Statistics said today the index of industrial production, spurred by a buoyant manufacturing sector, expanded in the third quarter by 13.6 per cent on a year earlier and by 5.9 per cent over the first nine months of the year.

Manufacturing output leapt 25.2 per cent in September compared with the same month last year.

"September figures are very strong and bode well for the economy," said Eddie Lee, regional economist at Vickers Ballas in Singapore.

Economists said the strong growth in industrial output, which accounts for nearly 40 per cent of the gross domestic product (GDP), underpinned an accelerated recovery in the third quarter.

GDP in the second quarter was up 1 per cent on a year earlier as the economy emerged from the deepest recession in more than four decades.

exchange rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currency.

Currency	Selling TT & OD	Buying BC	Buying TT clean	Buying TT sight export bill	Buying OD transfer
US Dollar	49.7300	49.7700	49.3200	49.1570	49.0850
Pound Stg	80.8113	80.8783	79.8025	79.3394	79.2232
Deutsche Mark	26.7818	26.8033	25.8075	25.7096	25.6990
Swiss Franc	32.2148	32.2407	31.6255	31.5210	31.4748
Japanese Yen	0.4749	0.4753	0.4682	0.4647	0.4640
Dutch Guilder	23.7893	23.7894	22.9046	22.8151	22.7816
Danish Krone	6.9594	6.9590	6.8300	6.8135	6.8035
Australian \$	32.2101	32.2260	30.9335	30.8313	30.7861
Belgian Franc	1.2985	1.2985	1.2512	1.2464	1.2445
Canadian \$	34.1388	34.1663	33.1630	33.0534	33.0050
French Franc	7.9854	7.9818	7.8949	7.8648	7.8536
Hong Kong \$	6.4116	6.4167	6.3334	6.3125	6.3032
Italian Lira	0.0271				