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# The Daily Star

## BUSINESS

DHAKA, THURSDAY, DECEMBER 23, 1999

Bank holiday

On Dec 25

Bangladesh Bank and all scheduled banks will remain closed on December 25 (Saturday) on the occasion of the birthday of Jesus Christ, said a Bangladeshi Bank press release, reports UNB.

Internet price war intensifies in Singapore

SINGAPORE, Dec 22: A price war between Internet service providers (ISP) in Singapore intensified today, reports AFP.

Pacific Internet, a NASDAQ-listed unit of Singapore conglomerate SembCorp Industries Ltd said it was lowering the price of Internet access by up to 70 per cent from January 1, 2000.

The new offer follows a recent offer to pay users who surf its portal and e-commerce website with credit points which can be redeemed when they shop online, or be used to offset their service bills.

"Our new pricing plan will give customers great savings across our most popular quality access packages," said Pacific Internet's chief executive officer Nicholas Lee in a statement.

The price was erupted earlier this month when newcomer StarHub Internet offered web users unlimited and free access to the Net, and a modest monthly fee for e-mail service.

StarHub then offered a cut of its revenues to other ISPs that direct Internet traffic to its fixed-line network. It said the revenue sharing was to incentivise the ISPs to use the StarHub line.

This cause dominant ISP, SingNet, a unit of Singapore Telecommunications Ltd to take action.

SingNet offered free web access and e-mail to Singapore Telecom's 1.82 million fixed telephone line customers starting next month, charging users only for local call rates.

SingNet subscribers number some 240,000, followed by Pacific Internet with about 190,000. StarHub recently said it had attracted 100,000 clients mostly from its rivals' subscriber bases following its surf-for-free offer.

**AB Bank okays 10 pc bonus share**

Arab Bangladesh Bank Ltd at its 17th annual general meeting, held at a city hotel recently, approved a 10 per cent bonus share for the shareholders, says a press release.

The bank earned an operating profit of Tk 288.44 million in the year 1998. Complying with the requirements of Bangladesh Bank, it retained a divisible surplus of Tk 27.59 million.

The meeting was presided over by M Morshed Khan, Chairman of the bank, and attended, among others, by the other directors and A Rahim Chowdhury, Managing Director of the bank.

All three retiring Directors, who are Fazlul Huq, Faisal M Khan and Sajedur Seraj, have been re-elected at the AGM.

**Foreign creditors reject ROK debt buy-out proposal for Daewoo**

SEOUL, Dec 22: Foreign creditors today rejected a debt buy-out proposal for the failed Daewoo Group, despite warnings from South Korean officials that their refusal could cause even bigger losses, reports AFP.

"We cannot accept the buy-out proposal as it was proposed by the Daewoo advisors," the committee of foreign bank creditors said in a statement.

The committee urged South Korea's government and local creditors to present a "realistic solution which all of the foreign creditors may reasonably accept."

It said the debt-rehabilitation proposal drawn up by domestic creditors was based on "inaccurate financial data."

Foreign creditors have not been given sufficient access to information on the group's financial status, it said.

**Japanese auto output rises by 3 pc**

TOKYO, Dec 22: Japan's motor vehicle output rose 3.0 per cent year-on-year to 873,572 automobiles in November, an industry association said today, reports AFP.

The November data followed a decline of 10.3 per cent in October, the Japan Automobile Manufacturers Association said.

Car output in November increased 4.1 per cent year-on-year to 733,936, but truck production fell 2.6 per cent to 135,554 and output of buses declined 2.5 per cent to 4,082, the association said.

"Output grew because of an increase in US-bound shipments and of steady car sales here," said a spokesman for the association.

"By company, output by Toyota Motor Corp. rose 12.1 per cent to 299,450 automobiles,

## Foreign banks' demand to the central bank declare January 2 a holiday to avert falling first Y2K victim

By M Shamsur Rahman

The foreign commercial banks (FCBs) have asked the central bank to shift the bank holiday on December 30, the last working day of the millennium, to January 2, 2000, to dodge any possible Y2K glitch.

If the central bank does not change the date, banks in Bangladesh will be the first ones to risk the onslaught of the millennium bug.

"We are actively considering their proposals to keep banks closed on January 2, but there is no scope to shift the scheduled bank holiday to December 30," said Dr M Farashuddin, Governor of Bangladesh Bank. "We will soon take a decision regarding the changeover."

According to the banking norms, the last working day of each year is considered as a bank holiday. Since December 31 this year is a Friday, the year-end bank holiday is

scheduled to be on December 30. But bankers are now a bit nervous as the millennium bug will strike on January 1, 2000, which is also a holiday.

The banks in the country, therefore, now demand that the holiday be changed to January 2, which is a Sunday.

"On Sunday, the world financial market will remain closed. So, by remaining closed on that day, we will be in a position to know about the effects of the Y2K bug, which will hit the East on Monday, a bit before it will strike us because the Far Eastern countries will start operating hours before us," said a top banker of a foreign bank.

"If necessary, we may consider keeping businesses open on Friday (December 31), but we want to keep an eye on the developments on January 1 and

2," said another banker.

"On Friday, we can keep businesses open as we will be attending offices to prepare our clients' statements and preserve hard copies," an executive with a foreign bank said.

The move by the foreign banks come in the wake of the worldwide fear of the millennium bug.

"We are fully-compliant to face the bug," one foreign bank IT official said. "But we don't want to be among the first to experience the glitches of the new millennium as the other countries have decided to keep business closed to avert possible Y2K bug bashing."

"Besides, if the millennium bug affects even an insignificant part of the banking system, it could prove very costly for us."

Taking to The Daily Star, a

senior central bank officials said that the decision to keep banks open on Friday and closed on Sunday is a major one, which requires consent from the BB governor and the prime minister. He said the proposal would be communicated to the prime minister for her concurrence.

Meanwhile, the foreign banks have decided to keep their IT divisions on full alert for five days starting from December 31 to avoid and face the consequences of the millennium bug.

Talking to The Daily Star, an executive of a foreign bank said that their systems were fully-automated and ready to face the millennium issue. But the situation may prove otherwise if the BTB's talex system, which they use to conduct foreign dealings, fails.

Nearly half the project beneficiaries are people in rural areas, many of them will have access to electricity for the first time.

In the city, industry especially the ready-made garment manufacturing enterprises will be benefited. These business

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## ADB okays \$157m loans for Dhaka power project

The Asian Development Bank (ADB) Tuesday approved two loans amounting to \$157 million for the Dhaka Power System Upgrade Project — \$75 million from the highly-concessional Asian Development Fund (ADF) and \$82 million from near commercial Ordinary Capital Resources (OCR).

It says a press release of the Bank.

The project will distribute electricity generated by three private sector entities. It will increase Dhaka's power supply by over 600 megawatts, benefiting 155,000 consumers in both urban and rural areas, around greater Dhaka.

Specifically, the project will construct 230 KV transmission lines and substations and upgrade and expand the distribution system in and around the city. The work is due to be completed by 2003.

Nearly half the project beneficiaries are people in rural areas, many of them will have access to electricity for the first time.

It recommended stringent measures against any government official or staff if found guilty of misappropriation or corruption after proper investigation.

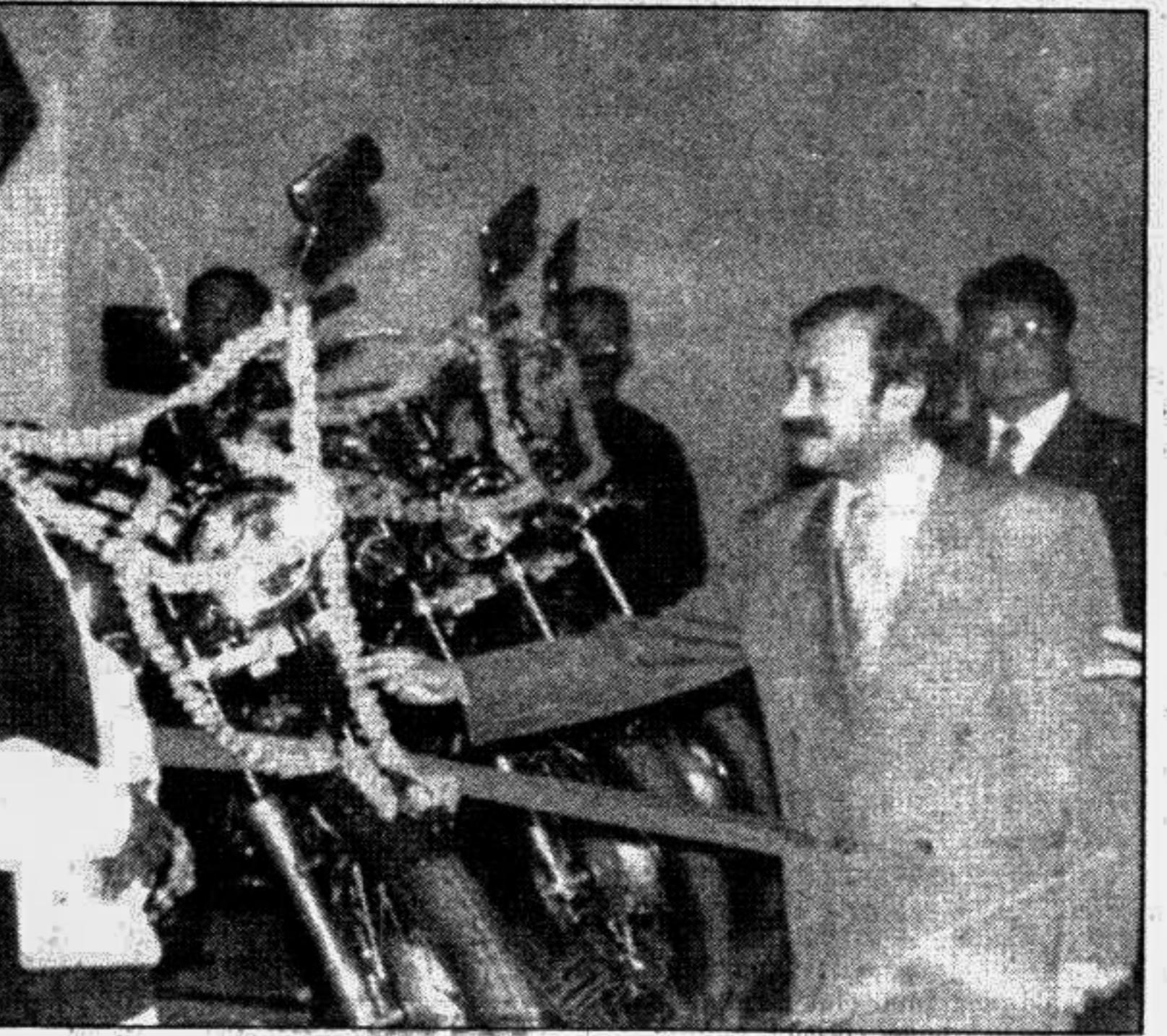
successor entities corporatised and commercialised. Modern management practices are being introduced and decentralisation encouraged, it said.

As part of the project, the government agencies such as the Bangladesh Power Development Board and the Dhaka Electric Supply Authority are being restructured and their

The ongoing reform process aims to transform the power sector and make it efficient, competitive and self-sustaining so that it can accelerate electrification and provide funding for expansion from its own resources, the bank said.

With the approval of the above loans, ADB's lending to Bangladesh in 1999 totalled \$332.0 million. Of this \$250.0 million is from ADB's highly concessional fund accounting for 23 per cent of its total concessional lending during the year.

This makes Bangladesh the largest single recipient of such soft fund from the Asian Development Bank during the year. The balance of \$82.0 million was from near commercial ordinary capital resources, it added.



State Minister for Foreign Affairs Abul Hasan Chowdhury at the launching of TJ Honda motorcycle.

— Star photo

## Call on DCCI to set up arbitration centre

### Chief Justice urges businessmen to lower pressure on courts

Chief Justice Mostafa Kamal yesterday urged the business people to develop a culture of mediation and arbitration to reduce pressure on law courts, reports UNB.

"Reduce pressure on the courts. Give up the habit of rushing to courts for any dispute," he told a business audience, while inaugurating a training institute at Dhaka Chamber of Commerce and Industry (DCCI).

He advised DCCI to set up an arbitration centre manned by qualified professionals to settle disputes of the business people, who command a fair share of litigation in both the lower and upper courts.

Businesspeople all over the world are now avoiding law courts because they want to do

business and do not like to waste time in the legal process, the outgoing chief justice said.

Dhaka Chamber, with technical and financial assistance from the German government, has set up the Human Resources and Entrepreneurship Development Institute (HREDI) to build up private sector entrepreneurs as the prime movers of the economy.

The Institute, an extension of the Chamber's German-aided business advisory service (BAS) project, will offer long-term course on market management with special emphasis on international marketing, financial and environmental management and information technology.

Justice Mostafa Kamal highlighted the importance of

## WB hails UK decision to write off debts

WASHINGTON, Dec 22: World Bank president James Wolfensohn yesterday hailed Britain's decision to forgive all bilateral debt owed it by the world's poorest nations, calling it a "wonderful start to the new millennium," reports AFP.

Three years ago the international community shared a dream ... to eliminate external debt as an obstacle to poverty reduction and human development in the world's poorest most heavily indebted countries," Wolfensohn said in a statement here.

"This decision by the United Kingdom, and actions taken by other governments and civil society around the world, bring us closer to making our dream come true."

British Chancellor of the Exchequer Gordon Brown earlier in the day unveiled a five billion pound (eight billion dollars) anti-poverty package that include the cancellation of all bilateral debt owed Britain by governments eligible for the Heavily Indebted Poor Countries Initiative (HIPC).

The HIPC scheme was developed in 1996 by the World Bank and the International Monetary Fund to offer debt relief to 41 impoverished nations — most of them in Africa — that can demonstrate compliance with IMF macroeconomic reforms.

The British government said the total amount owed to Britain by the 41 countries comes to about 1.9 billion pounds (three billion dollars).

The HIPC initiative has been criticised by aid groups such as Oxfam for offering too little relief at too slow a pace. To date only a handful of countries — including Bolivia, Uganda, Guyana and Mozambique — has actually benefited from the effort, according to World Bank figures.

But Wolfensohn on Tuesday said Britain's decision should spur implementation of an "enhanced" HIPC initiative that will provide debt relief that is "deeper, broader and faster."

He said the Bank and the IMF want to commit debt relief packages to more than 20 countries by the end of 2000.

UPS employees get certificates

United Parcel Service (UPS) arranged a ceremony at its Gulshan Office on Sunday to distribute official certificates to a number of its employees who attended various training programmes, says a press release.

Rezaur Rahman, Managing Director of Air Alliance Limited, the service agent of UPS in Bangladesh, and Milan Sengupta, Country Manager, Rehal Deen, Manager-Sales and Business Development, hosted the ceremony which was followed by an Iftar party.

The most important certificates were given to the employees who successfully attended and completed training courses on FDC/RS deployment conducted by Zulkifle Jamal and Nizamuddin Abdul Hamid, Industrial Engineers from UPS Regional Office in Singapore.

This training was held in order to upgrade the key entry and in-house communication systems which would be Y2K-compliant and more efficient. This system is now running at all UPS locations world-wide. Bangladesh received such training as part of the programme of installing this latest system in the Asia Pacific region. It is expected that this system will ensure efficiency, accuracy and easy accessibility.

The other certificates were presented to the participants who attended training programmes on the latest development of the CSC and related sales issues and operational procedures.

## ECNEC approves Tk 178cr projects

The Executive Committee of National Economic Council (ECNEC) yesterday approved three projects worth Tk 177.95 crore including project aid amounting to Tk 145.30 crore, reports BSS.

The approval was given in the 70th meeting of ECNEC with Prime Minister Sheikh Hasina in the chair.

The projects are: Selected Madrasah renovation project with assistance from Islamic Development Bank, procurement of reusable equipment under flood rehabilitation project, food-aided rural development.



Animesh C Nath, Officer-System, gets his certificate from UPS MD Atif Rahman for attending the training course on FDS/RS deployment at a ceremony held at Gulshan Sunday.

— UPS photo

## IMF completes 2nd off-market gold sale

WASHINGTON, Dec 22: The International Monetary Fund said yesterday it had completed its second off-market gold transaction, selling 655,000 ounces to Mexico to help finance a debt-relief programme for the world's poorest countries, reports AFP.

IMF treasurer Eduard Brau said available proceeds from the deal, 152 million dollars, had been invested with the Bank of International Settlements to generate revenue for the Heavily Indebted Poor Countries Initiative (HIPC).

The initiative, jointly sponsored by the IMF and the World Bank, is designed to provide debt relief to 41 poor nations that agree to adhere to IMF economic reforms. "We sold slightly more than 655,000 ounces of gold to Mexico and accepted it back immediately from Mexico for payment of an obligation due the same day," Brau said.

"As planned for this transaction and all gold transactions, the gold did not enter the market."

The deal took place on December 17.

The IMF plans to sell some of its gold at market price to central banks of countries that owe the Fund money. The banks immediately use the gold to finance the debt repayment.

In order to avoid adverse effects on the international market, the gold does not actually leave IMF vaults.

But the Fund takes advantage of the difference between the value of the gold on its books and the much higher market value. The cash is then invested and the interest used to support the Heavily Indebted Poor Countries Initiative.

The IMF last week announced an initial gold sale to Brazil. Brau said profits from the two transactions amount to about 1.78 billion dollars.

## Indonesia seeks softer Japanese loans

TOKYO, Dec 22: Indonesia will not seek to reschedule its debts with Japan, Jakarta's largest creditor, but it will ask for easier terms on future loans. President Abdurrahman Wahid said in an interview published today, reports Reuter.

"We don't intend to ask Japan to reschedule our debt repayments," Wahid told the Nikkei Keizai Shimbun.

"But as Indonesia is in the midst of difficulties, we would like Japan to extend loans under more flexible terms."

Japan's yen loans to Indonesia in the current fiscal year ending in March carry an interest rate of 2.2 per cent and are to be repaid over 30 years.