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The Daily Star BUSINESS

DHAKA, MONDAY, JANUARY 17, 2000

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Expats remit Tk 27,77,201 cr in 4 years

Bangladesh expatriates remitted Tk 27,77,201 crore from 1996 to November 1999, says UNB.

The figure was produced in parliament by Labour and Manpower minister Abdul Mannan responding to a question from Wazuddin Khan of Awami League.

A breakup shows that Tk 5,685.30 crore was remitted in 1996 while Tk 7,864.38 crore till November 1999.

In reply to Tahura Ali (AL), the Labour Minister said the country has no manpower export policy and manpower is now guided by the Immigration Ordinance 1982.

JICA chief tells PM Bangladesh-Japan cooperation very productive

Visiting President of JICA Kimio Fujita yesterday called on Prime Minister Sheikh Hasina and said economic cooperation between Bangladesh and Japan is very productive, reports UNB.

Fujita told the Prime Minister that he had visited the Japan-financed Meghna-Gumti projects and he came to know that five-bridges on Dhaka-Chittagong highway would be completed in next two months.

He was happy to know that Bangladesh had always responded very quickly to the information needed for the development projects financed by Japan.

He congratulated the Prime Minister on her winning the UNESCO peace prize and Ceres Award, and for the recognition of February 21 as International Mother Tongue Day.

The JICA President expressed happiness knowing that the Bangladesh Prime Minister is very much interested and active in accelerating the development works of the country.

He thanked Hasina for her interest and action in social sector, particularly the efforts for empowerment of women.

EU welcomes Swedish SDP stance on euro

BRUSSELS, Jan 16: European Union Monetary Affairs Commissioner Pedro Solbes welcomed a decision by leaders of Sweden's governing Social Democrats (SDP) to back future Swedish membership of Europe's single currency, says Reuters.

In a statement released late yesterday, the European Commission said Solbes welcomed the decision by the SDP's executive committee to recommend Swedish membership of economic and monetary union (EMU) to the party's Congress.

"An enlarged EMU area will be positive both for the euro zone area and for the countries joining," the statement said. The SDP leadership said on Friday that Sweden should join the euro single currency when economic and political conditions justified the step.

"When Sweden has a business cycle in line with the euro zone... Sweden should join the currency union," a statement released by the SDP's seven-member executive committee in Stockholm said.

The statement was the first official recommendation for the step from Sweden's Social Democrats, who will put it to an SDP board meeting on January 21.

Ejab Group shifts head office to Banani

Ejab Group shifted its head office from Purana Paltan to 34, Kemal Ataturk Avenue, Awar Centre (9th Floor), Banani in the city recently, says a press release.

Begum Rabeya Ahmed, Managing Director of the Group, inaugurated the new office. Chairpersons, directors and high officials of different companies of the Group were present.

Ejab Group has been doing cold storage and food grains business in the country, particularly in the northern districts, for more than three decades. The Group is planning to market their products in Dhaka very soon.

LatAm emerging out of crisis, says IMF

MEXICO CITY, Jan 16: International Monetary Fund (IMF) Managing Director Michel Camdessus said Saturday that Latin America is clearly "coming out of the crisis," despite the circumstantial differences among the countries of the region, according to reports reaching here from Paris, says Xinhua.

Commenting on the main economic problems of Latin America, Camdessus emphasised that it is now the right time to discuss the positive evolution occurring in the region, saying "The world is surprised by the results obtained in Brazil."

Falling sales fling pharma sector in the red

By Inam Ahmed

The country's pharmaceutical sector witnessed a dull third quarter business in 1999 with their cumulative sales showing a negative growth of 3.60 per cent.

According to the retail audit of IMS, a Switzerland-based pharmaceutical sector auditing company which conducts retail and prescription audit globally to prepare its quarterly reports, all the top five pharmaceutical companies recorded slide in their sales during the July to September quarter. These five firms account for 45.27 per cent of the pharmaceutical market.

The report showed that of the next five top-selling companies, only three posted positive growths - two marginally while the other showing robust growth.

The pharmaceutical industry's cumulative business between January to September

showed even a grimmer picture with a negative growth of 5.8 per cent.

Giving reasons for such lacklustre growth in sales, AKM Shamsuddin, Managing Director of multinational Rhône Poulenc Rorer Bangladesh, said political turmoil, rampant smuggling of medicines and the prevailing economic downturn led to sales erosion of the pharmaceutical industry.

"Hartals have hit our marketing system by disrupting the distributing channels," said Shamsuddin. "People doing the medicine business has to be very cautious in their dealings with time. If we cannot reach our drugs on schedule, the market is lost. At the same time, the border areas are flooded with smuggled medicines which has hit our sales."

The top companies, with their wide product range, went through the worst and experienced the blow of all the negative factors in the face. The smaller firms, however, showed better results because they have a limited array of products and some of them also launched new products, which brought extra sales profits for them.

The industry also complains that tariff anomalies in raw materials are keeping production costs high, which is flinging many units into losses. The surcharge that was imposed on the sector following the 1998 floods has not been withdrawn, which has also overburdened the industries. At the same time, the advance payment of 15 per cent VAT during the opening of letters of credit has increased their working capital requirements.

"As we have to pay the VAT in advance, we are incurring

bank interests without even receiving the raw materials. This is an unnecessary burden for us," said Shamsuddin.

According to the IMS report, sales of the top five companies turned negative by 12.18 per cent during January-September, 1999. The next five companies, which account for 19.7 per cent of the market, saw their growth going into the negative by 4.86 per cent. The companies holding the number 11 to number 15 slots underwent the worst beating with their sales dipping by 17.48 per cent in the negative. These five companies control 10.31 per cent of the total market.

However, the number 16 to number 20 firms registered a 12.20 per cent growth. They control only about 6.65 per cent of the market.

Prime Bank earns Tk 36cr operating profit in '99

Star Business Report

Prime Bank Limited earned Tk 36.05 crore operating profit during the year 1999.

This represents a 63 per cent increase over 1998 exceeding the bank's budgetary targets, says a press release.

This was disclosed at a two-day annual branch managers' conference which ended at a city hotel yesterday.

The Chairman of the Board of Directors of the bank, Nader Khan, inaugurated the conference as chief guest on Saturday.

The Managing Director of the bank, Kazi Abdul Mazid, presided over the conference.

Director and Vice Chairman of the Policy Committee of the Board Shahadat Hossain, was also present on the occasion.

Deputy Managing Director Naser Bukhtear Ahmed and all the branch managers including executives of head office of the bank participated.

The profit of the bank represents a return of 4.80 per cent on deposits and 7.19 per cent on advances. The return on assets was 5.59 per cent, which is the highest in the domestic banking sector.

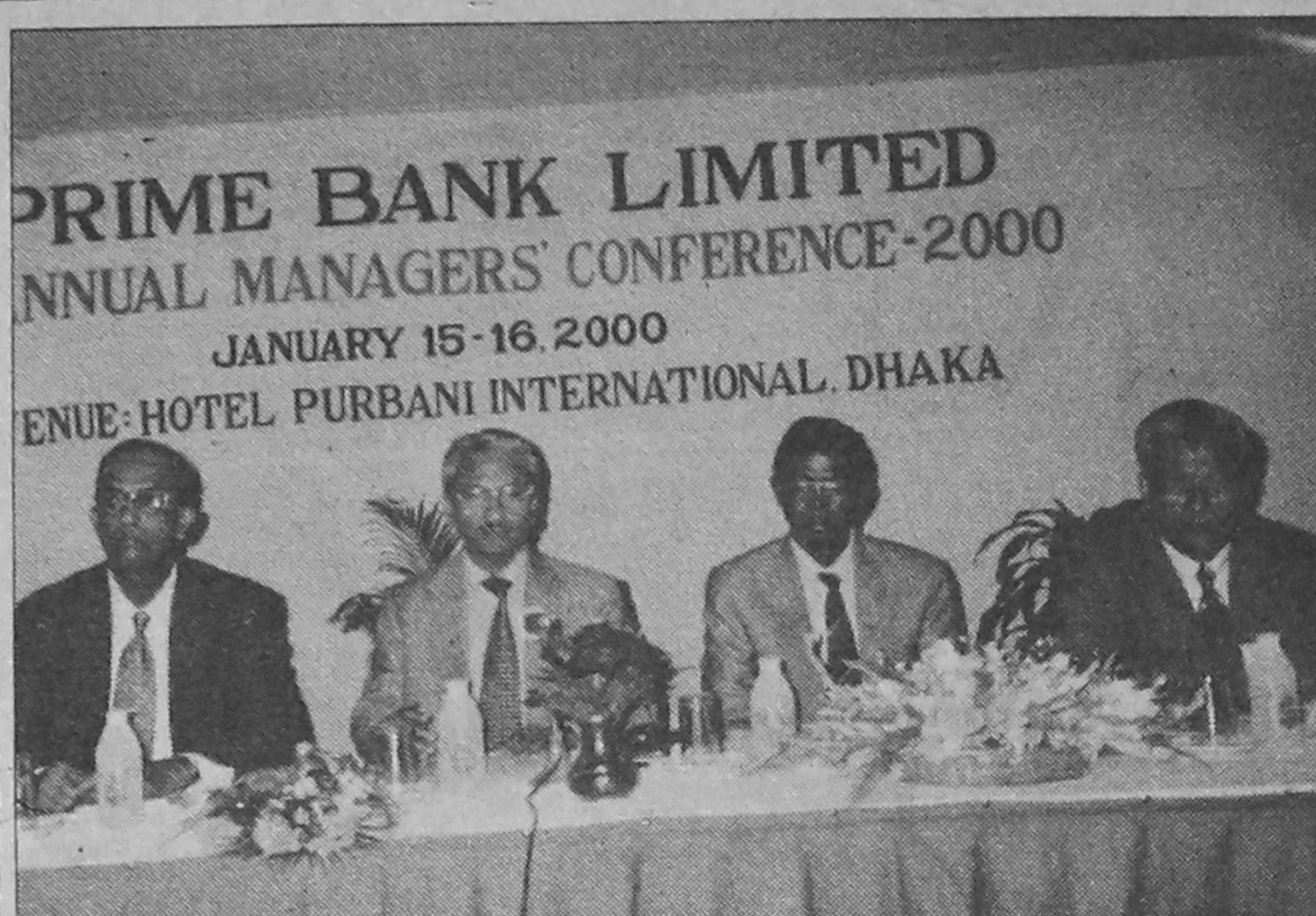
Deposit of the bank increased by 44 per cent to Tk 766.02 crore which also exceeded the targets.

The bank also made its mark in efficiently managing its loan portfolio. The ratio of non-performing loan to total loans declined from 1.94 per cent in 1998 to 1.61 per cent in 1999. It increased its loan portfolio by 61 per cent to Tk 512.12 crore and maintained a credit deposit ratio of 66 per cent so as to maintain strong liquidity.

In his inaugural speech the chairman acclaimed the performance of the bank during 1999 and called upon branch managers to prepare themselves to adapt to new technologies coming ahead in banking operation.

Kazi Abdul Mazid, Managing Director of the bank, advised the bank managers to prepare for the challenges of the new millennium. He said the foreign exchange business increased by 58 per cent over the last year to Tk 1765 crore.

He informed that the bank issued ordinary shares for Tk 20.00 crore to general public to raise its paid up capital to Tk 40.00 crore. With the increase of paid up capital, Managing Director said, "now our capital funds stood at Tk 70 crore with the capital adequacy ratio of 12 per cent approx, well above the stipulated 8 per cent."



Picture shows (from L to R) Managing Director of Prime Bank Ltd Kazi Abdul Mazid, Chairman of the Board of Directors, Md Nader Khan, Director Md Shahadat Hossain and Deputy Managing Director Naser Bukhtear Ahmed at the bank's two-day annual managers' conference which ended yesterday.

BB for boosting Asian Clearing Union activities

Bangladesh Bank Governor Dr Mohammad Farashuddin underscored the need for re-examination of the existing mandate of the Asian Clearing Union and making strong efforts to enlarge and strengthen the activities of the Union.

He was addressing a meeting of the Asian Clearing Union (ACU) Technical Committee which was held at Bangladesh Bank in the city yesterday, says a press release.

Farashuddin, who is also Chairman of the ACU, inaugurated the meeting.

Representatives from Bangladesh Bank, and the central banks of India, Iran, Myanmar, Nepal, Pakistan, Sri Lanka and the ACU Secretary General and Deputy Secretary General attended the meeting.

Khurshid-Ul-Alam, General Manager, International Department of Bangladesh Bank, was the convener of the meeting.

Farashuddin called for the introduction of new products among the member countries. He also put emphasis on adopting modern technology in settling ACU transactions among the member countries and expressed the hope that the discussions in the meeting would be fruitful.

ACU Secretary General Mohammad Firouddin narrated the objectives and the past performance of the ACU Technical Committee in the meeting.

He also focused on the activities and achievements of the ACU and emphasized the reduction or elimination of tariff and non-tariff barriers within the ACU region to increase the intra-ACU trade.

The forthcoming annual general meeting of the Board of Directors of the ACU is likely to be held at Bangladesh Bank, it added.

OPEC members for quota extension

KUWAIT CITY, Jan 16: All of OPEC's members want to extend the cartel's lower production quotas beyond March, the Kuwaiti oil minister, Sheikh Saud Nasser al-Sabah, yesterday said, reports AFP.

The quota ceilings, which represented deep cuts for OPEC members, were agreed on for a year last March, and have sparked a spectacular revival of world oil prices after they had slumped to historic lows.

The recommendation of the market monitoring committee (MMC), for an extension of the reduction in production levels after March 2000, will be approved unanimously by the organisation's members and by countries that don't belong," he was quoted by the official KUNA news agency as saying.

"The recommendation was very important element" in its adoption at the Organisation of Petroleum Exporting Countries ministerial conference March 27 in Vienna.

into economic and monetary union.

That is the rate at which the drachma will be locked into the euro when Greece enters the EMU," he told Reuters Television in an interview.

The drachma closed on Friday at 331.20 to the euro but its projected to fall towards its ERM pivot as Greece's main interest rate, currently 10.75 per cent, is cut to the euro zone benchmark, now 3.00 per cent.

The revaluation of the drachma facilitates that task of the Bank of Greece to ensure the smooth convergence of Greek interest rates to European interest rate levels by the end of the year," Papandoniou said.

In Brussels, Greek deputy central bank governor Nicholas Garganas declined to comment on the bank's next steps. But he said markets should react calmly to the revaluation news.

"I would expect it to be business as usual on Monday morning because this decision affects the central rate of the drachma against the euro in the ERM and not the trading rate," Garganas

said. He predicted, however, 10-year government bonds would trade closer towards similarly dated euro zone paper.

"We have seen a continuous reduction in the spread... in recent days. This is part of the nominal convergence process and I expect it to be continued," Garganas said.

The EU said the revaluation would support Greek authorities "in their efforts to keep the economy on a path of sustainable growth with price stability."

It cautioned that Greece would have to accompany the move with "continuing sound budgetary policies and the continuous pursuit of structural reforms aimed at strengthening the convergence process, especially the fight against inflation for which wage developments are also essential."

Inflation remains Greece's biggest hurdle to EMU membership and analysts say the revaluation should lessen that risk of imported price rises.

To qualify for EMU, inflation - on a 12-month average - must fall close to the level in the three best performing EU countries. Greece's 12-month average rate was 2.4 per cent in November compared with a benchmark of just under 2.0 per cent.

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Shereyasse Sarma Peti, Chairperson of ECOTA Forum, yesterday speaks at a press conference ahead of the five-day Asian handicraft exhibition, which begins tomorrow at the Shishu Academy ground in the city.

'Fair will advocate fair trade ideology' Asian handicraft show begins tomorrow

Star Business Report

A five-day Asian handicraft exhibition will begin tomorrow at the Bangladesh Shishu Academy ground with a view to promoting Asian handicrafts and strengthening regional collaboration in trade.

Seven countries - Indonesia, the Philippines, Thailand, Sri Lanka, Nepal, India, Pakistan and Bangladesh - will participate in the Asia Regional Fair Trade Exhibition 2000, which is expected to be inaugurated by Industries Minister Tofail Ahmed.

The fair has been organised by Effort for Craft Organisations, Trading Advancement (ECOTA) Forum in association with the Export Promotion Bureau (EPB) and International

Federation of Alternative Trade (IFAT). ECOTA Forum is a national networking body of NGOs engaged in manufacturing and exporting handicrafts and hand-woven textile products.

ECOTA represents 70,000 local handicraft manufacturers while IFAT represents organisations of 140 countries.

"This will be the first handicraft trade exhibition where 15 buyers from 10 developed countries will see the true practice of fair trade," said Shereyasse Sarma Peti, Chairperson of ECOTA, at a press conference in the city yesterday.

She said the main objective of the fair is to increase export earnings by promoting the country's image among the

Asian nations and the importers from Europe, USA, Canada and Japan.

"The fair will advocate the fair trade ideology and help Bangladeshi designers, producers and exporters in knowing the current trends and designs of handicrafts of the region."

The products which will be exhibited in the fair are various types of Jute-made decorative utility goods, terracotta and pottery, leather items like purse, bag, office stationery, box, bamboo and cane products, hand-made textile and garments, greeting card, candle, wax, wood, wrought iron, brass, silver, silk, nakshi, kantha, batik fabrics, jamdani, Tangail saris etc.



Picture shows the participants of a two-day AIME (Africa, Indian sub-continent and Middle East) regional food service workshop of New Zealand Dairy Board's subsidiary companies, which was ended in the city yesterday. New Zealand Milk, Bangladesh organised the workshop. Senior executives from New Zealand Dairy Board, New Zealand, Sri Lanka, Mauritius and Bangladesh participated in the workshop.

- New Zealand Milk photo

Greece cements its EMU bid with drachma revaluation

BRUSSELS, Jan 16: Greece cemented its efforts to join Europe's single currency yesterday with a revaluation of the drachma which Finance Minister Yannis Papandoniou said reflected the "strength and vitality" of the country's economy, reports Reuters.

The European Union announced after a four-hour meeting of senior monetary officials in Brussels that the drachma's new central rate in Europe's exchange rate mechanism would be 340.750 to the euro compared with 353.109.

"The central rate of the drachma has been revalued by 3.5 per cent," the EU said in a statement.

The long-expected move will allow Greece to slash interest rates in the run up to next January when it aims to become the 12th EU country to adopt the euro as its currency.

Greece has said it will apply for euro zone membership in March. A formal EU decision is expected in June.

In Athens, Papandoniou said Greece wanted the new central rate to be used for entry

into economic and monetary union.

That is the rate at which the drachma will be locked into the euro when Greece enters the EMU," he told Reuters Television in an interview.

The drachma closed on Friday at 331.20 to the euro but its projected to fall towards its ERM pivot as Greece's main interest rate, currently 10.75 per cent, is cut to the euro zone benchmark, now 3.00 per cent.

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It cautioned that Greece would have to accompany the move with "continuing sound budgetary policies and the continuous pursuit of structural reforms aimed at strengthening the convergence process, especially the fight against inflation for which wage developments are also essential."

Inflation remains Greece's biggest hurdle to EMU membership and analysts say the revaluation should lessen that risk of imported price rises.

To qualify for EMU, inflation - on a 12-month average - must fall close to the level in the three best performing EU countries. Greece's 12-month average rate was 2.4 per cent in November compared with a benchmark of just under 2.0 per cent.

Garganas repeated that Greece expected to have met the inflation criterion by February, allowing its formal application for EMU membership to proceed.

The EU statement said the revaluation decision was "without prejudice" to any final decision to be reached on Greece's application although approval is now seen as little more than a formality.

Greek entry will leave Britain, Sweden and Denmark as the only EU countries still outside the single currency club, although leaders of Sweden's ruling party spoke out on Friday in favour of the project.

European monetary affairs commissioner Pedro Solbes said on Friday "an enlarged EMU area will be positive both for the euro zone area and for the countries joining."

Lankan central bank sees 5pc growth in 2000

COLOMBO, Jan 16: Sri Lanka's central bank chief expects the economy to grow five per cent this year, up from an estimated four per cent in 1999, a newspaper reported today, reports Reuters.

"I think economic growth will move at five per cent this year compared to four per cent last year," central bank governor AS Jayawardena told the Sunday Times in an interview.

He forecast good growth in the agriculture, services and telecommunications sectors in 2000.

A Reuters poll of 10 broker research houses last month estimated gross domestic product to rise by 4.9 per cent in 2000.

Jayawardena predicted tremendous growth in telecommunications this year. "We would probably see the biggest expansion in this sector this year with some 100,000 lines being installed."

Sri Lanka Telecom 35 per cent owned and managed by Japan's Nippon Telegraph and Telephone Corp, is the country's main phone utility and has ambitious expansion plans for 2000.

Sri Lanka also expects to earn more from its main tea

and garment exports, Jayawardena told the newspaper.

Tea earnings in 2000 were expected to rise to \$665 million from \$625 million in 1999 and garment exports would rise to \$2.6 billion from \$2.4 billion, he said.

Jayawardena said the expected signing of a free trade deal with India would also help boost Sri Lankan exports.

"That will open new vistas of trade, which are still not being anticipated now when we discuss growth scenarios," Jayawardena said.

Jayawardena said studies has shown that Sri Lanka might be able to increase its current \$35 million worth of exports to India by as much as eight times under the deal.

The implementation of the deal, signed in 1998, has been delayed because of differences over content. But officials from both sides have indicated that these will be ironed out soon.

Jayawardena told the newspaper that the government needed to present the 2000 budget by March.

The budget will have to be passed before March because there is no money for the government after March," he said.

President Chandrika Kumaratunga's government delayed the budget after calling a snap presidential election which she won last month.

Speculation has persisted that the government, seeking to hold early parliamentary polls, might delay the budget again.

But a top finance ministry official told Reuters on Friday the budget would be presented before March.

China to step up crackdown on corruption

BEIJING, Jan 16: China will turn up the heat in its crackdown on corruption this year with a strict set of new rules on the use of public funds and official privileges, the China Daily reported today, reports Reuters.

Senior officials would be forbidden to accept gifts or money, the newspaper said, quoting Wei Jianxing, Secretary of the Communist Party's Central Commission for Discipline Inspection.