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Politics, law and order tax businesses

Ex-Finance Minister Saifur Rahman suggests govt compensation for poor infrastructures to help industries remain competitive

Star Business Report

Former finance minister M Saifur Rahman yesterday criticised the country's present political and law and order situation, saying these two factors were heavily taxing businesses.

Citing an example, Saifur said a truck has to pay tolls for at least 20 times to the law-enforcing agencies and other extortionists during a trip from Dhaka to Moulvibazar.

He said that the government should compensate industries for poor infrastructure facilities to help them remain competitive in the global market.

"Besides, the entrepreneurs should not be burdened with high bank interest rates," he said.

Saifur was speaking as the chief guest at the concluding session of two-day workshop on

"Social and Environmental Performance in Textile and Garment Exports" organised by the Bangladesh Textile Mills Association (BTMA) in collaboration with the London-based Commonwealth Science Council and The Asian Productivity Organisation, Japan.

The workshop began in the city Wednesday to find ways to face the non-tariff barriers to exports like the environment and labour standards.

President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Abdul Awal Mintoo, BGMEA President Anisur Rahman Sinha and US Ambassador to Bangladesh John C Holzman also attended the concluding session of the workshop presided over by BTMA Chair-

man Salman F Rahman. FBCCI President Abdul Awal Mintoo said: "We do not have a level-playing field here. Our infrastructures are disgusting and services are poor. The education system is not good enough to support an ideal industrial economy."

"European buyers want to know whether we are maintaining the labour and environmental standards," he added.

Pointing to the recent debate on allowing trade union activities in the export processing zones (EPZs), US Ambassador John C Holzman mentioned that the American buyers expect product manufacturers for the US market to comply with certain environmental and labour standards. "If Bangladesh looks for preferen-

tial access to the US market, it must improve its current standards," he observed.

BGMEA President Anisur Rahman Sinha said that some buyers were coming up with their own standards, which often differ from others.

"According to the International Labour Organisation (ILO), the minimum age of a worker should be at least 14 years. But some want it to be 15 years while some prefer 16 years," he mentioned. "All our manufacturers should ensure international standards so that buyers cannot prescribe their own standards."

Meanwhile, the workshop recommended that Bangladesh develop its own social and environmental code of conduct for

the textiles and garment sectors.

This code would be a proactive step by the industry and could help influence the agenda with foreign buyers, governments and NGOs.

"BTMA and BGMEA should take the lead in setting up an information centre to collect and disseminate information on environmental and social requirements as well as on cleaner and sustainable production methods for the textile industry," the recommendations said.

To implement these proposals, a fast-track and dedicated mechanism for financing environmental and social improvements should be established with the commercial banks, the workshop said.



Former finance minister M Saifur Rahman speaks at the concluding session of two-day workshop on "Social and Environmental Performance in Textile and Garment Exports" at a city hotel yesterday. —Star photo

New MD of Coats BD



Anil Dias took over as Managing Director of Coats Bangladesh recently, says a press release.

He joined Coats Viyella Group in 1990 as the Finance Director of Coats Tootal, Lanka.

Prior to his taking over as the Managing Director, he was the Finance and Logistics Director of Coats Bangladesh since 1997.

Dias, Lankan national, is an MBA and a fellow of the Chartered Institute of Management Accounts, UK.

Coats Bangladesh Ltd is the market leader in industrial sewing threads in Bangladesh and is a subsidiary of Coats Viyella Group of UK, one of the largest textile groups in the world.

UCBL Board meet held

The meeting of the Board of Directors of United Commercial Bank Ltd was held Thursday at its Head Office Board Room, says a press release.

Presided over by Zafar Ahmed Chowdhury, Chairman, the meeting reviewed the bank's activities and performance and adopted decisions for its accelerated growth and development befitting to the needs of the clients at the advent of the new millennium.

All directors, including Bangladesh Bank representative, managing director, additional managing director and deputy managing director of the bank were present in the meeting.

Nat'l seminar on garments begins at BIDS today

Bangladesh Institute of Development Studies (BIDS), the country's premier research body, is holding a national seminar on garments from today, says BBS.

The two-day seminar, split into four working sessions, will be held at BIDS premises at Agargaon, Sher-e-Bangla Nagar.

Garments is a burgeoning sector of the country's economy and fetches around 70 per cent of the total export earnings.

The impact of globalisation on the Bangladesh economy, especially on the garments sector, will be the main thrust of the seminar.

3-member ICAB team goes to Colombo tomorrow

A three-member delegation from the Institute of Chartered Accountants of Bangladesh (ICAB) led by its president A K Chowdhury FCA leaves Dhaka for Colombo tomorrow to attend the 40th assembly of the South Asian Federation of Accountants (SAFA) to be held on January 23-24, says a press release.

Organised by the Institute of Chartered Accountants of Sri Lanka (ICASL), the two-day meet also includes the SAFA-WTO subcommittee meeting to be held on January 23.

Other members of the ICAB delegation include vice president Md Nurul Haque FCA and member council M A Baree FCA. M A Baree will represent ICAB at the SAFA-WTO subcommittee meeting.

Two SB directors stay away from Board activities

Doubts over management's seriousness to professionally run the institution as a viable concern

Star Business Report

Two Sonali Bank directors have refrained from attending its Board meetings and other activities because, as indications suggest, they have doubts about the management's seriousness to professionally run the institution as a viable concern.

According to sources, the directors - Dr Atiur Rahman and Khushi Kabir - have already verbally informed the Finance Ministry and the chairman of the bank about their decision not to attend any Board meeting as a mark of their protest. The prime minister's office has also been communicated informally about the precarious situation prevailing at the bank.

Both these directors were chosen from the civil society as part of the Awami League government's move to put non-partisan professionals in the NCB board. Dr Rahman is an eminent economist while Khushi Kabir is a widely-known and respected social worker of the country.

These two directors played a key role in defending the bank's interest in the case of many a controversial loan proposal. To cite a few examples, they resisted giving fresh loan facilities to a top defaulter, Fazlur Rahman, who already has over Tk 100 crore outstanding loans with different banks, with Tk 69 crore of the total amount being defaulted. These directors also showed their social responsibility when they arrested the release of a loan for importing environmentally-hazardous two-stroke auto-rickshaws.

Sonali Bank is now facing

an uncertain financial situation with the appointment of a new Managing Director, Mohammad Enamul Haq Chowdhury, who commands little confidence of the banking circle.

In fact, the very beginning of salvaging the ailing bank began when Khondaker Ibrahim Khaleel was made Sonali's MD and the Board got the confidence that they can make a sharp turnaround in its financial standing.

However, much to the surprise and frustration of many, Khaleel was removed from the bank and put at the central bank and Mahbubur Rahman Khan, a central banker having little experience in commercial banking, was put in his place.

People both inside and outside the bank feel that this was the point from where the bank took a decisive turn towards a worsening situation. Loan defaulters and bad project protagonists got a hold on the bank and became successful in pushing through with many ill projects.

As the bank got mired in deep crisis, the Finance Ministry even became alarmed and summoned the Board and sought its salvaging suggestions. The Board urged the finance minister to appoint an honest and competent banker at the helm of the institution.

Acting wisely, the minister appointed the bank's DMD Mohammad Hossain its MD on November 2. This decision was widely supported by the Board and also people outside it.

It may be recalled here that Hossain was promoted to the DMD post on August 16 and at

that time Sonali had a loss of Tk 80 crore. From then onwards, Hossain worked hard and devised various methods to reduce the loss of the bank as well as the amount of its classified loans.

As the health of the bank started recovering it stopped taking loans from the call money market and became a net lender. A Finance Ministry-proposed incentive package was quickly implemented to recover the stuck up loans before any other NCB even showed any interest in the ministry's proposal. The bank approved incentives worth Tk 6 crore for loan recovery and profit-making.

As a result of many such drastic reform measures, Sonali Bank made a turn-about and posted a profit of Tk 58 crore. In three months time, the bank's classified loans came down by Tk 34.37 crore. According to a Sonali Bank internal report, classified loan recovery increased drastically. While only Tk 262.89 crore classified loans were recovered during the first nine months of 1999, the bank recovered Tk 145.11 crore in October and November alone, and bank officials attribute the result to Hossain's initiative.

It was then naturally expected that Hossain would get a term extension as his acumen was badly needed to salvage the ailing bank. However, to everyone's surprise, he was overlooked as the government brought in a new MD, Enamul Haq.

The Daily Star contacted Dr Atiur Rahman who refused to make any comments.



Md Enamul Haq Chowdhury, Managing Director of Sonali Bank, distributed certificates among the participants of the 'Trainers Refreshing Course' held at the banks Staff College in the city yesterday. Kh Mahbubur Rahman, GM, Mohd Abul Kashem, DGM and Principal of the Staff College, and course co-ordinator Md Abu Bakar, AGM, are also seen in the picture. —Sonali Bank photo

Major disruption in cargo handling Striking Indian port workers to start talks with govt

MUMBAI, Jan 20: Leaders of the dock workers unions that are striking at 11 Indian ports said Thursday they had been invited to the capital, New Delhi, for talks on Friday, says AP.

"We will reach New Delhi by tomorrow and hope talks will find a way out," SR Kulkarni, president of the 60,000-member All India Port and Dock Workers Federation, told reporters.

He said the federal transport minister had invited all five union federations to the talks on Friday.

Earlier, authorities stepped up dock security Thursday after a countrywide strike by 100,000 harbor workers turned violent at one of the country's main ports.

The movement of bulk cargo and containers came to a halt with shipowners unwilling to risk the anger of striking workers in 11 major ports. But petroleum and oil tankers continued to unload fuel into pipes leading to onshore storage facilities.

Police said 40 workers beat up eight home guards - members of a civilian security force - when they reported for duty at the Jawaharlal Nehru Port Trust in Bombay on Tuesday night. Three workers were arrested on charges of assault Wednesday.

The dock workers said they mistook the home guards for new recruits taking their place at work, said police sub-inspector A Ahire. The workers

beat the home guards with the same sticks the guards were carrying. The guards were treated for minor injuries.

Talks between the federal government and the unions broke down when workers did not accept the offer of a 28.5 per cent salary increase and a 10-year contract, against their demand for a 106 per cent raise and a review after five years.

SR Kulkarni, president of the largest union, with 60,000 members, said the workers were prepared if the government declared the strike illegal.

"What's the worst that could happen? They may arrest or prosecute some leaders. That's all," said Kulkarni, the head of the All India Port and Dock Workers Federation.

Coca-Cola, Ford, Internet seen going strong in 2000

Coca-Cola, Ford and the Internet will still be going strong to celebrate the end of the century. According to a new CBS News/Market Watch Poll, books will still be around in the year 2000, but VCRs and CD players will have bitten the dust, says a press release.

The CBS StockWatch end-of-century survey asked over 1000 American adults for their views on which products companies and people would still be influential by the end of the year 2000.

The poll showed most Americans expect books and phones will outlive VCRs and compact-disc players. Two-thirds of adults said they believed that printed books would still be used by most people at the end of the next century. Some 57 per cent said that telephone would still be useful.

Videocassette recorders and compact-disc players, however, were not expected to last through the next century, according to the poll. Some 60 per cent said compact discs would be outdated by 2000 while 90 per cent said VCRs would become outdated.

Young adults were most likely to say the Internet would remain vibrant for the next 100 years: 89 per cent of 18 to 29 year-olds said so. Some 66 per cent of those older than 64 said the Internet would make it through the next 100 years.

With the Internet expected to be so popular, it's not surprising that 54 per cent of those polled said they were prepared to say goodbye to surface mail in the next century. "A sizable 44 per cent, however, believe that small-mail will still be used by most people," noted Monika McDermott, Manager of Surveys for the CBS News Poll.

Coca-Cola received a resounding vote of confidence with 94 per cent of those polled saying the company would still be around at the end of the next century. 85 per cent said Ford Motors would still be around, while computer giant Microsoft came in at 79 per cent.

Sonali Bank to provide Tk 22 cr in Khulna

KHULNA, Jan 20: Sonali Bank will provide crop credit of over 22 crore taka in sixteen districts of Khulna and Barisal divisions during the current Robi season, says BSS.

The districts are: Jessore, Jhenidha, Magura, Narail, Kushtia, Chuadanga, Meherpur, Khulna, Bagerhat, Satkhira, Barisal, Pirozpur, Jhalokati, Bhola, Patuakhali and Barguna.

The distribution of loan will start soon and will continue till March next.

BBS economic census to be held during May-June

Bangladesh Bureau of Statistics (BBS) will hold economic census 2000 in the country during May-June next, says UNB.

During the census, information will be collected from establishments engaged in non-farm economic activities, including business enterprises, workshops, industries, offices, institutions and households in all metropolitan areas, municipalities, thana headquarters and growth centres.

Meanwhile, BBS officers and staff started field-level preparatory work for the census on Monday and will continue it till February 15.

They will be updating enumeration of area maps, computer control lists and enumerator selection.

BBS has sought cooperation of all concerned for successful completion of the census operation, said a press release yesterday.

Govt takes up plan to attain self-sufficiency in cement

Industries Minister says in JS

Industries Minister T. J. Ail Ahmed yesterday informed the House that the government had taken up an extensive plan to attain self-sufficiency in cement production in view of massive development programme being implemented across the country, reports BSS.

Making a statement on a private member's resolution moved by Shamsur Rahman Sharif (Pabna-4) proposing setting up a cement factory in Ishwardi, the minister said that the country produce about 20 lakh metric tons of cement against a demand of 45 lakh metric tons per year.

He said except the Chhatak Cement factory, all other factories in the private sector are based on clinkers adding only 10 to 15 per cent value from clinker to cement production.

The industries minister said

many foreign private investors had showed interest in setting up full fledged cement industries in Bangladesh based on limestone to be imported from India.

He said the Lafas-Surma cement factory is expected to go into production in 2003 in Sunamganj with production capacity of 12 lakh metric tons a year having an investment of 2.37 million US dollar.

The industries minister said another cement factory with production capacity of seven lakh metric tons will be established with foreign private investment under the sponsorship of Scan Cement of Europe.

He informed the house that a Swiss company has requested his ministry to participate in Chatak Cement factory as joint venture partner to expand the production capacity to 10 lakh

metric tons.

The industries minister observed that with the opening of Bangabandhu Jamuna Bridge, the prospect of industrialisation of northern region has improved to a great extent. In this context, he informed the House that his ministry is examining possibilities of setting up of a fertilizer factory in the northern region.

Later, Shamsur Sharif withdrew his resolution which was approved by the House by voice votes.

Several members of house including Haji Mohammad Selim, Shahjahan Khan, Abul Kasem, Srmatati Bharati Nandi Sarker, Mrs. Tohura Ali and Shaheen Monwara Hoq earlier moved amendments of the resolution which were rejected by the House.

ECNEC okays 11 projects

The Executive Committee of the National Economic Council Wednesday approved 11 Development projects involving Tk 2816.29 crore, including project aid worth about Tk 750 crore, reports UNB.

A meeting of the ECNEC, held at the NEC auditorium at Sher-e-Bangla Nagar with Finance Minister Shah AMS Kibria, alternate chairperson of the Council in the chair, gave the approval.

The projects include construction of Dolphin Jetty at river mooring (RM)-5 and RM-6; Poverty alleviation through integrated fisheries activities; Jute

seed sub-project (revised) of seed development project of BADC; Agro-service Centre (revised); Registered Non-government primary schools development project (2nd phase.) (revised); Reconstruction of educational institutes (private and govt); Conversion of Dhaka-Joydebpur metre gauge section into dual gauge; Construction of 100-bed hospital at Ansar-VDP Academy at Shafipur; Preservation of regulating pond attached to Kalyanpur storm water pumping station; procurement of dredging equipment project and Dhaka Telecommunications Network Improve-

ment Project (Phase-II, 2nd revision).

Seven projects approved by the State Minister for Planning were also presented before the committee.

Water Resources Minister Abdur Razzak, Industries Minister Tofiqul Ahmed, Agriculture Minister Begum Matia Chowdhury, Communications Minister Anwar Hossain, Commerce Minister Abdul Jalil, Health and Family Welfare Minister Sheikh Fazlur Karim Selim, State Minister for Planning Dr Mohiuddin Khan Alamgir and State Minister for Energy Prof Rafiqul Islam attended the meeting.

Mintoo tells Lankan newspaper The Daily News Dhaka keen on free trade pact with Colombo

COLOMBO, Jan 20: Bangladesh is keen to enter into a Free Trade Agreement (FTA) with Sri Lanka to boost two-way trade between the two South Asian countries, The Daily News reported today, quoting a top Bangladeshi businessman, says Xinhua.

"Currently we are studying the proposed FTA between Sri Lanka and India," Abdul Awal Mintoo, president of Federation of Bangladesh Chambers of Commerce and Industry, told the state-run newspaper.

Once these two countries start to implement the FTA, Mintoo said, he might submit a

proposal to the Bangladesh government to strike a similar deal with Sri Lanka.

He said such an agreement will help increase trade, investment and shipping volumes and strengthen economic ties between the two countries.

At present the two-way trade between Sri Lanka and Bangladesh exceeds 11 million US dollars.

An 11-member Bangladeshi business delegation led by Mintoo concluded a three-day visit to Sri Lanka on Wednesday.

During their visit, the delegation members met leading Sri

Lankan businessmen and held discussions with several key ministers.

A Sri Lankan business delegation is scheduled to visit Bangladesh in March.

State radio has said that direct flights are expected to operate between Sri Lanka and Bangladesh from this summer to improve bilateral commercial and economic ties.

At present passengers have to spend seven hours or more flying between Colombo and Dhaka via Bangkok, Singapore or New Delhi while direct flights can cut short the travel time by more than a half.

IBM's profit, revenue plunge Computer sales hit by uncertainty over Y2K glitch

NEW YORK, Jan 20: IBM reported a 11 per cent drop in fourth-quarter profit and a 4 per cent decline in revenue on Thursday, as sales of business computers were dragged down by uncertainty over the Y2K bug, says AP.

IBM's profit easily exceeded Wall Street's expectations, but the company said lingering concern over the Y2K bug will continue to take its toll on sales in the current quarter.

International Business Machines Corp., based in Armonk, New York, said its profit in the three months ended Dec. 31 fell to \$ 2.09 billion, or \$ 1.12 a share, beating the \$ 1.06 a share forecast by analysts surveyed by First Call/Thomson Financial. That was down from a profit of \$ 2.35 billion, or \$ 1.24 a share, in the year-ago quarter.

Revenues fell to \$ 24.18 billion from \$ 25.13 billion, dragged down by a 11 per cent drop in hardware sales at the world's largest computer company. The results reflected a tumble in sales of computer servers, powerful machines at the hub of corporate technology networks.

Many technology managers held off from buying these computers or bought them earlier last year so that they could make sure their systems were free of the Y2K date-change bug.

As we had anticipated, the Y2K bug hit us hard in the fourth quarter," IBM chief executive Louis V. Gerstner said. He said that IBM should have a "very good year" in 2000 as corporate customers resume buying hardware, and IBM's sales of e-commerce software

and services take off.

However, IBM will continue to get hit by slow sales in the first quarter of this year, and per-share profits in the period are expected to be flat to slightly below the year-ago quarter, IBM chief financial officer John Joyce said in a conference call.

Before IBM released its earnings after the market had closed, shares were down 25 cents at \$ 115.50 on the New York Stock Exchange. IBM stock has fallen 4 per cent this past week amid anticipation that the company would report lower results.

For all of 1999, IBM earned \$ 7.71 billion or \$ 4.12 a share, up from a profit of \$ 6.33 billion, or \$ 3.29 a share in 1998. Revenues rose to \$ 87.55 billion from \$ 81.67 billion.