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The Daily Star BUSINESS

DHAKA, SATURDAY, JANUARY 29, 2000

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Manila keen to boost trade ties with Dhaka

The Philippines is keen to enhance trade and investment cooperation with Bangladesh to bolster bilateral relations, says UNB.

The eagerness was expressed by Philippine Ambassador in Dhaka Candidato B Gutol when he called on Commerce Minister Mohammad Abdul Jalil at his Sangsad Bhavan office on Thursday.

Candidato apprised the minister of various aspects of increasing trade between the two Asian countries.

"Bilateral trade and investment could be increased between the two countries through concerted efforts in many areas," Jalil told the envoy.

He emphasised the need for exchanging tours to identify the possible areas of cooperation.

The minister also requested the Filipino ambassador to mobilise Philippine investment in Bangladesh.

Sonali Ash Telecom made GrameenPhone outlet agent

Sonali Ash Telecom of Chuadanga has been made an outlet agent of GrameenPhone under an agreement signed on Tuesday, says a press release.

The agreement was signed by Rezaul Hossain, Head of Dealer and Outlets Section of GrameenPhone, and ABM Kalam of Sonali Ash, Kafil Hossain, DGM, Distribution Department of GrameenPhone, was also present.

The agreement is a part of the plan of Distribution Department of GrameenPhone to have 250 sale points all over the country by the end of the year 2000.

GrameenPhone connections and EASY Pre-Paid cards are sold through these points. It already has over 100 sale points throughout the country and the number is increasing rapidly, the release said.

In January, six new outlets were opened in Ishwardi, Savar, Jimjira, Bashabo, Pailabi and Jaydepu by Butterfly Marketing Limited, a dealer of GrameenPhone and two outlets were opened in Khulna under the agreements with Alpha Telecom and MA Chowdhury Limited.

Malaysia plans to halve food imports

KUALA LUMPUR, Jan 28: Malaysia is working on a plan to halve imports of food and animal feed by 2010, Agriculture Minister Effendi Norwawi said, reports AFP.

He said animal feed alone accounted for one billion ringgit (1.05 billion dollars) of the annual 12 billion ringgit food import bill.

The ministry is studying ways to produce the feed locally, the official Bernam news agency late Thursday quoted him as saying.

Effendi also said efforts were being made to increase poultry, beef and milk production to meet growing domestic demand.

Malaysia produced only 20 per cent of the country's beef consumption.

Effendi said the ministry was working on 11 priorities to meet the growing demand for beef and milk, including encouraging large-scale rearing of cattle in oil palm plantations.

"We intend to boost beef output by 50 per cent in the next five to 10 years," he said, adding that the ministry had identified 1.2 million hectares (2.96 million acres) of oil palm plantations for cattle-rearing.

S'pore-Hong Kong telecom merger almost done

SINGAPORE, Jan 28: A proposed merger between Singapore Telecommunications and the Hong Kong division of Cable and Wireless is almost done, two Singapore newspapers reported Friday, says AP.

The Business Times quoted unidentified sources as saying it is "almost a done deal." And the Straits Times said the deal could be completed in "the next few days."

The companies said this week they were considering a merger to create a phone giant worth nearly \$60 billion. They did not give details.

SingTel would not comment on Friday's reports. "We don't comment on speculation and rumour," said company spokesman Lim Seng Jin.

Singapore government officials were in Hong Kong Thursday to meet with local authorities on the proposed merger.

Singapore's Consul-General to Hong Kong, Chan Heng Wing, was quoted as saying by the Straits Times that the Singapore government wanted to brief the Hong Kong government about the ongoing discussions.

"We want to pay them the courtesy of letting them know before the public announcements," he was quoted as saying.

Ctg tea market dull despite global output shortfall

From Nurul Alam

CHITTAGONG, Jan 28: A dull trading persists in the tea market despite a global production shortfall, market sources said.

The shortfall in tea production was attributed to draught which ravaged the crop in most of the tea producing countries leading to a global output loss of 130 million kg in 1999, the market sources added.

In Bangladesh alone, tea production recorded a fall by 12 million kg in the same year.

The board sources said 44.2 million kg tea was produced in 156 tea gardens of the country in 1999, down from 56.2 million kg a year before.

In 1998, there was a bumper tea production due to good climatic condition.

Meanwhile, both the price and demand of tea in the weekly auctions held in the city slumped drastically due to less export enquiry, brokers said.

In the last 36 auctions of the current season only 29.8 million kg tea with an average price of Tk 60.09 per kg was sold as against 40.3 million kgs with an average price of Tk 62.66 sold in the same number of auctions held in the port city during the previous season, reports available here said.

Brokers said buyers from Pakistan, Afghanistan and CIS countries were less active in the tea auctions here that forced prices to slide.

In the 37th auction held this week, the average tea price slided to Tk 58 per kg and 45 per cent of the tea was withdrawn from the auction, brokers said.

They now fear that prices might drop further if the foreign buyers do not become active in the next auctions. Who now prefer the Kenyan and Indian teas due to low prices.

But the tea growers were enjoying strong support from the local buyers.

As a result, the tea growers are now depending mostly on internal buyers, brokers said.

The shortage in production did not contribute to price jacking up this season although the growers dreamt of such a situation had happened on earlier occasions, market sources said.

An official of Bangladesh Tea Board said that the demand for tea slackened this time as the buyers maintained some previous stocks through forward purchase.

Besides, political and economic situations in some of the countries could be attributed to poor enquiries in the tea auctions here, sources said.

DITF 2000 kicks off today

Highest-ever local participants will display their products at the month-long extravaganza

The sixth Dhaka International Trade Fair (DITF) takes place today with 386 companies from home and abroad putting on display a plethora of world-class products, reports UNB.

Prime Minister Sheikh Hasina is expected to inaugurate the yearly trade extravaganza at 10:30 am. Ministers, politicians, diplomats and high civil and military officials are expected to attend the opening function.

Highest-ever participants from home will display their products in the month-long DITF 2000.

Some 314 local companies were selected to put their products and services on display in 32 pavilions, 49 mini-pavilions and 233 stalls as against 290 that took part in the DITF '99. Local entrepreneurs will also set up six restaurants.

Export Promotion Bureau (EPB) sources said the number of participants from foreign countries reduced this year by 10 to 72 companies from 29 countries. Last year, 82 companies came from 26 countries.

Among the foreign firms, the fair organiser EPB selected 12 from Pakistan followed by six each from India and Iran, four each from China, Italy, Singapore and USA, three from Hong Kong, two each from Australia, Egypt, Japan, Korea, Malaysia, Thailand, UAE, UK and one each from Bhutan, Canada, Chile, Denmark, DPR Korea, Germany, Norway, Oman, Spain, Sri Lanka, Switzerland, Taiwan and Turkey.

The hosts estimated an expenditure of Tk 4 crore for construction, electricity supply, telephone network, maintaining law and order, fire service and Dhaka City Corporation service.

Dutch-Bangla Bank sponsored the main gate of the fair while Rangs Group and SABINCO two fountains on the sprawling fair grounds.

Two vehicles of fire service will remain standby on the fair ground and be responsible for mitigating dust jointly with Public Works Department while DCC sweepers will be posted there for cleaning.

EPB leased out the entry gates to a private firm, Classic World, for Tk 1.16 crore, car parking Tk 8 lakh, announcement Tk 20 lakh and toilet Tk 2 lakh to meet the costs. Some Tk 2.50 crore will come from rentals, said an official.

Janata Bank, Sonali Bank, Dutch-Bangla Bank, Mercantile Bank and National Bank will set up their temporary branches for banking on the exhibition ground.



Rezaul Hossain, Head of Dealer and Outlets Section of GrameenPhone, and ABM Kalam of Sonali Ash, exchange the document of a signed agreement, under which Sonali Ash Telecom of Chuadanga has been made an outlet agent of GrameenPhone.

— GrameenPhone photo

Greenspan pledges to fight inflation to prolong boom

WASHINGTON, Jan 28: Federal Reserve Chairman Alan Greenspan vowed to do all he can to keep the near-record US economic expansion alive and well, pleasing Senators who promised to support his re-nomination as central bank chief, says Reuters.

Appearing before the Senate Banking Committee, Greenspan did nothing to discourage the widely held expectation in financial markets that the central bank will raise short term interest rates modestly next week.

"Our challenge in monetary policy is to foster, as best we can, the financial conditions that will allow this economic expansion and technological revolution to continue as long, and as vigorously, as possible," Greenspan said.

His appearance comes less than a week before the Fed's next policy meeting, set for Feb 1-2. Most economists expect it to raise the key federal funds overnight lending rate by a quarter percentage point to 5.75 per cent to keep the economy from overheating.

Greenspan said experience had shown that price stability was key to maintaining prosperity and stability in the booming US economy, about to enter its 107th month of growth, surpassing the 106-month record set in 1969.

"Maintaining price stability also reduces the likelihood that imbalances could develop that would ultimately undermine economic expansion," he said.

Committee Chairman Phil Gramm, a Texas Republican, said he would "vigorously support" the re-nomination of Greenspan, 73, for a fourth term at the Fed. He was supported by other members of the panel, who lauded Greenspan's record since 1987.

Greenspan's reappointment is expected to meet with overwhelming approval, first from the committee and then from the full Senate, in votes set for Feb. 1.

Answering questions, Greenspan reiterated a long-standing warning that the booming US economy was running out of available workers, going as far as to suggest that the country's immigration laws should be relaxed.

The Fed has long worried that the nation's tight labour markets will stoke wage and price pressures.

But he also noted that the rate of productivity growth, which has helped to keep inflation down, had not yet shown any signs of slowing.

"There is really no evidence at this stage that the acceleration process has as yet shown early signs of cresting," he said.

FDI steady in Asia

UNCTAD analysts say

GENEVA, Jan 28: Foreign direct investment (FDI) in developing Asian countries rose one per cent last year despite fears of a large drop after the region's financial crisis, United Nations analysts said on Wednesday, reports Reuters.

In a report by the UN trade and development agency UNCTAD, they said investment prospects for Asia remained bright against a background of economic recovery, widespread liberalisation and economic restructuring — and China's expected entry into the World Trade Organisation.

The report said preliminary estimates showed 1999 FDI flows into Asia totalled some \$91 billion, though some countries did much better than others.

China, throughout the 1990s the top FDI recipient in the region, saw a drop of nearly eight per cent to a total of just over \$40 billion, said the report — to be presented in fuller form at UNCTAD's four-yearly summit in Bangkok next month.

Among the five countries most affected by the 1997 crisis, South Korea saw a boom in FDI of nearly 55 per cent to a total of \$5.8 billion, while Malaysia held steady at \$3.8 billion against \$3.7 billion in 1998.

UNCTAD said flows to Thailand, where the crisis began, were down 15 per cent in 1999 to a total of \$5.8 billion.

But this was due partly to the flattening of a wave of massive recapitalisation in the troubled banking sector which reached exceptional highs in 1998.

Oil prices decline

LONDON, Jan 28: Oil prices took a beating yesterday after Mexico's Energy Minister Luis Tellez reignited speculation that major producers could yet relax deep output curbs at the end of March, says Reuters.

International benchmark Brent settled down 51 cents at \$25.62 a barrel after Tellez said he believed crude oil producers would ensure the market did not remain tight after March 31.

"We will be very responsible in taking the proper measures so that there will not be a tight market and inventories could be restored after March 31 as they usually are," he said at the sidelines of the World Economic Forum in the Swiss resort of Davos.

Mexico, together with other non-OPEC producers such as Norway, is part of a deal with the Organisation of Petroleum Exporting Countries that has withdrawn more than five million barrels per day (BPD) of crude oil from world supplies.

Strong signs that the producer cuts will be extended from a planned end-March expiry had recently pushed oil prices to nine-year highs amid fears that consuming countries' stocks of spare oil were running dangerously low.

"The Mexican comments seem to show that it's not a foregone conclusion in March. It's going to be very choppy now until the OPEC meeting," said one dealer.

OPEC members are nervous that increasing supply in the second quarter, traditionally a slow demand season in industrialised countries will send prices crashing. The cartel meets to decide policy on March 27.

Chinese textile sector out of red

BEIJING, Jan 28: China's textile industry reversed its losing trend by earning profits one year earlier than targeted, today's China Daily reports, reports Xinhua.

The industry made a profit of 800 million yuan (96.4 million US dollars) last year, according to figures released Tuesday by the State Textile Bureau. The profits marked an end to a six-year losing stretch.

The state council had demanded the textile industry bail out of its loss-making bog in three years' time at the 1997 central conference on economy.

To improve efficiency in the industry, the textile sector also set a goal of eliminating 10 million outdated spindles and laying off 1.2 million redundant workers in 1998-2000.

More than 9.06 million spindles fell into disuse and 1.16 million workers were laid off by the end of 1999.

Elimination of surplus production capacity eased redundant construction in the industry, said Shi Wenping, vice minister of the State Economic and Trade Commission.

ROK per capita rice consumption down in '99

SEOUL, Jan 28: South Korea's per capita rice consumption dropped to a record low of 96.3 kilograms (213 pounds) last year, slightly down by 2.31 per cent from 1998, government officials said Thursday, reports AP.

"The decrease in rice consumption reflects a changing eating pattern. People consume less rice and more wheat, less grains and more meat," the National Statistical Office said in a statement.

The per capita rice consumption has been decreasing for decades, by an annual average 1.1 per cent in the 1980s and more than 2 per cent annually in the 1990s, it said.

The office said, however, the amount of per capita rice consumption is still almost 50 per cent larger than that of Japan and about 65 per cent larger than Taiwan.

Meanwhile, the nation's per capita consumption of grains recorded 108.9 kilograms (240 pounds) last year, down by 2.5 per cent.



Visitors at a stall at the 3-day Dhaka International Leather Fair 2000 that began at Sonargaon Hotel on Thursday.

— Star photo

Indian Airlines privatisation faces uphill task

NEW DELHI, Jan 28: The privatisations of India's state-run domestic carrier Indian Airlines could prove an uphill struggle, with private carriers cold to the idea of being a strategic partner with no management, says AFP.

"The government's decision to privatise is brilliant," said Yash Kohli of private Indian carrier Modiluft Ltd, which voluntarily grounded itself in 1997 due to a liquidity crisis, but hopes to resume operations this year.

"But, it has drawn up its privatisation plans without paying any heed to some basic and practical investor concerns," Kohli said.

The government took a cabinet decision on Tuesday to privatise Indian Airlines by shedding 51 per cent of its stake.

The cabinet said 26 per cent of the stake divested would be sold to a strategic partner, with the remainder going to Indian Airlines employees, financial institutions and the public.

"Indian Airlines will face difficulties in finding a strategic partner," Modiluft's Kohli said.

"No one will be willing to take a minority equity stake in the airline with the government still firmly in management control with 49 per cent equity."

India's two major private players in the domestic aviation market, Jet Airways and Sahara Airlines, seemed equally wary.

Indian Airlines is terrible overstuffed and bogged down with an ageing fleet," said a senior executive at Jet Airways.

A strategic partner will want to shake things up and bring in professional management. But you can't do that if the government only wants you on board as a moneybag."

No foreign airline would be allowed to bid for the 26 per cent equity, although expatriate Indians and overseas corporate bodies can bid for the stake.

Aviation expert G Ganapathy Subramaniam said that "with no strategic partner in sight" it was unlikely that the privatisation would be finalised before the government's deadlines of March 31, 2001.

Subramaniam said "downsizing and better profitability" would be necessary to make the equity more attractive.

Market analysts said the 25 per cent public offering may also run into difficulties.

"An Indian Airlines maiden share offering to the public will not find too many subscribers," said analyst Arjun Kapur of ARK Securities Limited.

"The state-run carrier suffers from a painful legacy of being sluggish. It will have to be more profitable to grab investor interest."

After making losses for three years in a row, Indian Airlines posted a net profit of 42 million rupees (977,000 dollar) against a budgeted loss of 100 million rupees in the five months to August 1999.

During the same period in the previous year, it made losses of 230 million rupees.

"Indian Airlines will have to show it can make consistent profits to convince small primary market investors to pick up its stock," said Kapur.

Yash Kohli of Modiluft said she hoped the move would be a precursor to the privatisations of the state-run international carrier Air India.

DESA Local Tender Notice

Memo No. PS-2/Pro-2/755 Dated: 17/1/2000

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Tender Documents will be available for inspection and purchase (through application) during normal office hours in any of the following offices:

a) Divisional Commissioner, Dhaka-Division, 1st 12 storied Govt. Building, Segunbagicha, Dhaka.

b) General Manager, Consumer's Services (North), Dhaka Electric Supply Authority, 75-Kakrail, Dhaka.

c) General Manager, Consumer's Services (South), Dhaka Electric Supply Authority, 12/1/A, Motijheel C/A, Dhaka.

d) Project Director, Greater Dhaka Power Distribution Project, House No 47, Road No 135, Gulshan, Dhaka.

e) Director, Procurement & Store Management Dte, Dhaka Electric Supply Authority, 1, Abdul Ghani Road, Dhaka-1000.

f) Secretary, Dhaka Electric Supply Authority, 1, Abdul Ghani Road, Dhaka.

The cost of Tender Documents (non-refundable) shall be paid through Pay Order/Demand Draft issued by any scheduled local bank favouring Director, Finance & Accounts, DESA. Tender Document shall be obtained personally and DESA will not take any responsibility for sending Tender Documents to anybody.

Tenders shall be received in the abovementioned offices on the specified date up to 11:30 hrs (BST) and tenders received will be opened publicly on the same day at 2:30 hrs. (BST). Late tenders, if any, shall summarily be rejected.

DESA reserves the right to accept or reject any or all bids at any stage without assigning any reason thereof.

DFP-1457-24/1
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