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# The Daily Star BUSINESS

DHAKA, MONDAY, APRIL 3, 2000

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## BFFEA calls for extended govt support

Speakers at the 15th annual general meeting (AGM) of Bangladesh Frozen Foods Exporters' Association (BFFEA) yesterday urged the government to extend financial support and allocate *khash* land for the shrimp exporters and cultivators to enhance export earnings in the frozen food sector.

They further urged the members of the Association to strictly maintain the quality of exportable frozen foods for fulfilling the conditions of the foreign buyers.

Held at the BFFEA office, the AGM was chaired by President Kazi Shahnewaz and addressed, among others, by Vice President Salahuddin Ahmed, M Feridun Alam, Secretary General M Amin Ullah, Joint Secretary General Azizur Rahman, Mahmudul Hasan, Convenor of Chittagong and Khulna regions Maqsoodur Rahman and Abdul Khaleque Sarker, members of the Executive Committee Kazi Belayet Hossain, MMA Salam, Musa Meah, MA Sattar, Ashim Kumar Barua, Fozz Ahmed Siddique, Nazir Ahmed, Export President Md Golam Mostafa and members H M Humayun Kabir, Kazi Monirul Haq and Shakawat Hossain.

At the meeting, the members of the Association had three-hour discussions on the prevailing problems and called upon the concerned bodies including government agencies to come forward for assisting this second largest export earning sector.

In the morning session, an extra general meeting was held for amendment of the existing constitution chaired by the BFFEA President Kazi Shahnewaz.

## PwC partners hold review meeting

The annual review meeting of the partners of PricewaterhouseCoopers International (PwC) and its associated firm in Bangladesh, A Qasem & Co, was held in the city recently.

Neil Payne of the PwC, London office, headed the team of global partners, says a press release.

During the two-day meeting, the partners reviewed and assessed the range of tax, legal, audit, IT and business advisory services presently being provided in Bangladesh to its increasing portfolio of major local and multinational companies and donor agencies.

The partners also reviewed matters of mutual interest and future plans.

PwC, after the merger of Price Waterhouse and Coopers & Lybrand in July 1998, has now emerged as the largest service provider in the world. It has a representation of over 150,000 partners and staff in more than 150 countries.

The global network of PwC provides audit and business advisory services, IT Audit and risk management, management consulting services, tax and legal services, global HR solutions and business process outsourcing to its clients.

## Discussion on banking sector Wednesday

A discussion on banking sector will be held at Jatiya Press Club at 5.15 pm on Wednesday, says UNB.

Bankers Forum will organize the discussion. President of Bankers Forum M A Khalek will preside over the discussion while FBCCI President Abdul Awal Mintu will attend it as chief guest.

President of Bangladesh Economic Association Dr Wahiduddin Mahmud will be present as special guest.

Chairman of Bangladesh Association of Banks Zafar Ahmed Chowdhury, Chairman of Dhaka University Economics Department Abu Ahmed, Secretary of Bangladesh Economic Association Dr Devapriya Bhattacharyya and Daily Star Editor Mahfuz Anam will take part in the discussion.

## Auctioneers doing brisk business in Thailand

BANGKOK, Apr 2: Auctioneers have become a way of life in Thailand, perhaps proving that recession as much as necessity can be the mother of invention, says AP.

Computers and condominiums, rare paintings and racy cars are among the items going before the hammer as Thai try to climb out of an economic crisis.

Experts say the auctions have helped kick-start a recovery among provided consumers with cash some real bargains. "Auctions are a new choice for consumers. ... The buyers dictate the market price," said Kritika Kongsompong, one of the owners of the Union Auction Company.

Auction fever began when the financial sector Restructuring Authority, a specially-formed government agency, started liquidating the assets of 56 finance firms.

## Bid to address allegations against co statements SEC alters its Securities and Exchange Rules

Star Business Report

To address the allegations against financial statements of the publicly-traded companies and restore transparency and accountability in the accounts of these firms, the Securities and Exchange Commission (SEC) has made a number of changes to its Securities and Exchange Rules, 1987.

Under the new changes, the listed companies will have to have their financial statements audited by partnership chartered accountancy (CA) firms having at least seven years of experience.

A CA firm will fail to qualify to audit a company if any of its partners are found to be associated with the issuer firm, holds securities in his own name, the

name of his spouse or any other relatives and employees, the amendments said.

"The statements shall have to be prepared in accordance with the International Standard of Auditing applicable in Bangladesh," the amendment said.

Under the new alterations, the financial statements may also be audited by an auditor appointed by the Securities and Exchange Commission (SEC), if the regulators feel the need in the public interest.

"And the auditor appointed shall prepare the report in the form specified by the SEC and send it to the Commission within the given time limit,"

the changes said, adding that "the fee for such audits and all other expenses in this connection shall be borne by the issuer."

The changes also call for getting the statements audited within 120 days of the company's financial year-ending date. "And the statements have to be submitted to the SEC and the stock exchanges within 14 days."

The new amendments also say that within a month of the first half-year close, all issuers will have to submit a copy of the six-monthly financial statement, which will again be prepared in the same form of annual financial statement.

## India plans to ape Chinese special economic zones

NEW DELHI, Apr 2: India is looking to ape China's successful trade model of special economic zones (SEZs) to boost exports, but analysts say red tape and a woeful infrastructure will smother the initiative in its infancy, reports AFP.

Unveiling his trade policy for the fiscal year beginning April 1, Commerce and Industry Minister Murasoli Maran said Friday that the government planned to launch SEZs modelled on zones like Shenzhen and Zhuhai which drove China's economic growth in the 1990s.

"To boost exports, I am proposing the establishment of special economic zones, such as is prevalent in China, in different parts of the country," Maran said.

The zones would be treated as if they were outside India's customs territory, allowing the duty-free import of capital

goods and raw materials. But, unlike in China, domestic labour laws would still operate.

The first such zone is scheduled to be launched soon in the western state of Gujarat by a private company in conjunction with the state government. Sumitomo Corp of Japan and the Singapore government will also be involved.

Exporters and analysts, however, are sceptical about the feasibility of the project.

K K Jain, vice-president of the Federation of Indian Export Organisations, said the zones could only deliver if India's bloated bureaucracy revamped decision-making procedures.

"It is a good idea provided it is in a fast forward mode. But all these will remain mere policy statements unless the attitude of the government changes drastically," Jain told AFP.

"What we lack is vigorous implementation. Even in a communist-ruled state like China they have put in place a hire and fire policy in the economic zones, I doubt whether India can do that."

Jain said the project would get tangled in red tape, with Maran obstructed from rival departments, such as the Labour Ministry, Planning Commission and Finance Ministry, in getting clearance for the concessions promised for investors in the zones.

China attracted more than 45 billion dollars of foreign direct investment in 1997 compared to India's 4.57 billion dollars.

India already has more than two dozen Export Processing Zones and Free Trade Zones, which have suffered from poor roads, telecommunications and inadequate port facilities.

## BB T-Bill auction held

The 82nd auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year Treasury Bills were held yesterday, reports UNB.

A total of Tk 1,607.50 crore, Tk 237.50 crore, Tk 146.50 crore, Tk 102.00 crore were offered respectively for the 28-day, 182-day, 364-day and 2-year bills.

Of these, Tk 1,475 crore, Tk 218 crore, Tk 59.50 crore and Tk 61.00 in total of Tk 1,813.50 crore of 28-day, 91-day, 182-day and 364-day bills were accepted respectively.

The range of the implicit yields of the bills was 6.00-6.07 per cent, 7.15-7.34 per cent and 7.75-7.83 per cent and 8.50-8.56 per cent per annum respectively, according to a Bangladesh Bank press release.

Due to maturity of the bills, the total amount of Tk 1,315.50 crore will retire in the current week, it said. So, the net amount of the issuing bills will stand at Tk 198.00 (Tk 181.50 - 1,315.50) crore in this week.

## Dutch-Bangla Bank profits increase

The net and operating profits of Dutch-Bangla Bank Limited, a joint venture banking company, increased by 311 per cent and 191 per cent respectively during the year 1999 over the previous year, says a press release.

The bank made an operating profit of Tk 105.70 million and net profit of Tk 86.44 million last year.

These were disclosed at the fourth annual general meeting of the bank held at its head office at Sena Kalyan Bhaban in the city recently.

The meeting, presided over by Mohammed Sahabuddin Ahmed, Chairman of the bank, was attended by Nico K G Pijl, Regional Manager (Asia), Gerrit M van Kampen, Senior Investment Officer, representative of the Netherlands Development Finance Company (FMO), Abedur Rashid Khan, Md Abdus Salam, shareholders, and Bazle Mawla, Managing Director-in-charge of the bank.

The meeting approved the annual audited accounts of the company for the year ended December 31, 1999. While approving the auditors' report, the shareholders, especially the FMO representative, expressed satisfaction over the performance of the bank during the year under reporting. The Chairman thanked the FMO for their support for the bank.

Considering the bank's performance, shareholders agreed to inject fresh equity. It was also reported at the AGM that the classified loan was only 0.40 per cent of the total loans and advances while the total provision was Tk 24,731 (specific - Tk 2,009 million and general - Tk 22,722 million). The shareholders expressed their deep satisfaction at the remarkably low rate of classified loan.

The meeting in recognition to the performance of the bank management decided to distribute 2.5 per cent of the profit of the company for the year to the employees.

## UK world's 4th largest economy

LONDON, Apr 2: The United Kingdom economy has powered ahead to become the fourth largest economy in the world, behind only the United States, Japan and Germany, says UNB.

Figures released by Eurostat, the European Union statistical agency, showed the UK's gross domestic product at market prices grew to 822 billion pounds sterling in 1999, says London Press Service (LPS).

## DHL wins two Asian Freight Industry Awards

Recognised by over 13,000 industry insiders and customers throughout the Asia-Pacific region, DHL Worldwide Express was named "Best Express Service" and the "Best Warehouse Operator" at the prestigious Asian Freight Industry Awards (AFIA) 2000, says a press release.

DHL is the only company to have won the award since AFIA was inaugurated in 1987. It is the only company to have won a category for 14 years running across all the categories and companies judged.

Commenting on the accolades, Douglas Lewis, Commercial Development Director, said "We are honoured that AFIA, our customers and our industry peers have again acknowledged our commitment to service excellence and our continuous effort in providing our customers with the tailored and enhanced air express services they need. Most of all, this is an award for every employee at DHL, they make things happen and they are the people who truly should be recognised."

The Asian Freight Industry Awards is organised by Car-gonews Asia, the leading industry multi-modal magazine in Asia.

## Yen surge seen boosting S Korean exports

SEOUL, Apr 2: The yen's rebound provides a boost for the heavily export-oriented South Korean economy, but the crisis-hit economy is still faced by uncertainties both at home and abroad, economists said today, reports Reuters.

They said the yen's JPY rebound on the back of Japan's economic recovery would help Korean exports regain some of the price-competitiveness that was lost as a result of the won's appreciation.

"The yen's rebound will help Korea's exports but a slowing import demand in the United States will erode the trade balance because Korea's import demand is steady," said Kim Young-ick, chief economist at the Daishin Economic Research Institute.

The yen lost some eight per cent of its value against the dollar in the first two months of

the year, but has since recovered most of that loss since February 24.

It is the most closely watched currency in South Korea, whose exporters compete intensely with their Japanese counterparts.

The Korean won gained 7.4 per cent in value against the yen in the first two months of this year but has lost 3.6 per cent since then as the yen rebounded versus the dollar.

The yen's rebound and the easing international crude price should help South Korea achieve this year's trade surplus target of \$12 billion, down from \$23.93 billion in 1999, government officials and economists said.

"I think Korea will be able to achieve the trade surplus target as the yen is strengthening and the crude price is stabilising," said Kim Sung-shik, economist

at the LG Economic Research Institute.

High crude prices have been blamed for exaggerating the value of South Korea's imports as the country imports all of its crude oil.

"The yen and crude will remain the main variables, but I think they are moving in favour," Kim said.

Finance Minister Lee Hun-jai last Wednesday expressed confidence the country would attain the surplus target, and the Commerce Ministry said on Saturday the monthly trade surplus would begin expanding from the second quarter.

South Korea on Saturday posted a provisional trade surplus of \$382 million for March, down sharply from both a month and a year earlier as imports soared to power the economic recovery.

## 15TH ANNUAL GENERAL MEETING MARCH 31, 2000



BFFEA President Kazi Shahnewaz, Vice President Salahuddin Ahmed and Secretary General M Amin Ullah are seen at the 15th AGM of the Association yesterday. — BFFEA photo

## HSBC makes \$10b bid for Credit Commercial de France

LONDON, Apr 2: The British banking group HSBC Holdings PLC announced Saturday that it has made a \$10.5 billion bid for Credit Commercial de France and that the board of the French bank had unanimously recommended the offer to its shareholders, says AP.

The offer is for the purchase of all outstanding shares of the French bank at a price of 150 euros (\$144) per share in cash or, as an alternative, 13 shares of HSBC for each Credit Commercial share, valued at approximately 160 euros (\$154) each.

HSBC said the acquisition would give it a "significant base for operation in the Euro-zone," and bring relationships with most major French companies. ING Group of Amsterdam, with 19.05 per cent of Credit Commercial's shares, announced its support for the bid and said the sale of its shares would produce a profit of approximately 900 million euros (\$864 million) before tax.

In December, ING, the Netherlands' largest financial services company, offered \$10.1 billion for Credit Commercial de France but withdrew the bid after the French bank failed to embrace it.

HSBC said the other major shareholder, Swiss Life with 15 per cent of shares, has committed to accept its offer in exchange for shares of HSBC.

HSBC said that it had agreed also to acquire, for cash, the Credit Commercial share holdings of KBC Bancassurance/Kredietbank Luxembourg. The Taiyo Mutual Life Insurance Company, Lafarge and SMABTP — amounting in aggregate to 24.3 per cent of the French bank's share capital.

HSBC said that the aggregate value of HSBC's cash offer is approximately 11 billion euros (\$10.5 billion).

Credit Commercial's headquarters will remain in Paris "and its board and management will continue to direct its affairs," the statement said. Credit Commercial has 650 branches in France and has funds under management of 57 billion euros (\$55 billion), HSBC said. It is a leading foreign bank in Brazil and Egypt.

For HSBC, the acquisition "represents a unique opportunity to build a platform in the Euro-zone, where we have been under-represented," said HSBC Group chairman Sir John Bond. "It will also significantly increase our wealth management business..." and expand our ability to meet the needs of our global corporate and institutional clients.

Charles de Croisset, chairman of Credit Commercial, said the transaction was "the result of extensive and friendly discussions, which have allowed us to reach agreement on a clear and concerted plan."

Even though underlying market fundamentals are not likely to be adversely affected by political events, the prospect of an early poll could increase market volatility and may scare dominant retail investors away.

Firms wanting to tap the market for funding could also be hit as foreign investors remain cautious, the statement said.

The stock market, despite lax sentiment brought on by the absence of glamorous Internet plays wooing investors in places like Hong Kong and Singapore, has been one of the few sources of funding for companies wanting to expand or recapitalize large debts.

Banks are still struggling to come to terms with massive non-performing loans, and are unable to offer significant lending, a substantial brake on recovery.

In the long term, many observers feel that sentiment on the Thai market can only improve, especially given the recent landmark ruling that the country's most indebted firm, Thai Petrochemical Industry, is insolvent — clearing the way for debt restructuring across the economy.

Ma... see the Sanan resignation as a watershed for efforts to Thai politics of the corrupt, and shady dealings which have scarred public life for decades.

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## Thai economic outlook positive despite political turmoil

BANGKOK, Apr 2: Thailand's economic recovery will survive the trauma of the scandal which forced the resignation of a key senior minister, but mounting political uncertainty could stymie firms looking to fund expansion on the stock market, analysts say, reports AFP.

The stock market absorbed the resignation of powerful Interior Minister Sanan Kachornprasart last week without serious consequences but with elections looming before November more political uncertainty could further damage limp market sentiment.

ABN AMRO Securities analyst Paulool Rachniyom said investors sold shares but in low volumes after the resignation announcement on Wednesday.

The interior ministry position is not a key cabinet position as compared to the "name" minister, whose resignation would undercut the market, he said.

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"If the Sanan case affects the market at all, it will be positive, because it shows more open governance, a crackdown on corruption, that Thailand is not ruled by the same faces any more," said Philip Atkins of Seamco Securities.

"As long as the corruption allegations do not affect important people in the finance ministry or the Bank of Thailand, it will not be a consideration for investors," said another analyst.

SG Asia Credit predicted that election-related volatility will be an opportunity rather than a threat for the long-term investor.

Whatever the election outcome, Thailand will have a multi-party coalition government led either by the Democrats or the new Thai Rak Thai Party (TRT), headed by tycoon Thaksin Shinawatra, the statement said.

In the former case, Democrat policy continuity would be assured and in the latter, investors can still expect generally business-friendly policy from the TRT party.

## Civil servants to get 600pc more in wages Pay hike fuels fears over Myanmar economy

YANGON, Apr 2: Myanmar's decision to grant wage hikes of up to 600 per cent to civil servants has raised new fears about the military's ability to manage a chaotic economy which foreign experts say is already on the verge of collapse, reports AFP.

The pay rise for 1.5 million soldiers, civil servants and state and public services employees came into force from yesterday, covering eight per cent of the workforce.

Although the new scheme was never announced officially it last week sent the price of the local currency, the kyat, to 345 to the dollar on the black market, compared to its normal rate of around 330.

The currency has since settled down but there are still fears that the new rush of money into the economy could spark rampant inflation and put basic commodities out of reach of those who do not qualify for a raise.

The heavy handedness of the move has dismayed many observers who were relieved that inflation slowed from a punishing 49 per cent in 1998-99 to 23.8 per cent by last October.

Western economist in Yangon.

The wage hike means that an advisor to the government currently paid 2,000 kyats a month, will now get around 12,000 kyats. An army captain who earns 1,200 kyats will get 6,000 or 7,000 kyats.

Observers said that the government may try to ease the consequences of its unskillful action by intervening again to keep prices down — a strategy many believe would be doomed to failure.

A common complaint about the generals who rule Myanmar is that they have little or no idea how to run an economy.

The result is a primitive and informal system propped up by barter and a pervasive black market in everything from currency to gasoline.

"There is no indication that they are taking the (economic) problems seriously... they have lost perspective," said a Western diplomat here.

Bank back because their report has some wrong information, they have not come yet but we have to work together," a government spokesman told AFP.

Physical signs of the decaying economy are obvious.

Power cuts are a daily headache for residents of Yangon and other cities and prices rise and fall dramatically throughout the year.

Foreign investment has all but dried up owing to the Asian financial crisis and the stigma attached to investing in a country blamed by the West for gratuitous human rights abuses.

In new blows to the junta this week, American oil services firm Baker Hughes and a Thai department store owner withdrew investments in the country.

But while few people praise the junta's economic management, some say it was forced to do something about the appalling wage packets offered in the public sector.

"If they don't do it, things can only get worse," a Yaungon resident told AFP, pointing out that regular fluctuations in the inflation rate and exchange rates are already a hardship for ordinary people here.

A World Bank report which last year warned the junta that political reform was the only route to a functioning economy was dismissed as "exaggerated and inaccurate" by Myanmar's economic minister.

"We have invited the World