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# The Daily Star BUSINESS

DHAKA SUNDAY MAY 7, 2000

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## RDRS Bangladesh to get EXPO 2000 award

RDRS Bangladesh has been nominated for award for its 'Integrated Homestead Farming' one of 126 selected international projects for the EXPO 2000 to be held in Hannover, Germany, in June, reports BSS.

Rangpur-Dinajpur-Rural Service (RDRS) Bangladesh, one of the oldest foreign-aided NGOs operating in the northern part of the country, has been invited to the inaugural session and other events during June 17-21 exhibition, a press release said.

The award is in recognition of RDRS's success in the competition for demonstrating an innovative project to the world, the organisation said.

The Integrated Homestead Farming Project is a combination of intensive home gardening, poultry, dairy and fishery activities on small homestead areas in rural Bangladesh where people are very poor and near-landless. The project is aimed at increasing food production and ensuring food security at the household level, the press release added.

## China may allow int'l yuan bond sale

CHIANG MAI, Thailand, May 6: China may ask the Asian Development Bank to sell bonds denominated in the yuan, an important step towards making the Chinese currency more international, Finance Minister Xiang Huaicheng said Saturday, says AP.

Speaking to reporters on the sidelines of the Manila-based bank's annual meeting in this northern Thai city, Xiang said that no decision had been made yet, but the issue was "under careful study in China at present."

The ADB has been a path-breaking force in helping developing Asian nations set international market benchmarks for their own bonds.

Although an issue in the Chinese currency wouldn't necessarily require Beijing to make the yuan fully convertible, it would be step in that direction.

## Continental Insurance vice president

S M Abu Mohsin has been elected Vice President of Continental Insurance Ltd.

A prominent businessman, he is the director of Mozafer Group.

Mohsin has been associated with business for 20 years, says a press release.

He has extensively travelled in UK, USA, Canada, Hong Kong, Singapore, Thailand, the Philippines, Indonesia, Malaysia and India.

## New Joint MD of AB Bank

Abu Haniff Khan has recently been appointed as Joint Managing Director of Arab Bangladesh Bank Limited, says a press release.

Haniff Khan, a high-profile banker, was Deputy Managing Director of the bank before taking his new assignment.

He started his banking career with the then Eastern Banking Corporation Ltd (now Utara Bank Ltd) way back in 1965 after graduating from the University of Dhaka. During his long career spanning over 34 years, he worked in many important positions of the bank.

Abu Haniff Khan joined Arab Bangladesh Bank Ltd in its formative years and is one of those who contributed significantly to its growth. He has worked as the chief of Credit Division, Financial Control, Operation Division and Administration Division for long time.

Khan's long career is also ornamented with a number of training programmes attended both at home and abroad.

# Bangladesh losing in int'l business

Chronicle says terms of trade have always been disfavoured

By Inam Ahmed

In a purely worrying trend, Bangladesh has been continuously losing in international business with the terms of trade always going against it.

The country has however managed to raise its export earnings every year, but that too at the cost of product prices which have been going downhill over the years. On the other hand, it has to pay more and more for the same products in a losing global trade environment.

In the last five years alone, the country's import price index has overtaken its export price index by a great point margin.

pushing trade terms against Bangladesh.

According to Planning Commission figures, the export price index was 120.8 in fiscal 1994-95 while that of import stood at 120.7. With such export and import performances, the country's terms of trade stood at 100.1 point.

The very next year, the terms of trade went down to 99.5 with the import price index (129.5) overtaking the export price index (128.9).

The situation even took a grave turn in fiscal 1998-99 when the export price index stood at 140.6 while import

price index got riveted at 145, pushing the terms of trade estimation down to 97 point.

The Planning Commission projection shows that trade terms would further go against Bangladesh's favour by dipping to 89 in fiscal 1999-2000.

Since 1997-98, the export price index has been stagnated around the 140-point level while the import price index has steadily gone up from 137.9 to a projected 158 in fiscal 1999-2000.

"The increase in unit price value contributed only 0.32 per cent to export growth compared to 6.62 per cent from the rise in

export volume," said Dr Mustafizur Rahman of CPD.

"This implies that the weak growth rate in prices of our principal exports has to be increasingly compensated for by an ever-increasing volume of exports. The unit prices of only two export commodities, i.e. chemical fertiliser and leather, have shown any visible increase during the first seven months of the current year."

While Bangladesh is losing on the price side, its export growth is also under strain now. Exports registered a weak 6.8 per cent growth in the first seven months of this fiscal

year.

"The growth rates appear to be further pale if the relatively low growth base of FY1999 is taken into account," he said. "It is also of some concern to note that export of women readymade garments, which still accounts for 54 per cent of the total exports from Bangladesh, registered a growth of only 1.3 per cent during the first seven months of FY2000, which came at the heels of the relatively low 5 per cent growth achieved in FY1999."

"As a matter of fact, prices of exports from most of the LDCs

have stagnated in recent years," Dr Mustafiz said.

"Failure to move up the value addition chain has been one of the key underlying factors here. Technology is fast becoming the key ingredient of global competitiveness. Thus, only through technological bettering of the cheap labour used in our principal export industries could the low wage-related comparative advantage enjoyed by Bangladesh be translated into productivity-induced competitive advantage needed to expand our engagement in the global market," he observed.

## Grindlays acquisition to add 4 nations to SCB network

StanChart Group executive director says

Star Business Report

Christopher Castleman, Group Executive Director of Standard Chartered Bank (SCB), said that the acquisition of Grindlays Bank would add 6,000 employees and 4 countries to Standard Chartered's existing network of 27,000 employees and 570 offices in 50 countries.

Christopher Castleman was addressing a joint meeting of the managers of Standard Chartered and Grindlays Bank in Bangladesh at a city hotel on Thursday.

He briefed the audience on the background and various other aspects of the recent acquisition announcement.

Christopher said that although the acquisition would bring a lot of values as well as challenges to Standard Chartered, the prize of being the premier international banking business in the Middle East and South Asia is worth it.

He reiterated Standard Chartered Bank's commitment to emerging markets and said Grindlays would be a perfect strategic fit for it.

Christopher further said that the integration approach would recognise that there is plenty for all. The speed of the integration will be geared to realise business potential and minimise disruption to customers.

The integration will be comprehensive and managed as a distinct process, he said.

Meanwhile, the Business As Usual (BAU) will keep on going to provide uninterrupted cus-



Christopher Castleman, Standard Chartered Bank (SCB) Group Executive Director, addresses a joint meeting of SCB and Grindlays Bank at a city hotel Thursday.

tomers service and to deliver the desired results. Task forces will be established as temporary teams so as not to divert from BAU. The primary goal of the integration will be to combine the best of both companies, and put the right people in the right jobs on the basis of fairness and equitability.

Christopher, who had arrived in Dhaka on Thursday, departed for London on Friday. During his visit, he met with Finance Minister Shah A M S Kibria, State Minister for Foreign Affairs Abul Hasan Chowdhury and Bangladesh Bank Governor Dr M Farahuddin.

## Budapest congress finds global economy as opportunity

### ICC reaffirms its readiness to work with govts

Star Business Report

The three-day world congress of International Chamber of Commerce (ICC) has ended with the adoption of Budapest business declaration entitled "The global economy: An opportunity, not a threat," says an ICC Bangladesh press release.

The declaration reaffirmed ICC's readiness of business to work with governments in dispelling fears and misconceptions about the global economy.

ICC President Adnan Kassas issued the declaration.

The declaration said: "Business accepts that it has an indispensable role to play, together with governments, in explaining the benefits and opportunities that flow from the global economy and a readiness to adapt to change."

Speakers at the Congress expressed concern at the wave of protests against globalisation and trade liberalisation that has been a feature of recent meetings of the World Trade Organisation in Seattle and the World Bank and International Monetary Fund in Washington, as well as in London and other capitals.

WTO Director General Mike Moore, commenting on the demonstrations in Seattle, said the world's poor were the real losers there. "Without trade and the faster growth it can bring, they have little chance of escaping from their poverty." Other speakers variously described

## Foundation course for City Bank officers begins

The foundation course for the probationary officers of The City Bank Limited was inaugurated by Khondaker Ibrahim Khaled, Deputy Governor of Bangladesh Bank, in the city yesterday, says a press release.

Mohammad Faiz, Managing Director of the bank, delivered address of welcome. A H M Nazmul Quadir, Executive Vice President of Administration and Training Department, and Badruddin Ahmed, Course Director, also spoke on the occasion.

Khondaker Ibrahim Khaled urged the trainees to implement the lessons in their practical life. Mohammad Faiz assured that more training course would be arranged by the bank for the officers. Secretary of the bank Manash Kumar Ghosh was present on the occasion. Syed Aminul Islam, Assistant Vice President of the Training Institute, conducted the opening ceremony of the course.

the protests as street theatre and a wake-up call for business and governments.

All countries can and must participate in the gains from globalisation, though the least developed required technical and financial assistance to en-

large their capacity for doing so, ICC said. The declaration noted that the absence of political conflict was a precondition for local entrepreneurship to flourish and for foreign business to invest.

ICC said that increased reliance on free enterprise, open markets and competition implied less detailed governmental regulation. "At the same time, an orderly, stable society able to prosper economically from private entrepreneurship requires a framework of essential rules administered impartially by strong, efficient and transparent government—the essence of good governance."

The Budapest Business Declaration called for a new partnership between business and governments to develop the necessary legal and regulatory framework to enable business and consumers to take full advantage of the progress of communications and computer technologies.

"Because of the fast-moving technology in this area, technical and regulatory standards and solutions should be primarily developed by the private sector," the declaration said.

"The essential role of governments is to establish a flexible and internationally consistent legislative and institutional framework. Within such a framework, business can push forward with technological innovation," it said.

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## Move to boost e-commerce communication network

### Govt to set up high-tech park near Talibabad

The government is going to set up a high-tech park near the Talibabad Earth Satellite Station to develop communication network for boosting e-commerce, says BSS.

The announcement came from Science and Technology Minister M Noor Uddin Khan while inaugurating a day-long seminar on "Business in this millennium — a new horizon in Bangladesh", organised by Asian University of Bangladesh (AUB) at BIAM auditorium in the city yesterday.

The minister said e-commerce is doing business online turning the world into a global village. Educational institutions must put all-out efforts in educating people about e-commerce and information technology, he added.

Referring to India's annual average of \$ billion US dollars software export, the minister said the opportunity for Bangladesh has now created to exploit the burgeoning software market around the globe.

The minister said the government is keen to flourish science and technology, especially IT sector to cope with the challenges of globalised trade system. Trade and commerce is now seriously linked with the e-commerce, he added.

Presided over by AUB Vice Chancellor Prof Abul Hasan M Sadeq, the inaugural session was also addressed by IBA Director of Dhaka University Prof Nurur Rahman, AUB Pro-VC

Prof Quazi Din Mohammad, Exim Bank official Iftakhar Ali Khan and Dean of School of Business of AUB Dr M Jahirul Hoque.

Executive Director of Axiom Technologies Ltd Rizwan Bin Farouq, Former BCI President Sharif M Afzal Hossain and Managing Director of Expeditors Bangladesh Ltd Syed Ershad Ahmed presented keynote papers in the business session.

In his paper on "e-Commerce-Business of the New Millennium," Farouq said e-commerce eliminates non-digital middlemen, reduces the cost of distribution, makes time and distance immaterial and lowers the cost of production that benefits the consumers ultimately.

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## Duisenberg's direct address to citizens

### ECB allays Europeans' fears over ailing euro

FRANKFURT, May 6: The European Central Bank appeared to succeed yesterday in its gamble to tackle the current crisis in confidence in the 16-month-old euro head on by assuring Europe's citizens directly that the currency was a strong one, says AFP.

In an unprecedented move, ECB president Wim Duisenberg issued a statement, addressed directly to European citizens, in which he attempted to calm the fears about the single currency, which has fallen more than 23 per cent in value against the dollar since its launch on January 1, 1999.

The current development of the euro's exchange rate has given rise to questions from European citizens who are concerned about the value of their currency," Duisenberg said in the statement.

"To them I would like to say the following: I understand their concerns, since a persistently lower euro exchange rate might ultimately lead to higher prices in the shops. It may also undermine the perception of the euro as a stable currency. Therefore, we at the ECB monitor the euro exchange rate very closely."

Citizens "should feel reassured by the fact that prices are currently stable in the euro area," Duisenberg continued.

"This internal stability of the euro means that people can be confident that their savings and pensions will keep their value over time."

In order to counter risks to price stability, the ECB had increased euro-zone interest rates four times over the past six months, Duisenberg said.

The bank "will continue to

do all it can to maintain price stability in the euro area. This will also help to turn the current economic upswing into a long period of high economic growth and falling unemployment."

"European citizens can be assured that the future of the euro is that of a strong currency, based on price stability and the strength of the European economy," he said.

The ECB chief's ploy seemed to have worked, at least for the time being, because by Friday afternoon, the euro had risen above the 0.90 dollar level again, compared with 0.8903 shortly his statement was released.

The exceptional nature of such Duisenberg's statement was proof enough of the gravity of the latest decline in the euro

in the eyes of the central bank.

The currency certainly appears to have been the object of a witchhunt on the financial markets in recent weeks, with no-one able to provide a compelling reason for the merciless sell-off.

Already on Thursday, French prime minister Lionel Jospin called for international cooperation to prop up the euro, which he insisted failed to reflect the strength of Europe's economies.

And the governor of the Bank of France, Jean-Claude Trichet, also appeared to issue a veiled threat when he said that market participants would realise "with our help" that the present exchange rate was out of line with fundamentals.

The combined force of the comments by Jospin, Trichet and Duisenberg helped fuel

speculation that the ECB would soon be intervening directly on the world's foreign exchanges to prop up the ailing currency.

But analysts were sceptical about the long-term effects of either verbal or direct intervention.

Industrial Bank of Japan economist Eckhardt Schulte, said: "I don't think much of Duisenberg's statement. It only heats things up even more. I don't think it makes much sense. In fact, it's exactly what we don't need at the moment" because it could be read as a sign of panic.

And Hans-Juergen Meltzer at Deutsche Bank Research doubted whether the ECB would follow up the comments with real intervention.

"Of course, intervention is an option which is being

thought about. But it would have to be a concerted effort with, above all, the US. And at current levels, the US would not be willing to participate," he said.

In fact, it often serves to fuel speculative attacks against a currency, because individual central banks do not have sufficient reserves at their disposal to block massive international capital flows.

Meanwhile, the influential speculator George Soros, who in 1992 led an onslaught that drove the pound out of the European monetary board, said it was time for the ECB to intervene.

"I personally think that the European Central Bank ought to intervene," Soros told a group of US journalists.

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## Cruelty to animal

### US-based group threatens Indian leather industry with lawsuits

BOMBAY, May 6: A US-based group yesterday threatened India's leather industry with costly lawsuits if it continued with the cruel treatment of cattle before their slaughter, says AFP.

"The Indian leather industry should take tangible, definable steps toward ending unnecessary suffering and cruelty on cattle killed for leather," the People for the Ethical Treatment of Animals group said in a statement here.

The group's president Ingrid Newkirk urged India's export industry to "stop misinforming the public with blatantly fraudulent claims that a major source of Indian leather comes from cattle dying natural deaths."

The reckless use of such fraudulent information is not only an insult to your consumer, but dangerous," she said.

The group warned of consumer fraud lawsuits if the industry "continues to misrepresent the origin of its goods."

It claimed that official statistics available here indicate that India's leather industry was valued at 10 times more than its meat export trade.

"This means many Indian cows and buffaloes suffer cruel slaughter only for their skin, making meat a by-product of leather, rather than the other way around," the United States-based group said.

The group also claimed that its overseas campaigns against Indian leather products has resulted in the cancellation of import orders by three US firms.

## TigerIT.com launches web, software services

Northern Virginia-based TigerIT.com has announced the launch of its web and software development services, says a press release.

TigerIT.com provides web and software development services to US clients utilizing its data centre in Dhaka, Bangladesh.

Joseph Fuisz, Chairman, president and CEO, commented: "The dearth of IT professionals in the US has made web and software development into a costly, slow and frustrating process. Meeting the IT needs of tomorrow will require new supplies of talented and driven IT professionals. Our state-of-the-art campus in Dhaka, Bangladesh coupled with our corporate headquarters in the Northern Virginia Technology Corridor are already serving a number of high-profile US companies. We will aggressively expand that roster of clients."

Ziaur Rahman, President of international operations, commented: "Our proprietary Tiger Client System ensures that our data centre works in perfect tandem with US-based Project Leaders to meet the needs of our US clients. Additionally, through TigerIT.com's alliance with Spectra Solutions Limited (SSL-IDT.com), Bangladesh's largest Internet Service Provider, we enjoy maximum internet connectivity. Our programmers, carefully culled from the top 2 per cent of their graduating classes, are among the most talented in the world."

TigerIT.com is a portfolio company of St James Holdings LLC. Other St James Holdings' companies include Unipharm Technologies Limited, a leading drug delivery company and Seed Internet Ventures Inc, a leading internet incubator with fourteen current offsprings including BidXS.com and 3pmp3.com.

## 4 more cos plead guilty in vitamin price fixing conspiracy

WASHINGTON, May 6: Two US and two German drug companies pleaded guilty and will pay \$33 million in fines for participating in a conspiracy to fix the price of vitamin B3 worldwide, the Justice Department said, reports AP.

In criminal cases filed Friday in US District Court in Dallas, the department charged that Nepera Inc, based in Harrison, New York, and Reilly Industries Inc of Indianapolis conspired with others to raise and fix the price and control the supply of vitamin B3, also known as niacin.

Two Nepera executives also pleaded guilty in separate cases of their roles and agreed to pay fines and serve prison terms.

The German company Degussa-Huls AG was charged separately in the vitamin B3 conspiracy.

In a sixth case, Merck KGaA, also based in Germany, was accused of a plot to similarly fix the price and control supplies of vitamin C.

With Friday's cases, the Justice Department's Antitrust Division will have collected more than \$758 million from 24 prosecutions against participants in international vitamin cartels.