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# The Daily Star BUSINESS

DHAKA SATURDAY MAY 13, 2000

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## NEPC to launch gas-based power generation

HARIPUR (NARAYANGANJ), May 12: NEPC Consortium Limited, a US-based private power enterprise, will launch its generation with gas converting its current furnace oil-run 110 mw plant in line with its agreement with the government. NEPC officials said here Thursday, says BSS.

"All our eight generator units have been converted to natural gas-run. We are expecting to run the plant with natural gas within the scheduled time frame on July 15 this year with the start of gas supply," NEPC chief Mahmud told State Minister for Energy Prof. Rafiqul Islam during a visit at the plant here.

He added that power tariff was expected to be reduced to Taka 1.9 from the current Taka 2.5 (optimum) with the conversion of the plant in line with the NEPC's contract with the government.

## US food, medicine sales to Cuba wins panel vote

WASHINGTON, May 11: The House Appropriations Committee endorsed language yesterday for the first time to exempt food and medicine from US economic sanctions against Cuba, enacted four decades ago in hopes of ousting leader Fidel Castro.

It was the second victory in two days for farm and business groups who view Cuba, only 90 miles from Florida, as a potentially lucrative market that could relieve low US grain prices. The Senate Appropriations Committee approved similar language on Tuesday.

Members of the House committee voted 35-24 in favour of exempting food and medicine for all unilateral US embargoes, despite attempts by House Republican leaders to delete the language. Texas republican Tom DeLay, No 3 in leadership, said he was surprised to lose the vote, but the battle was not over.

In the past two years, proposals to allow food and medical trade with Cuba have been scuttled by potent anti-Castro sentiment in the House. Proponents of broader trade say momentum was shifting to them.

Under the language approved by the House panel, food and medicine would be exempt from unilateral US embargoes unless Congress agrees. One-year licences would be required for sales to nations suspected of supporting terrorism.

## Mexico, Central America agree on free trade

MEXICO CITY, May 12: Mexico reached a free-trade agreement with Guatemala, El Salvador and Honduras Thursday, after eight years of negotiations, says AP.

The agreement calls for trade barriers to be dismantled over 11 years for industrial products and 12 years for agricultural products.

Mexican Commerce Secretary Herminio Blanco said the agreement covers industrial goods, services, investment protection, intellectual property and conflict resolution.

Officials from the four countries reached the agreement after settling differences over Mexican exports of beer and steel. The accord will take effect on Jan. 1, if ratified by the Mexican Senate and the legislatures of the three Central American countries.

## JMBA hands over 140 hectares of land to set up tourism industry

The Jamuna Multipurpose Bridge Authority (JMBA) has handed over 140 hectares of developed land to Jamuna Overseas Limited to set up a tourism industry on the eastern side of the Bangabandhu Bridge, says BSS.

A senior official of JMBA told BSS yesterday the existing small cottages built during construction of the Bangabandhu Bridge over the mighty river Jamuna, were also handed over to JOL recently.

A 30-year agreement in this regard was signed between JMBA and Jamuna Overseas Limited (JOL), a private enterprise, early this year.

According to the agreement, the JOL will pay taka one crore 35 lakh to JMBA each year. Besides, the company will give 10 per cent of its profit to JMBA after it starts the tourism business.

The company also make lodging arrangements and recreational facilities of international standard including zoo and swimming pools to lure the tourists from home and abroad, said the official.

# Domestic gas users vulnerable to leakage disasters

Cos not mixing odour with supplies, says Petrobangla seminar

Star Business Report

Gas users in the country are vulnerable to any gas-related disaster through leakage, as the country's gas companies are not mixing odour with their supplies, speakers at a seminar jointly organised by Petrobangla and the Energy Ministry said.

"Initially Titus, Bakhrabad and Jalalabad (gas systems) added odour to gas at their City Gate Stations. Town Border Stations and Regulating Stations," said Managing Director of Bangladesh Gas Systems Ltd (BGSL) Moinul Ahsan in a paper at the seminar.

The BGSL MD added that due to reluctance of the gas companies, gas was not being odourised these days. As a result, the domestic users were unaware of any gas leakage and their potential consequences.

The seminar on Environment, Health and Safety Issues on Oil and Gas Exploration, Development Production, Transmission and Distribution in

Bangladesh was organised to mark the Gas Safety Week that began on May 7.

Energy Secretary Dr Tawfiq-e-Elahi Chowdhury was present at the seminar as chief guest while it was participated by directors and officials of Petrobangla and its subsidiaries and representatives of oil companies.

In a paper on the safety and environment aspects of natural gas transmission and distribution system, Engr. K H A Saleque, General Manager of Gas Transmission Company Ltd (GTCL), observed that age-old pipeline and massive expansion of pipeline network over the last 40 to 45 years had increased disaster risks.

He cited examples of a number of disasters including an explosion that killed nine members of a family in old Dhaka and said that for the sake of safety, the age-old pipeline system in the old town

should be phased out.

"We should focus more on increasing the use of Compressed Natural Gas (CNG) in Dhaka and promote safety," he said, adding, "we also need to regularly survey leakage in pipelines and odourise gas. In addition, there should be regular publicity on the consequences of gas-based disasters to increase public awareness."

To ensure environment friendliness of Petrobangla's oil and gas-related activities, an Environmental and Safety Management System (ESMS) project was in its final stage, said Eng. A K M Azizul Haque, General Manager of the Environment and Safety Division of Petrobangla, and Buck C Toler, a US consultant, in another paper on the development of an environment and safety management system.

They said that the ESMS project report, which would be available in late June, would

review the laws and statutes of Bangladesh concerning the oil and gas sector and the environmental, health and safety legal framework. The ESMS project was also reviewing the current status of the Petrobangla facilities and practices to identify problem areas.

The project is also conducting environmental impact assessment for all new Petrobangla projects from pipeline construction to well drilling.

With the completion of this project, Petrobangla would be the country's first government entity to have its own internal and safety management system. Assistant manager for Environment and Safety Section, Bangladesh Gas Fields Company Ltd, Md Aminul Islam, representative of Shell Bangladesh Exploration Gordon Reynolds, Manager of Health, Environment and Safety, Unocal, Jim Strong, and its official K S Rahim also presented papers at the seminar.

# KNM looks for an alternative to gewa as raw material

By Quazi Amanullah

KHULNA, May 12: Experiments are going on in full-swing to find an alternative to gewa wood as raw material for keeping production at Khulna Newsprint Mill (KNM) normal.

Changes necessary for switching over to other raw materials instead of gewa would be made as early as possible, said a KNM source.

A Finnish consultancy company has been entrusted with the experimental jobs in this regard, and a full-fledged report is expected by August, the source said.

Since its inception, the mill has developed manifold problems due to absence of proper maintenance works including BMRE. Partial BMRE done in

1994 in the chemical plant and paper machine fell far short of expectation as it failed to cope with the growing demand of newsprint.

Apart from the problem arising out of the row over regular supply of gewa wood between the KNM and Sundarban Forest Division, the rusty machines of the mill are not also capable to take the load needed to cope with the need, the source said.

The KNM authorities even failed to maintain steady production with the pulp made of green jute.

KNM needs at least 47 lakh cubic feet of gewa annually to reach the annual production target of 48,000 MT of newsprint. But the Sundarban

Forest Division does not supply more than 15 lakh cubic feet. With this, KNM cannot even reach half of its annual target.

The production has come down due to acute shortage of gewa wood, the most important raw material for producing newsprint, said a highly-placed source of the mill.

The mill is always faced with closure as the Sundarban Forest Division maintains its threat to stop the supply of gewa any time on the ground of non-payment of huge outstanding bills.

Use of indigenous raw materials will lessen production costs and also help the mill compete with the imported newsprint, the source added.



The signing ceremony of the agreement between Standard Chartered Bank Bangladesh and Gulf Air Bangladesh on global cash management solution recently.

— Interspeed photo.

# Overnight Wall Street gains prove boon Most Asian stock markets close week higher

HONG KONG, May 12: Most Asian stock markets ended the week higher Friday, boosted by sharp overnight gains on Wall Street, says AP.

Seng Index rose 619.02 points, or 4.3 per cent, to close at 15,111.94. On Wednesday, the index had slumped 283.98 points, or 1.9 per cent.

The Hong Kong market was closed on Thursday for a public holiday.

Brokers said bargain-hunters stepped into the market following sharp gains Thursday on Wall Street, where the Dow Jones Industrial average rose 178.19, or 1.7 per cent, to 10,545.97.

The tech-laden Nasdaq composite index rose 114.85, or 3.4 per cent, at 3,499.58.

Thursday's rebound on Wall Street came after a report of a slowdown in US retail sales calmed investors who have been selling stocks amid fears about rising interest rates ahead of a Federal Reserve policy-board meeting Tuesday.

225-Index Nikkei Stock Average gained 475.40 points, or 2.8 per cent, to close at 17,357.86. On Thursday, the average closed down 819.01 points, or 4.63 per cent.

Buying in Tokyo centered on information technology issues in line with a similar move in US stocks Thursday.

In currency trading, the US dollar was quoted at 108.30 yen, down 1.40 yen from its late level Thursday in Tokyo and also below its overnight New York level of 108.53 yen.

Taiwan shares also closed higher, boosted by overnight gains in US stocks. The Weighted Stock Price Index rose 210.53 points, or 2.5 per cent, to 8,560.44.

Elsewhere: **SINGAPORE:** Share prices closed higher on a technical rebound following a 2.6 per cent slide Thursday, and the overnight gains on Wall Street. The Straits Times Index rose 1.1 per cent, or 22.93 points, to close at 2,026.65.

**WELLINGTON:** New Zealand share prices closed higher on selective buying in telecommunications-related stocks. The benchmark NZSE-40 Capital Index rose 9.55 points, or 0.5 per cent, to 2,030.37.

**MANILA:** Philippine stocks closed higher on a technical rebound following recent losses. The 30-company Philippine Stock Exchange Index rose 34.10 points, or 2.3 per cent, to 1,539.31.

**SYDNEY:** Australian share prices closed higher, driven by investor demand for telecommunications and technology stocks. The All Ordinaries Index rose 37.2 points, or 1.2 per cent, to 3,004.

**KUALA LUMPUR:** Malaysian shares closed lower on jitters over a possible rise in US rates. The Composite Index of 100 blue-chip stocks closed fell 8.05 points, or 0.9 per cent, to 912.66.

**JAKARTA:** Indonesian shares closed lower on fears of a possible interest rate hike. The Composite Index fell 0.4 per cent, or 2.324 points, to 526.877.

## Weekly Currency Roundup

**Local Market**  
Demand for US dollar was high throughout the week ended Thursday. In the interbank market, US dollar traded above the central bank's selling rate of BDT 51.15 due to increased demand and decreased inward remittances.

During the week, call money market saw erratic movement in call rate. Increased borrowing by the government was cited as one of the main reasons for this volatility. Call money market started the week on a stable note but shot up in the later part of the week. The call rate ranged between 6 and 11 per cent during the week.

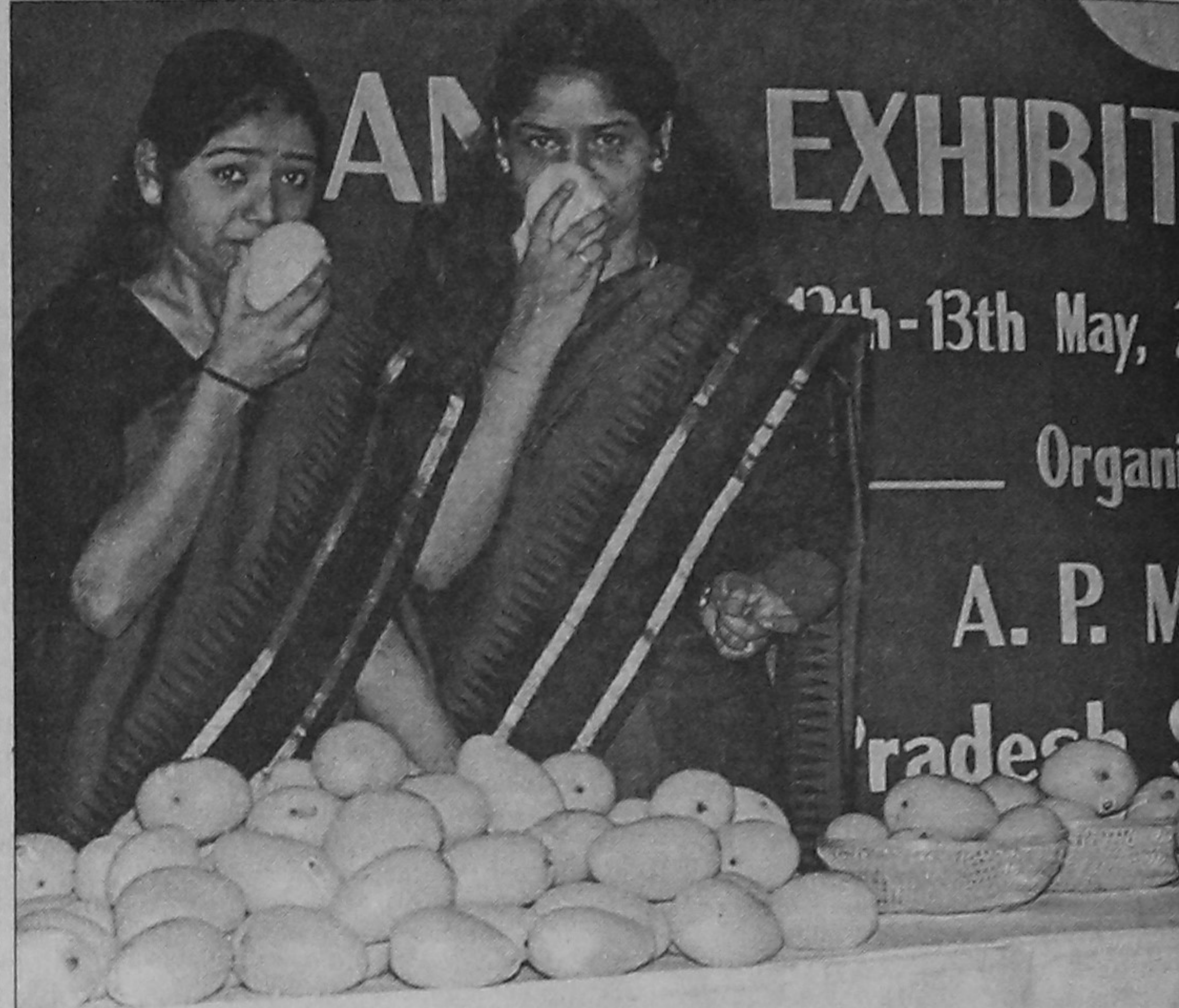
On Sunday, Bangladesh Bank accepted BDT 10,185 billion through Treasury bills i.e. BDT 8,415 billion for 28 days at 5.99 per cent, BDT 400 million for 182 days at 7.25 per cent, BDT 1.09 billion for 364 days at 7.72 per cent and BDT 280 million for 2 years for 8.50 per cent. Average yield on Treasury bills continued to fall but money market players were keen on investing in Treasury bills.

## StanChart, Gulf Air in global cash management solutions deal

Standard Chartered Bank Bangladesh and Gulf Air Bangladesh has recently signed an agreement on global cash management solution, says a press release.

Mirza Aminur Rahman, Business Development Manager, Cash Management, Standard Chartered Bank, and Chuan Faruque, Financial Controller of Gulf Air, signed the agreement on behalf of their respective organisations.

Also present in the signing ceremony were Sethu Venkateswaran, Chief Executive Bangladesh of Standard Chartered Bank, Ismail Ali-Haqiqi, Area Manager Bangladesh of Gulf Air, Wasim Saifi, Regional Head of Cash Management of Middle East and South Asia Region of Standard Chartered Bank, and Mamun Rashid, Head of Corporate Banking and Special Asset Management.



Two women sniff mangoes Friday at a New Delhi Mango festival to promote the fruit. Mangoes are known as the 'King of Fruits' in India and can command very high prices locally.

—AFP photo

# Experts call for body to work out corporate governance framework

By Monjur Mahmud

Experts felt the urgency of a high-powered committee comprising members from professional bodies, chambers, industries, government agencies, academic institutions and the Institute of Chartered Accountants of Bangladesh (ICAB) to launch the process of framing a framework for corporate governance.

At present there is no corporate governance framework in Bangladesh, and there has not been any move on the issue so far. ICAB, with the Institute of Cost and Management Accountants of Bangladesh (ICMAB), Securities and Exchange Commission (SEC), stock exchanges, chamber bodies and other concerned agencies, should start

works since we are already through the globalisation regime, they suggested in a technical paper.

There may be some problems in corporate culture, absence of transparency and accountability in other areas, mis-match in the banking sector, dearth of right personnel to act as independent non-executive directors and in audit committees. There also seems to be problems of various law reforms, the experts observed.

The paper on 'Corporate Governance for Transparency and Accountability' jointly written by Jamaluddin Ahmad, former president, and M A Bares, a Council member of ICAB, was prepared as a technical paper for the recently-held South Asian Federation of Accountants (SAFA) Seminar 2000 on 'Corporate Governance'.

The corporate entities are increasingly facing competitive environment both in terms of market for their products and sources of funds. This calls for increased transparency in corporate dealings and behaviour, as a company with good corporate governance will perform better over time, the paper stated.

The experts also recommended appropriate amendments to the existing rules and regulations by the government and regulatory agencies. ICAB and other concerned institutions should attempt at building awareness amongst different coordinates regarding the nature and extent of corporate governance. For it to become a part of corporate culture, the syllabus of professional and other concerned academic institutions should be amended accordingly, they added.

"Institutional shareholders should be encouraged to exercise their influences through voting and other rights on a continuous basis instead of looking for a situation when the company plunges into repair."

Discouraging nominee directors either by the government or financial institutions to avoid conflict of interests in the management of companies is needed, the experts felt.

"Bank finance rather than equity is still regarded a better financing alternative by most of the companies since domestic banks don't care very much about good accounting or disclosures, whereas foreign banks are less interested in long-term industrial financing."

Weak regulatory framework characterised by inefficient bureaucratic system is also a problem, they said, stating low audit fee regime, absence of sufficient trained internal audit personnel, want of sufficient institutional investors and informed and responsive minority groups as hitches.

Another problem, the experts identified, is lack of sufficient independent non-executive directors and audit committee members with experiences and technical skills.

"Boards and management are generally shy of disclosures, which has been deeply ingrained as an outgrowth of the sociopolitical culture."

The experts also mentioned that capital naturally flows into a country or region where rules and regulations are fair and are practiced objectively in a transparent and accountable manner.

## Yen strengthens as Japanese stocks rebound

TOKYO, May 12: The yen extended its overnight gains against the dollar and the euro in Tokyo today as Japanese stocks rebounded, restoring confidence in Japan's economic recovery, dealers said, reports Reuters.

But the yen fell from an early peak of 107.65 to the dollar as the stock market's benchmark Nikkei index surrendered some of its early gains by late morning.

The Nikkei stock average ended the morning up 378.55 points, or 2.24 per cent, at 17,261.01. On Thursday, the Nikkei ended below 17,000 points for the first time since September 27, 1999, closing at 16,824.6.

# Bosnian economy has changed little since communist era

Political pluralism growing, UNSC told

UNITED NATIONS, May 12: Political pluralism is growing in Bosnia but the economy has changed little since the communist era, with nationalised industries fuelling coffers of sectarian parties, the Security Council was told, reports Reuters.

Giant state-run companies, which run heavy industry, are "completely out of step with the market requirement of the new millennium," said Wolfgang Petritsch, the chief international or "high" representative in Bosnia.

Many public sector banks make bad loans to the large state firms and the private banks are too small to provide capital.

The worst example is a "payment bureau" through which all commercial and public bank transfers have to pass, and which is expected to be abolished sometime this year, Petritsch told the 15-member council at a public meeting.

They are a cash cow for nationalist parties who exploit the system remorselessly, and stifle smaller businesses as well as making foreign investment

nearly impossible, he said. While the system is changing, independent audits of large public companies have been fiercely resisted, he added.

"Such arrangements must not be tolerated. We have to start protecting the economic sphere from this kind of old-style intrusion," said Petritsch, responsible for implementing the 1995 Dayton, Ohio, peace accords that ended the Balkan war.

He also said refugees slowly were returning to their homes and he expected more to come back this spring than in previous years. But some 300,000 Bosnians still lived as refugees abroad and another 800,000 were in the country but not able to return to their former homes.

One step to ease their return was his dismissal of 22 public officials last November "who had a proven track record of obstructionism," Petritsch, an Austrian diplomat, said.

But he said the three-member inter-ethnic presidency of Bosnia-Herzegovina still acted foremost as representatives of separate ethnic groups and not as a national government.

Even pledges before the Security Council last November, engineered by US Ambassador Richard Holbrooke, a main negotiator in Dayton, were broken within minutes, such as instituting a state border service to monitor cross-border traffic.

"In the end I was forced to exercise my powers and impose it," he said. "Not even a solemn declaration before the UN Security Council, it seems could hold them to it."

The same was true for a new election law, which went down to defeat, with the presidency refusing to organise support for it. And he said the primary principle behind any reorganization of ministries "was the case with which they could be divided up among the three ethnicities."

The leaders of Bosnia are "still far from ready to take the responsibility that they should for their country," he said.

Nevertheless Petritsch said he was encouraged by April's local elections, which saw fewer votes for Moslem, Croat and Serb nationalist parties although they were still in control.