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The Daily Star BUSINESS

DHAKA, SATURDAY MAY 20, 2000

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Asian Clearing Union board meet starts in city today

The two-day 29th meeting of the board of directors of Asian Clearing Union (ACU) starts today at Sonargaon Hotel in the city, reports UNB.

Governor of Bangladesh Bank Dr. Mohammed Faruquddin, also the current Chairman of the ACU, will preside over the meeting, said a press release Thursday.

Central banks of Bangladesh, India, Iran, Myanmar, Nepal, Pakistan and Sri Lanka are the present members of the union.

The Royal Monetary Authority of Bhutan will formally join the union as a new member while an observer from UN-ESCAP will attend the meeting.

The ACU has special multilateral clearing arrangements for settlement of current trade transactions between the member countries.

JS body reviews EPB activities

The Parliamentary Standing Committee on Commerce Ministry Thursday reviewed the activities of the Export Promotion Bureau (EPB), its administrative structure and manpower, reports UNB.

A meeting of the committee held at Sangsad Bhaban with its chairman Raziuddin Ahmed Razu in the chair stressed the need for making the EPB more dynamic in the light of liberalisation of world trade and free market economy.

It also discussed the appointment of EPB's own officials in the foreign missions of Bangladesh, said a Parliament Secretariat press release.

Officials of the meeting that steps would be taken for proper distribution of imported sugar in the rural areas.

IBM recalls AC adapters for laptops

NEW YORK, May 19: International Business Machines Corp. on Thursday recalled 320,000 AC adapters for its popular ThinkPad line of laptop computers and a smaller portable computer, reports AP.

IBM had received nine reports of adapters overheating, the company said. In one case, an adapter caused a small fire, but there were no reports of injuries.

The worldwide recall affects some Thinkpads in the 310 and "I" series and the WorkPad 250 subnotebook. All were sold more than a year ago.

Group team meets DSE Performance of 10 listed Beximco cos discussed

A delegation of the Beximco Group led by its Deputy Chairman Salman F. Rahman met the DSE Council Thursday to discuss the activities, performance and growth plans of 10 listed companies of the Group and other market-related issues, says a press release of the bourse.

Md Shahid Khan, Chairman of Dhaka Stock Exchange, introduced the Dhaka Stock Exchange initiative to address the persistent depression in the capital market. The meeting felt that it was necessary to jointly undertake wide-ranging initiatives to ensure an environment conducive to market development through transparency, investor confidence and market integrity.

Beximco Group gave a presentation on their listed companies as well as non-listed companies, showing their current positioning in both the domestic and international market scenario.

The Group was buoyant and optimistic on the economic outlook based on the fundamentals of the economy. However, on the short-term they expressed concern about the ADB, World Bank statements relating to public sector debt and deficit financing.

In so far as their contribution towards strengthening the market was concerned, Beximco seemed to feel that the cases filed by SEC on 1996 bubble was leading to divisions amongst the market actors.

It was also felt that 1996 issue should be studied more thoroughly in order to introduce a proper safeguard to avoid any such recurrence.

The Beximco delegation included O. K. Chowdhury, Director, Finance and Corporate Affairs, B. K. Nath, Executive Director, Central Accounts, Finance, Administration and Corporate Affairs, Akhter Kamal Talukder, Corporate Finance Manager, and Asad Ullah, Company Secretary. On behalf of DSE, Vice Chairman Ahasanul Islam, Councillors A. K. M. Shamsuddoha, Ahmed Rashid, Khwaja Ghulam Rasul, M Enayetur Rahman, M. A. Huq Hawlader, Syed Tareque Md Ali, Chief Executive Officer G. Q. Chowdhury and Secretary Md Rezaul Karim were also present.

Agro-processors plead for 25pc cash incentive

BAPA budget recommendations eye export boost

Star Business Report

Bangladesh Agro-Processors' Association (BAPA) has urged the government to give 25 per cent cash incentive to the exporters for making their products competitive in the international market.

The association also mentioned that anomalies were still there in custom duties on inputs and packaging materials for the agro-processing industry and sought government permission to import refined sugar.

"Being a thrust sector, customs duty on imported machinery and equipment used in the agro-processing industries should be done away with," said BAPA in its recommendations for the 2000-2001 budget. All machinery and tools used in the agro-processing industries should be grouped under one HS code as in the case of dairy, poultry and bee-keeping, it said.

The only thing holding back the rapid rise in exports of agro-processed products is price competitiveness, especially when compared to the performance of the exporters in other neighbouring countries who enjoy incentives offered by their respective governments, the association stated.

"Sugar constitutes a good percentage of the make-up and costs, especially in fruit, drinks, sausages and jam or jellies. Local sugar also has to be refined before use and is expensive too, a minimum Tk 30 per kg against the present rate of less than Tk 15 a kg in the neighbouring countries."

A comprehensive packaging industry capable of packing processed foods, particularly for the export market, does not exist in Bangladesh. Therefore,

aseptic paper, food grade glass bottles and jars, sanitary seam-welded tin cans, crown corks, lug caps, pet foils, raw materials for plastic and PET bottles have to be imported, BAPA added.

Though tariffs on most of these materials are being reduced by the government, they are still high in some cases like tetra papers, it said, mentioning that high levies and other taxes, frequent break downs and load shedding of electricity, gas and other utilities mostly contribute to higher production costs.

"A modern food processing factory requires state-of-the-art machinery, equipment, specialised structures, vehicles, smooth distribution network, a large base of skilled and unskilled workforce, etc. All these

call for hefty investments which are hard to manage."

The association said interest rates on funds invested by different financial institutions (DFIs) in such industries will therefore constitute a major portion of the production costs, especially in the initial years.

"The informal and unorganised state of this growing sector, poor post-harvest care and transport problems push prices up in Bangladesh as compared to our neighbouring countries," it observed.

Since such problems and anomalies cannot be addressed overnight, the only significant alternative for the time being would be to provide incentives, which can make the country's processed fruits and vegetables quite competitive in global markets, BAPA said.



Labourers sleep on their luggage carts in front of closed shopping mall in Rawalpindi city, some 25 kilometers from Islamabad, on Thursday. Major markets were shut with fewer public and private vehicles on the roads in most parts, amid a strike by traders protesting the government's plan to levy a general sales tax on retailers and other tax reforms. — AFP photo

BOJ gives no rate hike hint

TOKYO, May 19: The Bank of Japan today stuck to its assessment that the Japanese economy is slowly on the mend, but indicated conditions have not been met for the first interest rate hike in a decade, reports Reuters.

Improvement in the Japanese economy is becoming clear," the BOJ said in its monthly report. "Recovery is appearing in some areas of private demand, with businesses' fixed investment continuing to increase gradually."

The BOJ has kept short-term interest rates virtually at zero for 15 months, but Hayami has increasingly shown his impatience with the zero-rate policy. Last month he said conditions were falling into place to end the policy.

The latest report slightly upgraded the bank's view of corporate capital spending, the second-largest chunk of the economy. Last month's report said only that capital spending was turning upward.

More critically, the BOJ reiterated it will take time for household incomes and personal consumption to improve.

That view will disappoint the government, which needs to convince investors to re-enter the economy as it firmly on the road to recovery ahead of the June 25 general election.

Top BOJ officials have made it clear the key to ending the policy of driving interest rates virtually to zero will be clearer evidence that household income and personal consumption conditions have stopped deteriorating.

Russia plans flat income tax in system overhaul

MOSCOW, May 19: Russia, struggling with a tax system slapped together after the fall of the Soviet Union, will institute a flat income tax in an overhaul announced yesterday to make the system fair and easy, reports Reuters.

A huge mass of "black" and "grey" money — the underground economy which avoids taxes — will be teased to light with measures like the flat 13 per cent rate, First Deputy Finance Minister Sergei Shtalov told a briefing.

It is seen as a kind of amnesty, which should allow capital to return to Russia or come out of the shadow economy, into the light, and become another driver for economic growth," he said.

Profit, not even a concept in Soviet days, will become the main criterion for business taxes as levies which punished money-losing firms are scrapped.

The new plan is part of a tax code in the works for years. A first part, already passed by parliament, will be amended and the second part setting rates is already under review, he said, predicting the key changes would be passed this summer and take effect on January 1, 2001.

"The most important thing is to improve the profitability of business, and that will be a main stimulant for the economy," Shtalov said.

Russia's socialist-style tax burden — 41 per cent of gross domestic product despite a third of the population in poverty — will only fall by a couple of percentage points next year, since the main goal is to distribute the tax burden more fairly.

IMF, WB take step to forgive Honduran debt

TEGUCIGALPA, Honduras, May 19: The International Monetary Fund (IMF) said yesterday it planned to grant Honduras status as a poor, highly indebted country, which will allow the country to receive \$1.1 billion in debt relief, reports Reuters.

IMF chief Horst Koehler praised Honduran efforts to recover and stabilise its economy after Hurricane Mitch killed thousands of people and caused billions of dollars in damage in October 1998.

Koehler said qualifying Honduras as a highly indebted country and forgiving debt would not happen until after the bank's summer recess in August.

Honduran officials have asked multilateral lending agencies including the IMF and the World Bank to pardon between \$800 million and \$1.1 billion of the total of \$2.4 billion it owes to those organisations.

Honduras's external debt stands at nearly \$4 billion and 40 per cent of its national budget goes toward servicing it.

Honduras, the second poorest nation in Latin America after Haiti, is the only central American stop for Koehler on his current Latin American Tour, which has already taken him to Argentina and Brazil, and which takes him to Mexico on Friday.

Koehler was in Honduras five and a half hours and met with President Carlos Flores, Finance Minister Gabriela Nunez and other top officials.

Call for boosting shipping lines Pakistanis keen to raise jute, tea import

Pakistani businessmen are keen to increase the volume of jute and tea import from Bangladesh, the visiting Pak trade delegation told Commerce Minister M. Abdul Jalil Thursday, reports UNB.

During a meeting with the minister at his office, the Pakistani businessmen said shipping problems are creating obstacles in importing goods from Bangladesh. They suggested development of shipping lines to increase bilateral trade.

Yahya Ahmed Bawani led the six-member trade team. The commerce minister said Bangladesh and Pakistan have vast scopes for increasing trade

and investment for mutual benefits.

He emphasised the need for identifying prospective export items and more exchange of visits between the government officials and private sector businessmen of the two countries.

Referring to the problems in shipping, Jalil said that all problems could be resolved through mutual discussions. He said Bangladesh would make all efforts to remove the obstacles in expanding bilateral trade and investment.

Commerce Secretary Golam Rahman was also present during the meeting.

Tofail at BSFIC function

Local industries must achieve efficiency for survival

Industries Minister Tofail Ahmed on Thursday said that indigenous industries must achieve efficiency to survive competition in the open market economy, reports BSS.

"Subsidy cannot be continued for long for the survival of indigenous industries. That is they excess expenditure should be cut," he said, calling upon concerned officials and employees to work with sincerity and honesty in the greater interest of national economy.

The minister was speaking at a function organised to mark the installation of the newly-elected executive council of the officers' association of Bangladesh Sugar and Food Industries Corporation (BSFIC) in the city. Association president Dr M A Mannan was in the chair.

Referring to continued losses incurred by sugar mills, he said that such a trend would lead to privatisation of the industries.

"At the beginning of the year,

concerned authorities give us the hope of meeting production targets, but make us despair at the end," he said.

The BNP regime had identified all sugar mills for privatisation, the minister said, adding it would be the ultimate future of the mills if they failed to make profit.

"The sugarcane production cost within the mill zone is higher, but the production is less," he said, referring to increased production of sugarcane at low cost under private initiative. He said most of the time farmers sell their produce to private molasses producers to avoid harassment.

He said the BNP government did quite contrary to what the present government had done in this sector, adding that Bangladesh had already earned a good image abroad.

The function was also addressed, among others, by BSFIC Chairman Shahiduddin Ahmed.

S'pore economy grows 9.1 pc

SINGAPORE, May 19: Singapore's economy grew by 9.1 per cent in the first quarter of 2000 compared with the same period last year, officials statistics showed Friday, reports AP.

This was up from on-year growth of 7.1 per cent growth in the last quarter of 1999, the Ministry of Trade and Industry said in its quarterly economic survey.

Revised official forecasts for 2000 predict growth between 5.5 per cent and 7.5 per cent, up from previous estimates of 4.5 per cent to 6.5 per cent growth, the report said.

Overall, the manufacturing sector grew by 13 per cent in the first quarter of 2000, compared with same period the previous year.

But the construction sector contracted 11 per cent in the first quarter after contracting 12 per cent in the last quarter of 1999, the statement said.

The financial services sector grew 6.9 per cent on-year in the first quarter of 2000, from an on-year contraction of 6.2 per cent in the last quarter of 1999.



The picture taken Thursday shows an andouille (a sausage made of chitterlings) and a jar of tripe in Caen. French delicatessens could be badly hit by plans unveiled Friday to ban the consumption of cows' intestines, widely used in making specialty sausages, because of fears they could spread mad cow disease or BSE. — AFP photo

WB okays loans for Iran despite US objections

WASHINGTON, May 19: Ignoring fierce objections from the United States, the World Bank yesterday approved two loans for Iran, making more than \$230 million available to improve health care and sewerage systems, reports Reuters.

World Bank President James Wolfensohn said the two credits would help meet "basic human needs" in Iran, which the United States condemns as a country that sponsors terrorism.

He said the United States voted against the loans, while Canada and France abstained, and he made clear that additional funding would depend on additional reforms.

"The consideration of economic and human needs underpins the approval of these loans, as well as the expressed support of the board for the reform agenda of the government of President (Mohammad) Khatami," Wolfensohn said.

"Any future lending programmes to Iran will be discussed only after a review of concrete results of the reform programme ... in six to nine months time."

The United States had ob-

jected other countries not to approve the loan and Secretary of State Madeleine Albright said Washington would not vote for money for a country "designated as a state sponsor of terrorism."

And it was wrong to discuss the loan during the trial of Iranian Jews accused of spying for Israel, she added.

The United States is the World Bank's largest shareholder with some 15 per cent of the votes. This is enough to block major policy decisions, but not enough to sustain a veto.

The loans, already postponed several times, are the first World Bank credits to Iran since 1994. The bank said it will closely monitor the way Iran used the money to ensure targets were met.

"The World Bank will only consider a broader resumption of lending after the current efforts under the leadership of President Khatami to strengthen governance and economic reforms begin to show concrete results," a statement said.

Perceptions about the loans have been influenced by political events in Iran, and the credits were put on the agenda ear-

lier this year after a victory for reformers in parliamentary elections pointed to a more liberal environment.

The bank's controversial lending plans also prompted rare agreement between the administration and its political opponents in Congress.

"It is difficult to find any sensible explanation, or intended message which this action sends to the government of Iran," Republican Sen Jesse Helms of North Carolina, chairman of the Senate's influential Foreign Relations Committee, said in a statement released on Wednesday.

"Does the World Bank believe it should subsidise basic needs in Iran to enable the Tehran government to be free to spend on terrorism and proliferation? Do voting members of the World Bank believe that, as a kangaroo court in Iran continues its relentless persecution of 13 Iranian Jews, we should continue business as usual?"

The debate over the loans to Iran show how the World Bank, set up after World War II to fund reconstruction in war-torn Europe, can be held hostage to politics.

Indian IT minister heads for US to woo investment

NEW DELHI, May 19: Indian IT Minister Pramod Mahajan leaves India today for a week-long visit to the US where he will sell India as an investment destination to computer millionaires and venture capitalists, reports AFP.

"Mahajan will speak to the heads of several big firms in Silicon Valley. He will also buttonhole venture capitalists and fund managers and draw their attention to India's booming software industry," an official said.

Mahajan's itinerary includes meetings with the bosses at US microchip giant Intel Corp, Internet hardware and software supplier Sun Microsystems, Silicon Graphics and Microsoft.

India's IT sector reaped the lion's share of the potential economic windfall from president Bill Clinton's state visit in March, and industry insiders say Mahajan is keen to build on the success.

"Clinton's visit resulted in nearly 4.4 billion dollars worth of business accords signed in various sectors - the bulk of them in-principle agreements with Indian IT firms," said M. Murlidharan, chief of software

firm Kilban Ltd.

Mahajan wants to ensure the deals come through.

Dewang Mehta, chief of India's \$20-member National Association of Software Companies (Nasscom) who will be part of Mahajan's entourage, said that the business deals were secondary.

"What is significant is that Clinton acknowledged India as an emerging IT superpower. We heard one message loud and clear throughout the presidential visit and that was India and the United States would work together in the IT sector, irrespective of any political differences," Mehta told AFP.

A ministry official said Mahajan would stress this partnership.

"The visit will give a new dimension to the economic agreements signed during Clinton's visit and stress partnerships, collaborations and joint ventures in areas of mutual interest," said the official.

India launched its answer to Silicon Valley in the 1980s in the southern city of Bangalore, which now ranks amongst the top five world-class IT centres. It boasts the cheapest pool of skilled manpower.

Of the 4,500 enterprises currently in business in Bangalore, over 1,500 have some foreign component, with total foreign investment reaching 2.14 billion dollars in 1999.

Mahajan will meet software millionaires of Indian origin in the US to pick their brains on emerging areas in the IT sector.

"This meeting will help the minister fine-tune India's IT policy to match global requirements," said an official.

He added that Mahajan was likely to highlight the fact that the passage of IT bill in both houses of Indian parliament this week made India a part of a select group of 12 countries which have cyber laws.

"With the cyber laws in place, India is on the brink of giving a major push to electronic commerce. Therefore, Mahajan is keen to make contact with some of the big American online retailers such as Amazon.com," the official said.

India has recently announced that foreign firms will enjoy a tax holiday of up to ten years for setting up units in Indian software technology parks. They will enjoy similar benefits if they are engaged in IT research.