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The Daily Star BUSINESS

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AFDB to open six country offices

ABIDJAN, June 2: The African Development Bank (AFDB) plans to open offices in six member countries this year to allow better monitoring of development projects and closer cooperation with governments and aid bodies, bank president Omar Kabbaj said, reports Reuters.

The bank, which is based in Ivory Coast, used to have several offices around Africa plus representative offices in London and Washington, but they were closed in 1994 at the start of a root-and-branch restructuring process.

Now the bank is in better shape, its board has approved the opening of 25 regional or country offices plus eight national programme offices, the latter focusing on specific projects in a country.

Offices will be opened in Egypt, Ethiopia, Gabon, Mozambique, Nigeria and South Africa in 2000.

"Clearly we cannot afford the type of offices that the World Bank has," Kabbaj told Reuters in an interview.

"It's not a decentralisation of power at this stage. We still need to keep key decisions in headquarters," he added.

The bank has recently signed a memorandum of cooperation with the World Bank and increasingly participates in World Bank missions to African countries, something that offices in member countries will make easier.

Kabbaj was re-elected by member countries for a second five-year term at an extraordinary meeting on Monday.

The annual meeting, which should have been held in Addis Ababa this week was postponed because of the recent flare-up in fighting between Ethiopia and Eritrea.

Germany reaffirms pledge to spend 0.7pc national income as aid

BONN, June 2: The German government has reaffirmed its commitment to spending 0.7 per cent of the country's gross national income on official development assistance to Africa, Asia, the Caribbean and Latin America, says IPS.

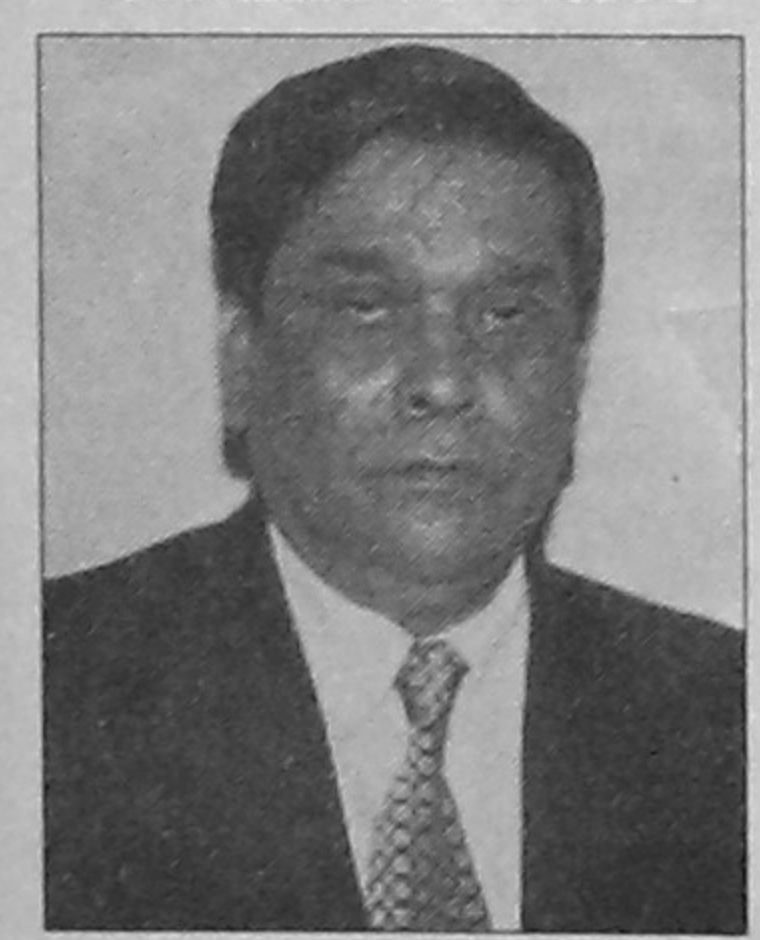
"Germany's increased global obligations and ever-growing responsibility in the world necessitate an increase in development funds once the budget has been consolidated," assures an official background paper.

The paper has been prepared ahead of the two-day conference titled "Modern Governance in the 21st Century" beginning today in Berlin.

The aim of what is being described as a working conference is "to engage in a direct exchange of information on addressing problems that face all the participating countries in the process of confronting reforms."

The 13-nation gathering will be attended by the presidents of four countries from the South: Argentina, Brazil, Chile and South Africa. Other participants, apart from Germany, are the prime ministers of Canada, France, Greece, Italy, New Zealand, the Netherlands and Portugal. US President Bill Clinton is also attending.

Zafar Ahmed made Bandarban Chamber chief



Zafar Ahmed Chowdhury has been elected president of Bandarban Chamber of Commerce and Industry.

The election was held at a meeting of the Board of Directors of the chamber held recently, says a press release.

The chamber has obtained affiliation of the federation of Bangladesh Chamber of Commerce and Industry recently.

Zafar Ahmed Chowdhury is the Chairman of the United Commercial Bank Ltd., and Bangladesh Association of Banks (BAB) and Director of FBCCI, National Housing Finance & Investment Ltd., and Bangladesh National Securities Depository Ltd., Executive Committee Member of International Chamber of Commerce (ICC) Bangladesh and Chief Advisor of Janata Insurance Co. Ltd.

He is a reputed businessman and industrialist of the country. He was the Director of Chittagong Chamber of Commerce & Industry from 1987 to 1989 and Member, Executive Committee of FBCCI in 1994-96.

Int'l community may seek end to Bangladesh's LDC status

GDP, per capita earnings get boost from new income accounts

Star Business Report

With Bangladesh's GDP and per capita income getting a boost from a new national income accounts, the Metropolitan Chamber of Commerce and Industry (MCCI) has expressed its apprehension that the international community, including even the non-LDC members of SAARC, may seek Bangladesh's exclusion from UN-defined group of the Least Developed Countries (LDCs).

The LDC status of a country is determined by three criteria, which were determined by the UN General Assembly in 1971. These defining characteristics are per capita, a manufacturing share of 10 per cent or less in GDP and literacy rate of 20 per cent or less.

With the current 16 per cent share of the manufacturing sector in GDP and over 40 per cent literacy rate, Bangladesh does

not qualify for the LDC status under these two criteria just as India, Pakistan and Sri Lanka," MCCI said in its latest monthly bulletin Chamber News.

There is not a big difference between the per capita GDP of Bangladesh and these other South Asian countries, particularly India.

The national accounting system in Bangladesh has been revised in accordance with the revised (1993) guidelines of the UN's System of National Accounts (SNA).

There has also been a change in the GDP sectoral shares. The sectoral share of the industrial sector in GDP in FY 2000 is projected to increase from 19.2 per cent under the old system to 25.7 per cent under the revised one. Correspondingly, the manufacturing share

in GDP will surge to 15.4 per cent from the current 11.3 per cent," said MCCI.

The sectoral share of manufacturing sector in GDP in the revised estimate is 16 per cent, which is very close to the comparable estimates for our South Asian neighbours -- 17 per cent in Pakistan and Sri Lanka and 19 per cent in India. In fact, the share of the manufacturing industry in Bangladesh's GDP for 1998 has been shown as 18 per cent in the World Bank's WDR 1999-2000.

The new estimates give the impression that the country has now reached the same stage of industrial development as Pakistan and India. The new system of national income compilation shows that Bangladesh is not actually as poor as it has been depicted heretofore.

As a poor country, categorised as 'least-developed', Bangladesh is entitled to getting preferential treatment in trade and development aid. Now with the increased level of GDP and diversified state of the country's economy, it is conceivable that international pressure will mount to graduate Bangladesh out of its LDC status.

The detailed methodology employed in compilation of the national accounts is yet to be made public, but the large upward revisions of the magnitude of the variables are hard to explain. The new sectors included in GDP calculation all belong to the services sector, and yet its share in GDP remains unchanged after the revision while the share of manufacturing has increased sharply.



Job seekers sit with their working tools, looking out for daily employers at the corner of a street in Hanoi yesterday. Vietnam's official unemployment rate is around 7 per cent. The plan adopted recently by the government to reduce the number of state-owned enterprises from 5,000 now to 2,000 in 2003 would worsen the unemployment situation.

—AFP photo

WB approves \$150m loan to Vietnam

WASHINGTON, June 2: The World Bank said it approved a \$150 million loan to help Vietnam provide energy to about 450,000 households or an estimated 2 million people — in 32 rural provinces, says Reuters.

Using renewable energy resources, the project will provide reliable lighting sources and improved health care and services, the bank said in a statement.

It will also increase the productivity and incomes of rural residents by creating alternative sources of energy for irrigation and other productive activities.

"Rural electrification is a critical element of the government's programme to eliminate poverty and redress imbalances in development," said Anil Malhotra, the project's task manager.

"The project directly addresses equity and poverty in rural areas by providing access and opportunity to over 2 million rural people living on less than \$1 a day," Malhotra said.

Aid for debt-relief programme Bangladesh gets Tk 117 cr Japanese grant for imports

Japan has channelled around Tk 117 crore in grant aid for Bangladeshi importers, including government organisations, to import commodities from OECD and other developing countries, reports UNB.

The importers would be eligible for availing themselves of the funds under the "Japanese grant aid for debt relief" to import items of 39 categories from these countries for non-military purposes.

An exchange of notes between the governments of Bangladesh and Japan was signed recently on the fourth instalment of the 22 debt-relief grant.

Government and semi-government organisations, autonomous bodies, industries and commercial importers will be eligible for the funds on first-come, first-served basis, according to a recent Bangladesh Bank circular.

"The fund could be useful for the importers, especially when the exchange market remains under pressure," a high official of the central bank told UNB.

He said utilisation of the funds leaves the importers in no uncertainty while inter-bank exchange market is very much uncertain.

The Bank of Tokyo Mitsubishi Ltd will be the reimbursement bank for the import payments to the exporters instead of the LC-opening banks in Bangladesh provided reimbursement authorisation to the Japanese central bank by the Bangladesh Bank.

Importers from Bangladesh will have to deposit the import value in equivalent local currency through their respective dealer banks.

To utilise the fund, the importers will have to open irrevocable letters of credits (LC) in

Japanese currency yen or other exchangeable currency with their respective bank branches in prescribed format of application.

Separate application forms will have to be used-one to import from Japan only and another from the OECD and developing countries.

In accordance with the guidelines, the items being produced in Bangladesh and able to meet domestic demand will not be eligible for import under the grant.

Under the aid conditions, the imported goods can neither be used for military purposes nor re-exported from the country.

"Government and semi-government organisations and autonomous bodies require no budget allocation for foreign currency to utilize the funds," says the central bank circular.

Weekly Currency Roundup

May 28-June 1, 2000

Local Market

During the week, the local foreign exchange and money market was very active. The demand for the US dollar was high due to import payments. Most of the authorised dealers were USD buyers. In the inter bank market, dollar traded between BDT 51.20 and BDT 51.30. Banks also raised their USD selling and buying rates to customers by 3 to 5 paisa. According to Bangladesh Foreign Exchange Dealers' Association (BAFEDA), the daily average USD/BDT turnover was estimated at USD 7.76 million at spot and USD 483,000 at forward. In the kurb market, the demand for USD was also record high, trading as high as BDT 55.50.

Liquidity was tight in the money market and the call rate ranged between 7 and 10 per cent. The average call rate closed at 8.25 per cent. Bangladesh Bank held its weekly treasury bill auction on Sunday. Total bid for treasury bills was BDT 1715.50 crore.

International Market

In the international foreign exchange market, euro maintained its trend above 0.92 USD. However, euro's recovery against the dollar is still a long way from presaging a generalised dollar downturn. It is still uncertain whether it is fact or a genuine turning point for euro. US non-farm payrolls released on Friday could unravel the treasury market gains achieved by the series of soft US economic data. Overnight statements by US Fed officials suggest that the central bank remains adamant that it will raise rates again on June 28. However, the market is apprehending that there may only be another 50 basis points to go in the Fed Funds, while the ECB has still to make a 100 basis point climb this year. This all points to EUR/USD climbing above 0.94 in the near-term, as rate differentials narrow. The coming week could prove the ultimate litmus test for the euro bottom. The European Commission will announce its plans to tax the Internet on Wednesday. Just two months after Lisbon summit when their warm embrace of technology was announced, public union strikes in Germany also loom, unless a last minute deal is reached. Finally, the Franco-German Summit on June 9 will be scrutinised for concrete reform proposals. All these potential negatives contain caveats, and the market may for once choose to see the glass half-full. If so, the next week will be the time to judge euro's potential for recovery.

Standard Chartered Bank

C'wealth Trade Congress calls for new comprehensive trade round

Tofail for moves to boost WTO image

LONDON, June 2: The first Commonwealth Trade Congress (CTC) concluded in London on Thursday with the adoption of nine recommendations to advance the WTO debate on trade issues, reports BSS.

Industries Minister Tofail Ahmed, who led the Bangladesh delegation at the congress, played a key role in upholding the rights and privileges of the LDCs.

The congress noted the debate in the recent WTO Seattle ministerial-level meeting and expressed the hope that the recommendations would protect the legitimate interests of the developing countries in global trade.

The conference recognised that there is a need for a new comprehensive round of trade

negotiations to respond to the aspirations of all countries, and particularly of the developing and least-developed nations.

Developing countries must be fully involved in the trade negotiation process and should be encouraged to maximise their negotiating strength through cooperative action and raising their voice univocally, the recommendation said.

Among other things, the recommendations call for the Commonwealth governments to build consensus on launching a "development round" of trade negotiations as soon as possible to focus on market access issues, reductions in tariffs favouring export from the developing countries and LDCs to the developed world.

Besides, the recommendations suggest that the Commonwealth governments should explore potential areas for consensus such as agriculture and services as part of the WTO's built-in agenda.

Pointing to the role of WTO, the recommendations call for the Commonwealth governments to reaffirm the role of the WTO as an inter-governmental organisation solely concerned with the regulation of international trade.

To cope with the complexity of international trade issues and WTO agreements, the recommendations call for increased availability of resources in the form of technical assistance for the developing countries to help them build institutional capacity and develop

human resources.

Earlier Tofail Ahmed proposed a package of action to restore credibility of WTO in a post-Seattle state. The package suggested addressing the issues of market access of export from the developing countries and the LDCs to the developed countries.

The minister also suggested that issues of labour and environment and social issues should not be linked to trade negotiations as there are other international fora to deal with them.

The Commonwealth trade Congress was attended by 230 government and business leaders including ministers and representatives from trade bodies.



Kabir Al Asad, Assistant Commissioner (Land), Patiya Upazila, speaks at the certificate-awarding ceremony of a workshops on 'Bank SME client training on business and marketing development' at Patiya late last month.

— CENCE photo

Mercosur needs permanent trade tribunal: Uruguay

BUENOS AIRES, June 2: South America's Mercosur, the world's third-largest trade bloc, needs a permanent trade watchdog to police disputes among its members, Uruguayan Foreign Minister Didiere Operti said yesterday, reports Reuters.

The customs union linking the 210 million people of Brazil, Argentina, Paraguay and Uruguay convened its first trade dispute panel in January, 1999, over Brazil's addition of import licenses for hogs and dairy products.

The temporary panel ruled in Argentina's favour late May. Operti is one of the high level government officials in the Mercosur trade bloc, which produces \$1 trillion in goods and services annually, to call for a permanent judicial body similar to that of the European Union (EU). Mercosur counts Chile and Bolivia as 'associate members'.

"My colleagues from the EU are always asking me what sort of progress we've made on conflict resolution — which is usually followed by a long, respectful silence," Operti said at a Buenos Aires press conference following meetings with his regional peers.

Training on business development held in Patiya

A 3-day training workshop on 'Bank SME client training on business and marketing development' was held in Patiya, Chittagong, from May 24 to May 26, says a press release.

The training was organised by Agrani Bank and funded by USAID-backed JOBS Programme.

Conducted by the Center for Human Excellence (CENCE), the training was attended by a total of 22 participants.

Kabir Al Asad, Assistant Commissioner (Land), Patiya Upazila, distributed certificates among the participants at the closing ceremony. It was also attended by Mofiz Ahmed, noted businessman, Agrani Bank Manager Motlub Ahmad and CENCE Executive Members Kazi Borhan Amin and M Masrur Reaz.

Kuwait, Qatar pledge \$27m for Lebanese reconstruction

KUWAIT, June 2: Kuwait and Qatar have together pledged 27 million dollars to help rebuild southern Lebanon following the end of Israel's 22-year occupation of the country, according to an announcement here and a TV report in Beirut yesterday, says AFP.

Foreign Minister Sheikh Sabah al-Ahmad al-Sabah told reporters that Kuwait would donate 20 million dollars to the reconstruction effort.

Several Kuwaiti MPs, in a session of parliament, called for a money-raising drive to add to the donation.

"Armed struggle and painful strikes are the means to regain Arab rights and achieve just and comprehensive peace for all peoples in the region. What was taken by force, can only be regained by force," a statement issued by the assembly said.

"The Zionists ran like rats. This is a message to all regimes which took the billions to liberate the land, but still signed peace treaties," three-time former speaker Ahmad al-Saadun said.

Americans fear fallout from China trade agreement

Workers seen losing jobs

WASHINGTON, June 2: A new poll showed yesterday that a majority of Americans believe the landmark trade agreement with China now heading for final approval in the US Congress will hurt US workers and benefit Beijing's Communist leaders, says Reuters.

Just over 50 per cent of likely US voters in a Reuters/Zogby poll conducted this week said opening the vast Chinese marketplace would cost American workers their jobs and do little to help China's low-wage earners.

Those were the prime arguments of organised labour and other opponents of White House-backed legislation granting permanent normal trade relations (PNTR) to China, which was approved last month by the US House of Representatives. Senate passage is virtually assured in June or July.

By contrast, 37 per cent of the 1,002 Americans polled said

trade with China would help US businesses, lower consumer prices and open China to Western ideas, as President Bill Clinton and pro-trade business groups have argued.

The Clinton administration has probably lost the moral high ground here, pollster John Zogby said.

Few Americans said the trade bill would change their vote in the November presidential election.

The China bill — which the White House called its top legislative priority for Clinton's final year in office — is backed by Democratic Vice President Al Gore and his Republican opponent in the presidential race, George W. Bush.

Washington, he added.

PNTR could have a more noticeable impact on congressional races, analysts said. Teamsters President James Hoffa and other labour union leaders have threatened to retaliate against House Democrats that voted in favour of PNTR, which would end the annual ritual of reviewing China's trade status and permanently guarantee Chinese goods the same low-tariff access to US markets as products from nearly every other nation.

China would, in turn, open a wide range of markets from agriculture to telecommunications to US businesses under the terms of a landmark trade agreement signed in November 1999 ushering Beijing into the World Trade Organisation (WTO).

The trade bill would House approval last week despite dire warnings by organised labour,

Anti-capitalist demonstration falls flat at Expo 2000

HANOVER, Germany, June 2: They billed it as the "Battle after Seattle", but attempts by German leftists to disrupt the start of the Expo 2000 world fair in Hanover yesterday fell flat, says Reuters.

It was a far cry from last December, when a motley crowd of radicals clashed with riot police to hold up World Trade Organisation talks in Seattle. In April, too, protesters scored a coup by blocking the French finance minister out of an International Monetary Fund meeting in Washington.

On the day US President Bill Clinton was due in Berlin, some 300 km (180 miles) to the east, for a three-day visit, the size of the police presence and the sparse turnout of protesters produced only a muted march.

About 350 demonstrators attempted an impromptu sit-in to prevent trains leaving Hanover's main station, but massed ranks of riot police persuaded them to move on.

for about half an hour after protesters threw burning tyres onto the tracks, but demonstrators at the entrance confined their blockade to an orderly chant of "Expo No!"

"I'm not disappointed," said 30-year-old Ahmed Shah, an organiser who said the Expo's costs, thought to total billions of marks (dollars), would have been better spent on education and jobs.

"For us it was important to show (Chancellor Gerhard) Schroeder we're optimistic about the future — but a different one from his profit-focused 'New Centre'."

Schroeder himself was unimpressed. "If they break the law they can expect to face the full force of the law," he told a news conference in the Expo grounds.

Hanover residents, enjoying a sunny public holiday, watched with amusement as a well-behaved crowd marched through the city centre chanting: "The Expo drives us really mad! It cost a fortune and it's

bad!"

"Is it really worth it?" asked Elke Miezal, a middle-aged woman. "The Expo's already started."

The demonstrators pointed to a looming pay strike among public service workers and anger among students and teachers at underfunding in education as justification for their stance.

The vision for the 21st century presented in the Expo is in the interests of big business and neo-liberal politics, not those of the people," said a Berlin student called Luezie.