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New budget may okay 25pc freight subsidy for vegetable exporters

Star Business Report

The government is likely to announce a 25 per cent air freight subsidy for fresh fruit and vegetable exporters in the next fiscal budget to be placed in the parliament this week, sources said.

Earlier, the government formed a six-member committee headed by Vice-Chairman of the Export Promotion Bureau (EPB) seeking suggestions for boosting fresh fruits and vegetables exports from the country.

The committee comprises representatives from the National Board of Revenue (NBR), Biman, Civil Aviation Authority and Bangladesh Fresh Fruit and Vegetable Exporters' Association (BFFVEA).

According to sources, the committee submitted its report to the Commerce Ministry last month, in which, among other things, it recommended 25 per cent air freight subsidy for the exporters and increase in reserved cargo spaces.

Later at a meeting with the leaders of BFFVEA last month, Finance Minister Shah AMS Kibria said that he was very keen to see substantial rise in the export of fresh fruits and vegetables as the sector had tremendous potential, said a member of the committee. "We are very much hopeful that the exporters would be given 25 per cent air freight subsidy," he added.

For the two major fruits and vegetable destinations -- UK and the Middle East -- the present air freight rates are Tk 62 and Tk 45.

An earlier Planning Commission report, which was also sent to the Commerce Ministry, suggested 25 per cent air freight subsidy and increase in reserved cargo spaces for perishable goods like fruits and vegetables in the national flag carrier Biman to make horticultural goods competitive in the export markets.

India provides air freight subsidy to its horticulture sector and this practice is in line with the Uruguay Round Agricultural Agreement (URAA).

rules, according to the report drafted for making the National Policy for Vegetables, Fruits and Flowers Export.

Following a decision by the National Committee for Exports in 1998, the Planning Commission commissioned the Hortex Foundation to prepare the report for promoting horticultural export from the country, particularly fresh fruits and vegetables.

The report also called for improved packaging standards and duty drawback facilities for the exporters. It also said that import of air-conditioned trucks and containers should be made completely duty-free. "Bangladesh's chances for

emerging as one of the successful horticultural exporting countries is very bright, provided the sub-sector is given proper policy support," the report said, adding that the growth potential of the sub-sector still remained unexplored and the exporters were operating at a low efficiency level.

Export earnings from fruits and vegetables stood at US\$ 3 million in 1983-84, US\$ 9 million in 1992-93 and US\$ 32 million in 1997-98, indicating a growth of 185 per cent over a period of 15 years. The sub-sector has become the 10th largest export sector of Bangladesh, contributing about 1 per cent to the country's total export earnings.

CPD now on the Net

Star Business Report

The Centre for Policy Dialogue (CPD), a leading local think tank, launched its website yesterday with the hope to use it as an effective medium to extend its outreach and disseminate information.

The most important objective which motivated CPD into launching its own website, according to its Chairman Prof. Rehman Sobhan, is to connect itself with a wider circle of people and give them the widest possible access to information, knowledge about the state of development and process of policy-making in the country, so that would be able to obtain a real sense of inclusiveness in policy discourse.

Prof. Sobhan also thinks that loss of ownership over national policy agenda to the donors is the most important factor for deterioration in the quality of governance and it is hardly possible to promote effective governance without establishing domestic ownership. "Effective governance, thus, calls for democratically sus-

tainable policies, which originate from a process of domestic dialogue, designed through participation of the stakeholders," he said.

The website will provide a unique opportunity to access a wealth of information and analyses from CPD publications, which will be available online, and also allow CPD to engage itself in interactive dialogues with a wider audience. The address of the website is www.cpd-bangladesh.org.

CPD's Executive Director Dr. Debapriya Bhattacharya said that through the website the Centre seeks to closely involve the young generation, including those living abroad, who are destined to lead Bangladesh to a prosperous future in the new millennium.

"I believe our website will give the users an opportunity to better appreciate the efforts and contributions of Bangladesh's civil society towards shaping the future of a country at a crossroads," Bhattacharya said.

Bangladesh at Expo-2000 Hanover

Bangladesh is participating in the five-month 'Expo-2000 Hanover' in Germany which began on May 31 to enhance the country's exposure to the outside world, reports BSS.

German Chancellor Gerhard Schröder inaugurated the colourful Expo-2000 with the presence of presidents, prime ministers, ministers, prince and high officials from 170 countries.

A Bangladesh delegation comprising Commerce Secretary Golam Rahman, Bangladesh Ambassador in Germany Kazi Anwarul Masud, Prof. Anisuzzaman of Dhaka University, Vice-Chairman of the Export Promotion Bureau A B Chowdhury and high officials attended it.

Bangladesh set up a pavilion in cooperation with Germany along with other Asian countries in hall number 26 with the theme 'Living in Bangladesh' yesterday, today and tomorrow.

BUET Professor Shamsul Wares and a German architect jointly designed the pavilion, depicting life and achievements of Bangladesh.

The Economic Cooperation Development Minister of Germany praised the Bangladesh pavilion on the very first day of inauguration.

BA offices move to Gulshan

Star Business Report

British Airways offices in the city have moved to the Diplomatic Enclave at Gulshan. Terry Daly, Area General Manager for Middle East and South Asia of the Airways, inaugurated the new premises yesterday, says a press release.

The move from the congested business centre of Motijheel to Gulshan will provide customers with easy access to British Airways.

The new offices, situated on the first floor of the Star Centre, are designed to meet a wide range of modern business activities in a working environment that matches British Airways' high standards maintained world-wide. They are equipped with state-of-the-art training and conference facilities.

A city check-in facility on the ground floor of the Star Centre will offer customers a convenient option of checking in their luggage during the day.

This facility is available for all passengers travelling out of Dhaka enables them to have their seats pre-allocated, collect their boarding cards and be free of their luggage well before flight departure.

The service will be available from 1100-1500 hours on all flight days with effect from Sunday.

All baggages will be security-screened and 100 per cent hand-searched. Proxy check-in of baggage will not be permitted in the interest of the passenger's security.

Jill Errington, Manager Bangladesh said: "As a growing business, we need additional working space which is of a high quality. The new offices in Gulshan bring us closer to our customers and the travel trade. It also provides an improved working environment and better training facilities for our staff."

Korea Merchandise Exhibition 2000 begins tomorrow

Star Business Report

Korea Trade Centre (KOTRA) Dhaka will hold a 4-day 'Korea Merchandise Exhibition 2000' at the Pan Pacific Sonargaon Hotel from tomorrow.

The trade show, first of its kind in the country, will continue till the 9th of this month from 9 am to 8 pm everyday, says a press release.

This was announced at a press conference held at a local hotel yesterday.

A total of 38 Korean companies and their local agents will exhibit high-quality products. These include automobiles and auto parts, construction materials, consumer electronics, home and kitchenware appliances, stationery, textile products, machinery electronic goods, computer and accessories.

The purpose of the event is to showcase world-class Korean products, services and technology for Bangladesh businesses and consumers alike to explore various possibilities of cooperation in the field of trade and investment.

The show will display some of the best-selling products all over the world from world class Korean manufacturers. LG and Samsung will introduce high-definition digital 64-inch concept Television. Daewoo and Hyundai will show the latest car models.

Some very attractive gift items like crystal glassware, photo frame and writing instrument will also be on display.

Construction materials, textile products like thread, yarn, fabrics and capital machinery and equipment will also be put on display in the exhibition.



(From left) Priya Munasinghe, Acting Manager-Bangladesh, Khondakar Fazley Rabby, Mumtaz Niyazdeen, Dhaka Launch Coordinator, and Maj BDN Perera, Manager-Security of Srilankan Airlines, are now in the city for launching the airline's flight to Dhaka today.

Mobile Net technology to star in Asia telecom show in S'pore

SINGAPORE, June 4: Internet access via cellular telephones and the next generation of mobile technology are expected to grab the limelight when world players converge on Singapore this week for Asia's premier telecommunications event, says AFP.

Up to 2,000 exhibitors have spent an estimated 50 million Singapore dollars (29 million US) at the four-day CommunicAsia 2000 show starting Tuesday to stamp their mark on the region as Asian economies rebound from the 1997 financial meltdown.

"It's a show for international telecommunications companies to establish their presence in this industry," says Jean Khoo, spokeswoman for Singapore Exhibition Services (SES), the organiser of the event which starts Tuesday.

Mobile technology — specifically wireless technology — is

the dominant theme as telecom players prepare to tout the convenience that comes with adoption of going wireless to an estimated 30,000 trade visitors.

Asian countries have begun rolling out Internet services via mobile phones using the Wireless Application Protocol (WAP) standard, which is touted to be the next catalyst for the Internet despite the limited models now available.

WAP marries the two most dramatic breakthroughs in modern communications — cellular phones and the Internet — in a region where sales of cellular phones are exploding.

Using WAP, consumers will be able to do their email and banking, surf websites, make purchases and do other transactions from anywhere.

"Convenience is going to be the key to unlocking the potential of wireless technology," said Richard Chiam, technology

analyst at Vickers Ballas, a Singapore-based research house.

According to industry estimates, the number of mobile phone users is expected to reach 500 million globally by 2003, with 75 per cent of those phones Internet-enabled.

Using the theme "a mobile society in the wireless era," a spokesman for Finnish phone company Nokia told AFP it would be unveiling an initiative aimed at raising the quality of Internet content for access from mobile phones.

Rival Swedish phone giant Ericsson will showcase its first demonstration in Asia of its third-generation (3G) mobile phone technology, said Birgitta Pettersson, marketing communications director for Asia Pacific.

Ericsson claims its 3G technology enables transmission speeds over networks to be 50

times faster than current mobile phones.

Then there's Bluetooth, the wireless technology tipped to be one of the buzz words of CommunicAsia 2000.

"A highlight which is likely to attract most attention is the Bluetooth Pavilion, featuring the latest on Bluetooth wireless technology from Ericsson, Intel IBM and others," said Shaun Goh, SES executive director.

Bluetooth, pioneered by Ericsson, allows wireless connection among a diverse range of mobile electronic devices, and CommunicAsia will include a Bluetooth seminar and a Bluetooth solutions conference.

Lucent Technologies, heavily involved in the Bluetooth feature, takes up the biggest show space, saying it wants to share its perspective on the development of the Asian telecommunications sector.

New president of Bangladesh Bread Prostutkarak Samity

Star Business Report

Haji Mohammad Yunus has been elected president of Bangladesh Bread, Biscuit and Confectionery Prostutkarak Samity.

The election was held at the Annual General Meeting of the Samity in the city recently, says a press release.

A 33-member Executive Committee has also been elected unopposed with Haji Mohammad Ansar Ali as its Senior Vice President, Mohammad Jalaluddin, Secretary-General, and Haji Mohammad Abdus Satter as Treasurer.

Jalil off to Bangkok to join ESCAP session

Commerce Minister M Abdul Jalil left Dhaka for Bangkok yesterday to join the 56th session of ESCAP to be held today, says UNB.

The minister as the head of Bangladesh delegation will present the country report seeking more cooperation for the development of Asia and the Pacific region particularly for the LDCs, including Bangladesh.

He will ask the member countries to expand market access and ability for LDCs with a view to increase their export.

The Commerce Minister will mention different steps of the government to face the challenge of WTO and attract foreign investment.

Malaysian capital market regains MSCI status

KUALA LUMPUR, June 4: Malaysia's stock market has finally regained its treasured MSCI status 18 months after losing it due to capital controls — but greeted the move with more of a whimper than a bang, says AFP.

The Kuala Lumpur Stock Exchange regained its place in the influential Morgan Stanley Capital International indices after the market closed last Wednesday.

But shares closed 0.8 per cent lower Thursday on volatility in US and other global markets. On Friday they fell another 1.5 per cent despite strong US markets overnight.

Analysts say the timing of reinstatement is unfortunate, amid global uncertainty in equity markets. Some cite lingering fears that the capital controls might still return.

Malaysia was ejected from the MSCI on November 30,

1998, almost three months after it imposed selective capital controls. Most measures apart from a currency peg have since been eased.

Restrictions on repatriating foreign portfolio investments have been replaced by a 10 per cent exit levy on profits. John Fildes, MSCI executive director, warned last week there was still "residual fear" among foreign investors that controls might return if markets again become volatile.

Fildes, quoted by the Business Times, said reinstatement in MSCI, which is tracked by two trillion dollars' worth of funds worldwide, should not be seen "as a signal that it's all right to impose capital controls."

Victor Wan, senior analyst with Mercury Securities, said volatility in US markets was affecting investment decisions.

Srilankan Airlines launches flight to Dhaka today

Srilankan Airlines will launch its flight to Dhaka today, says a press release.

The airline will operate twice a week with Airbus-320. All preparations are being taken to start the operation in Bangladesh.

Major BDN Perera, Manager-Security and Investigation, and Mumtaz Niyazdeen, Dhaka Launch Coordinator of Srilankan Airlines, are now visiting Dhaka for preparation to launch the airline's flight.

Priya Munasinghe, Acting Manager-Bangladesh of the airline, who has arrived here recently, is lending assistance to Srilankan Airlines team.

UNCC tells Mannan

Gulf War-hit companies to get compensation

United Nations Commission for Compensation (UNCC) has assured quick settlement of the unsettled matters related to providing compensation to some Bangladeshi companies affected by Iraq-Iran war, reports BSS.

The assurance came when Minister for Labour and Employment M A Mannan called on Executive Secretary of UNCC Jean Claude Airmece at Geneva recently.

Mannan, now in Geneva to attend the annual conference of ILO, thanked the UNCC Executive Secretary for the cooperation to provide compensation to the Bangladeshis affected in Iraq-Iran war.

Bangladesh Permanent Representative in Geneva Dr Iftekhar Ahmed Chowdhury was present on the occasion.



Ho-Won Chung, Resident Trade Representative of KOTRA in Bangladesh, speaks at a press conference held at a city hotel yesterday.

Filipino company earnings, stocks hit by Muslim rebellion

MANILA, June 4: A sharp reduction in economic growth projected for the Philippines this year due to a Muslim rebellion is expected to slash earnings of companies and keep stocks under pressure, analysts say, reports AFP.

The government has said economic growth would be at the lower end of the four to five per cent it targeted for 2000 due to the prolonged Muslim uprising in southern Philippines, but analysts believe it will be even lower.

"Despite the lower forecast, we think the government is still optimistic. We are looking at a

2.6 per cent gross domestic product (GDP) rise for the entire year," said Luz Lorenzo, head of research at Kim Eng Securities Philippines Inc.

The Philippine economy grew by 3.3 per cent in 1999. The International Monetary Fund (IMF), under whose care the Philippines remains despite emerging from its worst economic crisis in the early 1980s, set a target of four to five per cent growth for 2000.

"The five per cent GDP target has become elusive," Finance Secretary Jose Pardo conceded last week after the National Statistical Coordination Board

said key economic growth targets for the first quarter were not achieved.

The country's GDP grew 3.4 per cent year-on-year in the three months to March. The government had expected a 3.8 per cent expansion.

Raul Concepcion, Chairman of the Federation of Philippine Industries, said economic confidence had plunged to levels last seen 11 years ago when the government was nearly wrecked by coups.

"Although I don't think there will be a coup attempt this time, people are as downhearted now as they were back in 1989," said

Concepcion, a former trade minister.

"Today the issue is no longer the economy but the need for the government to move rapidly in restoring the confidence of the Filipino (businessman)."

Analyst Lorenzo said that in the short term, company earnings and stock prices were expected to take a hit due to lower economic growth and the sliding Philippine peso.

"Valuations in the short term are going to be difficult and it is difficult for the market to sustain an upward trend," she said.

SHANGHAI, June 4: China's soaring share markets have outperformed global exchanges this year, leaving Asia giants Tokyo and Hong Kong far behind and racking up huge gains even as London and Wall Street wilted, says Reuters.

The hard currency B shares woke up from a long slumber, surging nearly 50 per cent in Shanghai and more than 35 per cent in Shenzhen since the start of this year. Domestic A shares, reserved only for local investors, are up about 44 per cent on average.

Rumours the government would rescue the markets with proposals including a radical merger of the A and B share bourses and creating B share mutual funds has produced a speculative bubble that has ballooned over the past two weeks.

But that bubble, analysts warn, is due to burst soon if securities regulators fail to follow through.

The warnings don't seem to bother herds of local investors, trading the foreign currency shares through regulatory loopholes, who have latched on to the merger theory.

In anticipation of a merger, investors are targeting companies that have A shares and hard currency B shares, which trade at a substantial discount to their domestic counterparts.

In a long-term arbitrage play, a merger of the markets will shove B share prices up to

match their domestic counterparts, reaping healthy profits.

The B share fervour was sparked when Anthony Neoh, chief adviser of the market watchdog China Securities Regulatory Commission (CRSC), was quoted by Hong Kong media as saying that the merger could take place in two or three years.

Underpinning sentiment has been China's bid to join the World Trade Organisation, which appears on a smooth track following a critical trade deal with the European Union and passage of a permanent normal trade relations bill by the US House of Representatives in mid-May.

Zhou Xiaochuan, chairman of the CSRC, added to the fire by saying last week that fund management companies would be encouraged to invite specialised foreign institutions to give technical advice. The move would be a precursor to establishing Sino-foreign joint venture fund management companies after China joined the WTO, state media quoted Zhou as saying.

"The main factor boosting the markets is the Sino-foreign mutual funds and the possibility of a merger between A and B share," said Zhang Xiongfang, analyst with Daiwa Securities Sumitomo Bank Capital Markets.

By Friday, Shanghai B

shares had gained 49.46 per cent this year, while Shenzhen B stocks rose 35.21 per cent. Shanghai A shares vaulted 40.14 per cent and Shenzhen A stocks were up 47.30 per cent.

Last week, China's exchanges usurped high-flying Karachi at the top of a list of best performers in Asia so far this year. The Dow, Nasdaq and London's FTSE benchmark are all down four to nine per cent this year to date, despite strong gains by all three indices over the past week.

A shares have been strong since the start of the year, beginning with a frenzy over high-tech shares.

The government has since announced proposals allowing more institutions into the A share market, insurance companies and social security funds, as well as plans for open-ended mutual funds and second boards like Hong Kong's GEM market.

But analysts can find little more than speculation driving the share rises.

Many listed firms suffer from chronically weak corporate results, poor disclosure and thin liquidity. Foreigners fled the B share market in 1997 after the Asian financial crisis sparked fears of a yuan devaluation. There was only a single B share listing in all of 1999.

And just last year, B shares were trading at lifetime lows on poor corporate earnings results.



Building Technology & Ideas Ltd (BTI), an ISO 9001 certified real-estate developer, recently handed over a project "Rhapsody" at Gulshan in the city to its valued clients. Picture shows Deputy Managing Director Engineer F R Khan, Director-Marketing Sadat Hossain Salim, Director-Construction Engineer J A Patwary and other senior officials of BTI at the handing over ceremony.