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The Daily Star BUSINESS

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BTMA hits at govt nod to GSP for goods with regional raw materials

Indian textile goods seen running over local industries

Star Business Report

Bangladesh Textile Mills Association (BTMA) has expressed grave concern over the government's consent to the European Union's (EU) generalised system of preference (GSP) provision for goods manufactured with raw materials of regional origin.

While discussing the issue at its latest monthly meeting, the Association condemned the government for giving consent to such a provision. They termed the step as 'damaging' and said it would destroy the country's textile sector.

BTMA also urged the government to take up the matter with EU and send a delegation immediately to Brussels for cancellation of the regional cumulation provision for the

sake of the textile industry. "We feel that the new provision to allow GSP for goods manufactured with raw materials of regional origin will surely damage the current competitive edge of yarn and fabric-producing mills in the country," it said in a press release yesterday.

The sale of yarn and fabric will shrink drastically and the market will be flooded with textile goods from the neighbouring countries," it added.

BTMA also feels that as a result of the new provision allowing SARRC regional cumulation, Indian textile goods are likely to take absolute control of fabric supply to the country's garment factories.

"The textile sector will now

come under strong pressure due to dumping at under-invoiced prices by the Indian suppliers, result—eventual collapse of the country's textile sector," the press release observed.

The Association claimed that the country's yarn manufacturing mills were fully capable of meeting the demand for export-quality knit yarn and there was no need to depend on yarn from outside sources. On the other hand, the weaving sub-sector is producing quality fabrics made with modern looms, it said.

Clarifying the country's status in the woven sector, the BTMA statement said, "At present about 18 per cent of the woven fabric needs for export-oriented readymade garments

(RMG) industry is met with local supplies."

The RMG factories are already allowed to import duty-free fabric under bond facilities. The large demand gap in the fabric sub-sector for export-oriented RMG industries provides a big opportunity for setting up modern high-technology weaving mills.

Meantime, a good number of spinning and weaving mills have been set up to meet the local and export requirements of yarn and fabrics for RMG industries.

As much Tk 8,000 crore has been invested in the yarn and fabric sector, which as a whole provides direct employment to about 2.75 million people, it claimed.



Rokia A Rahman, President of the Women Entrepreneurs Association, Bangladesh (WEA), along with the WEA committee members called on Begum Matia Chowdhury, Minister for Agriculture, at her Secretariat office. They discussed the prospects and possibilities of women entrepreneurship development in the household agro-based business and industry and possible cooperation from the ministry in this regard.

— WEA photo

Tullow purchases major North Sea output interests

Star Business Report

Tullow Oil Plc has purchased a major package of the North Sea production interests from BP Amoco Arco for £201 million.

Tullow, an independent oil and gas exploration, development and production company, made an announcement to this effect on Monday, says a press release.

Under the agreement, Tullow will acquire interests in a number of producing gas fields and related assets in the southern sector of the North Sea.

To partly fund the acquisition, Tullow also announced a Placing and Open Offer to raise approximately £41.8 million (net of expenses), and signed a loan agreement to provide up to £140 million in bridge financing.

The purchase, which is subject to the approval of the UK government, the European Commission, licence holders and Tullow shareholders, is of Arco's share in several producing gas fields and associated gas pipelines and processing facilities. It is designed to meet an undertaking given by BP Amoco to secure approval by the European Commission for BP's takeover of Atlantic Richfield Company (ARCO).

The highlights of the acquisition are:

Two packages of North Sea production and exploration assets to be acquired from BP Amoco/Arco for £201 million, as of January 2000, subject to adjustments.

Assets to be acquired include interests in 16 producing southern North Sea gas fields in the Thames/Hewett and Murdoch field complexes with proven and probable reserves estimated at 242.6 bcf as at 1 January 2000 and various associated gas pipeline and terminal assets.

Purchase also includes 9 undeveloped gas discoveries and numerous exploration prospects and leads.

BP to support Tullow in its proposal to operate Thames area fields, subject to UK Government and licence partners' agreement.

Provides Tullow with significant cash flow to support its anticipated exploration and development programmes both for these assets and worldwide.

Transforms Tullow in size adding approximately 25,000 barrels of oil equivalent production per day, over five times Tullow's current production.

Standard Chartered announces interim results for 2000

Standard Chartered Bank has announced its interim results for the year 2000 in London.

The highlights of the results show that as of 30 June, 2000, the headline earnings of the bank has gone up by 28 per cent to £235 million from £183 million on 30 June, 1999. This is a 43 per cent increase from £164 million as at 31 December, 1999, says a press release.

Profit before taxation went up by 31 per cent of £356 million from £271 million on 30 June, 1999 and 51 per cent from £236 million 31 December, 1999.

Provisions went down by 32 per cent to £164 million from £240 million on 30 June, 1999 and by 36 per cent from £255 million on 31 December, 1999.

Net revenue has gone up by 6 per cent to £1,254 million from £1,178 million on 30 June, 1999 and up 5 per cent from £1,200 million as at 31 December, 1999.

Non-interest income excluding dealing profits and exchange went up by 26 per cent to £288 million from £228 million on 30 June, 1999 and by 7 per cent from £268 million on 31 December, 1999.

As of 30 June 2000, cost increase held at 10 per cent at £734 million from £667 million 30 June, 1999 and 4 per cent from £709 million on 31 December, 1999. Excluding acquisitions, costs increased by 4 per cent compared to the period ending 30 June, 1999.

Interim dividend per share increased by 10 per cent to 7.425 pence, reflecting a positive outlook in markets, balanced with further investment to drive even better returns.

Oil price shoots after big US stockdraw

LONDON, Aug 3: Oil prices jumped yesterday after two closely watched reports showed a surprisingly big drop in US crude inventories in the world's largest energy market, says Reuters.

London's Brent blend crude futures for September delivery settled 45 cents higher at \$27.59, having earlier hit a session high of \$27.87.

US light crude futures stood at \$28.26 at the close, 47 cents higher than the day before.

Buyers rushed in after the American Petroleum Institute (API) announced late on Tuesday that US crude stocks fell a staggering nine million barrels for the week ending July 28.

Kibria for laws to protect govt's online communication secrecy

BCS Software Expo 2000 begins in city

Star Business Report

Finance Minister SAMS Kibria has said that the government should formulate laws to protect official communication secrecy in the backdrop of online data transmission.

"The UK is preparing such a law, namely 'electronic snoopy'. We should also go for it now," he said.

The minister was speaking as chief guest at the inaugural function of the first-ever BCS Software Expo 2000. The three-day exposition organised by Bangladesh Computer Society (BCS) began at Sheraton Hotel in the city yesterday.

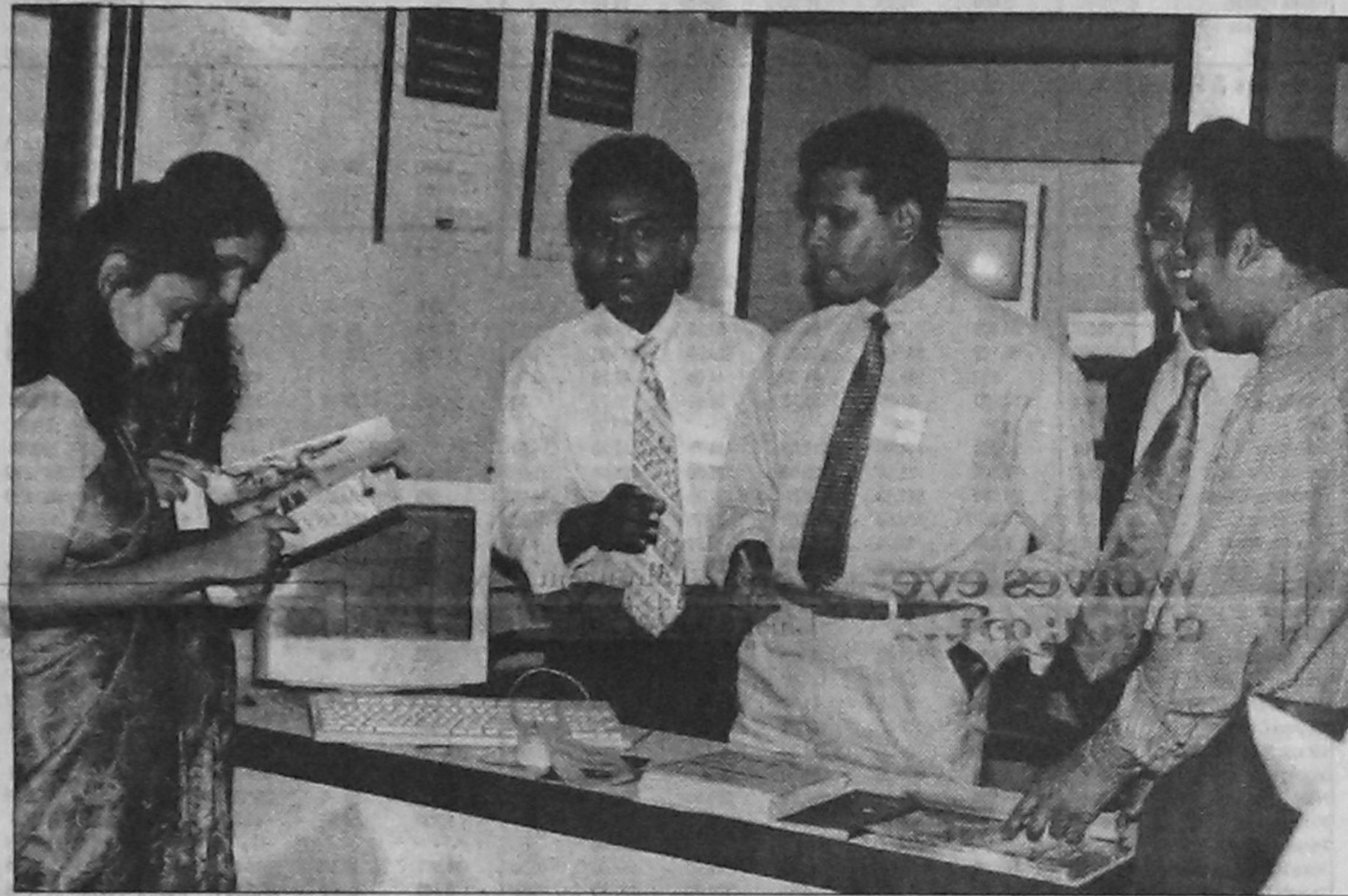
The minister said the country now expects export returns from the IT sector since the government has offered a package of incentives and policy support for its development over the last couple of years.

He stated that the IT sector, which has so far spent a huge amount of foreign exchange for importing different kinds of hardware, should now fetch foreign currency through export of items of the sort.

Speaking as special guest, Prof. Jamilur Reza Chowdhury, Adviser of the former caretaker government, said a National Committee on Information Technology mulls over recommending some new measures to address the e-commerce prospects.

A draft for the proposed IT policy is almost complete and it would be available on the Net before finalisation, seeking suggestions from people concerned. The draft will be submitted to the government within the next four months, Chowdhury said.

Stressing the need for a mul-



The three-day BCS Software Exposition 2000 began at Dhaka Sheraton Hotel yesterday. Picture shows visitors making queries about products at a stall on the opening day.

— Star photo

timedia university in the country, he said that the proposed IT village should provide for such an institution.

Chowdhury also said e-governance needs to be introduced for better efficiency of the government machinery.

The industries minister said the government is trying to install ISDN telecommunication lines with fibre optic backbone

for faster data communication links. "We want to prove that a large population means greater opportunity by training at least one per cent of the population as software engineers," he stated.

Tofail was also of the opinion that the local software market should be expanded to attract giant IT investments in Bangladesh.

Science and Technology Minister Noor Uddin Khan said the IT sector should be freed from government monopoly.

At the inaugural function, BCS also honoured BUET Prof. Mohammad Kaikobad for his contribution to the development of IT professionals and journalist Nazimuddin Mastan for giving the IT issues wide media coverage.

US investors mull over jute-based composite plant in Bangladesh

When the country's jute sector is facing a setback, US investors are likely to set up a jute-based composite plant in Bangladesh with an estimated cost of one billion dollar, reports UNB.

Some of the potential investors meeting with State Minister of Jute Ak Faezul Huq in New York on Monday said they would set up a plant to produce substitutes for construction materials, according to a message received in Dhaka yesterday.

The entrepreneurs representing Proterra Capital and its associates said jute-made substitutes for construction materials have good market in USA and Europe. They agreed to set up a plant that will consume one lakh metric tons of raw jute annually.

Mick Hodges of Proterra and Dra Sherrill Kazan of the World Council of Peoples for the United Nations were, among others, present at the meeting.

Representatives of the investment companies informed the state minister that an expert team would visit Bangladesh shortly for feasibility study for the proposed plant.

Appreciating the initiative of the US entrepreneurs, the state minister assured them of all support and assistance for setting up jute-based plants. He told them that the main objective of the government's economic policy is to provide all-out support to the foreign investors.

US entrepreneurs have so far registered investment proposals of around one billion dollar with the Board of Investment.

Weakening rupee threatens hard times for India

BOMBAY, Aug 3: The weakening Indian rupee is threatening to push up domestic interest rates and inflation, as well as hitting industrial and economic growth, analysts said today.

The rupee on Wednesday closed at an all-time low of 45.27 to the dollar in the wake of heavy demand for the greenback from importers, banks and foreign portfolio investors.

The local currency has lost 3.6 per cent of its value against the dollar in the past four months.

"We are in for difficult times if the rupee continues to fall. The economy will take a hit," Shubhendra Rao, head of research at domestic credit rating agency CRISIL told AFP.

Rao said the immediate impact of the rupee's fall would be on interest rates which had enjoyed a downward trend during the fiscal year to March 2000.

Interest rates will definitely go up, pushing up input costs for industry and further squeezing margins. Profitability will take a hit," she said.

Domestic bank lending rates were reduced by around three percentage points in fiscal 1999-2000, and currently stand at between 12.5 per cent and 16.5 per cent.

The central Reserve Bank of India (RBI) has remained calm during the recent fall in the rupee, which governor Bimal Jalan dismissed as a "minor fluctuation."

"Nothing should be read into it. The rupee has lost a bit to the dollar, but has gained against the euro and the pound. You need to look at the entire picture," Jalan said.

reserve ratio and halved the re-finance limits of banks in a bid to tighten money supply and take the pressure off the rupee.

"The RBI's measures seem to have had no impact. In fact the rupee does not seem to be within the RBI's control now," said dealer N Subramanian at foreign exchange house Mecklart and Mecklart.

"The only way they can get it back under control is to suck out the entire (cash) liquidity

Indonesia bans export of urea fertiliser

JAKARTA, Aug 3: The Indonesian government has slapped a temporary ban on exports of urea fertiliser to ensure against domestic shortages in the upcoming harvest season, the Bisnis Indonesia daily reported today, says AFP.

The ban is in anticipation of high domestic demand late this year. Bisnis quoted Gator Ibnu Santosa, director general of chemical industries at the trade and industry ministry, as saying.

"This is already August and we should save (urea fertiliser) because the Pusri and Petrokimia Gresik plant have some production problems," Santosa said referring to the upcoming new planting season and the country's two main state owned urea fertilizer producers.

The ban effective immediately, also took into account major technical problems at the PT Pusri and Petrokimia Gresik urea plants in Java and Sumatra.

from the system, but that is too harsh a medicine."

Subramanian was wary of speculating when the rupee fall may bottom out.

"It could touch 46 to the dollar by end-August or early September. But this weakness of the rupee is very bad for the economy. Import costs will rise sharply."

Experts who import raw materials, process them and then export them will be severely hit.

India's exports rose 28 per cent year-on-year to 10.2 billion dollars in the three months to June, but the trade deficit also jumped 26 per cent due to a strong growth in imports.

Mridul Gokhale, chief dealer at international travel house Thomas Cook said an expected rise in US interest rates was causing many foreign portfolio investors to pull out of India.

"The Indian economy is not doing too well. Apart from the information technology sector, the old economy sectors are not in good shape."

Gokhale said the slow pace of economic reforms, particularly the privatisation of state companies, had discouraged many foreign portfolio investors.

"The RBI is caught between the devil and the deep sea. If they curb rupee supply further, interest rates will go up, hurting the government's own borrowing programme."

But one thing is clear. The falling rupee will have a major, adverse impact on the economy as exports are not enough to cover the trade deficit. Inflation is expected to rise to about 7.5 per cent from the current level about 6.7 per cent, she said.

New MD of BSRs



Md Yousuf Ali-Howlader took over the charge of Managing Director (Current Charge) of Bangladesh Shilpa Rin Sangstha (BSRS) on Wednesday. Prior to joining BSRs, he was the Deputy Managing Director of Sonali Bank, says a press release.

Howlader joined the erstwhile Muslim Commercial Bank Ltd as probationary officer in 1966. After independence, he served in Rupali Bank (former Muslim Commercial Bank Ltd) till his promotion to the rank of General Manager in 1995.

On promotion as General Manager, he joined Bangladesh Krishi Bank and was subsequently transferred to Bangladesh Shilpa Rin Sangstha.

Howlader participated in various seminars, workshops and training programmes at home and abroad. He also visited different countries including USA, UK and Pakistan as part of his professional responsibilities.

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major currencies against Taka:
Central Bank USD/BDT Rate: Buying-BDT50.85/Selling-BDT 51.15

TT/OD	BC	Currency	TT Clean	OD Sight	OD Transfer
51.2500	51.2800	USD	50.8650	50.8964	50.8279
0.4760	0.4753	JPY	0.4698	0.4687	0.4577
30.5965	30.6136	CHF	29.9104	29.8487	29.8082
30.1026	30.1202	SGD	29.0026	28.9403	28.9012
34.8288	34.8494	CAD	33.9949	33.9206	33.8745
5.5689	5.5733	SEK	5.4721	5.4613	5.4539
30.8427	30.8608	AUD	28.5175	27.9508	27.9127
13.6321	13.6401	MYR	13.2496	13.2135	13.1956
6.6057	6.6096	HKD	6.4909	6.4732	6.4645
13.7226	13.7095	SAR	13.4230	13.3863	13.3681
14.0696	14.0779	AED	13.7045	13.7045	13.6860
0.0461	0.0462	KRW	0.0452	0.0452	0.0452
76.7791	76.8234	GBP	75.2028	74.9370	74.8828
47.4608	47.5477	EUR	45.7919	45.6088	45.5323

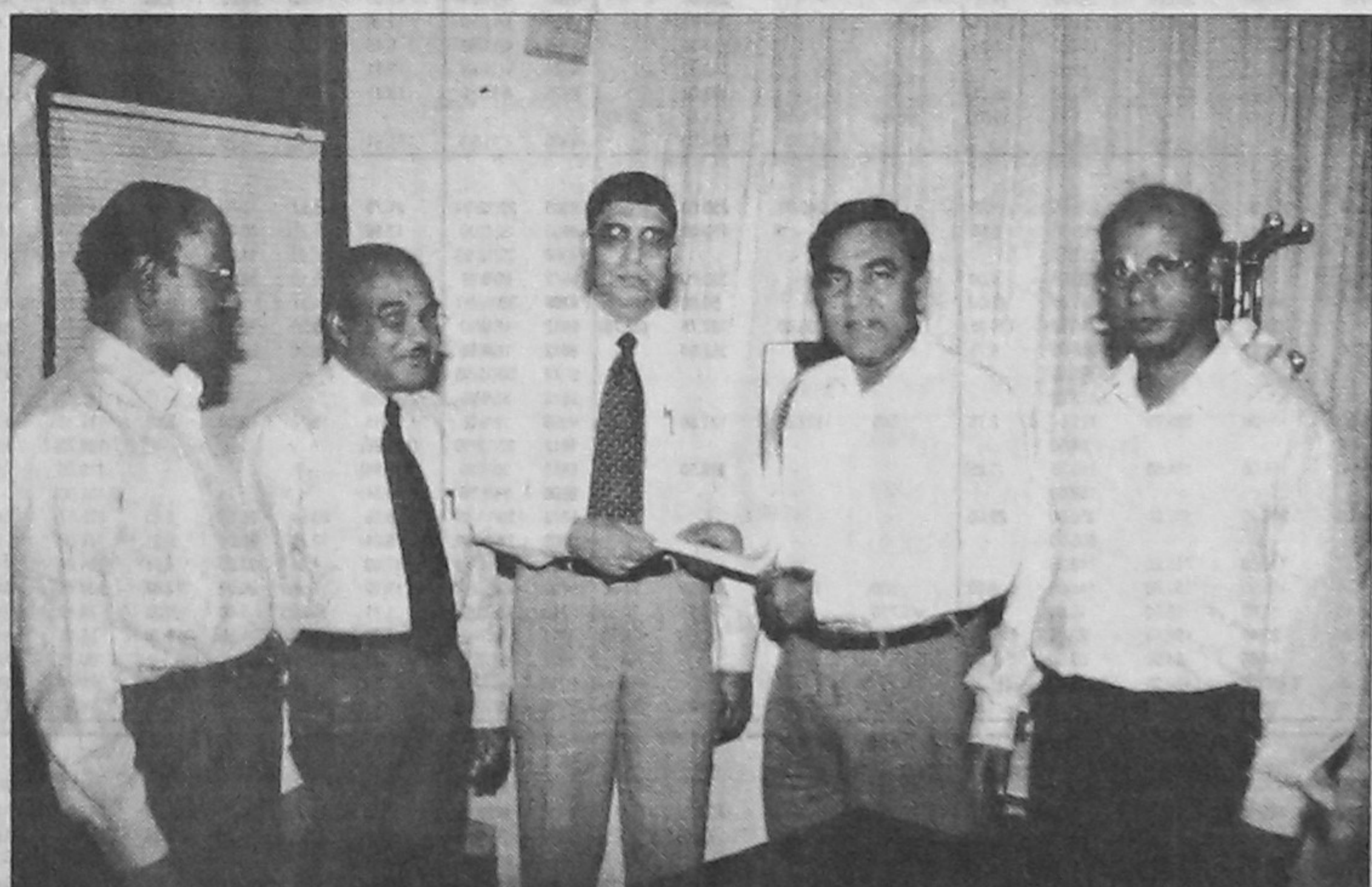
Usance Export Bills

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7601	50.4469	50.0289	49.5481	49.0255	47.8549

Exchange Rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Mal. Ringit	Indo. Rupiah	NZ Dollar
44.96/45.06	53.15/53.35	41.25/41.29	3.7999/3.8001	8915/8935	0.4547/0.4554

Market Commentary
Demand for dollar was high in the local foreign exchange market on the last working day of the week. The demand mainly rose due to corporate customer's demand for dollar to meet import-related payments. The demand was also fuelled by their interest to hedge foreign exchange exposures. The market remained apprehensive about depreciation of Bangladesh taka against dollar. It may be noted that taka was last depreciated on November 30, 1999. Meanwhile, the call money market came out of its insipid state.



Mir Rahmat Ali, Chairman of Central Insurance Company Ltd, hands over a cheque to KM Jahangir, General Manager of Agrani Bank, Circle-2, for settling a Tk 21.11 lakh fire claim of the bank on account of M/s Arch Limited recently. Md Ezhar Hossain, Managing Director (current charge), Mohammed Masoom, Executive Vice-President of the Claims Department of the insurer, and Mizanur Rahman, Deputy General Manager of the Ramna Corporate Branch of Agrani Bank, are also seen.

— Central Ins photo

Pakistan offers new tax amnesty scheme

ISLAMABAD, Aug 3: Pakistan offered yesterday a new tax amnesty scheme, asking individuals to declare their hidden assets, after a similar programme brought in 10.3 billion rupees (\$194 million) of tax, says Reuters.

Finance Minister Shaikat Aziz told a news conference that 103 billion rupees were declared, equivalent to three per cent of gross domestic product (GDP), in hidden assets under the old scheme which ended on June 31.

Those who declared their hidden assets paid 10 per cent tax and were asked no ques-

tions about the source of the wealth.

Under the new scheme, which starts on Thursday and runs until November 30, the percentage of tax on hidden assets will be increased to 11 to 14 per cent.

In Pakistan, those who have undeclared assets far in excess of income face heavy fines and even jail.

The law was used last month to convict former prime minister Nawaz Sharif for owning a helicopter and not declaring it in his taxes.

According to Aziz, the size of total hidden assets and wealth in Pakistan is estimated to be anywhere between 50 and 100 per cent of gross domestic product.

The previous amnesty scheme was running parallel to a continuing tax survey to trace tax evaders and broaden the tax net in line with agreements with international donors.

Aziz said the survey, being carried out in 13 major cities, helped the amnesty scheme as people realised the government was serious about tax-broadening efforts.

The military-led government has pushed ahead with the survey, which asks about income and expenditure, in the face of strong resistance from merchants and store owners.