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## IMF to revise upward its forecast for world economy

ROME, Sept 2: The International Monetary Fund (IMF) will revise upward its forecasts for world, US and eurozone economic growth in 2000 and 2001, Italian news agency ANSA reported yesterday, says Reuters.

Citing a draft of the IMF's World Economic Outlook to be published later this month, ANSA said the IMF would revise its estimates for 2000 US growth to 4.9 per cent from the 4.4 per cent it forecast in April.

Euro zone countries' gross domestic product was seen expanding 3.4 per cent in 2000 and 2001, up from the 3.2 per cent indicated by the IMF in April.

But the combined effect of high oil prices and a weak euro pressed the IMF to adjust its inflation expectations for the euro zone, bringing the estimate for the block's 2000 consumer prices to 2.0 per cent from a previous 1.7 per cent, ANSA said.

In 2001, eurozone inflation was seen by the IMF at 1.7 per cent from 1.6 per cent previously.

Among the eurozone countries, Italy is expected to grow 3.1 per cent this year and 3.0 per cent next year up from 2.7 per cent and 2.8 per cent previously. Forecasts for Germany's economy were unchanged at 2.8 per cent growth in 2000 and 3.3 per cent in 2001.

The world economy ANSA said citing the report, is expected to grow 4.7 per cent this year, up half a percentage point from April's expectations, and 4.2 per cent in 2001.

Japan is seen expanding 1.4 per cent in 2000.

The IMF did not confirm the report.

"We don't confirm anything until the report comes out," an IMF spokesman said in Washington. "The WEO is still being discussed on the board."

"They are still working on it until the very end," he added.

## ICMAB team meets Kibria

A delegation of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) led by its president M Abul Kalam Mazumdar, FCMA called on the Finance Minister, Shah AMS Kibria, at his chamber in the city on Thursday, says a press release.

During the meeting, the delegation apprised the minister of the institute's activities in various sectors of the national economy.

The finance minister appreciated the role of Cost and Management Accountants and expressed the hope that the CMAs would try to increase their contribution for the development of the country.

He underscored the importance of Cost Audit and formation of multidisciplinary National Accounting Standard Monitoring Board and assured the delegation of looking into these matters.

Other members of the delegation present at the meeting were Md. Mujibur Rahman, FCMA, vice-President, and Saleh Ahmed Bhuiyan, FCMA, Executive Director of the Institute.

## EU, US lurch towards trade row over tax scheme

BRUSSELS, Sept 2: The European Union and the United States lurch towards an explosive trade row yesterday as Washington vowed to press ahead with reforms to a multi-billion-dollar export tax break scheme over EU objections, says Reuters.

Washington warned the 15-nation EU it risked sparking an all out trade war if it blocked its plans to replace the controversial Foreign Sales Corporation (FSC) scheme which the World Trade Organisation (WTO) earlier this year found to be an illegal export subsidy.

A senior Clinton administration official told reporters in Washington that the United States could block tax programmes used by European nations, including France and the Netherlands, if the EU refused to back down.

"We're doing everything we can to avoid it (a trade war). If there's to be one, it will be in their hands, not in ours," he said.

The EU earlier rejected the US proposal to reform the FSC programme which offers up to \$4 billion a year in tax breaks to US exporters. It argues that the US plan continues to make tax breaks dependent on exports, in violation of WTO rules.

The WTO, ruling in a case filed by the Europeans, has given the United States until October 1 to bring the FSC into line with global trade rules.

The EU's rejection of the reform plan raised the prospect Brussels could seek WTO permission later this year to impose sanctions on US exports that could run to billions of dollars.

# Cement manufacturers ask govt not to allow new factories

## Market glut feared as 62 more plants get approval

Star Business Report

Apprehending a glut in the market, Bangladesh Cement Manufacturers Association yesterday urged the government not to allow any more cement factory in the country.

They said the government has recently allowed huge investments for setting up a number of cement plants. When these factories will go into operation, the market will be flooded with excess production. These will put the existing businesses in the red.

"The Board of Investment (BOI) has approved proposals

for setting up 62 cement units," said Bangladesh Cement Manufacturers Association President Ahmed Akbar Sobhan at a press conference.

"With the completion of these units, the combined annual production capacity will reach 1.89 crore tonnes against a projected demand of only 55 lakh tonnes."

Giving a grim picture about the future of the cement industry, he said many of the plants would be bound to shut down and become sick once the market saturated. In such a situa-

tion, factories would fail to utilise their full capacity.

He said the situation in the cement sector is now similar to that of frozen fish or re-rolling industries. In the past, a number of entrepreneurs set up frozen fish and re-rolling plants only to become sick because of excess capacity.

Currently, there are 17 cement factories with an annual production capacity of 43.32 lakh tonnes. Of these, five companies are going ahead with expansion programmes which will raise the total capacity to

52.72 lakh tonnes.

Besides, six more plants are in the process of implementation which will add another 33.40 lakh tonnes annually to the existing capacity. So, the total production will reach 73.20 lakh tonnes against a total domestic demand of 55 lakh tonnes.

The cement manufacturers said the government should now take a discouraging attitude towards fresh investment in the sector and encourage investors to other priority sectors.



A delegation of ICMAB headed by its president M Abul Kalam Mazumdar, FCMA, meets Finance Minister Shah AMS Kibria at his office in the city on Thursday. - ICMAB photo

# Skill, technology needed to develop RMG sector

Speakers at a function here yesterday underscored the need for simultaneous application of skill and technology in the garment sector, the country's highest foreign exchange earner, to accelerate the national economy, says BSS.

Proper harnessing of the country's huge human resources by upgrading their skill and knowledge is an indispensable factor for raising the quality of products. To boost export, quality is a must and for quality products, training has no alternative, they told the inaugural ceremony of a five-day training course on 'Maintenance Technology on Industrial Sewing Machines' at Sonargaon Hotel.

The Association for Overseas Technical Scholarship (AOTS), Japan, organised the course in collaboration with Brother Industries Ltd., Japan. Brother

International Singapore, Brother Bangladesh liaison office in Dhaka, Bangladesh AOTS Alumni Society (BAAS) and Chattogram AOTS Alumni Society (CAAS).

President of Foreign Investors Chamber of Commerce and Industry (FICCI) Waliur Rahman Bhuiyan attended the opening function as the chief guest while Chie Sugino, representative of the Embassy of Japan who is in charge of technical cooperation between her country and Bangladesh was the special guest.

It was also addressed by AOTS representative Dr AKM Moazzem Hussain, Brother representative Y Hasegawa and BAAS President Anwarul Haq, Member-Secretary of the Steering Committee for the course Jawahar Ghanai gave the vote of thanks.

Two Japanese experts - K Naganawa and Y Yamamoto -

are conducting the five-day training course, being participated by 40 persons from different garment industries. A similar course will also be organised in Chittagong from September 9 to 13.

FICCI president Waliur Rahman Bhuiyan said Japan, the fourth largest investor in Bangladesh, is a valuable, dependable and trusted development partner. The recent visit of the Japanese premier would help further investment in the country in near future, he hoped.

Stressing the need for putting in serious efforts to ensure that the garment sector is not only protected, but prospers, Bhuiyan said Japan could play a great role in this context by developing human resources, transferring technology as well as further understanding with which the nation's ties are deep rooted.



Photo shows participants at the certificate awarding ceremony of a training course on 'Tax and Management' held at DCCI Business Institute on Thursday. Former DCCI Vice-President Ashraf Ibn Noor (2nd from right) was also present. - DCCI photo

# Weekly commodity: Oil prices high, gold glitters

LONDON, Sept 2: Oil prices remained high, as a vague pledge from the world's leading oil producer, Saudi Arabia, to ensure a "suitable increase" in output weakened prices only slightly and stocks continued to hover around a 24-year low, says AFP.

Prices climbed over 31 dollars a barrel in London and above 33 dollars in New York.

Analysts increasingly predicted that the Organisation of Petroleum Exporting Countries (OPEC) would agree to a modest output increase when it holds its ministerial conference in Vienna on September 10.

However, they also predict that extra oil would fail to boost stocks sufficiently, especially in view of specific product

shortages, notably of heating oil.

Heating oil stocks are 40 per cent lower than this time last year.

**Rubber:** Flat. Rubber prices weakened in volatile trading. In Kuala Lumpur, the RSS1 index slipped back to 2.66 from 2.70 ringgit per kilo.

The SMR20 index slipped weakened to 2.35 ringgit from 2.39 ringgit.

**Cocoa:** Hotting up. Cocoa prices rose as the market awaited publication of information on the West African harvest and the resumption of cocoa-drinking over the winter months.

**Coffee:** Weak. Coffee prices sank to an eight-year low level in London on Thursday on con-

cerns of a supply surplus from Vietnam, the world's leading Robusta exporter.

In London, Robusta for November delivery sank to 776 dollars a tonne on Thursday, compared with 813 dollars seven days earlier.

**Sugar:** Sweet. International sugar prices strengthened as the markets awaited the resumption of activity following the quiet holiday period.

On the London market, December contracts rose to 268.9 dollars a tonne from 266.4 dollars.

**Grains:** Jumping. Cereal prices rose strongly in London and New York as forecasters predicted unseasonably high temperatures in the US production regions.

## IMF wants China to adopt more flexible forex policy

WASHINGTON, Sept 2: China should take advantage of its steadily improving economy and move toward a more flexible exchange rate policy, the International Monetary Fund said yesterday, reports Reuters.

The yuan, China's currency, is unofficially pegged at around 8.28 to the dollar with the central bank frequently intervening in the Shanghai-based foreign exchange market to keep it within a narrow range around that level.

But some have argued that China will better buffer itself from external economic shocks if it becomes more flexible in its exchange rate policy.

In its annual review of the Chinese economy, the IMF said the Asian country should be more flexible especially before it enters the World Trade Organisation, which is expected later this year.

"While China's exchange rate policy has served both China and the region well during the Asian crisis, IMF directors considered that conditions are favourable for moving toward greater exchange rate flexibility to facilitate adjustment to ongoing structural changes and WTO accession," IMF said.

During the Asian economic crisis which started in 1997, China resisted pressure to devalue the yuan, and was widely credited with helping to stem the wave of currency devaluations sweeping across Asia.

By standing firm on its yuan policy, Asia's most populous country repelled calls to take action to ward off an economic erosion similar to those that ravaged Thailand, Indonesia, South Korea and other southeast Asian nations.

The IMF commended China for its "skillful macroeconomic management" in the wake of the Asian crisis, but some officials said the country may have to provide another fiscal stimulus to put the nation's economy on an even more solid footing.

## 'Better productivity, technology key to global race'

Finance Minister Shah AMS Kibria has said low production cost will give Bangladesh a comparative advantage if better productivity is achieved with efficient management, says UNB.

"We've a breathing time while the labour cost is still low. This advantage can be availed if management is modern, efficient, motivated and enlightened," he said here yesterday.

The finance minister was inaugurating a conference of Junior Chamber Bangladesh, an affiliate of Junior Chamber International, at Hotel Sheraton in the morning.

A delegation comprising young business executives from India, Pakistan and Nepal has joined the conference to "managing the excellence" to be followed by a training course.

Kibria rejected the "pessimistic view" held by some quarters that Bangladesh would be in a disastrous state in the quota-free regime beyond the year 2005.

Latest technology, better productivity and innovative corporate management can put Bangladesh on a strong footing for stiff global competition, he said.

"We need good entrepreneurs," the finance minister said, calling for more private sector ventures in the agro-based and IT sectors that enjoy special government incentives.

Dhaka Chamber of Commerce and Industry (DCCI) President Aftab U Islam said despite huge natural and human resources, Bangladesh's tremendous potentials remained untapped due to management failures.

Bangladesh's human resources have proved their skills abroad, but "our performance right at home is disgraceful," he said.

Junior Chamber International vice president Kirti Tuladhar and JCB president Nesar M Khan also spoke on the occasion.

## Weekly ReadyCash Prize Winners

The latest draw of the fortnightly ReadyCash prize winners took place yesterday at its Dhanmondi office. M E Islam, Secretary of American International Bangladesh Ltd. (ReadyCash), announced the names of the lucky prize winners.

Prizes for New Card Holders	Winners	Card No
A six-month free course from Apech computer education	STN Sameera	4237
A three-month free course from Genetic Tahmidatun Noor Rima Computer school Shantiganer		4639
Contact lenses from ATOUSA vision	Md. Alauddin	4531
New Elephant Road Poshika Net connection and 10hours browsing	Golam Kibria	4741
FedEx free shipment	Samiran Sarker	4758
Dinner at Hotel La-Vinci	Kazi Shakil Ahmed	4729
Stop 'N' Shop Gift box	Asaduzzaman Bablu	4766

ReadyCash encourages its cardholders to read The Daily Star every Sunday for a new listing of prizes.

## US economy seen slowing

WASHINGTON, Sept 2: Signs of a long-awaited slowdown in the world's biggest economy mounted yesterday amid reports the nation's labour market softened in August while manufacturing activity slumped for the first time in 19 months, says Reuters.

Markets cheered the news, which analysts said may suggest that six interest rate rises by the Federal Reserve between June 1999 and May this year have finally succeeded in slowing the booming economy to a less inflation-prone pace of growth.

That could help steady the Fed's hand when it next meets on Oct 3 - and possibly well beyond that.

"This takes the Fed out of the picture for the remainder of the year," said Lou Crandall, chief economist at R H Wrightson and Associates in New York.

The economy shed 105,000 jobs outside the farm sector, adding to July's loss of 51,000 jobs, the Labour Department said in its monthly employment report. The jobless rate rose to 4.1 per cent from 4.0 per cent in July, near a 30-year low.

But complicating the headline figure were the effects of continued reductions in temporary government workers for the 2000 Census and a large strike at New York-based telecommunications giant Verizon Communications VZ.N.

Some 158,000 census workers left payrolls, the department said. And the strike by some 87,000 communications workers during the survey period weighed on private payrolls, which grew by a modest 17,000.

Without that effect and including the return of 2,000 workers from an unrelated

strike, the private sector would actually have added 102,000 jobs, Labour said. Meanwhile, average hourly earnings - an important gauge of inflation pressure - rose a tame 0.3 per cent.

Separately, the National Association of Purchasing Management said its index of manufacturing activity fell to 49.5 in August from 51.8 in June and July. It was the first time since January 1999 that the gauge had dropped below 50.

Wall Street reacted jubilantly. Inflation-sensitive bond prices rose, and yields on 10-year notes fell to levels not seen since July of last year while the 30-year Treasury bond yield hit a point unseen since April 1999.

US stock prices rose across the board ahead of Monday's Labour Day holiday, when US financial markets will be closed.

## DCCI training course on tax & tax management ends

A 5-day training course on tax and tax management concluded at DCCI Business Institute on Thursday, says a press release.

The course was organised by the DCCI Business Institute (DBI) in co-operation with Business Advisory Service (BAS) Project, DCCI-GTZ Partnership Programme.

The course aimed at familiarising the participants with the following topics: Introduction to the direct taxes, salient features of Finance Act, 2000 (Income Tax), salary assessment - different aspect of personal taxation and wealth statement analysis, introduction to value-added tax (VAT), declaration of value - computation of tax supplementary duty - computation thereof, concept of corporate tax, rules and regulation of corporate tax, procedures of advance tax deduction, tax holding procedures, calculation of corporate tax and procedures of preparing documents, appeal procedures against tax assessments, submission of return-refund, appeal, PSI system and rules, regulation and deduction or collection of tax at source-procedures.

Former DCCI Senior Vice-President, Ashraf Ibn Noor, distributed the certificates among the participants.

A total of 25 participants from different business organisations attended the training course. Hasanur Rahman Chowdhury, Deputy Secretary (Training), acted as Course Coordinator.

## Air Canada, pilots' union reach accord

MONTREAL, Sept 2: Air Canada and its pilots' union said Friday they have signed a tentative agreement on a new four-year contract with a 13-per cent salary raises, averting a threatened strike, says AP.

The airline said the 2,200 members of the Air Canada Pilots Association will vote on the tentative settlement during the next few weeks.

The 2,200 pilots, who had been preparing to strike Sept. 1, were seeking to close a wage gap with their US counterparts at United, American and Delta who are paid about 30 per cent more.

A pilot with 12 years or more seniority who flies one of Air Canada's three Boeing 747s has a top salary scale of Canadian \$ 240,160 (US \$163,095).

The pilots' well below the Canadian \$244,072 (US \$ 220,080) paid the pilot with the same experience flying a Boeing 747 for United Airlines, the world's largest airline.

The pilots association announced Aug. 26 that it had accepted recommendations by a federal mediator as the basis for a tentative contract agreement with Air Canada.

The association had also advised Air Canada and Labour Minister Claude Bradley that the union would not issue a strike notice.

## Data disappoints EU growth forecasts

FRANKFURT, Sept 2: Optimistic forecasts for European growth look set for disappointment, further entrenching negative sentiment against the euro, as economic figures suggest the recovery is peaking, says Reuters.

A chorus of comments from European finance chiefs that the region has rarely had it so good has been conspicuously ignored by financial markets, who sense a downshift in expectations.

The euro has slipped to an all-time low against the dollar and yen and a quarter percentage point rise in ECB interest rates has been brushed aside as fresh data dented hopes the eurozone could match US growth this business cycle.

Weak Italian retail sales numbers on Friday coincided with another dip in the Reuters Euro zone Purchasing Managers Index. Euro zone industrial output also out on Friday showed a fall of 0.4 per cent in June from May and the annual growth rate more than halving to 3.8 per cent from 8.1 per cent.

The recent leading indicators all signal that activity has peaked and will start to slow in the second half of the year, although remaining at robust levels," said economist Eckhard Schulte at Dresdner Kleinwort Benson.

The bank forecasts 2001 growth of 2.9 per cent and Schulte warned that a consensus market prediction for 2001 of 3.2 per cent GDP growth was vulnerable to downgrades.

This was because market estimates of the monetary conditions in the eurozone underestimated real interest rates by focusing on headline inflation distorted by high oil prices. A core inflation reading showed real rates to be much higher, he said.