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The Daily Star BUSINESS

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Mahathir dubs G77 'bulky, unwieldy'

KUALA LUMPUR, Sept 7: Malaysia's outspoken Prime Minister Mahathir Mohamad today criticised the Group of 77 developing countries, calling it bulky and unwieldy, says Reuters.

Mahathir's rare criticism of developing countries came after his trip to the United States where there was a poor turnout for a meeting of Group of 77, or G77, leaders in New York.

Mahathir, who has had prickly relations with the West ever since he came to power in 1981, was critical of the need for decision-making by consensus among all 133 of the G77 member states.

"In the G77, everything must be done through consensus by the 133 heads of government," the state-run Bernama news agency quoted Mahathir as telling reporters upon his return to Malaysia.

"Obviously, it is bulky and unwieldy," he said.

The G77 was originally established with 77 members to help promote the views of developing countries at the UN Conference on Trade and Development.

It includes developing country heavyweights such as China, India, South Africa, Nigeria and Indonesia.

Mahathir said it was more difficult for the G77 to conduct meetings due to its size compared with the Group of Eight rich countries.

S'pore to license Internet financial advisers

SINGAPORE, Sept 7: In a shake up of investment rules, Singapore is to license financial websites offering investment advice and dealing in securities, to prevent fly-by-night operators cheating investors, says AFP.

Deputy Prime Minister Lee Hsien Loong, who is also chairman of the Monetary Authority of Singapore (MAS), said the licensing rules will be implemented next year.

"In licensing investment advisers and dealers, our approach is to require persons conducting securities activities in Singapore to possess suitable qualifications, relevant professional experience and good character," he said.

"This would give comfort to investors that they can expect competent advice and reliable execution from investment advisers and dealers," he said in a speech to investment bankers late Wednesday.

The information technology revolution has made it necessary to regulate the electronic marketplace and set clear-cut definitions on terms such as "dealing in securities" and "investment advice," Lee said.

"The breakdown of the securities value chain has blurred the distinctions between fact and investment advice and between dealing in securities and merely providing information," Lee said.

"We therefore need to refine our interpretation of these terms, institute basic safeguards and spell out how to treat new entities."

Issuing of licences will be based on a set of principles, including the context in which the advice is made, whether a certain website is giving out fact or opinion, and whether it is channeling orders or providing referrals for opening accounts.

Portals which refer investors to open trading accounts with stockbrokers will not be licensed, provided the brokers are themselves authorised by the MAS, Singapore's de facto central bank.

However, portals providing facilities for accepting or relaying orders to dealers will require licensing.

Japan to help Iran grow more rice

TEHRAN, Sept 7: Japan will help develop Iranian rice paddies along the Caspian Sea, a Japanese diplomat said today at the groundbreaking for a Japanese-Iranian agriculture training centre in the northern city of Amol, reports AFP.

"I believe that Japan's expertise in land consolidation will certainly be able to contribute to the promotion of land consolidation and mechanisation in Iran," Hiroshi Azuma said, according to the text of his speech.

Japan will help train farmers and transfer technology to improve the yields of the country's 600,000 hectares (1.48 million acres) of paddies. Experts from Japan will train 280 technicians and 60 growers by 2004, he added.

Iran's two Caspian Sea provinces, Mazandaran and Guilan, are the country's main rice-growing areas and are virtually untouched by the drought that has hit the rest of Iran.

Aluminium building goods adding a new look to country's skyline

Output at 3 plants cut import by 70 per cent

By Monjur Mahmud

Even some seven to eight years back, the use of aluminium frames in doors and windows was a luxury which only the rich could afford. But things have changed since then. With the growth of local aluminium profile manufacturing plants, even the most ordinary buildings in the country are now fitted with this once-high-priced product.

The output at three factories manufacturing some 700 tons of aluminium doors, windows, profiles and fabrication has replaced the country's total import by 70 per cent. For import substitution industries, they are now an outstanding example.

Earlier, Nikki Thai was imported from Thailand with a view to meeting the country's total demand for aluminium

products. "With local manufacturing of aluminium products, the country is now capable of saving a significant amount of foreign exchange," said Shabbir Agha, Managing Director of Kai Bangladesh Aluminium Ltd.

While the demand for aluminium structures, profiles and other items has gone up, prices have come down significantly in recent years.

"The emergence of new companies and consequent competition in the market has substantially brought down the aluminium product costs," Agha stated, adding "demand for the items increased due to their affordability."

The price of per square feet (psf) aluminium product was Tk

260 when the country was solely dependent on imports. It has now come down to around Tk 150 psf, he mentioned.

The Kai product range includes doors, windows, aluminium and textile pipes, etc. The company is now meeting around 25 per cent of the country's total demand.

Kai now plans to set up a more modern factory with the technical know-how of a Malaysian company, Press Metal Berhad (PMB).

PMB, the largest producer of extruded aluminium in Malaysia, is the strategic partner of Kai. "The company wants to introduce the latest technology in Bangladesh. Kai is very much keen to give a new look to the Dhaka skyline," Agha added.

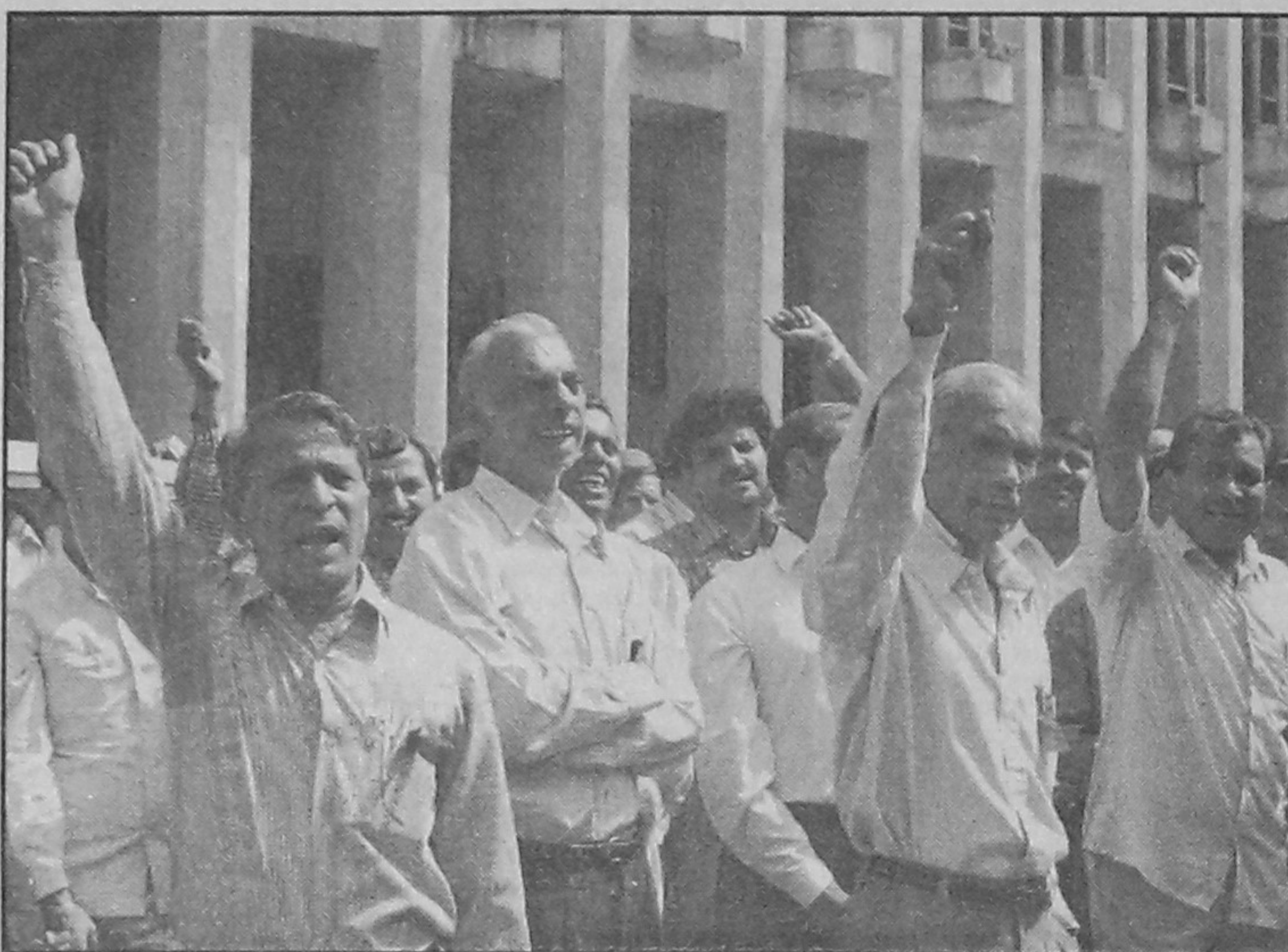
Bangladesh Thai Aluminium Ltd and Fu Wang Aluminium two

other companies in the field import ingot as raw material and cast alloyed billets in their plants.

Fu Wang started manufacturing aluminium structures, profiles and other products early this year with an annual production target of around 500 tons.

Once it goes into full capacity utilisation, there will not be any need for import of aluminium products, said a Fu Wang official.

On the other hand, Bangladesh Thai, the pioneer in the field with a turnover of more than Tk 30 crore last year, has been making extruded, anodised and other aluminium profiles for doors, windows, false ceiling, partition and curtain walls.



Telecom employees shout slogans denouncing the government's decision to privatise the telecom sector during a demonstration in front of Delhi's telecom headquarters yesterday. Some 325,000 state telecom workers began an indefinite strike Wednesday to push for guarantees against layoffs and pension losses when their department becomes a corporation next month. — AFP photo

India to open up international phone service in 2002

NEW DELHI, Sept 7: Shares in the state telephone monopoly fell Thursday on the news that international phone service would be opened to competition in 2002, two years earlier than planned, says AP.

The announcement of the last phase in privatising India's expensive phone services was made just before Prime Minister Atal Bihari Vajpayee left for a 13-day visit to the United States where he hopes to push investment and economic cooperation between the two countries.

Lifting the monopoly earlier will allow foreign investors to help develop India's communications sector, said Communications Minister Ram Vilas Paswan.

Ending the monopoly "is part of the government's policy to undertake second generation economic reforms at a faster rate to give clear signals to the foreign investors that the government is committed to the further acceleration of reforms," he said.

Shares in Videsh Sanchar Nigam Ltd., which holds the monopoly on international calls and Internet connections, fell 3.9 per cent on the Bombay stock exchange early Thursday.

India began opening up the

telecommunications sector to private service providers in 1994, ending a 50-year state monopoly. Mobile telephone services have been privatised and the government declared last month it would let private companies provide domestic long distance services.

On Tuesday, the government gave up its monopoly on local calls, opening the business to private operators. The monopoly on international calls had been scheduled to end in 2004, but the timetable was sped up to March 31, 2002.

The government has promised to overhaul its telecommunications department, replacing it with a corporate structure by next year.

Three major telecommunications unions announced an indefinite strike Wednesday to protest the conversion of the government department into a company. Except for the state of Bihar, one of India's poorest, where telephones often fail to function, there was no noticeable effect on phone services. Wednesday despite the strike by unions representing 380,000 workers.

Unions said maintenance was affected as technicians and

junior administrators had gone on strike, and declared that the effects of the strike would be felt in one or two days.

The unions fear large scale retrenchment. The government has promised that the employees' jobs will be safe and that they would receive pensions from a separate trust. Paswan, the communications minister, said Tuesday, "All major demands of the unions have been met. Even casual workers have been made permanent."

He urged the unions to halt the strike, fearing it may send signals during Vajpayee's US visit, when the prime minister will be urging business leaders to invest in India.

O P Gupta, secretary general of the National Federation of Telecom Employees, maintained, however, that talks with the government had failed.

The president of the Confederation of Indian Industry, Arun Bharat Ram, said he was worried about the timing of the strike as Vajpayee tries to draw foreign business attention to India. "This unnecessary strike would send very negative signals to the outside world," Ram said.

Oil hits 10-yr high in Asia as supply crunch looms

Likely OPEC supply hike seen having little impact

SINGAPORE, Sept 7: The benchmark US NYMEX crude blazed through 10-year highs today in Asia as a US weekly stock build failed to quench fears of a winter supply crunch, reports Reuters.

October delivery crude futures hit \$35.19 a barrel in electronic systems trade, a level unseen since November 1990, before easing back to around \$35 a barrel.

The market last traded at \$35.07 a barrel, extending a Wednesday New York Mercantile Exchange (NYMEX) rally which saw futures racing up \$1.07 a barrel to settle at \$34.90.

The American Petroleum Institute (API) said in its weekly report yesterday that US crude stock-

piles recovered by over three million barrels for the week ended September 1, a second week of gains. Stocks today plummeted to 24-year lows last month.

The API said distillate stocks, which include heating oil, rose a more modest 658,000 barrels to 113 million, some 28 million barrels below levels seen a year ago.

The report failed to appease a market growing increasingly worried that an oil supply crisis looms.

The likelihood that producer cartel the Organisation of Petroleum Exporting Countries (OPEC) would hike output at the coming September 10 meeting was seen having little influence.

Analysts have said the world

need around two million barrels-per-day (bpd) more supplies, far above the 500,000 bpd to a million bpd figure now touted by OPEC. OPEC remains cautious on output as many producers recall the trauma of about two years ago, when oil prices plunged to a 25-year low below \$10 barrel due to oversupply.

A price slump would also be the cartel's worst nightmare as it toasts its 40th anniversary this month.

High oil prices have incurred the wrath of consumers from big to small economies worldwide.

In Asia, where some government are struggling to unravel decades-old subsidies on oil, the higher prices threaten civil unrest in some countries.

Euro hits record lows against dollar, yen

NEW YORK, Sept 7: The euro hit record lows against both the dollar and the yen in trading Wednesday, on growing concerns that European politicians' views on monetary policy may be at odds with the European Central Bank, reports AP.

On Wednesday, the embattled euro broke into several key technical levels against the dollar, and dropped to 86.87 cents, its lowest level since its introduction at US\$1.16 in January 1999. The 11-country currency also plunged against the yen, touching a record level of 91.85 yen.

In late New York trading, the euro recovered slightly and was quoted at 87.01 cents, down more than 2 cents from 89.06 cents late Tuesday.

"The currency market is not getting any signal, either from the ECB or from European politicians, that is supporting the euro," said Joseph Barnea, currency trader at Bank Leumi USA. "In the next few days, Europeans should find a way to react and show support for their currency."

As the euro hit all-time lows Wednesday, traders were divided on the future of the European currency in coming days. Some traders said they expected the euro to recover slowly since it was undervalued, while others said the 11-country currency might fall below the 85 cents support level.

Indonesia signs revised letter of intent with IMF

JAKARTA, Sept 7: Indonesia signed on Thursday a revised letter of intent with the International Monetary Fund that officials say should pave the way for disbursement of around \$400 million in loans, says AP.

As expected, the IMF pact differed only slightly from the previous letter of intent signed on July 31. It incorporated a ten-point reform programme proposed by new economics chief Rizal Ramli.

Ramli told a press conference that the letter of intent would be reviewed after three months, rather than the previous two-month review cycle.

The new letter of intent, part of a \$5 billion bailout package, calls for any budget surplus to be spent on rural infrastructure, which is among the ten points proposed by Ramli.

Kuwaiti stocks up on bad debt settlement

KUWAIT CITY, Sept 7: The Kuwait Stock Exchange (KSE) closed the week yesterday 1.7 per cent up on the back of the payment of the final installment of the multi-billion-dollar bad debt settlement scheme, says AFP.

The KSE index closed up 24.2 points at 1,433 points, just 0.6 per cent lower than the end of 1999 but still a massive 49.5 per cent down on the index's all-time high in November 1997.

The index has gained some six per cent in the past three weeks, mainly due to the government's introduction of legislation allowing foreigners to trade on the bourse and completing the bad debt repayment, brokers said.

Average daily trading values increased to some 20 million dollars, up from about five million dollars in June and July.

Rolls-Royce setting up 9.9MW power plant at Rupganj

Project aims at catering to energy requirements of Scancem

A British firm is setting up a power plant in Bangladesh, initiating its investment in the sector that holds out high prospects, reports UNB.

The groundbreaking ceremony of the 9.9 MW power plant of Meghna Energy Ltd, Bangladesh, owned by Rolls-Royce Power Ventures of UK, took place on Tuesday at its site at Rupganj in Narayanganj.

This is the first-ever venture of Rolls-Royce Power Ventures as Captive Independent Power Producer (CIPP) in Bangladesh that will cater to the fuel needs of Scan Cement Bangladesh Ltd.

BOI Executive Chairman M Mokammel Haque in a message on the occasion welcomed the

decision of the reputed multinational to invest in the Bangladesh power sector and expressed the hope that other multinational companies would follow suit, taking advantage of the liberalisation, economic reforms and open-door policy launched by the government.

Speaking at the ceremony, Graham Bell of Scancem said: "For ensuring uninterrupted power supply to our facility, we have entered into an agreement with Meghna Energy, a wholly-owned subsidiary of RRPV (M), a global market leader as CIPP."

Stephen P Green, President of Meghna Energy Ltd, said they were very pleased with their first investment in Bangladesh. "Many

such investment opportunities exist here," he observed.

Green thanked the Board of Investment, Ministry of Energy and Power, Petrobangla, Titas Gas Transmission and Distribution Co Ltd and others associated with the project for extending all-out cooperation and assistance.

Addressing the function, Amanullah Khan, Chairman of the COSMOS Group, said: "We are very happy to be a partner to RRPV in the country's first-ever venture as a CIPP in Bangladesh which will not only be a trendsetter but also go a long way towards resolving the power crisis facing the nation."

APEC talks ways to stabilise global capital flows

Finance ministers meet tomorrow

BANDAR SERI BEGAWAN, Sept 7: Pacific Rim economic policymakers have begun discussing ways to stabilise global capital flows through prudent risk management at a two-day meeting in the oil-rich sultanate of Brunei, says Reuters.

The APEC (Asia-Pacific Economic Cooperation) economies share a common interest in building a strong and safe system for global capital flows, a Southeast Asian central bank official told Reuters at the meeting of APEC deputy finance ministers and central bankers got underway today.

They are preparing the agenda for a gathering of APEC's finance ministers on Saturday and Sunday. APEC's 21 members represent 60 per cent of global gross domestic product and 45 per cent of world trade.

"We are concerned about the highly leveraged financial institutions and want more prudent liquidity and risk management

measures to stabilise hot money flows," the official said.

Asian nations, jolted by a crippling economic crisis in 1997-98, have clamoured for a reform of the global financial system.

But the demands have mellowed after a strong regional economic rebound and some investors say a complacent Asia is postponing tougher microeconomic reforms, mainly in the banking and corporate sectors.

"I don't think there is any agreement between the developing and the developed nations within the APEC on the issue of reform of the global financial architecture," said Prasenjit Basu, Credit Suisse First Boston's chief economist for Southeast Asia.

"I don't think there is anything specific on the table," Basu said, speaking by phone from Singapore.

New Zealand, co-chairing the meeting along with Brunei, has

proposed a voluntary action plan for freer and more stable capital flows.

"As part of it we would focus on the recommendations of the Financial Stability Forum (FSF) on measures to stabilise capital flows through risk management by the public sector and the banking industry," said the central bank official from Southeast Asia.

The FSF was set up by the Group of Seven industrialised nations in April 1999 in the wake of speculative attacks on Asian currencies and the collapse of mega-fund Long-Term Capital Management.

The officials would also take up for discussion a proposal to boost supervision of the banking and insurance industries and improve corporate governance, issues which from the core of problems confronting Asian nations.



A woman rides a scooter through a taxi blockade during a protest against high oil prices in Marseille, southern France, yesterday. France's oil protests tightened, as petrol shortages spread across the country and threat loomed of serious economic damage if the blockade of oil installations were not lifted soon. — AFP photo

Expats remit Tk 5.33 crore in August

Bangladeshi nationals living abroad remitted more than Tk 5.33 crore during the month of August this year, says UNB.

They sent a sum of 2,52,763.92 pound sterling and 6,36,169.98 US dollar through a total of 5,796 foreign money orders (FMO).

The exchange value of those FMOs is Tk 5,33,41,290.03, which was paid to the dependents of remitters, said a press release of the Postal Department yesterday.

Total remittance received during the current financial year (2000-2001) amounts to a sum of 13,32,801.51 pound sterling and US dollar 13,32,801.51 against 13,035 FMOs.

The exchange value of these FMOs is Tk 11,00,86,898.93.

Chicago Fed report sees new funds for IMF borrowers

WASHINGTON, Sept 7: A new financial instrument called a securitisation trust may help channel cash to emerging markets if rising sentiment against the International Monetary Fund stops countries giving new resources to the global lender, a new research paper from the Chicago Federal Reserve said, reports Reuters.

Chicago Fed research officer James Moser, in a paper released by the Fed yesterday, said the trusts would replace "the increasingly unpopular IMF workout arrangements."

Debtor countries would pledge assets like central bank reserves to these trusts, which would issue securities, channelling the money back to countries which need the cash.

Moser said his proposal would be a way to circumvent problems which might arise if rich countries halted new funding for the global lender. Members topped by IMF funding levels in 1998, but only after overcoming fierce opposition in the US Congress.

"What I am concerned about is the possibility that the funding might not be there in the future and I want to make sure we have thought through what we might use to replace this institution," Moser said in a telephone interview.

Exchange Rates

Following are yesterday's Standard Chartered Bank foreign exchange rates (indicative) against major currencies to Taka

Central bank buying and selling rate of USD: BDT 53.85/BDT 54.15

Selling	TT/OD	BC	Currency	Buying	TT Clean	OD Sight	OD Doc	OD Transfer
54.2500	54.2800	USD	53.8150	53.6464	53.5779			
47.6231	47.7100	EUR	45.8472	45.6638	45.5872			
78.5360	78.5780	GBP	76.7311	76.4646	76.4100			
31.6240	31.6485	AUD	28.6167	28.5242	28.4441			
0.5187	0.5188	JPY	0.4997	0.4995	0.4985			
30.6110	30.6355	CHF	29.9378	29.8433	29.7588			
5.6686	5.6738	SEK	5.5714	5.5537	5.5378			
36.9133	36.9379	CAD	36.0297	35.9360	35.8528			
6.9918	6.9931	HKD	6.8679	6.8502	6.8328			
31.804	31.8255	SGD	30.6441	30.6003	30.4857			
14.8919	14.9095	AED	14.5023	14.5242	14.4838			
14.5795	14.5979	SAR	14.2399	14.2032	14.1850			

Usance export bills

TT/OD 30 days 60 days 90 days 120 days 180 days

53.7041 53.3727 52.9304 52.4217 51.8688 50.6303

Exchange rates of some Asian currencies against US dollar

Indian Rupee Pak Rupee Thai Baht Mal. Ringgit Indo Rupiah NZ Dollars

45.70/ 54.65/ 41.21/ 3.7998/ 8320/ 0.4263/

45.80/ 54.80/ 41.24/ 3.8003/ 8340/ 0.4270/

LIBOR

Buying Selling Months 1 3 6 12

Cash 53.6150 54.2800 USD 6.62 6.65375 6.81 6.95

TC 53.5650 54.2600 GBT 6.05 6.21 6.33 6.50