

DAEWOO
ELECTRONICS

29" Colour TV with
8 Picture in Picture &
Nicom Stereo Sound
Also Available 14", 20", 21"

TRINCO LIMITED—Authorized Distributor of DAEWOO Electronics
Dhaka: 8115307-10 CTG: 716353, 723578 Khulna: 720304 Bogra: 6215

The Daily Star BUSINESS

DHAKA, TUESDAY, SEPTEMBER 26, 2000

PRINIRONIX
Line Matrix Printer

500 Line Per Minute
1000 Line Per Minute
1500 Line Per Minute

COMPUTER SERVICES
FOR COMPLETE SOLUTIONS
Tel: 8116215, 9119661

LC opening up 37pc despite fall in food import

Despite substantial fall in food import, the opening import L/Cs rose by 37 per cent in the first month of the current fiscal compared to the corresponding period of the previous fiscal due to rise in production-oriented imports, reports UNB.

Authorised dealer banks opened import L/Cs worth about Tk 3,843 crore in July, 2000, according to a Bangladesh Bank statement.

It said L/Cs for food import reduced by 63 per cent during the period compared to the same period last fiscal while production related imports like intermediate goods, industrial raw materials, petroleum and petroleum products and capital machinery increased by about 47 per cent.

The banks opened Tk 16 crore L/Cs for rice, Tk 39 crore for wheat, Tk 38 crore for sugar, Tk 18 crore for pulses and Tk 20 crore for milk products.

Textile fabrics and RMG accessories topped the import list (Tk 810 crore) followed by machinery (Tk 438 crore), chemical products (Tk 312 crore), POL (Tk 195 crore), corrugated sheets, BP sheets, GP sheets and tin plates (Tk 142 crore) and cotton and artificial fibre (Tk 141 crore).

China to invest in projects to turn coal into oil

KUNMING, Sept 25: China will invest heavily in two projects which can turn coal into petroleum to ease the shortage of petroleum resources, said sources from the State Development Planning Commission, says Xinhua.

The two projects will be constructed in Xiangxi Coal Mine in Yunnan, southwest China, and Shengli Coal Mine in Shaanxi, northwest China. Costing a combined total of 20 billion yuan (about 2.4 billion US dollars), the two projects can produce two million tons of petroleum annually.

8-member leasing team off to Taiwan to attend ALA assembly

An eight-member delegation of Bangladesh Leasing and Finance Companies Association has gone to Taipei to attend the 18th General Assembly of the Asian Leasing Association (ALA) to be held in the Taiwanese capital from Wednesday.

The members of the team are: M Aminul Islam, Managing Director, Industrial Development Leasing Company Ltd (IDLC), MM Alam, Managing Director, United Leasing Company Ltd (ULC), A Quadir Chowdhury, Managing Director, Phoenix Leasing Company Ltd (PLC), Kazi Emdadul Hoque, Senior Vice President, Phoenix Leasing Company Ltd (PLC), Sayed Husain Jamal, Managing Director, Uttara Finance and Investment Ltd (UFIL), Mafizuddin Sarker, Managing Director, International Leasing & Financial Services Ltd (ILFS), Azadir Rahman Khan, Managing Director, Bay Leasing and Investment Ltd and Tapan K Poddar, Managing Director, Prime Finance and Investment Ltd.

The 3-day meeting will end on Friday, says a press release.

RAKUB takes up massive farming project for 16 N dists

KURIGRAM, Sept 25: The Rajshahi Krishi Unnayan Bank (RAKUB) has undertaken a five-year term farming project at a cost Tk 27 crore in 16 districts of northern region, says BSS.

The massive programme has been taken up to create self-employment for the landless, small and marginal farmers and unemployed youths, official sources said.

According to RAKUB sources, a total of 2,500 different types of self-employment generating farms will be set up in the region under the assistance of National Animal Husbandry Resource Development Entrepreneurs Project (NAHRDEP) under an agreement signed recently.

To make the programme a success, a meeting was held at the RAKUB's headquarters at Rajshahi city early this month.

Under the project 300 dairy farms, 160 cow rearing farms, 300 cow fattening farms, 160 goat and sheep rearing farms, 80 duck rearing farms, 720 boiler variety of chicken farms and 180 pullet variety of chicken farms will be established in the 16 northern districts including Kurigram.

Merchant banks demand soft fund for portfolio investment

Analysts find idea unworkable

By M Shamsur Rahman

The merchant bankers have demanded a capital market development fund by the central bank for portfolio investment which should be channelled through them, an idea vehemently opposed by market analysts.

The interest of the fund should be kept minimum rate, said Dr Mohammad Musa, Convenor of the Merchant Bankers Association (BMA), at a meeting with the Securities and Exchange Commission (SEC) yesterday.

The merchant bankers also

demand fund from commercial banks to launch portfolio management services, which they said is needed to salvage the depressed stock market.

The BMA leaders said that through portfolio management reduces the risk of the investors.

But analysts say that funding these merchant banks won't be viable. The commercial banks' lend at over 15 per cent interest rates, and in order to make profit the merchant banks will have to earn more than 20 per cent which

will be very difficult because of the present market condition.

"But how many companies give more than 20 per cent dividend?" asked one market analyst. "Besides, Finance Minister SAMS Kibria in a seminar on August 10, last year said that the government has other priority sectors to finance."

He also pointed out that a number of merchant banks have more than Tk five crore paid up capital which they can easily invest in the market without any bank

finance to build up their own portfolios.

The SEC first gave licences to merchant banks in 1998 and till now, as many as 27 merchant banks have taken registrations.

The merchant banks have three key functions—issue management, underwriting and portfolio management. But the country's merchant banks are yet to pool any recognisable fund from investors for portfolio management.

SB allows 27 defaulting garment units to open back-to-back LCs

Sonali Bank yesterday decided to withdraw restrictions on opening back-to-back LCs, facilitating 27 garment factories to execute export order directly, reports UNB.

The bank imposed the restrictions on the factories, 15 in Chittagong and 12 in Dhaka, due to overdue loans for which the factories could not execute direct export order for long.

The decision was taken at a meeting between Sonali Bank and Bangladesh Garment Manufacturers and Exporters Association (BGMEA) at the bank's head office, meeting sources said.

Chaired by bank's Managing Director Enamul Huq Chowdhury, the meeting was attended by BGMEA Vice-President Anisul Huq and senior bank and BGMEA officials.

The bank managing director agreed to transfer the amount of interest to block accounts without interest, which should be paid by the defaulter factories within two years. The accumulated interest amount 3.4 times of the principal.

The principal loan amounts with a nominal rate of interest (packing credit rate) will be deducted from the export proceeds.

As per the decisions, the defaulter factories will have to resume their accounts with the respective branches of Sonali Bank depositing a down payment at a rate of 5-10 per cent of the total credits, sources said.

The factories were forced to borrow from the bank branches following stock lot as an outcome of political instability and 1998 flooding, said a BGMEA statement today.

Anisul Huq appreciated the decision and hoped that other commercial banks would also give big hands to the RMG sector as Sonali did.



Finance Minister SAMS Kibria addresses the inaugural ceremony of Rupa Knitwear (Pvt) Ltd recently. Rupa Group Chairman Md Shamsul Alam presided over the function, which was also attended, among others, by Managing Director Shahidul Islam.

New GM of BSB

Md Khalilur Rahman Chowdhury, has been promoted to the post of General Manager of Bangladesh Shilpa Bank (BSB).

Prior to his present position, he was the Deputy General Manager of the bank, says a press release.

After completion of CA degree from the Institute of Chartered Accountants of Bangladesh in 1982, Chowdhury joined Bangladesh Shilpa Bank as Senior Manager in 1983. He also headed the Audit Department.

He got higher training in Banking in Thailand and the Philippines.

Chowdhury is a fellow of the Institute of Chartered Accountants of Bangladesh.

Airport strike paralyses Brussels

BRUSSELS, Sept 25: A 24-hour strike by ground staff at Brussels International Airport forced flight delays and cancellations Monday, reports AP.

Belgium's Sabena airline said it would be forced to cancel around 50 European flights at its main hub and was seeking to reroute some flights to other airports.

Crude oil prices decline by \$1 as US releases from stock

Iraq to up output to 3.4m bpd by early 2001

SINGAPORE, Sept 25: US NYMEX benchmark light crude futures slumped by more than \$1 a barrel today following the US decision to release oil from its Strategic Petroleum Reserve, says Reuters.

The November contract opened 48 cents a barrel lower on the out of hours ACCESS trading system and quickly skidded to \$30.86 a barrel, down \$1.82 from Friday's close in New York.

It soon rebounded, however, to stand around \$31.50, down \$1.18.

The December contract took heavier losses, tumbling more than \$2 to \$30, before recovering to \$31.10 a barrel, down \$1.17.

Crude prices had been expected to fall sharply following an announcement late on Friday that the United States had decided to tap into its emergency stockpiles to rein in decade high oil prices and ensure ample winter supplies.

The US government will release 30 million barrels of oil in October from the 571 million barrel reserve.

It is only the second time the United States has used the reserve. The first was during the 1990 Gulf crisis.

Meanwhile, another report from Nicosia adds: Iraqi Oil Minister Amer Rashid said today that Iraq hoped to up crude output to around 3.4 million barrels per day (bpd) by spring 2001, reiterating that it was adopting a maximum production policy.

"We are hoping that the equipment we expected in September will arrive in January or February. This would bring us up to 3.3

million bpd or perhaps 3.4 million bpd in the spring of 2001," Rashid told the Middle East Economic Survey (MEES).

"We are adopting a maximum production policy. But if we have difficulties, if we have shortages, if we see attacks against us, then we have to adapt our production accordingly," Rashid said.

"We will probably continue at this (current) rate of 3.0 million bpd until January 2001," he told the specialist newsletter. "Everything depends on the approval and arrival of the equipment."

Activists take to Prague streets ahead of today's IMF-WB meet

Protest train halted at Czech border

PRAGUE, Sept 25: Activists took to the streets of Prague in protests against the World Bank and IMF yesterday, but their ranks remained thin as reinforcements were held up at the Czech border, says Reuters.

Police halted an Italian protest train heading for the demonstrations, refusing to let it pass the frontier with Austria until four blacklisted activists got off.

Fourteen activists returned to Austria after being denied entry for lacking papers or being unwelcome ahead of the annual meetings, which open on Tuesday.

The rest of the more than 500 passengers refused to go on unless the other four banned activists could continue to Prague.

The interior ministry reinforced the area after protesters lit three large fires on railway tracks, but tension eased when the four activists got off so the train could continue.

"We are now deciding what we will do... The four involved proposed to sacrifice themselves and stay here," Ilina, a young woman on the train, told Reuters.

"We sacrificed more than 16 hours together. Now it's very, very cold. It's difficult to spend the night here... We've asked the Italian embassy for food to survive until tomorrow."

As of Saturday, Czech authorities had turned away more than 230 protesters in an attempt to avoid the violence that has become a feature of international financial meetings.

In Prague, only a few peaceful marches straggled through the historic streets, which were otherwise almost empty save for a few tourists and a strong police presence.

About one thousand people marched in a demonstration organised by the campaign group Jubilee 2000, which has tried to force the issue of debt relief onto

the international agenda.

They staged a mock funeral march for the 19,000 children they say die every day in the world's poorest countries because those nations spend far more servicing debts to richer states than they do on basic health care.

Umbrella protest group INPEG led a march to call for the abolition of the IMF and the World Bank, waving banners painted "IMF: International Monetary Failure" and "People, not profits".

The turnout of about 1,000 disappointed some, but INPEG said they could still bring 15,000 to the city to make good plans to block IMF/WB delegates in the Prague Congress Centre on Tuesday.

About 200 sympathisers of the train passengers marched to the Czech interior ministry. They pointed to President Vaclav Havel's call for police to be more lenient with visitors.

Some 50 members of Ya Basta, which organised the train and pledged on its website to target bankers with water pistols, staged a peaceful protest in front of the Czech embassy in Rome, news agency ANSA reported.

Police said most of those sent back from the train were Italian, but there were also a Colombian, two Iranians, and other nationalities.

Anti-IMF protests in Prague have been generally subdued as most of the 20,000 protesters expected have not turned up. More are likely to arrive by Tuesday.

Organisers of a vast tent city set up for up to 15,000 visiting demonstrators on a hill overlooking old town were bemused by the fact that only 250 have checked in.

"We are having pretty fine weather. We had a nice lunch, but no people are in the camp," said spokesman Tomas Doubek.



American model Brienne Cameron wears 68.21-karat diamond Marilyn Monroe memorabilia earrings and shows off the Winston Falcon, which is 3.2-kilogram of 18-karat gold with a 101.31-karat heart shaped diamond hanging from the falcon's beak, at the opening of the Harry Winston's new Tokyo shop yesterday. The New York jeweller opens its largest grand salon at Tokyo's Ginza street.

—AFP photo

WB lending declines as quality of use goes up

Quality of use of World Bank loans went up, but lending declined by almost half the amount committed in the previous year, says a report of the Bank, reports UNB.

New lending commitments from the Bank of client countries were down to US \$15.3 billion in fiscal year 2000 compared with US \$29 billion in FY99, according to the Bank's Annual Report 2000, released in Washington on Saturday.

Disbursement in 2000 stood at US \$18.5 billion, down from US \$24 billion in FY99.

Bank lending to crisis-affected borrowers—Korea, Argentina, Indonesia, Brazil, Russia and Thailand—fell below US \$2 billion from US \$13 billion last year.

Lending levels are down in East Asia and the Pacific region as countries in the area have been recovering rapidly from the crisis.

The global economic recovery contributed strongly to the lending trends over the last year as successful economic reforms in many emerging markets restored their access to international

capital market, the report said. According to the regional breakdowns of World Bank lending, Latin America and the Caribbean remained the highest recipients with US \$4.063 billion, followed by Europe and Central Asia with US \$3.042 billion, East Asia and Pacific US \$2.979 billion, Africa US \$2.159 billion, South Asia US \$2.112 billion and Middle East and North Africa US \$920 million.

The decline in lending reflected the improvement of quality of using the loan money. More than 80 per cent of the money now achieve a satisfactory or better outcome, the report added.

Steady improvements in quality through better preparation, greater selectivity and more effective supervision mean that billions of dollars for projects are being used more effectively with a much greater beneficial impact on development.

The share of projects that are at risk of not achieving their development objectives fell to an estimated 15 per cent of the total in fiscal year 2000 or roughly half the rate in FY96.

Myanmar to hold travel show in Thailand

YANGON, Sept 25: Myanmar will hold its third travel show in Bangkok, Thailand on October 17 to 18, official newspaper The New Light of Myanmar quoted the country's Directorate of Hotels and Tourism as reporting today, says Xinhua.

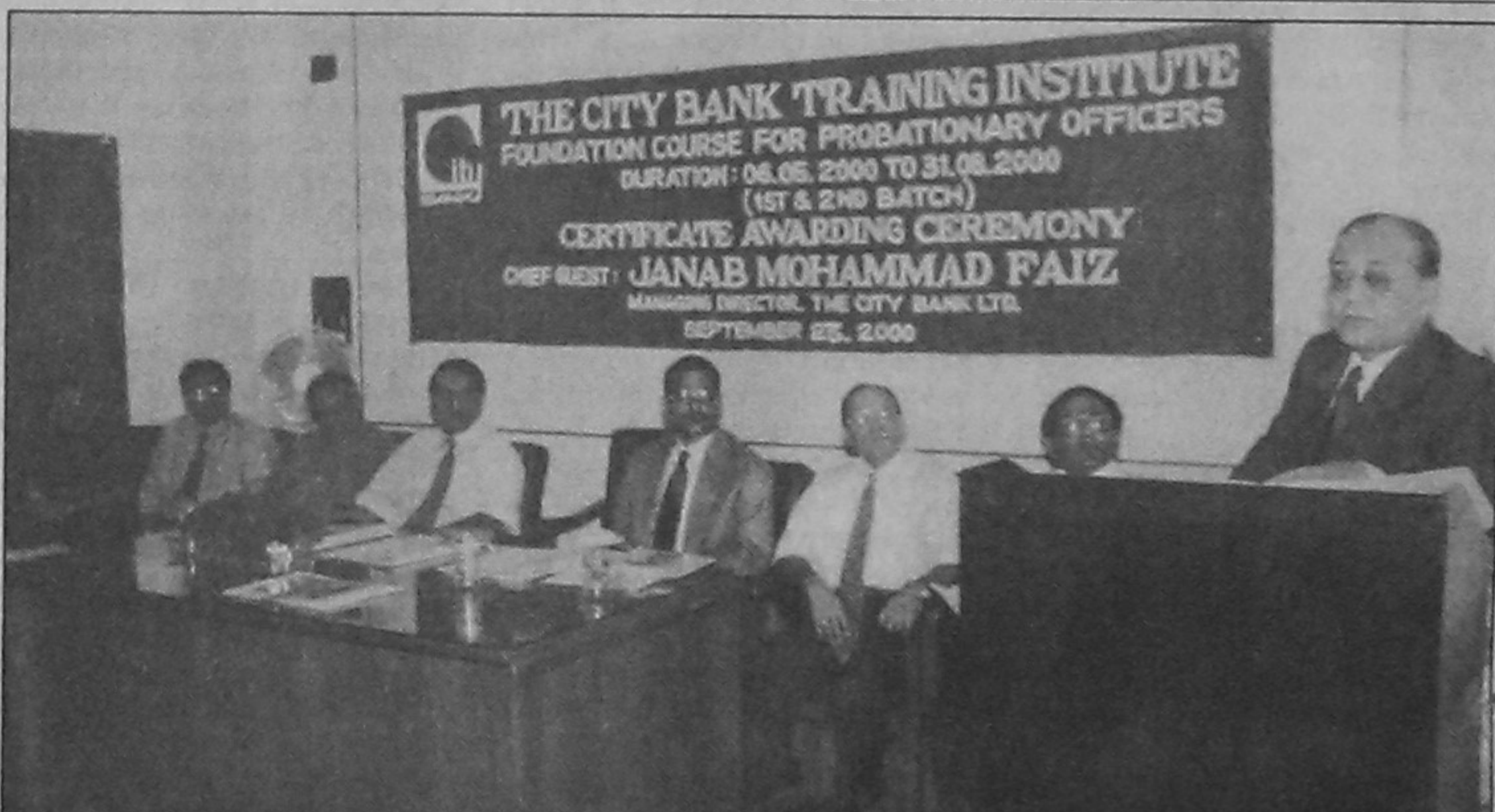
The Myanmar tourism authorities are encouraging related local entrepreneurs as well as agents of airlines to participate in the show.

Thailand plays a key role in supplying tourists to Myanmar among Myanmar's neighbours and ranks the second after Japan.

Meanwhile, the number of Thai hotel investment projects signed with Myanmar have gone to eight with a total investment amounting to 210 million US dollars.

A total of 259,106 foreign tourists visited Myanmar in 1999 and 119,103 toured the country in the first six months of this year.

Myanmar has absorbed so far 1.1 billion dollars of contracted foreign investment in more than 40 projects in the sector of hotels and tourism since the country opened to such investment in late 1988.



Mohammad Faiz, Managing Director of The City Bank Limited, speaks at the closing ceremony of foundation course for the probationary officer of the bank held at its training institute in the city on Saturday. Deputy Managing Directors, Executive Vice Presidents, Board Secretary, Course Director and Principal of the Training Institute are also seen in the picture.

—City Bank photo

Finance chiefs upbeat about magic on oil, currencies

PRAGUE, Sept 25: World finance officials, facing the twin threats of soaring oil prices and a weak European currency, are hoping that strong words and some selected market manipulation can work magic in resolving both problems, reports AP.

Gathered for the annual meetings of the International Monetary Fund and the World Bank, finance ministers spent the weekend putting together joint statements intended to show their resolve to deal with two problems that are threatening current global prosperity.

The discussion on policy goals was to wrap up Monday, leaving the two agencies ready to open on Tuesday their annual meetings, which will attract finance officials from 182 member countries.

That is the day protesters have earmarked to stage a repeat of the Battle in Seattle. The International Monetary and Financial Committee, the top policy-setting committee for the IMF, issued a statement late Sunday in which the finance leaders agreed to strive for policies that promote "stability in oil markets around reasonable long-term goals."

The language, which included praise for US President Bill Clinton's decision to draw down 30 million barrels of US reserves in an effort to take some of the pressure off prices, was intended to send a signal to meetings that get under way Wednesday among officials of the Organization of Petroleum Exporting Countries in Caracas, Venezuela.

"This is the IMF at its best working to bring oil producers and consumers together," said Gordon Brown, British chancellor of the exchequer and the chairman of the IMF steering committee, who spearheaded the behind-the-scenes negotiations between

oil producing and consuming countries to get language all could agree to.

However, the oil statement contained only vague suggestions about what the oil consuming countries could do to cut prices and no mention at all of a proposal favoured by OPEC of reducing high energy taxes, an idea rejected by Germany and other European nations.

On the euro, the finance officials provided some deeds to back up their words by staging a surprise joint intervention in currency markets on Friday.

The effort worked to push the euro off its lows but analysts expected more coordinated action will be needed before the markets are convinced that the euro's value should be higher.

"It is clear that the G-7 will come in with further intervention. They have made a commitment now and they must follow through," said C. Fred Bergsten, head of the Institute for International Economics, a Washington think tank.

New IMF Managing Director Horst Koehler said his proposals for overhauling operations of the IMF had been generally endorsed during the discussions Sunday.

"The reform concept was today deepened and accelerated," said Koehler, a former German finance official who inherited an agency under heavy attack, not just from anti-globalization protesters but from members of the US Congress who felt it had badly botched the 1997-98 Asian currency crisis.

There have been no serious troubles yet in Prague, but early Sunday a group of 520 protesters, mostly Italian, were held up in a train that was stopped at the border with Austria, where officials denied entry to some of them.