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No trading on DSE

No transaction of shares took place yesterday as the Dhaka bourse remained closed because of public holiday on account of Durga puja, the biggest religious festival of the Hindu community of Bangladesh, reports BSS.

Dhaka Stock Exchange (DSE) All Share Price Index closed yesterday up 5.13 points, or 0.82 per cent at 630.46.

Army to build 4-star hotel

Bangladesh Army is going to construct a new 4-star hotel, Water Garden, near the Cantonment Railway Station in the city, reports UNB.

The construction work of the hotel, a joint venture of the Army Welfare Trust and Sena Kalyan Sangstha, is expected to begin soon on a 7.10-acre of land.

On Thursday, Army Chief Lt Gen M Mustafizur Rahman, Bir Bikram, laid the foundation stone of the eight-storied hotel to be built at a cost of Tk 50 crore.

The 200-bed hotel will have a 1000-seat banquet hall, two restaurants, nine conference halls and other modern facilities.

The project has been undertaken to fulfill the need and growing demand for a modern hotel in the city which will host the ensuing NAM conference.

The hotel will function on commercial basis and all its income will be spent for the welfare of the armed forces personnel, both serving and retired.

Sugar production target for next crushing season set at 1.3 lakh MT

KUSHTIA, Oct 8 : The government has set a target to produce 1.30 lakh metric tonnes of sugar in the country's 15 mills in the next crushing season, says UNB.

Official sources said the mills, beginning sugarcane crushing in November next, will require some 16.25 lakh metric tonnes of sugarcane.

As per the target, 12,500 metric tonnes of sugar will be produced in Darshana Carew & Co while 8,000 metric tonnes in Mobarakganj Sugar Mill, 11,500 metric tonnes in Kushtia Sugar Mill, 10,000 metric tonnes in Panchagarh Sugar Mill, 6,500 metric tonnes in Thakurgaon Sugar Mill, 6,000 in Setabganj Sugar Mill, 5,000 in Shyampur Sugar Mill, 9000 in Joypurhat Sugar Mill, 19,000 in Natore Sugar Mill, 12,500 in North Bengal Sugar Mill and 4,500 in Pabna Sugar Mill.

The mills sources said a total of 1.50 lakh acres of land have been brought under sugarcane cultivation in the current year.

ROK expects $15b trade surplus this year

SEOUL, Oct 8: South Korea expects a trade surplus of 15 billion dollars this year, six billion higher than the previous official estimate, the Korea International Trade Association (KITA) said Sunday, reports AFP.

KITA, a state run agency, had predicted a nine billion dollar surplus for 2000 in April.

Exports were predicted to reach 177 billion dollars, 22.7 per cent higher than 1999, while imports were forecast to rise 35 per cent to 162 billion dollars.

A KITA official said exports of semiconductors and cars would overcome the harm of higher oil prices and the weakness of the won currency against the dollar.

Hyundai wins $176m deal for Brazil power plant

SEOUL, Oct 8: South Korea's Hyundai Engineering and Construction Co. said Sunday it has won a $ 176-million contract to build a power plant in Brazil, says AP.

The contract, signed with El Paso Energy International Co. of Texas, calls for Hyundai to build the plant in Porto Velho in west Brazil, the company said in a statement.

The release did not specify why the contract was signed with a US company. Calls to the company went unanswered Sunday.

Construction will start this month for completion by June 2003.

Hyundai will handle design, material supply and supervision of the construction while Camargo Correa S.A., a local firm, will build the 340-megawatt thermoelectric power plant.

Lack of spl courts, overseeing drags loan default cases

By Monjur Mahmud

Absence of special courts, too many pending cases and lack of effective supervision of the judicial system are some major hurdles facing execution of default bank loan cases, according to a study by the Bangladesh Institute of Bank Management (BIBM).

Lack of sincerity of the judges and lawyers and absence of permanent, professional, efficient and full-time probing agencies also pose big problems in clearing loan cases, it said.

The study on 'Enforcement status of laws relating to defaulted bank loans' was conducted by Md. Liakat Hossain Moral, Faculty Member, Abdul Jalil Chaudhury, Assistant Professor, and Md Mohiuddin Siddique, Lecturer of BIBM.

The academicians interviewed 25 senior bankers, 15 bank-appointed lawyers and 10 judges.

The bankers said there is no time limit in the execution stage and the Artha Rin Adalat Act do not specify the execution procedures. In most cases, big defaulters engage renowned lawyers to defend themselves, and prolong the cases, the bankers stated.

They said that the general tendency of the advocates is to prolong cases with ulterior motives and banks also do not evaluate the performance of their lawyers. The bankers also pointed out that as a security, land is often unrealisable and delays loan recovery. But at the same time, the banks also lack efficient officers with adequate legal knowledge.

The bankers who gave interviews were also sceptical about filing of suits under the Bankruptcy Act due to some 'practical disadvantages' and shortcomings of the law.

On the other hand, the judges interviewed by the BIBM academicians said that cases could be prolonged by any of the parties like the judge, plaintiff, defendant, advocates of both the parties involved and court staff.

The cases are also delayed due to lack of proper monitoring, overseeing and follow-up by the banks, want of training on banking laws and practices for the practitioner bankers and advocates and dearth of mandatory time-limits in the Civil Procedure Court for completing the various stages, they added.

The lawyers questioned the lack of adequate technical knowledge and sincerity of some judges regarding loans, legal matters and court procedures. They said the bankers usually file cases very late and they sometimes fail to produce necessary updated documents.

They said the receivers of the Bankruptcy Courts are not sincere about their duties and are not functional. Inadequate and poor quality of security makes it difficult to realise the suit value, the lawyers felt, adding that the execution process in civil procedure court is pretty lengthy.

Md. Liaquat Ali, Managing Director and CEO of Creative Immigration & Business Consultants Ltd (CIBCL), has signed a memorandum of understanding recently with Anthony Norfolk, Canadian Barrister and Solicitor, to provide legal advice and service on issues relating to immigration, settlement and placement to Canada. Officials of CIBCL and Creative Group are also seen in the picture.
– CIBCL photo

A Chinese couple look at a display of Western fashion as they walk past an advertisement for a soon-to-open fashion boutique by a major international designer at one of Beijing's upmarket shopping malls yesterday. Within just the last few years, Beijing has gone from having virtually no international designer labels or shops to now boasting shops by almost every major designer and label found in the world's international cities. As Chinese leaders allow more and more of the world into their country, many shopping centres are faced with a sharply-growing demand for all things Western, especially clothes, music, electronics and food.
– AFP photo

Universal Studios to enter Japan's broadcasting business

TOKYO, Oct 8: Universal Studios Inc. plans to enter Japan's communications satellite broadcasting business by teaming up with a group of Japanese companies, the Kyodo news agency reported Sunday, reports AFP.

A new company will be set up next year by the major US entertainment and communications firm and the Japanese group, with the electrical machinery giant Hitachi Ltd. having a 25-per cent stake, Kyodo quoted industry sources as saying.

The other Japanese firms are Asahi National Broadcasting Co. (TV Asahi), Toppan Printing Co. Ltd., Asahi Shimbun Publishing Co. Ltd. and Matsushita Electric Industrial Co. Ltd.

The new company, capitalised at two billion yen (18.3 million dollars), will start services late next year to provide Universal Studios' movies and music, as well as news services by Cable News Network (CNN) and the British Broadcasting Corp. (BBC), the report said.

SSA decries govt lethargy on pvt container terminal

Star Business Report

SSA Bangladesh Ltd. which is vying to build and run a container terminal at Patenga, yesterday asked whether the country can afford to lose a large chunk of foreign investment because of the opposition by a vested quarter.

"Will our US$ 438 million investment proposal remain hostage to a vested quarter," Deputy Managing Director (DMD) of SSA Bangladesh Ltd Ashfaque J Rahman said, referring to its proposed terminal project at a press conference in the city yesterday.

Executive Director (Corporate Affairs) of the company Saiful Islam Khan also spoke on the occasion.

Different trade unions at the Chittagong port and the Mayor of Chittagong are opposing the idea of a private container terminal.

The company officials said that a meeting of government officials, terminal users and Chittagong Port Authority in June, 1995 unanimously took a decision in favour of private investment for building new terminals.

The company also refuted the allegations by some quarters that the construction of the terminal would reduce navigability of the Karnaphuli river and would prove harmful for the country's security and sovereignty.

The officials claimed that the land, where the proposed private container terminal will be built, has been leased to SSA for a thirty-year period and the lease agreement can be renewed later through negotiations between the company and the Chittagong Port Authority.

The company officials claimed that Stevedoring Services of America (SSA) which got permission from the government for constructing the container terminal is an experienced company in this sector. They said SSA is now running 150 container terminals around the globe.

TACK Training International recently conducted a training course on "Successful Business Presentation" for Roche Bangladesh Limited. Among others, Peter Brown, Senior Management Consultant, TACK International-UK, and SAM Showket Hossain, Managing Director, TACK Training International-Bangladesh, are seen at the concluding ceremony of the course.
–Tack photo

Taiwan ready to ease curbs on investment in China

TAIPEI, Oct 8: Taiwan is prepared to relax its curbs on investments in China despite cross-strait political tension in order to preserve its competitiveness, according to the island's top economic planner, says Reuters.

Taiwan imposes an investment ceiling of US$50 million per project on the mainland and bans firms from investing in strategic industries due to national security considerations.

But Chen Po-chih, the cabinet-level chairman of the Council for Economic Planning and Development, said Taiwan would be increasingly inclined to approve higher-value deals provided a cost-benefit analysis showed they were in the island's interest.

"In the future we will probably allow more and more investment projects with a higher value," Chen told Reuters.

"If our firms are making an effort to globalise and China is one of the links, in my own opinion we will allow them to invest regardless of the amount."

Cheap land and labour as well as the bond of a common language and culture have already made China a magnet for Taiwanese firms. Investment has exceeded $40 billion since rapprochement between the two rivals began in the late 1980s.

Besides cutting production costs, Chen said he hoped extra investment would lead to warmer political ties with China, which regards Taiwan as a renegade province and periodically threatens to attack if it declares independence.

However, Chen said Taiwan would be reluctant to approve the transfer of technology and know how to China by industries where the island is very competitive and enjoys a leading global role.

Plans for a $1.6 billion chip fabrication plant in Shanghai, a joint venture between the sons of Chinese President Jiang Zemin and Taiwan plastics tycoon Wang Young-ching, are likely to be a litmus test of the government's policy on mainland investment.

Asked whether the project would get the green light, Chen said: "It depends on whether this industry has to invest there or not. We are still investigating."

Chen was speaking at the end of a traumatic week for the young government of President Chen Shui-ben, who brought in a new premier and finance minister to tackle a raft of simmering economic problems.

Since Chen's pro-independence Democratic Progressive Party took office in May, ending 55 years of Nationalist Party rule, his government's economic policies have been widely criticised as confused and indecisive.

Despite Taiwan's strong economic fundamentals, a crisis of confidence has dragged the stock market down almost 39 per cent from the year's highs.

Because many firms have borrowed heavily against the collateral of shares, fears abound of corporate insolvencies that would raise the level of banks' non-performing loans and make it even harder for lower-quality borrowers to obtain credit.

The economic planner admitted the government had made mistakes. For instance, he said it should not have invested so much energy in tackling two controversial issues – whether to complete Taiwan's fourth nuclear plant and whether to set up a national pension fund.

But Chen struck a cautiously optimistic tone about the health of Taiwan's banks. Non-performing loans (NPLs), which officially stood at 5.97 per cent of total loans at the end of the second quarter, would turn out to be "less than 10 per cent", he said.

The difficulties of those banks still majority-owned by the state were manageable, although the government would hold bank managers and high-ranking officials accountable for the souring of loans that had been made on political grounds.

China oil giant Sinopec launches $3.8b IPOs

HONG KONG, Oct 8 : China's largest refiner and petrochemical producer, China Petroleum and Chemical Corporation (Sinopec), will Monday launch a 3.8-billion-dollar initial public offering, says AFP.

The company said Sunday a total of 16.78 billion shares would be offered at a maximum price of 1.77 Hong Kong dollars (23 cents) per share.

Five per cent of the stock, 839 million shares, will be traded in Hong Kong, with the rest released in New York and London.

Trading will begin in Hong Kong and the United States on October 18 and in Britain the day after.

Sinopec said in a press statement Sunday that institutional investors around the world had committed themselves to buying half of all the shares released.

Those buying into the oil giant -- which has about 511,000 employees -- include petroleum and petrochemical giants ExxonMobil Far East Holdings Ltd., Shell Overseas Investments B.V. and BP Amoco plc.

In Hong Kong, notable investors include Henderson Investment Ltd., The Hong Kong and China Gas Company, Cheung Kong (Holdings) Ltd. and Hutchison Whampoa Ltd.

Ninety per cent of all shares will be new stock; parent Sinopec Group's sale of existing shares will make up the rest.

India to further ease foreign investment in insurance

NEW DELHI, Oct 6: The Indian government on Friday said it would further lower bureaucratic barriers for foreign players vying to invest in the country's gigantic insurance market, reports AFP.

The pledge coincided with an announcement on Friday by India's Tata business house and US-based American International Group (AIG) that they had forged a partnership for operations in the local insurance market.

P. K. Banerjee, a government secretary supervising the insurance sector, said the existing bureaucratic process would be simplified by the end of this month.

"Foreign investments into insurance will not require clearance from the Foreign Investment Promotion Board any more as the government would make it automatic," he told a business forum.

Banerjee said the finance ministry would issue a notification soon and assured that several other government guidelines would be reviewed to further encourage the flow of overseas funds.

"Our policies are not static, they have changed from time to time, and one can only hope for the best," he told captains of the Indian industry.

Banerjee, however, said maximum foreign equity in joint ventures would remain capped at 26 per cent for the next few years, and described the opening of the insurance market to private and foreign players as "contentious."

"It has been a highly contentious subject... Three previous governments failed to pass the bill (but) the present government after a lot of persuasion did pass the bill," the secretary said.

The Insurance Regulatory and Development Authority Bill, which dismantled decades of state monopoly on the sector, was passed by Prime Minister Atal Behari Vajpayee's government in parliament in December.

Two of the 10 foreign firms currently vying to get a licence from the government will get clearance to launch operations in the insurance market before October 26, Banerjee said.

The two joint venture companies -- Prudential ICICI and Dabur All State Insurance -- have already submitted their business applications.

Tata Chairman Ratan Tata meanwhile, announced that his firm, India's leading private sector business group, on Friday applied for a licence to operate an insurance firm in collaboration with AIG of the United States.

"Tata Group will hold 74 per cent while AIG will have 26 per cent equity in the venture," he said.

"We will offer traditional and tailor-made insurance products and services to meet the changing needs of the Indian economy," AIG vice-chairman and former US Ambassador to India, Frank Wisner, added.

Asian airlines face hazy skies due to oil prices

SINGAPORE, Oct 8: Asia-Pacific economies are still posting healthy growth figures and an international aviation body has given its most optimistic forecast for air travel in three years, but regional carriers are not going to pop the champagne corks anytime soon, says AFP.

Crude oil prices, which hit 10-year highs last month and are still hovering close to 30 dollars a barrel, have cast a cloud over the horizon for the airlines, aviation anaylysts and industry experts said.

"There is a fragility which is hard to define," said Peter Harbison, the managing director of the Centre for Asia Pacific Aviation, a Sydney-based independent think tank.

For all the so-called influence of technology, crude oil still has the power to puncture consumer confidence, analysts said. Nowhere is this felt more acutely than in the airline sector.

Asian carriers have to raise ticket fares if they want to maintain their earnings growth but are not able to push ahead with fare increases out of fear that the move will place their market share at risk.

"This shows the market is still very price sensitive," said Harbison.

"It shows consumers' reluctance to spend money and reflects a lack of confidence in the economy," he added.

The reluctance to raise fares also stems from the cut-throat nature of the industry, analysts said.

"Nobody wants to act first because of market share considerations," said Andrew Tan, a Singapore-based regional airlines analyst at ABN AMRO Asia Securities, a unit of Dutch banking group ABN AMRO.

"Because of this inertia, everybody is waiting for someone to take the plunge first," he said.

"It could have been a honeymoon for the airlines," he added, referring to the strong regional traffic growth and the region's solid rebound from the 1997 financial crisis.

According to analysts, Asian carriers' fuel expenses have risen by at least 50 per cent since crude oil prices started inching their way upwards last year to surge past 30 dollars a barrel last month.

So far this year, jet fuel has increased 65 per cent on average, analysts said.

Even airlines known for their hedging strategies will be affected, said Pierre Jeanniot, the director-general of the International Air Transport Association (IATA).

Singapore Airlines Ltd. (SIA) has a hedging policy against fuel price rises but warned that every US cent added to a gallon of jet fuel added 19 million Singapore dollars (11 million US) to its annual costs.

Fuel costs now account for 18 per cent of airlines' expenses, up from 12 per cent two years ago, while yields have fallen, Jeanniot said.

"The benefits that some airlines enjoyed from hedging (oil prices) are disappearing," he added.

"Airlines together are unlikely to make much more than two billion (US dollars) net profit on their international scheduled services in the year 2000, on revenues of 156 billion dollars," he said.

In Singapore last week, Jeanniot gave the IATA's most optimistic forecasts in three years, projecting the global passenger market would grow 5.6 per cent annually in 2000-2004.

The Far East is forecast to grow 6.9 per cent, he said.

But for the astute investor out there, there are rich stock pickings as airline stocks always underperform when there is a surge in oil prices, said US investment bank Goldman Sachs.

"The next few weeks and months will offer attractive opportunities to buy into an oversold sector," the bank said, basing its forecast on the premise that there will be no global recession.

In its latest monthly airline report, the bank was optimistic about Australia's Qantas Airways and SIA.

"Qantas has remained one of the strongest in view of its near 100 per cent hedge ratio extending out to June 2001, the period that concerns us most," the bank said.

Having a hedging policy gives both carriers downside protection, the bank said.