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The Daily Star BUSINESS

DHAKA, WEDNESDAY, NOVEMBER 1, 2000

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Dhaka-Madinah direct Saudia flight begins

Dhaka is now directly air-linked with Al-Madinah Al-Munawwarah - the second holiest city of Islam.

Saudi Arabian Airlines, the flag carrier of the Kingdom of Saudi Arabia, established this direct air link with once a week flight between the two cities from yesterday, says a press release.

Speaking on the occasion, Anwar M Mukhtar, Manager of Saudi Arabian Airlines for Bangladesh and Nepal, said this direct air link with Madinah is the reflection of the commitment of the government to serve the Muslim Ummah better.

Two other cities - Mumbai in India and Karachi in Pakistan, are also going to have direct air link.

The direct air link with Madinah is going to immensely benefit the large number of annual religious traffic. Mukhtar said. The direct flight will be something new, more convenient and beneficial for the travelers. Apart from religious traffic, Bangladesh workers living in the region will also be benefited in terms of journey time and trouble, he added.

From now on, Mukhtar said, some Hajj flights can also be operated to and from Madinah, instead of usual Jeddah, under special arrangement.

The once a week flight between Dhaka and Madinah will be operated on every Tuesdays and between Madinah and Dhaka on every Wednesday.

CSE members meet US officials

A CSE members' team yesterday met with the US Embassy officials at Gulshan Club, says a press release.

A debriefing session was held for the CSE members who had visited the west exchanges from June to July. In the debriefing session, CSE members exchanged their experience with the US officials gathered from New York Stock Exchange and two renowned brokerage firms, Lehman Brothers Inc. and Direct Brokerage Inc.

Dennis Winstead, Anrudhita Hom Roy and Kamal U Bhuiyan, officials from Economic Department, US Embassy, were present in the session. Amir Khosru M Chowdhury, MP, President of CSE, AK Chowdhury, FCA, Vice President of CSE, and other directors AKM Shamsuddin, Rokia Rahman, MKM Mohiuddin, Mostaqur Rahman and other members of CSE were present in the session.

China issues \$6b bonds to keep economy growing

BEIJING, Oct 31: China began issuing 50 billion yuan (\$6 billion) in treasury bonds Tuesday to help sustain steady but fragile economic growth, state media reported, says AP.

The issue was approved by the national legislature in August and comes on top of 438 billion yuan (\$53 billion) worth of treasury bonds already issued this year to cover budgeted government spending.

Proceeds from the extra bonds will be used to fund infrastructure and other capital spending projects, mainly in China's less-developed inland regions, said the People's Daily newspaper.

China's economy has grown faster than most expectations in 2000. Gross domestic product rose 8.2 per cent in the first half of the year, well above government targets.

Soaring exports and heavy government spending have boosted the economy. But the surge has yet to inspire consumers, whose spending has remained slack, the English-language China Daily reported.

The bonds will be sold to China's four large state-run commercial banks, reported another newspaper, Financial News.

Unemployment in France falls

PARIS, Oct 31: France's unemployment rate fell to 9.5 per cent in September, continuing its downward trend from the previous month, according to figures released by the Labour Ministry and the national statistics agency Tuesday, reports AP.

The figure is down from a 9.6 per cent unemployment rate in August and in line with economists' forecasts.

According to International Labour Organisation standards, the number of jobseekers in France decreased to 2.49 million in September, down from 2.53 million in August.

France's government has made tackling joblessness a central focus of its economic policy since coming to power more than three years ago. In April, the country's unemployment rate fell below the 10 per cent mark for the first time in nine years, dropping to 9.8 per cent.

Fake share dealers oppose CDS

Star Report

Some listed companies and brokers who have been dealing in fake shares are putting up stiff opposition to the introduction of scrippless share trading through a central depository system (CDS), fearing that this would expose their unscrupulous business.

This quarter is now raising a number of issues, accommodation of which would require fundamental changes in the banking law and complete computerisation of the trading system.

According to sources, these companies had issued fake duplicate shares stamped with genuine seals and signatures. So, once the CDS gets started, a fake shareholder can get his shares deposited with the depository while the genuine one may be rejected by the CDS.

The situation may lead to legal consequences that would expose the unscrupulous companies and brokers.

Once the CDS is implemented, there would be no physical existence of share certificates and all transactions would be held through book transfers.

According to sources, these companies are now raising various issues to delay or even frustrate the depository being set up by the Central Depository Bangladesh Ltd (CDBL).

One of their demands is to ensure prevalidation of trading. Prevalidation would require the CDS company to validate before trading that a buyer has the required money in his account. At the same time, it will also validate that the seller has the required number of shares in his possession.

To enable such a system, clients' bank accounts will need to be transparent to the CDS company, which is not allowed under the law of the country. This would need amendments to the law, which is always a

lengthy process," said one market observer.

But then how do other countries prevalidate sales? According to the same market observer, only four countries of the world - Sri Lanka, Croatia, Switzerland and Cyprus - have this system in place. But major bourses like NY Stock Exchange or Nikkei do not follow this procedure. Malaysia once tried this system, but it stopped it due to complications.

Moreover, the country's trading system has to be fully networked and online for this system to work. In Bangladesh, this is still a far cry.

"However, the CDS system that is going to be in place here can be upgraded if necessary and whenever the country is ready for such prevalidation, this will be incorporated into the system," said a source.

It has also been said that the group of 30 rich nations' known as G-30 has recommended that

all share trading should follow T+0 settlement system, which the proposed CDS would not comply with. The T+0 system means that the buyers and sellers should pay the shares and money on the day of trading. But the proposed CDS stipulates settlement of trades where the clearing house will receive stocks and money on the third day (T+3) of trading and the clearing house will settle the trades on the fifth day of trading (T+5).

However, knowledgeable sources say the G-30 recommendation did not mention T+0 settlement system, rather it suggested T+0 netting system.

"There's a gulf of difference between the two systems," said a source. "Under the netting system, brokers settle the net balance of traded shares and money at the end of the day and this is what the CDS will do."

US may miss WTO deadline for repealing tax break plan EU could impose sanctions on American goods

WASHINGTON, Oct 31: Republican leaders in the US Congress warned yesterday that a standoff over tax cuts may doom for the year legislation aimed at heading off a trade war with Europe over a multibillion-dollar programme of tax breaks for American exporters, says Reuters.

John Czwartacki, spokesman for Senate Majority Leader Trent Lott of Mississippi, and aides to Republican leaders in the House said Congress would not revive the bill if President Bill Clinton carries out his threat to veto the \$240 billion tax-cut package contained in the measure.

The warning came ahead of a Nov. 1 deadline set by the World Trade Organisation (WTO) for Congress to repeal the Foreign Sales Corporation

(FSC) programme, which does out tax breaks to US exporters through offshore subsidiaries.

If Washington misses the deadline, the European Union (EU) could seek to impose sanctions on billions of dollars worth of US goods. US officials warned that move could spark an all out trade war between the world's biggest trading powers.

The WTO ruled in February that the FSC was an illegal export subsidy, handing the EU a major trade policy victory.

The WTO initially gave the United States until Oct. 1 to repeal the system, but later agreed to extend the deadline to Nov. 1 to give lawmakers more time to complete their work.

In response, Republicans wrapped the FSC bill into the party's end-of-the-year tax package, which won House of

Representatives approval last week.

Under the legislation, the United States would exclude certain categories of foreign-source income from US taxation. Unlike the FSC, companies would receive the benefits directly, rather than through offshore tax havens.

Despite the looming deadline, Clinton has threatened to veto the entire package, citing concerns about other tax provisions. To avert a confrontation with the EU, White House officials have urged Republicans to move the FSC bill on its own or as part of a smaller package.

But Republican leaders refused to back down.

"This is the last chance for tax cuts and the last chance for FSC. The president is going to have to sign or veto," Czwartacki said.



A team of Chittagong Stock Exchange members and officials of the US Embassy in Dhaka pose for a photograph after holding a meeting in the city yesterday. - CSE photo

BOJ, govt differ on recovery rate

TOKYO, Oct 31: The government and the central bank agree that Japan's economy is recovering from its longest slump since World War II. What they don't agree on is how much.

The Bank of Japan said Tuesday that the nation's gross domestic product will grow between 1.9 and 2.3 per cent in the current fiscal year through March, far more optimistic than the Economic Planning Agency's estimate for a 1.5 per cent increase, says AP.

The discrepancy is a reflection of a brewing battle between the government and the central bank, which recently asserted its independence by raising interest rates against strong opposition from finance bureaucrats and the ruling Liberal Democratic Party.

Growth estimates are used to project tax revenues, determine the size of the national budget and set interest rates, and economists say Tokyo has a stake in sticking to its pessimistic economic outlook.

"From the prime minister's point of view, they'd like to set the hurdle as low as possible so they can clear it and say they've been successful," said Masashi Kanno, chief economist for J P Morgan Securities in Tokyo. "The BOJ's outlook is more realistic."

Prime Minister Yoshiro Mori needs some good news. His approval rating slipped to a new low of 15 per cent, down 5 points from September, according to a poll published Tuesday by the national Mainichi newspaper. That makes him one of the least popular Japanese

leaders ever. Confidence in his government has suffered from a series of verbal blunders and scandals that have forced the resignation of two Cabinet ministers in his six months in office.

Economists said the BOJ's estimate is in line with the roughly two per cent growth that stock market analysts have predicted.

In fact, Japan's benchmark

Nikkei 225 stock index reacted little to the announcement, falling in morning trading before rebounding in the afternoon to close up 75.04 points, or 0.52 per cent, at 14,539.60.

The BOJ's report predicted that the economy would continue to recover over this year and next, led by rising corporate capital investment in information and communications-related sectors over the next 12 months.

Daewoo Motor to cut 3,500 jobs, output

SEOUL, Oct 31: South Korea's bankrupt Daewoo Motor Co. today unveiled a new rescue programme with 3,500 job cuts and reduced production at overseas plants in Europe and India, says AP.

Daewoo hopes to raise 900 billion won (789 million dollars) next year through the belittling, company officials said.

Creditors demanded drastic reforms by Daewoo in exchange for 450 billion won (395 million dollars) in additional working capital. General Motors Co. of the United States is negotiating a possible takeover.

The 3,500 job losses will be among the 17,000 production workers in South Korea. Unions had said they would oppose any cuts.

Daewoo Motor has already reduced production of its largest foreign production unit,

FSO in Poland, from an annual 220,000 units to 126,000 units. It will also downsize units in Romania, Ukraine, Uzbekistan and India and five or six of Daewoo Motor's 33 overseas sales units will be closed.

Daewoo Motor has sacked 93 top officials and 1,500 junior staff since its parent group was declared bankrupt in August 1999 with 80 billion dollars in debts.

Creditors' attempts to auction off Daewoo Motor have failed to bar fruit because of the company's huge debt, estimated at 18 trillion won (15.8 billion dollars).

Ford Motor Co. pulled out of a 6.9 billion dollar takeover deal in September, casting new doubt on the company's future.

General Motors is currently studying Daewoo Motor's books.

US Ex-Im Bank okays \$8m loans for 3 Bangladesh power projects

The Export-Import Bank of the United States Monday approved an eight million US dollar loan package to finance three small-scale power generation plants in Bangladesh, a USIS press release said here yesterday, reports BSS.

The package will provide three medium-term direct loans to support the sale of equipment and services by Caterpillar Incorporated of USA to United Summit Power Company of Bangladesh, which is building three small-scale power plants in Dhaka, Comilla and Narsingdi.

"This transaction represents a breakthrough in Ex-Im Bank's ability to help with small infrastructure and development projects, especially in emerging markets where access to financing is limited," said Bank Chairman James Harmon, the press release said.

Caterpillar will provide 12 gas reciprocating engines and equipment capable for generating 11 megawatts of power at each of the three plants. The plants will sell the electricity to rural cooperatives located in areas where access to electricity is limited.

Ex-Im Bank is a US government agency that provides loans, loan guarantees and export credit insurance to help promote the export of US goods and services to emerging markets.

HSBC launches off-site ATM at Dhanmandi

Soon after the launch of the first off-site ATM at Uttara, The Hongkong and Shanghai Banking Corporation Limited (HSBC) has launched its second off-site ATM at Dhanmandi in the city, says a press release.

The new off-site ATM is located at Mumtaz Plaza, House No. 7, Road No. 4, Dhanmandi R/A, Dhaka.

As with other HSBC ATMs, the off-site ATM offers a number of services to all HSBC account holders in Bangladesh.

These include cash withdrawals, deposit of cash, cheque & mail, transfer funds, balance inquiries, order of statements and cheque books, account activity inquiries, payments to other HSBC accounts and change of PIN.

Speaking on the occasion, Joe Barker-Bennett, Manager Personal Banking of HSBC Bangladesh, said, this is the 5th HSBC ATM in Bangladesh. The customers can now use any of the five ATMs to carry out their regular banking transactions in addition to the 4 offices in Dhaka and Chittagong.

UK firm to build optical fibre network in Japan

TOKYO, Oct 31: Cable and Wireless PLC, a major British telecommunications company, will launch a 150-billion yen (\$1.37 billion) project to build an optical fibre network covering all of Japan's 47 prefectures (states), an official said Tuesday, reports AP.

It will be the largest single investment ever by a British firm in Japan's telecommunications market, said Yuko Masuchi, a spokeswoman for Cable and Wireless's Japan subsidiary.

Masuchi said about 1,000 new jobs will be created for the five-year project scheduled to start soon.

"This major investment demonstrates Cable and Wireless' continuing, consistent execution of its global strategy to deliver leading-edge IP (Internet protocol) and data services to business customers," Graham Wallace, chief executive of London-based Cable and Wireless, said in a release.



A poor woman receives loan sanction letter from Industries Minister Tofail Ahmed on the inaugural day of Bank Asia Malkhanagar branch. (From left to right) local MP Mijanur Rahman Sinha, Vice-Chairman of the bank A Rouf Chowdhury, Malkhanagar UP Chairman Mohiuddin Ahmed, Chairman of Bank Asia M Syeduzzaman, Branch Manager A Latif and Sagufa Yesmin MP are also seen in the picture.

JS body for removing 'mismanagement' in sugar import

Bangladesh earned Tk 37 crore in foreign currency by exporting 5.60 million kilograms of tea from July to September this year, says BSS.

This was disclosed at a meeting of the Parliamentary Standing Committee on the Ministry of Commerce at the Jatiya Sangsad Bhavan yesterday.

Committee Chairman Razi Uddin Ahmed Razi presided over the meeting.

The meeting was apprised that a total of 22 million kg of tea was produced in the last two months of which 5.60 million kgs exported.

While discussing elaborately the overall activities of the Trading Corporation of Bangladesh (TCB), the meeting also advised the concerned authorities to take appropriate measures to remove all sorts of

"mismanagement" in sugar import and in ensuring its marketing.

The meeting was also told that the government had taken initiatives to import one lakh metric tons of sugar and two lakh metric tons of salt in the current year through TCB.

The meeting stressed the need for participating in different international fairs to increase country's export.

Committee members Mir Shakhawat Ali (Daru), Mohammad Mulibur Rahman (Manik), Sri Biren Sikder, Akhter Hamid Siddique, Sarwar Jamal Nizam, and Prof Shahidul Islam attended the meeting.

Commerce Minister MA Jalil also attended the meeting on special invitation.

Commerce Secretary Golam Rahman and other officials were present on the occasion.

Self Service Banking



Joe Barker-Bennett, Manager Personal Banking of HSBC Bangladesh, opens the second off-site ATM at Dhanmandi in the city. - HSBC photo

No US objection to Iraqi commercial flights thru' no-fly zones

WASHINGTON, Oct 31: The United States joined Britain yesterday and said it saw no problem with Iraqi plans resuming domestic commercial airline flights through Western-imposed no-fly zones in the north and south of the country, says Reuters.

But Washington stressed that it would continue to closely monitor air traffic in the zones to make sure that Baghdad's military did fly in the areas and threaten Iraqis on the ground or neighbouring countries.

"We don't see civilian flights as posing a threat" to the no-fly zones, said Marnie Corps Lt Col Dave Lapan, a US Defence Department spokesman.

"The no-fly zones pertain to military flights and protecting civilian populations inside Iraq from attack," Lapan told Reuters in response to questions.

Iraq's Transport Minister Ahmed Murtada Ahmed Khalil was quoted Monday as saying Iraqi Airways flights would resume on Nov. 5 between Baghdad and the cities of Basra, 600 km (375 miles) to the south, and Mosul, 450 km (270 miles) to the north.

A State Department official, who asked not to be identified, also told Reuters on Monday that the United States would monitor Iraq flights closely to

make sure that they did not threaten Iraqi citizens on the ground, the country's neighbours or US and British warplanes policing the zones.

For reasons of flight safety and enforcing the zones, we would require notification of flight schedules and routes no less than 48 hours in advance of each flight," the official said.

A British Foreign Office spokesman said earlier in London that his country was also "not at all exercised" about an announcement from Iraq that the flights would resume next Sunday.

Iraq had resumed domestic flights in 1992, a year after they were disrupted by the Gulf War, but suspended them again because of the no-fly zones. Baghdad said then its aircraft needed maintenance.

The United States and Britain say the exclusion zones are maintained to protect a Kurdish enclave in the north and Muslim Shi'ites in the south from possible attacks by Iraqi troops.

Commercial flights in and out of Iraq have been curbed by UN sanctions imposed on Iraq for its 1990 invasion of Kuwait.

But dozens of humanitarian flights from Arab and non-Arab countries have landed in Baghdad in the last two years to protest against the decade-long embargo.

Noor Uddin for immediate tapping of renewable energy

GAZIPUR, Oct 31: Science and Technology Minister Noor Uddin Khan has said that the country could maximise its development through efficient use of renewable energy, says UNB.

He said this while inaugurating a three-day international seminar on "Commercialisation of Technology of Renewable Energy" at BRAC CDM auditorium at Rajendrapur yesterday.

"We have to increase our dependency on renewable energy from right now as the limited sources of traditional energy will exhaust at one stage," a handout quoted him as saying.

Noor Uddin underscored the need for popularising the use of solar energy, bio-gas and wind power as alternative source of energy.

He hoped that recommendations of the seminar would help enrich scientists.

Organised by the Science and Technology Ministry, 60 scientists from the United States, UK and SAARC countries attended the seminar.

Twenty-six papers will be presented in six technical sessions of the seminar.

15-day Sylhet trade fair begins Nov 10

From Staff Correspondent

SYLHET, Oct 31: A 15-day "Sylhet Trade Fair-Sylhet Expo" will begin from November 10.

Leading manufacturers and producers of electrical goods, ceramics, cosmetics, textile, leather, handicrafts and computer accessories will put their products on display.

As many as 20 booths and 200 stalls will be installed in the fair and their bookings would continue till November 2, said an official.

About two-third of the booths have already been allotted to different parties.

There will be arrangements for audio and video presentations on investment facilities in Bangladesh and exhibition of catalogue on exportable items, the source added.

Everyday, cultural functions depicting the traditions of different regions of the country will be presented, the source added.

The fair is being organised by the International Trade Promotion Centre (ITPC) with the assistance of GTZ, Germany and the Sylhet Pourashava.

The Speaker in the Jatiya Sangsad, Alhaj Humayun Rashid Chowdhury, is likely to inaugurate the fair.

China to let airlines raise fares by 20pc

SHANGHAI, Oct 31: China will let its airlines raise fares by 20 per cent to offset soaring oil costs, a regulatory official said Tuesday, reports AP.

Fuel prices have risen 86 per cent this year, said Ma Songwei, a spokesman for the Civil Aviation Authority of China. He said prices could rise by up to 150 yuan (\$18) per one-way ticket.

"It's really an oil-price surge," although there is no time limit on when it will be repealed, Ma said by telephone from Beijing.

Chinese airlines already have been battered by a slump in travel. Regulators announced plans in July to force 10 carriers to merge into three in hopes of creating stronger competitors.

The government has tried to avert failures among struggling carriers by imposing minimum prices and forcing profitable airlines to subsidize rivals.