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Dhaka-Madinah direct Saudia flight begins

Dhaka is now directly air-linked with Al-Madinah Al-Munawara — 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 Umma 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, Bangladeshi 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 Dierck Brokerage Inc.

Dennis Winstead, Aniruddha Hora, Roy and Kamal U Bhuyan, 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 5 points from September, according to a poll published Tuesday by the national Mainichi newspaper. That makes him one of the least popular Japa-

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 scripless 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 pre-validation of trading. Pre-validation 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 pre-validate 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, 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."

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).

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

US may miss WTO deadline for repealing tax break plan

EU could impose sanctions on American goods

(FSC) programme, which doles 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.

"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.

But Republican leaders refused to back down.

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

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 of 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: 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.

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

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.

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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 belt-tightening, 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.

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.

In fact, Japan's benchmark

TOPIX index closed up 1.11 per cent, or 1.11 points, at 10,000.20.

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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 in addition to the 4 offices in Dhaka and Chittagong.

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

Matsuchi 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.

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

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