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Spart in prices India suspends onion exports

NEW DELHI, Nov 3: National Agricultural Cooperative Marketing Federation of India (NAFED) yesterday suspended exports of onion in view of the sudden spurt in the prices of onion, says PTI.

The decision to suspend the export of onions temporarily has been taken keeping in view the sudden spurt in the prices of onion in important growing areas. NAFED managing director Priyadarshini Thakur said in a statement here.

On NAFED's request, other state-level canalising agencies have also agreed to temporarily suspend exports, Thakur said.

The present buoyancy in prices is attributed to the setback to the Kharif crop on account of untimely rains in Maharashtra, which is an important onion growing area.

Lankan rupee devalued by 1 per cent

COLOMBO, Nov 3: The central bank devalued the Sri Lankan rupee by 1 per cent on Friday after pressure on the currency because of demands for hard currency to meet import needs, says AP.

The bank did not call it a devaluation, but said it was raising the rupee trading band ceiling to 80.14 rupees per dollar. Now banks are free to quote the higher rate to attract dollars.

A central bank official told Dow Jones Newswires that the change was necessary to cope with the increased pressure on the local currency caused by import demand for dollars and speculative trading.

Sri Lanka is in the midst of a 17-year-old civil war, which has caused heavy government spending, particularly on defence purchases.

The defense bill is expected to rise by more than 50 per cent to nearly \$1 billion in the fiscal year ending in December, mainly due to an upsurge in fighting between Tamil Tiger rebels and government forces.

Square's research breakthrough

A research paper, recently accepted for publication by the Journal of Pharmaceutical Sciences - a peer reviewed world-renowned journal published by the American Pharmaceutical Association, suggests that the injectable formulation of diclofenac sodium sterilised by terminal heating method produces an impurity, says a press release.

In general, there are two methods in manufacturing liquid injections. One - sterilising by heating at high temperature after sealing the ampoule and secondly, sterilising via aseptic filtration followed by filling and sealing the ampoule.

In the world market, diclofenac sodium injectables are available in different brand names and in some brands the presence of the impurity was detected.

A group of researchers including Dr Jiben Roy, Dr Ajay Deb, Dr Mahub Alam, Subodh Das, Akhteruzzaman, Anwar Hossain Miah and Mofizul Islam of Square Pharmaceuticals Ltd conducted the breakthrough research and made a detailed study including mechanism of formation of the impurity and reaction kinetics.

The researchers confirmed that the terminal heating method is responsible for the existence of impurity in the injectables. Thus, the heating method must not be followed.

According to research leader Dr Jiben Roy some of the samples that were monitored found to contain 4 to 9 times higher impurity than the individual impurity level mentioned in the diclofenac sodium raw material in British Pharmacopoeia (BP).

Three-day DCCI tourism fair begins Nov 23

Dhaka Chamber of Commerce and Industry (DCCI) will hold a three-day tourism fair in the city from November 23 aiming at promoting the country's tourism and upholding cultural heritage, says UNB.

This will be the first ever tourism fair initiated by a private sector body to popularise tourism just ahead of the peak season for tourists and boost tourism as a potential sector.

"The purpose of the fair is to create awareness among the tourists about the immense potentiality of tourism in Bangladesh and uphold the cultural heritage of our nation," said an executive of the country's premier chamber.

This will attract people from home and abroad to visit Bangladesh and help enhance revenue from tourism sector, he added.

PSI firms urge NBR to subject imports sans LC to inspection

Move seen helping curb tax dodging efforts

Star Business Report

The Pre-shipment Inspection (PSI) companies have called upon the National Board of Revenue (NBR) to bring imports without Letter of Credit (LC) under inspection to check tax evasion attempts by some unscrupulous importers in compliance with some customs officials.

At present goods worth around Tk 200 crore are imported directly every year. Such import should not continue without inspection, they said, suggesting abolition of the option to pay Tk 50,000 fine for failure to undertake PSI by any importer. According to the PSI companies, the fine system

now offers every scope for abuse.

"There should be no potential benefit for not undertaking PSI and we think that when goods are shipped without PSI, they must be subjected to destination inspection, and we feel that there must be options for fine as well in cases of deliberate dodging," the PSI companies suggested in a proposal to the NBR chairman.

Recently three PSI companies handed over a set of proposals to NBR Chairman Zakir Ahmed Khan for amending certain procedures, as they think that the current PSI sys-

tem in Bangladesh is the most complicated in the world, sources said.

The companies said there are loopholes in the present system since a large chunk of imports, mainly consumer items, are still being made under direct payment, which is outside the purview of PSI and not covered by LCs.

"We consider it as a flaw in the programme and this must be closed immediately," the PSI firms proposal said.

The companies also demanded abolition of the LC verification system as it causes delays in processing documents.

"It is the responsibilities of the mandated PSI companies to verify the LCs received from the issuing bank. There has not been any case of LC fraudulence. The verification process, however, is resulting in delays in processing documents," said a letter of the PSI firms to the NBR chairman.

They also hinted at elimination of the shipping details from the CRF to speed up the process. The companies also called for accepting remote electronic printing of the CRF at the Bangladesh office of the pre-shipment agent.

Bangladesh to enter information superhighway by August

Noor Uddin says at BASIS 2000 Software Exhibition

Bangladesh is set to step into global information superhighway, considered IT backbone, by August next year through submarine cables, reports UNB.

"We'll get optic fibre connection within the next 8-10 months," Science and Technology Minister Lt General (Retd) M Noor Uddin Khan said while addressing the inaugural ceremony of the BASIS 2000 Software Exhibition here yesterday.

Commerce Minister Abdul Jalil and Bangladesh Association of Software and Information Services (BASIS) President S M Kamal also addressed the function at Osmani Memorial Auditorium.

The government has not yet reached any agreement for the connection, but negotiations are going on, Noor Uddin told UNB after the function.

He called upon the entrepreneurs to bring in IT experts from abroad so that the country can start developing and exporting IT products, including software, soon after getting connected with the cosmic conduit of communications.

Elaborating on human resource-development facilities available in the universities and technology institutions in the country, he said the students would be required to spend at least four years to pass out.

The minister also cautioned the entrepreneurs that many of the students would prefer to go abroad for higher salaries.

Some 21 IT firms participating in the BASIS-organised 3-day fair, displaying their products in 35 booths. The exhibition is partially financed by Matching Grant Fund (MGF), a World Bank-aided project.

Addressing the function, Committee Minister Abdul Jalil said there is no alternative to information technology for building the nation's future.

"We are now planning all our activities based on information technology," he said, "the issue is very much important."

Listing various incentives given by the government for the sector and policy measures, he stressed the need for coordinated effort of the IT service providers and receivers for its development.

He appeared critical of the mushrooming training schools on the question of quality teaching. "Most of the training centres are becoming institutions of creating clerks," the minister said and emphasised ensuring quality training.

BASIS President S M Kamal said the government should

increase expenditure to buy software required for its various agencies to support the development of the sector.

He also urged the government to open IT-marketing offices abroad as it is very difficult for the new entrepreneurs to bear the high expenditure.

The participants came up with a wide range of software. One of those, integrated solutions for group of companies, specially suitable for garment industries, was developed by Star Computer System Ltd with local IT experts.

CSL Software Resources Ltd, Fornix Soft, Datasoft System (Bangladesh) Ltd, IBCS-Primax Software (Bangladesh) Ltd, Satcom Computer Ltd, Leads Corporation Ltd, Bexinco Computer Ltd, Mantrist Software and Multimedia System Ltd are among the participants.



Mamun Rashid, Head of Corporate and Institutional Banking of Standard Chartered Bank-Bangladesh, and Malek Shamsher, Executive Vice President-International Division of Arab Bangladesh Bank Limited, exchange the documents of a collection service agreement at the AB Bank head office in the city on Wednesday.

EU warns US Congress of severe trade retaliation

Lamy for quick passage of export tax reform bill

WASHINGTON, Nov 3: A top European Union official warned Congress yesterday the United States could face severe trade retaliation if it does not quickly pass legislation to replace its current system of export tax breaks, reports Reuters.

In a separate news conference, US Trade Representative Charlene Barshefsky also urged House Republican leaders to allow a vote on a bill approved on Wednesday by the Senate repealing the Foreign Sales Corporation (FSC) programme.

Because of the threat of as much as \$4 billion in EU economic sanctions, "congressional failure to act would be inexcusable, as well as dangerous," Barshefsky said.

Despite a similar plea from the National Association of Manufacturers, House Republican leaders appeared deter-

mined to consider legislation to replace the FSC with a new system of export tax breaks only as part of \$240 billion tax cut package that President Bill Clinton has threatened to veto.

The Foreign Sales Corporation issue is important, but is it more important than these other issues? I don't think so, House Speaker Dennis Hastert said, referring to other Republican priorities in the tax relief bill.

In a speech to the European Institute and later in comments to reporters, EU Trade Commissioner Pascal Lamy warned that Brussels could not wait much longer before deciding to ask the World Trade Organisation for permission to retaliate.

Congress "should be aware of the consequences if it does not act," EU Trade Commissioner Pascal Lamy told reporters after a speech to the Euro-

pean institute.

Under an agreement reached in late September, the EU agreed to withhold retaliation in the tax dispute until the WTO decided if legislative changes made by the United States complied with international trade rules.

But as a condition of that pact, the United States was required to enact its new legislation by Nov 1.

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

The programme of export tax breaks cost the US government about \$4 billion annually.

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.

StanChart's \$1.32b takeover of Chase banking operations in HK ends

Standard Chartered PLC on Tuesday announced the completion of the US\$1.32 billion acquisition of the entire issued share capital of Chase Manhattan Card Company Limited ("Manhattan Card") and Hong Kong-based retail banking business of the Chase Manhattan Bank, says a StanChart press release.

The deal is a perfect fit for Standard Chartered and is directly in line with its strategy, further strengthening its position in the most important market.

It will give Standard Chartered Bank a clear card market leadership in Hong Kong. This move, together with the Grindlays acquisition, which was completed in early August, will help StanChart transform into the world's leading emerging markets bank.

"The deal makes Standard Chartered the market leader in Hong Kong Cards and further strengthens our retail presence. The move is a demonstration of StanChart's belief in the future of Hong Kong," Rana Talwar, Group Chief Executive, commented.



A South Korean man, presumed to be a executive official of Hyundai Group, talks hastily on his mobile phone outside of the Hyundai Group headquarters in Seoul yesterday, as talks with bank creditors go on inside over the group's construction unit. South Korean creditor banks are likely to roll over loans to Hyundai Engineering and Construction Co. (HEC), but insist that a debt-equity swap remains a possibility.

StanChart signs collection service deal with AB Bank

Standard Chartered Bank signed a collection service agreement for cash, cheques, drafts and other negotiable instruments with Arab Bangladesh Bank Limited on Wednesday, says a press release.

Mamun Rashid, Head of Corporate and Institutional Banking of Standard Chartered Bank, Bangladesh, and Malek Shamsher, Executive Vice President-International Division of Arab Bangladesh Bank Limited, signed the agreement on behalf of their respective organisations.

As per the agreement, Standard Chartered will use AB Bank branches in Bangladesh in collecting cheques. Additionally, Standard Chartered customers may deposit cash and cheques directly at the designated branches.

The signing ceremony, which took place at the head office of Arab Bangladesh Bank, was also attended by CM Koyes Sami, AB Bank President and CEO, Abu Hanif Khan, Joint Managing Director, and Mahmudur Rahman, Vice President-International Division and Business Development Manager-Cash Management of Standard Chartered Bank Nates Khundker.

Britain's Brown facing biggest career test in preparing pre-budget report

LONDON, Nov 3: There is little doubt that Britain's Chancellor of the Exchequer, Gordon Brown, is facing the biggest test of his political career as he puts the finishing touches to next week's pre-budget report, reports Reuters.

With an election likely after next March's main budget and protestors threatening to bring the country to a halt again if fuel duties are not cut, he is under immense pressure, not least from Prime Minister Tony Blair to come up with the goods.

"We are dotting the i's and crossing the t's. It's about ready," a Treasury source told Reuters, referring to the crucial speech Brown will deliver to the House of Commons on November 8.

The pre-budget report previews proposed changes to the March budget but often contains concrete announcements too.

Since September's fuel protests, Brown has held talks

with farmers and hauliers, who have staked themselves the People's Fuel Lobby, to hear their grievances. He knows the government cannot afford more fuel protests so near to a general election.

The protestors have set a deadline of November 15 for the government to take action and are planning a go-slow convoy from the north of England to London starting on November 10.

But Brown is tough and has been preaching prudence ever since the Labour government came to power in 1997. He also does not like to be pushed around and has pledged there will be no "irresponsible and unsustainable" pre-election handouts.

He has, however, already shown he is prepared to take action on unpopular taxes. The clearest example of that was this year's budget when he scrapped the so-called "escalator" which put fuel taxes up by six percentage points over in-

flation each year.

He has also made clear he wants to ease the plight of hauliers but Treasury officials have made clear that demands to cut fuel duty by between 15 and 20 pence a litre are no-goers - such a big cut would simply cost the Treasury too much.

Treasury minister Stephen Timmins said this week that cutting fuel taxes by 26 pence would cost a whopping 11.8 billion pounds (\$17.14 billion), equivalent to four pence off the basic rate of income tax, and would mean sacking thousands of florists and closing hospitals.

Brown also knows that a big cut in duty would draw accusations from the opposition Conservatives that he had given into mob pressure and draw the ire of the green lobby which opposes any cut in taxes on burning fossil fuels.

So, at best, Brown is likely to announce a freeze for petrol and diesel duties at their current 48.8 pence, although they

would remain by far the highest in Europe.

That would itself entail lost revenue of several hundred million pounds, because Treasury projections of future spending assume duties will rise in line with inflation each year.

Indeed, it is hard to imagine that Brown would dare risk raising them so high. But small cuts in fuel duty, he knows, could easily be undone by another rise in oil prices so may be futile.

Thus much more likely are tax cuts targeted at hauliers, such as a reduction in vehicle excise duty (VED), which for big trucks is around 4,000 pounds a year.

Suggestions from hauliers for "blue diesel" sold only to hauliers, secure credit cards or fuel tax rebates, have been looked at by the Treasury but are not thought to have found favour because of their complexity.

French beef fears spread to Germany

PARIS, Nov 3: A public "psychosis" over mad cow disease that has sliced beef sales in France spread beyond the country's borders yesterday as one of Germany's largest states raised the possibility of an import ban on French beef, says Reuters.

Hans-Dieter Rosinke, spokesman for the agriculture ministry of Lower Saxony, said beef imports from France should be banned if authorities did not take tougher action against bovine spongiform encephalopathy (BSE).

"We want France to take actions to assure beef safety like those taken in Britain, Portugal and other countries," said Rosinke, speaking in Germany. "If they do not want to take such actions, that should lead to a ban on beef imports."

French farm union Confederation Paysanne said revelations last week that several retailers sold meat potentially

tainted with the deadly brain-wasting disease had caused panic among consumers already battered by a series of food safety scares.

"We are going through a psychosis," said Philippe Baudouin, a spokesman for the union and a cattle farmer himself.

Several schools in Paris this week banned beef from their cafeterias until further notice amid fears over BSE.

Scientists believe BSE-infected meat can cause a new form of Creutzfeldt-Jakob disease in humans, an illness that has killed at least 83 people in Britain and two in France.

Baudouin said beef prices had fallen by up to one-fourth in the last 10 days, with some regional exchanges suspending price quotes altogether, several abattoirs in the north and west have closed their doors, turning away fresh deliveries from farmers.

Quaker rejects \$13.7b takeover bid from Pepsi

NEW YORK, Nov 3: Quaker Oats Co. has reportedly rejected a \$13.7 billion offer to be acquired by PepsiCo Inc, says AP.

After being turned down Thursday, PepsiCo seemed unlikely to sweeten its offer of 2.2 of its shares for each share of Quaker Oats. The New York Times and The Wall Street Journal reported late Thursday, citing people close to the negotiations.

Quaker is considered an attractive company PepsiCo primarily because of the success of Gatorade, which accounts for more than 80 per cent of the sports drink market.

Neither PepsiCo nor Quaker would comment Thursday night.

The offer valued Quaker shares at \$103.53, or 26 per cent higher than Thursday's closing price of \$82.25 on the New York Stock Exchange. Shares of PepsiCo fell 85 cents to \$47.13 on the NYSE Thursday.