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SEC amends rules for merchant banks, portfolio managers

Star Business Report
The Securities and Exchange Commission (SEC) amended its regulations, barring an institution from performing the functions of merchant banker, portfolio manager and stock broker at the same time.

The amendments to be effective very soon through gazette notification were made to meet certain conditionalities of the Asian Development Bank (ADB) to get the second tranche of the bank's fund for the capital market development programme.

The new amendments would also bar the merchant banks and mutual fund management companies from having more than 50 per cent of their boards composed of directors of affiliates or persons associated in any manner with the sponsors.

As per the new amendments, an officer or employee of a mutual fund shall be barred from doing a job in a merchant bank or stock brokerage house.

First quarter export earnings show good recovery

Both volume and unit price increase

Star Business Report

The country's exports continue to post impressive results with first quarter earnings up by 10.61 per cent from the target and 25.38 per cent higher than the last fiscal's same period.

During July-September period of FY2001, export earnings reached US\$ 1746.05 million against the target of \$1578.5 million. Export earnings amounted to \$505.43 million in September, according to Export Promotion Bureau (EPB) statistics.

During the period, the export volume increased by 22.12 per cent while the price index was up by 3.26 per cent.

Except for jute goods, raw jute and handicrafts, all the major export items including readymade garments (RMG),

knitwear, frozen food, leather, chemical products and tea crossed this year's targets and achieved significant growth from last year.

RMG exports fetched \$924.59 million, up by 12.07 per cent from the target and 20.53 per cent higher than the corresponding period of last fiscal year.

Knitwear worth \$392.30 million were exported during July-September period of the current fiscal, which is 6.03 per cent higher than the target and 31.17 per cent up from the same period of last year.

Frozen foods worth \$132.67 million were exported in the first quarter of this fiscal, which is 51.63 per cent up from the target and 54.61 per cent higher than last fiscal's corre-

sponding period.

Jute goods worth US\$ 68.78 million were exported against the \$75 million target. The earning is 8.29 per cent down from the target. It was also 3.55 per cent lower than last fiscal's same period. Jute goods witnessed decline in unit price by 0.02 per cent while the export volume also declined by 3.27 per cent.

Leather fetched \$56.83 million during the first quarter surpassing the target by 5.73 per cent and was 5.38 per cent higher than last fiscal's corresponding period.

Raw jute worth \$14.22 million was exported during the period against the target of \$18.75 million, showing a 24.16 per cent decline from the target and also 12.06 per cent

from last fiscal's same period.

Tea export crossed the target slightly with 5.75 million kg worth \$7.76 million exported during the period. This was 3.47 per cent higher than the target and a huge 104.75 per cent up from the corresponding period of last fiscal.

Export earnings from handicrafts amounted to \$1.44 million against the \$1.75 million target, showing a big 17.71 per cent decline from the target. It was however 13.39 per cent higher than the corresponding period of FY 00.

Chemical products worth \$33.69 million were exported during the period against the \$25 million target, showing a 67.86 per cent increase from last fiscal's same period.



A three-member delegation of the Association of Cargo Agents of Bangladesh (ACAB) consisting of its President Capt Saifur Rahman, former President Mustaque Ahmed and senior member Hellauddin Akber, met Finance Minister Shah AMS Kibria and exchanged views with him on freight forwarding issues in the city yesterday. - ACAB photo

Bangladesh taking part in US IT fair

LAS VEGAS (USA) Nov 14: Bangladesh is taking part in the five-day world's biggest IT (Information Technology) exhibition which began here yesterday, says BSS.

Commerce Minister MA Jalil was present at the exhibition centre yesterday on the opening of Bangladesh stalls set up at "Comdex Fall 2000", the gala technology fair.

The fair has drawn IT experts, manufacturers and users from all over the world. Twelve software organisations of Bangladesh are participating in the exhibition.

Former Adviser to the caretaker government and IT expert Professor Jamilur Reza Chowdhury, Bangladesh Ambassador to USA K M Shehabuddin, Akhtaruzzaman MP, Vice Chairman of EPB A B Chowdhury and CEO of a different Bangladesh IT organisations were present when Jalil opened the Bangladesh stalls.

Speaking on the occasion, the commerce minister said by participating in the exhibition, Bangladeshi entrepreneurs are acquiring knowledge about the latest Information Technology.

The minister hoped that this exhibition would help boost their skill and expertise. He expressed the hope that through such participation IT industry in Bangladesh would get a boost and assured the Bangladeshi entrepreneurs of assistance to take part in similar exhibition in future.

Referring to the development of IT sector, Jalil said it was due to the efforts of the private sector that progress has been achieved.

The government was only extending support as facilitator, he said and added that this sector must have to be developed. IT has a great potential to provide jobs, opportunity to educated youth.

He informed the gathering that various facilities are being provided for the development of Information Technology in Bangladesh.

Mitsubishi Electric returns to black

TOKYO, Nov 14: Japan's Mitsubishi Electric Corp. said Tuesday it had returned to the black in the six months to September, backed by brisk demand for information technology products, reports AFP.

Japan's third-largest electrical machinery maker reported a group net profit of 75.8 billion yen (702 million dollars), reversing a net loss of 3.3 billion yen in the same period last year.

Its group interim revenue gained 13.2 percent from a year earlier to 1.9 trillion yen. Pre-tax profit expanded to 125.01 billion yen from 555 million yen in the same period last year.

"While demand was buoyant in IT-related markets and there was strong growth in demand for semiconductors and mobile phones, the Mitsubishi Electric group took steps to strengthen its business competitiveness," it said.

All divisions saw higher earnings in the first half, compared with a year earlier, apart from heavy electric systems, which performed poorly in Japan because of falling capital expenditure in this area.

For the year to March, the company forecast net profits of 120 billion yen, pretax profits of 202 billion yen on revenue of 4.2 trillion yen.

"Although IT-related demand is increasing worldwide and the United States continues to enjoy strong growth, market competition has become more intensive and prices have decreased as the supply situation has eased," it said.

OECD, ADB urge Japan not to cut overseas aid

TOKYO, Nov 14: Officials from the Asian Development Bank and the OECD urged Japan today to resist pressure to slash overseas aid, saying a proposed cut could prolong Asia's economic ills and backfire on Japan, reports Reuters.

A key policy-maker in Japan's dominant Liberal Democratic Party called on the Finance Ministry last week to cut official development assistance (ODA) by 30 per cent for the fiscal year starting next April.

Japan is the world's biggest ODA donor due to decades of reliance on chequerbook diplomacy, but the country is now reviewing its aid policy with an eye to greater efficiency.

"A significant reduction of the ODA budget of Japan would have the immediate impact of continuing or prolonging the financial fragility in the region," said Ulrich Hiemenz of the Organisation for Economic Cooperation and Development, a Paris-based policy think tank for industrialised countries.

"That would be counterproductive for Japan itself as a country," Hiemenz, director of the OECD's Development Centre, told a briefing in Tokyo.

Exports to Asia have helped fuel a recovery in Japan that has been driven largely by ex-

port-oriented manufacturers. In the six months to September, Japanese exports to Asia rose 21 per cent from the same period a year earlier.

In contrast, exports to the United States only rose 2.3 per cent in the same period, and those to Europe increased by a meagre 0.3 per cent, according to Ministry of Finance data.

Hiemenz said ultimately Japan would pay a price for any cut in aid.

"If you look at trade figures, if you look at investment figures, there is a very high relationship between Japan and the region, and if the region is worse off, Japan is worse off," Foreign Minister Yohei Kono has so far refused to bow to pressure from the ruling tripartite coalition for the proposed sharp cut in ODA, the most powerful instrument of Tokyo's foreign policy in the post-World War Two period.

Japan's overseas aid surged 43.4 per cent in 1999 to \$15.4 billion, largely reflecting aid to victims of the Asian financial crisis, making Tokyo the world's biggest ODA donor for a ninth consecutive year.

The proposal to cut ODA, made by the LDP's Shinzuke Kamei, has been backed by policy chiefs in the ruling coal-

ition's two other parties. Last Thursday they agreed to call for a drastic review of Japan's policy on foreign aid.

Asian Development Bank officials, at a briefing in Tokyo on Tuesday to launch a book in partnership with the OECD, suggested that the impact from a cut in Japan's ODA could ripple across the world economy by undermining poverty-hit nations.

"I hope that Japan, and Japan's taxpayers, will understand the situation and renew support for the mutual benefit of Japan and also the world," said Yun-hwan Kim, senior economist at the Manila-based ADB.

He said that although Japan is the world's top ODA donor, its ODA as a percentage of gross domestic product is actually lower than its own target of 0.7 per cent.

Some Japanese politicians have expressed growing concern that in China, for example, ODA funds have helped Beijing boost its military might, prompting a separate review of Chinese ODA and requests that Beijing be less secretive about military spending.

Japan, along with Australia and New Zealand, is a key contributor to the ADB.

Dhaka to receive Tk 91cr Danish grant

Bangladesh will receive 129.238 million Danish Kroner equivalent to about Tk 91 crore as grant from Denmark under three agreements signed here Monday, says UNB.

ERD Secretary Mashur Rahman and Danish Ambassador to Bangladesh Finn Thilsted signed the agreements at ERD on behalf of their respective governments.

Under the first agreement, 17.538 million Danish Kroner equivalent to Tk 12 crore will be utilised for the project Mymensingh Aquaculture Extension Component Consolidation Phase, which will be implemented by the Fisheries and Livestock Ministry.

The main objectives of the project are to increase the number of target group engaged in fish production in closed water bodies and related service activities and improve capacity for aquaculture promotion and extension at upazila level.

Under the second agreement, 37.90 million Danish Kroner equivalent to Tk 26 crore will be utilised for the project Selected Ferry Services Connecting Major Roads in Patuakhali and Barguna districts, which will be implemented by Roads and Highways Department.

The project aims to rehabilitate and maintain ferries at eight river crossings.

Under the third agreement, 73.80 million Danish Kroner equivalent to Tk 53 crore will be utilised for the project Rural Infrastructure and Maintenance Programme in Laxmipur and Feni districts which will be implemented by Local Government Division.

WB chief voices concern over Indian slowdown

NEW DELHI, Nov 14: World Bank chief James Wolfensohn expressed concern Monday over India's economic slowdown but gave assurances that the global lending agency would increase its loans and assistance to the country, reports AFP.

Wolfensohn, who held talks with Indian Finance Minister Yashwant Sinha, also met select financial institutions and corporates in the Indian capital.

"There is a slight cause for worry about the level of investment and drop in the growth rate," he told reporters after his meetings.

However, a growth rate of six per cent was still good when compared on an international basis, the World Bank president added.

During his talks with finance minister Sinha, Wolfensohn hinted at an increase in World Bank aid to India.

"We are perfectly happy to look at an increase," he said.

Wolfensohn said there were definite prospects of an expansion of activities by the World Bank in India and said he would conclude his 10-day visit to India on Tuesday "reassured and very much encouraged."

"This has been a remarkable trip for me... a chance to see in the field the advances made

since my last visit here."

Wolfensohn, who before his visit had said he would review India's anti-poverty projects and the bank's role, said the achievements in reducing poverty here so far had been "admirable."

The bank would continue to stress the need to improve the infrastructure of the country's social and physical sectors, he said, including education, health, poverty, water and as well as other sectors such as highways and power.

India is one of the world's poorest countries. More than a third of its one-billion-plus population earn less than a dollar a day -- a benchmark which is used to evaluate a country's poverty.

The objectives and the programmes of the Indian government are in line with the bank's tenets, Wolfensohn said.

Later, finance minister Sinha said both India and the World Bank had agreed to work together in the identified sectors.

Sinha also said his government had launched measures to reverse the current slowdown in the economy.

"We have already initiated action in the case of some sec-

tors and we are initiating action with regard to the others."

"The idea is to arrest the slowdown, impart momentum to those sectors which are slowing down. I am confident that we shall end the year with satisfactory growth."

He said New Delhi was looking at both short and medium term solutions to rectify the situation.

Sinha's statement came amid a survey by a national trade lobby, which predicted depressed business sentiment for the next six months.

Sinha said he was keeping a watch on the sluggish economy.

"We have problems and challenges in the economy but we are capable of meeting those challenges. We are capable of solving those problems and have initiated some steps, both on the wider front and on a sectoral front," he said.

Wolfensohn arrived in India last Monday and visited several states to review the bank's projects, efforts to eradicate poverty and schemes to fight AIDS.

India joined the World Bank in 1944. It is the bank's largest client with cumulative loans and credits of more than 47 billion dollars as of June.



Mary Starman of Microsoft holds a new generation pocket PC from Compaq during the first day of the COMDEX convention in Las Vegas, Nevada, on Monday. The pocket PC with a wireless connection allows the user to personalise and use the Internet to meet their specific needs. - AFP photo

US, Malaysia deny row over world trade talks timing

BANDAR SERI BEGAWAN, Nov 14: The United States and Malaysia today denied any row over global trade talks at the APEC ministerial meeting which accepted Kuala Lumpur's plea for an agenda to be set ahead of US demands for talks in 2001, says AFP.

Delegates from other member economies within the Asia Pacific Economic Cooperation (APEC) forum said there had been an undiplomatic exchange between US Trade Representative Charlene Barshefsky and Malaysian Trade Minister Rafidah Aziz.

"It's a blatant lie... there must be an ulterior motive," Rafidah told the Malaysian news agency Bernama.

Barshefsky, heading to a private meeting with Rafidah away from the APEC confines on Tuesday, said it was impossible for the two women to have had an exchange of words on the timing of a new World Trade

Organisation (WTO) round.

"When I did my WTO intervention, Rafidah had not yet arrived in the country and when she did her intervention I was not in the room," Barshefsky told reporters.

"This exchange never happened. We were never in the room at the same time" discussing free trade.

A Taiwan official in the two-day ministerial meeting here claimed there had been an exchange of words "that can be considered not polite" and a Chilean delegate referred to a heated exchange.

The United States has been leading a drive for new WTO talks in 2001, saying the trade initiative aborted at the pre-stalled Seattle WTO meeting a year ago needed to be kicked-started as soon as possible.

But the end-of-meeting statement from trade and for-

eign ministers in the 21-member forum called for a new round of WTO talks "at the earliest opportunity," supporting Malaysia's call to set an agenda first.

"We did have an exchange when we were in the room at the same time... she (Rafidah) had an idea on e-commerce which was a great idea which I supported and she supported our task force idea for WTO," Barshefsky said.

"Her point was that APEC does a lot of work on mobility of labour but no work on bringing together the sort of key IT professionals in the APEC region."

"That's never been done which seems very odd when you consider APEC's focus on the tech issues. So everyone agreed that ought to be the next area that the committee in APEC on labour mobility starts to put together."

Japan's industrial output down 3.4pc in Sept

TOKYO, Nov 14: Japanese industrial output in September declined 3.4 percent month-on-month, the government announced Tuesday, keeping its preliminary report unchanged, reports AFP.

The figure contrasted with a rise in August of 3.4 percent from July in the closely watched indicator, the Ministry of International Trade and Industry said.

Industrial shipments fell 3.6 percent in September, as reported in the preliminary estimate, the ministry said.

Inventories edged down a revised 1.0 percent, compared to an earlier estimate of a 1.1-percent decline, it said.

Shell to purchase 20 pc of China's CNOOC offering

SHANGHAI, Nov 14: Shell Overseas Investments has signed a memorandum of understanding to purchase 20 percent of China National Offshore Oil Corp's (CNOOC) initial public offering, Shell announced Tuesday, reports AFP.

The 20 percent stake will be up to a maximum of 300 million dollars, the wholly-owned member of the Royal Dutch/Shell group of companies added.

Shell has also signed a strategic alliance agreement with CNOOC to jointly develop a range of opportunities in oil and gas exploration and production and gas marketing in China's Bohai bay and the East China Sea.

CNOOC's listing, which will fund construction of new exploration projects and develop CNOOC's natural gas business, is the third offering by a Chinese oil firm in recent months.

China, Mexico thrash out WTO differences

BANDAR SERI BEGAWAN, Nov 14: China and Mexico inch closer on Tuesday to resolving differences blocking China's long-awaited entry to the World Trade Organization, reports AFP.

Mexican Trade Minister Herminio Blanco said his talks with Chinese Foreign Trade Minister Shi Guangsheng, on the sidelines of an APEC meeting in Brunei, had brought agreement nearer.

"It was a very productive meeting. We are discussing different ideas and will continue to discuss these in the hours to come," Blanco told reporters after he emerged from the 90-minute meeting.

Mexico is the only member of the Geneva-based WTO with which China has not completed

bilateral talks to enable its long-sought accession to the global trade body.

The sole issue of anti-dumping duties was standing in the way of agreement, the Mexican minister said on the margins of the Asia-Pacific Economic Cooperation (APEC) forum.

Chinese President Jiang Zemin and Mexican President Ernesto Zedillo are among Pacific-rim leaders arriving in Brunei Tuesday for a two-day APEC summit starting Wednesday.

Asked whether the two presidents could announce a deal in Brunei, Blanco said: "Let's first see what will be the result of the discussions in the hours to come."

Mafia controls 20pc Italian business

ROME, Nov 14: The mafia controls one Italian business in five and one industrial company in seven and has an annual turnover of 155 billion euros (133 billion dollars), the media said Tuesday, reports AFP.

The conclusions were drawn by Italy's Commerce Confederation, Confindustria, and presented to the press at a conference Monday called "Black Day" in Milan.

According to Confindustria, turnover generated by the mafia is equivalent to 15 percent of the country's gross domestic product.

Criminal organisations have a "combined heritage of more than 1,000 billion euros, of which six to seven percent has been frozen and only three percent actually confiscated," the group's spokesman said.

China's WTO entry likely to risk HK SME jobs

HONG KONG, Nov 14: While officials was lyrical over boundless opportunities afforded by China's membership in the WTO for Hong Kong, the bulk of those employed by its small businesses fear unemployment and an increasingly bleak future, says Reuters.

That comes as a sobering thought, given the fact that small and medium enterprises (SMEs) make up more than 98 per cent of the former British colony's work establishment and employ around 60 per cent of its workforce.

"I think China (entry into) WTO will be very bad for Hong Kong. It may be good at the start but after two years this place will no longer be needed as an entrepot," president of the Hong Kong Small and Medium Business Association, Simon Shi, said.

"There will be no benefit for most Hong Kong workers. Bosses will lay off staff and employ more people on the

mainland. If we want to join in the game we'll have to invest more time and money in China," he told Reuters over the weekend from his office overlooking the city's bustling harbour.

China aims to join the World Trade Organisation (WTO) by the end of this year, but some thorny issues that need to be ironed out before its entry into the body that governs global trade are still outstanding.

Shi who runs a small electrical parts company and presides over the affairs of 2,100 SMEs, said the SMEs who represent the backbone of Hong Kong's economy stood to lose once mainland China began trading directly with the United States and Europe.

In recent years, Hong Kong has amassed its fortunes through its role as a trading entrepot for goods made on the mainland, but Shi said competition had stiffened even as its business links with China be-

came more established.

Hong Kong used to be able to manufacture goods in mainland factories and then add value through superior product design.

"Now it's hardly worth it for SMEs to develop products. Manufacturers here spend a lot of time and money designing new products which get copied in one day across the water," he said.

China's workforce now had passports, access to travel the Internet, good telephone links and a growing command of English he said. "There's little they can't do which we can't."

Despite Hong Kong's strong economic growth since the nadir of Asia's financial crisis, the positive effects have yet to trickle through to the majority of the population.

"Our economy is a little bit better than it was last year but it's far from what it was three years ago," he said.