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The Daily Star BUSINESS

DHAKA, FRIDAY, DECEMBER 1, 2000

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Two vital posts vacant in BB

Star Business Report
The Bangladesh Bank (BB) has been functioning without officials in two vital posts, which fell vacant as a result of the retirement of top executives. Deputy Governor (DG) Khondoker Ibrahim Khaled retired from his post two months back while another DG Dr Sohabuddin also retired Wednesday.

Both of them had been overseeing a number of vital areas. Khaled looked after the supervision department while Dr Sohabuddin was in charge of monetary policy, research and administration.

In absence of Khaled, Executive Director Nazrul Huda has been working in the supervision area and assisting the governor.

Bill thru' House of Lords

UK to partially privatise air traffic control

LONDON, Nov 30: Prime Minister Tony Blair's government prevailed Wednesday night in its legislative battle for partial privatisation of the country's air traffic control services, says AP.

The Transport Bill - which includes a new rail authority to deal with Britain's beleaguered train services - passed the House of Lords in its third try after twice being rejected out of fears it could compromise air safety.

The main opposition Conservatives, Liberal Democrats and even members of Blair's own Labour Party initially blocked the bill, but the government was able to win over Conservative Lords by offering a three-month consultation and parliamentary debate on who will win the privatised sector of the service.

This is a significant obligation on the government to think more deeply about its unpopular proposals and report back to Parliament, said Lord Stratford-Clyde, leader of the Tories in Lords.

The Conservatives previously hoped to delay passage until after the next national election - expected to be called for May - so voters could express their preference.

The government plans to sell 51 per cent of the National Air Traffic Control Service. Forty-six per cent will be sold on the open market and 5 per cent will be sold to staff.

The legislation - needing only the formality of Queen Elizabeth II's assent to be enacted - will also permit establishment of the Strategic Rail Authority, which is to have more effective powers to improve rail services.

Repeated derailments and the need to replace large sections of damaged tracks have caused widespread speed restrictions and severe travel problems for passengers all around the country.

Japan's DoCoMo announces major investments in US, Taiwan

TOKYO, Nov 30: Japan's biggest mobile telephone firm NTT DoCoMo Inc. said Thursday it was stepping up its overseas drive through 10.34 billion dollars of investments in two foreign carriers, including AT and T Wireless of the United States, reports AFP.

DoCoMo said it was broadening its buying spree to enter the US and Taiwan markets for the first time as it seeks to carve out a dominant role in the third-generation (3G) mobile age.

DoCoMo said in a statement it was taking a 16-per cent stake in AT and T Wireless, which is to be spun off from American Telephone and Telegraph Co. next year, for about 9.8 billion dollars.

It is also taking a stake of 20 per cent in major Taiwanese mobile phone operator KG Telecom Co. for 59.8 billion yen (539 million dollars).

DoCoMo plans to provide its new US and Taiwan partners with the technology and know-how behind its W-CDMA (wide-band-code division multiple access) platform for 3G, and its popular "i-mode" Internet service for cell phones.

Together, they were a terrific team. AT and T Wireless International president Jordan Roderick told a news conference in Tokyo.

Our two companies will set up shop as exclusive partners in the US and Japan for handling Internet mobile portals such as i-mode.

Tenagers in the United States would now have Internet access on their cellphones along with their Japanese counterparts, Roderick said.

DoCoMo, which is 67-per cent owned by the former state-owned Nippon Telegraph and Telephone Corp., has already spent 650 billion yen on overseas investments since December 1999.

Kerb market dollar dealers active again ahead of Eid

By Monjur Mahmud

Dollar price in the kerb market has been increasing gradually since last week with the rise in the inflow of smuggled goods ahead of the Eid-ul-Fitr.

Dollar was selling in the range of Tk 57.50 to Tk 57.70 over the past few weeks in the kerb market while the green-back's official middle rate is Tk 54. But it rose to Tk 58 last week and stood at Tk 58.20 yesterday, according to the kerb market operators.

"Smugglers became active before the Eid to make hefty

profits. They are basically bringing in fashion products and consumer items to cater to the Eid shoppers," said a kerb market dealer.

The increase in dollar price is expected to continue till the third week of December, he observed.

In the wake of a rising trend in smuggling, three influential ministers Tuesday held a meeting at the finance ministry with the heads of departments concerned to devise a plan for

curbing the trend. Zia International Airport has become a major smuggling point. The meeting decided to prepare a list of persons who finance and patronise smuggling and directed the airport authorities to tighten security.

According to sources, demand for dollar in the kerb market was strong over the past few months with the price hovering around Tk 59.50 and it continued till September. But dollar price started declining

when floods affected the Benapole border.

An anti-smuggling drive by the law-enforcing agencies during October also pushed the greenback further down. The price reached as low as Tk 57 in October, market sources said.

The main reason behind the big gap between the official rate and the kerb market is under-invoicing, bankers say, adding that the government is incurring both revenue and foreign exchange losses.



A new service point for Ericsson mobile phones has been set up in Sylhet on November 29. Leo Mautone, Manager, Commercial Support & Development, Ericsson Consumer Product Asia Pacific, inaugurated the service point at Hossain Telecom, Sylhet. Engr Anwar Hossain, General Manager, Consumer Products, Ericsson Bangladesh, accompanied him. Among others Khandaker Hafiz, Sales & Support Manager of Ericsson Bangladesh, and Kazi Roushan Ara, Director of Discovery Communication, were also present on the occasion.

Int'l Leasing, Insoftrix sign deal on software development

As part of its continuous improvement of customer services and Management Information System, International Leasing has recently signed an agreement with Insoftrix. Com Limited for the development of a customised integrated software, says a press release.

Mafizuddin Sarker, Managing Director, International Leasing and Abul Kalam Azad, Managing Director, Insoftrix, signed the agreement on behalf of their respective organisations. Md Rafiqul Islam, Vice President AKM Anwarul Kabir, Asst. Vice-President, and Shrabani Bhattacharjee, Executive of International Leasing, and Jaward R Zahid, Chairman, and Diana Zaman of Insoftrix Com Ltd, were also present in the signing ceremony.

SBI shortlists insurance joint venture partners

BOMBAY, Nov 30: India's largest bank, the State Bank of India (SBI), said Thursday it would announce its selection of a joint venture partner for the life insurance business in a couple of weeks, reports AFP.

"Discussions are at an advanced stage. We expect to select our partner in about two weeks time and then apply for a licence," a spokesman told AFP.

India recently opened up the insurance business and issued the first set of three licences earlier this month.

Government rules stipulate that private insurance companies should be capitalised at a minimum of one billion rupees (20 million dollars) of which a foreign partner cannot hold more than 26 per cent.

The SBI insurance venture will be capitalised at around two billion rupees, said the spokesman.

"We will be much above the minimum level. Currently we plan to get into the life insurance business. We will test the market and then take a decision on whether or not to get into non-life insurance."

The spokesman said SBI with its country-wide network of branches and its reputation was best placed to enter the insurance market.

"We have a very good reputation in the banking business. We would like to leverage that."

While the state-owned Life Insurance Corp of India (LIC) will continue to be the market leader, the spokesman said SBI would soon take second spot.

"LIC is a behemoth. They will continue to be the leader for some time and it will be difficult to dislodge them, but we will be their only competition in the market. We will give them a run for their money."

Analysts expect the life insurance market to grow annually at 20 per cent.

"There will be enough place for all private players, even though the base is quite big," said Devesh Kumar at ICICI Securities.

WTO sees volume of world goods trade up 10pc this year

GENEVA, Nov 30: The volume of international trade in goods, recovering strongly from 24 months in the doldrums, is expected to grow by 10 per cent this year, the World Trade Organisation (WTO) said today, reports Reuters.

The figure, which the WTO indicated was partly driven by strong demand in North America and Asia, would be the second highest in the past decade and double the five per cent growth rate for 1999, the Geneva-based body's annual year-end review of global trade statistics showed.

The forecast was also well ahead of the WTO's own predictions at the end of last year that growth in the first 12 months of the new century would be between six and seven per cent.

But the WTO analysts who compile the statistics said early indications were that growth would slow again in 2001, dropping to around seven per cent.

They said trade grew by 12 per cent over the first six months of this year but now appeared to be losing some steam.

Detailing statistics already issued in outline in April, the WTO said trade growth had surged in the second half of 1999 after a buffeting by the Asian financial crisis.

The shift was fuelled by recovery in Asia and continued import demand in North America, particularly the United States.

The momentum grew in the first half of this year, according

to the WTO analysts, with the addition of stronger economic activity in Western Europe and in Latin America, which in overall terms in 1999 had turned in its worst performance for a decade.

The figures were issued amid a continuing debate on whether a full new round of global liberalisation negotiations under the umbrella of the WTO was essential to keep the motor of world trade turning steadily.

In a clear reference to that debate, a commentary issued with the statistics noted that most of the tariff cuts agreed among the now 139 members of the WTO at the end of the 1986-93 Uruguay Round had been put into effect by the end of 1999, making most imports cheaper.



Mafizuddin Sarker, Managing Director of International Leasing, and Abul Kalam Azad, Managing Director of Insoftrix, sign the agreement on developing a customised integrated software in the city recently. - Int'l Leasing photo

Pilots keen to win race for Air India takeover

NEW DELHI, Nov 30: Air India pilots on Thursday said they were confident of warding off competitors and succeeding in their bid to take over India's main international carrier, reports AFP.

"We feel that as employees we have the greatest stake in the survival of the airline. We know what it requires to bring it in place. Captain F.R.Singh, general secretary of the Indian Pilots Guild, told AFP.

"In our expression of interest for a 40 per cent stake in Air India, we have told them (the Indian government) that we will make a profit in two years," he added.

The Indian government is to sell a 60-per cent stake in Air India, which has piled up losses of 10 billion rupees (230 million dollars) in the past five years.

Forty per cent will be sold to a "strategic investor" - which would include a maximum 26 per cent stake for a foreign air-

line - and 20 per cent to employees and financial institutions.

Earlier this month the government said it would name by May which the successful bidder for the 40 per cent stake.

The competition for a stake in the airline is expected to be hot with at least six bidders in the race including the local Tata group and Singapore Airlines, Air France and Delta Airlines, and India's Hinduja group and the London-based Indian steel magnate LN Mittal.

Singh said finance would not be a problem for the pilots.

"We have enough investment bankers lined up. We are also taking advice from Kelvin and Co. of the United States, who are experts in employee takeovers," he said.

Singh said the airline was already achieving operating profits, adding overall loss figures were due to interest on past debts.

The pilots have said that past bad decisions by the management had resulted in the losses, such as leasing aircraft at high costs and changing Air India's logo without a proper marketing plan.

"They have opposed roping in a strategic airline partner for Air India saying if an airline with regional operations was to take over, there would be a clash of business interests.

Citing the example of United Airlines, the world's largest airline, Singh said that employee takeovers could work very well.

"United Airlines was taken over by pilots and other staff and within a year was turned around."

He said the general opinion that Air India was burdened by excess staff was misplaced.

"We don't want to retrench people. The human resources are the biggest assets of the airline."

Govts, not ECB to blame for euro weakness

EC says in its report on euro-zone economies

BRUSSELS, Nov 30: The United States economy, portfolio and capital flows, perceived structural rigidities in the euro area and generally adverse sentiment.

Perceptions of a possible rapid entry of central and eastern European countries into the EU and the euro zone "may also have played a role," it said.

The Commission report did not lend any weight to the argument that the ECB guilty of killing growth with recent interest rate increases.

The report said the ECB's current 4.75 per cent refinancing rate could on some measures be considered "broadly neutral" or even tight if core inflation was taken as a benchmark.

But when the euro's depreciation was taken into account overall monetary conditions were still easier now than at the

single currency's launch in January 1999, the report said.

"In general" the ECB appeared to have prepared markets well for its seven rate hikes since end-1999, the report said.

The report reiterated the Commission's forecast that the euro zone economy would grow at or a little over 3.0 per cent in 2001 and 2002 after expanding at 3.5 per cent this year.

It also repeated that headline inflation in 2001 was likely to remain "benign" albeit - at 2.2 per cent - above the ECB's medium term price stability goal of a rate of price increases below 2.0 per cent.

It said, however, that for that pace of growth to be sustained over the medium term without generating inflation the euro area's "productive potential will need to be enhanced."

Growth in labour market productivity rose markedly in 2000, but remained below its long term average and was not anticipated to accelerate in 2001-02, the report said.

"Hence the benign outlook for inflation does not rest on a surge in productivity comparable to what happened in the United States in the past few years. Growth in unit labour costs will remain modest as a result of 'old economy' wage moderation, rather than any 'new economy' feature," it said.

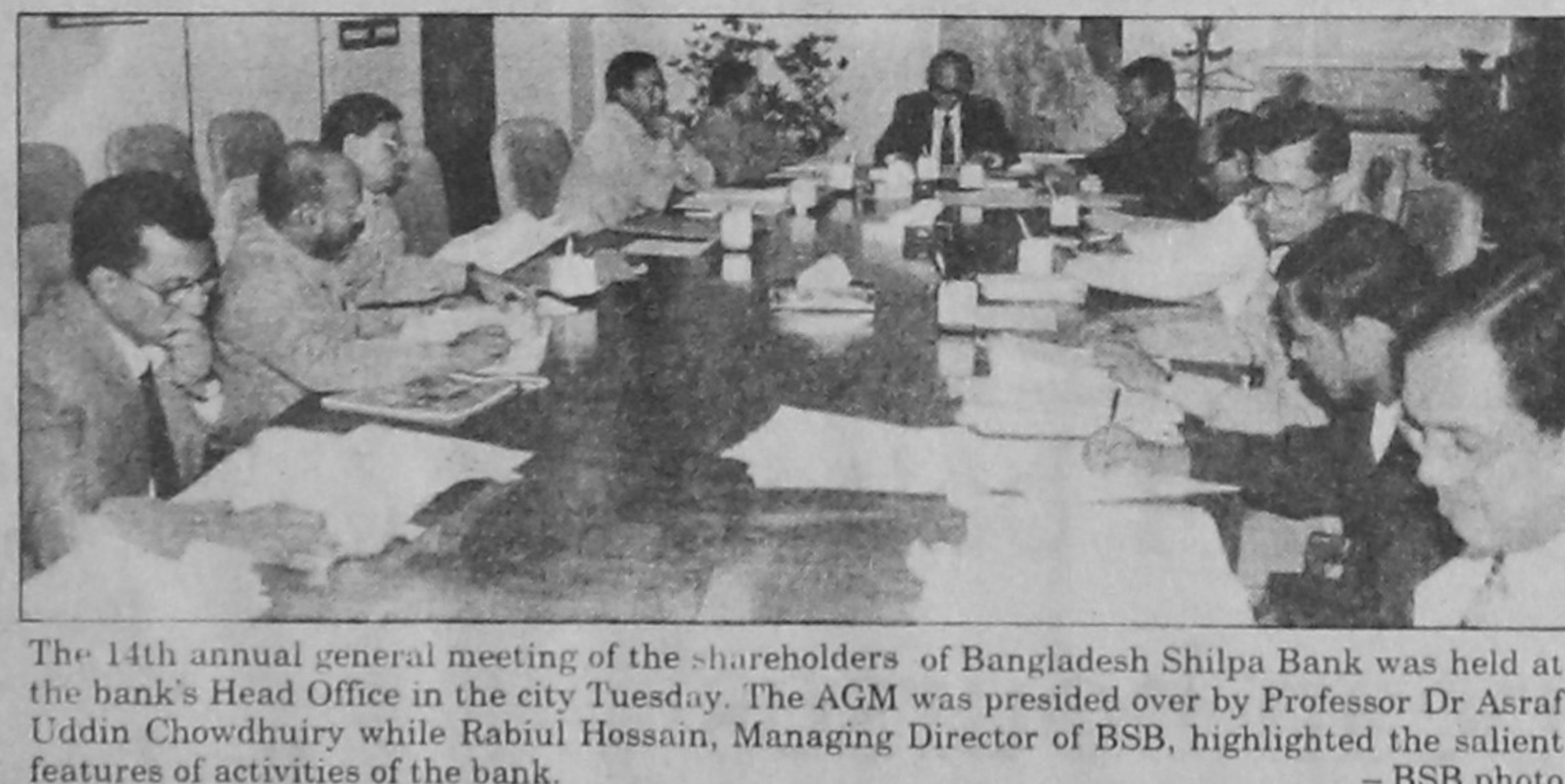
This meant it was important that past policy mistakes were avoided, and that governments avoided feeding inflation with their fiscal policies, the Commission report said, expressing some concern that some tax cuts planned for 2001 and 2002 were "pro-cyclical."

Indian inflation 2.75 pc

NEW DELHI, Nov 30: India's year-on-year inflation rate measured by the consumer price index (CPI) for industrial workers was 2.75 per cent in October 2000 compared to 0.92 per cent a year earlier, a Labour Bureau official said today, reports Reuters.

"The Commission noted that according to theoretical models, the euro was trading 20 to 25 per cent below its medium-term equilibrium levels and that the real exchange rate was at a 15-year low.

Possible reasons included the relative performance of the



The 14th annual general meeting of the shareholders of Bangladesh Shilpa Bank was held at the bank's Head Office in the city Tuesday. The AGM was presided over by Professor Dr Asraf Uddin Chowdhury while Rabul Hossain, Managing Director of BSB, highlighted the salient features of activities of the bank. - BSB photo

Asian cell phone subscribers seen exceeding half a billion in 2005

HONG KONG, Nov 30: Asia's mobile telephone market is expected to more than double in the next five years, with subscribers seen numbering over half a billion, an Asia-based business research company said Thursday, reports AFP.

Strategic Intelligence said in a report it expected Asian cellular subscribers to more than double from 208.7 million now to 512.0 million in 2005.

This period will also be one of intense technological and service innovation as next-generation terminals and services supporting advanced non-voice applications, such as messaging, video and mobile

internet browsing, become commonplace, it said.

By 2005, China will have 240 million subscribers, making it comfortably the world's largest cellular market, and is predicted to topple the United States from first position by 2002, the research firm said.

Japan, currently the region's second-largest cellular market, will also continue to grow rapidly - inspired partly by strong demand for wireless data services, such as NTT DoCoMo's successful i-mode service. The research company added.

DoCoMo introduced Japan's first Internet-capable cell phones in February last year

through its "i-mode" service, which has proved a smash-hit with more than 12 million subscribers to date.

By 2005, fewer than half of the region's mobile subscribers will use traditional second-generation (2G) services, and the absolute number of 2G users will actually fall.

Strategic Intelligence forecasts that third-generation (3G) mobile subscribers will grow from 5.1 million in 2001, when the service becomes available, to 138 million in 2005.

3G phones, the latest generation of cellular phone, will allow significant increases in data transmission speeds compared to 2G and 2.5G phones. That capability will allow phones to have Internet access, as well as other applications such as mobile videoconferencing, and music downloading.

However, 2G will not fade out completely, the research group said. Instead, it will play an important role in the region's less developed mobile markets, most notably in the Philippines and India where poor fixed-line infrastructure and services give mobile telephony an edge.

These countries will account for an increasing share of the region's overall 2G market.

Directorate General Defence Purchase
Ministry of Defence
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Re-Tender Notice

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2. Tender schedule with detailed specifications/conditions will be available on payment as per I/T selling rate (not refundable) during office hours between 0800 hours to 1300 hours. The tender can be dropped latest by 1000 hrs and opened at 1005 hours on the specified date of opening in presence of all tenderers (if present).

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