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Meghnaghat-2 power plant life span

Local experts disagree with Marubeni's 35-year claim

Star Business Report

Japanese company Marubeni has said that its proposed Meghnaghat Phase-2 450 MW Power Plant would have a life span of 35 years, a claim that local experts consider as 'unrealisticly ambitious'.

Marubeni has also argued that the handing over of the plant's ownership to the Power Development Board (PDB) after 22 years would be profitable for the government because of the extended life span.

Marubeni earlier proposed to PDB that instead of giving the Board free electricity worth \$45 million during the initial operation period of the plant, it would provide \$5.7 million in free electricity and make up for

the rest by handing over the plant to PDB after 22 years of contract.

The Japanese company started negotiation on the power plant on October 31 and continued the same till the second week of November.

However, the government did not agree to Marubeni's proposal. Instead, it argued that after 22 years, the plant would not have much value left.

The PDB also asked Marubeni to provide it with technical documents to back the claim about the plant's life. PDB experts believe that it is unrealistic to claim a plant life of 35 years and that a power plant has an usual life span of

about 22 to 25 years.

Marubeni last week submitted some statements, instead of technical documents, claiming once again that the plant would last for 35 years. Sources said that the company's arguments supporting the plant's life appear to be weak.

The Cabinet Purchase Committee last year decided that Marubeni would be awarded Meghnaghat-2 project only if it agreed to the same terms and conditions as AES Meghnaghat Phase-1 project. This includes providing free electricity worth \$45 million during the initial operation period.

Marubeni was given the contract documents signed between AES and PDB last year so that the Japanese company could design the Meghnaghat-2 deal based on the terms and conditions of Meghnaghat-1.

According to Marubeni's estimate, the free electricity that will be provided by AES in the first phase of Meghnaghat is \$37 million. The AES contract also dictates that AES must provide full quantum of free electricity before the actual contract period begins. AES had signed a contract with the government to provide electricity for an average rate of 2.79 cents per unit for the next 22 years.

Int'l unions threaten action against Myanmar investors

Row over continued use of forced labour

BANGKOK, Dec 2: Trade unions called Friday for governments, companies and international organisations to re-examine their relations with Myanmar's junta or face strong sanctions, reports AFP.

The warning followed a recommendation by the International Labour Organisation (ILO) to its members - which include employers and trade unions as well as countries - to reconsider their relations with Myanmar because of its continued use of forced labour.

An unprecedented move which opens the way to sanctions, the recommendation, adopted on November 16 by the ILO in Geneva, came into effect on November 30.

In an official statement received in Bangkok, the International Confederation of Free Trade Unions (ICFTU), based in Brussels and which groups 221 national trade unions from 148 countries, confirmed it planned to obtain the "rapid withdrawal of foreign investors whose presence has the direct or indirect effect of aiding or abetting

forced labour."

Companies involved in the oil and gas, timber, rice, textile, tobacco and tourism, about 300 companies from 30 countries, are among the first who will be targeted for trade union pressure.

According to ICFTU, nearly one million people are currently subjected to forced labour in Myanmar, particularly in building of roads, railways and

Nasdaq closes week lower

NEW YORK, Dec 2: Technology stocks took it on the chin this week with a brutal selloff that ended the worst November for the "new economy" index since 1987, says AFP.

The tech-heavy Nasdaq plunged 8.92 per cent for the week to close Friday at 2,645.29, sliding nearly 50 per cent from its peak in March. But the broader market saw more modest losses.



Nasim Sikder, Chairperson of First Security Bank Ltd, opens the bank's 4th branch at Sk Mujib Road, Agrabad, Chittagong, on Thursday. Monowara Sikder, Zahidul Haque Rick, Mahbubul Haque Sikder, Salahuddin Khan, Abdullah Hasan, M A Rashid, Moynul Haque Siddiqui, Didarul Alam, Directors, and Md Sarwarzaman Khan, Managing Director of the bank, are also seen in the picture.

US business group calls for interest rate cuts

WASHINGTON, Dec 2: An influential body of US manufacturers warned Friday the US economy could suffer a "hard landing" from its current level and urged the Federal Reserve to consider a cut in interest rates early next year, reports AFP.

The National Association of Manufacturers (NAM), which groups 14,000 companies, also urged the new US administration to reverse President Bill Clinton's preference for a strong US dollar, a position it said harmed US exporters.

The association concluded that the future of the near 10-year US expansion was uncertain in the face of an indecisive presidential election, higher energy prices, tight credit conditions, an overvalued dollar, stock market weakness and weaker demand.

"At a time when the economy is slowing we face an unusual set of political and economic uncertainties that could turn a soft landing into a hard one," said NAM president Jerry Jasinowski.

Several western conglomerates invest in Myanmar but have always maintained that they are not involved in using forced labour.

The Myanmar ministry of foreign affairs lambasted the "completely unjust" decision by the ILO and announced that Yangon would not cooperate any more with it on the question of forced labour.

European shares claw back lost ground

LONDON, Dec 2: European share markets edged nervously higher Friday as technology stocks dusted themselves off after being pounded through most of the week, reports AFP.

"We are witnessing a technical rally more than anything else after a particularly difficult week for 'MT (technology, media and telecommunications) stocks," said Richeleu France manager Catherine George in Paris.

In London, the FTSE 100 index rose 28.2 points to close at 6,170.4 as investors took heart from a bounce-back on the technology-laden US Nasdaq index.

Paris CAC-40 was flat, edging up a mere 0.42 point to finish at 5,928.50.

In late trade, Frankfurt's DAX, which had more time to digest the Nasdaq recovery because of its later working hours, was up 133.56 points, or 2.1 per cent, at 6,505.89 points.

Across the 11-nation euro zone, the Euro Stoxx 50 index was up 1.05 per cent at 4,840.51.



Senior Vice-president of the Dhaka Chamber of Commerce and Industry (DCCI) A M Mubash-Shar addresses the certificate-awarding ceremony of a 5-day training course on 'Export Planning to Penetrate Foreign Market' organised by the DCCI Business Institute in cooperation with DCCI-GTZ, BAS Project, Thursday. Concerned DCCI officials were present on the occasion. - DCCI photo

US farm groups urge tough stance in China WTO talks

WASHINGTON, Dec 2: A coalition of 100 farm and agribusiness groups urged US trade negotiators yesterday to maintain a tough stance in final talks on China's bid to join the World Trade Organisation, says Reuters.

In a letter to US Trade Representative Charlene Barshefsky, the groups expressed concern that multilateral talks in Geneva could undermine commitments China made to the United States in a landmark bilateral agreement.

"We are aware, for example, that China is seeking special treatment with respect to domestic agricultural subsidies," the groups said. "We strongly

urge USTR to negotiate an agreement that will put strong disciplines on China's domestic support for agriculture."

As the final stage in its entry to the WTO, China must negotiate a multilateral pact with current members.

That is in addition to the separate bilateral agreements it has negotiated with the United States, the European Union and other trading partners.

The organizations signed onto the letter included the American Farm Bureau Federation, the National Association of Wheat Growers, the National Cattlemen's Beef Association and agribusiness giants including Archer Daniels Mid-

land, Cargill and ConAgra.

The groups also insisted China not be allowed to slip out of commitments it made to the United States on import licensing and trading rights, or delay agricultural tariff reductions promised in the bilateral pact.

"Given the degree of state control over the Chinese economy, the provisions governing import licensing and trading rights are among the most important in the US-China agreement," the groups said.

It is essential the multilateral agreement also contain strong provisions in those two areas, they said.

Boeing won't develop super jumbos despite Airbus success

HONG KONG, Dec 2: Boeing has no plans to develop its own super jumbo jet, despite the growing success of arch rival Airbus in securing orders for the A3XX it is planning to start building next year, the US giant's top executive said Friday, reports AFP.

Phil Condit, Boeing's chairman and chief executive, said the company would maintain its strategy of manufacturing smaller aircraft capable of long distance hauls.

He said Boeing had sold 113 models of its largest plane, the 777, this year, indicating that it was unnecessary to build planes the size of Airbus's planned super jumbo to remain competitive.

Condit said that passengers consistently preferred non-stop point to point travel that would allow them to go directly to smaller places, as opposed to going through a "hub" where passengers are forced to stop in order to catch onward flights to reach their final destination.

"The real core market will be the longer range smaller market and that's where we're putting our energy," he said.

He said the gradual erosion

of the "hub and spoke system" would lead to a greater demand for smaller planes, particularly in Asia Pacific, where demand for new flight capacity is expected to grow fastest -- at a rate of eight per cent a year compared with four per cent in the US, according to Condit.

China offered great prospects, Condit said, citing the relatively undeveloped western region as having huge growth potential.

Although China's prospective accession to the World Trade Organisation (WTO) would not affect Boeing directly, the resulting boost for commerce would mean more business activity would mean more travel, he said.

He shrugged off Qantas's decision, announced earlier this week, to buy 12 of the new super jumbos and 13 other planes from Airbus against only six from Boeing. The deal means Airbus has 44 firm orders for the new A3XX making it virtually certain it will proceed with development of the plane, which will have more than 500 seats.

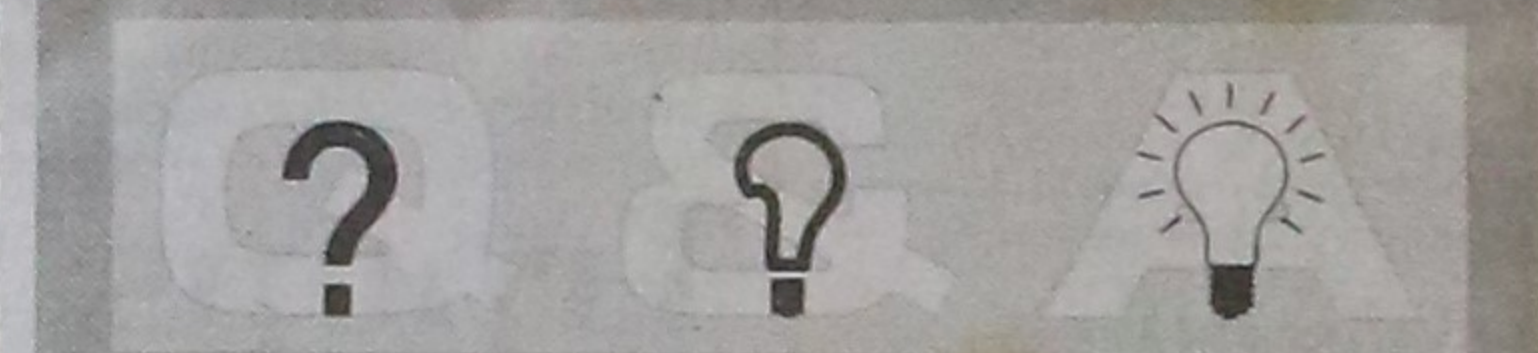
"I like the hand I'm playing," Condit said.

Weekly ReadyCash Prize Winners

The latest draw of the fortunate prize winners was held last Thursday at HO-ZO-BO-RO-LO fashion wear at the Eastern Plaza. Managing Director of HO-ZO-BO-RO-LO Belayet Hossain announced the names of the lucky prize winners.

Prizes for new card holders		
Prizes	Winners	Card No
Aptech six-month computer course	Liton Chandra Dey	6018
Three-month course from Cyber College of Bangladesh	Iftakhar Hossain	5887
Free Men's suit from Pop's Tailors	Habibul Rahman Khan	6047
Six-month course from El Net-3L Academy	K A Mahmud	6242
Lunch/Dinner for two at Park Town Cuisine	M A Rouf Shabooz	6244
Hertz Rent-a-Car	Zia Uddin Ahmed	6236
Lunch/Dinner for two at Greatwall Chinese Restaurant	S Saha Bappi	6219
Lunch for two at Meal in the Box fast food centre	Burhan Uddin	6246

ReadyCash encourages its cardholders to read The Daily Star on every Sunday for a list of new prize winners.



Sunday Business Solutions

Do you have business problems? Write to us at: Sunday Business Solutions The Daily Star, 19, Kawran Bazar, Dhaka, Bangladesh, email: dstar@bangla.net

Sarwar Ahmed, MBA (sarwarasia.com) hosts this column. He heads a business sector of a multinational company in Bangladesh.

The Daily Star has introduced a new business solution column which appears on Saturdays. While running your business, you come across problems and wish someone would help. This column will provide you with insights to solve your problems. This week we have for you the corporate equivalent of Aesop's Fables.

BUSINESS FABLES LESSON ONE

A crow was sitting on a tree, doing nothing all day. A small rabbit saw the crow, and asked him, "Can I also sit like you and do nothing all day long?" The crow answered: "Sure, why not?" So, the rabbit sat on the ground below the crow, and rested. All of a sudden a fox appeared, jumped on the rabbit and ate it. Moral of the story is: To be sitting and doing nothing, you must be sitting very, very high up.

LESSON TWO

A rooster was chatting with a bull. "I would love to be able to get to the top of that tree," sighed the rooster, "but I haven't got the energy." "Well, why don't you nibble on some of my droppings?" replied the bull. "They're packed with nutrients." The rooster pecked at a lump of dung and found that it actually gave him enough strength to reach the first branch of the tree. The next day, after eating some more dung, he reached the second branch. Finally after a fortnight, there he was proudly perched at the top of the tree. Soon he was promptly spotted by a farmer, who shot the rooster out of the tree. Moral of the story is: Bullshit might get you to the top, but it won't keep you there.

LESSON THREE

A little bird was flying south for the winter. It was so cold, the bird froze and fell to the ground in a large field. While it was lying there, a cow came by and dropped some dung on it. As the frozen bird lay there, the dung was actually thawing him out! He lay there all warm and happy, and soon began to sing for joy. A passing cat heard the bird singing and came to investigate. Following the sound, the cat discovered the bird under the pile of cow dung, and promptly dug him out and ate him! The morals of this story are: 1) Not everyone who drops shit on you is your enemy. 2) Not everyone who gets you out of shit is your friend. 3) And when you're in deep shit, keep your mouth shut.

Commodity: Weekly Roundup

Oil prices ease despite Iraqi export halt

LONDON, Dec 2: Oil prices ended the week lower as the market shrugged at a decision by Iraq to suspend exports amid a dispute with the United Nations about pricing under the oil-for-food programme, says AFP.

Benchmark Brent North Sea crude oil for January delivery was selling for 31.80 dollars a barrel in London by Friday afternoon, compared with 33.30 dollars a week earlier.

In New York, January light sweet crude was quoted at 33.52 dollars a barrel, against 35.40 dollars the previous week.

Iraq moved late Thursday to shut off its oil exports in protest at UN rejection of its attempt to slap a 50-cent surcharge on its crude, thereby bypassing the sanctions imposed against it 10 years ago.

But the market barely flinched because it hopes that Saudi Arabia will step in with extra volumes to make good most of the shortfall. US Energy

Secretary Bill Richardson also said that Washington would mobilise its strategic petroleum reserve if necessary, further easing market worries.

"Theoretically they can announce the release straight away," said GNI brokerage analyst Lawrence Eagles. "They say they can release the oil to the refineries within two weeks... it's not much longer than it takes to ship oil from Iraq over to the States."

In that sense there shouldn't be any disruption," Eagles added.

Rising temperatures in Europe also helped ease fears of a spike in demand at a time when supply remains extremely tight, analysts said.

RUBBER: Slack. Rubber prices continued to fall this week, with the London rubber index for October delivery down at 51.50 pence per kilo from 51.75 pence the previous week.

In Kuala Lumpur, the RSS1 index was barely changed at 2.55 ringgit from 2.545 ringgit

per kilo last week.

COCOA: Stirring. Cocoa prices crept up this week as European investors took advantage of the rise of the euro against sterling to stock up.

On London's LIFFE financial futures exchange, the price of a tonne of cocoa for March delivery climbed to 576 pounds from 564 pounds last week.

Prices bounced back because of the strengthening of the euro against the British pound had made cocoa relatively cheaper for European investors, which is turn stoked demand, a London-based analyst at the Sueden brokerage said.

COFFEE: Muddled. Robusta coffee prices slumped to new 30-year lows this week, dipping briefly below the 600-dollar threshold on Wednesday to 591 dollars before paring its losses slightly.

On LIFFE, Robusta quality for January delivery was selling for 614 dollars from 649 dollars a week earlier.

But on the CSCE, the New

York futures market, Arabica prices for March delivery crept back up to 74.55 cents a pound, from 72.75 cents last week.

Prices have slumped in recent weeks because the market does not believe that the retention plan drawn up by the International Coffee Organisation will be implemented by all of its members, and in particular leading Robusta producer Vietnam.

SUGAR: Shaker. Sugar prices ended an up-and-down week slightly lower, as major importer Russia unveiled a new import quota that briefly galvanised the market, before technical selling pushed prices down.

On the London market, May contracts fell to 239.50 dollars a tonne from 242.9 dollars last week.

In New York, a pound of white sugar (for May delivery) slipped to 9.22 cents from 9.35 cents the previous week.

Russia's auction of import li-

ences for up to 3.65 million of unrefined sugar prompted some buying that pushed prices up to 246 dollars a tonne in London before market players started unwinding positions in largely technical selling.

VEGETABLE OILS: Fat. US soy prices continued to strengthen on the back of the market scare, because market players anticipate that it could increasingly be used to replace contentious animal meal in livestock feed.

On the Chicago Board of Trade (CBOT), a bushel of soy for January delivery rose to 5.06 dollars, down from 4.91 the previous week.

The European Commission called on Wednesday for a temporary ban on animal meal for livestock to counter the threat of bovine spongiform encephalopathy, better known as mad-cow disease. Agriculture ministers are to discuss the matter further on Monday before taking a decision.

A ban would further boost

soya demand in a market where US sales are already outstripping analysts forecasts.

GRAINS: Ceding ground. US grains prices eased back slightly this week as weak demand in the United States continued to weigh down on prices, offsetting forecasts of a poor world harvest.

On the Chicago Board of Trade a bushel of 27.2 kilos of wheat for December delivery was being traded at 256.00 cents from 257.50 cents seven days earlier.

A bushel of 25.4 kilos of maize for December delivery ticked down to 208.75 cents from 210.25.

COTTON: Unmoved. Cotton prices barely budged this week despite official US figures showing a fall in demand in October in the United States.

On the NYCE in New York, the March contract was selling for 68.35 cents on Thursday, from 68.08 cents the previous week.