

# The Baily Star DUSINESS

DHAKA, FRIDAY, DECEMBER 8, 2000



# form forum

The member banks of MasterCard International in Bangladesh have formed the first-ever cards industry forum - the Bangladesh Cooperation Committee, says a press re-

The group will actively work for addressing industry-level issues, paving the way for the rapid growth of the payment services industry in the coun-

The Committee is a cooperative forum of MasterCard member banks, which will meet regularly to identify and pursue opportunities of mutual interest, contributing significantly towards the growth of the cards market in Bangladesh as well as the individual business in-

terests of its members. Director of Prime Bank Ltd. has been elected Chairman of the Cooperation Committee and cutta vesterday Imran Ahmed, Head — Cards of Standard Chartered Grindlays Bank. Bangladesh, the Secretary. Raghu Malhotra, Director. Area Countries, South Asia. MasterCard International, will

act as an Additional Secretary The Bangladesh Cooperation Committee has plans to emerge as the de-facto payments in dustry forum in Bangladesh. imitiating projects in cooperation with member banks, which will help strengthen the payment services industry in the

MasterCard International has planed to undertake several key initiatives under the aegis of the Bangladesh Cooperation Committee, which would cover areas ranging from acceptance development to helping improve credit performance of banks among other programmes.

The committee will also seek to provide a common forum for interaction with government bodies and regulatory authori-

### Emirates signs aircraft leasing deal with ILFC

Emirates fleet development has recently signed a leasing deal with the International Lease Finance Corporation (ILFC) for six Boeing 777-300s. the world's longest aircraft says a press release.

Delivered over two years between 2002 and 2003, the aircraft will be deployed on the airline's busiest routes. They will have either a three-class configuration of 18 First, 49 Business and 320 Economy Class seats, giving a total of 387, or in a two-class configuration of 49 Business and 385 Economy Class seats, totalling

The ten-vear lease contracts were signed by the Chairman of Emirates Sheikh Ahmed bin Saeed Al-Maktoum, and Alex Khatibi. Managing Director (Middle East) of the International Lease Finance Corporation (ILFC).

Emirates has already signed lease agreements with ILFC for two B777-300 aircraft. The first was delivered in September and the second will be delivered in March 2001

Emirates current fleet strength stands at 31 aircraft. including three Boeing 777-300s and nine B777-200s. The airline is also the launch customer for the Airbus A3XX super jet, seven of which are due to be delivered from 2006.

#### FBCCI team off

## to Germany

A FBCCI delegation led by Yussuf Abdullah Harun, President of the Chamber left Dhaka for Germany on Wednesday night to attend the Business and Investment Seminar at Hamburg to be held on December 7, says a press release.

The seminar is Jointly organised by the Asia Pacific Business Association and Hamburg Chamber of Commerce and Industry on the occasion of Prime Minister Sheikh Hasina's visit to Hamburg.

The prime minister will be present and will address the seminar. The FBCCI president will also address it highlighting the foreign direct investment tachines and opportunities available in Bangladesh. Other members of the delegation inchide directors of FBCCI. M A Rouf Chowdhury and Al-Haj Harun-Ar-Rashid.

The FBCCI president is expected to return on December

### Palestinians get \$12m WB grant

World Bank said vesterday it | cludes, reports AP would give \$12 million to the Palestinian Authority to alleviand Gaza caused by Israeli restrictions on Palestinians

working in Israel, says Reuters. A statement by the bank counter hardships for thousands of families by providing temporary work for unskilled and semi-skilled labourers on such tasks as painting, pipe installations and repairs to

# Member banks of Master Card Int'l India needs to give Bangladesh duty-free market access'

Tofail stresses increased import by Delhi

Alimed has said that India as the bigger country should make continuous efforts to earn and maintain confidence of the people of Bangladesh through increasing imports and investment and providing special facilities like duty-free market access, reports UNB.

A bigger economy should first initiate mutual confidence-building efforts to apeconomy, he said while inaugu-Kazi Abdul Mazid. Managing | rating a two-day seminar on "Indo-Bangladesh Relations - not up to the mark as far as the Canada.

> Centre for Research in Indo-Bangladesh Relations (CRIBR) organised the seminar at the countries of other regional agreed, to provide duty-free for Indian response,

meeting with CRIBR president the integration. Paresh Chandra Dev in the

view of the seven-nation South strengthening bilateral coop-Asian economic cooperation eration, the industries minister pease the people of weaker forum that remained ham- said: "We are getting quota

strung for political reasons.

Industries Minister Tofail auditorium of the Indian Insti- blocks like ASEAN, EU. NAFTA market access for 25-category inte of Chemical Engineers on are sharing their resources for items. Jadavpur University campus overall development of the Investors. businessnica, groups and stronger economies ously in favour of India. In politicians, academics, diplo- always make some concessions mats and media people of both to weaker economies so that the countries are attending the they can participate equally in

> Urging quick action from The minister took a critical the Indian government for facility for the US market, GSP "We formed SAARC but it is for the markets of EU and

He said trade is continu-1993-94. when Bangladesh reduced the highest import tariffs from 350 per cent to 60 per cent and withdrew quantitative restrictions and non-tariff barriers, the imports from India increased manifold. This was not reciprocated by India," he regretted.

Totail also spoke of the proposed transit agreement with India that has been delayed by certain complexities and conthe New Millennium" in Cal- economic development of the But, he said, the big neight troversies. He said: "We want to seven countries is concerned." bom India did not provide link Nepal and Bhutan to the Bangladesh with preferential proposed transit agreement He noted that the member market access although it with India. We are still waiting



A new fully online service point for Ericsson mobile phones has recently been set up in Khulna. Mats Bosrup, Managing Director, Ericsson Bangladesh, inaugurated the service point at Alpha Telecom. Engr Anwar Hossain, General-Manager, Consumer Products of Ericsson Bangladesh. accompanied him. Among others, Khandaker Hafiz, Sales and Support Manager of Ericsson Bangladesh, and Kazi Roushan Ara, Director of Discovery Communication, were also present on the occasion. - Ericsson photo

## Political rift, poor governance make growth potential weak: MCCI

Star Business Report

portunities are seriously to resources. clouded by political confronta-Industry, (MCCI).

We feel that the political high-tech level. leadership should set itself to Chamber News.

and a number of recommenda- of the private sector." tions has been made.

The central bank annual reimproved from 3.2 per cent to added. 4.3 per cent during 1999-2000

decade shows that growth has said been impeded more by struc-

Bangladesh's growth op- lailures than by limited access Readymade garment (RMG)

tions, poor law and order con- was well below the country's ability to unfavourable changes ditions and low level of govern- resource needs for a decisive in global demand. World deand ance, said the Metropolitan influence on the long-term for RMG is also growing slowly Chamber of Commerce and sustained economic growth by achieving industrial growth on

the tasks of addressing these have to be taken to confront the issues," MCCI said in the edito- low saving-investment chalrial of its December issue of lenges," MCCI said. "The government should begin to im-The MCCI editorial focussed prove its productivity, reduce on the Bangladesh Bank's re- its unproductive expenditures cent Annual Reports, saving while formulate a balanced there is a qualitative improve- fiscal monetary programme for ment in the report's contents financial stability through fiscal with some unbiased appraisal consolidation and launch initial of certain key economic issues steps to improve the operation

The true challenge is to esport pointed out that the overall tablish the framework to mobigrowth in the industrial sector lise foreign investment, it

It should start with the in spite of generous incentives adoption of sound law and orconceived to stimulate the in- der conditions and procedures to quick privatisation, which MCCI observed that the ex- are essential to restoring confi-

tural and technological con- worrisome is that the country's fence and other social sectors. straints emanating from policy exports are dependent on only a

accounts for 76 per cent of the The present investment level total export, creating vulnerand markets are extremely competitive.

There is, therefore, the need "A number of key steps will to diversify exports particularly into high value products like electronics, computer and higher quality clothing where world demand is growing

> Investment requirement for setting up backward linkages for RMG is so large (estimated at \$4 billion) that it will require considerable state support, either in raising commercial loans or in attracting foreign direct investment, where both state and multilateral guarantees may be required.

> Mentioning the BB Annual Report's concern over higher fiscal gap in view of the deceleration of the revenue surplus.

weaknesses and governance few products," MCCI said. from 9.4 per cent in FY98 to 9.0 to identify the causes."

per cent in FY99, and then to 8.8 per cent in FY2000. Current expenditure, on the other hand, increased from 7.2 per cent of GDP in FY98 to 7.6 per cent in FY 2000. As a result, the gap between government's revenue and current expenditure widened considerably over the past few years and the share of the government's revenue surplus in the financing of ADP came down from 34.4 per cent in FY98 to 19.7% in FY99, and then to 16.7% in FY 2000.

The growing budget deficits forced the government to borrow heavily from the banking

"The report did not, however, clearly say that increased government borrowings from the banks reduced availability of credit for the private sector, MCCI said. "According to it, banks in fact had accumulated significant excess liquidity. In FY99, banks' excess liquidity was 6.6 per cent of their total MCCI said that the brunt of the deposits. This ratio increased to fiscal consolidation in 1999- 7 per cent in FY 2000, which growth during the past one system," the Chamber News low tax compliance, lower reve- monetary authority. Despite further price falls. nue from imports and higher significant increase of the "What is, however, most expenditure on education, de- bank's private sector liabilities, decline in credit flow to private Revenue-GDP ratio declined sector needed further analysis

## Oil finds its lost ground after \$5 price slump

after the week-long crash that sixth day on Wednesday has capsized crude's two-year ter, says Renters.

London Brent future ended with gains of 21 cents at \$28.00 oil officials on Tuesday were allayed concerns over winter a barrel after a slump that has carefully studying the UN's heating fuel supply problems. cut the value of crude by \$4.68 pricing proposal, raising hopes or 14 per cent since last for an imminent end to the row. Petroleum Institute (API) said Wednesday. Earlier selling pressures saw Brent hit a four- UN Security Council renewed climbed by 3.3 million barrels month low of \$26.70 per barrel. the humanitarian programme to 120.13 million barrels in the

"This is only a rebound. It spends its oil revenues. does look for the moment as if the bull run is totally over." said broker Christopher Bellew of Prudential Bache.

cents to \$29.85 a barrel.

Oil seems to have broken the fundamental uptrend," said analyst Steve Turner at Com-

funds not only had bailed out of goods for civilian needs. oil futures in New York and London but also were short-

Tuesday's steep decline was ers and repairing equipment. triggered by news that the try and end a deadlock over oil might be enough to convince million.

recovered some poise vesterday crude exports suspended for a customers pay an illegal 50-

bull run and eased fears of a crete signs that Iraq and the UN fuel crisis in the West this win- could end their spat for a resumption soon of Iraqi exports. key heating oil and gasoline

more flexibility on how it barrels to just over 50 million. Iraq has yet to respond officially but an Iraqi source said remain nearly 17 million barrels Baghdad was likely to agree to lower than a year ago.

the renewal without objections.

New in the council's resolution was a provision that asks million barrels, just 2.6 million UN Secretary-General Kofi An- barrels down on the year, man to make arrangements for Traders said financial hedge trag to spend cash on local

It also allows Iraq to use up selling contracts - taking nega- to 600 million euros, the perience of industrial sector dence and private sector driven 2000 fell on narrow tax base, was a source of concern for the tive positions in anticipation of equivalent of \$528 million, over six months for paving oil work-

United Nations had presented will still have a say on how the Iraq a compromise proposal to cash is spent the provision

LONDON. Dec 7: Oil prices prices that kept Baghdad's Iraq to drop its demand that cent surcharge on oil purchases Dealers said there were con- direct to an Iraqi bank account.

> The latest industry data on Industry sources said Iraqi inventory in the United States

Industry group the American Separately on Tuesday, the US distillate inventories US light crude added 32 for Iraq for another six months week to December 1, of which and agreed to give Baghdad heating oil grew by 843,000

> US heating oil stocks still Gasoline stocks increased by

3.2 million barrels to 196.73

The API said crude stocks were down by a surprising 3.7 million barrels to 287.8 million - 14 million barrels down on a

But the US government's Energy Information Admini-Although the United Nations stration disagreed and said crude stocks rose for the week by two million barrels to 291

Chairman of Emirates Sheikh Ahmed bin Saeed Al-Maktoum and Alex Khatibi, Managing Director (Middle East) of the International Lease Finance Corporation (ILFC), sign leasing contracts for six Boeings 777-300 aircraft. Picture also shows (from left) Adel Al Redha, Head of Emirates Engineering, Amna Al Jalaf, Emirates' Legal Advisor, Daniel L. Hansen, Aircraft Technical Services Manager (ILFC), and Robert C McNitt Jr, Corporate Counsel (ILFC).

- Emirates photo

## WB fires three employees for alleged bribes

WASHINGTON. Dec 7: The World Bank said vesterday it fired three employees for allegedly taking bribes from Swedish companies in exchange for awarding them contracts, says Renters.

The bank alleged in a state ment that an internal investigation revealed that the bank staff "engaged in corrupt activities in connection with funds administered by the bank" and had taken bribes from "two separate groups of Swedish companies.

Tipped off by a call to a World Bank hot line, set up in 1998 as part of a push to stamp out corruption, the investigations found that the bank emplovees allegedly took undisclosed kickbacks to grant contracts worth about \$600,000 and awarded the companies other contracts worth about \$300,000 for ineligible activi-

The names of the individuals or companies were not released. but the bank said it hoped all involved would be prosecuted. If prosecuted, the names of the individuals will be made public.

# IMF's swift moves help calm global markets 'Fund taking steps to avoid past mistakes'

Turkey and Argentina under- always been that way. lined lessons learned from the unresolved reforms could yet the region and raised fears of a the start. make for a rocky year in global recession. The IMF, emerging markets, analysts sav. reports Reuters

just a few days of intense talks. the International Monetary Fund came to Turkey's aid with a package worth about S10 billion to help the country deal with the effects of a sudden banking crisis.

gentina are near conclusion for financing next that have unset- spreading more widely before is rising. tled financial markets worried people start to get worried over Argentina's ability to come about things elsewhere. Gold- when Asian economies seemed up with the necessary cash. In both cases, swift action by Reuters.

Early on Wednesday, after funds to the worst-hit counacting too slowly.

To some, like Morris Goldstein of the Institute for International Economics, the IMF's And weeks of talks with Ar- spread to other countries.

WASHINGTON, Dec 7: While the Washington-based lender And just as important as the the swiftness of the IMF's re- helped calm global markets, speed of the IMF's reaction was sponse to liquidity crunches in analysts said. But it has not the manner in which it acted. In both cases, the fund issued In 1997, when Thailand de- strongly-worded public stateglobal financial crisis of 1997- valued its currency, a broader ments of support aimed at de-99. a slowing US economy and crisis quickly spread through flecting market jitters right from

While numerous IMF and which eventually handed out World Bank officials have billions of dollars in bailout played down fears of contagion. the latest crises undoubtedly tries, was roundly criticized for come at a time of heightened uncertainty, despite their soothing words.

Private capital flows to emerging economics have not fully recovered from the 1997speedy actions highlight a con- on immedal crisis and risk cern that problems could aversion among investors remains high. Oil prices are high The IMF's quick response and now the US economy is a preemptive rescue package to was an effort to try and contain slowing from its rapid pace of help South America's No 2 the crises in Argentina and growth, with some saving the economy meet \$21.5 billion in Turkey and ward them off from risk of a recession, albeit small,

> So could a repeat of 1997 sten: 1 former IMF official, told to topple with the regularity of dominoes - be on the horizon?

# Immigrants earn less, pay more for housing in Silicon Valley

issues - a booming high-tech for a scam, or a landlord may keep our own place, said Ortiz, released Wednesday in conate hardship in the West Bank | economy is attracting overseas | be covering what they see as an | an elementary school teacher's | junction with its Summit on ing costs to dizzving heights. Those marke' forces have ingrent

created a gap between US-born said the grant would help residents who settled down before the housing crunch and gets for inflated rents. immigrants are susceptible tion.

S \ JOSE. California. Dec to rent gouging for several rea-JERUSALEM, Dec 7: The new government survey con- desperate to find a place to live, with her two daughters. and a landlord born in their

> cent arrivals, have less of a immigrants, who must contend knowledge of housing law," said both with generally higher Rand Quinn, executive director consider the application. With housing costs and landlords of SIREN, a non-profit immiwho may see them as easy tar- grant services agency. They're more susceptible to discrimina-

Mexican-born Rocio Ortiz, in English? They don't even 7: Loreign-born residents of sons, experts say, Poor skills in 33, moved into her mother's have to see you." Ortiz said Silicon Valley earn less on aver- English may prompt them to house in 1998 from a \$1,000-a. Too many children, they say age than US-born residents, sign an unfavourable lease, a month apartment in San Jose. Oh. Hispanic, They don't pay but pay more for housing, a large family may make them. She now shares a pullout couch

In fact, immigrants pay dis-

proportionate amounts of their "We are hard working, but income for housing, according The region is a hub for both home country may see a chance we don't have enough money to to a Santa Clara County report labour, but also pushing hous- increased risk that immigrant aide. Renting again seems im- Immigrant Needs and Contritenants will leave without pay- possible now, she said, given buttons. The report surveyed that a security deposit and more than 800 immigrants from down payment make signing a the five largest immigrant "Immigrants, especially re- lease a \$3,000-plus proposition, groups - Mexicans, Vietnamese, Filipinos, Chinese and Indians

If, that is, a landlord will - over 16 months vacancy rates near zero in Sili- Northern California's most dicon Valley, it's a seller's market, verse. Whites are far from a From the application, the majority here, and one in three preparing to cut its base rate in compared with the previous landlord can tell. Can you write tesidents is foreign born.

## Gloomy figures confirm slower British economic growth

LONDON. Dec 7: Weak in- a rapidly cooling US economy. ing sector released yesterday confirmed the picture of a cooling British economy, fuelrates may be cut next year, says Renters.

data came as the Bank of England's Monetary Policy Committee (MPC) gathered to make its December interest rate deciits final interest rate decision of sion at 1200 GMT on Thursday. the year in a meeting generally. Underscoring the dovish outexpected to leave rates steady look facing the MPC, one of the

at 6.0 per cent for a 10" month. UK's most respected economic Santa Clara County is ning well below the BoE's 2.5 economy as a whole expanded per cent target and signs that just 0.3 per cent in the three the US Federal Reserve may be months to the end of November. a bid to stave off a meltdown of three months.

a gloomy outlook for the retail- in UK rates was increasingly likely to be downwards.

around the middle of next year estimate since January 1999. there may be room for interest Shaw, economist at investec.

But with UK inflation run- think tanks estimated that the

That marked a slowdown dustrial production figures and economists said the next move from its estimate 0.5 per cent growth in the third quarter compared with the second "The inflation outlook does quarter and was the National look remarkably good over the Institute of Economic and Soling speculation that interest next couple of years so it may cial Research's (NIESR) lowest well be that perhaps some point three-month GDP growth rate

Like many economists. NI-The industrial and retailing rates to come down," said Philip ESR warned that the weak growth may have been influ-The MPC is due to announce enced by the fuel price protests of September and widespread flooding in October, factors which the MPC recently warned may produce unpredictable

"disco dancing" data swings. NIESR said the growth slowdown did not justify and interest rate cut due to planned increases in government spending next year ahead of a likely general election.