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Australia, US to talk free trade agreement

AP, Canberra

The United States and Australia have agreed to hold talks on setting up a free-trade agreement between the two nations, the government said Thursday.

Australian Foreign Minister Alexander Downer discussed a possible agreement last week in a telephone call to US Secretary of State Colin Powell. Downer is to visit Washington in March for talks.

"I can confirm he (Downer) spoke to Colin Powell last week. We said we're interested in a free-trade agreement and they've agreed to talk about it further," said Matt Francis, a spokesman for Downer.

The visit by Downer is aimed at paving the way for Australian Prime Minister John Howard to announce a deal when he meets with US President George Bush during a mid-year visit.

A spokesman for Australian Trade Minister Mark Vaile said Canberra was interested in talking to the new US administration on a range of trade issues, including a bilateral free-trade agreement similar to one now being negotiated between Australia and Singapore.

The Australian government had commissioned studies on the costs and benefits of a free-trade agreement with the United States, said Vaile's spokesman, James Baker.

Howard is to visit Washington to meet Bush and celebrate the 50th anniversary of the ANZUS treaty, a three-way defence pact between Australia, New Zealand and the United States.

Dollar tumbles as doubts persist over US economy despite rate cut

AFP, London

The dollar faltered Thursday amid fears that steep interest rate cuts by the US Federal Reserve in January may not avert outright recession in the world's largest economy.

The euro advanced past the 94 US cent level for the first time in two weeks, to 0.9427 dollars from 0.9367 overnight in New York. Sterling gained a cent to 1.4734 dollars.

Only the yen failed to make the most of the dollar's weakness, reflecting troubles within the Japanese economy. The dollar was quoted at 116.31 yen from 116.48 overnight.

Currencies were responding to the decision by the US Federal Reserve on Wednesday to cut interest rates by half a percentage point to 5.5 per cent. It was the second 50-basis-point cut in January, and came as data showed US economic growth slumping to its slowest rate in five years.

As ever, the rate cut was a double-edged sword for the dollar. In the short term it reduces the returns on fixed-income dollar instruments, but in the longer run it could help equity markets back to health.

But analysts said the US economy in general and equity markets in particular would need more rate cuts in the future to revive confidence and restore growth, and predicted more woe for the greenback until this happened.

Deutsche Bank profit doubles in 2000

AFP, Frankfurt

Deutsche Bank, the biggest bank in Germany, said on Thursday that net profit had doubled to a record 4.949 billion euros (4.7 billion dollars) in 2000 as earnings rose faster than costs and the bank lowered its provisions to cover bad or risky loans.

Nevertheless, the net profit figure fell short of analysts' expectations of full-year net profit of 5.2-5.4 billion euros, and the price of Deutsche Bank shares fell nearly seven per cent on the Frankfurt stock exchange.

At the bank's annual earnings news conference here, chairman Rolf Breuer was keen to sound a more cautious note on earnings prospects for the current year.

"We're a little more cautious concerning the outlook for the new year, but I think we're well armed," Breuer said. The bank also unveiled plans to reorganise its main businesses into two main divisions, with corporate and investment banking on the one side and private clients and asset management on the other.

Quake-hit India announces new taxes, pushes privatisation

REUTERS, New Delhi

India announced fresh taxes Friday to pay for rebuilding earthquake-ravaged western Gujarat state, but sweetened the impact on the markets by saying it would sell off government stakes in key state firms.

The cabinet, which met on Thursday to review the situation in Gujarat, decided to impose a 2 per cent surcharge on income and corporate taxes, which is expected to raise 13 billion rupees to enable the cash-strapped government to foot the massive reconstruction bill.

Cabinet spokesman and Information Technology Minister Pramod Mahajan said the government had decided to introduce an ordinance to implement its decision ahead of the federal budget due on February 28.

The urgency with which the additional tax was introduced

shows the seriousness of the calamity," said Arun Kejriwal, director at KRIS, a Bombay-based independent research firm.

The earthquake measuring 7.9 on the Richter scale, which struck Gujarat last Friday, killed an estimated 30,000 people.

Thousands are still buried under the rubble from the quake, which flattened whole villages and toppled high rise buildings.

The quake's reverberations also jolted the country's flagging economy and the government asked the World Bank and the Asian Development Bank for \$1.5 billion in assistance to rebuild the state of 41.3 million people.

"The tax surcharge proposal is not likely to dampen (market) sentiment, since people were expecting it," said SN Raja, chief investment officer, Kotak Mahindra Asset Management Co.

The state government has estimated that the total cost of the

earthquake would be 100 billion rupees (\$2.15 billion).

Big bang

But to cushion the impact of the tax burden, the government announced major privatisation initiatives, saying it would sell 25 per cent of its 52.97 per cent stake in the state-owned monopoly Videsh Sanchar Nigam Ltd, VSNL. BO VSNL, an overseas telephone service provider, to a strategic partner and 1.9 per cent to employees.

It would keep a 26 per cent stake in the company.

"This is very positive since the government has lowered its stake to 26 per cent, the declared minimum, in one stroke, rather than in phases," Raja said.

"It inspires confidence among investors and people will now start speculating about the next privatisation candidate."

The government also said it

would accept a strategic partner for state-owned computer software and hardware maintenance firm CMC Ltd. CM BO and sharply reduce its holding to 26 per cent from 83 per cent.

The government also said that it would invite price bids for the sale of a 51 per cent stake in Bharat Aluminum Co. (Balco) and expects to complete the sale process within the current fiscal year.

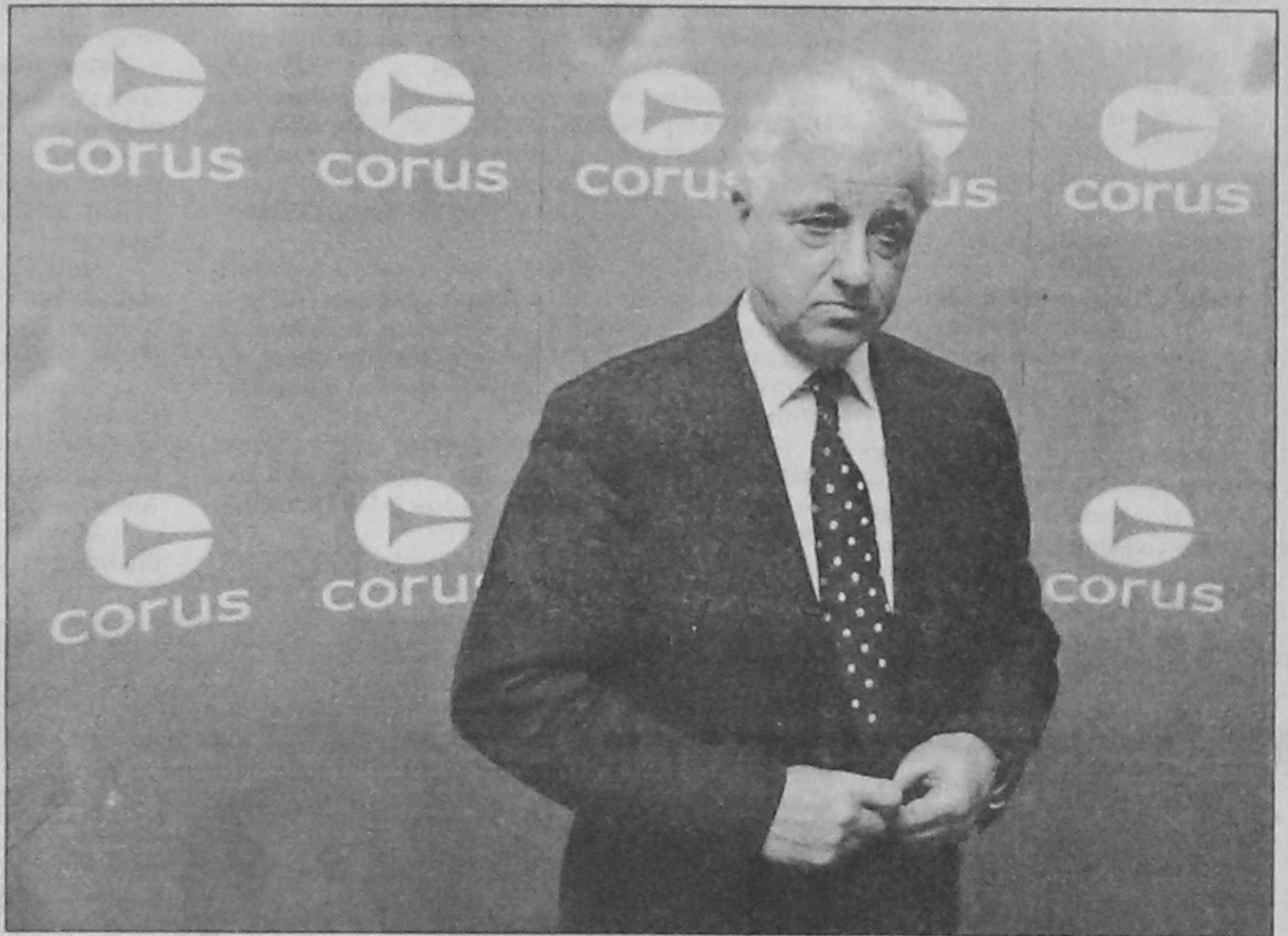
Concerns on economy

Indian financial markets have mostly shrugged off the impact of the earthquake as major industries in the state escaped unscathed, though some economists and analysts have said it would hamper economic growth.

Even before the quake, independent economic think-tanks had lowered their growth forecasts for fiscal 2001 ending in March, largely due to an industrial slowdown.



Japanese electronics giant Matsushita unveils the new superdisk drive, LK-RF240UZ, which enables the user to record 240MB of data on the superdisk and also 32MB of data on the 2HD conventional floppy disks, at the company's head office in Tokyo yesterday. Matsushita, known as Panasonic overseas, will put it on the market February 23 with an estimated price of 155 USD.



Sir Brian Moffat, CEO and Chairman of Corus, arrives for a press conference in central London Friday. The Anglo-Dutch steel giant announced the slashing of 6000 jobs in Britain due to poor domestic demand and the strength of sterling.

Arroyo vows to weed out graft, boost growth

AFP, Manila

Philippine President Gloria Arroyo, in her first meeting with business leaders since assuming power, vowed Friday to weed out graft, rein in a rocketing budget deficit and spur economic growth.

The business community in Manila was a key player in the military-led popular uprising that swept ex-president Joseph Estrada from power and installed Arroyo at the helm about two weeks ago.

Arroyo, a US-trained economist, said the new administration's priorities included stemming a ballooning budget deficit which is threatening to derail economic growth in the resource-rich archipelago.

She said she had set up a high-powered panel of experts to slash by 35 per cent the projected 2001 budget deficit of 225 billion pesos (4.5 billion dollars) to a more manageable 146 billion pesos.

"This fiscal target necessarily entails hard work

and sacrifice," including reduced spending and even austerity measures, she said in her first major economic policy speech since taking power on January 20.

She said four of her most senior economic aides would form a team to monitor "fiscal prudence" while also ensuring the economy did not go into reverse.

"We can and must do more with less," she added.

Arroyo's budget deficit estimate of 225 billion pesos was nearly double the initial projection of 120 billion pesos.

Her target of 146 billion pesos would bring it closer to last year's deficit of 136.1 billion pesos.

The government wanted to achieve fiscal prudence in the shortest time possible and yet generate enough demand "to create a growth path that will give strength and momentum in the long term."

US Congress 'months away' from labour, environment deal

REUTERS, Washington

Members of Congress are still a long way from reaching an agreement on difficult labour and environmental issues that stand in the way of new trade negotiating authority for President George W. Bush, a leading Democratic lawmaker said yesterday.

"In terms of fast track, I think we're months away ... from any consensus on what should be in" the trade legislation, Rep. Sander Levin of Michigan told reporters after an speech on trade-related labour issues. "There needs to be an effort to seek that common ground before it's presented."

A sharp disagreement between Democrats and Republicans over whether trade agreements should contain protections for workers and the environment has thwarted efforts to approve new presidential trade negotiating authority since April 1994.

The Bush administration wants new "trade promotion authority"

to conclude negotiations on a Western Hemisphere free trade zone and a global round of trade talks.

U.S. farm and business groups worry developing countries will be scared away from both sets of negotiations if the United States insists on the right to impose sanctions if environmental and labour standards are not met.

Robert Zoellick, nominated to be the US trade representative, told the Senate Finance Committee at his confirmation hearing on Tuesday he hoped forge a new bipartisan consensus on how to handle the two issues.

But Zoellick said he had questions about the workability of labour and environmental provisions contained in a US-Jordan Free Trade Agreement negotiated by the Clinton administration.

That pact, which former President Bill Clinton sent to Congress shortly before leaving office, requires both countries to enforce their existing labour and environ-

mental laws, even if changes in trade flows or economic performance create pressure on the governments not to take action.

Zoellick told the panel he had only "skimmed" the US-Jordan agreement, but had concerns about who would decide when either country was not enforcing its labour and environmental laws and what the penalty would be.

"Those are questions I'm going to get asked" if the Republican congressional leadership decides to move forward on the trade pact, Zoellick said.

Concerns termed 'far-fetched'

Levin, the top Democrat on the House Ways and Means subcommittee on trade, called those concerns "far-fetched" and said the US-Jordan provisions "were a step forward" to ending the stalemate in Congress on new negotiating authority.

AmCham Business Executive of the Year Award goes to Manzur Elahi

Syed Manzur Elahi, Chairman of Apex Tannery Group, has been selected for the 4th Business Executive of the Year Award of American Chamber of Commerce in Bangladesh (AmCham) for the year 2000, says a press release.

The Chamber has also selected the American Life Insurance Company (Alico) as the Outstanding American Company of the Year in Bangladesh.

AmCham will formally present the awards to Syed Manzur Elahi and Alico next month.

Syed Manzur Elahi is a leading exporter of finished leather, leather shoes, leather garments and leather goods.

In Bangladesh, he has played a leading role in building up leather goods exports. He has been selected for his success as an outstanding businessman demonstrating strong ethical principles in his work.

Alico was established in Bangladesh in 1952. For almost 50 years it has achieved an excellent business performance.

Alico plays an important role in the economy of Bangladesh. Its assets in Bangladesh at the end 2000 of totalled approximately US\$ 143 million.

Alico Bangladesh invests its entire investable surplus locally, mostly in government securities, banks, thereby supporting the financing of infrastructure development, industrialisation and employment generation.

The American Chamber of Commerce in Bangladesh established the "Business Executive of the Year" in 1997 to recognise outstanding performance of top business personalities of the country for excellence, commercial success and public responsibility.

The purpose of the award is to encourage pursuit of professional excellence, practice of high ethical standards, and contribution to society and country by the business community.

AmCham also established an annual award for the Outstanding American Company of the Year in Bangladesh in 1999.

More Daewoo executives face arrest for fraud

AFP, Seoul

South Korean prosecutors on Friday sought arrest warrants for another five ex-executives of the collapsed Daewoo group for forging documents, officials said.

The prosecutors also vowed to seek the repatriation of group founder Kim Woo-Choong, who is now on the run abroad, over the alleged fraud.

Investigators said the inflating of assets by the group amounted to 41.7 trillion won (32.8 billion dollars), 18 trillion won more than was revealed by the Financial Supervisory Commission.

Kang Byung-Ho, the ex-head of the group's trading arm and four other former executives of the group's other affiliates face arrest on charges of fraud and diverting foreign exchange abroad from the group.

The five were suspected of involvement in diverting millions of dollars between 1997 and 1998 in the course of raising 7.5 billion dollars of foreign loans through Daewoo's overseas operations, the prosecution authorities said.

Investigations by prosecutors showed the group had changed official documents so that the group appeared to have 41.7 trillion won of non-existing assets.

Daewoo's trading arm Daewoo Corp. added 26.9

trillion won of non-existing assets to its documents. Daewoo Heavy Industries added five trillion won. Daewoo Electronics 3.7 trillion won and Daewoo Telecom 820 billion won.

By tampering with documents, the five companies could have cheated creditor banks of 11.6 trillion won of bank loans, the investigators said.

The prosecutors on Thursday arrested three other ex-Daewoo group executives and an accountant on similar charges.

Daewoo group, once South Korea's second largest "chaebol" conglomerate, collapsed in August 1999 under 80 billion dollars of debt, in the world's biggest bankruptcy.

The prosecutor's action came four months after the country's financial watchdog asked prosecutors to file charges against Daewoo's founder Kim Woo-Choong and 40 other executives over the massive fraud.

Kim has since been hiding overseas. The Prosecutor General's Office said it will seek the judicial authorities in France, Germany, Morocco and Sudan, where it believes Kim has been holed up, to allow him to be extradited to South Korea.

Prosecutors have also asked the foreign ministry to cancel Kim's passport.



Picture shows (from left) Deputy Managing Director M Shahjahan Mantu and Managing Director Golam Mustafa of SIBL distributing certificates among the participants of a course recently. Academic Consultant and in-charge of USSEM M Hedayetul Haque and Special Consultant Dr M Azhar-ud-Din are also seen.

Tunisia to sell off one-third of state drugs producer

AFP, Tunis

Tunisia is to sell off about one-third of its sole state pharmaceuticals company in a bid to boost its capital, the company said here Thursday.

A statement from the Societe des Industries Pharmaceutiques Tunisiennes (SIPHAT) said 500,000 new shares would be offered on the Tunis stock exchange.

The company wants to boost its capital from 6.1 billion dinars to 9.2 billion dinars (6.7 billion dollars, 7.2 billion euros), the statement said, without giving a date for the operation.

SIBL's basic training course concludes

A Social Investment Bank Limited (SIBL) training on "Basic course for bankers" ended recently, says a press release.

Twenty-two participants from different branches of the bank and head office participated in the training course, which began on January 15.

It was for the first time that the successful participants in the training programme were awarded certificates and prizes were also given to the three best participants.

Managing Director Golam Mustafa distributed certificates while Deputy Managing Director, M Shahjahan Mantu gave away the prizes.

In his speech, the managing director assured the participants that in recognition of their working efficiency they would be awarded.

The deputy managing director advised them to grow professionally, because a professional banker can only meet the present-day requirements of the clients.

Ahmed Rahman Chisty, Executive Vice President of the Principal Branch and Dr M Azhar-ud-Din, Special Consultant, also spoke on the occasion.

Hutchison Whampoa to opt for fixed line licences in India

AFP, Hong Kong

Hutchison Whampoa Ltd said Friday it plans to apply for fixed line licences in India with local joint-venture partners.

Group managing director Canning Fok said applications for licences would be made once the Indian government announced plans for their issue.

He told reporters the move to increase the group's ventures in India did not mean the company was switching its focus from Europe to Asia.

"We have different business plans in different areas," he was quoted saying by AFP financial news subsidiary AFX-Asia.

Fok said Hutchison Telecom's network had not been affected by the earthquake in Gujarat.

Hutchison's Indian mobile ventures include a partnership with Max India and Kotak Mahindra in Bombay, a 49 per cent stake in Sterling Cellular in Delhi, 49 per cent of Usha Telekom Ltd in Cal-

cutta and 14.7 per cent of Fascal in Gujarat.

He added Hutchison was not interested in bidding for third generation (3G) licences in either Malaysia or Singapore.

Fok said the company had not ruled out participating in the 3G business in France but added it would all depend on the environment and economic conditions.

Hutchison this year won 3G licences in Britain, Italy and Austria at a cost of about 11 billion euros (9.6 billion US dollars) in alliance with European partners.

Hutchison also said it will issue 1.5 billion US (193 million Hong Kong dollars) in convertible bonds as part of its debt refinancing exercise.

Fok told reporters the company had a number of loans which fall due in 2002 and 2003 but declined to give further details.

A source close to the deal said Hutchison Whampoa would launch a roadshow for the bond issue next week.