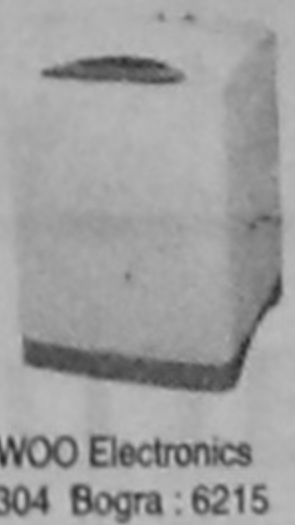


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D8 to set up energy fund

REUTERS, Abuja

Eight predominantly Muslim developing nations ended talks in Nigeria Thursday agreeing to set up an energy development fund and to pool resources to develop expertise in the energy sector.

A five-point communique after the three-day meeting in Abuja said the proposed fund would help member states to "establish and improve energy-related products and services."

The group agreed "to establish an international energy institute for manpower development and research where energy and technology experts of members would pool their resources together" for their mutual benefit, it said.

The meeting also agreed "to promote energy trade, investments and technology transfer amongst member countries," citing specifically the need to establish small hydro-electric projects to boost cooperation in the production, transmission and utilisation of energy technologies.

The D8 brings together some of the countries with the world's largest Muslim populations - Nigeria, Egypt, Bangladesh, Indonesia, Iran, Malaysia, Pakistan and Turkey. However, its leaders have played down religion as a motivating factor.

The D8 was established in 1997 in Istanbul by the summit of heads of state of member countries. Its main objectives are to improve the position of developing countries in the global economy, give the group a bigger voice in decision making at the international level and boost standards of living in member states.

The summit of its heads of state is the supreme organ of D8 and is convened every two years.

BEPZA sanctions first project for Uttara EPZ

BSS, Dhaka

Hong Kong is to invest six million US dollars (equivalent to Tk 33 crore) in the country, Bangladesh Export Processing Zone Authority (BEPZA) said Wednesday.

The 100 per cent foreign-owned company will invest this amount in Uttara Export Processing Zone located near Syedpur of Nilphamari district. It is the first project of the Uttara EPZ.

BEPZA and Bangladesh Spinners and Knitters (Pvt) Ltd signed an agreement to this effect here on Wednesday.

The Executive Chairman of BEPZA Brig Gen MAB Siddique Talukder handed over the agreement to Mr Donal Choi, President of M/s Bangladesh Spinners and Knitters (Pvt) Ltd.

M/s Bangladesh Spinners and Knitters (Pvt) Ltd will annually export various types of sweater worth US\$ 10 million equivalent to Tk 55 crore, the press release said.

The company is likely to go into commercial production by the end of this year and is expected to create employment opportunity for about 2000 local workers.

DaimlerChrysler, Volvo near deal on Mitsubishi Motors stake

AFP, Frankfurt

The Swedish truck maker Volvo is close to striking a deal worth more than 250 million dollars (278 million euros) to sell its 3.3-per cent stake in Japanese firm Mitsubishi Motors (MMC) to DaimlerChrysler, Financial Times reported on Friday.

Top-level talks between Volvo and DaimlerChrysler were expected to lead to an agreement with the German-US auto giant early next week, FT said, without revealing its sources.

The transaction would consolidate DaimlerChrysler's influence over MMC -- in which it already holds a 34-per cent stake -- and signal Volvo's final withdrawal from its ill-fated attempt to forge a commercial vehicles joint venture with the Japanese group, the newspaper said.

Japanese press reports have suggested that DaimlerChrysler would announce a deal at its annual shareholder meeting on April 11, but neither Volvo nor the German-US group has made any official comment.

FT said that by selling the stake for more than 278 million euros, Volvo chief executive, Leif Johansson, would be able to limit the Swedish group's losses from its investment in MMC.

Volvo originally bought a five-per cent stake in MMC in 1999 for 29 billion yen (then equivalent to 266 million euros).

Leasing cos need exemption from 10pc SLR against liabilities

Bangladesh Bank gov observes at BLFCA launching

STAR BUSINESS REPORT

Bangladesh Bank Governor Dr M Farahuddin has said that leasing companies should get exemption from the 10 per cent Statutory Liquidity Requirement (SLR) against their liabilities.

"The SLR requirement to the extent of 10 per cent against the liabilities of these companies is really too high and they should be absolved from this," he said.

The BB governor was speaking as chief guest at the inaugural ceremony of Bangladesh Leasing & Finance Companies Association

(BLFCA) held at Sonargaon Hotel in the city Wednesday. M Aminul Islam, Chairman, and A Quadir Chowdhury, Vice-chairman of the Association, also spoke on the occasion.

In his address, BLFCA Chairman Aminul Islam who is also the Managing Director of Industrial Development Leasing Company (IDLC), pointed out that leasing companies are now maintaining an undesirable requirement of SLR.

"IDLC alone has to maintain Tk 32 crore idle fund as SLR and then go for borrowing money for investment. These rules and regula-

tions should be rationalised to facilitate required investments in the country as well as reduce cost of funds," observed Islam.

Islam also stressed the need for a practical regulatory framework conducive to its development including clearly-defined contract and property laws, progressive tax laws, rules on investment and business incentives and fiscal and accounting regulations.

The leasing and financing industry in the country is playing a key role in increasing private investment in capital equipment and housing and is regarded as a major driving force in an emerging

market like Bangladesh, the chairman went on.

The commercial banks carefully avoid sanctioning long-term loans since they find import and trade financing more profitable and comparatively less risky, Islam said while mentioning that the capital market is now in a nascent stage.

He said that there were now 23 financial institutions in the country. Of these, 16 companies have leasing as their core business, two are house financing firms while 5 are engaged in hire purchase and financing.



France-Bangladesh Chamber of Commerce & Industry (CCIFB) organised a function at a local hotel on Thursday to bid farewell to its outgoing president Francis Dubus, Country Manager, Credit Agricole Indosuez, and welcome new President Michel Fillet, Managing Director of Lafarge Surma Cement Ltd. Picture shows (left to right) French Ambassador Michel Lummaux, Francis Dubus and Michel Fillet at the function.



President of Japan's automaker Honda Motor Hiroyuki Yoshino introduces its new minivan Step Wagon as he rides on its new motor-assist bicycle Step Compo in Tokyo Thursday. Honda started selling the all-new version of the minivan with a 2-litre engine at prices ranging from 20,300 dollars to 14,800 dollars and also launched the new foldable bicycle at a price of 870 dollars on domestic market yesterday.

India to award new oil blocks to pvt bidders by June

AFP, New-Delhi

India will award 23 oil and gas blocks for exploration to private and foreign firms by June 30 under a new policy, petroleum minister Ram Naik said on Friday.

He told a business conference that bids already submitted by 13 companies were currently being evaluated.

The companies include Hardy Oil as well as Cairns Energy of Britain, Niko Resources of Canada, IPI from the US, India's largest private firm Reliance, and the state-run Oil and Natural Gas Corp (ONGC).

He said seven oil and gas blocks in deep waters had already been awarded to companies in an earlier round of bidding.

Naik said ONGC would soon enter into a strategic alliance with a prominent international company aimed at improving the domestic firm's technological capability.

Weekly Currency Roundup

April 1-4

During the week, activity in the local foreign exchange and money market was subdued due to strike and public holiday on the occasion of the holy Ashura.

In the money market, call rate was steady throughout the week though it remained higher than previous week. The rate for overnight borrowing at call ranged between 8 and 9 per cent. Bangladesh Bank accepted treasury bills worth of BDT 6,175 million against the maturity of BDT 4,210 million.

In the international market, US dollar dominated all major currencies and a number of factors helped the US currency. A major US economic indicator "NAPM" (National Association of Purchasing Management) was above the key level of 50, which indicated that the US economy may recover by the end of 2001. The US stock market regained some of its lost ground and the Dow Jones index rose above 9,900 on Thursday. The political crisis between US and China also helped dollar to appreciate as investors increased their dollar investment portfolio as 'safe heaven' currency. The Japanese yen was badly hit by the lower-than-expected Tankan index for March. Tankan, a major Japanese economic indicator, was at negative 5 level against a market expectation of at least zero. The Tankan report painted a gloomy picture of the Japanese economy. Though Japanese policymakers showed keen interest in weak yen to boost their exports, excessive yen weakness is a concern for the major neighbouring countries. Yen weakness may force competitive devaluation and economic instability in the region, the Market is waiting for the Japanese government to announce economic package in the form of tax breaks and additional spending to boost the stagnant Japanese economy. US dollar may appreciate to 130 yen in the coming weeks.

During the week, the greenback traded between 123.50 and 126.80 yen. Euro traded between 0.8726 and 0.9092 US dollar and the pound sterling traded between 1.4257 and 1.4420 US dollar.

- Standard Chartered Bank

Lafarge launches Bangladesh operation today

UNB, Dhaka

Lafarge, the world leader in building materials, will launch its operation by inaugurating a state-of-the-art bagging plant at Mongla Port today.

State Minister for Disaster Management and Relief Talukder Abdul Khaleque will inaugurate the Lafarge Mongla Cement bagging plant.

The 350,000-ton capacity plant has been set up at jetty number-5 under a long-term agreement with the Mongla Port Authority (MPA).

As per the deal, the port will get a Tk. 3.5 crore per annum as fixed rent and charges, said a press release.

However, it will import cement from Lafarge's own plant in Malaysia by its own airships and will then be bagged at the plant.

The plant along with a distribution terminal at Kurubpur near Narayanganj involves US \$ 5.2 million in foreign direct investment (FDI).

The Lafarge Mongla Cement is a preparatory step towards setting up a US \$ 240 million integrated cement plant, Lafarge Surma Cement at Chhatak.

Euro intervention costs ECB \$4.6b in 2000

AFP, Frankfurt

The four rounds of central bank intervention last year to prop up the ailing euro cost the European Central Bank about 7.1 billion euros (6.4 billion dollars), the business daily Handelsblatt calculated on Friday.

The newspaper said that it had calculated the figure on the basis on the ECB's annual accounts published on March 29.

The ECB intervened on the foreign exchange markets four times last year in an attempt to put a floor under the chronically weak euro, which fell below 0.85 dollars in September.

BADC plans to distribute 675MT jute seeds

BSS, Dhaka

Bangladesh Agricultural Development Corporation (BADC) will distribute 675 metric tons of certified local and Tasha varieties jute seeds during the current season.

The seeds would be distributed to the farmers through dealers under 20 regional, 42 district and 36 upazila seed selling centres across the country, said a press release.

The price of seeds depends on varieties - local variety Tk. 22 to Tk 28 per kg, Tasha 0-4 variety per 800 gram packet Tk. 30 to 35 and Tasha 0-9807 variety per 775 gram packet Tk. 35 to Tk 45.

Deutsche Bank, French Axa mull distribution ties

AFP, Frankfurt

Deutsche Bank is in talks with French insurer Axa, one of the world's biggest insurers, about possible joint distribution of banking and insurance products, the head of the German bank said in a newspaper interview.

Links between Deutsche Bank and Axa appear to have intensified since the announcement at the beginning of this week of a merger between German insurance giant Allianz and Dresdner Bank.

Pak businessmen urged to invest in Bangladesh

DCCI-GCCI meet seeks ways to cut trade gap

UNB, Dhaka

Dhaka Chamber president Benajir Ahmed Wednesday called upon the visiting Pakistani businessmen to invest in Bangladesh to reduce the trade gap between the two countries for ensuring equitable benefits of both sides.

"We should try to reduce the trade gap for a healthy, stable and long-term growth of trade and economic cooperation," he said in a meeting between the Pak business delegation members and the members of Dhaka Chamber of Commerce and Industry (DCCI) at the DCCI auditorium.

A 13-member business delegation from Gujranwala Chamber of Commerce and Industry (GCCI) is in Dhaka looking for opportunities to boost trade and economic co-

operation with Bangladesh.

The delegation represents sectors like MS and GI pipes, sanitary fittings, ceramics sanitaryware, different types of electrical home appliances, agricultural equipment, hydraulic system and machinery, sugar mills machinery, soap manufacturing plant, pray mats and carpets, chromium and gold plated sanitary fittings, rice, wooden furniture, machine knitted sweater etc.

Benajir noted that the bilateral trade relations is in favour of Pakistan, as Bangladesh exports to Pakistan amounted to USD 31 million against its imports worth some USD 84.17 million in 1999-2000.

He emphasised frequent exchange of business delegations,

exclusive trade shows and trade fairs for boosting business.

Referring to the investment incentives in Bangladesh, the DCCI president urged the delegation members to invest in the prospective sectors here.

Former GCCCI president Nawaz Ahmed Bajwa, the delegation leader, said huge business opportunities awaiting over Gujranwala for the business community of Bangladesh and invited Bangladesh businessmen to tap the potential.

Other members of the delegation also expressed their view that a very good ground for businessmen of both the countries remained to be explored to establish joint-venture business and industry in both the countries.

2005 appropriate date for Americas pact: US

Countries clash over tariffs, subsidies

REUTERS, Buenos Aires, Argentina

Western Hemisphere countries should aim to reach a deal on a regional free trade pact by 2005, US Commerce Secretary Donald Evans said Thursday stepping back from earlier US efforts to speed up the timetable for an agreement.

"I feel staying focused on seeing if we can't have an agreement by 2005 is the appropriate position," Evans told reporters at a news conference on the sidelines of Free Trade Area of the Americas (FTAA) talks.

Evans also urged governments negotiating the free trade area from Canada to Chile to immediately implement an early agreement on speeding up express customs clearance.

"Among other things, this would speed up express shipments, which are often anything but express," he said. "By implementing the package, we'd be getting a head start on the process

of liberalizing our markets," Evans added.

Negotiators from 34 American nations meeting in Argentina's capital have been wrangling over how and when a proposed free trade zone of more than 783 million people who produced \$11.4 trillion in goods and services in 1999 should be in place.

Coming into the week, the United States supported a Chilean proposal that would have moved up the deadline for reaching an agreement to late 2003 or early 2004.

However, the United States has encountered strong opposition from Brazil and other Latin American countries that say the negotiations are too complex to be completed earlier than 2005.

Talks have bogged down on issues like US anti-dumping rules and US farm subsidies.

"The president understands negotiations, understands trade. He understands that people have

to go to the table to talk about their various issues," said Evans of US President George W. Bush, who has only been in office for 10 weeks.

In exchange for dropping an earlier deadline to complete FTAA talks, the US administration wants its FTAA partners to agree to schedule specific benchmarks to ensure progress is being made, he added.

South American diplomats have said the pace of negotiations would also depend on the US administration's ability to gain "fast track" negotiating authority from the US Congress.

Under fast track, the US Congress would agree to accept or reject a foreign trade deal as is, without making changes.

"The first thing we have to do is get our negotiators off the sidelines and back into the game. To do that, this administration is working with the US Congress to secure presidential trade authority," Evans said.

Global economic slowdown may get worse: Reports

REUTERS, New York

Two new reports offer fresh signs the global economic slowdown may get worse, boding ill for heavily indebted companies around the world.

Moody's Investors Service said the credit quality of non-US companies in the first quarter fell for the first time since the spring of 1999. That mirrored a big decline for US companies, whose credit quality has been sinking for three years.

Meanwhile, the Economic Cycle Research Institute, a private firm that tracks business cycles in major economies, warned that recessions in the United States, Japan, South Korea and Taiwan - which represent half of the world's gross domestic product (GDP) - are unavoidable.

Moody's, in a report released late Wednesday, said rising debt, concern over emerging markets' access to foreign capital, and weaker demand caused non-US credit downgrades to outpace upgrades in the first quarter by 3.2-to-1, the first drought in

seven quarters.

"The driving force behind the world economic slowdown is the US slump and the seemingly acute sensitivity of the rest of the world to it," said John Lonski, Moody's chief economist. "This highlights the danger of the world economy becoming too dependent on what was the extraordinarily rapid pace of private expenditures in the United States."

The credit rating agency said it downgraded 90 non-US issuers with \$249.8 billion of debt, and upgraded just 28 with \$62.2 billion.

The 3.2-to-1 downgrade-to-upgrade ratio is the worst since a 9.1-to-1 ratio in the fourth quarter of 1998, Moody's said. That came after a Russian debt default that led to the world's financial engines nearly grinding to a halt.

Meanwhile, ECRI, based in New York, said yesterday that Australia and Mexico are "very likely" to enter a recession, which it defines as a "pronounced, pervasive and persistent decline in output, income, employment and sales."

Canada, Germany, Spain and Switzerland are also heading for big slowdowns, it said.

"If the prospects for the major European economies dim further, the world will face its first global recession since the mid-1970s," ECRI said. That recession followed the 1973 oil shock, when crude oil prices quadrupled.

Many analysts define a recession as two straight quarters of falling GDP. Most private sector analysts still expect modest global expansion this year.

US economic growth slowed to an annualized 1 per cent in the fourth quarter of 2000, and Lonski expects a 1.9 per cent year-over-year rise in 2001.

"The biggest uncertainty... is how the double trouble of contracting profits and slumping stock prices affects the demand for US labour," he said. "If that labour market slackens appreciably, the ongoing recovery of US consumer spending will be reversed, imports will dry up, and a recession for the US and much of the world will be all unavoidable."