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# Star BUSINESS

DHAKA SUNDAY APRIL 29, 2001

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## Pakistan wins WTO rule in cotton row with US

AFP, Washington

A World Trade Organization dispute settlement panel has upheld certain complaints from Pakistan that a US quota on imports of Pakistani combed cotton yarn violates WTO trade rules, a trade source said here Friday.

"This ruling would require the United States to bring its textile safeguard on Pakistani yarn into WTO compliance," the source added.

At the office of the US Trade Representative here, spokesman Richard Mills said the Washington would appeal the decision.

"We believe there are significant errors in the report and we intend to file an appeal with the WTO appellate body," he said.

He added that the panel on certain issues backed the US position.

The WTO is not scheduled to release its findings to the public before May 18.

The Wall Street Journal, which earlier in the day reported the Pakistani victory, said the Clinton administration in 1998 on complaints from US yarn producers that exports from Pakistan were harming their interests.

## Rupali Bank holds confce of zonal, corporate branch heads

Rupali Bank Chairman Al-haj Kh. Rashiduzzaman Dudu called upon the zonal heads and heads of corporate branches of the bank to put their relentless efforts for strengthening the bank's income-generating deposit base on a top-priority basis.

He was addressing as chief guest the conference of zonal heads and heads of corporate branches of Dhaka and Narayanganj at the bank's Head Office on Thursday.

The chairman underscored the need for recovery of stuck-up loans to help recycle the fund to flourish its loan portfolio.

He reminded that the policy for reward and punishment has been introduced concurrently by the bank for assessing the performance of its employees.

Rabul Hussain, Managing Director of the bank stressed the need for taking up the business plan suiting the prospects and priorities of their respective area of operation.

The conference was also attended by Director of the bank, Nurul Alam Chowdhury, General Managers Md. Shamsul Alam, Md. Ashraf Ali and Md. Zahurul Huque, zonal heads, heads of corporate branches, AGMs posted at branches of Dhaka and Narayanganj and also divisional heads of the bank's Head Office.

## S'pore unveils ambitious housing and business plan

AFP, Singapore

Singapore unveiled an ambitious development plan Saturday to accommodate its growing population and business needs.

The island state's minister for national development, Mah Bow Tan, unveiled the plan for new public housing, recreation areas, and industrial and business parks.

"One of the key tasks for the (city) planners is to ensure that we will have enough land to provide homes for everyone in a quality living environment," Mah said.

"At the same time, there must be sufficient space set aside for industries, businesses and other needs."

One of the key aspects of the plan will be to start constructing public housing higher than 30 storeys to preserve green spaces, he said.

Singapore's 3.2 million population is expected to grow to at least 5.5 million people over the next 50 years.

The development plan, which the government reviews every 10 years, also focused on quality of life in the city, which is also home to an ever expanding pool of foreign workers.

More public housing will be built in central areas to bring people closer to their work places, Man said, while some of the housing will be linked to parks.

# British envoy dismisses LDCs' poor market access charges

## Monthly luncheon meet of Foreign Chamber held

STAR BUSINESS REPORT

Dispelling widespread allegations that the developed world deprives the Least Developed Countries (LDCs) of their due global market share, British High Commissioner in Bangladesh Dr. David Carter made his point yesterday by pointing to EU's Everything But Arms Agreement (EBA), which allowed duty- and quota-free access to many LDC products.

"EBA is a very clear and telling indication that EU is serious in its commitment to put the need and priorities of the developing countries at centre stage," the British envoy told a gathering of foreign investors at a local hotel in the city.

However, he said that the LDCs have to put their own houses in order to reap real benefits. "We really want them to benefit from

the EBA, not to get snagged up in the fine prints. In turn, the LDCs must put their own houses in order. Market access for LDCs and domestic policy reforms must go hand in hand," Dr Carter said.

The EBA deal was approved in February 2001 and applied to most items from March. A few others will be phased out in the next couple of years, he said.

While speaking at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI), the British envoy admitted that the developed nations need to improve the development flows, but clearly said that it is not true that ODA is diminishing as far as Britain is concerned.

He said Britain's global ODA has risen from some 2 billion pounds in 1997-98 to 3 billion

pounds in 2001. "We are committed to further substantial increases," Dr Carter said adding that Britain's ODA was going up, not down.

He also said British assistance to Bangladesh has also continued to rise from 60 million pounds committed in 1998-99 to 75 million pounds this fiscal. "Our core programme is grant, not loan and that has been our stand for years. So we are not adding to Bangladesh's debts."

On attracting foreign direct investment (FDI), Dr. Carter said LDCs that are genuinely engaged in 'knotty reforms' have the best prospects. "Foreign investment doesn't grow on trees for us to pluck, it must be nurtured. There are a lot of people vying for this fruit."

The envoy was upbeat on the positive outcome of the 3rd UN Conference on LDCs hosted by EU in Brussels from May 10 to 14. He also talked about the EU conference on globalisation to be held in June in Stockholm and the fourth WTO Ministerial Conference scheduled for November in Qatar.

Earlier in his introductory remarks, FICCI President Wali Bhuiyan said the LDCs as a group remain marginalised in the globalisation process. He observed that such countries account for only 0.5 per cent of the global FDI.

Referring to the ground reality in many LDCs including Bangladesh, Bhuiyan said their policies are good in books, but the implementation is not rapid and effective. Vice President of the Chamber Paul Kirkham also spoke on the occasion.



Dr David Carter, British High Commissioner in Bangladesh, speaks at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce & Industry (FICCI) held at Dhaka Sheraton Hotel yesterday. On his left are Chamber President Wali Bhuiyan and Secretary Jahangir Bin Alam and on his right is Vice-President Paul Kirkham.

# Fabric smuggling using fake LC papers from EPZs on the rise

RAFIQ HASAN

Some unscrupulous traders sell fabrics in the local market after releasing them from the Export Processing Zones (EPZs) with forged L/C documents.

Customs sources said the traders evade duties and taxes in the process and make windfall profits.

The factories inside the EPZs are allowed to export and import goods without paying duties and taxes. The completely export-oriented garments units located outside the EPZs also can buy fabrics from the EPZ factories without paying duties. They need to show L/C (letter of credit) for this purpose.

But the unscrupulous traders show fake L/C documents, buy fabrics from the EPZ factories and sell them in the local market.

President of Bangladesh Garments Manufacturers and Exporters Association (BGMEA) Kutubuddin Ahmed, however, expressed his ignorance about such business practices. He said the BGMEA would take action, if any member of the association is found guilty.

The customs authorities have recently unearthed two tax evasion incidents. In one case, the traders tried to release goods from a foreign company in the Dhaka EPZ in collaboration with a clearing forwarding agency.

They found that the documents including the L/C on behalf of the Shanta Garments opened with the Amin Court branch of Agrani Bank were 'false'.

The bank in a letter to the investigation team informed that they did not open that L/C submitted by the factory to the DEFPZ customs authorities.

The team accused Goring BD Textile, a Korean company, and

Shanta Garments International Ltd. and S M International, a clearing forwarding agent, of submitting false documents to release goods from the EPZ, evading Tk 51.67 lakh in revenue.

Director of Goring Textile I H Cho also confessed at a customs hearing that he signed the false documents without knowing their purpose.

However, Managing Director of the Shanta Garments Shamsul Arefin denied the involvement of his factory in the crime.

The customs authorities fined Goring BD Textile Ltd. Tk 50 lakh for its involvement in the vice. When contacted, Imrul Kaes Tipu, senior merchandiser of the Goring BD, told The Daily Star that the company has already appealed to the Customs Appellate Tribunal against the fines.

Tipu said they usually deliver

goods after getting L/C documents and UD (utilisation declaration) certificate issued by the BGMEA.

"But it is difficult for us to check whether the documents are false," Tipu added.

He, however, admitted that some garment traders release goods from the EPZ factories showing false documents. He also suspects the involvement of some bank officials.

In another case, a person came to release a truckload of fabrics from another Korean company in the DEFPZ. When the customs officials challenged the man on suspicion of his submitting false documents, he fled away, leaving the loaded truck behind.

The customs officials seized the truck and found the L/C document fake after checking it with the bank concerned. The goods might be worth about Tk 80 lakh, one official said.



Rupali Bank Chairman Kh Rashiduzzaman Dudu addresses the conference of zonal heads and heads of corporate branches of Dhaka and Narayanganj of the bank's Head Office in Dhaka Thursday. Rabul Hussain, Managing Director, Nurul Alam Chowdhury, Director, general managers of the bank along with other participants are also seen in the picture.

## Renault sales down 14pc in first quarter

AFP, Paris

French carmaker Renault reported on Thursday sales declined 14 per cent to 9.06 billion euros (8.16 billion dollars) in the first quarter compared to the same period a year ago, due to the sale of its trucks business to Volvo of Sweden.

But on a like-for-like basis (taking only the non-truck businesses in both periods under comparison), sales rose 0.2 per cent, the company said in a statement.

# Reform may lift Indian growth above 8pc

REUTERS, Washington

IMF managing director Horst Koehler backed India's structural reform efforts Friday, and said they could thrust the country's annual economic expansion through the five to six per cent range to beyond eight per cent.

"The government is absolutely on the right track to have defined structural reforms as the major vehicle to lift up this growth rate of five to six per cent to maybe eight per cent and even more. It is possible," Koehler told a news conference.

The IMF's twice-yearly World Economic Outlook report on Thursday forecast that India's economy would grow by 5.6 per cent in 2001 - down from 6.4 per cent last year - as the country overcame the effects of January's

devastating earthquake in the western state of Gujarat.

India's central bank, meanwhile, forecasts gross domestic product could grow by 6.0-6.5 per cent in the current year.

Sustaining growth, reducing poverty and cutting the public sector deficit were identified by the IMF report as India's key policy challenges in 2001.

India's lower house of parliament passed the government's reform-oriented budget for 2001/02 on Wednesday in a move that Finance Minister Yashwanth Sinha said would put the "feel good factor" back into the economy.

A package of privatisations, subsidy cuts and other structural reforms is being backed by India's coalition government, led by the Bharatiya Janata Party (BJP).

## Three-day show of sewing machines for knitwear ends

STAR BUSINESS REPORT

A three-day exposition of sewing machines for knitwear titled "SIRUBA City Exhibition" concluded at a city hotel yesterday.

Taiwanese manufacturer Kaulin Mfg. Co. Ltd showcased its wide variety of modern knitwear machines brand named SIRUBA at Hotel Sundarban.

A number of visitors from different local garment manufacturing houses visited the show and expressed interests in the machines, chairman of Kaulin's local agent Fairlon Agency Ltd. (FAL) Kh. Zillur Rahim said.

He said the SIRUBA machines are cheaper than the other Japanese brands while equivalent quality and performance.

The chairman said, "The country's garment sector will face stiff competition after the expiry of quota system and the SIRUBA brand machines will help the local manufacturers cut their capital costs."

## Japan, ASEAN mull free trade deal

AFP, Tokyo

Japan and the Association of Southeast Asian Nations (ASEAN) will launch a study group next week to consider a free trade agreement, a report said Saturday.

It is hoped that the agreement could enable Japan and ASEAN to compete with China and regional trading blocs in Europe, the United States and South America, Kyodo news agency said quoting government sources.

The study group comprises government economic experts and is expected to submit its proposals to respective trade ministers by the end of this year.

Japan is currently in talks with Singapore to conclude a free trade agreement by the end of this year. Japan has previously favored multilateral trade pacts such as the World Trade Organization.

The deal with Singapore would be Japan's first free trade agreement.

## 6,000 Taiwan factories to close this year

AFP, Taipei

Some 6,000 factories are expected to shut down this year amid an economic slump, it was reported Saturday.

Economic ministry officials worried that the number of closures this year would break the record of 6,788 reached during the 1998 regional financial crisis, the United Daily News said.

The ministry's figure showed 1,341 plants closed down in March, a fourfold increase on the same month last year, the paper said.

Taiwan's economic slowdown prompted the closure of some 5,000 factories last year and left more than 100,000 people out of work.

Official data showed Friday that Taiwan's leading economic indicators for March hit a 15-year low as the economy continued to weaken while the composite index came in at a level indicating the economy was in recession for the fourth consecutive month.

# Surprising GDP strength does not signal end of US woes: analysts

AFP, Washington

A surprisingly strong report showing US economic growth at an annualized two percent pace in the first quarter defied doom-sayers but does not signal the US economy is out of the woods, economists said.

Friday's Commerce Department report, its first estimate of gross domestic product growth, was far stronger than foreseen by most Wall Street analysts, who had been predicting one percent growth -- the same pace as the fourth quarter of 2000.

The acceleration in the first quarter was led by consumer spending. Government spending and business and residential construction also contributed to growth.

The report dampened any speculation that the US economy is sliding into a recession.

"Two percent growth represents improvement and confirms the fundamentals of our economy are sound," Commerce Secretary Don Evans said.

But analysts were quick to point out that the growth figures masked signs of weakness and should not dissuade the Federal Reserve from further interest rate

cuts.

"The US slowdown is the deepest since the 1990-91 recession, and has spread well beyond the manufacturing sector, prompting a sustained rise in unemployment," said Kenneth Scholten of Salomon Smith Barney.

"Consumer spending has held up, but it is likely to slow as joblessness rises through the summer."

The GDP was helped by a strong 3.1 percent growth rate in consumer spending -- but capital spending by US companies is falling, which is an ominous sign.

Economist Henry Willmore of Barclays Capital said Fed Chairman Alan Greenspan may have been aware of the falloff in investment, especially in technology, in pressing for aggressive action on rate cuts.

"Actually, there may be a hint in the details of this report about why Greenspan was feeling such a sense of urgency" in cutting rates, Willmore said.

"Investment in computers and peripheral equipment fell at an annualized rate of 30.6 percent in nominal terms. Now this is still a relatively small part of the economy but we think it looms large in the thinking of Greenspan, who

after all has a significant psychic investment in the whole 'new economy' concept.

"A 30 percent contraction in an industry that has become used to 30 percent growth must appear to be nothing short of catastrophic."

"The rise was better than expected, but I would still not call it a great report for the economy," said Mike Moran, chief economist at Daiwa Securities America in New York.

Moran noted that the trade deficit was a smaller drag on first quarter GDP, and thus contributed positively to the headline number. However, this came from fewer imports, which is simply a reflection of softer domestic demand.

"Also, part of the improvement came from government spending (which) added 0.7 percent to GDP growth," but this was "probably just quarter-to-quarter volatility," and is unlikely to be sustained, Moran said.

"It vastly overstates the health of the US economy," said Mark Vitner, economist at First Union Corporation.

"This report confirms what the Fed said (last week) that the risks are now in eroding capital spending," Vitner said.

The rise "won't prevent modest further easing" by the Fed, said Ian Shepherdson, chief US economist at High Frequency Economics.

"The Fed is still scared" about the second and third quarters, he said.

But Vitner and Moran said the Fed is likely to cut rates by a quarter-point next month, and that the strength in the GDP report is likely to dissuade the Fed from another half-point cut.

## Anti-trust case against American Airlines dismissed

AFP, Wichita

A judge here has dismissed the US government's anti-trust lawsuit against American Airlines, saying there wasn't enough evidence to show that the company pushed its competitive advantages beyond legal limits.

The civil lawsuit accused American of slashing prices, monopolizing routes and adding flights to undercut the competition, particularly smaller upstart airlines seeking to establish a foothold on its territory.

## Weekly ReadyCash Raffle Draw Winners

The latest weekly draw of the fortunate prize winners took place at the ReadyCash office in Dhanmondi on Thursday with M.E. Islam, Corporate Secretary of American International (BD) Ltd. choosing the winners. This is part of the commitment ReadyCash undertakes to reward valuable and loyal cardholders.

Prizes for new cardholders		
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Yantai Chinese Restaurant Free Lunch for Two	Rasheda Jasmin Mira	5047980000007331
Pizza Inn Free Lunch for Two	Faruk	5047980000007387

New ReadyCash cardholders will become eligible for prizes as soon as they apply for a card and make a transaction. Winners can collect their prizes from the Public Relations Manager of ReadyCash within 30 days of this news circulation by producing their ReadyCash card transaction vouchers. Besides regular users of the ReadyCash card will also be eligible to win attractive prizes. For details please contact at 8125294-7. ReadyCash encourages its cardholders to read The Daily Star on every Sunday for a new listing of prize winners.