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Star BUSINESS

DHAKA FRIDAY, MAY 4, 2001

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Biman's steady growth continues

Biman Bangladesh Airlines has achieved steady growth in passenger, cargo carriage and revenue during July 2000 to February 2001, compared to the corresponding period of previous year.

The airline has achieved 16 per cent growth in revenue during July 2000 to February 2001, compared to the corresponding period of previous year.

During the period under review, the airline has achieved 11 per cent system growth in passenger, 15 per cent growth in cargo uplift and 40 per cent growth in mail carriage over the same period of last year (July 1999-March 2000).

In the passenger carriage, the highest growth of 11 per cent was achieved in the international sector. It was followed by 12 per cent in regional sector and five per cent in domestic sector. In the cargo uplift in international and regional sectors, the growth was 25 per cent and 16 per cent respectively.

Domestic mail declined by nine per cent during the period, but registered a growth of 38 per cent in regional sector and 58 per cent in international sector. The growth in all sectors might be attributed to the recent increase in capacity, for Biman has leased two DC-10-30s and two Airbus A310s.

Biman has carried 10,30,693 passengers, 28,924 tons of cargo and 21 tons of mail during the first three quarters of the current fiscal year. In the corresponding period of last year, the airline carried 9,25,657 passengers, 25,188 tons of cargo and 15 tons of mail.

STAR to invest \$240m in Koo group cable TV

AFP, Taipei

STAR has committed an investment of 240 million US dollars in a cable TV joint venture with Taiwan's Koo group, officials said Thursday.

"To be sure, the STAR injection is meant for investment in Taiwan's cable TV industry at large, not just confined to operators run by the Koo group," said Chester Koo, GigaMedia Ltd chairman and China Life Insurance Co.

Both GigaMedia and China Life affiliated with the Koo group.

The penetration rate of Taiwan's cable TV is among the highest in the world, with 80 per cent of the island households linked to cable television systems, he said.

The Koo group, a leading business group here, will take an 80 per cent stake in the joint venture and STAR, a multi-platform content and service provider, will hold the balance.

"STAR has already put the money (240 million dollars) into an exclusive bank account managed together by the two parties," he said.

The joint venture will take the form of an overseas holding company that controls the capital and a Taiwan-based service company that executes future investments, he said.

DHL celebrates arrival of 1st Boeing 757SF at Brussels hub

DHL Worldwide Express recently celebrated the arrival of the first Boeing 757 Special Freighters at its Brussels hub, Belgium, from the new fleet of 44 B757 announced in October 1999, says a press release.

This new fleet will be gradually introduced across DHL's Europe and Africa network. It will ensure that DHL continues to exceed all international noise and emission standards.

The converted B757SF will be one of the quietest airplanes operating in Europe, with noise levels significantly lower than the requirements set by ICAO for Chapter 3 aircraft.

"Minimising the environmental impact of our operations is an essential objective and a public promise of DHL. This new state of the art fleet cuts emissions by 20 per cent per ton, noise by 77 per cent and contributes to deliver on our promise," comments Uwe Dörken, Chairman and Chief Executive Officer, DHL International.

The B757SF's advanced 'all-weather' landing capabilities also enable the planes to be landed in weather conditions offering just 50 metres runway visibility, compared to 550 metres for the current B727s, which the B757SF is replacing, giving improved reliability throughout the DHL network.

Kibria critical of IDA for anti-private sector procurement guidelines

IDCOL concludes first financial closing

STAR BUSINESS REPORT

Finance Minister Shah AMS Kibria has criticised the International Development Association (IDA) procurement guidelines and said if the Bretton Woods institution truly wants to help the private sector, it should adopt rules pertinent to the private sector practices.

"It is unlikely that IDA can help develop market economy if it asks the government to take all the risks and constrains the private sector to rules made for the public sector. I gather from both foreign and local sponsors that IDA rules are inconsistent with private sector business practices," he said.

The Finance Minister was speaking as chief guest at Infrastructure Development Company Limited (IDCOL) first financial closing of two-tranche loan facilities to Meghnaghat Power Project at Sonargaon Hotel in the city Wednesday.

Frederick T Temple, Country

Director of the World Bank, Yussuf Abdullah Harun, President of Federation of Bangladesh Chambers of Commerce & Industries (FBCCI), Dr Masihur Rahman, Chairman of IDCOL and ERD Secretary, Scott Kicker, Managing Director of AES Meghnaghat Ltd, and Dr M Fouzul Kabir Khan, Chief Executive Officer of IDCOL, also spoke on the occasion.

Kibria mentioned that IDCOL could not participate in Haripur 360 MW power project and three small power generation units -- each having 10 MW capacity -- of Rural Electrification Board (REB) due to stringent IDA procurement guidelines.

"IDCOL's loan of US\$80 million to AES for 450 MW power project at Meghnaghat is the largest loan by a Bangladeshi financial institution, which puts us on the global map of project lenders," he added.

To ensure financing of infrastructure projects in general and power projects in particular, the

government borrowed \$225 million from IDA for placements as debits in infrastructure projects. As part of this scheme, IDCOL was set up as a government owned company, the minister stated.

The government has contributed in a number of ways to implementation of both AES Haripur and AES Meghnaghat projects, he said, adding that the government has also given an undertaking to fulfill the obligations of Power Development Board to make the project bankable.

Kibria urged the PDB and DESA to take effective measures so that they can fulfill their payment obligations to the two power projects.

Speaking at the function, ERD Secretary Dr Masihur Rahman said investment in power generation is lumpy and recovery period is long compared to investment in manufacturing.

IDCOL's resources received from IDA can be used as debt, he said. "IDCOL cannot participate in

equity. The procurement procedures are also designed for public sector procurement. In order to make such financing more responsive to the needs of the private sector, the institution needs to be more flexible."

Yussuf Abdullah Harun earlier mentioned that there was not any effective financial institution to fund infrastructure projects.

As IDCOL's first financing was to a multinational company, it would encourage foreign direct investment in the country, he hoped.

Dr M Fouzul Kabir Khan said it took IDCOL a little less than one and a half years to fully negotiate with other lenders for the Meghnaghat project.

"Our biggest frustration is our inability to finance three 10MW REB power projects sponsored by a domestic entrepreneur. We are presently working with IDA to devise ways to support good bankable projects sponsored by domestic sponsors," Kabir stated.



Finance Minister Shah AMS Kibria speaks as chief guest at the concluding session of the first financial closing of Infrastructure Development Company Limited held at a city hotel on Wednesday.

KAFCO production achievement plaque presented

The Managing Director of Karnaphuli Fertiliser Company Ltd (KAFCO), Richard Arnold, presented a production achievement plaque to the Operations Director of the plant at a special luncheon organised at the plant site in Chittagong recently, says a press release.

The plaque commemorates the plant's recent achievement highlighting the 2000 MT production record set by the urea plant on February 15.

The urea plant, designed by Siamcarbon by of the Netherlands, was designed to produce 1725 MT of high-grade granular urea daily.

After modifications to the process done last year, the plant has been demonstrating increased efficiency and is producing a much higher tonnage than its design capacity.

The recent 2000 MT production rate means that plant is now producing at 116 per cent of its original nameplate capacity.

The plaque was presented to M Saber Ali, Director of Operations, who accepted the honour on behalf of all the employees of KAFCO.

During his speech, the managing director spelled out all the difficulties and achievements of the plant through the years and pointed out positive developments in the last year.

The Director of Operations thanked the MD for the honour saying that the production record is testament to the fact that all the honest labour by the employees of the plant has not gone in vain.

The lunch, hosted by the managing director, was the first of its kind since the inception of KAFCO in 1991 and was attended by all plant employees, management and staff.

Among others attending the lunch were David Horn, Director of Finance, Dr M Shariful Huq, Director of Sales & Marketing, Mizanur Rahman, Head of HR & Training, K A Joarder, General Manager of Production, Fazle Rubby, General Manager of Maintenance and Talukdar Mansur Alam, General Manager of Technical Services.

KAFCO, Bangladesh's flagship joint foreign investment project, produces high-grade ammonia and granular urea for sale in the international market.

BB T-bill auction held

UNB, Dhaka

The 139th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held here Thursday.

A total of Tk 1,669 crore, Tk 10 crore, Tk 35 crore, Tk 19 crore, Tk 150 crore and Tk 5 crore were offered respectively for the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year bills.

Of these, Tk 1408.50 crore, Tk 5 crore, Tk 5 crore, Tk 19 crore and Tk 128 crore in total of Tk 1,565.50 crore of 28-day, 91-day, 182-day, 364-day and 2-year bills were accepted respectively.

The range of the implicit yields were 6.45-6.55 per cent, 6.90 per cent, 7.15 per cent, 7.55-7.60 per cent and 8.39-8.45 per cent per annum respectively.

Malaysia eases rules on foreign property investment

AFP, Kuala Lumpur

Malaysia said Thursday it has relaxed its rules on property purchases to attract more foreign investment amid the world economic slowdown.

The new regulations, announced by Prime Minister Mahathir Mohamad in a statement, make it easier for foreign companies and individuals to buy property.

Some restrictions on locals are also relaxed to spur economic activity.

The announcement comes a day after authorities lifted the last capital control affecting foreign investment in the stock market.

Mahathir said the government was committed to ensure an "open and business-friendly economic environment."

"Foreign investment guidelines will be eased to expedite investment processes and to encourage more foreign and domestic investment," he said in the statement.

The new rules, effective April 25, are part of additional fiscal measures in a supplementary three billion ringgit budget announced by the premier on March 27 to shore up the economy.

Foreigners are now allowed to buy all types of residential and commercial properties worth more than 250,000 ringgit (65,790 dollars), including old or soon-to-be-launched projects.

Previously, foreigners were only allowed to acquire projects which had already been completed or 50 per cent completed.

They no longer need to set up a company with local shareholders and can now borrow the purchase cost from local banks.

To encourage foreign firms to set up headquarters or regional offices here, they are now allowed to buy offices costing more than 250,000 ringgit for each unit.

There will be no equity conditions and no limit on the number of units.

Those foreign manufacturers who are exempt from manufacturing licences will be able to own industrial lots or factories for their own use.

Local and foreign companies or individuals who want to sell property worth less than 20 million ringgit no longer need approval from the Foreign Investment Committee (FIC).

Locals can buy property worth up to 10 million ringgit without getting FIC approval. The previous limit was five million.

Under an existing "Silver-Hair Programme" to attract foreigners to retire in Malaysia, they will now be able to buy homes costing 150,000 ringgit and above in designated areas.

Malaysia's export-driven economy is bracing itself against a possible global slowdown.

EU charges ROK of pricing ships below cost

REUTERS, Brussels

The European Union Wednesday accused South Korean shipyards of distorting the international market by pricing ships below cost, but put off a decision on whether to launch a trade complaint against Seoul.

In its latest report on world shipbuilding, the EU's Executive Commission said significant over-capacities in South Korean shipyards, combined with a need to generate new orders to assure sufficient cash flow, prevented a recovery of shipbuilding prices.

None of the South Korea shipbuilding contracts it had examined which covered operating costs, profits and debt repayments, the Commission said. South Korean yards incurred losses averaging 14 per cent on these orders, it said.

"Korean shipyards are still distorting the international market," the European Commission said in a statement accompanying the report. It accused South Korean yards of "unfair trading practices."

The EU has repeatedly accused Seoul of paying its shipbuilders illegal subsidies which it says threaten the existence of European competitors.

The Commission had been expected at its meeting this week to propose starting a World Trade Organisation (WTO) case against South Korea over its shipbuilding practices.

It has been thought likely to combine this move with a recommendation to allow temporary government aid for European shipyards facing South Korean competition, EU sources said.

However, decisions on these two aspects have been postponed until the Commission meets against next Tuesday to allow time for Commission officials to complete their work, EU sources said.

EU Trade Commissioner Pascal Lamy will report to his fellow commissioners next week on the outcome of the Commission's own investigation of South Korean shipbuilding practices and whether he believes there are grounds for a WTO case.

EU officials said the probe under the EU trade barriers regulation, which could form the basis of a complaint to the Geneva-based WTO, was now complete.

But they refused to divulge its conclusions or to prejudge what decisions the Commission would take next week.

"I can certainly say that there is cause for concern," Lamy's spokesman Anthony Gooch told reporters.

South Korean shipbuilders have rejected the European charges, saying their success is due to exchange rate factors increased productivity, quality and on-time delivery.

The Commission's report said there had been a significant expansion in global orders for new ships in 2000. Nearly 56 per cent more orders were placed than in 1999.

"The larger part of this increase in ordering has been to the benefit of South Korean shipyards which have seen market share increase again," it said.

Banks face 45pc provision, 23pc capital adequacy dearth

SHAHIDUL KARIM

The country's commercial banks face 45 per cent provision shortfall, amounting to Tk 4,435.25 crore, according to December 31, 2000 figures.

Against a requirement of Tk 9912.15 crore, the banks have kept provision of Tk 5719.65 crore, according to banking sources.

The four nationalised commercial banks alone have a provision shortfall of Tk 3556.62 crore, which is more than 80 per cent of the total provision shortfall.

On the other hand, the capital shortfall of the country's banking system stands at Tk 1438.13 crore or 23.39 per cent against a requirement of Tk 6148.16 crore as

of December 2000. The capital shortfall of the foreign commercial banks (FCBs), operating in the country, stands at Tk 6.05 crore or 0.80 per cent against their capital adequacy requirement of Tk 760.35 crore.

There is a provision to have eight per cent capital adequacy by the banks against their risk weighted assets and the Bangladesh Bank is constantly reminding the banks to meet their capital shortfall.

As the country's central bank geared up its vigilance in recent years, the banks have made progress in reducing defaulted loans. The private commercial banks (PCBs) have shown marked improvement. However, the nation-

alised commercial banks (NCBs) and specialised banks are still lagging behind.

The classified loans of the NCBs stand at Tk 11,733.79 crore or 38.56 per cent of their total loan portfolio as of December 2000, while the classified loans of the specialised banks stand at 6,366.72 crore or 62.56 per cent. Classified loans of the PCBs are around 22 per cent of their total loan portfolio.

Among the four NCBs, Sonali Bank topped the list with Tk 5160.15 crore classified loans followed by Agrani Bank with Tk 2936.85 crore and Janata Bank with 2363.62 crore as of December 2000. Rupali Bank's classified loans stand at Tk 1278.49 crore.

US corporates keep investing despite economic downturn

REUTERS, New York

Some of the nation's largest companies are increasing their spending on assets such as machinery and computers this year, an indication that the US economic downturn may be less severe than previously feared.

Capital spending has declined as the economy slowed in the past year, mostly due to lower spending on information technology. The trend worried the Federal Reserve, which cited softening capital investment as one reason for a surprise cut in interest rates last month.

As the economy has slowed, companies have responded by cutting back on capital expenditure -- money spent on acquiring capital assets such as buildings or machinery. And, in turn, lower capital spending by companies further slows the economy.

While some companies keep their spending plans secret, others have announced them publicly.

Intel Corp. INTC.O, for example, reaffirmed its plan for \$7.5 billion in capital expenditures this year, an increase of almost 12 per cent over last year, despite grumbling by investors that the world's largest chipmaker was being unre-

alistic in the face of slowing technology demand.

Intel, along with some of the country's largest firms, has continued to pour money into capital spending in the hopes that this year's aggressive interest rate cuts will spark an economic rebound.

Exxon Mobil Corp. XOM.N, the No. 1 oil company, told Reuters it plans to spend between 15 and 20 per cent more this year than the \$11 billion it spent last year on capital and exploration. In the first-quarter, Exxon said capital spending rose 13 per cent over last year as it seeks to benefit from strong crude oil and natural gas prices.

Leaders in sectors that have experienced softened demand in the last year, such as construction and automobiles, are also raising capital spending.

Caterpillar Inc. CAT.N, the world's largest maker of construction equipment, said it would raise spending on machinery and engines to between \$850 million and \$900 million, from \$709 million in 2000. A spokeswoman for the company told Reuters that the company could revise that number downward depending on demand.

The world's largest automaker, General Motors Corp. GM.N, said it plans to spend slightly less than \$8 billion on capital expenditures in 2001, up from about \$7.5 billion last year, despite first-quarter earnings that fell 88 per cent.



Photo shows M Saber Ali, Director of Operations of KAFCO plant (left) accepting the production achievement plaque from KAFCO Managing Director Richard W Arnold (right) at a special luncheon organised at the plant site in Chittagong recently. The plaque was presented in recognition of the 2000 MT/day urea production record achieved at the plant on 15 February, 2001.

Bangladesh Rural Development Board
Construction Section
Palli Bhaban (4th Floor), 5, Karwan Bazar, Dhaka

Tender Notice

Sealed tenders are invited from BRDB enlisted contractors for the undermentioned repair works under the project expansion of infrastructure & training facilities of Bangladesh Rural Development Training Institute of Khadimnagar, Sylhet under Bangladesh Rural Development Board.

Gr No	Name of work	Estimated cost (for each)	Earnest money (for each)	Time for completion of work
1.	Repair & development of Hostel No 1&2	Tk 13,00,436/=	Tk 32,600/=	45 days.
2.	Repair & carpeting of campus roads & development of drains	Tk 14,86,336/=	Tk 37,500/=	45 days.
3.	Repair, renovation & development of Hostel No 3	Tk 2,49,142/=	Tk 6,300/=	45 days.
4.	Additional 3 foot vertical extension of boundary wall on three sides and 1'-6" high angle & barbed wire fencing	Tk 8,61,668/=	Tk 21,600/=	45 days.
5.	Repair, renovation & development of administrative & training buildings	Tk 4,98,071/=	Tk 12,500/=	45 days.
6.	Construction of Thai aluminium frame, glass enclosure & door on either side of bookshelf of the library	Tk 1,52,893/=	Tk 3,900/=	45 days.
7.	Re-excavation of pond & construction of landing steps	Tk 4,98,342/=	Tk 12,500/=	45 days.
8.	Development of childrens' park	Tk 1,99,646/=	Tk 5,000/=	45 days.

Terms & conditions

- Detailed description on the tender can be collected from the office of the undersigned during office hours.
- Contractors shall have to submit attested photocopy of enlistment certificate as contractor under BRDB for 2000-2001 financial year at the time of purchasing tender schedule.
- Tender paper for all groups can be purchased from the office of the undersigned & office of Director, BRDTI, Khadimnagar, Sylhet during office hours on all working days up to 14-5-2001 on payment of Tk 1000/- (one thousand) per set (non-refundable) for tender of work worth above Tk 10.00 lakh and Tk 500/- (five hundred) per set (non-refundable) for tender of work worth below Tk 10.00 lakh through Bank Draft/Pay-Order in favour of "Director, BRDTI, Khadimnagar, Sylhet."
- Earnest money for the said work should be submitted with the tender through Bank Draft/Pay Order from any scheduled bank in Bangladesh in favour of "Director, BRDTI, Khadimnagar, Sylhet."
- Contractors may inspect the site for their convenience prior to submitting tender.
- Tenders will be received in tender box kept at the office of the undersigned & office of Director, BRDTI, Khadimnagar, Sylhet up to 11:30 AM of 15-5-2001 and opened in public on the same day at 12:15 PM in presence (if any) of the contractors.
- Tender of contractors quoting rate more than 5% below will be treated as cancelled outright.
- Tenders for separate works should be submitted in separate envelopes. Name of work should be distinctly superscribed on the envelope.
- VAT, Income Tax etc will be duly imposed as per existing Govt rules.
- Bangladesh Rural Development Board authorities reserve the right to accept or reject any tender without assigning any reason.

Engr Abdul Amin
Joint Director (Planning & Construction)
BRDB, Dhaka

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