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# BUSINESS

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## Microsoft strikes deal for bank software security

AP, Redmond, Washington

Microsoft Corp. has announced a deal to provide banks with software designed to make their Internet transactions ultra-secure. The technology, which works in the Windows 2000 operating system, is designed to allow banks to be sure of whom they're dealing with on the Internet. It matches a security framework designed by Identrus, an alliance of 150 of the world's largest banks.

The deal announced Monday involves Microsoft, Unisys Corp. of Blue Bell, Pennsylvania, and the Ireland-based Baltimore Technologies, which has its US headquarters in Boston. Baltimore is providing its Public Key Infrastructure security system, and Unisys is providing help using the system.

Banks and businesses have long worried that insufficient Internet security could dampen Internet commerce. While Microsoft is not offering any new product, it and its partners are offering the ability to match Identrus specifications with a single purchase.

## Govt borrowing through savings instruments up 20pc till Feb

MONJUR MAHMUD

The government's borrowing through selling different types of savings instruments till February of the current financial year increased by around 20 per cent compared with last fiscal's corresponding period.

During July-February period of FY2001, the government borrowed Tk 4330.34 crore from the non-banking system, which was Tk 3611.87 crore during the corresponding period of FY2000.

"We are receiving tremendous response from the public in selling savings certificate and the amount borrowed through saving certificates may go up substantially at the end of the current fiscal," said an official of the National Savings

Directorate (NSD).

The government has set a target to borrow Tk 5129 crore by selling different savings certificates in the current financial year. But target is going to be revised to Tk 6000 crore, he said.

While savings instruments are a mode of non-inflationary deficit financing, such high borrowing will also increase the government's debt repayment liability.

Explaining the high demand for savings certificates, officials said interest rates on bank deposits are not much encouraging in comparison with that of savings certificates. Moreover, the government bonds are risk free.

There are now some 12 categories of saving instruments in the

market.

The Defense Savings Certificate and Three-month profit earning certificates are currently the best selling instruments. The first kind of certificates registered the highest sales in the first eight months of the current fiscal.

During the July-February period of FY2001, the government sold Defense Savings Certificates amounting to Tk 1411.48 crore, which was Tk 1161.26 crore during the last fiscal's same period.

Three-month profit-earning certificates worth Tk 1093.04 crore were sold till February of the current financial year, which was Tk 1003.19 crore during the corresponding period of last financial year.

## Arbitrary tax assessment allegedly forces factories to close down

STAR BUSINESS REPORT

A section of tax officials have imposed arbitrary duty on imported raw materials, forcing many import-substitute industries to close down or stop production in the last two weeks, according to industry sources.

The tax officials are imposing the arbitrary duty, ignoring the CRF (clean report of finding) by the government approved PSI companies, sources said.

The country's lone bottle producing factory that supplies the

item to the pharmaceutical companies has been kept closed for the last two months due to a dispute with the tax officials. Recently another big company that has been operating in the country for the last 38 years was compelled to accept the 'wrong assessment' of the tax officials to start production.

As the lone bottle-producing factory, Bengal Glass, discontinued supply of bottles to linkage industries for the last two months, pharmaceutical companies had to suspend production of life-saving

antibiotics drugs for children, pharmaceutical industry sources said.

According to industry sources, one factory or two stop production almost every week due to row with the tax officials. As the NBR ignores their plea, they have to accept the higher tax assessment to restart production.

Recently a renowned public listed company imported five cartons of Tungsten Filament Wires, essential for bulb-industry, under H.S. Code 8101.93.00, at 5 per cent duty. Although the com-

pany has been importing the item under this code number for the last 38 years, the customs officials all of a sudden assessed it under H.S. Code 8101.99.00 and imposed 15 per cent duty.

The row compelled the company to suspend production. It brought the matter to the notice of the Deputy Commissioner of Dhaka Customs House, but it did not get any decision from the higher authority. In the end, the company had to accept the arbitrary assessment of the customs official to resume production.

## Egypt to host Arab economic ministers' meet

REUTERS, Kuwait

Egyptian President Hosni Mubarak was quoted on Tuesday as saying Egypt would host an Arab economic ministers' conference in November to shape a long-planned common market for later review by Arab leaders.

The meeting "will not be a leaders' summit, but a meeting of economic ministers... They and technicians will agree on the shape of the common Arab market," Mubarak told Kuwait's al-Sayassah daily.

Earlier reports had said Egypt was to host an economic Arab summit in November.

But Mubarak said a "summit will then meet to discuss what the (ministers and) technicians propose, and then we will take the decision."

He did give a date for a summit. The next annual Arab summit is scheduled to be held in Lebanon in 2002.

Egypt has been pushing for months for Arab states to hold an economic summit to advance economic integration and trade issues which have long eluded the 22-state, 51-year-old Arab League.

## REB aims to sell South Asians on its model

### Three-day workshop on rural electricity begins

UNB, Dhaka

The Rural Electrification Board has spent over 1 billion US dollars since its inception in 1978, but hardly 24 per cent of village people in Bangladesh have access to electricity for various reasons.

With this achievement the REB is holding a three-day workshop aimed at popularising its "model" to South Asian neighbours, who have stronger and cheaper energy resource base.

Energy experts and official from four SAARC countries - India, Nepal, Bhutan and Sri Lanka - are here attending the workshop titled "Rural Energy Utilities: Meeting Rural Electricity Needs in South Asia - the Bangladesh Experience."

They will share Bangladesh's experience in rural electrification and work out a suitable model for meeting rural energy needs in South Asia.

State Minister for Energy and Mineral Resources Prof Rafiqul Islam inaugurated the USAID-

sponsored workshop at Sonargaon Hotel in the city Tuesday. Power Division Secretary Mufazzel Hossain and REB Chairman Mesbah Uddin Ahmed also spoke at the inaugural function.

REB officials said the workshop aimed at focussing Bangladesh's success in rural electrification and promoting it in other countries of this region. Besides, experiences from other countries would enrich the 'Bangladesh model' in rural electrification and help develop a more comprehensive model suited to all the countries in the region, they hoped.

REB, supported by 16 international donors and government of Bangladesh, entered its fifth and final phase while 76 per cent of rural population are still in darkness.

The Board, however, claims a significant progress in rural electrification programme in Bangladesh with 96 per cent collection rate and an average 16.29 per cent

system loss.

REB operates through 67 rural electric societies, called Palli Bidyut Samity (PBS), to reach electricity to over 3.2 million rural consumers in 32,100 partially or fully electrified villages, less than half the country's total villages.

REB member (engineering) M Abdus Samad cited lack of capital, cost consideration for extension in remote areas and inadequate power supply as major hurdles for REB programme here, which slowed down their job.

Limited revenue, less accessibility, poor consumer mix and non-implementation of rationalisation policy regarding pockets within PBS area are also among the obstacles he listed while presenting a paper in the workshop for the international experts to study before broaching up an effective model.

The government recently decided to allow efficiently managed PBSs to generate 10-30 MW power to meet respective local demands.

## Turkish firms open trade fair in Baghdad

REUTERS, Baghdad

Turkish firms opened a big trade fair in Baghdad Monday in a bid to clinch deals that would help make up for Ankara's huge financial losses because of decade-old UN sanctions on Iraq.

The official Iraqi news agency INA said 151 companies exhibited a wide variety of commodities including pharmaceutical and food products, chemicals, oil equipment, textiles, cars and electrical appliances.

"The fair will help maintain trade and economic links with Turkey," Trade Minister Mohammed Mehdi Saleh was quoted by INA as saying.

A 500-strong trade delegation headed by Turkish foreign trade adviser Kurshad Tuzman arrived in Baghdad on Saturday.



Dr Mohammed Farashuddin, Governor of Bangladesh Bank, distributes medals and prizes among the successful candidates of the Banking Diploma examination of Institute of Bankers, Bangladesh at a city hotel on Monday.

## US slowdown may cause massive job losses in Southeast Asian nations

### 2-day ASEAN labour meet begins tomorrow

AP, Kuala Lumpur

Massive job losses could hit Southeast Asian countries as a result of the economic slowdown in the United States, government officials warned Tuesday.

Thousands of jobs have already been shed this year in the export-dependent region as the global slowdown begins to bite, particularly in countries such as Malaysia and Singapore which rely on US demand for electronics components and products.

The economic downturn is at the top of the agenda for a meeting of labour ministers from Association of Southeast Asian Nations, plus Japan, South Korea and China, in Kuala Lumpur on Thursday and Friday.

Senior officials began meeting

Tuesday to finalize details for the ministerial talks.

The US economic issue is the main problem, that will be a starting point for the ministers to discuss," Bonnhou Phommavongsa, the deputy director-general of Laos' labor ministry, said Tuesday.

Syed Muhammad Abdul Kadir, the secretary-general of Malaysia's human resources ministry, said urgent action was needed to curb layoffs which were the result of employers in export industries anticipating a reduction in demand.

"We must be productive to ensure that we do not face major difficulties," Syed Muhammad said. "The important thing is to take immediate action to curb massive retrenchments."

The nature of the action would be discussed by the ministers, he said.

In Malaysia, where US demand for electronics exports helped pull the economy out of recession brought on by the Asian financial crisis, official figures show that almost 3,500 workers lost their jobs in the first quarter of 2001. However, the official unemployment rate remains at less than 4 per cent.

Bonnhou said the ministers would discuss how to fund various human resources and worker skills development projects which were agreed to at their last meeting in Manila.

He said Southeast Asian countries would seek funding from the richer Asian nations of China,

Japan and South Korea, and that "we are hopeful that they will help us."

China, Japan and South Korea - which attend major ASEAN meetings as the so-called plus three countries - are scheduled to take part in the labor talks for the first time.

Another issue the ministers would discuss would be allegations of forced labour in Myanmar, also known as Burma.

Last year, the International Labor Organization recommended that its 175 member states, employers, workers and international organizations review their dealings with Myanmar to make sure they are not abetting forced labour.

## The euro - a step of secular economic and political significance

JORG VOLKER KETJSEN

Some years ago, English dictionaries explained the word "euro" as standing for a large reddish Australian kangaroo. Equally, the word "emu" was defined as describing a flightless fast-running Australian bird. These dictionaries will now have to be rewritten or at least amended: The Economic and Monetary Union (EMU) as an integral part of the European Union (EU) is an exciting and daring leap forward in the long process of European integration. And the euro is the EU's new single currency, which already has taken off and is flying.

Today, the euro zone, which consists of twelve member states of the EU (Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal, and Finland), is less than eight months away from irrevocably changing their respective national currencies to the single currency, the euro. But already since January, 2001, financial transactions through banks were possible in euro, and the

euro zone stock markets conducted their trading exclusively in euro.

What has been the main impact of the euro so far? Exchange rate risk between the participating currencies is obviously over removing one of the most important barriers to internal cross-border transactions and investments. The euro is stimulating price transparency and comparability, encouraging competition and bargain hunting across Europe. There is no doubt that the euro and the internet combined will rapidly increase price convergence in European markets to the benefit of consumers.

European investment, production, distribution and marketing strategies are being reconfigured. Extra competition is putting pressure on profit margins, but European industry is becoming more competitive on world markets. Business is thinking European, and the same is beginning to happen in European financial markets.

The combination of the European Single Market with the EMU

based euro is providing a platform for continued economic growth and stability. The EU member states participating in the euro zone can only operate within a defined sound macro-economic framework focussing on price stability and effective budgetary discipline. The European Central Bank, the monetary guardian of the euro, has been made the most independent central bank in the world. Meanwhile, merger and acquisition activities have never been so high in the last two years. And some countries with traditions of state control interlinked with some cosy business to government relationship are now embracing the disciplines of a privatised and deregulated economy.

With 291 million inhabitants or some 6 per cent of the world's population, the euro zone represents roughly 20 per cent of world GDP and an equal proportion of world trade.

Thus, the euro zone is comparable in size and economic weight to the United States. At almost 16 per cent the share of the euro zone

in the global export of goods exceeds the corresponding share of the US 13 per cent and Japan 8 per cent. On account of this magnitude alone, aggregate macro-economic development in the euro zone will have an important impact on global economic trends.

The euro will increase Europe's responsibility for the world economy, but for the stability of the international financial system as well. The euro has set a new landmark in global monetary and fiscal relations. It has the potential to develop into a global transaction, investment and reserve currency.

Its introduction has already reinforced the trend towards a tripartite structure in the international monetary system. As an international currency, the euro will reinforce Europe's weight in world-wide monetary and financial relations and will make it imperative for the European Union to speak with a single voice on the international level.

The author is the Head of the delegation of European Commission to Bangladesh.

## Major obstacle to Asian system of currency swaps set to go

### Tokyo may unveil \$1b deal with KL on ADB meet sidelines

REUTERS, Tokyo

A major obstacle to Japanese-led plans for an Asian system of currency swaps is set to be removed later this week when Tokyo announces a bilateral swap deal with Malaysia after a year of tough negotiations.

A senior Finance Ministry official said that the Japan expects to unveil a \$1 billion agreement with Malaysia on Wednesday on the sidelines of the Asian Development Bank's annual meeting in Hawaii.

The agreement, which is set to be unveiled along with bilateral pacts with Thailand and South Korea, marks the first concrete step in plans to link the international reserves of the 10-member Association of South East Asian Nations (ASEAN) with those of China, Japan and South Korea.

"At one point, we thought it would be OK to let Malaysia leave the scheme," the official said, adding that Malaysia's agreement removes the main obstacle to the

Chiang Mai Initiative, named after the Thai city where it was conceived last May.

"But now signing a deal with Malaysia will have a big impact on the whole scheme. Japan has so far led negotiations but this could speed up talks among other countries," the official added.

The Chiang Mai Initiative envisages a swap system to help fend off any repeat of the 1997 regional financial crisis, but Malaysia had long objected to giving any role in the Tokyo-led scheme to the International Monetary Fund.

A shift in opinion within ASEAN against Kuala Lumpur's hard line against the IMF and a recent drop in Malaysia's international reserves could be key reasons behind Malaysia's sudden conversion, another Japanese official said.

Tokyo already has a \$2.5 billion deal with Malaysia as part of Japan's \$30 billion Miyazawa Initiative, set up following the 1997 Asian crisis, but it has no linkage

to IMF programmes and is renewed annually.

The new swap line will be established on the top of the existing line.

Japan is also expected to unveil a \$3 billion swap deal with Thailand at the Honolulu meeting, and a new deal with South Korea is expected to add around \$2 billion to an existing \$5 billion swap line under the Miyazawa plan.

"South Korea may be the most serious about preventing a recurrence of a financial crisis," another Japanese Finance Ministry official said.

South Korea was one of the Asian nations worst hit by the 1997 crisis, forcing it to accept an IMF bail-out package.

The terms of Japan's new swap deals will serve as a model for China and South Korea when they negotiate with each Asian member.

ASEAN groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.



Rahimafrooz Distribution Limited has rewarded the best RZ Tyre dealer, Dolphin Enterprise, with a motor car. Picture shows M Ismail, Managing Director of Rahimafrooz Distribution Limited, handing over the car to the dealer at a function in Dhaka recently. The function was also attended by Niaz Rahim and Mudassir Moin of Rahimafrooz Distribution Limited.