

**DAEWOO**  
ELECTRONICS

Automatic Washing Machine  
with Air Bubble Washing, Spin Rinse  
System & 3 Dimensional Water Flow

**TRINCO LIMITED** - Authorized Distributor of DAEWOO Electronics  
Dhaka: 8115307-10 CTG: 716353, 723578 Khulna: 720304 Bogra: 6215

# Star BUSINESS

DHAKA SATURDAY MAY 19, 2001

Let us finance the home of your dreams

We can help you

- Build your own home
- Purchase a home or an apartment
- Buy a housing plot in approved land developments
- Renovate or extend your existing home

**National Housing LENDER**

National Housing Finance And Investments Limited

Chamber Building (6th Floor), 122-124 Motijheel, Dhaka-1000. Tel: 955 9311 (Hunting), 911 09132  
Mobile: 017 602832, 017 602833, 019 357434 Fax: 880-2956090 E-mail: housing@bdonline.com

## Employment Bank opens branch at Kaliakoir

UNB, Gazipur

The 67th branch of Employment Bank was opened at Kaliakoir upazila Thursday in a bid to expand its coverage area.

State Minister for Rural Development and Cooperatives Advocate M Rahmat Ali inaugurated the new branch of the bank.

Managing Director of Employment Bank M Nurul Islam Khan attended the inaugural ceremony chaired by Deputy Commissioner Kabiruddin Ahmed.

The programme was attended, among others, by Pourasava Chairman AKM Mozammel Haque and Member Secretary of Youth Organisation M Rafiqul Islam.

## Orientation course for Rupali Bank probationary officers held

A one-day orientation course for probationary officers of Rupali Bank Limited was held at the bank's training institute in the city on Wednesday.

Managing Director of the bank, Rabiul Hussain, addressed the officers.

Deputy General Manager, Md Nurul Nabi, presided over the session, says a press release.

In his speech, Hussain reminded the newly-recruited probationary officers that four basic principles are required to be followed in their day to day work. These are - laws of Land, Rules of Bank (Different updated Instruction Manuals), Procedure (Circulars) and Ordinary Prudence, he added.

## Bashundhara Paper Mills wins ISO 9002 certificate

Bashundhara Paper Mills Ltd has been awarded ISO-9002 Certification in recognition of its quality management system, says a press statement.

Sardar Asif Mahmood of Moody International Certification Ltd formally handed over the certificate to Sadat Sobhan, Vice Chairman of Bashundhara Group, at a simple ceremony in the city recently.

Bashundhara Paper has been awarded this prestigious international recognition for adoption of TQM system and environment-friendly technology in every stages. In the paper sector, this is the first mill of the country to earn ISO-9002 certificate.

The ceremony was attended by Sayem Sobhan, Vice Chairman, Mahabub Morshed Hasan, Managing Director of Bashundhara Group, TIM Latiful Hussain, Chief Executive Officer of Bashundhara Paper Mill, and senior officials of the Group. Representative of the ISO consulting firm FRASTRACK 9000 also attended the function.

## ROK sees bumpy ride in Hyundai unit sale talks

AFP, Seoul

Talks between the South Korean government and a US investor to sell the Hyundai Group's ailing financial units are expected to hit a bumpy patch over the issue of management control, officials said Friday.

A memorandum of understanding was signed in August last year, under which American International Group (AIG) proposed taking control of the three firms for a total investment of 1.1 trillion won (\$46 million dollars).

The investment was to break down into 500 billion won for Hyundai Securities, 300 billion won for Hyundai Investment Trust Management and another 300 billion won for Hyundai Investment Trust and Securities.

Chin Dong-Soo, a senior official at the Financial Supervisory Commission (FSC), said negotiations would start immediately after a due diligence investigation of the financial units is completed by the end of next week.

"But we have tough talks because the Hyundai Group insists that it must keep its control on management of Hyundai Securities," he said.

The deal is crucial to Hyundai's efforts to ease a liquidity crisis which has driven several group units to near bankruptcy, forcing the injection of emergency loans from creditors.

## Bangladesh's 'good news' story of economic progress at risk

### US official points to political violence

AFP, Washington

Bangladesh's "good news" story of economic progress could be at risk if political violence causes chaos in the run-up to elections later this year, the nominee for a crucial foreign policy post in the George W. Bush administration said Thursday.

Christina Rocca, designated by Secretary of State Colin Powell to be assistant secretary of state

for South Asian Affairs said that Bangladesh had overcome "enormous odds" to develop its economy.

"Bangladesh is a good news story, especially in the areas of trade and economic development," Rocca said at a confirmation hearing before the Senate Foreign Relations Committee.

But she warned progress, including the tapping of large natu-

ral gas resources could be put at risk, "as political violence escalates in the run-up to elections later this year."

"We have spoken frequently with Bangladesh political leaders in the government and the opposition about the need for compromise, and will continue to do so."

Prime Minister Sheikh Hasina's five-year term ends in July when a caretaker government

takes over to organise elections by October.

Bangladesh has been hit by a series of costly and violent general strikes.

Opposition-called strikes last month designed to force the government to call early elections claimed about 15 lives and cost the country about 60 million dollars a day, according to World Bank estimates.

## Russia unimpressed by plan US, UK face hurdles on Iraq sanctions revision

REUTERS, London

Britain and the United States have yet to win Russia's backing for a revision of UN sanctions against Iraq, a senior Russian official said Thursday.

And in any case, the plan for "smart" sanctions will struggle in one of its main aims - to stem oil smuggling, diplomats and analysts in the West said.

Moscow said it was unimpressed by a US-British plan to tighten a ban on weapons materials and recover control over Iraqi oil export revenues.

Draft by Britain with US backing, the proposals would relinquish controls over imports of all civilian goods to Iraq, in place since Baghdad's invasion of Kuwait in August 1990.

"It is clearly premature to speak of Russian support for this initiative," Interfax news agency quoted Russian Deputy Foreign Minister Sergei Ordzhonikidze as saying.

"There are too many unclear points in the proposals and questions, to which we have not got answers in the course of preliminary consultations," he said.

Moscow's support is crucial because Russia is one of five permanent members of the UN Security Council which have a right to veto resolutions.

The embargo has devastated Iraq's infrastructure and shrunk

living standards.

Iraq said on Tuesday nearly 9,000 people, mostly children, died in a single month this year because of diseases it blamed on a decade of UN sanctions.

Russia's fellow permanent Security Council member France found the Anglo-American proposals interesting and believed they offered a basis for discussion, a French diplomatic source said.

British officials said the draft resolution included measures that the neighbouring states would be expected to take to tighten border controls.

"This resolution links an easing of sanctions to a tightening of controls on illegal imports," one official said. "You can't have one without the other."

The so-called "smart" sanctions aim to cut down on oil smuggling under the current sanctions regime, which allows Iraq to sell petroleum as long as the proceeds go into a UN escrow account.

The funds are used to buy goods under the United Nations current oil-for-food exchange. But Iraq has managed to circumvent the rules with increasing success by smuggling oil across its borders with Turkey, Syria and Jordan.

Analysts said it was not realistic to expect cooperation from Baghdad's hard-pressed neigh-

bours to clamp down on the illicit sales, which give Iraqi President Saddam Hussein direct access to hard currency.

"The plan looks fine on paper," said London-based Iraqi analyst Mustafa Alani. "But its successful implementation would require a huge economic sacrifice on the part of Iraq's neighbours which make it impractical."

An official Iraqi newspaper on Wednesday said Baghdad would reject the proposals.

Al-Qadissya said the draft resolution was a "new political game which aims at tightening the 11-year-old unjust embargo on Iraq."

Iraqi Deputy Prime Minister and Acting Foreign Minister Tareq Aziz said earlier this week that Baghdad would halt Iraqi oil supplies to Jordan and Turkey if they supported the plan. Under-the-table sales to Syria might also be threatened.

Diplomats said Jordan would try to maintain a UN-approved agreement with Iraq to keep discounted Iraqi oil flowing under any new sanctions regime.

"Jordan calls for ending the sanctions and lifting the siege (on Iraq), Jordanian Trade and Industry Minister Wasef Azzar told Reuters in Amman."

"Jordan has nothing to do with any sanctions imposed in the past or (which) will be imposed in the future."

## Euro-zone industrial output growth falls

AFP, Brussels

Growth of industrial output in the euro zone fell on a 12-month basis in March to 3.0 per cent from 4.2 per cent in February, EU data showed on Friday.

Industrial production in the 12-nation euro zone fell by 0.2 per cent in March from the figure in February, seasonally-corrected figures from the official statistics office Eurostat showed.

Production rose by 3.0 per cent from the figure for March 2000, Eurostat said.

The monthly drop followed a gain of 0.5 per cent in February, when industrial production on a 12-month comparison grew by 4.2 per cent, revised figures showed.

Among the full 15 members of the European Union, production slipped 0.1 per cent in March from the figure the previous month, but rose by 2.6 per cent over 12 months.

This compared with February's rises of 0.4 per cent from January and of 3.7 per cent year-on-year.

In March, the biggest increases were reported in Belgium, Portugal, Denmark, the Netherlands, and Finland.

The biggest drops were in Germany, the largest economy in the euro zone, and Luxembourg.

## HK banks cut deposit rates by 50 basis pts

AFP, Hong Kong

The Hong Kong Association of Banks said Friday it had decided to cut deposit rates by 50 basis points to 2.25 per cent starting next week.

The association's chairman Peter Wong said in a news conference that he expected a further 50 basis point cut in US interest rates this year, with a 25 basis point cut in the next US Federal Open Market Committee (FOMC) meeting in June.

The decision was in line with the FOMC's half per centage point cut on Wednesday to 4.0 per cent, the fifth such reduction this year.

Wong said the local market, especially the property sector, would benefit from the interest rate reduction since the mortgage installment payments were now lower.

"The rate cut is positive for the local economy as a whole, in particular in the property sector,"

Following the HKAB decision, Hong Kong's three note-issuing banks, Hongkong and Shanghai Banking Corp. Ltd., HSBC Holding plc's main unit - Bank of China, and Standard Chartered Bank immediately announced adjustments in their rates.

## Budget proposition seeks move to discourage evasion FBCCI proposes reduction of tax on asset transfers

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has proposed reduction of tax on asset transfers with a view to discourage tax evasion.

"The cost of asset transfer, which is very high now, reduces the purchasing capacity of the people and encourage tax evasion. The tax rate should not be more than 5 per cent," the Federation said in its budget proposal.

The FBCCI also proposed that dividend income should be tax-

free in order to encourage private savings and investment.

Investment boost is very necessary for the country's economic development, it said. The present scheme of tax collection from dividend income is a double taxation system. During 1985 to 1990, dividend income was totally free of tax and it had a positive impact in the country's capital market.

Besides, the rate of tax on tax-paid dividend income received by the companies is 15 per cent. The rate should be reduced to 10 per

cent from the present 15 per cent to make a company invest in other company shares. This will also help improve the overall situation of the country's capital market, the Federation observed.

With a view to increasing revenue, people who take lease of hats and bazaars should submit trade licenses and be enlisted as taxpayers, the FBCCI suggested. It proposed that the benefit of tax rebate on genuine donations should be reintroduced.

Tax rebate facility on donations of up to 30 per cent of the total income of a company made to registered national-level charitable, educational, sports and cultural organisations was withdrawn in the 1991-92 assessment year, it mentioned.

"Most of such organisations in the country are dependent on generous donations. Hence, withdrawal of tax rebate on donations was a discouraging move, which is detrimental to the national interest," the FBCCI said.

## BIBM workshop on financial risk analysis concludes

A 3-day workshop on "Financial Institutions' Risk Analysis" conducted by the Bangladesh Institute of Bank Management (BIBM) concluded on Thursday, says a press release.

A total of 22 senior principal officers from different banks and financial institutions participated in this workshop. BIBM conducted the workshop to acquaint the participants with different types of risks associated with the financial institutions in a market economy and to suggest measures to overcome these risk for maximising profit.

K I Khaled, Managing Director, Pubali Bank Ltd, and S A Choudhury, Managing Director, Sonali Bank, participated in the workshop as panel discussants.

Dr. Mohammad Sohrab Uddin, Director General of BIBM, presided over the concluding session and distributed certificates among the participants.

Dr. Toufic Ahmad Choudhury, Professor, BIBM, and Fahreen Alamgir, Lecturer, BIBM, coordinated the workshop.

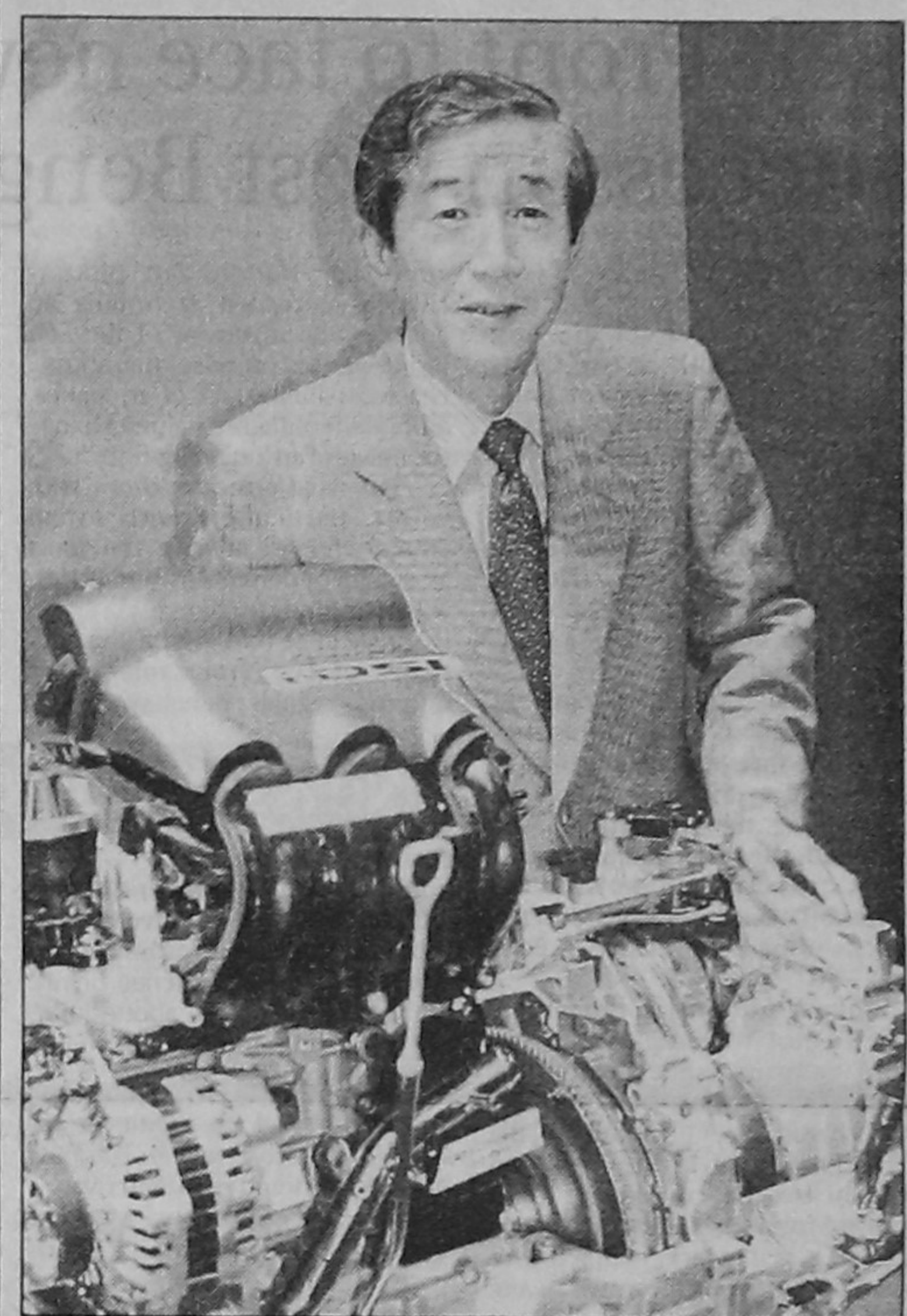


PHOTO: AFP

Japan's auto giant Honda Motor President Hiroyuki Yoshino introduces a cut-model of new generation engine with ultra-high fuel efficiency and clean emission after a press conference to announce the company's mid-term business plan at the Honda headquarters in Tokyo yesterday. Honda unveiled a 1.3-liter lightweight, compact, high-performance engine which will be installed in a new small car scheduled to be unveiled next month.

## Honda plans global small car

AFP, Tokyo

Japan's Honda Motor Co. Ltd. on Friday unveiled plans for a global small car and a new diesel version of its revamped Civic as part of a bid to staunch losses in the crucial European market.

"Today we are turning our attention to the European business," Honda president Hiroyuki Yoshino told a news conference.

Exploiting the growing popularity of diesel cars in Europe, Honda said it had ordered 5,000 engines from GM-controlled truck maker Isuzu Motors Ltd. to power the new Civics being built in Swindon, southern England.

Isuzu would build the 1.7-litre engines in Poland, he said, and would increase the supply to 15,000 engines annually from next April.

Honda said it was also working with Isuzu to develop a two-litre diesel engine for the European successor to Honda's best-

selling Accord sedan, which is due to be launched in 2003.

Europe was the one black spot marring Honda's global operations in the fiscal year to March.

Honda's lack of a diesel model in the environmentally conscious European market, coupled with the impact of a weak euro on British and Japanese exports, caused operating losses in Europe of 463 million dollars.

With the European losses denting overall earnings for Japan's third-biggest car maker, Honda's net profit slumped 11.5 per cent to 232.24 billion yen (1.9 billion dollars) in the fiscal year.

"Aside from Europe, we've been able to make a good start in achieving regional diversification from an over-reliance on North America," Yoshino said.

The new Civic, a successor to one of Honda's most popular cars, will go into production at a second plant on the sprawling Swindon

site from November with the addition of 1,000 workers.

For the first time, Honda in Britain will be exporting cars to Japan and North America.

"This may be risky," Yoshino said of the departure into diesel cars, "but in the long term this is a technology we must make our own."

Exploiting the small-car market in developed nations was central to Honda strategy "because of a heightened environmental consciousness and a market trend towards increased demand for easy-to-use" cars, Yoshino added.

Honda will launch a new petrol-powered small car in Japan next month, with Europe and the rest of Asia to follow in 2002.

The 1.3-litre five-door hatchback, which has yet to be named, was "being developed as a global benchmark for a number of the world's small-car markets," the president said.

## China getting upper hand Japan's role in E Asia waning

REUTERS, Tokyo

Japan's role as a leader of industry in East Asia is waning as China's explosive economic growth boosts its competitive clout in the region, Japan's trade ministry said in its annual white paper released today.

"Up to now, Japan was at the top of a system where economies were categorised by the extent of industrial development," the Ministry of Economy, Trade and Industry (METI) said in the paper.

"But that is changing with the recent emergence of China... which is not only improving productivity and expanding the volume of exports, but is also raising its international competitiveness in industries ranging from labour-

intensive textiles to technology-related ones such as machinery."

The rivalry between the two Asian powers has been underscored recently by a trade spat resulting from Japan's imposition of emergency import curbs on certain Chinese products after domestic makers complained about the surge in such imports.

Last month, Japan for the first time slapped emergency import curbs under the World Trade Organisation's (WTO) safeguard mechanism on three agricultural items from China. It is also considering curbs on cheap towel imports from China and Vietnam.

Although the paper did not touch directly on these curbs, it warned against the indiscriminate use of anti-dumping measures.

A METI official said China's rise, in fact, should not be perceived as a threat, but as an engine for the region's growth as it spurs healthy competition and leads to positive dynamic changes for industry and trade.

"China's emergence will increase competition within East Asia, but I believe the region will benefit from it," he said.

METI said East Asian nations could become more efficient as they continue to expand the volume of trade of individual parts, concentrating less on trading finished goods.

METI attributed much of China's growth to a large inflow of foreign direct investment, which has helped make domestic companies more competitive.

China's exports have quadrupled over the past ten years, making it the world's ninth-largest exporter with some four per cent of total global exports.

Japan's own imports from China roughly doubled in 1999 from 1994 and, for the first time, imported more from China last year than it did from western Europe.

China's expected entry into the WTO would make it even more competitive in the longer term, while causing some short-term adverse effects on Japan, the paper said.

"Protected industries such as agriculture and automobiles would be hurt. But it would spur further reforms... and be positive for the East Asian region."

## WTO panel delays ruling in US-EU tax spat

REUTERS, Washington

A World Trade Organisation panel is delaying a ruling on whether billions of dollars in US tax benefits for exporters are legal in a case brought by the European Union, a US trade official said Thursday.

"We've been notified by the panel that it's not going to be able to issue its interim report on Monday as was scheduled," the official said "Those types of delays are not uncommon. I don't think one should read anything into that one way or another."

The WTO panel did not say when the highly anticipated report would be released. They said they would let us know as soon as possible once they've fixed on another indicative date," the trade official

said.

A US industry officials speculated the delay could be as long as one month, based on past WTO cases.

If the panel rules against the United States and its decision is upheld on appeal, the EU could get the right to take retaliatory action on up to \$4 billion in US goods.

But a final decision on the amount of retaliation - if the case goes that far - is still many months away.

Earlier this week, US Trade Representative Robert Zoellick said the transatlantic tax fight could spoil chances to launch a new round of global trade talks in November.

"What I have urged our European counterparts is that, however, the case comes down, we try to proceed in some deliberate manner in terms of trying to manage the dispute," Zoellick said in Strasbourg, France on Tuesday.

In the case brought by the EU, a WTO panel ruled early last year that US tax breaks for exporters under the Foreign Sales Corporation (FSC) violated international trade rules.

The United States complied by repealing FSC and replacing it last fall with a new system that exempts income earned outside the United States from taxation.

The EU again took the United States to the WTO, saying the new law was just as bad as the old.