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# Star BUSINESS

DHAKA WEDNESDAY MAY 23, 2001

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## HSBC relaunches Investment Loan with 90pc financing

The Hongkong and Shanghai Banking Corporation Limited (HSBC) in Bangladesh has recently relaunches the Investment Loan, a personal banking product to purchase high yield Government Savings Certificates, says a press release.

Now, the customers can open an Investment Loan account by only investing a 10 per cent initial deposit and HSBC will provide a 90 per cent loan to purchase Government Savings Certificates. This will help customers purchase double the number of units of Investment Loan with the same initial deposit enabling them to earn a higher net return.

The investment loan is available in units of Tk 50,000. A customer can invest in up to a maximum of 30 units in a single name or 60 units in joint names and the Bank will finance 80 or 90 per cent of the units purchased as required by the customer. Customers will also enjoy tax benefits from their investment in Investment Loan as permitted by law.

Through Investment Loan, a customer can earn up to Tk 13,72,500 in 5 years. Customers will also have the option of partial or early settlement of the loan as well as the opportunity to earn and additional amount of Tk 20,47,500 if the Certificates are held for another 3 years.

One of the world's largest banking and financial services organisations, the HSBC Group comprises some 6,500 offices in 79 countries and territories, serving over 29 million customers worldwide for more than 130 years and at 31 December 2000 had assets of US\$674 billion.

## GMG offers complimentary hot beverages at airport

GMG Airlines has taken a step to further enhance the standard of service it provides to passengers, says a press release.

Passengers can now enjoy in the comfort of the departure lounge a complimentary hot cup of coffee from the state-of-the-art vending machine installed at the departure lounge of Zia International Airport.

This will be of particular interest to business travellers who could now be able to start of with an early morning coffee prior to business engagements. To cater to the needs of families and diabetic passengers, hot chocolate, sugar-free beverages, tea and snacks are also made available.

The vending machines will also be installed in due course at all airports where GMG flies to.

The installation ceremony was attended by high officials of Civil Aviation Authority of Bangladesh, the Chairman of GMG Airlines Abdus Sattar and the Managing Director Shahab Sattar.

## BA profits soar

AFP, London

British Airways soared into profit of 150 million pounds (242 million euros, 216 million dollars) last year from 5.0 million pounds previously.

Profits were in the middle of analysts' expectations of 105-214 million pounds.

Operating profit in the year 2000-2001 increased more than four-fold to 380 million pounds, from 84 million in the previous financial year, the company said.

"This is an encouraging set of figures showing that our business strategy is delivering results," said BA chief executive Rod Eddington.

"Most notably, our new Club World product, which is available on many of the airline's long-haul routes, continues to push up yields and win market share from competitors."

That said, BA is positioning itself for lower economic growth worldwide as the US economy falls off, following a short term drag on earnings caused by the foot-and-mouth crisis.

Separately, Eddington said "top level discussions" continue with American Airlines on how to co-operate further, both on a one-to-one basis and as part of the oneworld consortium, adding that during the year code-share agreements had been extended with Qantas, Aer Lingus and Iberia.

He also said that the company was set to conclude the sale of Go-Shortly.

"Growth, whether organic or by means of alliances, will concentrate on profitable segments where customer service is at a premium," the BA chairman said.

## DSE for change in Z group share settlement system, SEC disagrees

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) has disagreed with a Dhaka bourse demand for changing settlement rules of Z group shares, saying that any such change would mean a deviation from the main objective of classification of listed companies.

The commission however said it was still ready for a tripartite meeting with the Dhaka and Chittagong stock exchanges to review the rules.

The DSE on Sunday wrote to SEC saying that the stockbrokers were facing a number of problems in the settlement of Z group shares. The dealers settle such

share trading among themselves. The trade settlement of shares of the DSE, which simultaneously done through the DSE clearing house.

In the A and B category shares, members issue cheques in favour of the DSE, which simultaneously settles claims of the both selling and buying brokers.

"But as the Z group share trading is not settled through the stock exchanges, the members have to issue enormous numbers of cheques everyday, causing a chaotic situation after the trading hours in the settlement counter," said the DSE letter to the SEC.

It said the banks also face serious problems in handling such a

large number of cheques everyday. The DSE council in a meeting also suggested settlement of Z group shares through its clearing house.

Talking to this correspondent, one SEC official said the main objective of categorising companies according to their fundamentals was to discourage trading of weak shares.

"We have formed the Z group under the over-the-counter (OTC) concept, practiced in the developed market," the official said.

He said such categorising was aimed at encouraging companies to improve their fundamentals so that they move to a better group

by holding annual general meetings (AGMs) and declaring attractive dividends.

The official said that the Z group was implemented a month back with the consent of both the exchanges.

"It is surprising that the bourse now wants change in the settlement rule within a month of its implementation," the official said.

Meanwhile, a meeting of the DSE, CSE and the SEC yesterday decided that any new company will be placed in group A for one year. It will later be placed in a proper group depending its AGM and dividend performance record in the first year.

## Pak, Indian businessmen meet despite political bickering

AFP, Islamabad

Pakistani and Indian business leaders broke down some of the barriers between their two countries Tuesday when they met here to discuss ways to boost bilateral trade and overcome political obstacles.

The India-Pakistan Chamber of Commerce and Industry (IPCCI) meeting, including a 40-strong Indian delegation, is one of the most high-profile contacts between India and Pakistan since the nuclear rivals came to the brink of a fourth war on the slopes of Kargil in Kashmir in 1999.

The talks over the next three days are expected to cover cooperation in diverse industry sectors such as tea, pharmaceuticals and textiles.

But hopes are high that they will help break the political im-

passe between Islamabad and New Delhi which is damaging everything from sporting contacts to regional trade and business.

"I hope the businessmen of the two countries will become a driving force, leading towards the resolution of long-standing disputes," Pakistani Minister for Privatization Altaf Saleem said in a speech to the conference.

Formal contacts between the two governments have been on ice since the May-June 1999 Kargil conflict, which ruined a short-lived peace initiative to end the rivals' decades-old dispute over the divided state of Kashmir.

Chirayu Amin, president of the Indian Chamber of Commerce and Investment, said bilateral trade could soar to five to 10 billion dollars, from just 200 million now, if all obstacles were removed.

"India-Pakistan bilateral trade is bottlenecked with a large number of bottlenecks and this makes our responsibility even more significant," he told a press conference.

"If we play our cards right on both sides we can definitely achieve (our potential)."

"The onus lies upon the India-Pakistan Chamber of Commerce and Industry to identify the areas of cooperation and enhance trade, commerce and technological exchange."

He called for Pakistan to relax trade restrictions which limit imports from India to just 600 items, as well as fast-track visas for Indian businessmen.

IPCCI president Ilyas Ahmed Bilour said politics had strangled bilateral trade.

"This visit is important in the

sense that in the recent past the two-way trade could not take place due to political reasons," he said.

"I am sure that this visit will ease the political tension in both the countries."

Analysts estimate informal trade between India and Pakistan through third countries amounts to more than a billion dollars, none of which is taxed.

Amin said India needed Pakistani cotton yarn and textiles, leather products, surgical instruments, ans, water coolers, paper, vegetables and fruit.

On the other hand, he said, Pakistani manufacturers were paying too much for imports such as iron ore, textile machinery, steel, chemicals and dyes which could be sourced more cheaply in India.



Maung Nyunt Than (R) uses chains as a symbol of oppression during a protest against Unocal outside the oil company's headquarters in Brea, California yesterday. About 100 opponents of the military regime in Myanmar (Burma) demonstrated against a joint venture between the regime and Unocal as well as other corporations to build a natural gas pipeline across the Southeast Asian country.

## US House extends deadline for illegal immigrants

AP, Washington

The US House of Representatives voted Monday to extend by four months the deadline for illegal immigrants to apply for visas while in the United States, but the administration of President George W. Bush said it would support more time than that.

The Republican measure was approved 336-43 in an expedited vote, but even before the bill passed many lawmakers were looking to the Senate to provide more time than the House measure.

Jeanne Mamo, White House spokeswoman, said Bush favours "a longer period of time than the four months". Asked if he'd rather see a 12-month application period — the length supported by House Minority Leader Dick Gephardt, a Missouri Democrat — Mamo said only that the president is "open to good ideas".

An estimated 640,000 illegal immigrants were eligible under the Legal Immigration and Family Equity Act to apply for visas without leaving the country. The law took effect in December and expired April 30. It applied to illegal immigrants who are spouses or relatives of US citizens, legal residents or employees sponsored by employers. They had to have been in the country on or before Dec. 21, 2000, to be eligible.

Kevin Rooney, acting commissioner of the Immigration and Naturalization Service, told Congress earlier this month that the agency favours six to 12 more months because the Immigration and Naturalization Service was slow to come up with regulations, which slowed the application process while the law was in effect.

The four-month bill was scheduled for a vote Monday night in an expedited process usually

reserved for noncontroversial legislation. The bill bypassed the committee process, and debate on it was to be limited to 40 minutes and it could not be amended.

House Majority Leader Dick Armey, a Texas Republican, scheduled the quick vote because there was bipartisan agreement that more time needed to be given, said spokesman Kevin Washington.

Under House rules, the measure had to pass by a two-thirds majority. That left those who support a longer application period to decide whether to vote against the bill or accept it with the hope that the Senate would add more time.

Rep. Sheila Jackson Lee, a Texas Democrat, said if the House proposal becomes law it will create an "explosion" of work at the INS at a time when the agency will be dealing with other visa programmes.



Campaign girl Chie Murai displays a hand-free Bluetooth headset "i2me" and its mobile phone adapter developed by Japan's electronics venture Japan Total Design Communication (JTDC) at the annual Business Show in Tokyo yesterday. JTDC is expecting to put it on the market this year with an estimated price of 30,000 yen (245 USD).

## Quality pushes tea demand at E African auction

AFP, Mombasa

Quality of leaf pushed up demand and steadied prices at this week's East African tea auction, African Tea Brokers (ATB) said in a report released here Tuesday.

"There was a recorded brisk business at the trading floor because of good leaf quality, which most traders liked," an Egyptian buyer said.

The ATB said that Brighter BPIs managed an average price of 2.16 dollars per kilogramme, but still lost 44 US cents, while mediums declined by up to 32 cents.

"There was good and improved demand at generally easier rates following quality and secondary grades continued to sell at firm rates," the report said.

ATB also reported improved interest from Britain and Egypt, with more demand also coming from Sudan.

## China relaxes price control on cars

AFP, Beijing

China has relaxed price controls on automobiles, but experts said the move was unlikely to boost a flat market in the near term and could lead to higher prices, state media reported Tuesday.

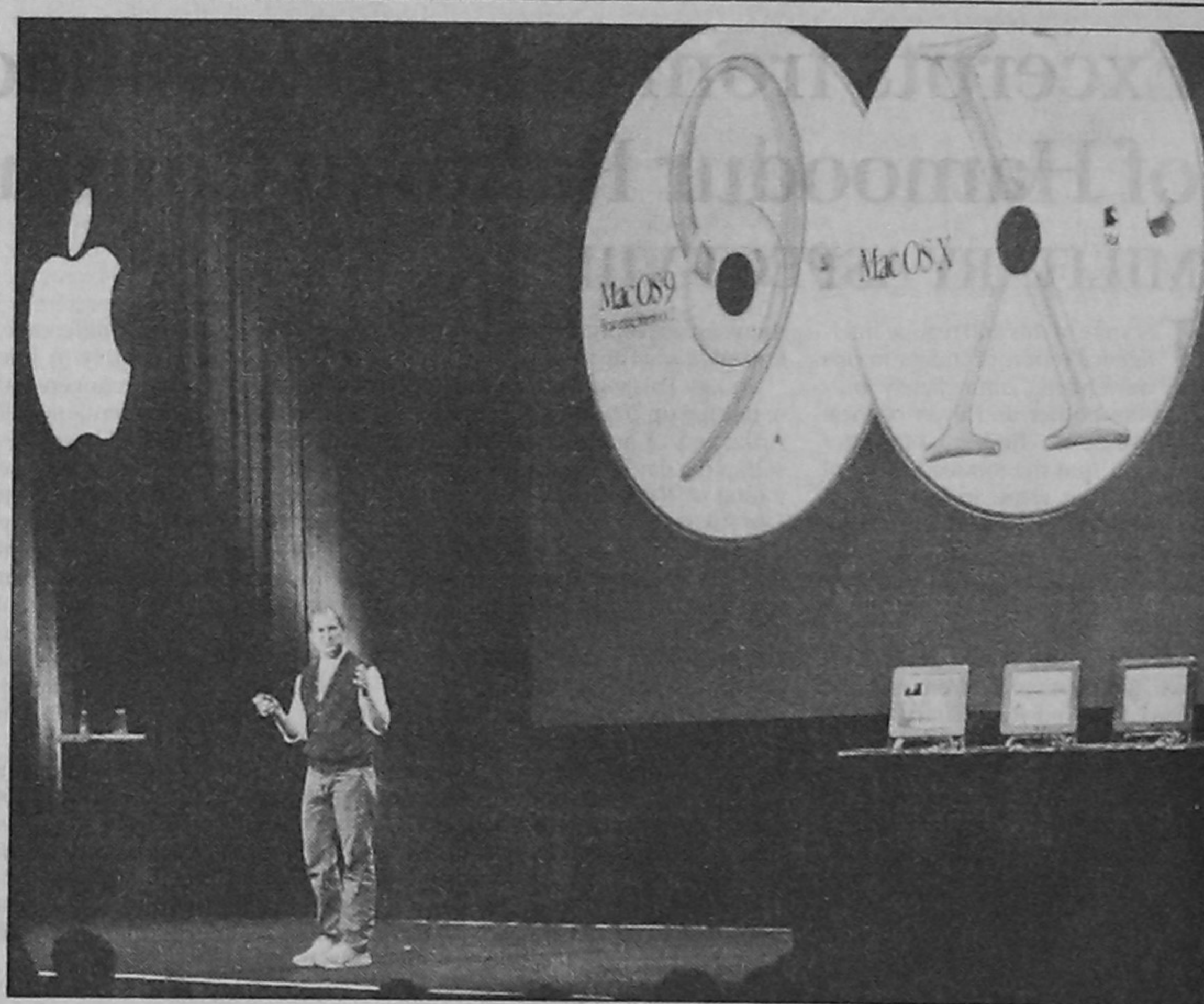
The relaxation was announced by the State Development Planning Commission and is expected to allow manufacturers more room for maneuver in the fledgling market and to promote more competition, the China Daily said.

Under the old pricing policy, car makers were only allowed to adjust prices by 10 percent, which resulted in "inflated prices and a sluggish car market," it said.

Some 628,000 cars were sold in China last year, up from about 570,000 in 1999, as prospective car buyers awaited a 70 to 80 percent drop in tariffs on imported cars in the five years.

China's auto market is about the size of Australia's, while the price of a Shanghai-made VW Santana 2000, which sells for around 21,000 dollars, is more than 20 times the yearly income of an average Chinese household.

"As far as the consumer is concerned, this price relaxation will not have a short-term effect," Jia Xingqiang, an analyst with the China Auto Industrial Consultation Development Company told the Beijing Youth Da ly.



Apple CEO Steve Jobs announces that Apple's new operating system, Mac OS X, will be pre-installed along with Mac OS 9 in all new Mac's during his keynote address at the World Wide Developers Conference in San Jose, California on Monday.

## Japan, Singapore hammer out FTA framework

AFP, Tokyo

Japan and Singapore have hammered out a basic framework for a free-trade agreement (FTA) that will eliminate almost all tariffs except those on agricultural products, a report said Tuesday.

Tokyo will table bills necessary to abolish duties on Singaporean products in parliament next year, the business daily Nihon Keizai Shimbun said, quoting government sources.

But the government will keep duties on agricultural and fishery products to protect the interests of domestic farmers and fishermen, the paper said.

Singapore, for its part, will end tariffs on Japanese products and the two countries are expected to sign the free trade pact during their talks starting on July

30 in Singapore, it said.

The Japanese government declined to confirm the report.

"We cannot comment on the report as Japan and Singapore are in the middle of negotiations on FTA," said Katsuhiko Umebara, director of the regional cooperation division at the ministry of economy, trade and industry.

Under the pact, Japan and Singapore also plan to eliminate business restrictions by giving the same domestic status to each other's companies, the paper said.

It would be the first bilateral free trade agreement for Japan, the world's second largest economy, which has previously favoured multilateral trade pacts such as the World Trade Organization.

The trade accord may take effect as early as April 2002, the business daily said.

## US launches Internet portal in Asia to boost trade

AFP, Manila

The United States launched a global Internet portal in Asia on Tuesday aimed at boosting trade by linking American exporters with business partners around the world.

BuyUSA.com, created by the US Department of Commerce and computer giant IBM, allows American companies to find international buyers and distributors for their products, officials said.

Jerry Mitchell, acting director general of the US Commercial Service, told a news conference in Manila via video link-up from Washington that the new electronic marketplace would boost trade although its larger aim was to help American exporters.

The portal would be formally introduced in Manila on Thursday at CommAsia 2001, a regional exhibition covering the telecommunications, broadcast, electronics and information technology fields.

## Key UNSC members discuss sanctions against Iraq

AFP, United Nations

The first cracks between permanent members of the UN Security Council became apparent Monday as they began discussing a US-British draft resolution aimed at easing sanctions against Iraq, according to diplomats.

The draft was discussed during a closed-door meeting of representatives of the United States, China, France, Britain and Russia.

The proposal calls for maintaining strict controls on sales of products to Iraq that could have military use while easing restrictions on consumer goods.

The draft will be presented Tuesday to all 15 members of the Security Council, the diplomats said.

US and British diplomats made clear they would prefer to move ahead quickly with their proposal in order to approve it by June 3, when the oil-for-food program comes up for renewal.

The program allows Iraq to sell limited amounts of oil on the

market and to spend the proceeds to purchase food and medicine.

However, China, Russia and France said they did not want to impose a deadline on deliberations, particularly concerning lists of products allowed for export to Iraq, which are subject to approval by the UN Sanctions Committee.

"We have been discussing with our partners for some time about how to go forward on Iraq," said US charge d'affaires James Cunningham. "We're going to continue our discussions and I think we will be in a position to move this week, I hope."

Chinese envoy Shen Guofang said that "at this stage, maybe it is practical to have a technical rollover."

Iraqi President Saddam Hussein on Monday said his government would "reject the so-called smart sanctions, which are even more stupid than their predecessors," demanding instead a complete end to sanctions against his country, according to the official Iraqi News Agency.

Iraqi officials also threatened Monday to put an end to the UN "oil-for-food" program, under the current sanctions, if the scheme is altered by the United States.

## Saddam steps up rejection of "smart" sanctions

AFP, Baghdad

President Saddam Hussein has stepped up Iraq's rejection of "smart" sanctions as the UN Security Council started to debate a US-British draft to ease a decade-old embargo and target the Iraqi leadership.

"We have nothing new to say other than to inform all our brothers and our friends that we will reject the so-called smart sanctions, which are even more stupid than their predecessors," Saddam told a cabinet meeting.