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DHAKA SATURDAY MAY 26, 2001

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FICCI calls for upgrading Ctg Customs Testing Laboratory

STAR BUSINESS REPORT

The Foreign Investors' Chamber of Commerce & Industry (FICCI) has said the Chittagong Customs Testing Laboratory needs immediate upgradation and modernisation with proper facilities.

"Upgradation and modernisation of the Chittagong Customs Testing Laboratory with appropriate personnel to expedite testing of samples is extremely necessary," the Chamber mentioned in its proposals for the 2001-2002

national budget.

Currently, only one qualified person is at the Laboratory for testing dozens of various samples daily, resulting in inordinate delays in clearing imported items, it pointed out.

The FICCI also mentioned that the current storage facility in Biman warehouse at Dhaka airport is very poor, insecure and disorderly. This warehouse needs immediate improvement for prompt and efficient clearance of air consignments.

The Chamber also suggested

that the customs administration be streamlined in order to offer better and prompt services to the taxpayers.

"The existing system of tax collection is procedurally too cumbersome. Because of this, honest taxpayers face unnecessary harassment," it mentioned.

Currently, it takes much longer time than necessary in assessing bills of entry and documents, the Chamber stated.

The FICCI proposed that all bills of entry and documents be assessed and released within 24

hours from the time of submission.

"At present, there is no rationale for fixing same duties on raw materials and finished products. There are cases where both raw material and finished product attract the same rate of duty."

"Basic raw material and intermediaries, which are not produced in the country, and finished products should attract duty rates at 5 per cent, 10 per cent and 30 per cent respectively," the FICCI suggested.



A clerk at a money exchange in Dhaka counts money in front of an electronic board showing the new rates of the Taka Thursday after the central bank devalued the currency against USD. The 5.5-per cent devaluation followed a fall in the country's foreign exchange reserves. The rate for the Taka is now 57 to the dollar, compared to Tk 54 previously.

Malaysia to award \$1.57b rail deal to China

AFP, Kuala Lumpur

Malaysia is to award China Railway Engineering Corp. a six billion ringgit (1.57 billion dollar) railway contract as part of a planned palm oil swap deal, transport ministry officials said Friday.

They confirmed a report in Business Times that the Chinese firm has been picked for the project to double-track the state railway from Seremban 50 km (31 miles) south of Kuala Lumpur down to Johor Baru on the border with Singapore.

"A decision has been made to award the contract to the company," Transport Minister Ling Liong Sik was quoted as saying.

Ling said negotiations on design, alignment and track-laying are at a preliminary stage.

The project is part of a barter trade arrangement between Malaysia and China to swap some eight million tonnes of palm oil over five to six years for the rail contract.

Malaysia and India last week signed a memorandum of understanding on a similar deal for double-tracking some 300 km (186 miles) of the railway from the northern city of Ipoh up to the Thai border.

That deal with Indian Railway Construction is worth between 1.3 and 1.5 billion dollars. Malaysia hopes to pay for the five-year project through annual Indian imports of up to 1.6 million tonnes of its palm oil.

HSBC emerging as strongest candidate to buy Seoulbank

AFP, Seoul

HSBC Bank is emerging as the strongest candidate to buy Seoulbank, which has been kept afloat with huge sums of public funds, an economic daily said here Friday.

HSBC is likely to start a due diligence of Seoulbank as early as next month before opening negotiations with the state-financed Korea Deposit Insurance Corp. on the terms a takeover, Maeil Business Daily said.

Officials of Korea Deposit Insurance declined to confirm the report.

Deutsche Bank, which is acting as a financial advisor for Korea Deposit Insurance, has submitted a list of several bidders seeking to buy Seoulbank to Korea Deposit Insurance, a senior official of Korea Deposit Insurance said.

"But we are not revealing those names now," he said.

Seoulbank was nationalised in 1998 when it was on the brink of bankruptcy at the height of the Asian financial crisis. It has received a total of 5.43 trillion won (4.2 billion dollars) in public funds.

The government has tried to sell the bank under an agreement with the International Monetary Fund, but it has so far failed to attract a foreign buyer.

Seoulbank posted a 18 million dollar net profit in the three months to March, the first gain after four years of straight losses.

The profit reflected the bank's improved financial status after three years of intensive restructuring, it said.

HK cuts growth forecast to 3 per cent

AP, Hong Kong

The US slowdown helped cut Hong Kong's economic growth to 2.5 per cent in the first quarter, from 6.9 per cent in the fourth quarter, the government said Friday in a report that lowered the official forecast for the full year.

Hong Kong's government predicted growth of 3 per cent for 2001 and not the 4 per cent officials had previously estimated - a change in outlook that could further dampen sentiment here.

Many ordinary Hong Kong people believe they have not shared in the benefits as the territory bounced back from a recession brought on by the Asian economic crisis - and Hong Kong has been unable to repeat the double-digit gains recorded last year.

Consumer prices are expected to continue falling. Hong Kong has now experienced 30 straight months of deflation, lower prices explained largely by sluggish demand.

The slowing US economy has stirred worries throughout Asia and Hong Kong's crucial export sector has been losing ground.

Fed chief warns of continued US frailty, signals rate cut

AFP, Washington

US Federal Reserve Chairman Alan Greenspan on Thursday warned that US economic weakness was likely to continue in the near term and signalled a willingness to approve additional interest rate cuts.

But Greenspan, in a speech to the Economic Club of New York, also predicted that the economy would begin to regain momentum later this year in response to the Fed's five rate reductions so far this year.

"The period of sub-par growth is not yet over, and we are not free of the risk that economic weakness will be greater than anticipated, requiring further policy responses," Greenspan said.

Federal Reserve policymakers have shaved 2.5 percentage points from their benchmark federal funds target since January in an aggressive bid to breathe life into the faltering US economy.

Those credit-easing interventions, which came on five separate occasions, "should be providing substantial support for a strengthening of economic activity later this year," he predicted.

US economic growth, which

maintained a dizzying pace for much of last year, unravelled with alarming speed, with momentum shrivelling to one per cent in the fourth quarter before rebounding slightly to two per cent in the first three months of 2001.

In cutting rates this year, Greenspan said, "we have been responding to our judgement that a good part of the weakening of demand was likely to persist for a while, and there were significant downside risks even to a weaker central tendency forecast."

With inflation contained, and likely to remain so, he added, the Fed shifted to a more "accommodative" monetary policy in a bid to shore up domestic demand.

He noted that consumer spending, which accounts for two thirds of US gross domestic product, "has been soft but seems, for the moment at least, not unduly so."

But he added that consumer spending was under threat from weaker stock market returns and reduced household wealth and said overall consumer sentiment remains "fragile."

Greenspan nonetheless took heart from evidence that growth in worker productivity, the quantity

of a product turned out in an hour of labour, is still sound.

"The pervasive evidence that the growth of structural productivity remains well maintained and that prospective long-term rates of return probably have been only marginally diminished suggests a solid underpinning to capital spending," he said.

Despite concerns at the Fed about the next several quarters, Greenspan added, there was "ample evidence" that investment in new technologies will rebound, giving a further boost to productivity.

Explaining the origins of the slowdown, Greenspan pointed to the failure of US companies to anticipate a fall-off in demand last year. As a result, they found themselves saddled with overstocked inventories.

"In the middle of the year, he said, 'a round of inventory rebalancing took hold' as firms focused on selling off their stocks rather than producing."

But Greenspan foresaw that "at some point, inventory liquidation will come to an end, and its termination will boost production and promote recovery."

G-15 private sector groups to bridge digital divide

AFP, Jakarta

Three private sector groups from the G-15 developing nations held a one-day meeting here Friday on ways of bridging the digital divide between north and south.

The groups, whose talks will be followed by ministerial-level meetings and the G-15 summit on May 30-31, comprised small and medium business enterprises workshop, a banking and trade financing forum as well as the forum on information and communications technologies.

Indonesian Vice President Megawati Sukarnoputri, who presided at the opening, expressed the "fervent hope" the meetings would "yield results in the form of a plan of action which will further reinforce the capabilities of our business communities."

In a pre-conference meeting in Jakarta last month, speakers said bridging the digital divide between north and south would be the main focus of the Jakarta summit and its lead-up meetings.

The World Bank's coordinator for private sector development in Jakarta, Bernard Drum, told the April meeting the developing world, which accounts for 2.3 billion consumers, or some 84 per cent of the world's population, was being marginalised by the rapid development of communications technologies.

About 40 per cent of the population of Canada and the United States has access to the Internet, but that figure falls to less than three per cent for Latin American countries, Drum said.

The Group of 15 comprises 19 countries -- Algeria, Argentina, Brazil, Chile, Colombia, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Senegal, Sri Lanka, Venezuela, Uruguay and Zimbabwe.



Abbas Uddin Ahmed, Managing Director, The City Bank Limited, and Ziaul H Siddiqui, Executive Director, Bangladesh Bank, exchange the EEF agreement documents after signing it at the conference room of Bangladesh Bank Tuesday.

City Bank signs EEF deal with BB

The City Bank Limited signed a co-operation agreement with Bangladesh Bank on Tuesday to use the Equity and Entrepreneurship Fund (EEF) for encouraging the investors in the risky but promising sectors, says a press release.

Abbas Uddin Ahmed, Managing Director of the bank, and Ziaul H Siddiqui, Executive Director of the central bank, signed the agreement on behalf of their respective sides.

The signing ceremony was attended, among others, by Satya Gopal Podder, Deputy Managing Director, and Md Nurul Akbar Khan, Executive Vice President of the City Bank Limited. Senior officials of the EEF Unit of Bangladesh Bank were also present on the occasion.

Under this agreement The City Bank, as an agent of Bangladesh Bank, will extend equity support to projects in software industry, food processing and agro-based industrial sector.

Japan, ROK ink underwater cable deal ahead of World Cup

AFP, Tokyo

Japan and South Korea signed an agreement Friday to lay two underwater fiber optic cables linking their countries ahead of next year's World Cup soccer finals.

Participants in the 58-million-dollar deal include Korea Telecom Corp., South Korea's state-run telecom carrier, and three Japanese companies -- Kyushu Electric Power Co., Japan Telecom Co. and NTT Communications Corp.

The deal was signed in Fukuoka, western Japan, by Myung-Sup Jun, vice president of the World Cup and International Telecom Business Centre, and Japanese officials, including Taku Ishii, head of Kyushu Electric's corporate planning division.

The firms are to lay two 250-kilometre (155-mile) cables across the Korea Strait to link Pusan with Fukuoka and Kitakyushu, western Japan.



Foreign Ministers from Asia and Europe pose for a group photo with Chinese President Jiang Zemin (C), before the opening ceremony of the Third Asia Europe Foreign Ministers' meeting in Beijing yesterday. Twenty-six ministers from Asia and Europe are in Beijing for the one-day meeting.

ASEM foreign ministers meet in Beijing China calls