

Baghabari 100-MW project

PDB allows bidder to violate major tender terms

STAR BUSINESS REPORT

The Bangladesh Power Development Board (BPDB) has allowed the bidder of the newly built Baghabari 100- MW power plant to install an uninspected gas turbine, a major component of project, sources said.

In addition, the bidder was supposed to provide a turbine manufactured by its own factory. Instead, it has supplied the component from another manufacturer.

Sources said, the BPDB-financed plant has begun test operation only recently although it was supposed to begin full operation a couple of months back.

BPDB awarded the turn-key contract for designing, supplying, installation, commissioning and testing for the Baghabari 100- MW gas turbine to Bharat Heavy Electrical Ltd (BHEL) about two years ago.

As per the contract, the bidder was supposed to supply the gas turbine manufactured by itself at it's own facility in India. BPDB officials had visited the BHEL plant in India and inspected the turbine being manufactured for BPDB.

However, sources said that when the turbine arrived at site it was found to be manufactured in France.

"This plant from France was never inspected by the BPDB," said a source. According to project

management officials of BPDB, this change of origin was quietly approved by BPDB high-ups.

The bidder did not explain why it supplied the component from France while it had manufactured a turbine at its factory in India.

BPDB insiders suspect that the French gas turbine could have been a faulty one which BHEL purchased at a very low price.

BPDB project officials when contacted confirmed that the equipment was shipped from France, but would not comment as to who approved the change. They also confirmed that BPDB had indeed inspected the turbine at the BHEL plant in India which Bangladesh never got.



Photo shows Biman's engineers and technicians performing D-check on an F-28 aircraft in the Biman Engineering Hanger Complex at Kurmitola in the city. This is the second time Biman's engineers and technicians are carrying out D-checks on its F-28 aircraft which will save a huge amount in foreign exchange.

Recession gloom spreads, markets shiver

REUTERS, New York

Governments slashed growth forecasts and companies warned of huge job cuts Wednesday as the threat of global recession loomed large over a world economy reeling from last week's attacks on the United States.

On Wall Street, stocks plunged to fresh three-year lows as investors, still grappling with the enormous human toll of last week's attack on the heart of the US financial system, were hit by a wave of bad corporate news that drove home how bleak the prospects for the world's top economy really are.

Uncertainty over how the world's last superpower will respond to last week's deadly events and fears of a new wave of global violence further unsettled already edgy investors.

In Washington, President George W. Bush tried to stem further damage to financial markets and already shaky consumer confidence, acknowledging the attacks had affected the economy "in a big way" but adding he had faith it would

recover.

Federal Reserve Chairman Alan Greenspan, meeting with Congressional leaders on Wednesday, expressed some concern about the impact of the attacks on the economy, two days after the US central bank kicked off a global round of interest rate cuts to boost waning economic growth.

But lawmakers said all those at the session agreed the foundations of the \$10 trillion US economy were "solid."

The Dow Jones industrial average lost 1.6 per cent and the technology-heavy Nasdaq market ended 1.75 per cent lower, though both finished well off the day's lows after the United States said it was sending combat planes to the Middle East.

The dollar skidded to its lowest level against the Swiss franc in more than 1-1/2 years as investors fled the greenback in search of a safe haven.

Worries over the outlook for the world economy intensified after top aircraft maker Boeing Co. BA.N said

it would lay off up to 30,000 workers by the end of next year in anticipation of a sharp drop in orders. The nation's two largest airline companies — AMR Corp. and United Airlines UAL.Nalso plan to slash 20,000 jobs each, signalling the dire straits confronting an industry seeking government aid.

Adding to the gloom were profit warnings from photo giant Eastman Kodak Co. EK.N, European hotel group Accor ACCP.PA and British telecoms company Cable and Wireless CW.L.

And sentiment soured further after the Fed said the economy was sluggish in August and early September even before hijackers crashed jetliners into US landmarks.

Bush for stimulus
The White House said Bush was "leaning" toward a stimulus package to help the US economy recover but that no decisions had been made. Bush in an extraordinary joint session of Congress was due to address lawmakers on Thursday night.

Treasury Secretary Paul O'Neill

cautioned on Wednesday against rushing into a stimulus package without at first assessing the full impact of the attacks on the economy.

Congress has already approved \$40 billion in emergency spending to fund cleanup operations, rebuilding and additional security measures. Airlines are desperately seeking up to \$17.5 billion in federal funds to stave off bankruptcy after last week's air attacks, which have prompted a sharp drop in travel and sent their revenues plunging.

Concern that a wave of new government debt to finance this spending would flood the bond market hurt long-term bonds, with prices on the 30-year US government issue falling for the third consecutive session, driving yields to six-week highs.

In Europe, similar spending plans are under consideration. The German government proposed a three billion mark plan to boost internal security, which would be financed through increases in taxes on tobacco and insurance.

"It has to be financed now...we can't leave it to future generations to pay for," German Finance Minister Hans Eichel told a news conference in Berlin.

Japan said it was sending its top Ministry of Finance diplomat to Europe and the United States to exchange economic views. But there was no word on whether finance ministers from the Group of Seven top industrial nations would meet soon.

Meanwhile, a round of global interest rate cuts continued with New Zealand and Korea joining a bid to head off a downturn, but analysts said more cuts were needed to rebuild confidence.

All G7 central banks, plus a host of others, have joined in the global easing campaign. Analysts widely expect more rate cuts in the United States and elsewhere in the weeks ahead. Some said the Fed could cut again as soon as Monday.

Airlines stake survival on aid

REUTERS, Washington

Saying its very survival was at stake, the US airline industry asked Congress for \$17.5 billion in government relief Wednesday and urged fast action to stem losses after last week's attacks using hijacked jetliners.

The request outlined by Delta Air Lines Inc. chairman Leo Mullin was cut down from a \$24 billion bid airline executives had outlined in informal talks a day earlier after lawmakers balked at granting over \$7 billion in tax relief.

With airline revenues plunging, credit drying up, insurance premiums skyrocketing and other financial blows coming "fast and furious," Mullin told the House of Representatives Transportation Committee the industry needed \$5 billion in cash aid and up to \$12.5 billion in loan guarantees to keep going.

US Air and UAL, although UAL did complete a round of secured financing in August, worth \$1.5 billion.

The nation's two largest airlines, American and United, have additional problems stemming from the crashes and may also be forced into the courts unless they are able to get federal guarantees protecting them from huge liabilities, bankruptcy attorneys said.

Each airline had two jets hijacked on Sept. 11. One American plane crashed into the World Trade Center in New York and one into the Pentagon near Washington DC. One United plane also crashed into the World Trade Center and another crashed in rural Pennsylvania. All aboard were killed, along with thousands of workers in the World Trade Center and the Pentagon. Rescue workers have also died at the scene.

Oil prices slump as slowdown looms

REUTERS, London

Oil prices spiralled lower Wednesday amid growing worries that the world is about to plunge into a recession that will stunt petroleum consumption.

London Brent blend futures shed 94 cents a barrel to stand at \$26.33 a barrel, bringing this week's total losses to over \$3. US light crude fell 98 cents to \$26.72.

Brent, having spiked briefly to \$31, is now more than \$1 below the levels seen before last week's suicide plane attacks in the United States.

Dealers said worries that US military retaliation could hit Middle East oil supplies were being downplayed among the oil trading community while fears for a recession were growing.

"My gut feeling is that the recessionary effects will, over time, outweigh the (military) hype," said Nigel

Saperia, oil trader at Glencore in London.

"The clear message here is that this is not the Gulf War, when a loss of output from Kuwait and Iraq and the uncertainty over the ensuing hostilities led prices to spike to the \$40 mark," said market analyst Tim Evans of IPR-Pegasus.

"Instead, after the initial spike there has been a growing realisation that demand for oil was among the victims."

Despite interest rate cuts by central banks around the world, economists are downgrading growth forecasts as stock markets slide. ABN Amro bank said on Wednesday it had cut its GDP forecast for the US next year from 2.5 per cent to zero.

Dealers said one of the first signs of the impact of a deepening economic downturn on oil consumption was the large volume of jet fuel being exported out of the United States. Airline bookings have plunged in the wake of the assaults.

Tadao Chino reelected ADB president

UNB, Dhaka

Tadao Chino has been re-elected president of the Asian Development Bank (ADB) for the next five-year term beginning on November 24 this year.

The Board of Governors of the bank unanimously re-elected Tadao Chino its President on Thursday according to a message received here.

Tadao Chino became the ADB's seventh president when he succeeded Mitsue Sato on January 16, 1999.

He was also involved in creation of the ADB and was in charge of planning and preparing for the establishment of AADB at the United Nations Bangkok-based Economic Commission for Asia and Far East (ECAFE).

Under Chino's tenure, the bank has approved several significant strategies to enhance the economic and social progress of its developing member countries.

Emirates suspends Dubai-Colombo flights

Emirates suspended all flights between Dubai and Colombo from September 19 until further notice, says a press release.

Passengers would be rebooked where possible on SriLankan Airlines, Emirates codeshare partner on the Dubai-Colombo route, the release added.

Emirates said the suspension is due to the hugely increased insurance rates currently levied on each aircraft landing at Bandaranaike International Airport.

Emirates will maintain a presence on the ground in Sri Lanka at its town office and at the airport.

S'pore Tourism Board becomes top innovator

Singapore Tourism Board (STB) is the top innovator among the national tourist organisations in the Asia-Pacific region, says a press release.

This is the opinion of a selection panel of 20 experts in the first-ever innovators awards by Travel Weekly East (TWE) a publication by Reed Travel and Meetings Asia.

The STB has also won top place the category for innovation in environment and heritage work for its efforts in the exemplary Changi Chapel relocation and preservation project.

Travel Weekly East's innovator awards seek to recognise specific innovations in the Asia-Pacific tourism industry.

Yeoh Siew Hoon, TWE's editorial director, said: "Innovators Awards recognise companies and individuals who have lifted the bar in the existing market they are in or changed the rules of the game or taken a simple idea and executed it well. The Singapore Tourism Board has certainly excelled in these categories."

The panel of experts comprised decision makers from the Asia-Pacific. They included Luzi Matzig, Group Managing Director of Asian Trails Ltd, Sue Biggs, Managing Director of Kuoni UK, Michael Molloy, Assistant vice President of Credit Suisse First Boston and Andrew Butcher, Publisher, TIME magazine.

Malaysia central bank cuts interest rates

AFP, Kuala Lumpur

Malaysia's central bank Thursday slashed interest rates for the first time in two years to boost economic growth and offset adverse impacts from last week's terror attacks on the US.

Bank Negara Malaysia said it cut its three-month intervention rate in the short-term money market from 5.5 to 5.0 per cent with immediate effect.

It said this would lower the ceiling base lending rates of commercial banks to 6.42 per cent from 6.83 previously, while that for finance companies would fall to 7.46 per cent from 7.98.

The central bank added that its liquidity operations would be directed at maintaining interbank rates in the prevailing range and adjustments to deposit rates were therefore expected to be minimised.

Bank Negara last cut intervention rates in August 1999.

Its intervention rate largely determines interbank lending rates, which in turn are the basis on which commercial banks calculate their base lending rates.