

## National Bank earns Tk 105.26cr operating profit

National Bank Limited (NBL) made an operating profit of Tk 105.26 crore during the year ending December 31, 2001, says a press release.

The bank also made substantial progress in respect of deposit, advance, import and export business. The deposit of the bank stood at Tk 2499.06 crore and advance at Tk 2019.96 crore. The import and export business stood at Tk 2077.32 crore and Tk 2207.10 crore respectively during the same period.

National Bank Limited with a network of 75 branches throughout the country and correspondence with 153 banks in 67 countries made substantial progress in remittance business.

The bank opened nine new branches last year.

## Argentina announces devaluation

AFP, Buenos Aires

President Eduardo Duhalde asked the Argentine Congress Friday for emergency powers, announced a devaluation and warned any further deterioration of the economy could lead to a bloodbath.

But he immediately suffered a setback as the Chamber of Deputies suspended for a day a session he hoped would conclude with passage of the bill.

Opposition lawmakers expressed reservations, and members of Duhalde's Peronist party sought clarifications over the proposed legislation that would allow the new government to immediately scrap the peso's parity with the dollar.

"Devaluation already is a foregone conclusion," the populist new president told business leaders, warning failure to improve the economy would have disastrous consequences.

"One step down would mean a bloodbath," he said in remarks coinciding with Congress' receipt of draft legislation to give him emergency powers to restructure financial, economic and currency exchange policies.

Duhalde, 60, sought the special powers for the entire two-year term to which he was elected by Congress Tuesday.

The draft legislation did not spell out the fate of the Argentine peso, but would grant the government the power to decide what system would determine the peso's value against other currencies.

But officials said the government planned to float the peso while allowing a preferential dollar rate of about 1.35 pesos for imports of essential goods.

## Yugoslav finance minister resigns over closure of insolvent banks

AFP, Belgrade

Yugoslav Finance Minister Jovan Rankovic resigned Friday after disagreeing with a government decision to close four insolvent banks as part of the country's banking restructuring.

In a letter to Yugoslav President Vojislav Kostunica and Prime Minister Dragisa Pesic distributed by the information ministry, Rankovic said he was resigning "because I find it impossible to assume responsibility for the serious consequences that will flow from decisions I believe to be unsuitable."

The four -- Beobanka, Beogradska Banka, Investbanka and Jugobanka -- are the biggest banks in Serbia, the dominant republic of the Yugoslav Federation. Government officials estimate they had amassed non-guaranteed private debt of 3.5 billion marks (1.75 billion euros) in the past decade.

The move by reformers in the ruling coalition to shut the banks signals a desire to break with the financial policies of the government of ousted Yugoslav president Slobodan Milosevic.

Last month Yugoslavia and the World Bank reached an accord to restructure Belgrade's 1.9-billion-dollar debt.

Rankovic had said Thursday that the problems of the four banks' debtors should have been settled before they were liquidated. Survival of some 650 enterprises including a giant metallurgical firm are now in doubt with the closures.

Rankovic sought in vain to persuade Kostunica to veto the closures.

But Yugoslav central bank governor Mladjan Dinkic said re-floating the banks would have involved some 4.2 billion euros, a sum Yugoslavia could never have found.

# Govt stays order to annul agents' commission in insurance cos

## Decision irks BIA members

M SHAMSUR RAHMAN

Discontent is brewing among the general insurance companies over a government decision to stay an order of withdrawing commission for agents working with general insurance companies.

In the wake of widespread allegation of abuse of a provision under the Insurance Act that allowed commission to agents for procuring insurance policies, the Controller of Insurance on December 19 last year stopped the facility through an executive order, fulfilling a demand of the Bangladesh Insurance Association (BIA). The order was issued annulling the commission in general insurance business with immediate effect.

But within a week, the Office of Controller of Insurance kept the order regarding cancellation of commission in abeyance, saying that the

effective date of the order will be notified later.

Insurance sources said the Insurance Act, 1938 empowered general insurance companies to allow commission for agents procuring business. Under the act, the government authorised general insurance companies to pay agents' commission at 15 per cent for fire insurance and 20 per cent for marine insurance.

Sources in insurance companies said because of stiff competition among the general insurance companies the rate of commission payment increased to as high as 50-60 per cent against the premiums.

Such commission had long been shown under development expenditure heads of the companies, reflecting a huge mismatch between the commission and the actual receipt of premiums.

There are currently 39 general insurance companies who are fighting among themselves

for procuring insurance business and a number of them are in the process of draining out funds by taking commission in the name of fictitious agents, the sources said.

The BIA had long been demanding the abolition of such commission for agents to save the sector from ruination and had welcomed the government decision to withdraw the provision.

"But now the companies have become frustrated with the decision of the government," a member of the association said.

Talking to The Daily Star, BIA Chairman Nasir A Chowdhury said the association on January 1 held a meeting and demanded implementation of the date of withdrawal of commission.

"The association also decided to form a committee to expedite the withdrawal of commission system in general insurance business by approaching the relevant government authorities," the BIA president said.

# Bush, Democrats cross swords over how to revive economy

AFP, Washington

President George W. Bush and opposition Democrats have joined battle over how to restore health to the ailing US economy, which may decide who holds Congress after the November 2002 midterm elections.

Each side hopes to convince a US public gripped by mounting fears over a recession that officially began last March and deepened after the September 11 terror strikes that it has the prescription to restore growth.

The president, on vacation at his Texas ranch since just after Christmas, was to travel to California and Oregon this weekend to stump for a roughly 100 billion-dollar stimulus package stalled by Senate Democrats.

Bush, who has earned soaring job approval ratings with his handling of the US-led war on terrorism, should enjoy another high-profile chance to make his case at his first official State of the Union speech in late January.

In the short term, the president's weekly radio address Saturday will focus on what aides now call "eco-

nomics security." Top White House aides are to take the message to Sunday weekly talk shows and his first meeting on returning to Washington will be with economic advisors, a spokesman said.

"The president will begin the New Year by focusing on the domestic agenda, specifically what I refer to as the 'two E's' -- the economy and education," White House spokesman Scott McClellan told reporters.

Such tactics helped Bush last year win his most substantial legislative victory yet: passage of an 11-year, 1.35 trillion-dollar tax cut that top Democrats have blamed -- with the recession -- for vanishing budget surpluses.

"At a time when we need to fight both a war and a recession, when our nation has urgent needs on all fronts, the tax cut has taken away our flexibility and left us with only two choices. Both of them are bad," Senate Democratic Majority Leader Tom Daschle charged Friday.

"We can short-change critical needs, such as strengthening homeland security, or we raid the social security surplus and borrow money to pay for them," he said in

what amounted to a preemptive salvo.

Daschle has opposed the Republican-crafted stimulus plan on grounds that it confers too many tax breaks to the wealthiest Americans and US corporations while doing too little to help workers hurt by the September strikes.

He outlined a seven-point program featuring aid to the unemployed, spending on investment and security, granting Bush trade promotion authority to negotiate trade agreements and tax incentives.

"We should move quickly to pass a bill that boosts demand, encourages investment and creates jobs," the lawmaker said, arguing for "one-year measures that promote economic activity now, when our economy needs it."

US Trade Representative Robert Zoellick expressed satisfaction that Daschle had made trade promotion authority (TPA) for the president a Senate priority.

"From day one, the Bush administration has made renewing TPA a major part of its economic strategy for American economic security, growth, prosperity, and global leadership," he said in a statement.

## Dolphin New Year festival begins

A 15-day grand New Year festival of Dolphin Computers Ltd has begun in the city, says a press release.

The former president of Bangladesh Computers Samity and president of American chamber, Aftab Ul Islam, inaugurated the festival on Tuesday.

The festival will conclude on January 15, 2002.

During the period, buyers of the company's products will receive gifts and coupons for attractive prizes.

Abdullah H Kafi, former president, and Sabur Khan, President of Bangladesh Computers Samity and other dignitaries were present on the occasion.

## Taiwan to allow 900 more China farm items

AFP, Taipei

Taiwan will allow imports of another 900 agricultural goods from mainland China now that the rivals have joined the World Trade Organisation (WTO), it was reported Saturday.

The goods included tomatoes, onions, frozen fish and canned food, the China Times said.

The items are considered less sensitive than others as they are not produced or grown on a large scale in Taiwan.

The 900 add to the 490 items already allowed for import out of a total of 2,092 agricultural products, the newspaper said.

Officials said a list of goods to be allowed for import from the mainland would be released later this month.

Taiwan currently has strict restrictions on imports -- especially of agricultural products -- from the mainland.

Taiwan-China trade is made via third territories, mainly Hong Kong, as the government still bans direct trading with the mainland.

Taipei was expected to complete a package relaxing cross-strait commerce by January 15, including by widening imports from the mainland, allowing direct deals between traders on both sides and allowing Chinese business trips to the island.

## IMF urges Hanoi to encourage private sector

AFP, Washington

Vietnam's economy has remained "robust" despite a slowing global economy, but the country should do more to encourage the private sector and foreign investments, the International Monetary Fund said Friday.

The IMF, which concluded its evaluation of Vietnam on November 21, said the country's economic management has been "broadly on track," and noted that growth was strong while inflation has remained subdued.

IMF directors "welcomed Vietnam's continued track record of sound macroeconomic management and progress in implementing key structural reforms, which have contributed to favourable economic performance under the government's reform program," the IMF said in a statement.

The IMF said it expected the economy to show growth around 4.75 per cent for 2001, with inflation below the official target of five per cent.

"Despite slowing exports, economic growth in 2001 is likely to remain relatively robust, with continuing low inflation and a strengthening of the external position.



Aftab Ul Islam, former president of Bangladesh Computers Samity, and president of American Chamber, inaugurates a 15-day New Year festival of Dolphin Computers Ltd in the city on Tuesday.

# Indo-Pak row hijacks South Asia's war against poverty

REUTERS, New Delhi

The vast lands of South Asia once stood at the centre of world trade, soaking in the riches of the Silk Road linking East and West.

Today, the region accounts for a fifth of the world's population but has a bigger share of its poverty than its commerce.

This weekend's summit of the seven-member South Asian Association for Regional Cooperation (SAARC) helps explain why efforts to improve the lot of its 1.5 billion people 40 per cent of them mired in poverty have

largely floundered.

Aimed at economic development and raising living standards, the meeting has instead been hijacked by the latest threat of war between nuclear rivals India and Pakistan over Kashmir.

And host Nepal is under a state of emergency because the tiny Himalayan kingdom, like virtually every SAARC member, is racked by costly internal violence; in Nepal's case, Maoist guerrillas modelled on Peru's Shining Path.

"South Asia's real problems of poverty, inequality and discrimination should be the main focus of the

South Asian summit," Nepali Times editor Kunda Dixit wrote in Friday's International Herald Tribune.

"The (summit)...brings together seven nations of vastly disparate sizes...that share a common challenge: improving the lives of their 1.5 billion citizens.

"(But) their economic growth has been stunted by too much spending on defence and too little on health, education and training programme."

The grouping brings together Bangladesh, Bhutan, India, Nepal, the Maldives, Pakistan and Sri Lanka. All but the Maldives have security problems.

## CURRENCY

Following is yesterday's forex trading statement by Standard Chartered Bank

Selling	BC	Currency	TT Clean	OD Sight/Doc	OD Transfer
57.6500	57.6800	USD	56.5000	56.3314	56.2629
52.3105	52.3974	EUR	49.8650	49.6816	49.6050
84.1619	84.2039	GBP	81.0397	80.7732	80.7186
30.7270	30.7515	AUD	28.8883	28.5958	28.5157
0.4434	0.4435	JPY	0.4280	0.4278	0.4288
35.1560	35.1805	CHF	33.9374	33.8429	33.7584
5.6457	5.6509	SEK	5.4262	5.4086	5.3926
36.3473	36.3718	CAD	35.2058	35.1122	35.0290
7.4009	7.4022	HKD	7.2417	7.2240	7.2066
31.540	31.5611	SGD	30.6297	30.5859	30.4713
15.8253	15.8429	AED	15.2494	15.2275	15.2090
15.4933	15.5117	SAR	14.9524	14.9157	14.8975

Usance export bills	TT Doc	30 days	60 days	90 days	120 days	180 days
USD	56.3835	56.0356	55.5712	55.0372	54.4567	53.1564
EUR	49.7697	49.4626	49.0527	48.5813	48.0689	46.9212
GBP	80.8652	80.3663	79.7003	78.9343	78.1018	76.2370

The local interbank foreign exchange market was moderately active. Demand for dollar was steady. Demand for BDT for overnight borrowing at call was slightly sluggish and the call rate ranged between 9 and 10 per cent.

In the international markets on Friday, yen rebounded against the major currencies due to profit taking by traders after the long holidays and partly because of the 3 per cent rise in the Tokyo Stock index Nikkei. Dollar gained against euro on account of higher than expected rise in US service activity, fall in job loss rates and three-day rally in the stock indices. Now that the Europhoria of the smooth launching of euro notes is over, and analysts are focusing on the fundamentals again, the European single currency has resumed its languid trance.

At New York closing on Friday, euro traded at 0.8947/52 against dollar, pound sterling at 1.4462/68 and yen traded at 130.87/95 against US dollar.

\*This memorandum is issued by Standard Chartered Bank and is based on or derived from information generally available to the public from sources believed to be reliable.

## ReadyCash raffle draw winners

Prize	Winner Name	Address
1st Prize	Mahzuba Tazri Oishi	Mahzuba Tazri Oishi, 10/10, Dhaka
2nd Prize	Kaisha Tarasimon Nabulsi	Kaisha Tarasimon Nabulsi, 10/10, Dhaka
3rd Prize	Zohra Asia Anon Eza	Zohra Asia Anon Eza, 10/10, Dhaka



Global Beverage Co. Ltd organised a function at its office in the city yesterday to congratulate the winners of Virgin New Year 2002 offer.

# Japan heads towards default, says US think tank

AFP, Tokyo

Japan's financial system is headed toward collapse and will require a government bailout of one trillion dollars, a US think tank said.

"Japan appears poised to follow the passive route of outright default," resident scholar John H. Makin wrote in the monthly Economic Outlook report put out by the American Enterprise Institute for Public Policy Research on Wednesday.

"The negative net worth of the Japanese banking system is somewhere above the yen-equivalent of one trillion dollars," Makin wrote. "When the banking system col-

lapses ... the Bank of Japan will need to inject at least one trillion into the banks to protect depositors from losses."

He said such a procedure would need to be financed by the Japanese government, resulting in total public debt jumping by 15 per cent, and causing a surge in liquidity that would cause Japan's currency and bonds to collapse.

"Japan's deflation and debt crisis now constitute systemic risk to the global economy," he wrote.

The report harshly criticizes Japan for failing to stop rampant deflation, which increases the burden of paying off debts.

"Efforts by the Bank of Japan to

boost economic activity and to reflate by increasing reserves in the banking system and cutting short-term interest rates virtually to zero amount to beating harder a dead horse," Makin wrote.

"The dead horse is the Japanese banking system, which by virtue of its insolvency is unable to act as a financial intermediary borrowing short from the central bank and lending to Japan's private sector."

Makin also criticized moves to postpone past next March the government's plan to cap its guarantee on bank deposits to 10 million yen (76,000 dollars), saying: "that step will only delay the outright collapse of the banking system."

## China plans to build world's 2nd-longest sea bridge

AFP, Beijing

China plans to build a 36-kilometer (23-mile) bridge that it claims will be the world's second-longest cross-sea bridge, state media reported Saturday.

The bridge will be built at Hangzhou Bay in eastern Zhejiang province, the Xinhua news agency said.

It will boost the region's economy as it will shorten by 130 kilometers (81 miles) the distance between Shanghai and the port city of Ningbo, it said.

The projected cost of the new bridge was 10 billion yuan (1.2 billion dollars) up from the previously reported 6.5 billion yuan (780 million dollars).

Financing will be via bank loans and bond issuances with a small amount of money being provided by the central government, Xinhua said.

Xinhua did not provide a timetable for start or completion of construction. Previous reports said construction would begin in 2002 and take five years.

The report did not give the exact location of the bridge, nor name the longest cross-sea bridge. Hangzhou Bay is a part of the East China Sea.

## Intel to launch new Pentium 4 chips tomorrow

AFP, San Francisco

Intel, the world's leading manufacturer of computer chips, is scheduled to launch a new line of speedier Pentium 4 chips Monday which will clock in at a record 2.2 gigahertz, company sources said.

The new chips will be created with the Santa Clara, California manufacturer's new so-called "130 nanometer" manufacturing process, a reference to the average size of a component on the chip. Currently, chips components average 180 nanometers.

Reduction in chip component size, which include the microscopic transistors that process data, usually correspond with chips that run cooler and are cheaper to manufacture. Computer chips are the "brains" of a computer and its most expensive component.

The new Intel chips, code-named "Northwood," will allow Intel to continue its price war with AMD and other rivals. That competition has seen the price of speedy desktop computers dip below the 1,000 dollar mark last year. That contest also severely cut into chip manufacturer profits.