

## ADB okays \$526,000 equity for CDBL

BSS, Dhaka

The Asian Development Bank (ADB) Thursday approved an equity investment of US\$ 526,000 to a new local computerising firm for its project on automated depository system in Bangladesh.

Central Depository Bangladesh Limited (CDBL), a new company, has initiated US\$ 5.26 million project to automate depository system in the country.

The central depository system, an electronic book system, will record the title and transfer of securities ownership.

The central depository system will help bourses modernise securities transaction process and pave the way for further development of the capital market. This would help restore the confidence of the local and foreign investors towards the capital market and thus would contribute to economic growth by improving fund mobilisation, ADB investment officer Peter Marco hoped.

Other investors included local and foreign banks, bourses in Dhaka and Chittagong and other financial institutions.

## Palli Progati Prakalpa starts

BSS, Dhaka

Palli Progati Prakalpa, a micro-credit programme of Tk 31 crore, formally started its functioning yesterday with the signing of a memorandum of understanding (MOU) between Rajshahi Krishi Unnayan Bank (RAKUB) and Bangladesh Rural Development Board (BRDB).

The MOU was signed by A F M Motiur Rahman, director general of BRDB and Dr Mojibur Rahman Khan, managing director of RAKUB at Bangladesh Secretariat in the city yesterday.

Dhiraj Kumar Nath, secretary of Rural Development & Cooperatives Division, and high officials of concerned ministry, division, bank and BRDB were present at the signing ceremony.

A total of 127 upazilas of Rajshahi Division have been taken under this programme and it will be implemented in one union of each upazila.

Under this programme, two village organisers will work on commission basis as no manpower will be recruited in the project.

## C'wealth finance ministers meet in London on Sept 24-26

AFP, London

London will host the next annual meeting of Commonwealth Finance Ministers between September 24 and 26, the Commonwealth Secretariat said in a statement issued late Wednesday.

The three-day gathering at the Commonwealth Institute will bring together ministers and delegates from 52 member countries, added the statement issued in London.

It said that "a special theme for one of the main sessions will be Delivering the Monterrey Consensus".

## Malaysian labour shortage no surprise, says Indonesia

AFP, Jakarta

Malaysia's shortage of workers following a crackdown on illegal Indonesian laborers is no surprise, Indonesian Manpower Minister Jacob Nuwa Wea said Wednesday.

"I already expected they'd experience it. I expected it from the start," Nuwa Wea said, as quoted by the state news agency Antara.

His comments coincided with Malaysia's move Wednesday to lift a ban on the recruitment of Indonesian construction workers in the face of serious labor shortages.

Work on some construction sites had stopped after a recent clampdown on illegal immigrants sent more than 300,000 laborers, most of them Indonesian, fleeing for home.

The ban was imposed in February after Indonesian workers were involved in two riots, and the government said in future they could be employed only as maids and plantation laborers.

# SEC orders Z group cos to recast boards

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) has issued an order for reconstituting the existing boards of directors of the listed companies remained in Z category for one year or more to improve their performances.

The companies have been asked to reconstitute their existing boards by holding extra-ordinary general meetings within six months.

"Within six months from the reconstitution of the boards of

directors, the companies shall be able to identify specific reasons for their failures and also name people, if any, responsible for the failures," said the SEC order.

The chairman of the reconstituted boards shall be elected from the directors, other than those from the sponsors group, in the case when holdings of the sponsors group do not exceed fifty per cent of total holdings in the company. The managing director shall be appointed on professional considerations, said the SEC order issued

on Wednesday.

It said the issuer companies will also take appropriate steps including legal measures, if applicable, against the persons identified for the company failures, and prepare specific proposals for appropriate action plans for improving the operational and financial performance with a view to running the firms profitably.

"In case the issuer fails to show improved operational and financial performance of the company within twenty four months from the date of

board reconstitution, it shall take appropriate measures for dissolution of the company, including merger or winding up, as per law, after taking the shareholders approval by holding extra-ordinary general meeting within three months of expiry of the twenty four months."

The directors of the existing or the reconstituted boards of the companies shall individually and collectively be responsible for due compliance of the conditions, the SEC order said.

# Leading US airline preparing for bankruptcy protection

## United Airlines faces debt payments crisis with empty pockets

AFP, Chicago

United Airlines, the second-biggest US carrier, said Wednesday it was preparing for a Chapter 11 bankruptcy filing as it faced looming debt payments with empty pockets.

"We are facing debt payments of 875 million dollars in the fourth quarter and we have insufficient access to the public capital markets to repay them," parent company UAL chairman and chief executive Jack Creighton said.

"Revenue is not coming back the way the industry expected. Demand is not returning, fares remain low, and the industry is grappling with how to respond," he added.

"At United, we have determined that we must make improvements in our business plan to ensure we get the cost savings we need to compete in an industry that has fundamentally changed."

Creighton said the airline had given itself 30 days to complete talks with all stakeholders.

"As a result, the changes we

dollar loan from a state program aimed at stabilising airlines after the September 11 terror attacks.

"Unless we lower our costs dramatically, filing for bankruptcy protection will be the only way we can ensure the company's future and the continued operation of our airline," Creighton said.

"The world has changed," he said.

"Whatever course we take, we have one message for customers: our recovery efforts are about the long-term health of United Airlines," Creighton said. "We will do whatever it takes to continue to meet the needs of our customers for many years to come."

Speculation had mounted for months that United Airlines may be forced into bankruptcy.

Jon Ash, managing director at Global Aviation Associates, said the airline was hampered by a structure in which pilots owned 25 per cent of the company and other employees another 30 per cent.

"In effect the pilots have

increased their income considerably on the one hand. On the other hand they basically are sitting on the board and having a significant influence on management decisions," Ash said.

The climate for the US aviation industry was harsh, Ash said, with losses of about 4.5 billion dollars likely this year before a possible break-even next year.

United Airlines said it had already placed employees on furlough, retired fleets, slashed investment, and eliminated commissions in the wake of the September 11 attacks.

"Despite those efforts, we have to do more," Creighton said.

Two United Airlines passenger planes were lost in the September 11 attacks. Hijackers flew one into the World Trade Center. They crashed the other near Pittsburgh, Pennsylvania.



PHOTO: INTERSPEED

Chris Keljik, group executive director of Standard Chartered Group, called on Finance and Planning Minister M Saifur Rahman at his office on Tuesday. During the meeting, John Filmeridis, regional head of Middle East & South Asia (MESA), and Muhammad A (Rume) Ali, chief executive officer in Bangladesh of Standard Chartered Bank, were also present. They discussed various bilateral issues with special reference to foreign banks.

# Migrant crackdown backfires on Malaysian economy

AFP, Kuala Lumpur

Malaysia set out to teach illegal immigrants a lesson by sending hundreds of thousands fleeing home recently under threat of jail and caning, but learnt one itself -- the economy needs migrant workers badly.

Local newspapers Thursday focussed on an embarrassing about-turn in which the government reversed a ban on the employment of Indonesians in the construction sector and agreed to a new recruitment drive.

The move came after property developers warned construction sites were grinding to a halt and project delays would cost millions of dollars and possibly push house prices up by as much as 10 per cent.

Illegal Indonesian immigrants made up 70 per cent of the building industry's 500,000 foreign workers, according to the Master Builders Association of Malaysia (MBAM).

Many of them were among the

more than 300,000 people who left for home during a four month amnesty ahead of the introduction of tough new penalties for illegal immigrants which came into effect on August 1.

The crackdown on illegals exacerbated labour problems caused by a government ban on even the legal recruitment of Indonesians for the construction industry, which was imposed in February after two riots by migrant workers.

The government ordered that Indonesians should only be employed as domestic maids and builders in this relatively-developed southeast Asian economy should recruit workers from countries such as Myanmar, Cambodia, Laos, Vietnam and the Philippines.

But contractors have made it clear that they prefer the Indonesians, saying they are skilled, share a similar language and culture to Malaysians and are the only workers prepared to put up with the hot and tough conditions on

construction sites. MBAM vice-president Patrick Wong hailed Wednesday's decision to lift the ban, telling the New Straits Times: "The government now understands our plight."

Wong said, however, that the industry would still be hit by a slowdown over the next few months.

"Workers will trickle in and the industry will only get back to its productive pace in about six months."

Human Resources Minister Fong Chan Onn acknowledged the problem, saying the government would "facilitate the intake of new foreign workers, shorten the process of approval."

But, he said, in the long term Malaysia wanted to be able to rely on its own labour force.

## New senior EVP of AB Bank

Arab Bangladesh Bank Ltd has promoted Iqbal Uddin Ahmed as its senior executive vice president, says a press release.

His promotion has been effective from August 1, 2002.

Prior to his promotion, Iqbal was the executive vice president of the Credit Division of the bank at head office.

He joined AB Bank in the year 1983 and headed different branches all over the country including the bank's principal branch in Dhaka.

Iqbal is a Masters with Honors in Management in Commerce from Dhaka University.

He has undergone for various trainings and attended seminars at home and abroad.



# ADB wants Dhaka to move for sub-regional transit

BSS, Dhaka

The Asian Development Bank (ADB) has said by the time a preferential trading arrangement under the auspices of SAARC is completed, Bangladesh should move swiftly for free trade and transit arrangements within the sub-region.

The country should simultaneously keep on pressing other SAARC partners to accelerate progress on regional trade to boost its exports in the region, the bank has recommended this in a recent draft study report.

"Even without preferential regional trade, Bangladesh has to address the issue of transit or transshipment to and from the ports of Chittagong and Mongla for its

landlocked neighbours Nepal, Bhutan and India's eastern states, as well as transit between those states and rest of India," the ADB report said.

The bank has also urged for committing resources to implement the findings of a study presently underway to help the garment exporters face the market challenges of 2005 with the phasing out of the Multi-Fiber Agreement (MFA).

It recommended for strengthening the ongoing capacity building activities of the Ministry of Commerce and other public and private agencies to address the World Trade Organisation (WTO) issues.

The bank also proposed for transformation of the Export Promotion Bureau (EPB) into an

effective commercial agency.

Special efforts should be made to raise product standards on the basis of public-private partnership as well as international accreditation to provide standard advice and testing and certification services to producers, the report observed.

The ADB pleaded for exemption or rebatement of Value Added Tax (VAT) on exports and simplification of the corporate income and dividend tax structure and aligning it properly with personal income tax.

The bank, currently seeking opinions of the leading chambers to finalise the report, said the efficiency of the Chittagong Port operations and power supply should be improved on an urgent basis.



PHOTO: EXPRESSIONS LTD

Corporate Finance Unit of IDLC of Bangladesh Limited has arranged a consortium term finance of Tk 950 million for Westmont Power (Bangladesh) Ltd. Photo shows Murshid Kuli Khan, managing director of Janata Bank, Rabiul Hussain, managing director of Sonali Bank, Abbas Uddin Ahmed, managing director of The City Bank Ltd, Syed Anisul Huq, managing director of Bank Asia Ltd, M Aminul Islam, managing director of IDLC of Bangladesh Ltd, A K M Nozmul Haque, managing director of IIDFC Ltd, M Ziaul Haq, deputy managing director of Janata Bank, Helal Ahmed Chowdhury, general manager of Pubali Bank Ltd, Kazi Tajul Islam Faruque, chairman, Viayan Anandan, director, and Tufail Sami, adviser of Westmont Power (Bangladesh) Ltd, attending the signing ceremony at a city hotel on Tuesday.

# IDLC arranges Tk 950m for Westmont Power

The Corporate Finance Unit of IDLC of Bangladesh Limited, a leading multi-product financial institution, has arranged a consortium term finance of Tk 950 million for Westmont Power (Bangladesh) Ltd (WPBL), says a press release.

Janata Bank has been the lead bank of this consortium financing.

The proposed syndicated

financing would finance a combined cycle barge of 50 MW, which would operate on the exhaust gas of the existing simple cycle barge.

The proposed project will not only be able to partly alleviate the power crisis situation of the country but also make the whole project

more environment-friendly.

A facility agreement signing ceremony in this regard was held at a city hotel on Tuesday between WPBL and participating financial institutions. Apart from IDLC and Janata Bank, other financiers of the project are Sonali Bank, Pubali Bank Ltd, IIDFC Ltd, The City Bank Ltd and Bank Asia Ltd.

Murshid Kuli Khan, managing director of Janata Bank, Rabiul Hussain, managing director of Sonali Bank, Abbas Uddin Ahmed, managing director of The City Bank Ltd, Syed Anisul Huq, managing director of Bank Asia Ltd, M Aminul Islam, managing director of IDLC of

Bangladesh Ltd AKM Nozmul Haque, managing director of IIDFC Ltd, M Ziaul Haq, deputy managing director of Janata Bank, Helal Ahmed Chowdhury, general manager of Pubali Bank Ltd, Kazi Tajul Islam Faruque, chairman, Viayan Anandan, director and Tufail Sami, adviser of Westmont Power (Bangladesh) Ltd, were present of the signing ceremony, among other top executives.

WPBL has been operating a simple cycle barge of 90 MW at Baghabari, Sirajganj and supplying electricity to the national grid over the last three years.

# US ready to end farm export subsidies: Zoellick

AFP, Paris

The United States is prepared to cut off agricultural export subsidies in the context of a wider US proposal to slash global farm subsidies, US Trade Representative Robert Zoellick has told a French daily.

"We're ready to eliminate all export assistance," Zoellick told Le Monde in an interview published in the afternoon paper's Thursday edition.

Washington is locked in a trade dispute with Canada, the European Union and Japan over its proposal to cut farm subsidies worldwide by about 100 billion dollars (102 billion euros), in a bid to reduce trade-distorting supports.

Brussels and Ottawa have said the proposal, presented last month

at the World Trade Organization, flies in the face of US legislation that will award some 180 billion dollars to US farmers over the next 10 years.

Zoellick called the proposal "the challenge that we make to those in Europe who accuse the United States of oversubsidizing its agricultural sector."

Last month, European Agriculture Commissioner Franz Fischler called the proposals "unbalanced", saying they required "a great deal more effort from other countries than from the US."

On the question of domestic subsidies, Washington's top trade official said of yearly contributions: "We're ready to go from 19 billion dollars to 10 billion, and Europe could be above us at 12 billion

dollars."

The European Union currently spends 40 billion euros a year on farm subsidies. Efforts to reform the massive aid program have pitted net contributors like Germany against net beneficiaries like France and Spain.

The European Commission plans to reform its Common Agricultural Policy by severing the link between the amount farmers produce and the level of direct subsidies they receive.

"The United States and the rest of the world hopes that the European Commission will succeed, as it would help developing nations to boost their participation on world agricultural markets," Zoellick told Le Monde.

# WTO ministers to meet in Sydney Nov 14, 15

AFP, Sydney

Australia will host an informal meeting of trade ministers in November to discuss progress in the latest round of World Trade Organization (WTO) negotiations, Trade Minister Mark Vaile announced on Thursday.

The meeting will draw officials from about 25 nations to Sydney on November 14 and 15, a year after WTO ministers gathered in Doha to launch a new round of negotiations to lower global trade barriers, Vaile said.

"The Doha round is vitally important for the global trading

system and for Australia's trade interests," Vaile said.

"I am determined that Australia takes every opportunity to ensure the round moves ahead and concludes on schedule," he said.

"Aside from the major industrialised countries, such as the EU and the United States, I have been in contact with my colleagues in developed and developing countries across a wide range of regions and interests," he said.

"The meeting will help build understanding across the range of key issues, including development issues as well as market access and the preparations for the next

Ministerial meeting."

Trade ministry officials said the meeting would bring together representatives of the 25 main players in the negotiations and include ministers from Asia and Latin America.

But a spokesman said the list of participants was not yet finalised.

The next full meeting of the 144-member WTO will be held in Cancun, Mexico, in September 2003, and Vaile said he had discussed his plans for the November gathering here with Mexican Economy Minister Luis Derbez, who will chair next year's talks.