Star
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S'pore visa to be issued from Chittagong

STAFF CORRESPONDENT, *Chittagong*

Singapore visa will also be issued from Chittagong from tomorrow.

A booth has already been set up at the Chittagong office of Silk Air, the sister concern of Singapore Air Lines, for the purpose.

Silk Air Manager K Narayan disclosed this while talking to a group of journalists at a local hotel on Wednesday. "Singaporean visa issuance process has been arranged from Chittagong to fulfil the demand of people in the port city," he said.

The Chittagong office of Silk Air will take three to 10 days to get the visa-related formalities done before issuing visa to be given without any sponsorship certificate, officials said.

Initially, visa will be issued for five purposes that include travel, business trip, transit, seamen's job and medical treatment. Visa for other categories will be issued gradually from the port city.

Now passengers from Chittagong willing to travel Singapore will not be required to visit Dhaka to get visa.

Pvt, public mutual funds in uneven competition

STAR BUSINESS REPORT

There has been an uneven playing field between the operations of public and private mutual funds in the country's capital market, as the public funds are not regulated under the SEC rules.

Citing an example of Investment Corporation of Bangladesh (ICB), a study said the ICB does not publish the net asset value of the mutual funds or submit performance reports to the Securities and Exchange Commission (SEC). But the private mutual funds have to comply with all the procedures, the study added.

In fact, the ICB mutual funds' valuation method is also not made public. There is no separate and independent trustee or custodian for the funds.

The funds under management of the ICB borrow regularly as a practice to finance equity investments while borrowing is totally banned under the rules for any purpose by the privately managed mutual funds, the study prepared by AIMS of Bangladesh Limited, an asset management company, mentioned.

The practice of borrowing for stock investment is highly risky and also a great market distorter since the borrowing from the management (parent) company is made at a discounted rate (averaging 9 to 10 per cent annually) against normal average commercial bank overdraft rate of 16 to 18 per cent per annum with quarterly rests, the study said.

"In fact at the end of the 2001 accounting period, the ICB Second Mutual Fund had a staggering 212 per cent borrowing over its paid-up capital and few others had over 100 per cent," the study added.

The Bangladesh Shilpa Rin Sangstha (BSRS) mutual fund also enjoys similar privilege and immunities.

The ICB remains the single largest capital market operator with over 75,000 investors' accounts, eight listed closed-end and the only one open-end mutual fund of the country under its management.

The state-owned investment company has created three separate subsidiaries but has no plans to transfer assets, particularly the existing mutual funds, to the newly created subsidiaries, the study said.

Bangladesh has a small community of 29 merchant banks licenced by the SEC. However, these merchant banks have a severe dearth of skilled manpower and their performances have been quite dismal and only a few of them are now active, the study said.

The pool of organised investment funds is miniscule since the merchant banks have failed to build up a respectable retail client base.

Dragon, GP, Rangs ITT, BR sign deal on fibre optic connectivity

Dragon Group has signed an agreement with GrameenPhone, Bangladesh Railway (BR) and Rangs ITT Ltd, for setting up fibre optic connectivity between the Groups head office in Dhaka and its factory in Comilla, says a press release.

This technology will provide facilities such as video conference, close circuit TV, radio, voice, data communication and data transferring.

Mostafa Quamrus Sobhan, director of Dragon Group of Companies, Yahya, director (ECL) of GrameenPhone, A H M Sultanur Reza, AGM of Rangs ITT Ltd, and executives of Dragon Group were present during the agreement signing ceremony.

PHOTO: DRAGON GROUP

Picture shows the signing ceremony of an agreement between Dragon Group, GrameenPhone, Bangladesh Railway and Rangs ITT Ltd on fibre optic connectivity recently.

India's factory output up by cracking 6.4pc

REUTERS, *New Delhi*

India's industrial output rose by a cracking 6.4 per cent in July, data showed Thursday, but analysts said recovery may be hit by the country's worst drought in 15 years and rising global oil prices.

Twelve months ago industrial output growth was a paltry 2.6 per cent.

"The data shows growth much higher than the previous few months and there was some indication of this happening from the core sector and export numbers released earlier," said M R Madhavan, head of research at Bank of America in Bombay.

"However, it will be difficult to sustain this level of growth for the rest of the year given the impact of the poor rainfall," he added.

Between April and July, industrial output rose 4.7 per cent compared with 2.3 per cent in the same period last year.

Thursday's data showed the manufacturing sector grew 5.7 per cent in July compared with 2.9 per cent growth a year ago.

Pak price indices up

REUTERS, *Islamabad*

Pakistan's consumer and wholesale price indices rose in August over the previous month and the same period last year, the Federal Bureau of Statistics said Thursday.

The government office gave no explanation for the data but analysts attributed the rise mainly to a steady increase in domestic petroleum prices linked to the international market.

Mohammad Sohail, head of research at Investcap Securities, said there had been a steady increase in international fuel, cotton and edible oil prices had hit domestic prices.

"These three commodities are following global price trends and they have a trickle-down impact on overall prices in the domestic market," he said.

Pakistan imports more than 8 per cent of edible oil to meet its domestic requirement 1.9 million tonnes a year, while it is almost totally dependent on imported fuel.

The country has begun liberalising its petroleum sector since last year, letting product prices follow international price trends and fluctuations more closely.

ASEAN moves to expand free trade area with China, Japan

AFP, *Bandar Seri Begawan*

Southeast Asian economic ministers on Friday took crucial steps to expand the region's free trade area (FTA) to its more prosperous neighbours China and Japan in a bid to deepen regional economic integration.

The Association of Southeast Asian Nations (ASEAN) used their annual dialogue in Brunei to discuss with their Chinese and Japanese counterparts on the proposed closer economic partnerships.

ASEAN already has its own free trade zone, the ASEAN Free Trade Area (AFTA), which has begun cutting tariffs to a maximum 5.0 per cent this year on most goods traded within the region of 500 million consumers.

The FTAs with China will add on 1.2 billion people, while Japan has a population of more than 127 million.

China is to start slashing cutting tariffs on selected ASEAN imports next year under an "early harvest" package in its future FTA with the 10-nation ASEAN, the ministers said after a meeting with Chinese Minister of Foreign Trade and Economic Cooperation Shi Guang Sheng.

The move is expected to give momentum to forming the world's biggest free trade zone within 10 years.

The ASEAN ministers also met with Japanese Minister of Economy, Trade and Industry Takeo Hiranuma and announced both sides have agreed to ask their leaders to have Japan and ASEAN to start considering a framework for their own closer economic partnership.

The process to establish the ASEAN-Japan Closer Economic Partnership (AJCEP), which would include an FTA, could put the spotlight on Tokyo's sensitive agriculture sector.

But Hiranuma said despite its sensitivity at home, Japan is willing discuss the agricultural sector with ASEAN.

In a joint ASEAN-Japan statement, the ministers said they would ask their leaders to "commence consideration of a framework that would provide a basis for concrete plans and elements towards realising" the AJCEP also within 10 years' time.

AB Bank to buy Lafarge shares thru' pre-IPO arrangement

Arab Bangladesh Bank Limited has entered into an agreement with Lafarge Surma Cement Limited (LSC) to buy one million shares of the company amounting to Tk 10 crore through pre-IPO private arrangement, says a press release.

Young Ngai Chan, managing director of Lafarge Surma Cement Ltd, and Abu Haniff Khan, president & managing director of Arab Bangladesh Bank Limited, signed the agreement on behalf of their respective sides at a ceremony held in the city on Monday, says a press release.

Iqbal U Ahmed, senior executive vice-president, Ali Reza Iftekhar, senior executive vice-president, and other senior executives of Arab Bangladesh Bank Limited; Masud Khan, finance director of Lafarge Surma Cement, Ziaul Quddus, vice-chairman of Swadesh Investment Ltd, were present at the signing ceremony.

LSC is being set up as the country's only modern integrated clinker based cement manufacturing plant at Chhatak under Sunamganj to produce 1.2 million tons of cement per year. The project is expected to commence production by the end of 2004.

AB Bank is also participating in the long-term loan and other form of financing in LSC.

Emirates adds new technology to its departure system at ZIA

Emirates has introduced new technology to its departure systems at Zia International Airport (ZIA) to make the process quicker and more user-friendly for passengers, says a press release.

On the occasion, a function was held at Balaka Sheraton Restaurant at ZIA recently.

The Dubai-based international airline has installed both Mercator Airlines Control System (MACS) and the Mercator Airlines Reservation System (MARS) at Dhaka to streamline the process. These integrated computer programmes are linked to the airline's central control at Emirates' hub in Dubai, bringing added efficiencies to the ticketing and check-in procedure.

Travel details of the passenger along with special requests, seat request, Skywards membership and other details can be entered in the PNR (Passenger Name Record) of the reservation system which are instantly transferred to the departure control system.

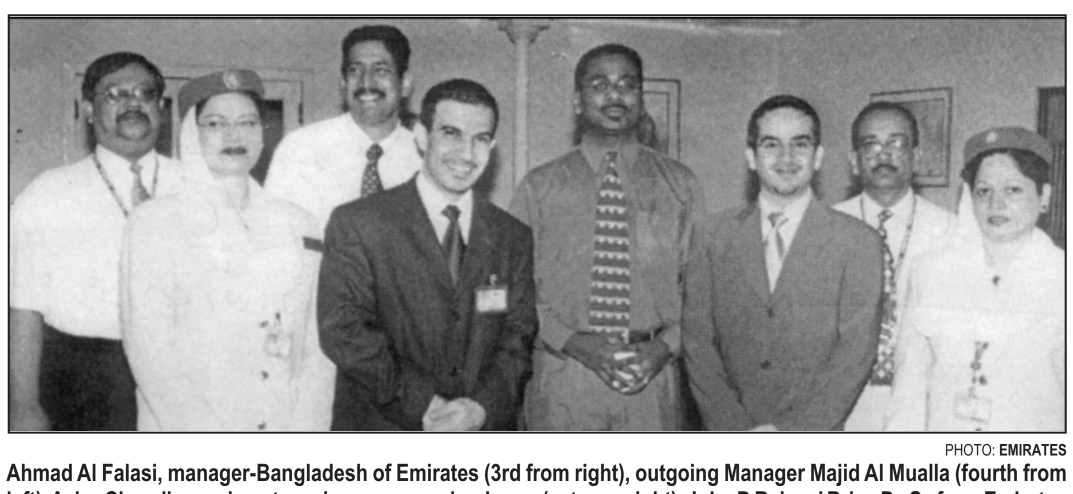


PHOTO: EMIRATES

Ahmad Al Falasi, manager-Bangladesh of Emirates (3rd from right), outgoing Manager Majid Al Mualla (fourth from left), Aziza Choudhury, airport services manager in-charge (extreme right), John D Raj and Brian De Sa from Emirates head office, Shoma Zahid, station officer (second from left), among others are seen at a function organised to mark the introduction of a new technology at the airline's own departure control system at Zia International Airport recently.

Former Tyco chief, 2 others charged for running 'criminal enterprise'

AFP, *New York*

Former Tyco International chief Dennis Kozlowski and two other former executives were indicted Thursday, accused of running a "criminal enterprise" that stole millions from the conglomerate, officials said.

Manhattan District Attorney Robert Morgenthau said Kozlowski, the former chairman and chief executive, and former chief finance officer Mark Swartz were charged with "enterprise corruption for stealing more than 170 million dollars from Tyco and obtaining more than 430 million by fraud in the sale of securities."

Chief legal officer Mark Belnick was charged separately with falsifying business records and concealing millions of dollars in personal loans, Morganthau told a news conference.

The announcement of criminal charges coincided with the filing of a Securities and Exchange Commission civil charging the three with fraud, and Tyco itself sued Kozlowski seeking to recover 100 million dollars alleged misappropriated by the former chief.

Morganthau said his office was seeking an order to freeze 600 million dollars in assets of Kozlowski and Swartz while the case is pending.

The indictment alleges that from early 1995, Kozlowski and Swartz were part of a "criminal enterprise ... which was created ... for the purpose of stealing money from Tyco and defrauding investors."

Morgenthau said the indictment alleges that Kozlowski "was in charge of the (criminal) enterprise and looted the company" by awarding himself bonuses and using millions of dollars company funds for personal expenses.

The SEC, which conducted a joint probe with the district attorney's office, said Kozlowski and the two others failed to disclose multimillion-dollar low-interest and interest-free loans they took from the company and, in some cases never repaid.

The SEC complaint alleges that the three former executives also sold shares of Tyco stock valued at millions of dollars while their self-dealing remained undisclosed.

Abu Haniff Khan, president and managing director of ABBL, and Yong Ngai Chan, managing director of Lafarge Surma Cement Ltd, sign an agreement on behalf of their respective sides in the city on Monday. Under the deal, the bank will buy Tk 10 crore shares of Lafarge through pre-IPO private arrangement.

India likely to raise foreign ownership in key sectors

Govt mulls foreign airlines on domestic routes

AFP, *New Delhi*

India is considering lifting the foreign ownership limits in the telecoms, insurance and civil aviation sectors and allowing foreign airlines to fly domestic routes, officials said Friday.

The proposals have been triggered by a recent report of India's top economic think tank, the governmental Planning Commission, which suggested raising the foreign ownership limits to boost foreign investment.

Industry and Commerce Minister Murasoli Maran and Finance Minister Jaswant Singh met Thursday evening to discuss the proposals and it is likely that concrete policies would be discussed at a cabinet meeting next week, sources said.

Foreign airlines are now not allowed to take stakes in the domestic aviation sector, a policy which stopped a recent planned joint venture between the Tata group and Singapore Airlines from taking off.

However, sources said the civil aviation ministry has decided not to oppose relaxing the rules because of a desire to boost the depressed industry.

"The quality and competitiveness of domestic civil aviation can be improved on a sustainable basis by the entry of foreign airlines. The current ban on foreign airlines participation in joint ventures is not possible to justify on rational economic grounds," the report of the planning commission said.

The report suggested that the government allow foreign airlines to hold up to 49 per cent of joint ventures with Indian companies in the domestic aviation sector.

It also said that the government should allow 100 per cent foreign ownership of airports.

Last year, the government's bid to privatise the two state-owned carriers, Air India and Indian Airlines, failed due to a weak response from bidders.

The economic think tank's report has also suggested that the foreign ownership limit in the insurance sector should be lifted from 26 per cent to 49 per cent and in the telecoms sector from 49 per cent to 74 per cent.

Officials said the government would need to deal firmly with likely opposition to the policies from Hindu hardliners as well as opposition parties who have in the past criticised the opening of the insurance sector, one of India's biggest employers.

However, top-level government officials feel such a move would help restore the reform credentials of the government after sales of stakes in two key national petroleum-producing firms were postponed.

Prime Minister Atal Behari Vajpayee last Saturday postponed by three months a plan to privatise Bharat Petroleum Corp. Ltd. (BPCL) and Hindustan Petroleum Corp. Ltd. (HPCL) after opposition from Oil Minister Ram Naik and Defence Minister George Fernandes.

The planning commission report also suggested that the foreign investment limit in oil refineries be increased from 26 per cent to 100 per cent, oil marketing from 74 per cent to 100 per cent and banking and financial services from 49 per cent to 100 per cent.

It also suggested raising the limit in real estate from zero to 100 per cent.

Japan proposes WTO plan for tariff-free auto trade

REUTERS, *Geneva*

Japan Thursday proposed that richer countries in the World Trade Organisation (WTO) aim to agree by the end of 2004 to drop all tariffs on cars and trucks, creating a virtually free global automobile market.

The proposal, which Tokyo negotiator Tetsuro Kai said could be extended to other key products, came at the start of discussions in the WTO's Doha Round on slashing customs duties and other barriers to trade in goods.

"We wanted to give the negotiations a kick-start," Japanese trade envoy Shingo Yamagami told a news briefing. "We need to get them rolling as soon as possible."

Kai said the so-called "zero-for-zero" tariff idea covered passenger cars, trucks and auto parts -- a trade in which Japan is the world's second-largest exporter and has a long history of disputes, especially with the United States.

"Zero-for-zero" in trade jargon means an agreement in which two or more countries agree to remove all tariffs on a specific category of goods.

Its application to automobiles could be expected to reduce prices to the consumer, especially in Europe.

Japan itself already has no tariffs on passengers cars, trucks and parts, and although the United States, its major export market, also imposes no duties on cars, it has a tariff of 25 per cent on trucks.

The European Union, however, where member country Germany is the world's biggest auto exporter, imposes duties of around 10 per cent on passenger vehicles, 22 per cent on trucks and five per cent on parts.

There was no immediate formal reaction from other trade envoys to the Japanese proposal, but Yamagami said US negotiators in Thursday's talks had described the package as "thoughtful."

The proposal said the market access negotiations in the Doha Round, due to be concluded by January 1, 2005, should look at whether the zero idea could be applied to other globalised industries in countries where they were well developed.

Weekly Currency Roundup

September 9-September 12, 2002

Market experienced high demand for dollar in this week. Demand for dollar was higher in the beginning of the week mostly for import of scrap ships and edible oil and was quoted at 58.30/32 against BDT. But the demand for dollar got steady by the middle of the week. As a result BDT got stronger and was quoted at 58.30/31 against USD. Demand for food imports again increased the demand for greenback by the weekend. It made the BDT weaker and was quoted at 58.31/58.33.

Treasury bill auction was held on Sunday where Bangladesh Bank accepted treasury bills worth of BDT 11,965 million. The central bank accepted BDT 8,685 million at 6.23 per cent for 28D t-bills, BDT 60 million at 6.30 per cent for 91D t-bill, BDT 50 million at 6.40 per cent for 182D t-bill, BDT 40 million for 364D t-bills at 6.44 per cent and BDT 3,130 million at 10.23 per cent for 5-year t-bills. Weighted average yield for 91D, 182D and 5 year t-bill rose by 20 bps, 23 bps and 16 bps respectively.

Demand for BDT for overnight borrowing was moderate throughout the week. The call money rate remained high in the beginning of the week because of a mismatch of amount t-bill auction and maturity. Call money rate eased by the end of the week as the liquidity condition of the banks improved.

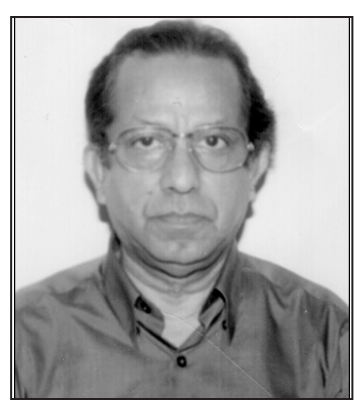
Dollar was steady in the beginning of the week. Concern of US attack over Iraq combined with worries on the eve of the anniversary of September 11 kept the greenback range bound. The dollar traded at around 98 cents against the euro and 118.80 against the yen. Market was waiting for clarification of US intention with regard to Iraq. Impressive data of 1.9 per cent increase of Japanese machinery order in July failed to strengthen the yen. Euro was also on the back-foot after the release of some poor data last week which showed the euro-zone economy grew just 0.3 per cent the 2nd quarter.

Dollar gained against the euro and yen in the middle of the week. But the trading was thin as the investors were nervous on the eve of the first anniversary of September 11. Euro was down by half a cent to its two weeks low. The greenback rose to 119.07 yen against the yen. GBP bounced back from one week low vs. dollar. British retail sales rose to 4.8 per cent compared with an increase of 3.8 per cent in July. Against the euro, it stood at 62.97 pence, off its one-month high of 62.59 set on Monday.

Dollar experienced a mixed day in the market on the end of the week. First it gained a firm footing, as the dealers got eager to buy dollar as sentiment were positive after the anniversary of September 11 passed without any incident. But later the greenback gave up some of its gain against the euro and yen as the market focus shifted from relief over a peaceful September 11 to worries over the US economy and treat of war with Iraq. Market is eagerly waiting for Federal Reserve Chairman Alan Greenspan's testimony and President Bush's address to the UN later on the day. Dollar fell by one-third of a per cent against the yen to 119.91 and also retreated from Wednesday's two week high of .9694 against the euro.

At 1500 hours on Thursday, euro traded at .9758/61 yen at 120.17/20 and GBP at 1.5545/50 against the dollar.

-- Standard Chartered Bank



Prime Islami Life chairman re-elected

Manzoor-Ul-Karim has been re-elected chairman of Prime Islami Life Insurance Limited for the third consecutive term.

His re-election was held at the 8th meeting of the board of directors of the company held in the city on Tuesday, says a press release.

Manzoor-Ul-Karim, a former civil servant, joined Pakistan Civil Service in 1962 and retired as secretary, Ministry of Home Affairs, Govt of Bangladesh in 1993. He was one of the senior-most functionaries of the govt.

He is the chairman of Supreme Jute & Knitex Ltd. He was the founder chairman of Prime Insurance Co Ltd, a leading general insurance co in private sector.

Manzoor-Ul-Karim is the president of Bangladesh Scouts and for his exceptional services in scouting, he achieved the highest national award "Silver Tiger" and the highest world award "Bronze Wolf."