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# Star BUSINESS

DHAKA SUNDAY JANUARY 30, 2005 E-mail: dsbusins@gononet.com

**Freezers**



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## Govt bodies deny Khulna Shipyard work orders

### Navy seeks prime minister's intervention

SHAKHAWAT LITON

In an apparent move to prove the decision to hand over Khulna Shipyard management to Bangladesh Navy wrong, government bodies are not awarding work orders to the shipyard, according to a report prepared by Navy.

The report, prepared for Parliamentary Standing Committee on Ministry of Defence, said Khulna Shipyard received orders for building only nine vessels from the military and 12 from the civil departments in the last six years.

During the same period, the shipyard repaired 110 military vessels and 18 civil vessels, it said pointing to unwillingness of the government-run organisations to award work orders to the Navy-run Khulna Shipyard.

Bangladesh Navy has sought prime minister's intervention to instruct government organisations to award work orders to the Khulna Shipyard to keep it fully functional.

The management of the shipyard

was handed over to Bangladesh Navy in the wake of losses that were taking toll on the economy.

The resources at the shipyard remain unutilised due to non-cooperation of the government organisations, sources said quoting the Navy report.

Basing on the report, the parliamentary body will take decision whether it will request the prime minister to issue a special instruction in favour of the shipyard in line with the Navy's requirement, sources said.

The Khulna Shipyard, one of the state run industries that builds and repairs water vessels, is also seeking vat and tax exemption on importing raw materials for water vessels. The authorities do not get any financial benefit from the government though the Navy gave Tk 61.46 crore to the then shipyard authorities during its hand-over in 1997.

The Navy having taken responsibilities, the shipyard is now making profit, the report said.

The report from the Navy head-

quarters underscored the necessity of prime minister's special instructions in order to oblige government organisations to provide the shipyard with work orders without tenders.

Navy communicated with the government organisations concerned but they refused to provide the shipyard with works of repairing and building of water vessels for some 'special causes', said the report. However it did not explain the 'special causes'.

When contacted, Chairman of the Parliamentary Standing Committee Mahbubur Rahman, who is a former army chief, said the special causes may include the deprivation of financial benefits for the government officials that make them disinterested in providing the shipyard with repairing or building tasks.

"They (the government officials) will not get chance of making money if they provide the shipyard with the tasks," Mahbub told The Daily Star.

He said the committee in its meeting on January 30 will ask the Navy to specify reasons on why

government organisations do not provide the shipyard with work orders.

The report also said, a previous instruction of the prime minister which makes it mandatory for the government owned ships to be sent to the state-owned shipyard for repair works continues to remain unheeded.

"Due to scarcity of work the shipyard is confined to repairing Navy ships only," the report said.

It said if the shipyard is given work of BIWTC, railway, Mongla Port, Chittagong Port, Forest Department, sugar mills, road and highways and Water Development Board, it will be able to extend its area of operation and help government save a huge amount of money.

The resources of the shipyard were utilised properly in the last FY2002-2003 when it built two taboats for the navy, said the report adding that it built one mooring boat for the Mongla Port and repaired the ro-ro ferry Shah Mokhdum.

## Dhaka to seek duty-free access to KL

BSS, Dhaka

Dhaka will urge Kuala Lumpur to give duty-free access to Bangladesh's eight products apart from increasing manpower import in next month's ministerial meeting here to bridge the existing trade gap between the two countries.

Official sources said Dhaka is likely to request Malaysia formally in the 3rd Bangladesh-Malaysia joint commission meeting, a ministerial level meeting, scheduled to be held on February 17 and 18.

The ministerial meet will be preceded by a two-day senior official level meeting from February 15.

The trade gap between Bangladesh and Malaysia has reached the mark of 245 million US dollars, sources said. Bangladeshi side will propose duty-free access of eight products in Malaysian markets to reduce the trade gap, they said.

The products for which Bangladesh will seek duty-free access include jute products, frozen foods, knitwear, tannery products, pharmaceuticals, agro-based products and 'halal meat'.

## US farm subsidy author fights White House fund cuts

REUTERS, Washington

Less than two years after leaving Congress, former US House Agriculture Committee Chairman Larry Combest is back in town to fight the White House and anyone else who tries to scale back the \$51.7 billion farm subsidy law he wrote.

A half-dozen farm groups have hired Combest and his former aide, Tom Sell, to fight cuts in farm spending that are expected to be part of the Bush administration's budget proposal in early February.

Combest's stature as a well-connected Texas Republican who once ran the House of Representatives Agriculture panel will be an asset, said farm lobbyists. He announced his resignation from Congress in November 2003, citing family reasons.

The US budget deficit is heading for a record \$427 billion in the 2005 fiscal year, the non-partisan Congressional Budget Office said earlier this week. The swelling deficit has triggered calls from some Republicans and foreign officials for America to tackle its fiscal woes.

The White House is widely expected to ask Congress to cut about \$2 billion a year in spending on farm supports, although larger figures have also circulated.

But farm groups contend it would not be fair to single out agriculture.

The groups that hired Combest include the National Cotton Council, the National Corn Growers Association and groups representing sugar, rice and sorghum farmers. Cotton and sugar - Southern crops - would be the first to feel the pinch if Congress cuts the \$360,000 a year ceiling on farm subsidies.

## China creates brand-new form of capitalism: Bill Gates

AFP, Davos, Switzerland

US software giant Bill Gates has high praise for China, which he says has created a brand-new form of capitalism that benefits consumers more than anything has in the past.

"It is a brand-new form of capitalism, and as a consumer it's the best thing that ever happened," Gates told an informal meeting late Friday at the World Economic Forum in this ski resort.

He characterised the Chinese model in terms of "willingness to work hard and not having quite the same medical overhead or legal overhead".

Manufacturers have created "scale economies that are just phenomenal", in part owing to companies there and elsewhere on the planet designing good products, Gates said.

Looking ahead, he added: "You know they haven't run out of labor yet, the portion that can come out of the agriculture sector" was still considerable.

"It's not like Korea, Korea got to a point where, boom, the wages went up a lot," he said, adding "that's good, you know, they get rich and now they have to add value at a different level."

"They're closer to the United States in that sense than they are to where China's right now."

## Call money cools on hartal, deposits, BB intervention

### Rate ranges between 8pc and 15pc

STAR BUSINESS REPORT

With clients back in banks with deposits besides prolonged general strike and more funds pumped by the central bank, the inter-bank call money rate cooled yesterday after a long bullish trend.

Call money rate yesterday ranged between 8 percent and 15 percent, which shot up to 50 percent on January 25 and 45 percent on January 24 and hit a record 75 percent on January 26 and 70 percent on January 27.

Usually the call money rate hovers around 5 percent. But it rose to 50 to 55 percent just before the Eid-ul-Azha as the banks went on four-day vacation from January 20 to January 23 due to Eid.

According to the latest

Bangladesh Bank (BB) statistics, a section of private and foreign banks has resorted to lending in a risky proportion to make extra profit amid a high demand for cash. Seven of these banks are lending more money than they have in their deposits while 14 other banks are lending between 85 percent and 100 percent of their deposit amounts.

But the bankers said the rate had started showing a rising trend much before mainly due to aggressive banking.

The central bank's new core risk management guideline says the banks can usually invest 84 percent of their deposits. If the banks have very strong capital base and fund position, they may invest up to 110 percent.

A central bank official observed

that the risky activities of most of these 21 banks prompted the high trend in the call money market.

The BB also came up with funds under special repurchase agreement (Repo). The BB yesterday injected Tk 260 crore at nine percent interest, one percent less than that of the previous days.

"The clients are coming to the banks with substantial amount of deposits. Besides, transactions and demands for cash withdrawal are less due to the prolonged hartals," said a banker at a branch at Motijheel.

On the other hand, dollar price yesterday still maintained a strong demand though transactions were thin. The price of greenback ranged between Tk 61 and Tk 63.38 per unit.

## Ministers meet at Davos amid calls to spur global trade talks

AFP, Davos, Switzerland

More than 20 trade ministers were due to meet with the World Trade Organisation chief on Saturday amid warnings that global trade talks were a crucial building block in an anti-poverty drive this year.

WTO Director General Supachai Panitchpakdi said on the sidelines of the World Economic Forum here that he was trying to "step up the pressure" with a view to completing the outlines of an agreement on cutting trade barriers by the end of 2005.

Several political leaders in the Swiss town of Davos underlined the completion of a new round of trade liberalisation, aimed primarily at helping developing countries, was an essential part of a boosted aid effort.

"We must have aid, trade and debt relief at the same time," French Finance Minister Herve Gayard said as he joined Britain's Chancellor of the Exchequer Gordon Brown to campaign for a huge boost to rich country help for Africa this year.

The trade talks -- which have been dominated by efforts to break

down subsidies in agriculture -- have been dogged since 2001 by disputes between rich and poor countries that have almost led to their collapse.

"If we don't move on agriculture, we will have a more and more divided world between the rich countries and the poor countries," Luiz Furlan, Brazil's industry and trade minister told the forum.

During the informal meeting with ministers in a hotel here, Supachai will ask them to map out their objectives for trade talks by February 14, the date of a Trade Negotiations Committee meeting in Geneva.

That would give a December WTO ministerial conference in Hong Kong a chance to seal the key elements of an agreement, leaving only technical details to be completed in 2006.

"They have moved, but they have not moved far enough to guarantee what I would see as a real progress at Hong Kong," Supachai said.

Shortly before the meeting, the top US trade official, Robert Zoellick, said the round of trade talks launched in Doha, Qatar in 2001, was part of the US administration's

"transformational agenda" aimed at harnessing stable economic growth.

"In particular, the Doha agenda provides a tremendous opportunity for dealing with some of these growth issues," the US trade representative said, adding that 300 million people could be lifted out of poverty.

While the round was lifted out of deadlock with an interim agreement to refocus the talks last summer, the 148 member states were confronted with several challenges including the growing global economic importance of China and India, Zoellick added.

"It fits nicely with the Doha agenda, because these are two rising economic powers, it's critical we integrate them into the system."

"You can see that China and India are going to be the core," Zoellick said, underlining that it was also a question of their relations with poor countries "as you can see in the textile area."

China's clothing exports are expected to receive a huge boost, largely at the expense of smaller textile-exporting developing countries, from the end of WTO textile quotas at the beginning of January.

## BATB opens cigar lounge at Sheraton Hotel

STAR BUSINESS REPORT

British American Tobacco Bangladesh (BATB) yesterday opened a cigar lounge at Dhaka Sheraton Hotel for cigar connoisseurs.

State Minister for Civil Aviation and Tourism Mir Mohammad Nasir Uddin inaugurated the Dunhill Cigar Lounge.

BATB officials said the lounge is not fully operational yet. Only the guests of Sheraton Executive Floor have access to the lounge for the time being.

Dunhill brand cigars and hand rolled cigars will be available at the lounge, the officials added.

Rashed Ahmed, head of Marketing of BATB, and Mahmudur Rahman, head of Corporate and Regulatory Affairs of BATB, were also present at the opening ceremony.



State Minister for Civil Aviation and Tourism Mir Mohammad Nasir Uddin inaugurates a cigar parlour 'Dunhill Cigar Lounge' yesterday at Dhaka Sheraton Hotel.

## India's forex reserves rise

REUTERS, Bombay

India's foreign exchange reserves rose to \$129.429 billion on Jan 21 from \$129.378 billion a week earlier, the Reserve Bank of India said in its weekly statistical supplement Saturday.

The central bank said foreign currency assets expressed in US dollar terms included the effect of appreciation or depreciation of other currencies held in its reserves such as the euro, pound sterling and yen.

The foreign exchange reserves include India's Reserve Tranche Position (RTP) in the International Monetary Fund, the central bank said.

## Volatile forex rates still unwelcome: ECB chief

AFP, Davos, Switzerland

European Central Bank chief Jean-Claude Trichet reiterated Saturday at the World Economic Forum that volatile exchange rates were "unwelcome and undesirable".

Asked about the falling level of the dollar against Europe's single currency, Trichet replied: "The ECB has regularly repeated a very, very short sentence" for several months.

That was that volatile exchange rates were "unwelcome and undesirable", he added.

Trichet had pronounced the same phrase on January 14 when commenting on the negative consequences for global growth of excessive swings on foreign exchange markets.

## Asian banks need to embrace change

ANN/THE KOREA HERALD

Strong expected growth in the global financial services industry this year will increase pressure on Asian banks and financial institutions to embrace change and adopt new business models, says a report released at the World Economic Forum at Davos, Switzerland, Thursday.

"State of the Financial Services Industry," written by Mercer Oliver Wyman, a global consulting company in financial services and risk management, said that significant opportunities abound for companies who take a focused approach to growth and are willing to invest in growth options.

"As the region makes the transition from crisis recovery to dynamic growth, the emphasis for Asian firms will make a natural progression from getting the basics right to developing and implementing

strategies that allow leaders to continually outperform other market players benefiting from the rising tide of economic growth," said Clarence Koo, Mercer Oliver Wyman managing director for Asia-Pacific.

The 1997-98 financial crisis prompted attention toward sound risk management and back-office operations but the financial companies must now shift their focus, said the Singapore-based Koo.

Attention should be on "creating the strategies and business tactics that enable them to identify the most attractive pockets to pursue, as well as to develop innovative products and services for their target segments," he said.

In Korea, Koo predicts a "cross-fertilization" of services and best practices will emerge in the looming competition between local banks and foreign giants Citigroup Inc. and Standard Chartered Plc.

Foreign banks will bring a wealth of experience in tailoring services to local needs and risk assessment, while Korean banks can leverage their traditional stature in the community, said Koo in a telephone interview.

One area of growth opportunities for the Korean financial industry, he said, may be the so-called "sub-prime market."

It refers to lending to those who are not considered prime candidates for loans or credit cards.

Koo acknowledged that the idea may sound curious as Korean credit-card companies shake off the effects of the nation's 2000-2003 credit bubble that left them strapped with debt.

However, with the right risk management system, financial institutions will likely find sub-prime customers to be in the acceptable boundaries of risk-reward, said Koo.

## US economy grows slow in 4th quarter, inflation up

REUTERS, Washington

The US economy grew at a weaker-than-expected 3.1 percent annual pace in the final quarter of 2004, its slowest since the beginning of 2003 as the country's trade performance deteriorated and inflation picked up, a government report Friday showed.

The increase in fourth-quarter gross domestic product, or GDP, which measures total output within US borders, was down from a 4 percent gain in the third quarter and was the weakest since a 1.9 percent pace in the first quarter of 2003.

Still, GDP for all of 2004 advanced 4.4 percent, up from 3 percent in 2003 and the most robust since 4.5 percent in 1999. Private-sector economists generally predict continued expansion in 2005 at around

3.5 percent, which is considered to represent the US economy's long-term growth potential.

Treasury Secretary John Snow, sounding a theme he will take up next week with finance ministers from the world's rich nations in London, said the GDP report "underscores" the health of US demand and the need for our trading partners to adopt policies that accelerate economic growth.

Snow meets fellow finance ministers and central bankers from the Group of Seven -- the United States, Britain, Canada, France, Germany, Italy and Japan -- on Feb 4-5.

In London, G7 ministers also have a breakfast session with export powerhouse China as well as Brazil and South Africa at a time when US trade and budget deficits are causing global worry.

report on GDP showed US exports of goods and services dropped at the steepest rate in two years during the fourth quarter while imports rose -- a surprise given the US dollar's weakness that was expected to spur demand for US-made goods.

Stocks sank on the GDP news, which implied a tougher landscape for profits. The Dow Jones Industrial Average ended down 40.20 points, or 0.38 percent, at 10,427.20, while the Nasdaq Composite Index dropped 11.32 points, or 0.55 percent, to close at 2,035.83.

But bond prices rallied as investors sought safer haven there -- partly because of concern over the GDP report but also ahead of week-end elections in Iraq that financial markets see as a potential worry if the outcome is indecisive and means US forces face an extended and costly stay.

**Government of the People's Republic of Bangladesh**  
Local Government Engineering Department  
Office of the Executive Engineer  
District: Mymensingh

Memo No-XEN/LGED/Mym/2005/211 Date: 25/01/2005

### Invitation for Tender

Tender Notice Number-71/2004-2005

Sealed tenders are hereby invited from the eligible tenderers as defined in the tender documents for the under listed works as per terms and conditions stated below:

Sl No	Package No	Name of works	Amount of tender security (Tk)	Price of tender security (Tk)	Time for completion
1	GMP/Halua/17	Const of 57.05m RCC bridge over Rangamatia Khal on Pabaijuri-Gurokpur road under Haluaghat Upazila	210000/-	2000/=	365 days
2	GMP/Halua/18	Const of 30.05m RCC bridge over Lorki river on Ruhipagaria-Koichapur road at ch 4+00 km under Haluaghat Upazila	122000/-	1000/=	270 days
3	GMP/Halua/19	Const of 105.10m RCC bridge over Ramkhali river on R&H (Itakhola)-Shakui GC road at ch 11+200 km under Haluaghat Upazila	330000/-	3000/=	365 days
4.	Date, time and place of pre-tender meeting	13 <sup>th</sup> February 2005, 1-00 PM, at office of the conference room of the undersigned.			
5.	Last date, time and places of selling tender documents	1 <sup>st</sup> March 2005, up to 4-00 PM. a) Project Director, Greater Mymensingh Infrastructure Development Project, LGED, LGED Haban, Agargaon, Sher-e-Bangla Nagar, Dhaka-1207. b) The Deputy Commissioner, Mymensingh. c) The Superintendent of Police, Mymensingh. d) The Upazila Engineer, LGED, Haluaghat, District-Mymensingh. e) Office of the undersigned.			
6.	Last date, time and places of receiving tender	2 <sup>nd</sup> March 2005, up to 12-00 Noon a) The Deputy Commissioner, Mymensingh. b) The Superintendent of Police, Mymensingh. c) The Upazila Engineer, LGED, Haluaghat, District-Mymensingh. d) Office of the undersigned.			
7.	Date, time and place of opening of tender	Date: 2 <sup>nd</sup> March 2005, time at 3-00 PM. Place: Office of the undersigned.			

8. Tender shall be valid for a period of 120 days after tender opening and must accompanied by the tender security specified in above. The authority reserves the right to accept or reject any or all the tenders without assigning any reason whatsoever. Interested tenderer may obtain further information from the undersigned and purchase the tender documents in Cash/Treasury Chalan/Bank Draft from the places mentioned above. The tenderer or their authorized representatives are allowed to attend the opening of tenders.

**Executive Engineer**  
Local Government Engineering Department  
Mymensingh  
Phone: 091-54065

DFP-2197-26/01/05  
G-113