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The Daily Star BUSINESS

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DHAKA SATURDAY, JUNE 27, 1998

Korean firm begins work on 4 projects

CHITTAGONG, Jun 26: A Korean company in collaboration with the city corporation launched the work on four projects here today, reports UNB.

The projects are construction of a liberation war monument on Batalee Hill, a five star hotel on Tigerpass Hill and a satellite town and a shopping centre at Kalurghat of the port city.

Work on the projects, involving Tk 500 crore, is expected to be completed within a year.

Earlier on Thursday, a 12-member delegation of the company met Mayor A B M Mohtashim Chowdhury and apprised him of the projects.

Budget seminar at BARC tomorrow

Krishibid Institution will hold a seminar on "Budget 1998-99 and Agricultural Sector" at the BARC auditorium on June 28 at 9 am, reports UNB.

Finance Minister Shah AMS Kibria will attend the seminar as chief guest.

Agriculturist Prof Dr Md Abdus Sattar Mondal, Dean of Agriculture Economics and Rural Social Science Faculty of Bangladesh Agricultural University will present the keynote paper.

Noted agriculturists, scientists, intellectuals and agriculture economists of the country will participate in the seminar, said a press release.

July-April period Sylhet Customs' collection up by Tk 8.28 cr

SYLHET, June 26: Local Customs department earned a revenue of Tk 40 crore from 10 offices in Sylhet division till April of the outgoing fiscal year against the target of Tk 42 crore, reports UNB.

Officials said the amount was Tk 8.28 crore up than that of the corresponding period of the last fiscal. In the 1997-98 fiscal, the revenue collection was Tk 31.72.

The highest revenue was collected from Tamabil Customs office followed by Sutarkandi of the district.

Other Customs offices are Zokiganj in Sylhet district, Juri, Shahbazpur and Chhalla in Moulvibazar district, Bhobaganj and Barochhara in Sunamganj district and Shayestaganj and Balla in Habiganj district.

According to the sources, coal, cement, rice and other goods are imported from the neighbouring country through these frontier areas.

They said the revenue collection can be raised by increasing infrastructure facilities like godown, building and weighing machines in the offices.

IMF sees sharp decline in Asian economies this yr

MANILA, June 26: The International Monetary Fund (IMF) has forecast a sharp decline in Asian economies for 1998, with the exception of the Philippines and Malaysia, an outlook report said here, according to AFP.

A general contraction in domestic demand, lack of private foreign financing, declines in asset prices on top of large currency depreciations will work to pull down domestic growth in the region, the IMF's World Economic Outlook obtained by reporters here said.

"The largest downward revision" will be registered by Indonesia, South Korea and Thailand which it tagged as "the three economies most affected by the crisis". All three have received bailouts from the IMF to help their ailing economies.

The downturn will be led by sharp compressions of domestic demand as real income and wealth are reduced by lower currency values and equity prices," it explained.

The Philippines and Malaysia would experience "lower near-term growth prospects on a smaller scale" the Fund report said, noting it expects a 2.5 per cent gross domestic product (GDP) growth and an average 8.0 per cent inflation rate for Manila for the whole year.

It also advised affected economies to continue undertaking policy reform measures, otherwise "there are risks of a sharper slowdown if the crisis in Asia were to deepen."

It maintained that painful fiscal adjustments and the "continuing recovery of confidence in these economies in the year ahead" would result in a "moderate pick-up" in 1999.

Other factors that are expected to pull down growth for the year include less availability in accessing international capital markets due to vulnerability of foreign exchange rates and the disruption of domestic credit supply, the report added.

IJO plans vigorous efforts for new life

The International Jute Organisation (IJO) is planning to launch vigorous efforts to get renewed the UN agreement, which gave birth to the Dhaka-based organisation in 1984, reports BSS.

The 25-member IJO, the only UN affiliate headquartered in Bangladesh, is also hopeful that India will change its mind of withdrawing from the body. Executive Director in charge of the IJO, Henri L Jason told the agency yesterday.

Jason said Bangladesh has already declared its commitment to get extensive diplomatic manoeuvre for winning the extension of the International Agreement on Jute and Jute Products (IAJP), expected

to be replaced by a broad-based and time-befitting one. High-level diplomatic efforts are in force from Bangladesh side to convince India, a major member, to resume its role in the IJO, Jason said.

He said the IJO was established in 1984 to implement the provisions of the IAJP signed in 1982, which was replaced by another IAJP in 1989. The existence of the IJO will be at stake if the IAJP is not renewed before it expires on April 11 in 2000, he said.

He said a preparatory committee, comprising all IJO members, has recently decided to strongly pursue the extension of the UN agreement for the continuity of the IJO. India has just expressed its intention to

withdraw from the IJO in last May, he said, adding that it is yet to be finalised.

Jason said extension of the UN agreement and the participation of India are necessary to continue the role the IJO has been playing as a bridge between the exporters and importers of jute and jute goods for over a decade. This is essential to consolidate the successes of the IJO in research for high yielding varieties, market promotion and diversification of jute and jute goods and harness the potentials of jute in extremely competitive global market as well, he added.

Jason, a French national who joined the IJO in 1995, said Iran and Para, a Brazilian state, have expressed desire to

join the IJO. The acting IJO chief, who had earlier served the London-based UN affiliate, the International Coco Organisation as chief economist, said efforts are underway to get Ivory Coast, Cameroon, Ghana and Nigeria as new members of the IJO.

He said since the inception, IJO had four executive directors in all. India headed the organisation twice, while Bangladesh was elected for the position for two terms. At present, out of a total of 24, the IJO has 21 Bangladeshis including a professional on its staff. Besides, the organisation has three professionals, one each from France, India and China, an exporting member of the IJO, he said.

Regarding the budgetary expenditure, he said apart from the contributions of other exporting and importing members and international donors, India has been paying for 10 per cent of the overall IJO expenditure, while Bangladesh has been contributing 14.5 per cent of the same. This expenditure includes the administrative, project and non-project costs of the IJO, he said adding that all activities and expenditures of the IJO are subject to strict transparency and accountability like any other UN body.

Referring to the scores of activities, Jason said the IJO has so far implemented 20 out of 42 projects. Besides, eight are under implementation and two are awaiting execution. The rest

are awaiting funds, he said.

Jason said the IJO, with the active participation of its member countries and cooperation of the host country Bangladesh, is providing an effective framework for cooperation and consultation between the jute exporting and importing countries for the development of the jute economy.

The IJO objectives include improvement of structural conditions in the jute market and competitiveness and quality of jute and jute products while upholding jute's positive environmental aspects, he said.

The IJO is carrying out its activities under three sections, the agriculture industry and market promotion, he said.

4 NCBs realise Tk 14.58 cr agri loan in Feni

FENI, June 26: Four state-run banks in the district realised about Tk 14.58 crore agri-loan out of Tk 16.34 crore in the 1997-98 fiscal, reports UNB.

The loan was disbursed by Sonali, Agrani, Janata and Krishi banks among farmers of the district through their 33 branches.

Sonali Bank through its 10 branches distributed Tk 1.88 crore and realised Tk 1.49 crore while Agrani Bank through its three branches realised Tk 18.19 lakh and realised Tk 21 lakh, officials said.

They said Janata Bank through its eight branches disbursed Tk 1.31 crore and realised Tk 1.48 crore and Krishi Bank through its 12 branches realised Tk 12.97 crore and realised Tk 11.5 crore during the period.

Singapore to raise water tariffs

SINGAPORE, June 26: Singapore launched a water conservation campaign Friday and announced it will also raise tariffs as the island republic struggles to find ways to achieve a stable water supply, says AP.

This year's Save Water Campaign an annual government-organised event urging Singaporeans to conserve, will include talks, seminars and a water rationing exercise that will interrupt the water supply to 30,000 premises across the island republic.

The government will also proceed with plans to raise water tariffs and conservation taxes "despite the economic downturn," said Minister for Trade and Industry Lee Yock Swan.

"The purpose is to get Singaporeans to conserve water, which is a precious and strategic resource," he said.

Water consumption grew 4.2 per cent in 1996 and 5 per cent above that last year, according to Lee, who said the country must slow this rise in usage.

Singapore's water resources are so limited that it is forced to import most of its water from Malaysia, and the sometimes strained relations between the neighbours have brought the water issue to the fore.

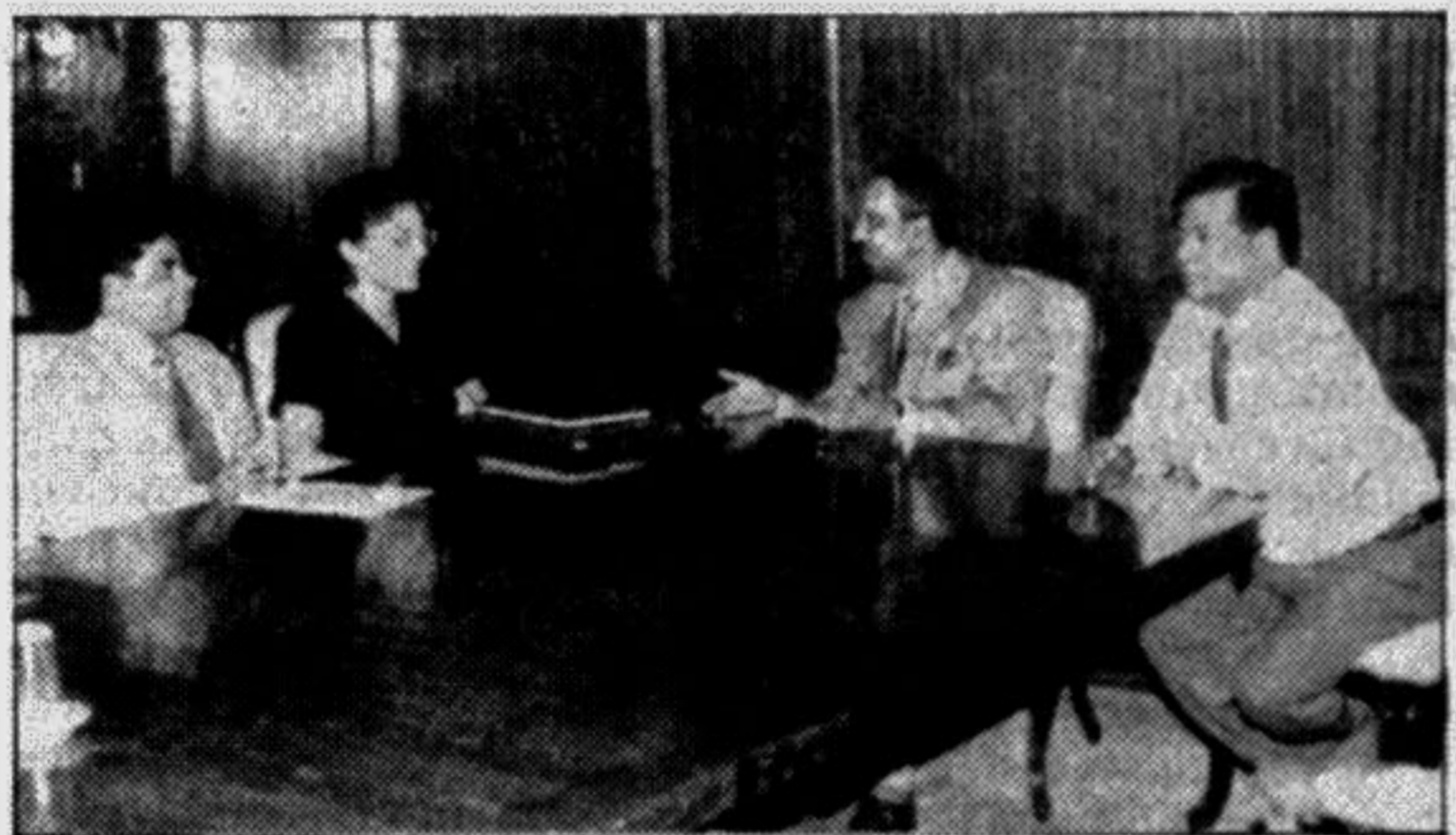
Roughly half of the 1.2 million cubic meters (42 million cubic feet) of water consumed here each day comes from Malaysia, under one treaty that expires in 2011 and another in 2061.

The two countries have been unable to renegotiate the treaties.

In May, Singapore announced that it was working on plans to build two seawater desalination plants by 2011 in addition to one already under construction, to replace the water supplied by its northern neighbour. Desalination would provide an expensive, but controlled, source of water for the island.

Speaking Friday, Lee said the government would go ahead with plans to raise water tariffs and water conservation taxes annually until 2000.

"The higher water tariffs and conservation tax will prepare Singaporeans for the higher cost of water from alternative sources" he added.



A three-member delegation led by Maria Eugenia Caumel, Commercial Counsellor, Embassy of Spain in India, and also accredited to Bangladesh, called on Bangladesh Chamber of Industries President Sharif M Afzal Hossain at the latter's office on Wednesday.

Dollar rises in Tokyo

TOKYO, June 26: The dollar rose in the absence of Federal Reserve intervention to boost the yen on Friday, reports AP.

The dollar had gained steadily over the last week as Japanese investors, tired of miserable returns in their home markets, bought the greenback to shift funds into roaring US stocks financial markets.

And with no sign that US and Japanese central banks will repeat the dramatic intervention last week that boosted the yen, traders said such economic fundamentals mean demand for dollars remains strong.

The dollar has recouped nearly all its losses since June 17, the day Japanese and US financial authorities bought yen to halt the Japanese currency's slide to eight-year lows.

The yield on the benchmark No. 182 10-year Japanese government bond rose to 1.230 per cent from Thursday's finish of 1.220 per cent, driving its price down to 111.73 yen from 111.81 yen.

KSA signals creation of successor to OPEC

LONDON, June 26: The Saudi Arabian oil minister today signalled the creation of an eventual successor to OPEC as the alliance of the world's main oil exporters, in an interview with the Financial Times, reports AFP.

Ali Al-Naimi told the FT that the emergence of a new ad-hoc grouping to oversee the global trade would not mean the immediate demise of the Organisation of Petroleum Exporting Countries (OPEC).

But he said that OPEC, which agreed overall production ceiling and individual quotas for its 11 members, was outdated in its methods.

This week, OPEC agreed a new ground of production cuts to take the total amount of reductions agreed by OPEC countries since the beginning of the year to 2.6 million barrels.

But on Thursday the London oil market was left cold by the move and Brent North Sea crude prices for delivery in August fell to a low of 13.01 dollars per barrel in late-afternoon trade on the International Petroleum Exchange.

On Friday, Al-Naimi repeated Saudi Arabia's frustration with OPEC eroded credibility because of persistent cheating by members on their quotas.

"We (OPEC members) have chosen not to believe each other," said Al-Naimi.

"We do trust each other, but we don't believe each other," he added that he expected OPEC to "muddle through" over the next few months, maintaining that this would be "muddling through with a purpose."

Al-Naimi declined to name the countries he wanted to see in the proposed new body, but he said there were "eight or nine countries which have the reserves, production capacity and dependence on oil revenues."

Oil prices have collapsed in recent months, by about 30 per cent since November, when OPEC decided to increase output by 10 per cent to 27.5 million barrels a day.

New minister in Malaysia to handle economy

KUALA LUMPUR, June 26: Prime Minister Mahathir Mohamad's chief economic aide, Daim Zainuddin, was sworn in on Friday as a new minister to handle economic problems, reports AP.

Daim's installation has raised questions about the relationship of the new department with the finance ministry, which is headed by Mahathir's deputy, Anwar Ibrahim.

Although Mahathir did not make any comment after the swearing in, he said on Thursday that the move was not aimed at undermining Anwar's powers.

"There's no precedence between Daim and Anwar," Mahathir told reporters, indicating that the health of the country's economy was the priority. Daim's position, Mahathir said, "doesn't imply that Anwar isn't doing a good job."

Daim's elevation comes within days of Anwar and Mahathir denying a rift between them on economic policy.

But neither have yet backed down from their positions, with Anwar maintaining that high interest rates were needed to protect the ringgit and keep inflation down.

Daim has supported Mahathir's position, insisting that Malaysian businesses needed loans and high-growth policies to survive the Asian financial crisis.

Asian stock markets end week mixed

HONG KONG, June 26: Asian stock markets ended the week mixed on Friday, with both share prices and the Japanese yen rising in Tokyo on news of a merger between Japan's two largest banks, reports AP.

Tokyo's benchmark 225-issue Nikkei Stock Average rebounded from earlier losses to close up 77.82 points, or 0.51 per cent, at 15,210.04. On Thursday, the Nikkei average edged up 9.04 points, or 0.6 per cent.

Shares rose after Japan's state-run NHK television said ailing Long-term Credit Bank will merge with Sumitomo Trust and Banking as early as next April.

Analysts praised the reported merger as a sign Japan may allow market forces to weed out weaker banks — exactly the sort of tough medicine they say the country needs to bolster its overall financial system.

The report also sparked a late rally by the yen, which rebounded from an intraday low of 143.00 yen to the dollar to trade as high as 141.17 yen.

The dollar was quoted at 141.28 yen in late afternoon trading, up 0.36 yen from late Thursday in Tokyo but below its late New York rate of 142.30 yen overnight.

Singapore shares also closed mostly higher, boosted by property stocks following unconfirmed rumours that off-budget measures to be announced Monday would revive the beleaguered property market, dealers said.

The benchmark Straits Times Industrial Index rose 15.76 points, or 1.5 per cent, to 1,085.42.

Malaysian share prices closed lower, hurt by the fragility of Asian currencies, including a substantial fall in the value of the Malaysian ringgit.

The Kuala Lumpur Stock Exchange's Composite Index fell 2.75 points, or 0.6 per cent, to 445.67.

Meanwhile, the dollar was quoted at 4.0550 ringgit late in the day.

Prices on the Hong Kong Stock Exchange closed generally lower on profit-taking.

The Hang Seng Index, the market's key indicator of blue chips, fell 57.97 points, or 0.7 per cent, to 8,607.86. On Thursday, the index had surged 369.06 points, or 4.4 per cent.

Elsewhere:

TAIPEI: Share prices closed lower, dragged down by profit-taking. The market's Weighted Price Index fell 40.68 points, or 0.5 per cent, to 7,681.96.

WELLINGTON: New Zealand share prices closed higher. The NZSE-40 Capital Index rose 13.24 points, or 0.6 per cent, to 1,973.24.

MANILA: Philippine shares closed mixed. The Philippine Stock Exchange Index of 30 selected issues rose 14.34 points, or 0.8 per cent, to 1,723.37.

SYDNEY: Share prices closed higher as fund managers scrambled for stocks ahead of the end of the Australian financial year on June 30. The All Ordinaries Index rose 17.9 points, or 0.6 per cent, to 2,609.9.

SEOUL: Share prices closed lower on jitters over the possibility of the shutdown of several banks as the country's financial sector undergoes restructuring. The Korea Composite Stock Price Index fell 2.3 points, or 0.6 per cent, to 298.54.

BANGKOK: Thai share prices closed mixed as bargain hunting just overcame selling pressure amid jitters over weakness in the Japanese yen. The Stock Exchange of Thailand index gained 0.89 point, or 0.3 per cent, to 2,64.98.

JAKARTA: The market's key index rose on arbitrage-related buying. The Composite Index rose 2.060 points, or 0.4 per cent, to 430.870.

Delhi targets foreign pvt funds to offset sanctions

World Bank approves \$ 543m humanitarian aid to India

WASHINGTON, June 26: The World Bank approved more than 543 million dollars in aid Thursday for a state in India, just weeks after the bank postponed one billion dollars in loans because of its nuclear tests, says AP.

The United States voted to support the assistance package, even though it was behind the bank's decision not to grant loans this month that India requested.

Because the aid is for basic human needs and targets the poorest in the state, Andhra Pradesh, it falls under an exemption to US sanctions imposed on India after their nuclear explosions, said a US Treasury Department spokeswoman, speaking on condition of anonymity.

Aid packages that address education, health and nutrition among the poorest segments of a population meet the criteria for humanitarian relief.

Loans in those categories will continue to go forward," the spokeswoman said.

The assistance package for Andhra Pradesh includes help in health, education, nutrition and rural development, the bank said in a statement that did not refer to the nuclear question. As part of a new state-level lending operation, the money will target the poorest of Andhra Pradesh's 73 million people while helping the state shift its spending toward providing basic services.

About 30 per cent of Andhra Pradesh's people live below the poverty line. The literacy rate is 44 per cent.

Andhra Pradesh has demonstrated a strong commitment to reforms and has taken important steps to address pressing fiscal and sector difficulties," said Edwin Lim, World Bank country director for India. Andhra Pradesh will be the first to benefit from the bank's new type of state-focused lending.

The decision to provide the aid comes several weeks after the World Bank, at the urging of the United States and other countries, put on hold more than a \$1 billion in loans to India. Among projects it foresaw were a renewable energy program, a national power grid, an agricultural program and a highway project.

The cutoff was spurred by underground nuclear explosions detonated by the Indians in a series that began May 11. Indian spokesmen claim at least five devices were exploded.

The bank's assistance package of 543.2 million dollars will go toward the \$80 million costs of the project to promote several key areas of development in Andhra Pradesh. Its goals include:

- Ensuring that children complete a five-year primary education cycle in areas with low literacy levels.
- Upgrading health centers and providing training to health workers in the states poorest districts. The project also supports using state campaigns to offer information on AIDS, malaria, tuberculosis and nutrition.
- Providing immunization and nutritional services for preschool children, pregnant and nursing women and predominantly poor segments of the population.
- Helping farmers with irrigation management and cost recovery.
- Financing the operation and maintenance of rural roads and highways.

PTI says from New Delhi: India will try to attract foreign private investment to offset international sanctions following New Delhi's nuclear tests last month, a top finance official said. Montek Singh Ahluwalia, the most senior bureaucrat in the Finance Ministry, told a seminar Thursday that restrictions on aid by the United States, the World Bank and its affiliates, the European Union and Japan would have to be countered.

While aid might "remain stagnant," he said, "it will be India's ability to attract private capital that will determine investments and that's what we are targeting."

"No country has so far said that their intention is to choke off private capital flow into India and I believe the flow of private capital will depend on how international financial markets see India."

Ahluwalia exhorted Indian businessmen to get "lean, mean and tough" to perform better in international markets in the wake of the sanctions.

Striking PAL pilots want to return to work

MANILA, June 26: Hundreds of striking pilots at flag carrier Philippine Airlines said Friday they will return to work immediately, ending a devastating three-week strike, says AP.

It was not clear, however, whether the airline would accept them back. PAL earlier dismissed the striking pilots and announced a drastic reduction of operations to cope with financial problems worsened by the strike.

Under the reduced operations the airline says it needs only 200 pilots instead of the more than 600 it had before.

The pilots' union said it will file a claim of illegal lockout with the labour department if PAL refuses to accept the pilots back.

The union said its legal counsel had finally received late Thursday a return-to-work order issued more than two weeks earlier by the labour department. The order gives the striking pilots 24 hours to comply.

Under the law, a back-to-work order can only take legal effect when it is served to the union's legal counsel, who had repeatedly foiled the labour department's attempts to deliver the document.

"We are not giving up the fight, but we are going to go back to the cockpit," said union president Sotico Lloren. "Our demands are still there, negotiations are continuing, but we will go back to work."

The 625-member union went on strike June 5 to protest an airline plan to retire certain pilots who have reached 20 years of service or flown 20,000 hours, regardless of age.

PAL had declared the striking pilots terminated for ignoring the back-to-back order, although it had not been formally delivered.

PAL says the pilots' strike has worsened financial problems caused by Asia's currency crisis and has pushed it to the brink of closure because of more than two billion pesos (50 million dollars) in lost revenues.

Last week, PAL laid off 5,000 of its more than 13,000 workers in an effort to scale down its operations and save off more losses, causing the airline's flight attendants and ground personnel to threaten to strike as well.

PAL said more personnel may be laid off under the rehabilitation plan, which calls for a 40 per cent reduction of more than two-thirds of its routes and sale of some subsidiaries.

Microsoft begins selling new version of Windows

By Catalina Ortiz, AP Writer

SAN FRANCISCO, June 26: Customers lined up again as the latest version of Windows went on sale on Thursday, but unlike the frenzy surrounding Windows 95, many shoppers this time were hoping to get 98 dollars computers that happened to come with Windows 98.

Some retail stores opened at midnight to make the most of the first sales of the latest version of Microsoft Corp's Windows. But it took offers of huge discounts on new computers and other gadgets to create lines reminiscent of the streams of computer enthusiasts who scrambled to get their first copies of Windows 95, reports AP.

In a nationwide promotion, CompUSA offered a new computer with Windows 98, but no monitor, for 98 dollars. CompUSA was also selling CD-ROM drives and modems for 98 cents each. Only 10 of each product were available at each

store.

Larry Mondry, executive vice president of merchandising, said several hundred people showed up at each store. In the first 95 minutes, the chain served about 300,000 customers in its 160 stores; figures for sales of Windows 98 were not yet available.

Customers at Best Buy Co. stores also found special deals on accessories like disk storage containers, disks, and some sampler programmes. Spokeswoman Laurie Bauer said several dozen shoppers at each store waited for the doors to open, a marked contrast to the round-the-block lines when Windows 95 was released.

At the nation's biggest computer store — CompUSA's North Dallas, Texas, outlet — customers started gathering hours before the start of sales at 12:01 am (0400 GMT) Thursday.

Sharon Greco dragged her blue velvet recliner to the store

entrance and spent 12 hours searching for a new computer. The new computer she normally sells for about 800 dollars. The technical recruiter said the wait was worth it.

Sales of Windows 98 during the first 18 months were expected to be 15 per cent below those of Windows 95 during the comparable period three years ago, says International Data Corp., a Framingham, Massachusetts-based research firm. But by 2000, annual sales of Windows 98 are expected to exceed its predecessor as more people buy new machines.

Microsoft, the world's largest software company, concedes that Windows 98 is not the advance that Windows 95 was. That programme significantly boosted the PC's ease of use, sparking the development of new applications programme and spurring computer sales.

The company, however, says

Windows 98 offers consumers a variety of solid benefits: greater stability and speed, improved multimedia performance, support for digital television and a new and easier way to add scanners, joysticks and other peripherals.

But Windows 98's most striking feature is the incorporation of Microsoft's Internet Explorer browser into the operating system. That allows users to find and manage information stored on the PC's hard drive as if they were surfing the Web, clicking on back and forward buttons.

That feature is at the centre of the US Justice Department's antitrust suit against Microsoft. Prosecutors claim Microsoft uses its dominance in operating systems to promote its browser and smother competition. They claim Microsoft forced PC makers to include Internet Explorer if they wanted Windows 95.



Microsoft Corp CEO Bill Gates talks about the new operating system Windows 98 to customers at the computer store CompUSA in San Francisco on Thursday. — AP/UNB photo